

INTERIM CONSOLIDATED ACTIVITY REPORT

Q1 2022

AGRIA GROUP HOLDING JSC



AGRIA GROUP HOLDING AD

INTERIM REPORT

ON THE OPERATIONS ON A CONSOLIDATED BASIS FOR THE FIRST QUARTER OF 2022, IN ACCORDANCE WITH ARTICLE 100N (4), ITEM. 2 OF POSA

The Board of Directors of Agria Group Holding AD, Varna, announces to all current and future investors that the information presented in this document has been prepared according to the requirements of Ordinance No. 2 of the FSC and POSA. The document contains information on the operations of the company on a consolidated basis for the period 01.01.2022 – 31.03.2022. It is in the best interest of investors to review the provided consolidated financial statements before deciding to invest in securities of the Company.

The persons liable for damages caused by false, misleading or incomplete data in the information herein as at 31.03.2022 are:

Emil Veselinov Raykov – Chairman of the Board of Directors and Executive Director
Stanimir Rusev Buzhev – Member of the Board of Directors
Deyan Rosenov Ovcharov – Member of the Board of Directors
Daniela Dimitrova Taneva – Member of the Board of Directors
Anna Dimitrova Belchinska – Member of the Board of Directors

1. IMPORTANT EVENTS FOR AGRIA GROUP HOLDING AD AND ITS SUBSIDIARIES OCCURRING IN THE FIRST QUARTER OF 2022 (01.01.2022 – 31.03.2022)

DATE	EVENT
31.03.2022	<p>1. Agria Group Holding AD has generated consolidated income for the first quarter of 2022 in the amount of BGN 126 804 thousand which represents 159.59% of the revenues for the first quarter of 2021.</p> <p>2. The company generated revenues on a consolidated basis for the first quarter of 2022 amounting to BGN 22 312 thousand.</p> <p>3. The company's equity on consolidated basis as at 31.03.2022 is BGN 199 163 thousand.</p>
31.03.2022	The subsidiary of Agria Group Holding JSC, Korn Star LTD., concluded a contract for acquiring the right of ownership of the trading company ZKPU "Vedrina", with headquarters and management address in the village of Vedrina, Dobrich Municipality, Dobrich Region, as a set of rights, obligations and factual relations within the meaning of Article 15 of the Commercial Law. The agreement is in line with the structure and scale of Agria Group Holding's investments, as well as with the holding's growing potential for development in production of grain and trading. The purpose of the acquisition of the trading company is orientated towards the optimization of the processes of structuring the farmland properties by territories, consolidation of the total cultivated farmlands and right positioning of the farms with the scope of the territory in which the companies of the Holding develop commercial activity, which is a main priority in the strategy for development of the Group and is a next step to improving the structure of the production, supply and trade in grains.
29.03.2022	The subsidiary of Agria Group Holding JSC, Korn Security Ltd., acquired the ownership of 10 031 430 ordinary registered shares with voting rights, representing 50% of the capital of the trading company AB INVESTMENTS GROUP JSC, developing activity in acquisition of real estate investments with exclusive locations. The ownership acquisition of the shares is executed in accordance with the required legislation procedure, by means of a giro of the temporary certificates representing the shares and entry in the shareholders register. The transaction is in line with the Company potential to create additional value by generating new business strands in the operations of the holding companies. The nature of such investment would lead to long-term cash flow security and sustainability as well as profitability on a group level, in line with investments in the agribusiness and grain trading sectors.
25.03.2022	The Company presented an annual non-consolidated report for 2021 to the FSC, BSE-Sofia AD and the public.
16.03.2022	The transfer of 45% (forty-five percent) of the share capital of Silk Gas BG OOD to Agria Group Holding JSC have been entered in the Commercial register and register of NPLE at the Registry Agency. Silk Gas BG has been transformed from a limited liability company to a sole-owned limited liability company with sole owner of the capital Agria Group Holding JSC.
28.02.2022	The company presented a quarterly consolidated report for the fourth quarter of 2021 to the FSC, BSE-Sofia AD and the public.
28.01.2022	The company presented a quarterly non-consolidated report for the fourth quarter of 2021 to the FSC, BSE-Sofia AD and the public.
01.01.2022-31.03.2022	During the first quarter of 2022, Agria Group Holding AD has generated dividend income of BGN 500,000 from the subsidiary Korn Trade EOOD, BGN 5,400,000 from the subsidiary "Kristera-Agro" EOOD and BGN 6,300,000 from the subsidiary Kristera AD.
01.01.2022-31.03.2022	Pursuant to the Investment Program of the companies in the holding group, during the first quarter of 2022, the subsidiaries of Agria Group Holding AD continued the process of expanding their own agricultural land through purchase agreements. The purchased lands are located in the regions where the companies are already cultivating agricultural lands. Due to

	the usual commercial activity of the companies in the holding group, specializing in agricultural production, the fulfilment of the Investment Program of the holding for expanding its agricultural lands leads to consolidation of the total agricultural lands cultivated by the companies in the Group.
01.01.2022-31.03.2022	During the first quarter of 2022, Kehlibar EOOD, a subsidiary of Agria Group Holding AD, handled transactions related to its usual business activities of storing, processing and trading in grain crops and oilseeds and products thereof.
01.01.2022-31.03.2022	During the first quarter of 2022, Kristera AD, a subsidiary of Agria Group Holding AD, handled transactions related to its usual business activities of storing and trading in grain crops and oilseeds and products thereof.
01.01.2022-31.03.2022	During the first quarter of 2022, Kristera-Agro EOOD, Agro EOOD, Aris Agro EOOD, Toni-M EOOD, Elit-86 EOOD, Gruvar EOOD, Diasvet EOOD, BD Agri EOOD, BD Farm EOOD and Agra EAD, subsidiaries of Agria Group Holding AD, handled transactions related to their usual business activities of producing and trading in grains.
01.01.2022-31.03.2022	During the first quarter of 2022, Korn Trade EOOD, subsidiary of Agria Group Holding AD, handled transactions related to the export of grain crops with counterparties in the EU.

Events that occurred after the end of the first quarter of 2022

On 6th of April 2022, the transfer of the trading company ZKPU “Vedrina”, with headquarters and management address in the village of Vedrina, Dobrich Municipality, Dobrich Region, as a set of rights, obligations and factual relations within the meaning of Article 15 of the Commercial Law, to the subsidiary of Agria Group Holding AD – Korn Star OOD, was entered in the Commercial register and register of non-profit legal entities at the Registry Agency.

On 7th of April 2022, in the Commercial Register and in the Register of Legal Entities at the Registry Agency, the following changes were entered in the account of the subsidiary of Agria Group Holding AD Korn Security Ltd:

1. Increase of the capital of Korn Security LTD. from BGN 5,000 to BGN 12,205,000 or with the amount of BGN 12,200,000, by subscription of 122,000 new shares of BGN 100 each, the new shares of the capital being fully assumed by the sole owner of the capital Agria Group Holding JSC.
2. The former manager of Korn Security Ltd., Ilko Hristov Iliev, has been erased and Emil Veselinov Raykov, who has been elected and empowered as manager to represent the company, was registered.
3. The company name has been changed from Korn Security Ltd. to AG Property Invest Ltd.

On 13th of April 2022, Agria Group Holding's subsidiary Bora Energy Ltd. acquired the ownership of 20,000 ordinary registered shares with voting rights, representing 1/3 of the capital of Energy Solar Technologies Ltd., developing activity in field of renewable energy production through the utilization of solar energy by investing in solar parks. Investments in renewable energy projects is within the scope of the business lines of Agria Group Holding JSC, as part of the holding's business model. Investments in renewable energy projects is within the scope of the business lines of Agria Group Holding JSC, as part of the holding's business model. The ownership acquisition of the shares is executed in accordance to the required legislation procedure, by means of a giro of the temporary certificates representing the shares and entry in the shareholders register. The nature of such

investment would lead to long-term cash flow security and sustainability as well as profitability on a group level, in line with investments in the agribusiness and grain trading sectors.

On 9th of May 2022, an increase in the capital of Bora Energy Ltd. from BGN 6,000,000 to BGN 6,220,000, or by the amount of BGN 220,000, was registered in the Commercial Register through the subscription of 22,000 new shares with a value of BGN 10 each, as the new capital shares are being fully acquired by the sole owner of the capital Agria Group Holding AD.

On 12 of May 2022, an increase in the capital of Korn Star OOD from BGN 5,000 to BGN 1,305,000 or in the amount of BGN 1,300,000 was entered in the Commercial Register by subscribing 130,000 new shares BGN 10 worth each, as the new shares of the capital were acquired by the two partners, in accordance with their proportional participation in the capital of the company, as follows: Agria Group Holding AD with UIC 148135254 subscribes and acquires 52,000 new shares worth BGN 10 each for a total value of BGN 520,000 and Agro Oil Consult OOD with UIC 124561854 subscribes and acquires 78,000 new shares worth BGN 10 each for a total value of BGN 780,000. Each of the partners deposited the full amount with which they participate in the capital increase by making actual cash contribution to the current bank account of Korn Star OOD. As a result of the increase, the capital of Korn Star OOD amounts to a total amount of BGN 1,305,000, divided into 130,500 shares of BGN 10 each. The PARTNERS hold the shares as follows: Agro Oil Consult OOD holds 78,300 shares of BGN 10 each, with a total value of BGN 783,000 and Agria Group Holding AD holds 52,200 shares of BGN 10 each, with a total value of BGN 522,000 BGN.

In February 2022, as a result of the military conflict between Russia and Ukraine, some countries announced new sanction packages against the state debt of the Russian Federation and a number of Russian banks, as well as personal sanctions against a number of individuals.

Due to growing geopolitical tensions, since February 2022 there is a significant increase in the volatility of international grain markets, securities and currency, as well as a significant depreciation of the Russian ruble against the US dollar and the Euro. These events are expected to affect the activities of Russian and Ukrainian enterprises in various sectors of the economy.

The Company has no direct exposures to related parties and / or key customers or suppliers from these countries.

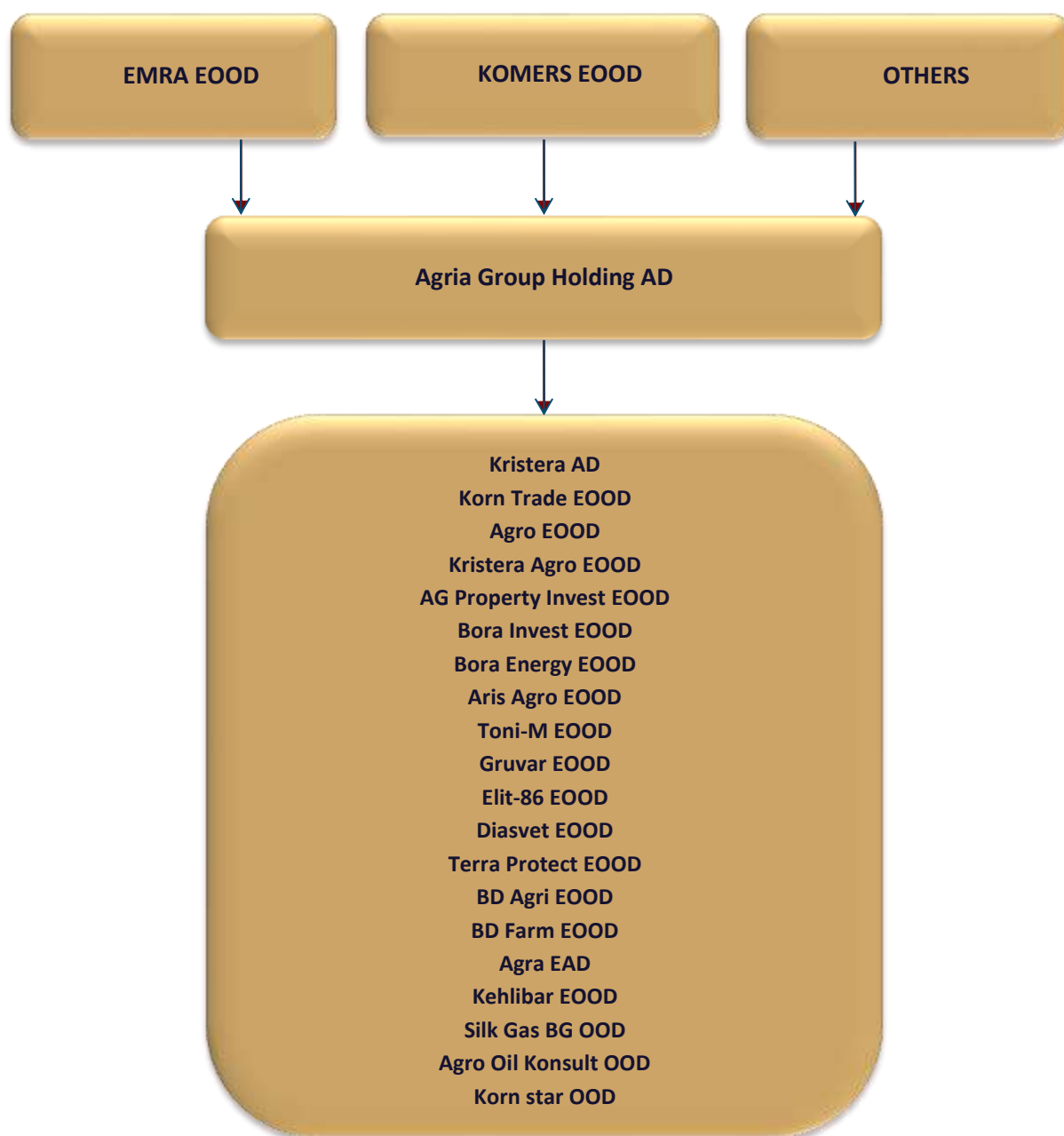
The Company considers these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be evaluated at the moment with a sufficient degree of confidence.

Currently, the management of the Company analyzes the possible impact of changing micro and macroeconomic conditions on the financial state of the Company and the group as a whole, and the results of operations.

2. OVERVIEW OF THE ACTIVITY AND CONDITION OF THE COMPANY

As a holding company, AGRIA GROUP HOLDING AD depends on the activities and results of its subsidiaries. The main objective of the Company is to participate in any form in other commercial companies or in their management. The business policy of the Company, including investments, should be considered mainly in terms of the operations of its subsidiaries, because Agria Group Holding AD functions as a legal entity-holding company, carrying out investment activities as managing the stakes it holds in its subsidiaries.

Structure of AGRIA GROUP HOLDING AD



Type of Operations of Agria Group Holding AD

Agria Group Holding AD, through its subsidiaries, is engaged in the following types of business:

- **Agribusiness in North-Eastern Bulgaria.**
- **Processing industry (storage and processing of grain and oil-bearing cultures) centred in Lyaskovets.**
- **Trade/export operations** near the Port of Varna. Main logistic centers – the towns of Popovo, Devnya and Varna.



Besides these main activities, the holding also performs other auxiliary activities - trade in farming fertilisers, plant protection chemicals, fuels and lubricants, sowing seeds by world-renowned companies such as Korteve, Monsanto, KWC etc.

The activity of part of the subsidiaries of Agria Group Holding AD is in the field of agribusiness. The Company's **agribusiness** activities include:

- Cultivation of agricultural land, production of grain and oil-bearing crops;
- Services related to various agronomic techniques.

Another type of business the holding is engaged in is **processing industry** and **trade in grain and grain derivatives**, including **export operations**.

The total capacity of the storage facilities of Agria Group Holding JSC amounts to approx. 290,000 tonnes. The storage bases of the holding are concentrated in three main logistic centers located in the town of Popovo, town of Devnya and town of Lyaskovets. There also are auxiliary warehouse capacities in the main agribusiness centers of the Company in the town of Targovishte, the village of Yankovo, village of Belogradets, village of Osenets, the town of Kardam, village of Rositsa, town of Provadia and the villages of Pisanets and Slavyanovo.

Main logistic centers

Devnya

•The most recent of all storage facilities of the holding is the one located in Devnya, Varna municipality, whose construction dates back to 2007 and currently consists of 12 metal silos and a flat warehouse. Its total storage capacity is 65 000 mt of grain, including wheat, corn, barley, rapeseed and sunflower seed. The storage facility has a key location and is in the immediate vicinity of Hemus Highway and very close to Port Varna West and Port Lesport. The base is equipped with modern laboratory in compliance with EU requirements.

Popovo

•The warehouse facility, which is a property of Kristera AD, with its storage capacity of 170,000 tons of grain forms the logistic center in the Industrial zone of the town Popovo. A modernly equipped laboratory guarantees the quality of the input and output of the traded grain and oil-bearing crops.

Lyaskovets

•An enterprise for sunflower seed production is based in the town of Lyaskovets, which is a property to the subsidiary Kehlibar EOOD, having a trade mark of the same name. The company's trading list includes crude and refined sunflower oil, sunflower husk pellets and sunflower meal. The oil-bearing cultures and grain storage capacity is 20 000 tonnes and the annual processing capacity is 50 000 tonnes. Kehlibar EOOD is certified under the requirements of ISO 22000:2005.

Approximately 800,000 tonnes of grain and oil-bearing crops are stored and traded in the holding's grain facilities annually.



The Company has built a mature and effective market structure to procure the incoming raw materials (grain crops), a flexible logistic structure and good positioning of the main locations where grain is stored (grain facilities) near port freight terminals. The closed production cycle, which minimizes the effect of outside factors with regard to purchasing prices and the quality of the main raw materials, and the large quantity of cultivated farmland, including land owned or rented by companies from the holding structure engaging in agribusiness, help to largely secure the foreign trade operations of the company as well.

The main clients for the export transactions of the of the Group's companies are global leaders in grain trade, including Cofco International Romania S.R.L., Cofco International Bulgaria EOOD, ADM Bulgaria Trading EOOD, ADM – Razgrad EAD, Viterra Romania, Cargill Bulgaria, Lecureur France, Dimitriaki S.A. – Greece, Luis Dreyfus Commodities, Ameropa AG, SAIPOL France, Soya Hellas – Greece, Soya Mills- Greece, VAIT Austria, The Andersons INC USA etc.

3. INVESTMENT PROGRAM FOR 2022

Sources of Financing

- The Company plans to finance about 60% of the investment program of Agria Group Holding for 2022 with its own funds.
- The remaining part of the investments will be financed with long-term debt financial instruments.
- In view of the specialisation of the Company mainly in agribusiness sectors, one source of grants is the European Union in the form of grant schemes for supporting the agricultural producers under the Single payment per area scheme, Payment scheme for agricultural practices beneficial for the climate and environment / 'green' direct payments GDP /as well as subsidies under Measure 12 – Natura 2000.

Investments per Type of Operations of Agria Group Holding AD

Agribusiness

↳ Purchase of farmland in the areas where farming subsidiaries of the holding cultivate farmland. Due to the usual trading activity of the companies in the holding group, specializing in agricultural production, the effect of the land purchasing agreements meets the expectations of the Company referring to fulfilment of the Investment Program for expanding its agricultural lands. The lands purchased are located in regions where the companies are already cultivating agricultural lands, which will lead to the consolidation of the total lands cultivated by the companies of the Group. For 2022 the Holding plans investments amounting to EUR 1,500,000.

During the period from the beginning of the financial 2022 to the end of the first quarter of 2022, the subsidiaries of Agria Group Holding AD continued the process of expanding the own agricultural land as they purchased agricultural land in the regions of Veliki Preslav, Targovishte, General Toshevo, Provadia, Vetrino, Popovo and Smyadovo in the total amount of EUR 194 thousand.

↳ Augmentation of capacity, reconstruction and modernization of existing storage facilities in the different agricultural bases of the company. For 2022, the Holding plans investments amounting to EUR 300,000.

↳ Investments in agricultural machinery. For 2022 the company plans investments amounting to EUR 2 000,000.

As the end of the first quarter of 2022 the investments in agricultural machinery amount to EUR 748 thousand.

Trade/export operations

↳ The investments planned for 2022 in the field of transportation, specifically in expanding the fleet of the company and improving the logistic structure amount to EUR 1 850,000.

As at the end of the first quarter of 2022, the investments in the field of transportation, specifically in expanding the fleet of the company and improving the logistics, amount to approximately EUR 64 thousand.



↳ In view of increasing the market presence in North-Eastern Bulgaria as well as strengthening the trading and exporting of the company, in the period 2022-2023 the holding plans to establish a new logistic center in the area, which would have a storage capacity of 94 000m³. Based on inconclusive data the investment amounts to EUR 8,700,000, of which EUR 4,700,000 are planned to be invested in 2022.

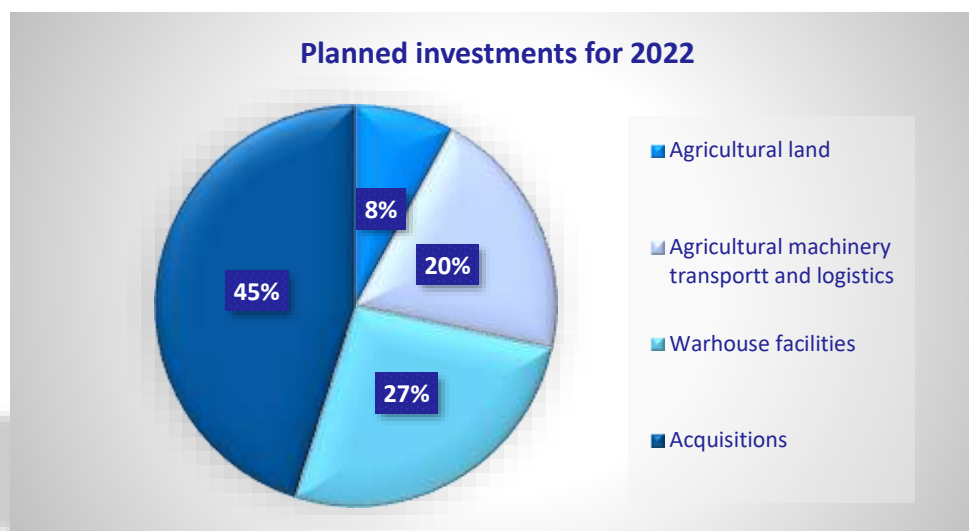
↳ Investments in acquisition of assets and shares in legal entities, operating in the field of agricultural production and grain processing and in the design and construction of real estate. The planned

investments for 2022 in the indicated directions from the companies of the holding structure amounts to about EUR 8,500 thousand.

As at the end of the first quarter of 2022, the investments in acquisition of assets and shares amount to approximately EUR 5, 870 thousand.

The economic policy and business goals of the Company, incl. investments are oriented towards sustainable development and strategic investment planning, operational efficiency and corporate social responsibility, contributing to the stable and sustainable development of the Company and the holding group in economic, social and environmental aspects. The company uses the potential of various mechanisms that creates prerequisites for sustainable development of the holding group companies through diversification of the risk of adverse climate change and realization of savings of scale in the direction of agricultural production, on one side and through efficiency and value of new business on the other.

Taking into account the parameters of the investment program of the companies in the holding structure as well as the conducted analyses and researches, we believe that the impact of the planned investment would cover the Company's expectations for optimization of the segment of own grain production as well as strengthening the export orientation of the holding.



Agricultural land	1 500
Agricultural machinery, transport and logistics	3 850
Warehouse facilities	5 000
Aquisitions	8 500
Total planned investments for 2020 (in BGN thousand)	18 850

The parameters of the investment program of the companies in the holding structure have been developed in a situation of a stable market and in managing specific risks for the normal business environment and for the holding group.

In compliance with the recommendations of the European Securities and Markets Authority on the impact on financial market participants of the distribution of COVID-19 and the military conflict between Russia and Ukraine, and in compliance with the requirements of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the Company undertakes to promptly disclose information on the actual or potential impact of COVID-19 and the military activities on its business, financial and economic position and on its planned investment intentions, as it include a quantitative and qualitative assessment of this impact in its financial reporting information as well as in the form of incidental information.

4. EFFECT OF THE IMPORTANT EVENTS FOR AGRIA GROUP HOLDING AD OCCURRING DURING THE FIRST QUARTER OF 2022 ON THE RESULTS IN THE FINANCIAL STATEMENTS

There is no information on important events for Agria Group Holding AD and its subsidiaries OCCURRING DURING THE FIRST QUARTER OF 2022, which had an effect on the financial statements.

5. INFORMATION ABOUT THE MAJOR RELATED PARTY TRANSACTIONS

During the period 01.01.2022 – 31.03.2022, there were no major related party transactions which can lead or reasonably expected to lead to a favourable or unfavourable change in the amount of 5 or more percent of the company's revenues or profit.

INFORMATION ABOUT MAJOR RELATED PARTY TRANSACTIONS DURING THE FIRST QUARTER OF 2022

During the period 01.01.2022 – 31.03.2022, Agria Group Holding AD has not entered into any major transactions with related parties, with the exception of ordinary business transactions.

6. INFORMATION ABOUT THE PERSONS THAT DIRECTLY OR INDIRECTLY HOLD AT LEAST 5 PERCENT OF VOTES IN THE COMPANY'S GENERAL MEETING AS AT THE END OF THE FIRST QUARTER OF 2022. CHANGE IN THE PERSONS EXERCISING CONTROL OVER THE COMPANY.

At the end of the first quarter of 2022, the following persons hold 5% or more of votes in the Company's General Meeting.

Shareholding structure of Agria Group Holding AD as at 31 March 2022

Name/Shareholder's name	Number of shares/votes in GM	Percent of capital
<i>Emra EOOD, Varna</i>	2 795 500	41.11 % of capital
<i>Komers EOOD, Targovishte</i>	1 784 023	26.24 % of capital
<i>Svetlomis Iliev Todorov</i>	692 434	10.18 % of capital
<i>Other legal entities and natural persons</i>	1 528 043	22.47 % of capital

7. INFORMATION REGARDING SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS DURING THE FIRST QUARTER OF 2022

As at the end of the first quarter of 2022, there is information about shares held by members of the Board of Directors of the Company. The member of the Board of Directors Anna Dimitrova Belchinska owns 1,600 shares of the capital of Agria Group Holding AD.

8. INFORMATION ON PENDING COURT, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES TO THE AMOUNT OF NO LESS THAN 10 PERCENT OF THE COMPANY'S EQUITY

As at the end of the first quarter of 2022, there is no information on pending court, administrative, or arbitration proceedings concerning liabilities or receivables to the amount of no less than 10 per cent of the Company's equity.

9. OPENING OF INSOLVENCY PROCEEDING FOR THE COMPANY OR ITS SUBSIDIARIES AND ALL SIGNIFICANT STAGES RELATED TO THE PROCEEDING

No insolvency proceeding was opened for "Agria Group Holding" AD or its subsidiaries.

10. RESOLUTION FOR CONCLUDING, TERMINATING AND BREACHING AN AGREEMENT FOR A JOINT VENTURE

No resolution has been adopted for concluding, terminating or breaching an agreement for a joint venture.

11. CHANGE OF THE COMPANY'S AUDITOR

As at the end of the first quarter of 2022, there is no change of the auditor of "Agria Group Holding" AD.

12. PURCHASE, SALE OR PLEDGE ON SHARES IN COMMERCIAL ENTERPRISES BY THE ISSUER

During the first quarter of 2022, the issuer purchased shares in commercial enterprises. There is no sale or pledge on shares in commercial enterprises by the issuer during the first quarter of 2022.

13. RISKS FACING THE COMPANY. GOALS AND POLICY OF THE COMPANY ON RISK MANAGEMENT

The operation of each company is exposed to certain risks affecting its performance. The operation of Agria Group Holding AD is exposed to the risks listed below. The risk factors are listed consequentially in accordance with their significance to the operations of the issuer.

Specific risks

Market risks

Market risk is related to the changes in market conditions. It includes income risks, profit risks, interest rate, liquidity and currency risks.

Income risks

The Company's future sales are subject to normal market risks. The main future income depends on the possibility for AGRIA GROUP HOLDING AD to perform its market and investment strategy, as well as on the current market situation. To reduce those risks considerably, the Company relies on an increased intra-company capability of effective forecasting and planning, as well as on maintaining stable customer relations..

Profit risks

The market risk can also influence the Company's expenses, particularly in cases when the rate of growth of expenses is faster than that of income.

Interest rate risk

The interest rate risk manifests itself in the possibility of a rise in the cost of financing the Company's activities. Regarding fixed rate loans, in the case of a potential drop in market interest rates, the issuer may not succeed in obtaining resources at the available lower interest rates. If such circumstances arise, the Issuer would be operating under less advantageous conditions than its competitors. Such development would lead to higher interest payments by the Issuer in comparison to other companies which would finance their activities at the current market rates; consequently, this would lead to lower net profit. Regarding floating rate loans, in the case of a potential drop in market interest levels, the interest rate payable by the Company on its loans will also drop. An interest rate risk for floating rate loans exists in the case of a rise in market levels, when the resources used by the Issuer will become more expensive.

In order to minimise the interest rate risk, the Issuer diversifies the sources through which it ensures the financing of its activity.

Liquidity risk

Liquidity risk is a risk related to the ability for the Issuer to cover its trade payables to suppliers and creditors within the negotiated term and amount of payments.

Agria Group Holding AD manages its assets and liabilities in such a way as to guarantee that it will cover its daily payments regularly and without delay. This risk component is minimised by accuracy and commitment in agreements with the trade counterparties with which cash revenue or payments are planned.

Currency risk

Currency risk is the risk that the Issuer may suffer losses due to the fluctuation of market prices of the various currencies it uses. Agria Group Holding AD carries out its operations predominantly in Bulgarian leva (BGN) and Euro (EUR). The Euro is the main currency in which the Issuer settles its foreign trade relations – sales of goods/produce and purchase of materials necessary for its activity. Under the conditions of a currency board

and a fixed rate of the BGN against the EUR, the management of the company consider that the Issuer is not exposed to a significant risk of changes in currency rates.

Operational risks

The chief operational risks and the measures taken to minimise those risks are to be considered in terms of the operations of the Issuer's subsidiaries, because Agria Group Holding AD functions as a legal entity which is a holding company carrying out investment activities, which aims to manage the stake it holds in its subsidiaries, and which does not directly carry out any other production and/or commercial activity of its own.

The operational risk is related to damage or loss suffered by the Company due to human error, technological imprecision, and impossibility for machines and equipment to perform a certain task, or to a mistake in the procedure or organisation. The probability that the Issuer may suffer damage or loss due to human error, technological imprecision, and impossibility for machines and equipment to perform a certain task, or to a mistake in the procedure or organisation via its subsidiaries is insignificant. Part of the chief operational risks is related to a potential load on capacities and to providing the necessary raw materials. Potential risks could arise in relation to the workforce available in the regions where the subsidiaries of the Issuer perform their commercial activities.

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The main risk for the Issuer's subsidiaries which perform commercial activities related to growing and storing agricultural produce includes inclement weather conditions, diseases and other natural risks. In order to minimise those risks and any potential loss, the subsidiaries obtain insurance policies for all areas on the production in progress of all agro-technical activities against all main risks, together with storm, fire and hail, including insurance policies against freezing of all crops being grown.

Insurance policies are obtained for all general risks, including earthquake risk for all real estate and production capacities owned by the companies in the group.

Despite the tight competition, the Company considers that it has a competitive edge on the market owing to its experienced management staff and its established reputation. In this respect it should be noted that the management staff and the Company's employees are highly qualified and motivated specialists, organised in relatively independent active structural units which maintain a maximally complete and up-to-date data base of the development and trends of the respective markets.

Non-specific (systemic) risks

The holding company and its subsidiaries are also exposed to systemic risks, mainly related to the macro environment in which they operate. These risks are not subject to supervision and under the control of Agria Group Holding's management.

The main systemic risk to the activity of the company and its subsidiaries could be determined by the impact of the COVID-19 epidemic on the global economy and in particular Bulgaria. Having regard to the declared state of emergency on 13 March 2020 in the Republic of Bulgaria and the related measures to combat the pandemic of COVID-19, the management policy aims to take measures to analyze and limit the impact of this non-systemic risk on the business and to ensure continuity of work and production processes with minimum disruption.

The corporate management considers that currently the implementation of the company's business processes is not significantly affected by the spread of the virus and the restrictive measures taken by the governments in many countries. According to the management's assessment, the crisis with COVID-19 has different potential for direct or indirect effects on the development of the holding company depending on the duration of this crisis. The short to medium term of the pandemic could lead to delays in execution and, consequently, difficulties in the deliveries, but shall not lead to significant changes in trade turnover and liquidity. Longer duration would lead to changes in the supply and demand, redistribution of markets, which in turn would delay the execution of the transactions significantly and would have a greater impact on liquidity and trade turnover.

According to the management's valuation, the potential risks of the COVID-19 crisis and the possible effects can be summarized in the following courses:

- Effects on the supply chain. In view of the specificity of the products offered by the group (cereals and oilseeds) in mid-term perspective, a disruption or termination of the supply chain, respectively a suspension of production, is not expected. The companies of Agria Group Holding AD's group are not explicitly dependent on the receipt of goods and services from the affected regions.
- Effects on the sales and customer operations. In view of the sector in which the companies of the Group develop their commercial activity, an interruption in the sales and downturns in demand are not expected. There may be a delay in the rhythm of execution of trade contracts (sales and purchases). As the portfolio of the Group's clients is limited to those which are multinational companies that have already taken measures to deal with the crisis, no liquidity shocks are expected.
- Effects on the ability of the staff to fulfill their job responsibilities. The state of emergency and the precautions for preventing the spread of COVID-19 impose restrictions on the movement and gathering of people. In accordance with the recommendations made by international and European organizations and implemented nationwide, Agria Group Holding AD has reorganized its daily work. On the basis of the existing infrastructure, a distant mode of work is organized for the commercial and administrative staff of the company and its subsidiaries, while ensuring the effective implementation of the work process. Insofar in those subsidiaries whose business processes are related to agriculture and transport, which cannot be executed remotely, the management has taken measures to ensure the health and safety of the employees. At present, the company and the group are working full-time, with no redundancies being envisaged. Longer duration of the crisis, which is connected with the impact of COVID-19 on the business processes in the sector, may require to review the company's policy in this sphere.

- Effect on liquidity. The management concludes that there are no liquidity restrictions for the company and the group as a whole in short and medium term. To date, the holding group is supported by global financial institutions with which it works, such as European Investment Bank, DSK Bank, UniCredit Bulbank, United Bulgarian Bank AD.
- Other risks. The group's management expects that this current COVID-19 situation may lead to other risks, such as cyber-attacks, fraudulent attempts, or missing legal deadlines. The management has taken all possible measures to limit the dangers and minimize the effects of these risks.

Despite the measures taken to ensure the sustainability and continuity of the business, the lack of clarity and predictability about the duration of this unusual situation, and the overall impact of COVID-19 on the economy worldwide and nationwide, the management considers that it impossible at this stage to assess with absolute accuracy the impact of COVID-19 on the operation and financial standing of the Company for 2022.

As a major systemic non-specific risk connected to the holding company's activities could be identified as the military conflict between Russia and Ukraine, which provoked a sharp increase of international prices for grain and oilseeds cultures. Since the beginning of the Russian invasion of Ukraine, grain and oilseeds cultures in international and representative local markets have shown unprecedented growth rates and extremely high volatility due to the shutdown of Ukrainian Black Sea and Azov Sea ports, as well as the EU sanctions list, which includes Russian grain. Even in a favorable scenario with the development of the military activities, it is expected increasing of grain prices due to the logistic problems that will remain in Ukraine and the sanctions imposed on Russia, requiring the termination of trade relations with a number of countries. In this case, Bulgarian grain remains an alternative to the suspended supplies from Ukraine and Russia, which will inevitably lead to demand increasing on international markets. A possible food crisis in the country and respectively in the European Union may lead to the adoption of protectionist policies by the Bulgarian government and / or the European Union. The corporate management considers that the implementation of the company's business processes will not be negatively affected due to the specifics of the market of grain and oilseed cultures. Bulgaria is a net exporter of grain, with large surpluses of crops produced, in an average ratio of 1 to 5 (domestic consumption / exports). The company does not have direct exposures to related parties, and / or key customers or suppliers from Russia and Ukraine.

Given that the company operates in the grain and oilseed crops (essential foods and raw materials) sectors, the plans and projections do not change negatively. The policy of Agria group holding AD is focused on the successful completion of the current season, namely the execution of the concluded trade contracts, and at the moment it is expected that this will happen without any difficulties and delays. The forecasts for the coming season are to maintain the turnover and market share, whereas it is also envisaged a slight increase in the traded volumes according to the initial forecasts made before the COVID-19 and the military conflict crisis.

14. CORPORATE SOCIAL RESPONSIBILITY

The Company follows a consistent policy of Social Corporate Responsibility. Agria Group Holding AD is a public company and its social responsibility finds expression in all aspects of its corporate activities. The management of Agria Group Holding prioritizes environmental protection and people's health in its corporate policy through its products, services and working conditions. The company's social engagements in its capacity of employer

toward workers and employees find expression in providing safe and healthy working conditions as well as following an environmental protection policy. Agria's senior management encourages following business standards and practices for public social responsibility regarding the environmental and employee policies.

The company assess regularly the impact of its activities on the environment and observe strictly the requirements and regulations for environmental protection, health and safety of the employees and the society in production of grains in the following aspects.

Agricultural production is highly dependent on climate change, and at the same time is an important factor, influencing natural and climate conditions. The company has taken the necessary measures and activities to adapt grain production to the changing environment and to have a positive impact on climate change and to promote the sustainable development of agricultural holdings in the holding group. An essential priority of corporate management is environment protection. The company combines social, economic and environmental approaches on the way to achieving sustainable agricultural practices and to the practice of reducing the carbon footprint in grain production.

Environmental protection

The company develops practices in connection with soil nutrition and production of grains appropriate for particular soil type and adapted to the specifications of the soil.

Compliance with the following principles and rules is endorsed when using pesticides.

- Use of pesticides' alternatives; use of selective pesticides, keeping biodiversity and fighting particular wreckers in particular timeframes taking in account the biology life and development; harvest of alternative crops resistant to wreckers; crop rotations; mechanic weed control.
- Staff education for using pesticides, observing the quantities recommended by the producers. Pesticides declared by World Health Organization as dangerous are not used.
- Storage in original packages in cool and dry places with active ventilation, which can be isolated and marked with appropriate signs. Mixing and moving pesticide can only be performed by educated staff in places with good lightening and ventilation wearing protective clothing/apparel. The access to the premises where the pesticides are stores is strongly restricted.

Assessment of the necessity of crop nutrition is made, balancing utilization of food substances, rotating crop sowing, plowing organic waste in the soil; providing buffer zones around the water sources in order to diminish the loss of food substances.

In order to prevent loss of genetic resources and in view of providing biodiversity are used plant waste of previous crops for nutritious soil preparation; observation of keeping the eco systems; certified seeds are used.

Investments are being made in innovative agricultural machinery, equipped with smart farming software to reduce the use of pesticides and fertilizers.

Agricultural equipment for harvesting of cereals is provided with devices for uniform dispersion of the crop residues which are plowed into the soil and thus recovering part of the nutrients in the soil horizon.

Burning of vegetable waste is not performed, the use of nitrates is reduced.

Health and safety of the staff

The company follows a consistent policy in order to minimize the risks of:

- Physical danger – by qualified and experienced staff for the use of machinery and motor vehicles.
- Work in closed spaces – silos, water basins, etc. The access to them is strongly restricted and it is allowed under the supervision of educated staff.
- Chemical danger in case of contact with pesticides – a training is conducted for work with pesticides; following the hygiene and safety practices.
- Fire and explosions risks – precautions are taken about minimizing the risk of fire in the warehouses for grain storage by using modern and quality production capacity and qualified and experienced staff.
- Risk of spread of viruses and infections – the corporate management take precautions and solutions to safeguard the health of the employees and to prevent and limit the spread of viruses and infections.

15. INSIDE INFORMATION

As at the end of the first quarter of 2022, there are no facts or circumstances that can be considered inside information, except for the circumstances described in this activity report.

16. INFORMATION UNDER ART.12, PARAGRAPH 1, ITEM. 2 OF ORDINANCE No2 OF THE FSC

Link to the place on the website of the public company where the internal information under Art. 7 of Regulation (EU) № 596/2014 on the circumstances that occurred during the respective six months, or link to the news agency or other media selected by the issuer, through which the company publicly discloses inside information.

The internal information under Art. 7 of Regulation (EU) № 596/2014 on the circumstances that occurred during the respective three months are available on the website of Extras (www.x3news.com), on the website of the Company (www.agriabg.com), "For investors" section, in the "Financial Statements" submenu and in the "News" section.