NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

1. Incorporation and registration. Legal status and legal framework

"AGRIA GROUP HOLDING" (the parent company) is registered under Company File 3875 / 2007 of Varna District Court, with a seat and management address in the town of Varna, 111 Kniyaz Boris I Blvd., Business centre, floor 9. The parent company is registered in the Commercial Register at the Registry Agency, ID: 148135254.

As of 2007 the shares of the parent company are listed for trading at Bulgarian Stock Exchange AD and thus, it has the status of a public company. With a decision of 2007 of the Financial Supervision Commission of Bulgaria the Group was entered in the register of public companies.

The main activity of the parent company and its subsidiaries, together called the Group, consists in the production, storage, processing and sale of agricultural products.

The parent company has a one-tier management system and is managed by a Board of Directors and is represented by an Executive Director.

2. Basis of preparation of the consolidated financial statements and accounting principles.

2.1. Applicable general framework for financial statements

This consolidated interim financial statements have been prepared in accordance with the requirements of International Accounting Standards (IAS), issued by the International Accounting Standards Board and adopted for application by the European Union. As of January 01, 2022, IASs include International Accounting Standards, International Financial Reporting Standards (IFRS), Interpretations of the Standing Committee on Clarifications and Interpretations of the Interpretations Committee of IFRS. IASs are reissued every year and are valid only for the year of their issue, including all changes, as well as new standards and clarifications. A large part of them is not applicable to the Group's activities, due to the specific issues that are dealt with in them.

The interim financial statements include selected explanatory information, which is prepared under the same accounting policy and in the manner in which it is prepared in the annual financial statements. The management of the Company has decided to disclose the possible changes in the applicable accounting policy, as well as the more significant events that have an impact on the financial results, financial position and cash flows for the presented interim period, compared to the previous period for which an interim or preliminary annual financial statement.

2.2. New accounting standards and clarifications not yet implemented by the Group

The changes in the IAS, which are effective from January 1, 2022, have not had and are not expected to have an effect on the applied accounting policy in relation to the annual financial statements prepared by the Group. In addition, the Group's management does not consider it necessary to disclose in the interim financial report the name of those International Accounting Standards and clarifications to them, in which a change has been made, formally approved or not yet approved by the European Union, referring to their application through 2022 and in the future, which relate to or seriously affect the life. Such a listing of the names of standards and explanations to them that do not apply and are not expected to do so in relation to the Group's activities could lead to misunderstanding and mislead users of reporting information from these consolidated interim financial statements .

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
2. Basis of preparation of the consolidated financial statements and accounting principles (continued)

2.3. Applicable measurement base

These interim consolidated financial statements have been prepared in accordance with the historical cost convention, modified in certain cases by the revaluation of certain assets and liabilities to their fair value at the end of the reporting period, to the extent required by the relevant accounting standards, and this value may be reliably established. The group has not made any changes compared to the accounting policy that was disclosed in the previous interim and the last annual financial statements as of December 31, 2022. All data for 2023 and 2022 are presented in thousands of BGN, unless otherwise indicated in the relevant place. The income per share is calculated and disclosed in BGN.

2.4. Accounting principlese

The consolidated interim financial statements of the Group have been prepared on the going concern assumption. The latter assumes that the Group will continue to exist for the foreseeable future. Management has no plans or intentions to sell the business or cease operations, which could materially change the carrying amount or classification of assets and liabilities reflected in the financial statements. The assessment of assets and liabilities and the measurement of income and expenses is carried out in compliance with the historical cost principle. This principle is modified in certain cases by the revaluation of certain assets and/or liabilities to their fair value as of December 31 of the current or previous year, as indicated in the relevant places below.

2.5. Accounting estimates and reasonable assumptions

The IAS application requires the Group's management to make certain accounting assumptions and approximate accounting estimates when preparing the financial statements, in order to determine the value of certain assets, liabilities, income and expenses.

They are made on the basis of management's best judgment based on historical experience and an analysis of all factors affecting the circumstances at the date of preparation of the financial statements. Actual results could differ from those presented in these consolidated financial statements.

2.6. Consolidation

The consolidated interim financial statement includes the financial statements of the Parent company and the subsidiaries as of September 30, 2023, presented as a whole. Subsidiaries are those in which the Group directly or indirectly owns more than 50% participation in the capital or in the management of the respective company, therefore exercising control. Where necessary, adjustments have been made to the accounting policies of individual subsidiaries so that they are consistent with the accounting policies of the group as a whole.

The results of operations of subsidiaries are included in the consolidated interim financial statement from the day control is acquired over them and cease to be consolidated from the date control is lost. In cases where the owners of the Group have a direct interest in a given subsidiary as individuals, their share in the net assets of the respective company is treated as part of the group's reserves, and their share in the financial result for the period is presented in the financial result to the group.

2.7. Subsidiaries

As of September 30, 2023, and December 31, 2022, the Group includes the following subsidiaries in which the parent company has a direct stake and are included in the consolidated financial statements:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
2. Basis of preparation of the consolidated financial statements and accounting principles (continued)

2.7. Subsidiaries (continued)

Company	Share capital % September 30, 2023 BGN'000	Share capital % September 30, 2022 BGN'000
Korn Trade EOOD	100 %	100 %
AG Property Invest EOOD (*former name Korn security EOOD*)	100 %	100 %
Agro EOOD	100 %	100 %
Aris Agro EOOD	100 %	100 %
Bora Invest EOOD	100 %	100 %
Bora Energy EOOD	100 %	100 %
Toni M EOOD	100 %	100 %
Kristera agro EOOD	100 %	100 %
Elit- 86 EOOD	100 %	100 %
Gruver EOOD	100 %	100 %
Terra Protect EOOD	100 %	100 %
BD Pharm EOOD	100 %	100 %
BD Agri EOOD	100 %	100 %
Diasvet EOOD	100 %	100 %
Agra EAD	100 %	100 %
Kehlibar EOOD	100 %	100 %
Silk Gas BG EOOD	100 %	100 %
AgriVia Oil EOOD	100 %	100 %
Almagest EOOD	100 %	-
Kristera AD	99 %	99 %
Korn Star OOD	70 %	70 %

On February 8, 2023, "Agria Group Holding" AD entered a final contract for the purchase and sale of 441 866 ordinary registered non-voting shares from the capital of the trading company "Almagest" AD, with a nominal value of BGN 80 each, representing 100 % of the capital of "Almagest" AD. On this date, the shares were transferred from the sellers to the buyer through the registration of the transfer transaction in the Central Depository AD, in accordance with the requirements of the current legislation, and "Agria Group Holding" AD acquired the ownership right to 100% of the shares from the capital of " Almagest" JSC. The shares have been transferred to the buyer "Agria Group Holding" AD without any obligations, encumbrances, rights and claims of third parties, together with all rights arising from or related to them.

2.8. Non-controlling interest

Minority (non-controlling) interest is that portion of the net assets and the financial result for the period that is not owned directly or indirectly by the group.

2.9. Business combinations. Company transformation

According to the requirements of IFRS 3 Business Combinations, a business combination is a combination of individual companies or businesses into a single reporting entity. In the event that a company acquires control of another company that is not a separate business, the merger of these companies is not considered a business combination.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
2. Basis of preparation of the consolidated financial statements and accounting principles (continued)

2.9. Business combinations. Company transformation (continued)

Business combinations are accounted for using the purchase method in accordance with applicable standards. When in reporting periods after the acquisition of control of the subsidiary additional shares are purchased, the increase in investment is accounted for using the purchase method and the difference between the acquisition price and the share in the acquired identifiable assets, liabilities and contingent liabilities is recorded as goodwill, which is immediately reviewed for indicators of impairment. Where such indicators exist, the goodwill is impaired.

Transformations of commercial entities which are carried out under the Bulgarian Commerce Act and relate to entities under common control are treated as restructuring within a business group. A merger of a company is not associated with cash and/or other payments and is presented in the statement of financial position of the receiving company or group at the historical cost of the identifiable assets, liabilities, and equity, which are consolidated line by line. Comparative data are restated as if the transformation is carried out at the beginning of the earliest comparative period.

2.10. Functional and presentation currency of the financial statements

Functional currency is the currency of the primary economic environment in which the Group operates and in which cash is mainly generated and spent. It reflects the main transactions, events and conditions relevant to it. The Group keeps accounts and prepares its financial statements in the national currency of the Republic of Bulgaria - Bulgarian lev (BGN). This is the currency accepted as official in the main economic environment in which the Group operates. As of January 1, 1999, BGN has a fixed exchange rate against the EUR: BGN 1.95583 per EUR 1.

The presentation currency in these consolidated financial statements is also BGN. Unless otherwise stated in the relevant place, the consolidated financial statements have been prepared and presented in thousands of BGN.

2.11. Foreign currency

Transactions denominated in foreign currency are initially recorded at the official exchange rate of the Bulgarian National Bank (BNB) prevailing on the date of transaction. Exchange rate differences arising upon the settlement of monetary items or upon restatement of these items at rates, different from those that were initially recognized, are recognized in profit or loss and other comprehensive income for the period. Monetary items in foreign currencies as of September 30, 2023 and December 31, 2022, are translated using the closing exchange rates of BNB.

The closing exchange rate of BGN to USD at the end of the current and prior reporting period is as follows:

September 30, 2023:	1 USD = BGN 1.84617
December 31, 2022:	1 USD = BGN 1.83371

2.10. Comparative figures

The present consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34 *Interim Financial Statements*. According to Bulgarian accounting legislation, the financial year ends on December 31 and companies should submit annual financial statements on the same date, together with comparative data on that date for the previous year. Commercial companies, whose shares are traded on the Bulgarian Stock Exchange - AD, should also submit quarterly interim financial statements, which are prepared based on the requirements of IAS 34. If necessary, the data presented for the previous year are adjusted in order to obtain -good comparability with data from the current period.

3. Definition and measurement of items of the consolidated financial statements

3.1. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets, excluding agricultural land, are presented in the consolidated statement of financial position at cost (acquisition cost) and reduced by the amount of amortization and any impairment.

The agricultural land owned by the group is stated at a revalued amount, which is determined as their fair value at the reporting date, less any impairment losses. Independent licensed appraisers who are appropriately qualified for such appraisals are used to determine fair value. A revaluation reserve was formed from the performed revaluations, presented as part of the capital. The revaluation reserve is recognized as retained earnings after the respective asset is written off.

3.1.1. Initial acquisition

Upon initial acquisition, property, plant and equipment and intangible assets are valued at cost, which includes the purchase price, customs duties and all other direct costs necessary to bring the asset into working order. Direct costs are mainly: site preparation costs, initial delivery and handling costs, installation costs, costs for fees of persons related to the project, non-refundable taxes, etc.

The Group has determined a value threshold of BGN 700 (seven hundred BGN), below which the acquired assets, regardless of the fact that they have the characteristics of a non-current asset, are written off as a current expense at the time of their acquisition. Property, plant and equipment received through government grants are valued at fair value at the date of acquisition.

3.1.2. Subsequent costs and depreciation

Repair and maintenance costs are recognized as current expenses when incurred. Subsequent expenses incurred in relation to property, plant and equipment that have the nature of replacement of certain components, significant parts and aggregates, or improvements and restructuring, and meet the requirements for asset recognition are capitalized in the carrying amount of the respective asset and its residual useful life is reviewed as at the capitalization date.

At the same time, the non-depreciated amount of the components replaced is derecognised from the carrying amount of the assets and is recognised as current expenses for the period of restructure.

Depreciation of property, plant and equipment and intangible assets is calculated by systematically applying the straight-line depreciation method. Depreciation rates are determined by the management of the group based on their estimated useful life.

Depreciation is not charged on land, fully depreciated assets and those in the process of acquisition, as well as on assets classified as held for sale in accordance with the requirements of IFRS 5 *Non-current assets held for sale and discontinued operations*.

The following rates in years of useful life have been applied by groups of assets:

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

3. Definition and measurement of items of the consolidated financial statements (continued)

3.1. Property, plant and equipment and intangible assets (continued)

Group of assets:	**2023**	**2022**
Administrative and trade buildings	25	25
Machinery and equipment	3,33- 10	3,33- 10
Transport vehicles	4	4
Computers, periferials and software	2	2
Office equipment	6,67	6,67
Other PPE	6,67	6,67
Intangible assets	6,67	6,67

3.2. Impairment of property, plant and equipment and intangible

The carrying amounts of assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the group estimates the recoverable amount of the asset to determine the amount of impairment loss.

Where it is not possible to estimate the recoverable amount of an asset, the group estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

If the recoverable amount of an asset (or a cash generating unit) is lower than its carrying amount, the carrying amount shall be reduced to the recoverable amount of the asset (or a cash generating unit).

Impairment loss is recognized as an expense in the statement of profit or loss and other comprehensive income when incurred. 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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income in the statement of profit or loss and other comprehensive income when incurred, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve.

3.3. Goodwill

Goodwill represents the difference between the identifiable assets and liabilities measured at fair value and price actually paid for them during a business combination. Goodwill is recognized as a non-depreciable asset and is tested annually for impairment. Impairment of goodwill cannot be reversed.

3.4. Investments in associates

Non-current investments, representing shares and stakes in associates, are presented in the consolidated financial statements at cost, which is the fair value of the consideration paid, including direct costs of acquisition, less accumulated impairment losses.

Investments in associates held by the group are subject to annual review for impairment. If conditions for impairment appear, it is recognized in the consolidated statement of profit or loss and other comprehensive income (in the profit or loss for the year). Upon purchase and sale of investments in associated, the entity applies the “closing date “of the transaction.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.4. Investments in associates (continued)

Investments are derecognized when the rights deriving from them are transferred to other parties when the legal grounds for that occurred and thus the control over the economic benefits from the respective investments are considered lost. Profit/(loss) from the selling of such investments is presented respectively as "financial income "or "financial expenses" in the consolidated statement of profit or loss and other comprehensive income (in the profit or loss for the year).

3.5. Inventory

Inventories on their acquisition are valued at acquisition cost, which includes all direct costs related to the delivery of the asset. Finished goods produced are valued at cost, including basic production costs. Work in progress is valued at the cost of basic production costs.

The estimation of their consumption is performed by the method of weighted average price. At the end of the year, inventories are valued at the lower of cost and net realizable value, which is determined as the expected selling price in the course of the business, less the expected selling expenses.

3.6. Financial instruments

A financial instrument is any contract that simultaneously gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and liabilities are recognized in the statement of financial position when the group becomes a party to the contractual terms of the relevant financial instrument that gave rise to that asset or liability. Financial assets are derecognised from the statement of financial position after the contractual rights to receive cash flows have expired or the assets have been transferred and their transfer meets the requirements for derecognition in accordance with the requirements of IFRS 9 *Financial Instruments.*

Financial liabilities are derecognised from the statement of financial position when and only when they are repaid – i.e. the obligation specified in the contract has lapsed, been canceled or its term has expired.
The Group's activity does not imply the presence of various financial instruments. The main financial instruments included in the group's statement of financial position are presented below.

3.6.1. Trade and other receivables

Trade receivables are amounts owed by customers for goods sold and services performed in the ordinary course of business. They are usually due for settlement at short notice and are therefore classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration due, unless they contain significant financing components.

The Group holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is not performed when its effect is immaterial.

At the date of preparation of the consolidated financial statements, the Group assesses whether there is objective evidence of impairment regarding trade receivables that are individually significant. An impairment is recognized in the event that there is objective evidence that the Group will not be able to collect all amounts, according to the original terms with respect to the respective receivable.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.6. Financial instruments (continued)

The amount of the impairment is the difference between the carrying amount and the recoverable amount. The latter represents the present value of expected cash flows discounted at the effective interest rate. The amount of impairment of trade receivables during the current period is reported as income and expense. When, based on the contract, the receivable is expected to be collected within one year, it is reported as a current asset. In other cases, receivables are reported as non-current assets.

The future cash flows determined for a group of financial assets that are collectively assessed for impairment are determined on the basis of historical information regarding financial assets with credit risk characteristics similar to the characteristics of the group of financial assets. Assets that are subject to individual impairment are not included in an impairment group.

The Group uses a simplified approach in accounting for impairments of trade and other receivables and recognizes an impairment loss as full-term expected credit losses. They represent the expected shortfall in contractual cash flows, given the possibility of default at any point in the life of the financial instrument.

Significant financial difficulties of the debtor, probability of bankruptcy and liquidation, financial restructuring or inability to pay the debt (more than 30 days) are taken as an indicator that the trade receivable should be impaired.

In estimating the expected credit losses on trade receivables, the Group has used a matrix of provisions, as well as its accumulated experience in the field of credit losses on trade receivables and receivables on granted loans, to estimate approximately the expected credit losses for the entire life of the financial assets. The essential part of contracts with customers, as well as loans granted, are with trading companies that are related parties, as a result of which the Management estimates the possibility of credit losses as minimal. The analysis carried out proves this assessment and as a result, the accruals of provisions for possible credit losses after the introduction of the new IFRS 9 are not required.

3.6.2. Cash and cash equivalents

Cash and cash equivalents in BGN are valued at their nominal value, and cash in foreign currency - at the closing exchange rate of the BNB at the end of each reporting period.

Cash for the purpose of compiling the statement of cash flows is the cash in cash and in bank accounts.

3.6.3. Interest bearing loans

Interest-bearing loans are recognized initially at fair value, formed by the cash proceeds received, less the inherent costs of the transaction. After their initial recognition, interest-bearing loans are measured at amortized cost, with any difference between the initial cost and the maturity value being recognized in profit or loss over the period of use of the loan based on the effective interest method. Interest-bearing loans received, for which no costs related to the transaction were incurred, are not amortized. Received bank overdrafts are treated in the same way, where the recipient has the right to repeatedly absorb or repay the loan within the pre-agreed limit.

Finance expenses, including direct borrowing costs, are included in profit or loss using the effective interest rate method, with the exception of transaction costs on bank overdrafts, which are recognized in profit or loss on a straight-line basis for the period, for which the overdraft was agreed upon.

Interest-bearing loans are classified as current when they should be settled within twelve months from the end of the reporting period.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.6. Financial instruments (continued)

3.6.4. Payables to suppliers, other non-current payables and received advances

Trade and other obligations arise as a result of goods or services received. Current liabilities are not amortized.

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

3.7. Share capital

The share capital of the Group constitutes the parent company's share capital as it is presented at nominal value and corresponds to its current legal registration.

3.8. Reserves

As reserves in the consolidated statement of the financial position of the Group, the financial results capitalized from previous years, the reserves from premiums related to the issuance of shares, legal reserves, reserves from the revaluation of agricultural land and some of the buildings owned by the group, as well as reserves are presented from revaluation defined income. The shareholders of the group can dispose of the capital reserves after a decision of the general meeting. Revaluation reserves are recognized as realized through their transfer to retained earnings after the retirement of the relevant asset or settlement of long-term liabilities to personnel.

3.9. Government grants

Government grants for non-current assets and those to cover the costs incurred by the group are recognized as deferred income when there is reasonable certainty that they will be received and that the group will be able to meet all related requirements. Income from government grants for non-current assets is recognized in the statement of profit or loss and other comprehensive income on a systematic basis over the useful life of the asset.

Government grants received as compensation for expenses incurred by the group are recognized in the statement of profit or loss and other comprehensive income in the period in which the costs associated with the grant were incurred.

3.10. Leases

On the effective date of the contract, the Group assesses whether the contract represents or contains a lease. Namely, whether the contract transfers the right to control the use of the identified asset for a certain period of time.

The Group as a lesee

The Group applies a single approach to the recognition and measurement of all leases, except for short-term leases (ie leases with a lease term of up to 12 months) and leases of low-value assets. The Group recognizes lease liabilities for the payment of lease payments and rights of use that represent the right to use the assets.

Right-of-use assets

The Group recognizes rights of use from the commencement date of the lease (ie the date on which the underlying asset is available for use). Assets with a right of use are measured at cost less accumulated depreciation and impairment losses and adjusted for any revaluation of lease obligations.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.10. Leases (continued)

The acquisition price of the right-of-use assets includes the sum of the lease liabilities recognized, the initial direct costs incurred and the lease payments made on or before the lease commencement date, an estimate of the costs that will be incurred by the lessee in dismantling and moving the the asset, restoring the site on which it is located or restoring the asset to the condition required under the terms of the lease, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

If, at the end of the lease term, ownership of the leased asset is transferred to the group, or the acquisition price reflects the exercise of a purchase option, depreciation is calculated using the expected useful life of the asset.

Lease obligations

From the starting date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments that will be made over the lease term.

Lease payments include fixed payments (including fixed payments in substance) less any lease incentives receivable, variable lease payments that depend on an index or interest rate, and amounts expected to be paid under guarantees for residual value. Lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the group, as well as lease termination penalty payments if the lease term reflects the group's exercise of an option to termination.

Variable lease payments that do not depend on an index or interest rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses an intrinsic interest rate on loans at the lease inception date, as the interest rate embedded in the lease cannot be reliably determined. After the start date, the amount of the lease obligations increases with the interest and decreases with the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there is a modification, change in lease term, change in lease payments (for example, changes in future payments as a result of a change in the index or interest rate used to determine those lease payments). or a change in the valuation of the option to purchase the underlying asset.

Short - term leases and leases of low - value assets

The Group applies the exemption from recognition of short-term leases in respect of its short-term leases of buildings and vehicles (for example, leases with a lease term of 12 months or less from the starting date and which do not contain a purchase option). The Group also applies the exemption from recognizing leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are stated as an expense on a straight-line basis over the term of the lease.

3.11. *Employee benefits*

3.11.1. Defined contribution plans

The Government of Bulgaria is responsible for providing pensions under defined contribution plans. The expenses related to the group’s obligation to make contributions under the defined contribution plans are recognized in the statement of profit or loss and other comprehensive income as they incur.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.11. Employee benefits (continued)

3.11.2. Annual paid leave

The Group recognizes the undiscounted amount of the estimated costs related to annual leave expected to be paid to employees in return for their service for the past reporting period.

3.11.3. Defined retirement plans

In accordance with the requirements of the Labor Code, upon termination of the employment contract of an employee who has acquired the right to a pension, the group pays him compensation in the amount of two gross salaries, if the accumulated working experience in the group is less than ten years, or six gross salaries, with accumulated work experience in the group of more than ten consecutive years.

The Group recognizes as a current expense the discounted amount of the accrued retirement benefit obligations, as well as current interest expense based on the valuation of a licensed actuary.

Valuation of long-term personnel income is carried out using the credit method of projected units, with the valuation as of the statement of financial position date being made by licensed actuaries. The amount recognized in the statement of financial position is the present value of the liabilities, with the effect of the liability to the personnel that applies to it being reported in the current period, and the effect for past years being reported in the periods to which it applies.

3.12. Income and expenses recognition

3.12.1. Income from sales of services and other income

Income from sales and business expenses are accrued when incurred regardless of cash proceeds and payments. The reporting and recognition of income and expenses is performed in compliance with the requirements for a cause-and-effect relationship between them.

Income is measured at the fair value of the consideration received or due to be received, less the amount of all granted discounts.

The Group recognizes income, when the income amount can be reliably measured, in the cases when the Group can obtain future economic benefits, and also when it meets particular criteria for each activity of the Group, as specified further below.

The amounts collected on behalf of third parties, such as sales taxes like the value added tax (VAT), are excluded from income.

(a) Income from sales of goods and production

Income from sales of goods and production are recognized when:

- The significant risks and rewards of ownership of the goods or products are transferred to the buyer;
- The Group has not retained continuing managerial involvement or effective control over the goods (products) sold;
- It is likely that the company will receive economic benefits as a result of the transaction;
- Income and expenses directly related to the transaction can be reliably measured.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.12. Income and expenses recognition *(continued)*

(b) Income from rent of agricultural land and other assets

Income from rents and leases of assets is recognized for the accounting period for which the agricultural land or the relevant other asset is put to use.

(c) Income from sales of services

Income from sales of services (administrative and other) is recognized monthly for the reporting period to which refers.

Income from *government grants* related to reimbursement of expenses incurred is recognized in current profit and loss on a systematic basis over the same period in which the expenses are recognized.

Income from *government grants*, related to compensation for investment expenses for the acquisition of an asset are recognized in the current profit or loss on a systematic basis for the entire period of the asset's useful life, usually in the amount of the amortization recognized as expense.

Profit (loss) from sales of property, plant and equipment, intangbible assets and inventories are recognized as other income (expenses).

In case of an *exchange of assets*, income (expense) is being reported from the exchange transaction in the amount of the difference between the fair value of the received asset and the carrying amount of the exchanged asset.

When economic benefits are expected to arise over several financial periods and their relatedness to the income may be defined only in general or indirectly, expenses are recognised in the profit or loss based on procedures for systematic and rational allocation.

3.12.2. Financial income and expenses

Borrowing costs that are directly attributable to an asset for which the acquisition, construction or production process necessarily takes a significant amount of time before it is ready for its intended use or sale should be capitalized as part of the cost of the asset. this asset. All other financial income and expense are recognized in profit or loss for all instruments measured at amortized cost using the effective interest method.

The effective interest rate method is a method of calculating the amortized value of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is that which discounts the expected future cash payments or receipts during the life of the financial instrument, or in certain cases for a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the group estimates the cash flows, taking into account all the contractual terms of the financial instrument, but without including potential future credit losses from impairment. The calculation includes fees, transaction costs, premiums or discounts paid or received between the parties to the contract that are an integral part of the effective interest rate.

All other financial income and expenses are reported through profit or loss for all instruments, measured at amortized cost using the effective interest rate method.

3. Definition and measurement of items of the consolidated financial statements (continued)

3.13. Income tax expense

According to the Bulgarian tax legislation for the years 2023 and 2022, commercial companies owe corporate tax (profit tax), which is determined at the rate of 10% of the taxable (taxable) profit. The taxation of the profit with current tax is carried out on the basis of the financial results of the individual subsidiaries that are included in the consolidation and according to the requirements of the tax legislation in Bulgaria, no adjustments are made in connection with the preparation and presentation of consolidated financial statements of the groups.

Income tax expense represents the sum of current income tax and the tax effect on temporary tax differences. The current income tax is determined on the basis of the taxable (taxable) profit for the period, applying the tax rate according to the tax legislation at the date of the financial statement. Deferred tax assets and/or liabilities are the amounts of recoverable and payable income taxes for future periods in respect of deductible and taxable temporary tax differences.

Temporary tax differences are established by comparing the carrying amount of an asset or liability presented in the statement of financial position and its tax base obtained by applying the tax rules. Deferred income taxes are calculated using the liability balance method. Deferred tax liabilities are calculated and recognized for all taxable temporary differences, while deferred tax assets are recognized only if it is probable that they will reverse and if the group will be able to generate sufficient profit in the future from which they can be deducted.
The effect of recognizing deferred tax assets and/or liabilities is reflected where the effect of the event itself that gave rise to them is presented. For events that affect the statement of profit or loss and other comprehensive income, the effect of deferred tax assets and liabilities is also recognized in the statement of profit or loss and other comprehensive income. For events that are initially recognized in equity (revaluation reserve) and deferred tax assets and liabilities are recognized against equity.

In the consolidated statement of financial position, deferred tax assets and/or liabilities are presented offset, as they are subject to a single taxation regime.

3.14. Critical estimates for the application of the Group's accounting policy. Key estimates and assumptions with high uncertainty.

In the process of applying the accounting policy, the Group's management makes estimates, which impact significantly these consolidated financial statements. Such estimates are rarely equal to the actual results.

As a result of their nature, they are subject to constant review and update, and they summarize the historical experience and other factors, including expectations about future events, which the management deems reasonable under the current circumstances.

The estimates and assumptions entailing significant risk of material adjustment in the carrying amounts of assets and liabilities during the next financial year are stated further below.

3.14.1. Revaluation of property, plant and equipment

Management has adopted a policy of appointing and using the professional services of independent licensed appraisers to determine the fair values of agricultural lands that are valued at fair value.

In this revaluation, the following approaches and valuation methods were applied to measure the fair value of individual types of fixed tangible assets:

- *Comparative market method* – derives an indicative value by comparing the asset subject to valuation with identical or similar assets for which price information is available, which is accepted with greater weight due to the nature of the properties and their current use;

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

3. Definition and measurement of items of the consolidated financial statements (continued)

3.14. Critical estimates for the application of the Group's accounting policy. Key estimates and assumptions with high uncertainty (continued)

- *Income approach* – derives indictive value by presenting future cashflows to a single current capital amount. For application of this approach, it is necessary to determine the permanent generarated net annual income of the real estate (land rent), which is capitalized to present the net current value.

Such revaluations should be made frequently enough in the cases when there are indications that the fair value of a certain asset class has changed considerably.

3.14.2. Retirement benefit obligations

Retirement benefit obligation is determined by actuarial valuation. This valuation requires assumptions to be made about the discount rate, future wages growth, staff turnover and mortality rates. Due to the long-term nature of staff income at retirement, these assumptions are subject to significant uncertainty.

3.14.3. Useful life of property, plant and equipment and intangible assets

The financial reporting of property, plant and equipment and intangible assets includes the use of estimates of their expected useful lives and transfer values, which are based on judgments by the management of the Group.

3.14.4. Impairment of accounts receivable

The management estimates the amount and period of expected future cash flows associated with receivables based on experience with current circumstances in the following groups: individual accounts, households and other retail and receivables. Due to the inherent uncertainty of this assessment, actual results may differ from those expected. The Group's management reviews the estimates from previous years and the actual results from the previous year.

3.15. Determining fair values

Some of the accounting policies and disclosures of the Group require an assessment of fair values for financial and non-financial assets and liabilities.

When estimating the fair value of an asset or liability, the Group uses observable data, insofar as possible.

The fair values are being categorized in various levels in the Fair Values Hierarchy based on input data in the valuation techniques, as follows:

- Level 1: Quoted prices (non-adjusted) on active markets for similar assets or liabilities.
- Level 2: Input data other than quoted prices included in Level 1, which directly (i.e. as prices) or indirectly (i e. obtained through prices), are accessible for asset or liability monitoring purposes.
- Level 3: Input data about the asset or liability, which are not based on observable market data (non-observable input data).

If the input data used for measuring the fair value of an asset or liability may be categorized in different levels in the fair values hierarchy, then the assessment of the fair value is categorized in its entirety at that same level of the fair values hierarchy which input information is of significance for the overall assessment.

The Group recognizes transfers between the levels of the fair values hierarchy at the end of the reporting period, during which the change has occurred.

More information about the assumptions made based on the assessment of the fair values is included in the respective appendices.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

4. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transport vehicles	Right-of-use assets	Construction in progress	Rented assets improvements	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost:								
Balance as of January 1, 2023	**175 539**	**39 027**	**45 928**	**21 594**	**18 423**	**15 962**	**1 494**	**317 967**
Additions	2 543	772	6 165	3 796	6 362	23 210	-	**42 848**
Additions from new subsidiaries	1 459	33 132	87 463	1 080	-	1 306	-	**124 440**
Disposals	(772)	(2 990)	(617)	(387)	(175)	(9 102)	-	**(14 043)**
Revaluation	-	-	-	-	-	-	-	
Balance as of September 30, 2023	**178 769**	**69 941**	**138 939**	**26 083**	**24 610**	**31 376**	**1 494**	**471 212**
Accumulated depreciation:								
Balance as of January 1, 2023	-	**12 999**	**25 952**	**12 877**	**6 421**	-	**6**	**58 255**
Charged for the period	-	1 738	7 374	1 959	5 998	-	6	**17 075**
Depreciation of new subsidiaries assets	-	8 075	40 731	907	-	-	-	**49 713**
Depreciation of disposals	-	(2 139)	(616)	(338)	-	-	-	**(3 093)**
Balance as of September 30, 2023		**20 673**	**73 441**	**15 405**	**12 419**	-	**12**	**121 950**
Carrying amount as of September 30, 2023	**178 769**	**49 268**	**65 498**	**10 678**	**12 191**	**31 376**	**1 482**	**349 262**
Carrying amount as of December 31, 2022	**175 539**	**26 028**	**19 976**	**8 717**	**12 002**	**15 962**	**1 488**	**259 712**

The Group has concluded leasing contracts for the rental of land, office space and means of transport used in the activity. Terms are between 2 and 19 years with options to extend.

To determine the fair value of the owned lands, the Group uses the services of licensed appraisers with recognized professional qualifications and experience.

Fair value is based on market value, which is the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and seller in an arm's length transaction after appropriate marketing in which the parties acted knowingly.

The obtained market value is determined as a weighted value of the results obtained from the individual methods and weights, expertly determined, according to the reliability of the information used and evaluation experience.

The fair value of the land is categorized as Level 3 fair value based on the inputs to the valuation technique used.Assets under construction, presented in the consolidated statement of financial position, represent expenses incurred by the Group for the construction and acquisition of properties, machinery, equipment, which at the end of the reporting period were not completed and, accordingly, not put into operation, as follows:

	30.09.2023	31.12.2022
	BGN'000	BGN'000
Construction and modernization of warehouses, agricultural and logistics facilities	31 376	15 962
Total	**31 376**	**15 962**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

5. Intangible assets

	Software	Rights-of-use	Intangible assets under construction	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Cost:				
Balance as of January 1, 2023	**372**	**107**	**97**	**576**
Additions	127	-	937	1 064
Disposals	-	-	-	-
Balance as of September 30, 2023	**499**	**107**	**1 034**	**1 640**
Accumulated depreciation:				
Balance as of January 01, 2023	**372**	**93**	**-**	**465**
Charged for the period			-	
Disposals	14	3	-	17
Balance as of September 30, 2023	**386**	**96**	**-**	**482**
Carrying amount as of September 30, 2023	**113**	**11**	**1 034**	**1 158**
Carrying amount as of December 31, 2022	**-**	**11**	**97**	**111**

6. Non-current investments

	September 30, 2023		December 31, 2022	
	BGN'000	%	BGN'000	%
„AB Investments Group" AD	10 100	50.00	10 100	50.00
„AgroOil Consult" OOD	505	50.00	505	50.00
„Energy Solar Technology" AD	20	33.33	20	33.33
"Ecobulpack" AD	9	0.46	9	0.46
Total	**10 634**	**x**	**10 634**	**x**

"Energy Solar Technologies" JSC develops activity in the field of energy production from renewable sources, through the utilization of solar energy, through investments in solar parks. Investments in energy projects from renewable sources are within the scope of the Group's activities, as part of the developed business model.

The activity of "Agro Oil Consult" Ltd. is in the field of agriculture and trade in fertilizers, preparations and agricultural products.

The activity of "AB Investments Group" AD is focused on the construction and sale of real estate.

7. Non-curent receivables

In the previous year, the Group reached an agreement to settle a trade receivable, under the terms of deferred payment. The claim is subject to settlement after 2023. The claim is secured by real estate owned by the debtor. The loan bears interest at an annual interest rate of 5%.

8. Goodwill

The goodwill presented in the consolidated statement of financial position arose as a result of business combinations carried out during the current year, related to the acquisition of control over the net assets and activities of subsidiaries.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
8. Goodwill (continued)

The management of the Group has carried out the necessary procedures to carry out the mandatory test for impairment of the goodwill recognized in the consolidated statement of financial position, upon acquisition of subsidiaries, and considers that as of September 30, 2023, correspondingly as of December 31, 2022, there are no accrual conditions of impairment of the goodwill recognized in the statement of financial position, in the amount of BGN 2 326 thousand (December 31, 2022 – BGN 2 326 thousand)

9. Invenotory

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Goods	101 705	58 133
Impairment of goods	-	*(6 184)*
Goods, net of impairment	101 705	51 949
Materials	39 739	35 486
Work in progress	15 126	16 031
Production	10 440	5 179
Total	**167 010**	**108 645**

9.1. Goods

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Fertilizers	9 321	17 212
Wheat	23 215	16 684
Corn	12 335	11 000
Sunflower	54 642	7 032
Barley	2 192	21
Total	**101 705**	**51 949**

9.2. Work in progress

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Wheat	7 258	7 849
Sunflower	4 580	4 330
Corn	1 928	2 690
Barley	1 360	1 162
Total	**15 126**	**16 031**

9.3. Production

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Raw sunflower oil	4 074	3 207
Corn	2 187	1 263
Cereals	251	656
Refined oil	870	51
Useful waste	-	2
Ethalol and DDGS	3 058	-
Total	**10 440**	**5 179**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
9. Invenotory (continued)

According to the requirements of IAS 41 *Agriculture*, the Group should value at fair value at the date of production, the produced unprocessed agricultural products. The management of the group has decided not to carry out such an assessment during the reporting period, because in the course of the group's usual activity, the manufactured finished product is realized on the market, through its sale, and the quantities available at the date of the consolidated statement are immaterial. The management also believes that the application of this policy does not result in a change in the reported financial results of the group, as well as in a change in the presented inventories, compared to the results that would be reported if the group carried out a fair value assessment of the unprocessed agricultural produce produced at the date of its production. To secure the investment and revolving bank loans received by the group, the group has established a lien on material stocks.

10. Accounts receivable and loans granted

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Receivables from clients	49 411	36 391
Impairment of receivables from clients	*(-)*	*(866)*
Receivables from clients, net of impairment	49 411	35 525
Receivables form trade loans, incl. interest	53 973	33 592
Advances	34 330	25 833
Impairment of advances	*(-)*	*(575)*
Receivables form trade loans, incl. interest	34 330	25 258
Advances	8 456	11 403
Impairment of advances	13 621	3 458
Prepaid expenses	556	557
Receivables from employees	19	128
Other receivables	34	103
Total	**160 400**	**110 024**

11. Cash and cash equivalents

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Cash and cash equivalents in BGN	8 357	2 500
Cash and cash equivalents in foreign currency	2 125	2 017
Blocked cash and cash equivalents	-	31
Total	**10 482**	**4 548**

12. Share capital

The fully paid-in share capital of the parent company amounting to BGN 6,800 thousand is presented at par value and corresponds to the court decision for registration.
As at the end of the reporting period, shareholders in the Group are:

	As of September 30, 2023	
Name	**Number of shares:**	**% of capital**
„EMRA" EOOD	2 955 500	43.46 %
„Equity Investment "EOOD	1 695 639	24.94 %
Svetlomir Iliev Todorov	697 355	10.26 %
Other individuals and companies with less than 5 %	1 451 506	21.34 %
Total	**6 800 000**	**100.00%**

12. Share capital (continued)

Name	As of December 31, 2022 Number of shares:	% of capital
„EMRA" EOOD	2 795 500	41.11 %
„KOMERS"EOOD	1 855 639	27.29 %
Svetlomir Iliev Todorov	697 355	10.26 %
Other individuals and companies with less than 5 %	1 451 506	21.34 %
Total	**6 800 000**	**100.00%**

On September 27, 2022, Agria Group Holding AD acquired 50,000 of its own shares at a price of BGN 27,80 per share (for a total of BGN 1 390 thousand), representing 0.73% of the registered capital. The purpose of the share buy-back is to increase the liquidity of the shares of the Parent Company.

13. Reserves

The reserves presented in the consolidated statement of financial position include premiums, the accumulated gains of past years, reserves from subsequent evaluations of farmland and buildings, as well as reserves from revaluation of obligations to staff arising from defined benefit plans.

14. Interest bearing bank loans

			September 30, 2023			December 31, 2022		
Type of currency	Contracted loan amount BGN'000	Maturity	Non-current portion BGN'000	Current portion BGN'000	Total BGN'000	Non-current portion BGN'000	Current portion BGN'000	Total BGN'000
	Investment loans							
EUR	8 200	30.09.2028	7 149	1 777	**8 926**	8 038	1 789	**9 827**
BGN	6 000	30.08.2027	2 000	667	**2 667**	2 444	667	**3 111**
BGN	6 000	02.12.2026	2 925	1 350	**4 275**	3 938	1 360	**5 298**
BGN	3 912	12.09.2026	924	427	**1 351**	1 138	428	**1 566**
BGN	5 867	20.02.2025	554	664	**1 218**	886	665	**1 551**
BGN	5 867	20.03.2024	-	652	**652**	326	653	**979**
EUR	2 000	29.02.2024	-	279	**279**	93	559	**652**
EUR	2 000	30.01.2024	-	233	**233**	46	559	**605**
BGN	4 000	04.02.2027	-	1 072	**1 072**	2 806	864	**3 670**
BGN	10 000	30.04.2024	2 124	910	**3 034**	514	1 116	**1 630**
BGN	6 000	14.08.2025	653	713	**1 366**	1 188	713	**1 901**
BGN	10 000	01.12.2026	2 500	1 111	**3 611**	3 333	1 111	**4 444**
BGN	5 000	28.06.2028	1 974	526	**2 500**	2 369	526	**2 895**
EUR	7 600	01.02.2030	13 629	-	**13 629**	7 835	-	**7 835**
EUR	14 621	28.02.2030	24 974	2 605	**27 579**	-	-	**-**
BGN	8 000	30.06.2028	6 680	-	**6 680**	-	-	**-**
Total			**66 086**	**12 986**	**79 072**	**34 954**	**11 010**	**45 964**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

15. Lease contracts obligations

Operating lease obligations

Obligations under operating leases presented in the consolidated interim statement of financial position include the Group's obligations under leases of land, buildings and means of transport, which are recognized in accordance with the requirements of IFRS 16 Leases.

As of September 30, 2023, operating lease obligations amount to BGN 12,927 thousand (December 31, 2022 – BGN 10,062 thousand). The short-term part of them, payable in the next 12 months after the accounting periods presented in this report, is presented in current liabilities (see note 19).

Finance lease obligations

The Group has entered into contracts for financial leasing for the acquisition of cars, machines, equipment and agricultural machinery with a deadline for repayment of the last installments on them in the period 2022 - 2026.

Under the terms of the contracts, the group owes annual interest at the rate of three-month EURIBOR increased by a premium of 1.8% to 6.51% on the outstanding portion of the liability under the contracts.

As of September 30, 2023, financial lease obligations amount to BGN 16 486 thousand (December 31, 2022 – BGN 10 915 thousand). The short-term part of them, payable in the next 12 months after the accounting periods presented in this report, is presented in current liabilities (see note19).

16. Deferred tax assets/(liabilities), net

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Deferred tax assets:		
Tax effect of impairment of receivables	415	419
Tax effect of impairment of inventories	525	618
Tax effect of receivables written-off	94	94
Tax effect of current employee benefits	95	94
Tax effect of non-current employee benefits	40	36
Tax effect of unutlized paid leaves	51	52
Ttoal deferred tax assets	**1 220**	**1,313**
Deferred tax liabilities:		
Deferred tax liabilities:	(10 577)	(9 899)
Deferred tax liabilities:	(90)	(84)
Total deferred tax liabiliites	**(10 667)**	**(9 983)**
Deferred tax assets/(liabilities), net	**(9 447)**	**(8 670)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
17. Other non-current liabilities

17.1. Non-current liabilities to personnel

The movement of non-current liabilities to personnel is as follows:

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Liabilities at the beginning of the period	**364**	**396**
Current service cost	0	99
Expenses paid during the period	()	(40)
Recognized actuarial (gains)/losses	()	(11)
Financial expenses on future obligations		3
Expenses recognized in profit or loss		**51**
Remeasurements of defined benefit plan liability at retirement recognized in other comprehensive income	()	(83)
Liabilities at the end of the period	**364**	**364**

The main actuarial assumptions used in the calculations are as follows:

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Discount rate	5.5	5.5
Expected increase of salaries	3	3
Weighted-average retirement age for man	64	64
Weighted average retirement age for woman	62	62

In addition, in the case of premature retirement due to incapacity, staff are entitled to a benefit of up to two monthly wages increased by 100% for a minimum of five years of service and provided that no such benefits have been received in the last five years of service. The demographic statistical assumptions used are based on the following:

- rate of staff turnover in the group during the past few years;
- mortality rate of the population of Bulgaria for the period 2019 - 2021 according to the National Statistics Institute;
- statistics of the National Health Information Centre on disability of the population and early retirement.

17.2. Government grants

The Group received financial assistance under the program for the development of rural areas, granted by the SF "Agriculture" in the period 2014 - 2021. The amount of allocated funds amounts to BGN 1 331 thousand. The Government donations presented in the consolidated interim financial statement as of September 30, 2023, in the amount of BGN 803 thousand (December 31, 2022 – BGN 880 thousand) represent deferred income for assets acquired by the group, which will be recognized in the statement of profit or loss and other comprehensive income on a systematic basis over the useful life of the assets. The current part is in the amount of BGN 103 thousand (December 31, 2022 – BGN 103 thousand).

18. Current liabilities

18.1. Current interest-bearing bank loans

Type of currency	Contracted loan amount BGN'000	Maturity	September 30, 2023 BGN'000	December 31, 2022 BGN'000
	Revolving working capital loans			
EUR	12 000	30.11.2023	23 470	18 604
BGN	6 000	30.06.2023	6 000	2 944
EUR	30 000	12.07.2023	57 142	43 915
BGN	4 000	30.01.2023	5 837	3 611
BGN	2 000	30.01.2023	-	2 000
EUR	5 000	31.01.2023	8 696	2 151
EUR	30 000	31.12.2023	48 673	6 229
BGN	20 000	11.02.2023	14 439	8 309
BGN	8 823	31.10.2024	4 225	-
BGN	10 000	31.03.2024	10 000	-
BGN	18 540	30.11.2023	13 856	-
EUR	15 000	12.04.2023	27 585	27 491
BGN	1 000	30.07.2024	990	600
EUR	10 000	30.01.2024	17 793	1 200
Total			**238 706**	**117 054**

The interest on working capital loans are due monthly and the contracted interest rates vary between one-month and three-month EURIBOR, increased with 1,20 to 3,0 %.

For the benefit of creditor banks, the following have been established as collateral for the above-mentioned loans:

- Negotiated mortgages on real estate owned by the group (see note 4);
- Special bets on machinery and equipment owned by the group (see note 4);
- Special pledges of materials, goods and finished products owned by the group (see note 8);
- Special pledges of trade receivables, as well as current and future receivables of the group from DF "Agriculture"

18.2. Current trade loans

In the previous year, the Group received a loan from a commercial company, in the amount of BGN 10 000 thousand. The interest on the loan is in the amount of 3.2% annual interest. As of September 30, 2023, the loan obligation is in the amount of BGN 4 300 thousand principal and BGN 1 540 thousand interest (December 31, 2022 – BGN 4 300 thousand principal and interest BGN 1 540thosand). The loan is unsecured.

18.3. Trade and other liabilities

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Current portion of non-current bank loans, incl. interest	12 986	11 010
Tax obligations	2 519	3 582
Current portion of finance lease obligations	3 910	3 205
Advances	1 604	2 848
Liabilities to suppliers	13 185	2 547
Current portion of operating lease obligations	1 250	1 828
Liabilities to personnel	3 290	1 730

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

18. Current liabilities (continued)
18.3. Trade and other liabilities (continued)

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Current portion on non-current trade loans, incl. interest		
Obligations under contracts for rent of agricultural land	1 877	811
Social securities	651	442
Current portion of government grants	103	103
Other liabilities	38	404
Total:	**41 413**	**29 324**

19. Income from sales

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Income from sales of goods and materials	454 626	426 296
Income from sales of production	86 171	71 730
Income from sales of services	7 528	6 166
Total:	**548 325**	**504 192**

20. Income from government grants

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Income from grants, relate to expenses	6 156	5 165
Total:	**6 156**	**5 165**

21. Other income

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Other income	20	17
Total:	**20**	**17**

22. Materials expenses

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Main materials	80 843	72 805
Fuel and lubricants	18 450	13 560
Electricity, natural gas and water	2 356	1 890
Spare parts and materials for repairs	2 254	1 852
Office materials and consumables	54	48
Other	704	406
Total:	**104 661**	**90 561**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023

23. Hired services

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Logistics, processing, and export expenses	8 252	4 620
Production related hired services	8 148	4 666
Consulting services and fees	1 150	852
Rents	1 020	800
Insurances and subscriptions	854	450
Taxes	685	512
Maintenance and repairs of assets	655	444
Notary, legal and administrative services	148	88
Communication expenses	125	71
Other	91	65
Total:	**21 128**	**12 568**

Hired services for production include all costs for the rental of agricultural machinery, as well as agricultural services provided to the group. Logistics costs refer to the transportation of finished products and goods. The insurances are on non-current assets – agricultural machinery and attached equipment owned by the Group.

24. Personnel expenses

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Salaries and wages	19 355	14 430
Social security	2 888	1 966
Total:	**22 243**	**16 396**

25. Other expenses

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Advertising expenses and donations	306	360
Business trip expenses	225	180
Receivables written-off	-	459
Interests on tax liabilities and penatlies	25	=
Expenses for penalties and compensations	1 020	52
Other	924	291
Total:	**2 500**	**1 342**

26. Financial income

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Profit from operations with financial assets	781	-
Interest income	3 147	1 111
Result from profitable purchase, incl.	32 156	-
Acquisition price	*47 925*	-
Net assets acquired, at fajr value	*(80 081)*	-
Total	**36 084**	**1 111**

27. Financial expenses

	9 months ended 30.09.2023 BGN'000	9 months ended 30.09.2022 BGN'000
Interest expenses on loans and finance leases	8 995	2 886
Bank taxes and commissions	1 070	461
Expenses from foreign exchange differences	3 604	262
Total	**13 669**	**3 609**

28. Earnings per share and dividends

Earnings per share are calculated using the net profit, which is subject to distribution among the shareholders of the Group.

	Year ended 30.09.2023	Year ended 30.09.2023
Profit attributable to shareholders (in BGN)	40 039 000	82 111 000
Weighted-average number of shares	6 800 000	6 800 000
Earnings per share (in BGN per share)	**5.89**	**12.08**

29. Financial instruments and financial risk management

The carrying amounts of assets and liabilities as of September 30, 2023 and December 31, 2022 by categories in accordance with IFRS 9 *Financial instruments* are presented in the following tables:

Financial assets	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Loans granted	53 973	33 592
Trade receivables	83 741	60 783
Cash and cash equivalents	10 482	4 548
Total	**148 196**	**98 923**

Financial liabilities	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Interest bearing loans	317 778	169 672
Finance lease obligations	16 486	10 915
Operating lease obligations	11 677	10 062
Trade liabilities	17 725	5 395
Total	**363 666**	**196 044**

29.1. Financial risk factors

The use of financial instruments exposes the group to market, credit, and liquidity risk. These paragraphs provide information on the objectives, policies, and processes for managing these risks, as well as on the capital management. The financial risks are currently identified, measured, and monitored using various controlling mechanisms introduced for determining adequate prices of products and services, the cost of borrowings and the forms of maintaining free liquid funds without allowing an unreasonable concentration of a certain risk.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
29. Financial instruments and financial risk management (continued)
29.1. Financial risk factors (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risks, interest rate risk and price 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 discharge an obligation to the terms of a contract. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

29.1.1. Currency risk

The Group trades in a currency other than its functional currency, which is why it is exposed to risk related to possible changes in exchange rates. Such risk arises mainly from changes in the US dollar exchange rate, as the Group makes purchases denominated in US dollars. Transactions in euros do not expose the group to currency risk, as since January 1, 1999 BGN has been pegged to this currency.

The sensitivity analysis to foreign exchange risk shows that the financial results of the Group would not change significantly due to changes in the exchange rate, as the group does not have significant foreign exchange risk exposures.

29.1.2. Interest rate risk

The Group is exposed to interest rate risk because some of the loans received have a variable interest rate agreed as a base interest rate (EURIBOR), increased by a certain margin. In 2022 and 2023, loans with variable interest rates are in EUR and BGN.

The interest rates are specified in the respective notes.

	September 30, 2023 BGN'000	December 31, 2022 BGN'000
Instruments with fixed interest rate		
Financial assets	49 715	30,940
Financial liabilities	4 300	5,024
Instruments with floating interest rate		
Financial assets	-	-
Financial liabilities	317 778	163,018

The sensitivity analysis of interest rate risk has been prepared based on the assumption that the interest positions with variable interest at the date of the statement of financial position have existed in the same amount throughout the year and the reasonably possible increase/decrease in the interest rate is 0.5%. If the interest rates were higher/lower by 0.5 %, provided that all other variables were constant, the financial result after taxes for the year would be BGN ... thousand (December 31, 2022 - BGN 815 thousand .) lower/higher.

29.1.3. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligation and thereby cause a loss to the other. The financial assets that potentially expose the group to credit risk are mainly sales receivables and interest loans. The Group is mainly exposed to credit risk in the event that customers fail to meet their obligations. The Group's policy in this area is aimed at selling to customers with an appropriate credit reputation and the use of adequate collateral as a means of limiting the risk of financial losses.

The credit quality of customers is assessed considering financial condition, past experience and other factors. Credit limits have been introduced, compliance with which is monitored regularly.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
29. Financial instruments and financial risk management (continued)
29.1. Financial risk factors (continued)

29.1.4. Liquidity risk

Liquidity risk is the risk that the group will fail to pay its financial liabilities when they fall due. The policy in this area is aimed at ensuring the availability of sufficient liquid funds, which can be used to settle liabilities when they fall due, including in emergency and unforeseen situations.

The following table presents the agreed maturities of financial liabilities based on the earliest date on which the Group may be required to pay them. The table shows the undiscounted cash flows, including principal and interest:

September 30, 2023 BGN'000	**Up to one year**	**Between two and five years**	**Over five years**	**Total**
Interest-bearing loans	251 692	66 086	-	317 778
Finance lease obligations	3 910	12 576		16 486
Trade and other liabilities	5 840			5 840
	261 442	**78 662**		**340 104**

December 31,2022 BGN'000	**Up to one year**	**Between two and five years**	**Over five years**	**Total**
Interest-bearing loans	134 718	34 028	926	169 672
Finance lease obligations	3 205	7 710	-	10 915
Trade and other liabilities	5 395	-	-	5 395
	143 318	**41 738**	**926**	**185 982**

29.2. Capital management

The Group manages its capital to operate as a going concern while it seeks to maximize returns to shareholders through the optimization of the debt-to-equity ratio (return on capital invested). The aim of the management is to maintain the confidence of investors, creditors, and the market and to ensure the future development of the group. The group's management monitors the capital structure based on the net debt-to-equity ratio.

Net debt includes non-current and current interest-bearing loans and non-current and current finance lease liabilities, less cash. Share capital, reserves and accumulated profits form the equity of the Group.

	September 30, 2023 BGN'000	**December 31, 2022 BGN'000**
Debt	334 264	180 587
Cash and cash equivalents	(10 482)	(4 548)
Net debt	**323 782**	**176 039**
Equity	316 560	285 170
Debt to equity ratio	**1.02**	**0.62**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
as of September 30, 2023
29. Financial instruments and financial risk management (continued)
29.2. Capital management (continued)

The management of the Group determines the amount of capital required in proportion to the level of risk that characterizes individual activities (projects, business segments). The maintenance and adjustment of the capital structure is carried out in close connection with changes in economic conditions, as well as depending on the level of risk inherent in the relevant assets (projects) in which investments are made. The main tools that are used to manage the capital structure are: sale of assets, in order to reduce the level of indebtedness, etc. All decisions on changes in this direction are made taking into account the balance between the price and the risks inherent in the various sources of financing.

The Group's policy is to disclose in its financial statements the fair value of financial assets and liabilities, mainly for which market price quotations exist. The concept of fair value implies realization of financial instruments through sale. In most cases, however, particularly with respect to trade receivables and payables as well as loans, the group expects to realize these financial assets through their full repayment or repayment over time.

They are therefore presented at their nominal or depreciable value. The majority of financial assets and liabilities are short-term trade receivables, payables and short-term loans, therefore their fair value is approximately equal to their carrying value.

The management of the group believes that, under the existing circumstances, the estimates of financial assets and liabilities presented in the statement of financial position are as reliable, adequate and credible as possible for the purposes of financial reporting.

30. Disclosure of related parties transactions

During the year, the following major transactions were made with related parties, key management personnel, shareholders, as well as with other companies treated as related parties.

30.1. Key management personnel remuneration

Key management personnel of the Group include the Executive Director and the members of the Board of Directors. The key management personnel remuneration includes the following costs:

	9 months ended 30.09.2023 BGN'000	**9 months ended 30.09.2022 BGN'000.**
Current remmunerations:		
Salaries	1 294	812
Total	**1 294**	**812**

The Group has entered into transactions with its shareholders as well as with other companies treated as related parties.

30.2. Transactions with sahreholders

The transactions and outstanding balances as of September 30, 2023 are as follows:

30. Disclosure of related parties transactions (continued)

Name	Type of transaction		Turnover	Outstanding balance Receivable BGN'000	Liabilitiy BGN'000
Komers AD					
	Trade transactions – purchases		3,402	-	769
	Trade transactions – sales		8,909	3,136	-
	Loans granted		2,142		8,650
	Interest on loans granted		210	190	-
		Total:	**x**	**3,326**	**9,419**

32.3. Transactions with other related parties

Name	Type of transaction		Turnover	Receivable	Liability
Agro Oil Consult OOD					
	Trade transactions – purchases		6,072	-	18
	Loans granted		400	-	-
	Interest on loans granted		9	9	-
	Loans received		724	-	-
	Interest on loans received		107	-	18
	Dividends received		-		
		Total:	**x**	**9**	**36**
Energy Solar Technologies AD					
	Trade transactions – purchases		0	0	-
	Loans granted		2 320	2 970	-
	Interest on loans granted		92	100	-
		Total:	**x**	**3 070**	**-**

All related party transactions are ongoing. The terms of the transactions do not differ from the market terms, which are applied between unrelated parties.

31. Other disclosures

The interim financial consolidated report as of September 30, 2023, has not been audited by an independent auditor and, accordingly, no auditor's report has been issued for it.

Emil Veselinov Raykov — Digitally signed by Emil Veselinov Raykov Date: 2023.11.29 14:35:05 +02'00'

Emil Raykov ………………………………
Executive Director

ASYA STANCHEVA YORDANOVA — Digitally signed by ASYA STANCHEVA YORDANOVA Date: 2023.11.29 14:40:34 +02'00'

Asya Yordanova ……………………………
Accountant