OVOSTAR UNION PCL
AND IT'S SUBSIDIARIES
CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 March 2024

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Representation of the Members of the Board of Directors

Members of the Board of Directors of Ovostar Union Public Company Limited in accordance with Subsection (3c) and (7) of the Section (9) of the Law providing for transparency requirements in relation to information about issuers whose shares are admitted to trading on a regulated market (L.190 (I)/2007 - "Transparency Law") herewith confirms that to the best of their knowledge:

The present consolidated condensed interim financial statements:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in compliance with the requirements set forth in Subsection (4) of the Section (9) of the Transparency Law, and

(ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidated accounts taken as a whole.

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Borys Bielikov
Chief Executive Officer,
Executive Director

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Vitalii Veresenko
Chairman of the Board,
Non-executive Director

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Karen Arshakyan
Head of Audit Committee,
Non-executive Director

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Markiyan Markevych
Non-executive Director

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Vitalii Sapozhnik
Chief Financial Officer

(IN USD THOUSAND, UNLESS OTHERWISE STATED)

	Note	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
Revenue from contracts with customers	8	35 670	47 304
Changes in fair value of biological assets	14	(5 700)	(16 910)
Cost of sales		(19 925)	(18 615)
Gross profit		**10 045**	**11 779**
Other operating income	9	187	174
Selling and distribution costs		(2 589)	(2 680)
Administrative expenses		(1 155)	(681)
Other operating expenses	10	(4)	(14)
Operating profit		**6 484**	**8 578**
Finance costs		(128)	(198)
Finance income		489	234
Foreign exchange (loss)/gain, net		152	404
Profit before tax		**6 997**	**9 018**
Income tax expense		(29)	(41)
Profit for the period		**6 968**	**8 977**
Other comprehensive income			
Exchange differences on translation to presentation currency		(3 427)	(33)
Other comprehensive income for the period, net of tax		**(3 427)**	**(33)**
Total comprehensive income for the period, net of tax		**3 541**	**8 944**
Profit for the period attributable to:			
Equity holders of the parent company		6 913	8 937
Non-controlling interests	7	55	40
Total profit for the period		**6 968**	**8 977**
Other comprehensive income attributable to:			
Equity holders of the parent company		(3 414)	(34)
Non-controlling interests	7	(13)	1
Total other comprehensive income		**(3 427)**	**(33)**
Other comprehensive income attributable to:			
Equity holders of the parent company		3 499	8 903
Non-controlling interests	7	42	41
Total comprehensive income		**3 541**	**8 944**
Earnings per share:			
Equity holders of the parent company		6 000 000	6 000 000
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (USD per share)		1,15	1,49

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(IN USD THOUSAND, UNLESS OTHERWISE STATED)

	Note	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Assets				
Non-current assets				
Biological assets	14	6 392	9 118	4 537
Property, plant and equipment and intangible assets	15	26 894	27 936	30 739
Deferred tax assets	13	76	78	185
Total non-current assets		**33 362**	**37 132**	**35 461**
Current assets				
Inventories	16	14 011	13 561	12 977
Biological assets	14	2 632	3 232	6 880
Trade and other receivables	17	17 763	13 196	25 386
Prepayments to suppliers		1 740	2 580	666
Prepayments for income tax		1	1	1
Cash and cash equivalents	18	72 094	72 504	29 338
Total current assets		**108 241**	**105 074**	**75 248**
Total assets		**141 603**	**142 206**	**110 709**
Equity and liabilities				
Equity				
Issued capital		84	84	84
Share premium		30 933	30 933	30 933
Foreign currency translation reserve		(160 895)	(157 481)	(153 731)
Retained earnings		251 137	206 393	206 318
Result for the period		6 913	44 744	8 937
Equity attributable to equity holders of the parent		**128 172**	**124 673**	**92 541**
Non-controlling interests	7	485	443	249
Total equity		**128 657**	**125 116**	**92 790**
Non-current liabilities				
Interest-bearing loans and other financial liabilities	20	-	-	3 480
Deferred income		1 433	1 531	1 749
Deferred tax liability		231	238	269
Total non-current liabilities		**1 664**	**1 769**	**5 498**
Current liabilities				
Trade and other payables	21	10 657	9 690	7 296
Income tax payable		29	2 703	-
Deferred income		197	203	211
Advances received		383	356	455
Interest-bearing loans and other financial liabilities	20	16	2 369	4 459
Total current liabilities		**11 282**	**15 321**	**12 421**
Total liabilities		**12 946**	**17 090**	**17 919**
Total equity and liabilities		**141 603**	**142 206**	**110 709**

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STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2023 (IN USD THOUSAND, UNLESS OTHERWISE STATED)

	Issued capital	Share premium	Foreign currency translation reserve	Retained earnings	Result for the period	Total	Non-controlling interests	Total equity
As at 31 December 2022 (audited)	**84**	**30 933**	**(153 697)**	**200 147**	**6 246**	**83 713**	**208**	**83 921**
Profit for the period	-	-	-	-	8 937	8 937	40	8 977
Other comprehensive income	-	-	(34)	-	-	(34)	1	(33)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(34)**	**-**	**8 937**	**8 903**	**41**	**8 944**
Allocation of prior period result	-	-	-	6 246	(6 246)	-	-	-
Dividends	-	-	-	(75)	-	(75)	-	(75)
Exchange differences	-	-	-	-	-	-	-	-
As at 31 March 2023 (unaudited)	**84**	**30 933**	**(153 731)**	**206 318**	**8 937**	**92 541**	**249**	**92 790**
As at 31 December 2023 (audited)	**84**	**30 933**	**(157 481)**	**206 393**	**44 744**	**124 673**	**443**	**125 116**
Profit for the period	-	-	-	-	6 913	6 913	55	6 968
Other comprehensive income	-	-	(3 414)	-	-	(3 414)	(13)	(3 427)
Acquisition of a subsidiary								
Total comprehensive income	**-**	**-**	**(3 414)**	**-**	**6 913**	**3 499**	**42**	**3 541**
Allocation of prior period result	-	-	-	44 744	(44 744)	-	-	-
Dividends	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
As at 31 March 2024 (unaudited)	**84**	**30 933**	**(160 895)**	**251 137**	**6 913**	**128 172**	**485**	**128 657**

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STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2024 (IN USD THOUSAND, UNLESS OTHERWISE STATED)

	Note	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
Operating activities			
Profit before tax		6 997	9 018
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment and amortisation of intangible assets		735	799
Net change in fair value of biological assets		5 700	16 910
Disposal of property, plant and equipment		-	1
Disposal of biological assets		650	188
Finance income		(489)	(234)
Finance costs		128	198
Foreign exchange loss/(gain)		(152)	(404)
Recovery of assets previously written-off		(3)	(5)
Government subsidies		(128)	(135)
Impairment of doubtful accounts receivable and prepayments to suppliers		-	3
Working capital adjustments:			
Decrease in trade and other receivables		(5 010)	(2 681)
Decrease in prepayments to suppliers		779	2 340
Increase in inventories		(897)	(630)
Increase in trade and other payables and advances received		1 005	(1 042)
Cash generated from operating activities		**9 315**	**24 326**
Income tax paid		(2 702)	(658)
Net cash flows from operating activities		**6 613**	**23 668**
Investing activities			
Purchase of property, plant and equipment		(619)	(159)
Increase in biological assets		(3 334)	(3 379)
Proceeds from repayment of loans issues		-	4 249
Interest received		489	234
Net cash flows used in investing activities		**(3 464)**	**945**
Financing activities			
Repayment of borrowings		(2 277)	(3 118)
Interest paid		(126)	(209)
Government subsidies		77	83
Payment of dividends		-	(4 251)
Net cash flows used in financing activities		**(2 326)**	**(7 495)**
Net (decrease)/increase in cash and cash equivalents		**823**	**17 118**
Effect from translation into presentation currency		(1 233)	39
Cash and cash equivalents at 01 January		**72 504**	**12 181**
Cash and cash equivalents at 31 December		**72 094**	**29 338**

For translating transactions and balances into a presentation currency the Group applies IAS 21 "The Effects of Changes in Foreign Exchange Rates". Procedures and rules applied by the Group are specified in Note 2.3.

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1. Corporate information

Ovostar Union Public Company Limited (referred to herein as the “Company”) is a limited liability company incorporated on 22 March 2011 in Amsterdam under the laws of the Netherlands. Following resolution of the Extraordinary Meeting of Shareholders held in Amsterdam on 30 August 2018 the Company was redomiciled to Cyprus and on 29 November 2018 was registered with the Register of Companies of the Republic of Cyprus as a company continuing in the Republic of Cyprus. As of 31 March 2021 the Company’s registered address is 22 Ierotheou Street, Strovolos, Nicosia 2028, Cyprus.

Principal activities of the Group include egg production, distribution, egg products manufacturing and production of related products. The largest shareholder of the Company is Prime One Capital Ltd., a Cyprus based company whose principal activity is the holding of ownership interests in its subsidiary and strategic management.

The Group operates through a number of subsidiaries in Ukraine, Latvia, United Arab Emirates and British Virgin Islands (the list of the subsidiaries is disclosed in Note 7) and has a concentration of its business in Ukraine, where its production facilities are located. Subsidiary companies are registered under the laws of Ukraine, British Virgin Islands, Latvia and United Arab Emirates. The registered address and principal place of business of the subsidiary companies in Ukraine is 34 Petropavlivska Street, Kyiv, Ukraine.

Information on other related party relationships of the Group is provided in Note 23.

The consolidated condensed interim financial statements for the year ended 31 March 2024 were authorized by The Board of Directors on 05 June 2024

2. Basis of preparation

2.1. Statement of compliance and basis of measurement

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS EU” hereinafter).

Some of the companies of the Group that are registered in Ukraine maintain their accounting records under Ukrainian Accounting Standards (“UAS” hereinafter). UAS principles and procedures may differ from those generally accepted under IFRS EU. Accordingly, the consolidated financial statements, which have been prepared from the Group entities’ UAS records, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS EU.

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Biological assets	Fair value less costs to sell

Details of the Group accounting policies are included in Note 5.

2.2. Going concern basis

On February 24, 2022, russian troops launched a military invasion of Ukraine, which led to a full-scale war on the territory of the Ukrainian state. Today the war continues and its duration is unknown. Focusing on the continuity and sustainability of its business and maintaining value for all stakeholders, the Group has focused on such key areas as the safety of its employees and the food security of the country, giving priority to the uninterrupted supply of the population of Ukraine with egg products.

Having examined the existing and potential implications of the war for the Ukraine located businesses, the management of the Group have identified several points of specific concern that require careful analysis and assessment. They include, but are not limited to, the following:

- risks related to the personnel safety;
- risk of physical destruction of the production assets;
- risks of disruption of the supply and distribution chains;
- risk of liquidity and limited access to financing;

The Group’s management continue to fulfill their duties without interruptions.

The Group fully complies with all sanctions rules and regulations regarding Russia and Belarus, including those introduced or published by various countries and organizations. In addition, the Group refrains from contacting individuals or entities on the sanctions list. In this situation, the Group does not expect any impact on the supply chain and payment flow.

The currently known impacts of the War on the Group are:

- the Group’s major production facilities are located in Kyiv region, in Fastivskyi and Bilotserkivskyi districts, where no severe hostilities took place. The poultry houses in Vasilkiv and Stavyshche, as well as the egg-processing factory in Vasilkiv, remain physically undamaged and keep operating;
- the supporting facilities accommodating hatchery, poultry houses for parent flock and young layers have not been affected and are being used in accordance with the technological process;
- all Group inventory is in good condition and in safe storage;
- the Group has historically relied on the suppliers located in the central part of Ukraine, which implies efficient logistics and reasonably prompt deliveries to the production sites. Major contractors have not been affected by the hostilities and continue to fulfill their contractual obligations;
- the military action had no critical impact on the local distribution. The main distribution channel for the egg segment is the large national retail chains. Geographically the sales are concentrated in the central part of the country. The share of sales in the most affected regions does not exceed 10%;
- as of date of this report there are no signs of material deterioration of the payment discipline. The Group has sufficient recourses to meet its contractual obligations. Interest bearing liabilities towards the banks areserved timely.

The Group has taken the following actions in response to the current situation:

- optimized utilization of production facilities to meet domestic demand and export orders;
- the group has enough inventory for the production and sale of its products, as well as human resources in the foreseeable future;
- selling, general and administrative and other operating expenses, have been reduced to the minimum required to meet the primary needs of the Group’s core business;

As of today, the Group has no liquidity problems.

After the start of a full-scale invasion, the Company was forced to reduce the herd in order to optimize the production and sale of its products. In Today, the Company's management to actively restore herd.

Management has prepared and reviewed, together with the directors, updated financial projections, including cash flow projections, taking into account the most likely and possible negative scenarios for the continued impact of the war on the business.

These forecasts were based on the following key assumptions:

- the further development of the war and the military invasion of Ukraine will allow the use of most of the Group's production capacity;
- the Group will be able to purchase a sufficient amount of agricultural products for poultry feed;
- road logistics routes that exist today will continue to be available;
- egg production for 2024 will be 1.648 million (1,573 million forecast in 2023);
- capital investments for 2024 are planned in the amount of 2.2 million dollars (the fact for 2023 is 1.1 million dollars).

The developments of ongoing military offensive of the Russian Federation including their magnitude, intensity or the potential timing of the cessation of those actions are uncertain. The unpredictability of the further war development and its potentially significant magnitude represent a material uncertainty which may cast significant doubt about the ability of the Group to continue as going concern.

Despite the existing uncertainties arising from the future development of the military invasion, the management believes the above described analysis gives grounds to state that during at least 12 months after the date of the present report the Group will be able to realize its assets and discharge its liabilities in the normal course of business, thus going concern assumptionis applied to the financial statements for the three months ended March 31, 2024.

2.3. Functional and presentation currency.

The functional currency of the Company is U.S. dollar (USD). The consolidated financial statements are presented in the Company's functional currency, that is, U.S. dollar (USD). The functional currency of operating subsidiaries in Ukraine is the Ukrainian hryvnia (UAH), in Latvia the euro, in the UAE the US dollar. All values are rounded to the nearest thousand unless otherwise noted.

The USD has been selected as the presentation currency for the Group as: (a) management of the Group manages business risks and exposures, and measures the performance of its businesses in the USD; (b) the USD is widely used as a presentation currency of companies engaged primarily in agricultural; and (c) the USD is the most convenient presentation currency for non- Ukrainian users of these IFRS consolidated financial statements.

The Group translates its results and financial position into the presentation currency as follows:

- assets and liabilities, as well as the issued capital, for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognized in other comprehensive income.

During year ended 31 March 2024 and 2023, the exchange rate had`nt significant fluctuations. Consistent with IAS 21, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate. Considering significant depreciation of Ukrainian currency against major foreign currencies and seasonality of sales, Management of the Group decided to translate income and expense items at average quarterly rates. On consolidation, the assets and liabilities of the subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average quarterly rates, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in "Other comprehensive income" and accumulated in the "Foreign currency translation reserve".

Relevant exchange rates are presented as follows:

			Average rate for the		
	31 March 2024 (unaudited)	**1-st quarter 2024 (unaudited)**	**31 December 2023 (audited)**	**31 March 2023 (unaudited)**	**1-st quarter 2023 (unaudited)**
USD/UAH	39,2214	38,1727	37,9824	29,2549	28,5545
EUR/UAH	42,3670	41,4668	42,2079	32,5856	32,2788
USD/PLN	3,9789	3,9909	3,9398	4,1843	4,1269
USD/EUR	0,9267	0,9211	0,9061	0,8998	0,8915
USD/RON	4,6038	4,5784	4,4769	-	-

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

4. Use of estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, due to uncertainty about these estimates, actual results recorded in future periods may differ from such estimates.

These consolidated financial statements include management's estimates regarding the value of assets, liabilities, revenues, expenses, and recognized contractual obligations. These estimates mainly include:

4.1. Impairment of property, plant and equipment

In accordance with IAS 36 "Impairment of Assets" the Group reviews the carrying amount of non-current tangible assets (mainly property, plant and equipment) to identify signs of impairment of these assets.

If there is an indication that an asset may be impaired, the Group uses a model of strategic planning in order to calculate the discounted cash flows (using the "value in use" method, as defined in IAS 36) and, thus, assess the recoverability of the carrying amount of property, plant and equipment. The model was based on budgets and forecasts approved by the management for the next 5 years.

Expected future cash flows reflect long-term production plans formed on the basis of past experience and market expectations. The plans take into account all relevant characteristics of poultry farming, including egg production, volume of egg processing, prices for main components of mixed fodder. Thus, the production capacity is the basis for forecasting the future production volume for each subsequent year and related production costs.

Levels of costs included in projected cash flows are based on current long-term production plans. When conducting impairment testing, recent levels of costs are taken into account, as well as the expected cost changes based on the current condition of operating activities and in accordance with the requirements of IAS 36. IAS 36 provides a number of restrictions on future cash flows, which may be recognized in respect of future restructuring and capital modernization expenses.

Below are the key assumptions that formed the basis for forecasting future cash flows in the models:

- prices for main components of mixed fodder are based on internal forecasts of the Group's management;
- production data (production of eggs, safety of livestock, meat production volume, production of egg products) based on internal forecasts of the Group's management from past experience;
- selling prices for eggs, egg products and poultry meat are based on forecasts of the Group's management and market expectations.

Management believes that calculations of the recoverable amount are most sensitive to changes in such assumptions as the price of poultry meat, price of eggs and eggs product, price of poultry fodder and production data.

Application of IAS 36 requires extensive judgments by the management regarding estimates and assumptions related to future cash flows and discount rate. Given the nature of the current global economic environment, such assumptions and estimates have a high degree of uncertainty. Therefore, other similar assumptions may lead to significantly different results.

4.2. Fair value of biological assets

Estimation of fair value of biological assets is based on the discounted cash flow model. The fair value of biological assets might be affected by the fact that the actual future cash flows will differ from the current forecast, which typically occurs as a result of significant changes in any factors or assumptions used in the calculations.

Among such factors are:

- differences between actual prices and price assumptions used in estimating net realizable value of eggs;
- changes in productivity of laying hens;
- unforeseen operational problems inherent in the branch specificity;
- age of hens at the end of the reporting period;
- changes in production costs, costs of processing and products sales, discount and inflation rates and exchange rates that could adversely affect the fair value of biological assets.

The key assumptions concerning biological assets based on discounted cash flow approach are presented as follows:

- cost planning at each stage of poultry farming will remain constant in future periods;
- egg production volume will not be significantly changed;
- egg sale price in future periods;
- long-term inflation rate of Ukrainian UAH in future periods;
- discount rate for determining the present value of future cash flows expected from the biological assets (Note 14).

Management determined that calculations of the fair value of biological assets are the most sensitive to changes in such assumptions as the volume of egg production, cost planning and prices of eggs, eggs product and poultry meat. Management believes that any reasonably possible change in key assumptions will not cause any significant change in the fair value of biological assets.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly

or indirectly observable.

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Although some of these assumptions are obtained from published market data, the majority of these assumptions are estimated based on the Group's historical and projected results.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in Notes 14.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability. Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

4.3. Expected credit losses

Financial assets of the Group that are subject to IFRS 9's expected credit loss model are represented by trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. No impairment of cash and cash equivalents was identified.

4.4. Useful lives of property, plant and equipment

The Group estimates useful lives of property, plant and equipment at least at the end of each financial year and, if expectations differ from previous estimates, changes are recorded as changes in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates can have a significant impact on the carrying amount of property, plant and equipment and depreciation expenses during the period.

4.5. Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Significant judgments are required from the management in determining the amount of deferred tax assets that can be recognized on the basis of the possible terms of receipt and the level of future taxable profit together with the future tax planning strategy.

5. Summary of significant accounting policies

5.1. Recognition and measurement of financial instruments

Financial instruments: key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1: Measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,

- Level 2: Valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- Level 3: Valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments: initial recognition

Financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognized when the entity becomes a party to the contractual provisions of the instrument.

The Group uses discounted cash flow valuation techniques to determine the fair value of loans to related parties that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique with level 3 inputs. If any differences remain after calibration of model inputs, such differences are amortized on a straight-line basis over the term of the currency swaps, loans to related parties. The differences are immediately recognized in profit or loss if the valuation uses only level 1 or level 2 inputs.

5.2. Financial assets

Financial assets: Classification and subsequent measurement: measurement categories

The Group classifies financial assets in the following measurement categories: fair value through profit and loss (FVTPL), fair value through other comprehencive income (FVOCI) and amortized cost (AC). The classification and subsequent measurement of debt financial assets depends on:

1. The Group's business model for managing the related assets portfolio and
2. the cash flow characteristics of the asset.

As at 31 March 2024 and 31 March 2023 the Group did not hold financial assets at FVTPL and FVOCI.

Financial assets: Classification and subsequent measurement: business model

The business model reflects how the Group manages the assets in order to generate cash flows - whether the Group's objective is:

1. solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or
2. to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Financial assets: Classification and subsequent measurement: cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The Group holds the trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Financial assets: Reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets: Credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognizes Net impairment losses on financial and contract assets at each reporting date.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial assets of the Group that are subject to IFRS 9's new expected credit loss model are represented by trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial assets: Write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include:

- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets: Derecognition

The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying passthrough arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets: Modification

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

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

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

5.3. Effective interest rate method

The effective interest rate method is used to calculate the amortized cost of a financial asset and distribute interest income during the relevant period. The effective interest rate is the rate that enables discounting of estimated future cash receipts through the expected life of a financial asset or a shorter period, if applicable.

Revenues relating to debt instruments are recorded using the effective interest rate method, except for financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss - a financial asset is classified as at fair value through profit or loss if it is held for trading or designated at fair value through profit or loss.

5.4. Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank accounts and deposits with an original maturity date of three months or less.

5.5. Cash deposits

Cash deposits in the statement of financial position are held for the investment activities. For the purpose of the consolidated statement of cash flows, short-term deposits are included in the investing activities.

5.6. Impairment of financial assets

Financial assets, except for financial assets at fair value through profit or loss, at each reporting date are assessed for signs indicating impairment. Impairment loss is recognized when there is objective evidence of reduction of the estimated future cash flows on this asset as a result of one or more events that occurred after the financial asset was recorded in the accounting. For financial assets at amortized cost, the amount of impairment is calculated as the difference between the asset's carrying amount and present value of the expected future cash flows discounted using the effective interest rate.

Impairment loss directly reduces the carrying amount of all financial assets, except for accounts receivable on principal activities, carrying amount of which is reduced due to the allowance formed. If the accounts receivable on principal activities are uncollectible, they are written-off against the related allowance. Subsequently received reimbursements of amounts previously written-off are recorded in credit of the allowance account. Changes in the carrying amount of the allowance account are recorded in the profit and loss.

Except for equity instruments available for sale, if in a subsequent period the amount of impairment loss decreases and such decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss previously recognized is recovered by adjusting the items in the income statement. In this case, the carrying amount of financial investments at the date of recovery of impairment cannot exceed its amortized cost, which would be reflected in the case, if impairment was not recognized.

In respect of equity securities available for sale, any increase in fair value after recognition of impairment loss relates directly to equity.

5.7. Writing-off of financial assets

The Group writes-off a financial asset only if rights for cash flows under the corresponding contract terminated the treaty or if a financial asset and corresponding risks and rewards are transferred to other organization. If the Group does not transfer or retain all the principal risks and rewards of ownership of the asset and continues to control the transferred asset, it shall record its share in the asset and related liability in the amount of possible payment of corresponding amounts. If the Group retains all the principal risks and rewards of ownership of the transferred financial asset, it shall continue to account for the financial asset, and reflect a secured loan on income earned.

5.8. Financial liabilities and equity instruments issued by the Group

5.8.1. Accounting as liabilities or equity

Debt and equity financial instruments are classified as liabilities or equity based on the substance of the corresponding contractual obligations.

5.8.2. Equity instruments

Equity instrument is any contract confirming the right for a share in the company's assets remaining after deduction of all its liabilities. Equity instruments issued by the Group are recorded in the amount of generated income net of direct expenses for their issue.

5.8.3. Financial liabilities

Financial liabilities - measurement categories

Financial liabilities are classified as subsequently measured at amortized cost, except for (i) financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments. As of 31 March 2024 and 31 December 2023 the Group did not have financial guarantee contracts and loan commitments or financial liabilities at fair value through profit or loss.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

5.8.4. Trade and other accounts payable

Trade payables are recognized when the counterparty fulfills its contractual obligations and measured at amortized cost using the effective interest rate.

5.8.5. Loans and borrowings

Loans and borrowings are initially recognized at fair value less costs incurred in the transaction. Subsequently, loans and borrowings are stated at amortized cost; any difference between proceeds (net of transaction costs) and the amount of repayment is reflected in the income statement over the period for which loans and borrowings are issued using the effective interest rate method. Loans and borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the obligation to at least one year after the date of balance sheet preparation.

5.8.6. Writing-off of financial liabilities

The Group writes-off financial liabilities only when they are repaid, cancelled or expire.

5.9. Foreign currency transactions

Transactions in currencies other than the functional currency are initially recorded at exchange rates set on the dates of these transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates applicable at the reporting date. All realized and unrealized gains and losses resulting from exchange rate differences are included in profit or loss for the period.

5.10. Biological assets

Biological assets represented by the commercial herd and herd replacements are recorded at fair value less estimated selling and distribution expenses. Estimate of fair value of biological assets of the Group is based on discounted cash flow models, according to which the fair value of biological assets is calculated using present value of the expected net cash flows from biological assets discounted at the appropriate rate.

The Group recognizes a biological asset only where it controls an asset as a result of past events; it is probable that the economic benefits from the asset will flow to the Group; fair value or cost of an asset can be estimated with reasonable certainty.

Profit or loss arising on initial recognition of biological assets at fair value less estimated selling and distribution expenses is included in the consolidated income statement as incurred.

Agricultural products collected from a biological asset are measured at fair value less estimated selling and distribution expenses. Profit or loss arising on initial recognition of agricultural products at fair value, less estimated selling and distribution expenses, is recognized in the consolidated statement of comprehensive income.

5.11. Inventories

Inventories consist mainly of raw materials, package and packing materials, agricultural produce and finished goods.

Inventories are valued at the lower of cost and net realisable value.

Cost of goods includes the cost of acquisition and, where appropriate, costs incurred in bringing inventories to their present condition and location. Cost is calculated using the weighted average method. Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect to the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

5.12. Property, plant and equipment

Property, plant and equipment are recorded at historical cost or deemed cost, equal to fair value at the date of transition to IFRS, less accumulated depreciation and accumulated impairment losses. Historical cost of an asset of property, plant and equipment includes (a) the purchase price, including non-recoverable import duties and taxes net of trade and other discounts; (b) any costs directly related to bringing an asset to the location and condition, which allow its functioning in accordance with the intentions of the Group's management; (c) initial assessment of the costs of dismantling and removal in the asset of property, plant and equipment and restoring the occupied territory; this obligation is assumed by the Group either upon the acquisition of an asset, or as a result of its operation for a certain period of time for the purposes not related to the production of inventories during this period. Cost of assets created in-house includes cost of materials, direct labor costs and an appropriate proportion of production overheads.

Construction in progress includes costs directly related to the construction of property, plant and equipment, including distribution of variable overheads associated with the construction and prepayments for the property, plant and equipment. Construction in progress is not depreciated. These assets are depreciated from the moment when they are used in economic activity, on the same basis as depreciation on other assets.

Subsequently capitalised costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalisation are charged to the consolidated statement of comprehensive income as incurred.

Depreciable amount is the cost of an asset of property, plant and equipment, or any other amount, less its residual value.

The residual value of an asset is the estimated amount that the company would receive to date from the sale of an item of property, plant and equipment, less estimated costs of disposal if the asset reached the age and condition, in which, presumably, it will be at the end of its useful life. Assets under finance lease are depreciated over the shorter of estimated useful life on the same basis as own assets or over the period of the relevant lease.

Depreciation is provided to write-off the depreciable amount over the useful life of an asset and is calculated using the straightline method. Useful lives of the groups of property, plant and equipment are as follows:

Buildings	10 - 40 years
Plant and equipment	5 - 25 years
Vehicles	3 - 10 years
Furniture and fittings	3 - 10 years
Construction in progress and uninstalled equipment	No depreciation

The residual value, useful life and depreciation method are reviewed at the end of each financial year. Impact of any changes arising from estimates made in prior periods is recorded as a change in an accounting estimate.

Gains or losses arising from disposal or liquidation of an asset of property, plant and equipment, are defined as the difference between sales proceeds and carrying amount of an asset and recognized in profit or loss.

5.13. Impairment of property, plant and equipment

At the end of each reporting period the Group identifies signs of possible impairment of assets. If any such indication exists, the Group reviews the carrying amount of its items of property, plant and equipment to determine whether any signs of impairment exist due to depreciation. If any such indication exists, the expected recoverable amount of an asset is estimated to determine the amount of impairment losses, if any.

In order to determine the impairment losses, assets are grouped at the lowest levels for which it is possible to identify separately the cash flows (cash generating unit).

The recoverable amount is the higher of fair value less selling and distribution expenses and value of an asset in use. In assessing the value of an asset in use, the estimated future cash flows associated with the asset, are discounted to their present value using pre-tax discount rate that reflects current market estimates of time value of money and the risks inherent in the asset.

If, according to the estimates, the recoverable amount of an asset (cash generating unit) is less than its carrying amount, the carrying amount of an asset (cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized immediately in the income statement, except when the asset is recorded at a revalued amount. In this case the impairment loss is considered as a revaluation decrease.

In cases where impairment losses are subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of recovery amount, however, in such a way that the increased carrying amount does not exceed the carrying amount that would be determined, if an impairment loss was not recognized in respect of an asset (cash generating unit) in previous years. Reversal of impairment loss is recognized immediately in the income statement, except when the asset is recorded at a revalued amount. In this case, the reversal of an impairment loss is considered as a revaluation increase.

5.14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

Amortization is calculated on a straight line basis over the useful life of an asset, which is 10 years.

5.15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.16. Leases

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest (presented within either operating or financing activities) in accordance with IAS 7.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes noncancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The initial lease asset equals the lease liability in most cases.

The lease asset is the right to use the underlying asset and is presented in the statement of financial position either as part of property, plant and equipment or as its own line item.

5.17. Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements. Such liabilities are disclosed in the notes to the consolidated financial statements, except where the probability of outflow of resources embodying economic benefits is insignificant.

Contingent assets are not recognized in the consolidated financial statements, but disclosed in the notes to the extent that it is probable that the economic benefits will flow to the Group.

5.18. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

The amount recognized as a provision is the best estimate of compensation necessary to repay a current liability on the reporting date, which takes into account all the risks and uncertainties inherent in this liability. In cases where the amount of provision is estimated using cash flows that can be required to repay current liabilities, its carrying amount represents the present value of these cash flows.

Where there is a possibility that one or all of the economic benefits necessary to recover the amount of provision will be reimbursed by a third party, the receivables are recognized as an asset if there is actual assurance that such reimbursement will be received and the amount of receivables can be measured reliably.

5.19. Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognized in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognized net of discounts, returns and value added taxes, export duties, other similar mandatory payments.

Group's contracts with customers are fixed-price contracts and generally include both advance payment and deferred payment for the same contracts. Generally, the sales are made with a credit term of 30-60 days, which is consistent with the market practice and consequently trade receivables are classified as current assets.

A receivable is recognized when the goods are delivered or dispatched based on delivery terms as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Contract assets are immaterial and therefore not presented separately in the consolidated financial statements.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

The five-step model framework

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

Step 1: Identify the contract with the customer

A contract with a customer are exists when:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

If a contract with a customer does not yet meet all of the above criteria, the Group continues as to re-assess the contract going forward to determine whether it subsequently meets the above criteria.

Step 2: Identify the performance obligations in the contract

At the inception of the contract, the Group assess as the goods or services that have been promised to the customer, and identify as a performance obligation:

- a good or service (or bundle of goods or services) that is distinct;
- or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Step 3: Determine the transaction price

The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services. When making this determination, the Group considers past customary business practices.

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, the Group will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the Group will need to estimate it using an adjusted market assessment approach or the expected cost plus a margin approach.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized as control is passed, either over time or at a point in time.

Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. These include:

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan; and
- holding the asset.

The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly.

5.20. Income tax

Income tax is calculated in accordance with the requirements of the applicable legislation of Ukraine. Income tax is calculated on the basis of financial results for the year adjusted to items that are not included in taxable income or that cannot be attributed to gross expenses. It is calculated using tax rates effective at the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used to calculate taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recorded taking into account the degree of certainty in sufficient taxable income, which enables to realize temporary differences related to gross expenses.

Deferred tax is calculated at tax rates, which presumably will be applied during the sale of related assets or repayment of related liabilities.

Assets and liabilities on deferred income tax are offset when: a) the Group has a legally enforceable right to offset the recognized current income tax assets and liabilities; b) the Group intends either to perform settlement by offsetting counterclaims, or simultaneously sell the asset and settle the liability; c) deferred tax assets and liabilities relate to income taxes levied by the same taxation authority in each future period in which it is intended to repay or reimburse a significant amount of deferred tax liabilities and assets.

Deferred income tax is recognized in the income statement, except when it relates to items recognized directly in equity. In this case the deferred tax is also recognized in equity.

5.21. Value Added Tax

VAT output equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to the customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in the reporting period. According to Ukrainian legislation, rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received.

For more details on VAT rates see note 23

5.22. Government grants

Government grants are stated at fair value when there is reasonable assurance that the grant will be received.

Ukrainian legislation provides a variety of tax benefits and subsidies for agricultural companies. Such benefits and subsidies are approved by the Supreme Council of Ukraine, the Ministry of Agrarian Policy, Ministry of Finance, local authorities.

Government grants are recognised as income over the periods necessary to match them with the related costs, or as an offset against finance costs when received as compensation for the finance costs for agricultural producers. To the extent the conditions attached to the grants are not met at the reporting date, the received funds are recorded in the Group’s consolidated financial statements as deferred income.

Other government grants are recognised at the moment when the decision to disburse the amounts to the Group is made.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

5.23. Partial compensation of interest rates on loans raised by the agricultural companies from financial institutions

The Group companies are entitled to compensation from the government of a share of interest expenses incurred on loans which were received for agricultural purposes. The amount of interest compensation depends on the term and purpose of the loan. Due to the fact that the payment of interest compensations depends on the capabilities of the country's budget, they are recognized on a cash basis as other operating income in the period of receipt.

5.24. Related party transactions

For the purposes of these consolidated financial statements, the parties are considered to be related if one of the parties has a possibility to control or considerably influence the operational and financial decisions of the other company. While considering any relation which can be defined as related party transactions it is necessary to take into consideration the substance of the transaction not only their legal form.

5.25. Reclassification

Certain comparative information presented in the consolidated financial statements for the year ended 31 March 2024 has been revised in order to achieve comparability with the presentation used in the consolidated financial statements for the year ended 31 December 2023. Such reclassifications and revisions were not significant to the Group`s consolidated financial statements.

6. New and amended standards

The following standards were adopted by the Group on 1 January 2024:

The following amended standards became effective from 1 January 2023, but did not have any material impact on the Group:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

a) New and amended standards and interpretations adopted

Below is a list of new standards, clarifications and amendments that result in new disclosure requirements for future reporting periods:

IFRS	***Effective date:***
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely / Available for optional adoption
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025

The management expects that the above standards, when effective, will not have a material effect on the consolidated financial statements of the Group in future periods.

7. Subsidiaries and Non-controlling interests

As at 31 March 2024 and 2023 the Group included the following subsidiaries:

Name of the company	**Business activities**	**31 March 2024**	**31 December 2023**	**31 March 2023**
Limited Liability Company "Ovostar Union"	Strategic management of subsidiary companies in Ukraine	100,0%	100,0%	100,0%
Limited Liability Company "Ovostar"	Egg-products production and distribution (Ukraine)	100,0%	100,0%	100,0%
Limited Liability Company "Yasensvit"	Breeder farms, production of hatching eggs, farms for growing young laying flock and for laying flock, production and distribution of shell eggs, poultry feed production (Ukraine)	100,0%	100,0%	100,0%
Public Joint Stock Company "Poultry Farm Ukraine"	Production of shell eggs, assets holding (Ukraine)	92,0%	92,0%	92,0%
Public Joint Stock Company "Malynove"	Production of shell eggs, assets holding (Ukraine)	94,0%	94,0%	94,0%

Public Joint Stock Company “Krushynskyy Poultry Complex”	Trading company, egg trading – non operational activity (Ukraine)	76,0%	76,0%	76,0%
Limited Liability Company “Skybynskyy Fodder Plant”	In the process of liquidation (Ukraine)	98,6%	98,6%	98,6%
SIA "Ovostar Europe"	Trade company (Latvia)	89,0%	89,0%	89,0%
SIA "Gallusman"	Production of shell eggs (Latvia)	89,0%	89,0%	89,0%
SIA "EPEX"	Egg-products production (Latvia)	89,0%	89,0%	89,0%
OAE Food Trade FZE	Trade company (United Arab Emirates)	100,0%	100,0%	100,0%
REMEDIUM FOODS B.V.*	Egg processing, distribution of egg	50,0%	50,0%	50,0%
OVOSTAR ROMANIA S.R.L.	Trade company (Romania)	51,0%	51,0%	0,0%
FARM FRESH S.R.L.	Trade company (Romania)	100,0%	100,0%	0,0%

* The group owns 50% of the company's shares. As a result, there is joint control of this company. The Group classifies joint control as a joint venture because the following factors are present:

- ooint activities are carried out when creating a separate company;
- there are no direct rights to assets and obligations to fulfill obligations in the contractual agreement between the parties;
- there are no other conditions that lead to the parties obtaining direct rights to assets and obligations to fulfill liabilities.

Based on the above, the company is an associate and investments are accounted for using the equity method. There were no significant changes in value as of 31 March 2024.

The following tables summarize the information relating to each of the Group`s subsidiaries that has material NCI, before any intragroup elimination:

31 March 2024 (unaudited)	**PJSC “Poultry Farm Ukraine”**	**PJSC “Malynove”**	**PJSC “Krushynskyy Poultry Complex”**	**"SIA" Ovostar Europe"**	**SIA "Gallusman"**	**SIA "EPEX"**	**OVOSTAR ROMANIA S.R.L.**	**Total**
NCI percentage	**8,47%**	**5,69%**	**23,64%**	**11,00%**	**11,00%**	**11,00%**	**49,00%**	
Non-current assets	315	8 471	1	1	42	1	-	
Current assets	2 407	235	373	16 541	452	71	48	
Non-current liabilities	-	(1 433)	-	-	-	-	-	
Current liabilities	(681)	(9 305)	(9)	(14 047)	-	(7)	(37)	
Net assets	**2 041**	**(2 032)**	**365**	**2 495**	**494**	**65**	**11**	
Carrying amount of NCI	173	(115)	86	275	54	7	5	485
Revenue	21	149	-	15 358	-	-	55	
Profit (loss)	(2)	19	(1)	445	2	-	10	
OCI	(67)	66	(12)	(62)	(14)	(2)	-	
Total comprehensive income	**(69)**	**85**	**(13)**	**383**	**(12)**	**(2)**	**10**	

Profit allocated to NCI	-	1	-	49	-	-	5	55
OCI allocated to NCI	(6)	4	(2)	(7)	(2)	-	-	(13)
Cash flows from operating activities	-	7	-	(13 808)	410	(43)	1	
Cash flows from financing activities	-	-	-	-	-	-	-	
Effect from translation into presentation currency	-	-	-	(517)	(4)	(3)	-	
Net (decrease)/ increase in cash and cash equivalents	-	7	-	(14 325)	406	(46)	1	

31 March 2023 (unaudited)	PJSC "Poultry Farm Ukraine"	PJSC "Malynove"	PJSC "Krushynskyy Poultry Complex"	"SIA" Ovostar Europe"	SIA "Gallusman"	SIA "EPEX"		Total
NCI percentage	**8,0%**	**6,0%**	**24,0%**	**11,0%**	**11,0%**	**11,0%**		
Non-current assets	393	9 885	1	3	29	51		
Current assets	3 875	776	404	34 513	372	64		
Non-current liabilities	-	(1 749)	-	-	-	-		
Current liabilities	(2 057)	(10 956)	(9)	(34 141)	(18)	(108)		
Net assets	**2 211**	**(2 044)**	**396**	**375**	**383**	**7**		
Carrying amount of NCI	187	(116)	94	41	42	1		249
Revenue	25	156	-	19 997	-	-		
Profit (loss)	1	31	-	355	(8)	-		
OCI	-	-	-	5	8	-		
Total comprehensive income	**1**	**31**	**-**	**360**	**-**	**-**		
Profit allocated to NCI	-	2	-	39	(1)	-		40
OCI allocated to NCI	-	-	-	1	-	-		1
Cash flows from operating activities	1	-	-	1 971	360	-		
Cash flows from investment activities	-	-	-	(32)	-	-		
Effect from translation into presentation currency	-	-	-	106	5	-		
Net (decrease)/ increase in cash and cash equivalents	1	-	-	2 045	365	-		

8. Segment information

All of the Group's production are located within Ukraine.

Segment information is analyzed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 are therefore as follows:

Egg operations segment	sales of egg
	sales of chicken meat
Egg products operations segment	sales of egg processing products

Based on the above, the company is an associate and investments are accounted for using the equity method. There were no significant changes in value as of 31 March 2024.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 5. Sales between segments are mainly carried out at market prices. Operating profit before tax represents segment result. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportablesegments.
- All liabilities are allocated to reportable segments.

The following table presents revenue, results of operations and certain assets and liabilities information regarding segments for the year 31 March 2024 and 2023 the Group included the following subsidiaries:

3 month ended 31 March 2024 (unaudited)	**Operations segment**		**Total**
	Egg	**Egg products**	
Revenue from contracts with customers	36 153	27 381	63 534
Inter-segment revenue	(13 671)	(14 193)	(27 864)
Revenue from external buyers	**22 482**	**13 188**	**35 670**
Profit before tax	**1 881**	**5 116**	**6 997**

3 month ended 31 March 2023 (unaudited)	**Operations segment**		**Total**
	Egg	**Egg products**	
Revenue from contracts with customers	60 088	22 629	82 717
Inter-segment revenue	(25 698)	(9 715)	(35 413)
Revenue from external buyers	**34 390**	**12 914**	**47 304**
Profit before tax	**2 394**	**6 624**	**9 018**

Based on the above, the company is an associate and investments are accounted for using the equity method. There were no significant changes in value as of 31 March 2024.

For the year 31 March 2024 and 2023 no sales were settled by barter transactions.

Segment assets, liabilities and other information regarding segments as at 31 March 2024 and 2023 were presented as follows:

31 March 2024 (unaudited)	Operations segment		Total
	Egg	Egg products	
Total segment assets	**116 428**	**25 175**	**141 603**
Total segment liabilities	**11 522**	**1 424**	**12 946**
Addition to property, plant and equipment and intangible assets	564	30	594
Net change in fair value of biological assets and agricultural produce	(5 700)	-	(5 700)
Depreciation and amortization	(639)	(96)	(735)
Interest income	433	56	489
Interest on debts and borrowings	(128)	-	(128)
Income tax expense	(2)	(27)	(29)

31 December 2023 (audited)	Operations segment		Total
	Egg	Egg products	
Total segment assets	**110 251**	**31 955**	**142 206**
Total segment liabilities	**15 585**	**1 505**	**17 090**

31 March 2023 (unaudited)	Operations segment		Total
	Egg	Egg products	
Total segment assets	**92 801**	**17 908**	**110 709**
Total segment liabilities	**16 770**	**1 149**	**17 919**
Addition to property, plant and equipment and intangible assets	127	32	159
Net change in fair value of biological assets and agricultural produce	(16 910)	-	(16 910)
Depreciation and amortization	(695)	(104)	(799)
Interest income	232	2	234
Interest on debts and borrowings	(198)	-	(198)
Income tax expense	(41)	-	(41)

The Group presented disaggregated revenue based on the type of goods or services provided to customers and the geographical region of goods and services. Entities will need to make this determination based on entity-specific and/or industry- specific factors that would be most meaningful to their business.

The Group presented a reconciliation of the disaggregated revenue with the revenue information disclosed for each reportable segment.

Set out below is the disaggregation of the Group’s revenue from contracts with customers:

3 month ended 31 March 2024 (unaudited)	Operations segment		Total
	Egg	Egg products	
Type of goods or service			
Goods	22 474	13 182	**35 656**
Services	8	6	**14**
Total revenue from contracts with customers	**22 482**	**13 188**	**35 670**
Geographical markets			
Ukraine	12 413	5 637	**18 050**
Export market	10 069	7 551	**17 620**
Total revenue from contracts with customers	**22 482**	**13 188**	**35 670**

3 month ended 31 March 2023 (unaudited)	Operations segment		Total
	Egg	Egg products	
Type of goods or service			
Goods	33 289	12 909	**46 198**
Services	1 101	5	**1 106**
Total revenue from contracts with customers	**34 390**	**12 914**	**47 304**
Geographical markets			
Ukraine	17 333	5 811	**23 144**
Export market	17 057	7 103	**24 160**
Total revenue from contracts with customers	**34 390**	**12 914**	**47 304**

9. Other operating income

	Note	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
Income from refund under the special legislation:			
Government subsidies	a)	128	135
Total income from refund under the special legislation		**128**	**135**
Gain on recovery of assets previously written off		3	5
Insurance compensation		22	-
Gain on disposal of disposal of other current assets		25	26
Other income		9	8
Total		**187**	**174**

Recovery of assets previously written-off mainly represents amounts of inventory surplus identified in the reporting period during the stock-taking and recovery of amounts previously recognized as doubtful.

a) Government subsidies

In case of state compensation of the cost of fixed assets government grants are presented in the statement of financial position as deferred income, and recognised in profit or loss on a systematic basis over the useful life of the related assets.

Government subsidies also include compensation for interest on loans under the Affordable Loans program. Such compensations are recognized as other income in the period in which such income is incurred. For the three months ended 31 March 2024, such compensations amounted to USD 78 thousand (2023: USD 83 thousand).

The unamortized portion of the government subsidies as of 31 March 2024 is USD 1 630 thousand (31 March 2023: USD 1 960 thousand).

The Group reconsidered the terms of use of property, plant and equipment acquired under government subsidies, which led to the allocation of a long-term portion of the state subsidy, as a result, the share of deferred income amounted USD 1433 thousand as at 31 December 2023 was classified as non-current liabilities.

10. Other operating expenses

	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
Impairment of doubtful accounts receivable and prepayments to suppliers	-	(3)
Loss on disposal of property plant and equipment	-	(1)
Fines and penalties	(4)	(10)
Total	**(4)**	**(14)**

11. Amortisation and depreciation expenses

	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
Depreciation and amortisation:		
Cost of sales	(690)	(735)
Selling and distribution costs	(19)	(19)
Administrative expenses	(26)	(45)
Total	**(735)**	**(799)**

12. Employee benefits expense

	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
Wages, salaries and social security:		
Costs of production personnel	(1 864)	(1 393)
Costs of distribution personnel	(446)	(356)
Costs of administrative personnel	(461)	(290)
Total	**(2 771)**	**(2 039)**

13. Income Tax

In 2022, there were changes in the taxation of a number of companies located in Ukraine. This is due both to changes in legislation as of January 2022, as well as changes in legislation after the start of the war on the territory of Ukraine.

Below is a list of companies that have switched to the general taxation system since January 2022 and pay Corporate Income Tax:

- Limited Liability Company "Yasensvit"
- Private Joint Stock Company "Malynove"

From April 2022 to July 2023, Ovostar Union LLC and Poultry Farm Ukraine PJSC were single tax payers (2% of income) for the period of martial law and a state of emergency in Ukraine

During the year ended 31 March 2024, the Group companies which have the status of the Corporate Income Tax (the "CIT") payers in Ukraine were subject to income tax at a 18% rate (31 March 2023: at a 18% rate). The deferred income tax assets and liabilities as of 31 March 2024 were measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.

14. Biological Assets

	31 March 2024 (unaudited)		31 December 2023 (audited)		31 March 2023 (unaudited)	
	Number, thousand heads	**Carrying value**	**Number, thousand heads**	**Carrying value**	**Number, thousand heads**	**Carrying value**
Non-current biological assets						
Replacement poultry						
Hy-line	3 320	6 242	3 634	9 118	1 441	4 537
Brown Nick	89	150	-	-	-	-
Total non-current biological assets	**3 409**	**6 392**	**3 634**	**9 118**	**1 441**	**4 537**
Current biological assets						
Commercial poultry						
Hy-line	3 906	2 632	4 093	3 232	5 684	6 880
Total current biological assets	**3 906**	**2 632**	**4 093**	**3 232**	**5 684**	**6 880**
Total biological assets	**7 315**	**9 024**	**7 727**	**12 350**	**7 125**	**11 417**

Classification of biological assets into non-current and current component is based on the life cycle of a biological asset. Biological assets that will generate cash flow more than one year are classified as non-current biological assets, biological assets that will generate cash flow less than one year are classified as current biological assets.

Reconciliation of commercial and replacement poultry carrying values for the year ended 31 March 2024 and 2023 was presented as follows:

	2024 (unaudited)	2023 (unaudited)
As at 01 January (audited)	**12 350**	**25 136**
Increase in value as a result of assets acquisition	72	210
Increase in value as a result of capitalization of cost	3 261	3 169
Losses	(5 700)	(16 910)
Decrease in value as a result of assets disposal	(650)	(188)
Exchange differences	(309)	-
As at 31 March (unaudited)	**9 024**	**11 417**

For the year ended 31 March 2024 the Group produced shell eggs in the quantity of 342,25 million items (31 March 2023: 362,21 million items).

Fair value of biological assets was estimated by the Group's specialists which have experience in valuation of such assets. Fair value was calculated by discounting of expected net cash flow (in nominal measuring) at the moment of eggs produced. Management supposes that sale price and production and distribution costs fluctuations will comply with forecasted index of consumer price in Ukraine. The major assumptions were performed on the basis of internal and external information and it reflected Management's assessment of the future agricultural prospect.

Biological assets of the Group are measured at fair value within Level 3 of the fair value hierarchy.

15. Property, plant and equipment and intangible assets

During the year ended 31 March 2024, the Group's additions to property, plant and equipment amounted to USD 619 thousand (31 March 2023: USD 159 thousand).

For the year ended 31 March 2024 and 2023 respectively the Group has put into operation fixed assets of book value equal to USD 594 thousand and 172 USD thousand respectively.

As at 31 March 2024 construction-in-progress and uninstalled equipment also included prepayments for the property, plant and equipment which amounted to USD 56 thousand (2023: USD 76 thousand).

As at 31 March 2024, included within property, plant and equipment were fully depreciated assets with the original cost of USD 5 180 thousand (2023: USD 3 964 thousand).

Impairment assessment

The Group reviews its property, plant and equipment each period to determine if any indication of impairment exists. Based on these reviews, there were no indicators of impairment as of 31 March 2024 and 31 March 2023

16. Inventories

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Raw materials	5 181	4 122	4 604
Agricultural produce and finished goods	4 907	5 763	4 509
Package and packing materials	2 348	2 360	2 457
Work in progress	190	126	217
Other inventories	1 396	1 202	1 202
(Less: impairment of agricultural produce and finished goods)	(11)	(12)	(12)
Total	**14 011**	**13 561**	**12 977**

17. Trade and other receivables

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Trade receivables	11 771	12 654	15 752
VAT for reimbursement	731	507	987
Other accounts receivable	5 567	350	8 735
Credit loss allowance	(306)	(315)	(88)
Total	**17 763**	**13 196**	**25 386**

18. Cash and cash equivalents

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Cash in banks	72 078	72 494	29 329
Cash on hand	16	10	9
Total	**72 094**	**72 504**	**29 338**

a) Cash in banks by country of bank location denominated in the following currencies:

	Curren cy	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Ukraine	UAH	548	6 253	10 115
Ukraine	USD	6 198	4 914	3 133
Ukraine	EUR	29 971	19 315	6 328
Total in Ukraine		**36 717**	**30 482**	**19 576**
Cyprus	EUR	1	2	-
Total in Cyprus		**1**	**2**	**-**
Latvia	USD	1 216	1 545	724
Latvia	EUR	6 264	19 899	5 393
Total in Latvia		**7 480**	**21 444**	**6 117**
United Kingdom	USD	7 149	5 482	6
United Kingdom	EUR	18 932	13 440	15
United Kingdom	PLN	4	4	-
Total in United Kingdom		**26 085**	**18 926**	**21**
United Arab Emirates	AED	4	1	1
United Arab Emirates	USD	696	1 628	3 105
United Arab Emirates	EUR	62	11	509
Total in United Arab Emirates		**762**	**1 640**	**3 615**
Romania	RON	1 033	-	-
Total in Romania		**1 033**	**1 640**	**3 615**
Total cash in banks		**72 078**	**72 494**	**29 329**

19. Equity

Issued capital and capital distribution

For the year ended 31 March 2024 there were no changes in issued capital.

As referred to in Note 1, the Company was incorporated on 22 March 2011.

The Company's authorized share capital amounts to EUR 225 000 and consists of 22 500 000 ordinary shares with a nominal value off EUR 0.01 each. As at 31 December 2011, 6 000 000 ordinary shares were issued and fully paid. In June 2011 the shares of the Company were listed on the Warsaw Stock Exchange.

As at 31 March 2024, 2023 and 31 December 2023 the shareholder interest above 5% in the Share capital of Company was as follows:

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Prime One Capital Ltd	65,93%	65,93%	67,93%
Generali Otwarty Fundusz Emerytalny	-	-	10,93%
FAIRFAX FINANCIAL Holdings Limited	29,51%	29,51%	9,09%
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK	-	-	5,02%

Foreign currency translation reserve

The Company's share capital as of 31 March 2024 has been converted at the exchange rate in force at the time of formation(historical rate). The EUR 60 000 (equivalent to 6 000 000 shares) has been converted into USD 84 324".

The foreign currency translation reserve is used also to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share premium

As has been mentioned previously, in June 2011 the Group's shares have been placed on WSE. As a result of the transaction, USD 33 048 thousand was raised while the IPO costs amounted to USD 2 115 thousand. In these financial statements funds raised as a result of IPO are reflected in share premium as at 31 December 2011. For the year ended 31 March 2024 and 2023, there were no movements in share premium.

20. Interest-bearing loans and other financial liabilities

	Currency	Effective interest rate, %	Maturity	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Current interest-bearing loans and other financial liabilities						
OTP Bank	EUR	2,6%+ EURIBOR (3m)	02.10.2023	-	-	1 990
Crédit Agricole	UAH	13,05%	31.03.2024	16	2 369	2 469
Total current interest-bearing loans and other financial liabilities				**16**	**2 369**	**4 459**

Non-current interest-bearing loans and other financial liabilities						
OTP Bank	EUR	2,6%+ EURIBOR (3m)	02.10.2025	-	-	3 480
Total non-current interest-bearing loans and other financial liabilities				**-**	**-**	**3 480**
Total interest-bearing loans and other financial liabilities				**16**	**2 369**	**7 939**

As of March 31, 2024, only the interest debt, which was repaid in early April, remained among interest-bearing loans and other financial liabilities.

Reconciliation of liabilities arising from financing activities.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	31 December 2023 (audited)	**Financing cash flow payment**	**Financing cash flow received**	**Increase (as a result of accruals and other)**	**Exchange differences**	**31 March 2024 (unaudited)**
Interest-bearing loans	2 351	(2 277)	-	-	(74)	-
Interest expenses	18	(126)	-	128	(4)	16
Other borrowings	-	-	-	-	-	-
Total	**2 369**	**(2 403)**	**-**	**128**	**(78)**	**16**

	31 December 2022 (audited)	**Financing cash flow payment**	**Financing cash flow received**	**Increase (as a result of accruals and other)**	**Exchange differences**	**31 March 2023 (unaudited)**
Interest-bearing loans	10 909	(3 118)	-	-	139	7 930
Interest expenses	20	(209)	-	198	-	9
Other borrowings	-	-	-	-	-	-
Total	**10 929**	**(3 327)**	**-**	**198**	**139**	**7 939**

21. Trade and other payables

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Trade payables	5 215	5 636	5 177
Employee benefit liability	521	611	455
Liability for unused vacation	1 123	1 160	898
Taxes payable	235	288	211
VAT liabilities	271	579	305
Provision for uncertain tax position	1 004	1 037	-
Other payables	2 288	379	250
Total	**10 657**	**9 690**	**7 296**

As of March 31, 2024, only the interest debt, which was repaid in early April, remained among interest-bearing loans and other financial liabilities.

22. Changes in presentation

The Group decided to make changes to the presentation of some reporting items. Below are the report items that have changed:

Consolidated statement of comprehensive income

	3 month ended 31 March 2023 (previously submitted)	(changed)	3 month ended 31 March 2023 (corrected)
Finance income	638	(404)	234
Foreign exchange (loss)/gain, net	-	404	404
Total	**638**	**-**	**638**

Consolidated statement of cash flows

	3 month ended 31 March 2023 (previously submitted)	(changed)	3 month ended 31 March 2023 (corrected)
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Finance income	(638)	404	(234)
Foreign exchange (loss)/gain, net	-	(404)	(404)
Total	**(638)**	**-**	**(638)**

23. Related party disclosures

For the purposes of these consolidated financial statements, the parties are considered to be related, if one of the parties has the ability to exercise control over the other party or influence significantly the other party in making financial and operating decisions. Considering the transactions with each possible related party, particular attention is paid to the essence of relationships, not merely their legal form.

Related parties may enter into transactions, which may not always be available to unrelated parties, and they may be subject to such conditions and such amounts that are impossible in transactions with unrelated parties.

According to the criteria mentioned above, related parties of the Group are divided into the following categories:

(A). Key management personnel;

(B). Companies which activities are significantly influenced by the Beneficial Owners;

(C). Other related parties.

The following companies and individuals are considered to be the Group's related parties as at 31 March 2024 and 2023:

As of March 31, 2024, only the interest debt, which was repaid in early April, remained among interest-bearing loans and other financial liabilities.

(A). Key management personnel

Key management personnel 2024:	**Position:**
Borys Bielikov	Executive Director / CEO
Vitalii Veresenko	Non-executive director
Markiyan Markevych	Non-executive director
Vitalii Sapozhnik	Chief Financial Officer
Rossi Kurt	Non-executive director
Arnis Veinbergs	Deputy CEO in charge of Production activity
Karen Arshakyan	Non-executive director
Yuliya Flyorova	Production director
Key management personnel 2023:	**Position:**
Borys Bielikov	Executive Director / CEO
Vitalii Veresenko	Non-executive director
Markiyan Markevych	Non-executive director
Vitalii Sapozhnik	Chief Financial Officer
Rossi Kurt	Non-executive director
Arnis Veinbergs	Deputy CEO in charge of Production activity
Karen Arshakyan	Non-executive director
Yuliya Flyorova	Production director

(B). Companies which activities are significantly influenced by the Key management personnel

Aleksa LTD LLC	2024/2023
Prime One Capital Limited	2024/2023

As at 31 March 2024 and 2023 trade accounts receivable from related parties and advances issued to related parties were presented as follows:

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
(B). Companies which activities are significantly influenced by the Beneficial Owners:			
Prepayments to related parties			
Aleksa LTD LLC	31	33	44
Other accounts receivables			
Prime One Capital Limited	-	12 755	8 690
Total	**31**	**12 788**	**8 734**

As of March 31, 2024, only the interest debt, which was repaid in early April, remained among interest-bearing loans and other financial liabilities.

For the year ended 31 March 2024 and 2023 the transactions with related parties amounted to:

	3 month ended 31 March 2024 (unaudited)	3 month ended 31 March 2023 (unaudited)
(B). Companies which activities are significantly influenced by the Beneficial Owners:		
General and administrative expenses:		
Aleksa LTD LLC	(5)	-
Prime One Capital Limited	(232)	-
Total	**(237)**	**-**

As of March 31, 2024, only the interest debt, which was repaid in early April, remained among interest-bearing loans and other financial liabilities.

(C). Other related parties:

For the year ended 31 March 2024, 2023 the Group has no other related parties.

As of March 31, 2024, only the interest debt, which was repaid in early April, remained among interest-bearing loans and other financial liabilities.

23. Commitments and contingencies

Operating environment

All production facilities of the Group are located in Ukraine and its operations are highly dependent on the developments in this jurisdiction.

On February 24, 2022, Russian troops launched a military invasion of Ukraine, which led to a full-scale war on the territory of the Ukrainian state. The ongoing military attack has caused and continues to cause significant casualties, population displacement, infrastructure damage and disruption to economic activity in Ukraine. Seaports and airports were closed and damaged. In 2022, exports through seaports were completely frozen. To date, Ukraine has managed to resume exports through seaports, but rocket attacks continue. The situation remains highly volatile and the outlook highly uncertain. The economic consequences are already very serious. As a result, the government has imposed martial law throughout the country, as well as other relevant emergency measures to stabilize markets and the economy, but the country is facing large budgetary and external financial deficits. The Ukrainian authorities continue to service their external debt obligations, and the country's payment system continues to operate, banks are open and mostly liquid. Most Ukrainian companies still pay taxes. At the time of reporting, the occupied territories of central Ukraine, where the production of the Ovostar Union group of companies is concentrated, were liberated from the invaders, but hostilities continue in the eastern and southern parts of Ukraine, and the entire territory is subjected to rocket attacks.

International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, have provided Ukraine with financing, donations and material support. In total, since the beginning of the war, as of January 1, 2024, the state budget of Ukraine has attracted about $75 billion in international financial assistance. In June 2022, the National Bank of Ukraine (NBU) decided to increase the discount rate from 10% to 25%, but from December 2023 it lowered it to 15%. Also, the National Bank of Ukraine, which since the end of July 2022 has maintained the official hryvnia exchange rate of 36.5686 UAH/1 dollar, has switched to a regime of managed exchange rate flexibility since October 2023. This is due to the fact that managed flexibility of the official exchange rate will become a mechanism for adapting the economy to changes in internal and external conditions, as well as an important prerequisite for a return to inflation targeting in the future.

Despite the current unstable situation, the banking system remains stable, with sufficient liquidity even as martial law continues, all banking services are available to its customers, both legal entities and individuals.

In the spring of 2022, against the backdrop of a full-scale Russian invasion, unprecedented tax breaks were introduced for Ukrainian entrepreneurs. In particular, all imports were exempted from VAT and duties, and they were also allowed to switch to a simplified taxation system and pay only 2% of income not only to individual entrepreneurs, but also to large companies. After almost a year and a half, Ukrainian business has adapted to life in conditions of large-scale aggression, and from August 1, 2023, the simplified system, taking into account the specifics of taxation, was abolished with the possibility of a certain choice. On July 1, 2023, pre-war fuel taxation resumed. VAT returned to 20%, and excise tax was also resumed

In 2024, the International Monetary Fund (IMF) expects GDP growth of 4-5% if the war continues. However, the IMF adds that the outlook remains subject to significant risks from extremely high uncertainty caused by the war, potential policy errors and delays or shortfalls in external financing.

On June 4, 2022 the Decision of the European Union on the abolition of duties on Ukrainian goods for a year came into

- duties on industrial products, suspension of the entry price system for fruits and vegetables and all tariff quotas for agricultural products;
- all anti-dumping duties on imports of goods originating from Ukraine and the application of global protective measures in relation to Ukrainian goods are suspended.

The liberalization of trade relations also implies that Ukraine will abide by European rules of origin and related procedures under the Association Agreement, will refrain from any new restrictions on imports from the EU, and will ensure respect for democratic principles, human rights and fundamental freedoms, the rule of the law, fight against corruption.

The EU reserves the right to reinstate tariffs if imports of Ukrainian products such as poultry, eggs and sugar significantly exceed 2022 and 2023 volumes.

Taxation

Ukrainian legislation regarding taxation and other operational issues continues to evolve as a result of the transition economy. Legislation and regulations are not always clearly defined and their interpretation depends on the views of local, regional and other government authorities. Cases of conflicting opinions are not unusual.economy.

Ukraine has a corporate income tax system, under which taxable profit of companies (i.e. financial profit adjusted by tax differences) is subject to 18% tax rate.

Transfer pricing rules apply to transactions with related non-residents and “low-tax” non-residents (i.e. non-residents, taxed domestically at a significantly lower corporate income tax rate than the Ukrainian tax rate of 18%), subject to a company’s minimum income threshold of UAH 150 million and transactions volume threshold with each individual non-resident of UAH 10 million.

The legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of transactions in scope of transfer pricing regulations if the transaction price is not at arm's length and is not supported by appropriate documentation. Management believes it is taking appropriate measures to ensure compliance with the new transfer pricing legislation.

Domestic supplies of goods and services, as well as imports of goods and certain services, are subject to value added tax at a standard rate of 20%, except for supplies of wheat and rye (meslin), barley, corn, soybeans, colza or rapeseed, sunflower. They are taxed at a rate of 14%. A reduced tax rate of 0% applies to the export of goods from Ukraine.

Payment of passive income (i.e. interest, royalties, dividends etc.) to non-residents of Ukraine is subject to withholding tax at a standard 15% rate unless double tax treaties or the Tax Code of Ukraine provide another tax rate.

Agrarian producers of raw materials are allowed to apply a simplified tax system, given that at least 75% of their income is attributable to sales of agricultural raw materials produced by such company. Under the simplified tax system, companies are subject to a fixed tax, which depends on the type, location and monetary value of farmland used by such companies. Changes were made to the Tax Code and from January 1, 2022, egg producers, in particular, ceased to fall under this category.

On July 1, 2021, the Law on the abolition of the moratorium on the sale of agricultural land came into force, but it provides for a number of restrictions related to the maximum size of land that can be sold to an individual buyer, restrictions on the sale of land in certain territories and certain categories of buyers. After a full-scale Russian invasion of Ukraine on February 24, 2022, the sale was suspended, but at the end of May, the sale resumed.

The Group's operations and financial position will continue to be affected by political developments in Ukraine, including the application of current and future legislation and tax regulations. Management believes that the Group has complied with all applicable tax laws and has paid or accrued all applicable taxes.

24. Subsequent events

On April 22, 2024 the Shareholders of the Company holding jointly 95.44% of the voting rights (the Offerors) publicly informed about their intention to announce a voluntary tender offer, addressed to all the shareholders of the Company, for the acquisition of all the issued shares in the Company listed on the Warsaw Stock Exchange.

Following the completion of the Tender Offer, the Offerors intend to conduct a squeeze-out of the Company’s shares held by the shareholders that have not responded to the Tender Offer in accordance with the provisions of Cypriot law and with the prior approval of the Cyprus Securities and Exchange Commission.

The duration and consequences of the war in Ukraine are currently unclear. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group in future periods. After considering all available evidence and the actions taken and planned by the Group to offset the adverse impact of the ongoing military intervention on the business up to the date these financial statements are authorized for issue, management has concluded that it is appropriate to prepare the financial statements on a going concern basis, recognizing that this material uncertainty in it, as indicated in Note 2.

Forward-looking statements notice

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All forward-looking statements contained in this annual report with respect to our future financial and operational performance and position are, unless otherwise stated, based on the beliefs, expectations, projections and the estimates of our management representing their judgment as at the dates on which the statements have been made. Forward-looking statements are generally identifiable by the use of the words “may”, “will”, “should”, “plan”, “forecast”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “goal” or “target” or the negative of these words or other variations on these words or comparable terminology. Our actual operational and financial results or the same of our industry involve a number of known and unknown risks, uncertainties and other factors and they are not guaranteed to be similar to the forward-looking statements, although our management makes all effort to make forward-looking statements as accurate as possible. We do not undertake publicly to update or revise any forward- looking statement that may be made herein, whether as a result of new information, future events or otherwise.