Annual report

For the year ended 31 December 2023

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Consolidated management report

Group overview

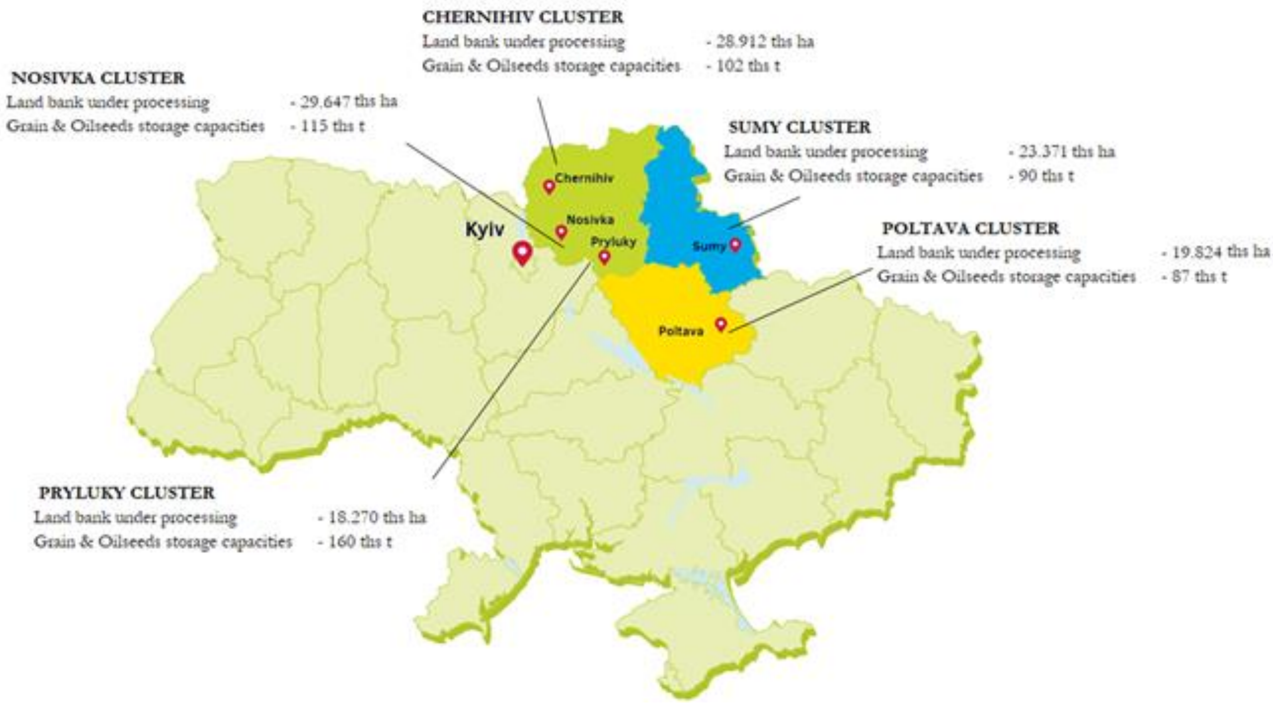
Who we are

IMC is an integrated agricultural business operating in Ukraine. In May 2011 IMC conducted IPO on Warsaw Stock Exchange. The main areas of IMC's activities are:

- cultivation of grain & oilseeds crops
- storage of grain & oilseeds crops

IMC is among Ukraine's top-10 agricultural companies.

Land bank location and infrastructure



- 120 ths hectares in prime fertile farming regions of Ukraine.
- High concentration of land plots within the clusters (average distance between fields up to 20 km).
- Developed and self-sufficient farming infrastructure:
  - own storage capacities for grain and oilseeds
  - logistic infrastructure
  - own machinery park

IMC's

Mission	IMC is Ukrainian agricultural company that provides the world with quality and safe food
Vision	IMC is an efficient agricultural company, a reliable and responsible partner for all stakeholders.
Values	Professionalism, Responsibility, Team-work, Effectiveness, Initiative, Commitment, Honesty, Respect, Tolerance
Strategies	**IMC SMART GREEN STRATEGY 2023-2033**

IMC SMART GREEN STRATEGY 2023-2033

Strategic directions:

- Operational efficiency improvement
- Fossil fuel consumption decrease
- Greenhouse Gas emission reduction
- Preservation of Soil fertility & health
- Investments in the acquisition of agricultural land in Ukraine
- Personnel development
- Local communities support

Key facts 2023

120 thsha
Land bank

554 thst
Grain & oilseeds storage capacities

1 002 thst
Production of grain & oilseeds in 2023*
*harvested in 2023

USD 139 mln
Revenue in 2023

USD 3 mln
EBITDA in 2023

Business model

INPUT

People
Professional and talented employees

Knowledge
Unique agronomic and industrial knowledge

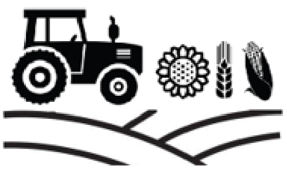
Land
120 thsha in prime fertile farming regions of Ukraine

Infrastructure
• 554 thst of own storage capacities for grain and oilseeds
• logistic infrastructure
• own machinery park of high capacity

Financials
Strong track record
High credit rating

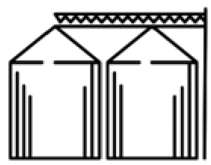
Materials
Seeds, fertilizers and crop-protecting products from the best national and foreign manufacturers

Brand
Quality and reliability



CROP FARMING

• Land bank divided into 5 clusters
• Modern machinery park
• Sustainable agronomic practices
• Precision farming
• Strong export orientation in sales



ELEVATORS and WAREHOUSES

• Location in close proximity to its operations in each of clusters
• Satisfaction of 100% of the Company's storage needs with sufficient capacity to meet its projected increased production in the short-term

Strong export orientation in sales

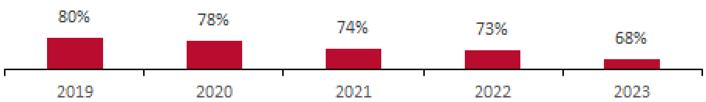
EXPORTED CROPS

Corn Wheat

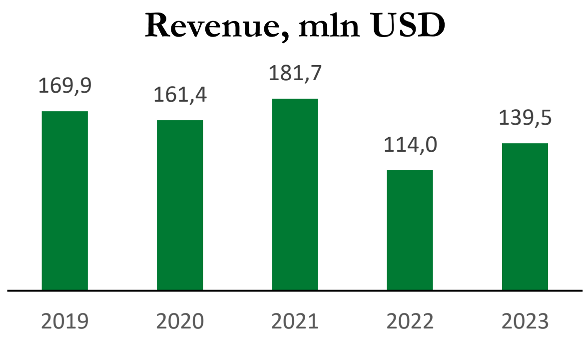
EXPORT DESTINATIONS

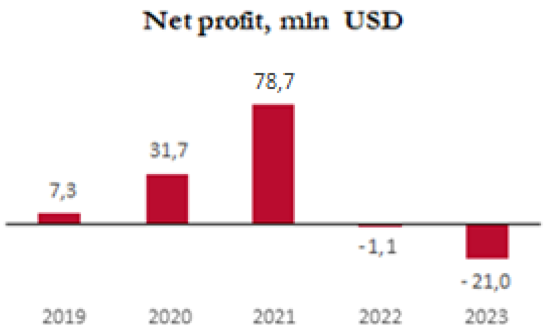
Asia EU Northern Africa Middle East

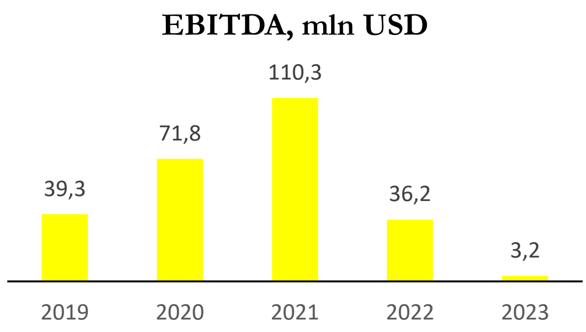
SHARE OF EXPORT REVENUE

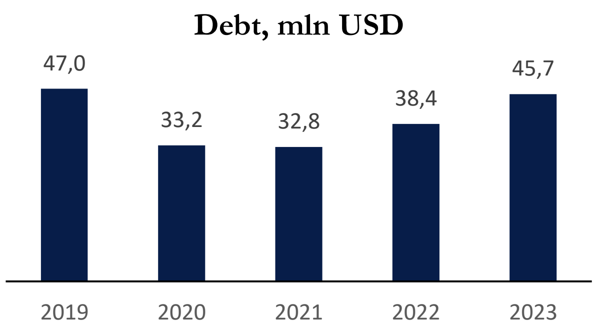


Key performance indicators









Key Ratios

	2019	2020	2021	2022	2023
Current ratio	1,6	2,3	2,8	2,7	2,5
Net Borrowings/Equity	0,3	0,1	0,0	0,1	0,2
Net Borrowings/EBITDA	1,1	0,2	0,0	0,4	9,2
Interest coverage	4,5	24,1	108,8	25,4	-12,2
Equity/Assets	0,4	0,5	0,5	0,5	0,5

Strategic and forward-looking

Group strategy

IMC SMART GREEN STRATEGY 2023-2033

Strategic directions:

- Operational efficiency improvement
- Fossil fuel consumption decrease
- Greenhouse Gas emission reduction
- Preservation of Soil fertility & health
- Investments in the acquisition of agricultural land in Ukraine
- Personnel development
- Local communities support

Further likely development

Further likely development of the Group in 2024 will depend on the dynamics and scale of the war against Ukraine.

As of the time of issuing this report, we focus on the following tasks:

- Focusing on three crops - corn, sunflower and wheat. Area under these crops is planned as 60%, 22% and 18% of the total crop mix (40%, 28% and 27% in 2023 respectively);
- Focusing on business efficiency - we expect that implementation of our Research & Development department results will optimize production efficiency in 2024;
- Debt maintenance at the level of USD 43,1 million at the end of 2024 (USD 45,7 million at the end of 2023);
- Compliance with safety rules and retention of IMC personnel;
- Focusing on export sales throught sea port and maintaining a constant share of shipments by rail;
- Using certified seeds, crop protection products and fertilizers from leading world manufacturers.

Financial and operational results

Ukrainian economy

2023 GDP and Inflation

According to preliminary estimates of the Ministry of Economy of Ukraine in 2023 Ukraine's GDP increased by approximately 5% vs 28.8% decrease in 2022.

Inflation in Ukraine fell to 5.1% in 2023 after jumping to 26.6% in 2022 from 10.0% in 2021, according to the State Statistics Service of Ukraine.

2023 Grain, Leguminous and Oilseeds harvest in Ukraine

According to the Ministry of Agrarian Policy and Food of Ukraine as of February 15, 2024, the only crop that is still being harvested is corn (91% of the corn area was harvested).

In total, 79 million 758 thousand tonnes of new crop were harvested, including grain and leguminous crops - 58 million 994 thousand tonnes (vs. 53.864 mln t in 2022), oilseeds - 20 million 764 thousand tonnes (vs 18.1 mln t in 2022). In particular:

- Wheat: 4.7 million hectares were harvested, crop - 22.5 million tonnes;
- Barley: 1.5 million hectares were harvested, crop - 5.9 million tonnes;
- Pea: 154.4 thousand ha were harvested, crop – 399.5 thousand tonnes;
- Corn: 3.7 million hectares (91%) were harvested, crop - 28.7 million tonnes;
- Buckwheat: 140 thousand hectares were harvested, crop - 207.5 thousand tonnes;
- Millet: 79.5 thousand ha were harvested, crop -180.2 thousand tonnes;
- Sunflower: 5.0 million hectares were harvested, crop - 12.0 million tonnes;
- Soybean: 1.8 million hectares were harvested, crop - 4.8 million tonnes;
- Rapeseed: 1.4 million hectares were harvested, crop – 4.0 million tonnes.

2023 Grain export from Ukraine

According to the National Research Center "Institute of Agrarian Economy" in 2023, Ukraine exported 44.8 million tonnes of grain, which was 16% more than in 2022. However, the value of exported grain in 2023 decreased by 9% to 8.3 billion USD.

Main exported crops in 2023:

- Corn – 26.4 mln tonnes (+6% vs 2022)
- Wheat – 16.2 mln tonnes (+44% vs 2022)
- Barley – 2.2 mln tonnes (+1% vs 2022)

In 2023, the European Union, Asia and Africa traditionally became the largest buyers of Ukrainian grain.

TOP3 importers of grain from Ukraine in 2023:

Importer	Share of grain export value, %
Spain	17.1%
China	13.9%
Romania	12.5%

World economy

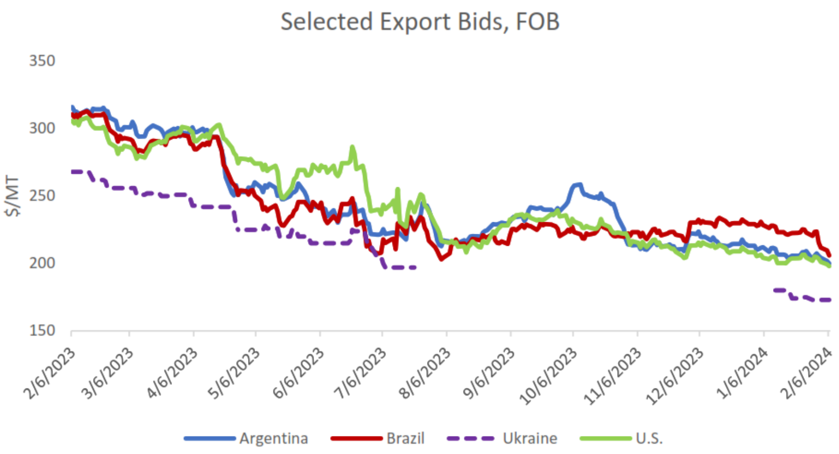
CORN

According to United States Department of Agriculture (report “Grain: World Markets and Trade”, February 2024) in 2023/24MY:

Ukraine is ranked as № 4 corn exporter in the world with a share of 11.6% of corn world export.

Corn (in ths tonnes)	2022/23	2023/24	Y-o-Y,%
World Production	1 155 935	1 232 570	6,6%
World Consumption	1 166 190	1 210 760	3,8%
World Trade (export/import)	180 720	197 949	9,5%
World Ending Stocks	300 249	322 059	7,3%

CORN PRICES



Source: International Grains Council

WHEAT

According to United States Department of Agriculture (report "Grain: World Markets and Trade", February 2024) in 2023/24MY:

- The lowest world ending stocks of wheat in the last 5 years are forecast.
- Ukraine is ranked as № 6 wheat exporter in the world with a share of 7% of wheat world export.

Wheat (in ths tonnes)	2022/23	2023/24	Y-o-Y,%
World Production	789 174	785 741	-0,4%
World Consumption	790 711	797 516	0,9%
World Trade (export/import)	216 091	214 009	-1,0%
World Ending Stocks	271 214	259 439	-4,3%

Source: International Grains Council
*Note on FOB prices: Argentina- 12.0%, up river; Australia- average of APW; Kwinana, Newcastle, and Port Adelaide; Russia - Black Sea- milling; EU- France grade 1, Rouen; US- HRW 11.5% Gulf; Canada- CWRS (13.5%), Vancouver

Financial and operational results

The following table sets forth the Company's results of operations derived from the Consolidated financial statements:

(in thousand USD)	For the year ended 31 December 2023	For the year ended 31 December 2022	Changes, %
CONTINUING OPERATIONS			
Revenue	139 453	114 034	22%
Gain from changes in fair value of biological assets and agricultural produce, net	15 242	46 133	-67%
Cost of sales	(132 710)	(107 664)	23%
GROSS PROFIT	**21 985**	**52 503**	**-58%**
Administrative expenses	(9 666)	(16 878)	-43%
Selling and distribution expenses	(23 994)	(18 829)	27%
Other operating income	1 444	1 043	38%
Other operating expenses	(3 323)	(1 143)	191%
Write-offs of property, plant and equipment	(41)	(16)	153%
Reversal of impairment of property, plant and equipment	390	-	100%
Impairment of property, plant and equipment	(184)	-	100%
OPERATING PROFIT/(LOSS)	**(13 389)**	**16 680**	**-180%**
Financial expenses, net	(1 110)	(658)	69%
Financial effect of lease of right-of-use assets	(5 396)	(6 264)	-14%
Foreign currency exchange (loss)/gain, net	(1 185)	(10 327)	-89%
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**(21 080)**	**(569)**	**3605%**
Income tax expenses, net	50	(552)	-109%
NET LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**(21 030)**	**(1 121)**	**1776%**
Normalised EBITDA	**3 216**	**36 224**	**-91%**

The decrease in normalised EBITDA in Y2023, as well as the increase in net losses for the period, is due to grain and oilseeds prices drop during the period.

Revenue

The Company's revenue from sales of finished products increased by 22% in Y2023 in comparison with previous period.

The following table sets forth the Company's sales revenue by products indicated:

(in thousand USD)	For the year ended 31 December 2023	For the year ended 31 December 2022	Changes, %
Corn	99 522	77 474	28%
Sunflower	17 062	23 868	-29%
Wheat	22 059	11 340	95%
Milk	-	317	-100%
Cattle	-	597	-100%
Other	590	333	77%
	139 233	**113 929**	**22%**

The most significant portion of the Company's revenue comes from selling corn, which represented 71,4% in Y2023 and 67,9% in Y2022 of total revenue.

The following table sets forth the volume of the Company's main crops and revenues generated from the sales of such crops:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Corn		
Sales of produced corn (in tonnes)	593 946	373 627
Realization price (U.S. $ per ton)	168	207
Revenue from produced corn (U.S. $ in thousands)	99 522	77 474
Sunflower		
Sales of produced sunflower (in tonnes)	47 018	60 282
Realization price (U.S. $ per ton)	363	396
Revenue from produced sunflower (U.S. $ in thousands)	17 062	23 868
Wheat		
Sales of produced wheat (in tonnes)	132 681	42 235
Realization price (U.S. $ per ton)	166	268
Revenue from produced wheat (U.S. $ in thousands)	22 059	11 340
Other (produced only)		
Total sales volume (in tonnes)	14 890	6 974
Total revenues (U.S. $ in thousands)	590	333
Total sales volume (in tonnes)	**788 535**	**483 118**
Total revenue from sale of crops (U.S. $ in thousands)	**139 233**	**113 015**

In 2023, the company managed to increase the total amount of revenue only due to an increase in sales volumes, which overshadowed a significant decrease in prices.

Cost of sales

The Company's cost of sales changed to USD 132,7 million in current period from USD 107,7 million in previous period. The following table sets forth the principal components of the Company's cost of sales for the periods indicated:

(in thousand USD)	For the year ended 31 December 2023	For the year ended 31 December 2022	Changes, %
Raw materials	(94 877)	(85 583)	11%
Change in inventories and work-in-progress	23 064	25 866	-11%
Depreciation and amortization	(16 003)	(18 651)	-14%
Wages and salaries of operating personnel and related charges	(13 546)	(10 085)	34%
Fuel and energy supply	(19 487)	(14 156)	38%
Third parties' services	(7 689)	(2 766)	178%
Rent	(2 767)	(866)	219%
Repairs and maintenance	(521)	(460)	13%
Taxes and other statutory charges	(802)	(895)	-10%
Other expenses	(82)	(68)	21%
	(132 710)	**(107 664)**	**23%**

A 23% increase in cost of sales in Y2023 is consistent with an increase in sales by 22%.

Foreign currency exchange, net

As at 31 December 2023 Ukrainian Hryvnia devaluated against the USD compared 31 December 2022 by 3,9% (34,1% of devaluation as at 31 December 2022 compared 31 December 2021), 13,0% of devaluation for the average rate 2023/2022 in comparison with 18,6% of devaluation for the average rate 2022/2021. During the 2023 the Group recognised net foreign exchange loss in the amount of USD 1 185 thousand compared to USD 10 327 thousand of net loss in 2022 (relates mostly to the revaluation of loans) in the Consolidated statement of comprehensive income.

Cash flows

The following table sets out a summary of the Company's cash flows for the periods indicated:

(in thousand USD)	For the year ended 31 December 2023	For the year ended 31 December 2022	Changes, %
Net cash flows from operating activities	17 069	14 795	15%
Net cash flows from investing activities	(16 561)	(4 466)	271%
Net cash flows from financing activities	(8 652)	(8 014)	8%
Net increase in cash and cash equivalents	**(8 144)**	**2 315**	**-452%**

The Company's net cash inflow from operating activities increased to USD 17,1 million in current year from USD 14,8 million in previous year. The increase in Y2023 was primarily attributable to increase in sales volume.

The Company's net cash outflow from investing activities increased to USD 16,6 million in Y2023 from USD 4,5 million in Y2022 which is in line with the Group's CAPEX program.

Net cash outflow from financing activities remained at last year's level, reflecting the balance between funds raised and paid out.

Alternative performance measures

Certain measures were included in this report but they are not measures of performance under IFRS - Alternative performance measures (APM). Management believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are used for performance analysis, planning, reporting.

Alternative performance measures are:

- Normalised EBITDA
- Debt
- Net Borrowings
- Current ratio
- Interest coverage
- Segment's results

Normalised EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as revenue less expenses, the latter excluding tax, interest, depreciation and amortisation. Being a proxy to the operating cash flow before working capital changes, EBITDA is widely used as an indicator of a company's ability to generate cash flows, as well as its ability to service debt. Consequently, the management EBITDA serves as a measure to estimate financial stability of the Company. Besides, excluding the effect of depreciation and amortisation along with cost of capital and taxation provides to external users another measures comparable to similar companies regardless of varying tax environments, capital structures or accounting policies regarding depreciation and amortization.

The Company calculates Normalised EBITDA by adjusting Net profit for the expense items that are deemed to be substantially beyond the control of management, as well as items believed to be non-recurring. The Normalised EBITDA for the periods presented is calculated based on historical information derived from the Consolidated financial statements.

The reconciliation to Normalised EBITDA for the period (from continuing operations) is presented as follows:

(in thousand USD)	For the year ended 31 December 2023	For the year ended 31 December 2022	Changes, %
CONTINUING OPERATIONS			
Net profit/(loss) for the period	(21 030)	(1 121)	
Financial expenses, net	1 110	658	
Income tax expenses, net	(50)	552	
Depreciation and amortization	16 770	19 528	
Write-offs of property, plant and equipment	41	16	
Financial effect of lease of right-of-use assets	5 396	6 264	
Foreign currency exchange (loss)/gain, net	1 185	10 327	
Reversal of impairment of property, plant and equipment	(390)	-	
Impairment of property, plant and equipment	184	-	
Normalised EBITDA	**3 216**	**36 224**	**-91%**

The Group believes that these measures better reflect the Group core operating activities and provide both management and investors with information regarding operating performance, which is more useful for evaluating the financial position of the Group than traditional measures, to the exclusion of external factors unrelated to their performance.

Debt

Debt is defined as bank borrowings. The Group believes that Debt is commonly used by securities analysts, investors and other interested parties in the evaluation of a company's leverage.

Net Borrowings

Net borrowings is defined as bank borrowings (Debt) less cash and cash equivalents. The Group believes that Net borrowings is usually used in conjunction with Debt when assessing a company's leverage.

Current ratio

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations. The ratio considers the weight of total current assets versus total current liabilities. It indicates the financial health of a company and how it can maximize the liquidity of its current assets to settle debt and payables.

Interest coverage

The interest coverage ratio measures the ability of a company to pay the interest on its outstanding debt. This measurement is used by creditors, lenders, and investors to determine the risk of lending funds to a company. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) by its interest expense during a given period.

Segment's results

The Group uses as a key measures of segment operating performance Gross income of the segment. Expenses and incomes that are not included in gross income are not allocated to each segment and are presented separately as unallocated. Actually indicators Operating income, Profit before tax and Net profit of a segment are Gross income of the segment.

Selected Financial Data

	(in thousand USD, unless otherwise stated)	For the year ended 31 December 2023	For the year ended 31 December 2022
I.	Revenue	139 453	114 034
II.	Operating profit/(loss)	(13 389)	16 680
III.	Profit/(loss) before income tax	(21 080)	(569)
IV.	Net profit/(loss)	(21 030)	(1 121)
V.	Net cash flow from operating activity	17 069	14 795
VI.	Net cash flow from investing activity	(16 561)	(4 466)
VII.	Net cash flow from financing activity	(8 652)	(8 014)
VIII.	Total net cash flow	(8 144)	2 315
IX.	Total assets	312 204	326 499
X.	Share capital	62	62
XI.	Total equity	141 694	150 315
XII.	Non-current liabilities	118 212	116 484
XIII.	Current liabilities	52 298	59 700
XIV.	Weighted average number of shares	35 500 464	34 237 146
XV.	Profit/(loss) per ordinary share (in USD)	(0,58)	(0,03)
XVI.	Total equity per share (in USD)	3,99	4,39

Risk management report

Risk management at IMC

Risk management is the process of reducing the possibility of adverse consequences either by reducing the likelihood of an event or its impact or taking advantage of the upside risk. The goal of the risk management at IMC is to provide a reasonable assurance that Group's business objectives will be achieved. This process encompasses such stages as risk identification, risk assessment, risk respond and risk mitigation, monitoring.

Risk identification. Managers of every department are responsible for tracking of potential risks concerning theirs functions. Risks must obviously be identified before they can be managed.

Risk assessment. List of risks should be prioritised according to the likelihood of occurrence and impact on the organization (department) goals. The most essential risks need urgent attention.

Risk response and risk mitigation. Management has to construct effective plan to deal with each significant risk identified. Tools aiming to mitigate risks are established at internal documents (instructions, rules, methods, etc.).

Monitoring. Risks are monitored on an ongoing basis. Where risks change or new risks are identified then those risks are added to the risk assessment for appropriate categorisation and action. Internal audit process is the main tool for risk monitoring.

IMC's management is responsible for day-to-day monitoring, identification, assessment and planning mitigation activities concerning operational risks in the course of its ordinary performance. Internal controls at IMC are the main tools of operational risks mitigation process. Established internal policies and internal regulatory documents are the primary mediums of internal controls implementation.

The Board of Directors currently maintains responsibility for overseeing enterprise risk management process and strategic risks. Major risk exposures are regularly discussed at the board meetings.

IMC's accounting-related risk management system

IMC's control system relies on daily resource planning analyses which are detailed by cost center and cost article, department, thus providing all the necessary information for controlling inventories and products.

IMC established internal controlling instruments to secure proper accounting in compliance with legal requirements.

IMC's accounting procedures are governed by standardized guidelines and rules as well as a clearly defined course of action in different situation. Therefore, standard account parameters and booking directions for various production operations were established. Another control tool is the clear allocation of functions regarding various accounting processes. For Group consolidation and accounting purposes all bookkeeping data of the consolidated companies may be accessed automatically.

The internal control system of IMC is based on the accounting database thus integrating all controlling processes. Accounting processes are carried out on a high-level basis and are monitored and adjusted by specialists.

IMC's accounting-related risk management system is set up in a way that the risk of misrepresentation could mainly ensue from new business processes or amendments to legal provisions. Risks are contained by transferring decisions on accounting-relevant data resulting from new business processes to the management level. Ongoing continuation training regarding the applicable accounting provisions from time to time is provided to the management.

The Group's internal control and risk management system in relation to the process for preparing consolidated financial statements is closely related to control mechanisms of accounting procedures. Consolidated financial statements are prepared on the basis of verified and approved accounting system data. Consolidated financial statements are carried out by specialists, the level of which is maintained annually by training. Consolidated financial statements are verified by the management by comparing of control points with management reports.

The Internal Control and Risk Management Department

The Internal Control and Risk Management Department was established as the separate unit in a corporate governance structure of the Group.

The Department is created with the aim of the regular independent monitoring and estimation of effectiveness of the IMC corporate governance, efficiency of separate business processes at the level of group and separate structural subdivisions, assessing of adequacy of the risk management process, providing with recommendations and participation during an improvement process. The Department participates in improvement of internal control, risk management and governance processes.

The Department regularly provides the management of IMC and the Audit Committee with independent and objective valuations and consultations. This involves an objective analysis of actual data with the aim of estimation and expression of an opinion on reliability of systems, processes, operations.

IMC Corporate Misconduct Hotline

Corporate hotline was launched at IMC to prevent and inform possible breaches of internal regulations, such as cases of discrimination, dishonest conduct, harassment, thefts, any type of corruption and bribery, etc. The hotline encompasses several anonymous channels for whistleblowers – call-center, email box, web-interface. IMC guarantees anonymity and protection for all informants, if this does not contradict the current legislation. All reasonable masseges via hotline are processed and feedback is sent to whistleblowers. More information concerning the hotline for stakeholders is available via web-link https://imc.ethicontrol.com/web/en/pages/about.

Anti-corruption and bribery matters

It is the policy of the Group not to engage in bribery or corruption and comply with applicable anti-corruption laws.

We adhere to the UN Global Compact principles of bribery and anti-corruption:

- We shall work against corruption in all its forms, including extortion and bribery.
- Making, promising or offering any payments, gifts or inducements with the purpose of influencing someone (incl. government officials, suppliers, clients, etc.) to act improperly is strictly forbidden; the same applies to accepting payments, gifts or inducements.
- All payments should be reasonable and fall within the acceptable commercial practice.

- All such expenses have to be properly recorded in the accounts.
- We do not tolerate so-called facilitating payments (for example small unofficial payments to officials in order to speed up processes).
- The Group does not make political contributions.
- When engaging in business relationships the Group chooses its partners with the same zero tolerance approach to corruption and bribery.
- The Group appreciates the risk of corruption and bribery in the countries it operates and continues to take measures to minimize this risk.
- All funds received and paid by the Group and its subsidiaries during the course of business are strictly accounted and handled via bank transfers exclusively to minimize the possibilities of cash being taken in or out for the purposes of bribery. In 2023, the Group continued to ensure its adherence to such cash management.

Key risks faced by the Group

Risks relating to the Industry

- **Grains prices volatility**

  Changes in market prices for grains can adversely influence on IMC's earnings and financial results.

  To decrease an influence of this risk the Group, on permanent basis, researches the international and Ukrainian agricultural markets, monitoring price fluctuations and factors affecting these fluctuations (stocks, production, consumption, export, import, forecasts). Based on an analysis of the above-mentioned information, the management of the Group makes decisions regarding crop rotation structure and production plans.

  Sound control over the grains production costs at IMC allows the Group to ensure sufficient level of marginality regardless of price fluctuations. The Group cooperates with large grain traders, which allows to sell large quantities of grain at the most favorable prices of the export market.

Operational risks

- **Adverse weather conditions**

  Poor and unexpected weather conditions may disrupt the Group's production of crops.

  The land cultivated by the Group is spread between different climate zones of Ukraine. This allows to reduce the possible negative impact of adverse weather conditions. Additionally, to mitigate an influence of this risk IMC uses the following practices:

  - On the fields of IMC the system of different depth soil cultivation is applied: deep ripping, ploughing, disking, and cultivation. Rotation of these cultivation methods allows creating the optimal conditions for growth and development of agricultural crops;
  - Cultivation of share of winter crops up to 30% in the general crop rotation structure enables to decrease the risk of disruption of a general production of crops during unfavorable winter conditions.

- **Increase of input costs**

  The Group's operating costs could increase and adversely affect IMC's financial performance. The risk of the Group's operating costs increase is basically connected to a possible price growth for fuel, seeds, fertilizers and crop protection materials.

  To reduce the risks mentioned above the Group:

  - has implemented the fuel consumption and machinery usage controlling systems using GPS-trackers;
  - follows the land bank development strategy based on principle of fields' close proximity to each other that allows to reduce fuel consumption;
  - is focused on limited number of crops that allows to use and purchase seeds, fertilizers and crop protection materials more efficiently;
  - has built long-term and mutually benefitted relationships with suppliers of seeds, fertilizers and crop protection materials.

- **Customer concentration risk**

  Focusing on large wholesale world traders, the Group has a small pool of customers and could be influenced by customer concentration risk. But the work of the Group with a small number of customers is not due to the lack of other customers or the impossibility of entering new markets, but to the selected sales strategy - the best conditions for selling are ensured by relations with large traders. To control the risk before each sale, a tender is held among buyers to determine the best conditions of the transaction. Making a choice in the direction of the buyer, management understand the level of supply and demand for the products on the market with other participants and Group's capabilities in the event of a change of buyer.

- **Credit risk**

  Counterparties involved in transactions with IMC may fail to make scheduled payments, resulting in financial losses to IMC.

  To decrease an influence of this risk the Group has implemented credit policy and monitoring practices. Policies and operating guidelines include limits in respect of counterparties to ensure that there is no significant concentration of credit risk. Credit risks are managed by legal activities which include security paragraphs into agreements with customers. Also the financial department of the Group constantly carries out monitoring over payment terms deadlines according to goods selling contracts.

- **Risk of key personnel shortage**

  A lack of key personnel can threaten the overall performance of IMC.

  The Group conducts series of activities to mitigate this risk. IMC offers competitive working conditions for potential employees. Performance related remuneration scheme exists to motivate and retain key staff. IMC cooperates with a number of Ukrainian educational institutions for selection and hiring talented students. Educational and professional trainings are regularly held for personnel at IMC.

- **Risk of land loss**

  Land is a key resourse in agricultural production and termination of essential number of land lease agreements can cause significant damage for the Group.

  To mitigate this risk, the Group holds a number of social events for the local communities to make IMC's presence beneficial for Company's land lessors. The terms of land lease agreements have been revised and re-signed in the best interest of counterparties. As at 31 December 2023, 93% of land lease agreement are valid for a period over 5 years and 78% of contracts are valid for a period of more than 10 years (as at 31 December 2022 - 93% and 77% correspondingly).

- **Risk of cybersecurity incidents**

  IMC's corporate information system can be corrupted by virus attack or external intrusion.

  Operations of the Group are highly dependent on corporate IT system in all aspects. In 2017, companies of the Group have experienced a cybersecurity attack which has not had a material impact on our business. To prevent and mitigate this risk a series of actions has been done. The infrastructure of IMC's intranet has been improved in order to mitigate the risk of unauthorized external intrusion. A backup process was reconstructed to ensure a maximum possible safety of corporate business data. The riskiest points of unauthorized external intrusion have been isolated outside IMC's intranet.

Financial risks

- **Risk of capital deficiency**

  Failure to generate or raise sufficient capital may restrict the Group's development strategy

  To decrease an influence of this risk the Group works on several sources of financing: bank crediting, financing by international financial organizations.

- **Risk of liquidity**

  It exists the risk of inability to meet financial obligations of the Group in due time.

  To minimize such risk IMC maintains efficient budgeting and cash management processes to ensure that adequate funds are available to meet business requirements. IMC adopts a flexible CAPEX program enabling capital projects to be deferred if necessary.

- **Risk of interest rate volatility**

  Fluctuations of interest rates influence on the cost of IMC's borrowings.

  The Group utilizes balancing strategy to mitigate interest rate risk and, whenever possible, always strives to obtain loans with a fix interest rate. The portfolio of IMC's borrowings consists of 22% of variable rate debt and 78% of fixed rate debt as at 31 December 2023 (100% of fixed rate debt as at 31 December 2022).

  IMC's creditors are well-known banks with a foreign capital or international financial institutions. As result, the cost of IMC's financial resources is lower than the market average.

- **Fluctuation in currency exchange rates**

  Unfavorable movements of currency exchange rates can lead to deteriorating of company's financial results.

  The main functional currencies for IMC are Ukrainian hryvnia and US dollar. Since the Group is export oriented, most of regular financial planning cash inflows are matched in US dollar, when outflows are matched both in US dollar and Ukrainian hryvnia. Stable revenue in US dollar limits the risk resulting from national currency devaluation. In 2023, the Ukrainian hryvnia devaluated against the US dollar from the beginning to the end of the year, which was reflected in a decrease in the Group's net assets at the end of the year in US dollar terms.

Legal and regulatory risks

- **Risk of non-compliance**

  The Group's business is influenced by regulatory rules of each country where IMC operates. A breach of these rules can cause legal proceedings and additional costs for the Company.

  The monitoring of legislation changes is constantly conducted by the Legal Department at IMC. Employees regularly visit specialized events on legal issues. Group's business operations are conducted in accordance with current legislation taking into account possible future regulatory development.

War-related risks

- **Logistics risk**

  Blocking seaports or not extending the Grain agreement will lead to a decrease in sales volume.

  To reduce the impact of this risk, the Group is developing additional shipping routes - there are contracts for shipment by rail across the western borders of Ukraine, as well as across the Danube. A project is being worked out to attract trucks to further increase sales across the western borders.

- **Infrastructure missile attack risk**

  In order to minimize possible loss of assets from the destruction of infrastructure, the group's assets are distributed diversified in different regions and locations. Additional fire and medical assistance measures have been organized on the ground.

- **Risk of electricity shortage**

  Reduction of electricity consumption across the entire IMC supply chain. Diesel generators were purchased both for domestic use (to ensure the operation of offices and warehouses) and industrial use (to maintain the operation of elevators). A project of re-equip the elevator for alternative energy sources has been developed. To meet the demand for natural gas for grain drying, contracts for its purchase are concluded before the start of the drying season.

- **Loss of inventories risk**

  To reduce the risk of loss of stocks from destruction due to missile attacks, stocks are placed in different regions and different locations. To reduce the risk of damage of stocks from long-term storage, alternative shipping routes are being developed to prevent accumulation of stocks in warehouses, and plastic sleeves are used for storing crops in order to ensure the most correct storage conditions outside the elevator.

- **Disruption in supply chain**

  The company continues to work with the largest suppliers of certified agricultural materials, which ensures the availability of the necessary materials, the possibility of their purchase in advance, reducing logistics costs due to large quantities. The company has enough storage facilities to provide itself with the necessary stocks of agricultural materials.

- **Employee-related risks**

  Mitigations to ensure that employee welfare is protected and strengthened include: evacuating employees deemed most at risk from dangerous areas; ensuring no concentration of critical employees in one location, with back-up critical functions organised; training employees on defensive measures on how they to behave and protect themselves in the War.

- **Risk of insufficient funding**

  Negotiations with banks in case of necessary short-term financing to cover the cash gap. Working with large buyers to ensure the timeliness and completeness of payments, as well as asking of deferred payments from suppliers.

- **Counterparty risk**

  To reduce the risk of non-payment, the Group works with large grain traders and buyers. To minimize disruption of the supply chain, large suppliers are selected.

- **IT risk**

  To minimize the risk of possible attacks by Russian hackers, the data storage was moved to a more secure server. Regular training and testing of employees for knowledge and compliance with information security rules.

Corporate responsibility

Personnel

General mobilization in Ukraine greatly influences the workforce and the organization of the company's work during wartime. As at 31 December 2023, 94 employees of IMC are currently serving in the Armed Forces of Ukraine. All our enterprises have received the status of critically important enterprises for the functioning of the economy and ensuring the livelihood of the population in a special period. During 2023 more than 500 employees have had official deferment from service to perform their official duties (50% from the total number of bound to military service workers). During the entire period of service of our defenders, the IMC company has paid them wages and will continue to do so in the future. However, from 19 July 2022, according to the law of Ukraine, employers are only obliged to keep the workplace for mobilized workers.

In July 2023, the company increased the salaries of all employees by 20%. In 2023, the IMC spent UAH 394,9 thousand for financial support for employees and UAH 1,88 million for motivational events for staff (trips – UAH 0,8 million, corporate events and Christmas gifts for employees' children – UAH 1,07 million).

In total, in 2023, 713 employees of the company were trained. In January 2023, 273 employees of IMC's production departments, including precision farming technologies and R&D specialists, were learned by representatives of the world's leading agribusiness companies. Due to the limited budget, IMC focused the training program in the field of occupational safety and compliance with the legislation on mandatory training for work permits. In 2023, the company spent about UAH 433,1 thousand for training personnel.

The IMC enterprises applied the following principal policies related to the personnel:

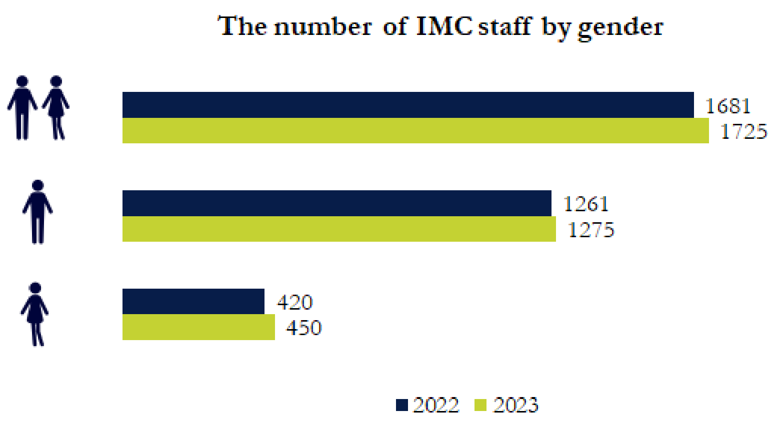
- On Forbidding Consumption of Alcohol Drinks, Narcotic or Toxic Substances at Work;
- On Forbidding Discrimination Based on Sexual Orientation and Gender Identity;
- On Collective Bargaining Agreements;
- On Employment of the Minors;
- On the Working Hours and Overtime Work;
- On the Freedom of Association, Membership with Trade Unions;
- On Labour Relations with Pregnant Women and Women with Children under Three;
- On Equality (Non-Discrimination Policy);
- On Considering Complaints and Proposals;
- On Providing Accommodation to the Employees;
- On the Target Aid to the Employees;
- Gender-Based Violence and Harrasment Policy.

In 2023, IMC implemented Gender-Based Violence and Harrasment (GBVH) Policy to prevent and combat gender-based violence and harassment in the workplace and create social environment free from discrimination, harassment, retaliation and gender-based, including sexual, violence. GBVH Policy establishes responsibilities of managers and all staff to prevent and stop prohibited conduct, as well as describes methods of reporting about such conduct and ways handling complants.

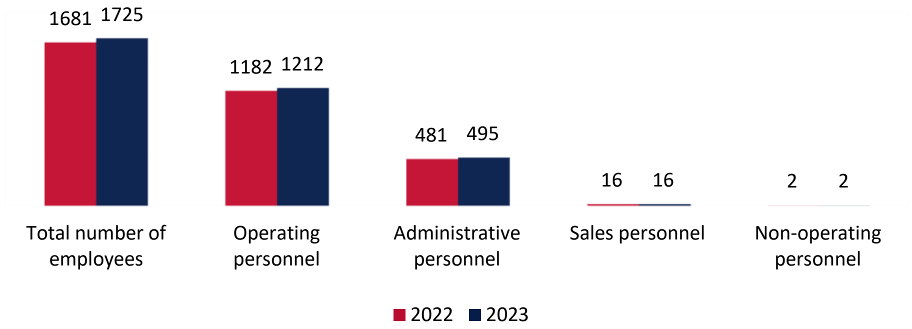
IMC adheres to 10 Rules of IMC, according to which the following is banned in the company: discrimination of employees in any form; lies and dishonesty in the relations between colleagues; dishonesty, indifference, negligence and irresponsibility; harassment and other behaviour that can offend or suppress another; theft, excessive usage and waste of the Company resources and working time; any types of corruption. Since 2019, IMC has established the IMC Corporate Misconduct Hotline based on Ethicontrol platform, which main idea of the tool is to set up and adjust the channels of two-way communication with IMC stakeholders, both internal and external, as well as to create a logical mechanism for consideration and registration of complaints and reports.

The number of IMC staff by gender in 2023: men – 1275 (73,89%); women – 450 (26,11%); total – 1725. Compared to 2022, the total number of employees in 2023 has increased by 44 employees.

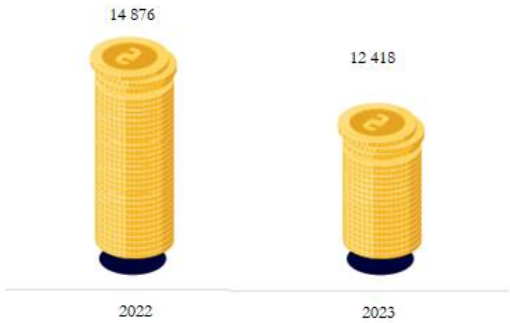
Key facts on personnel



Personnel structure



Wages and salaries and related charges per employee per annum, USD



Diversity policy applied in relation to management

The Company believes in the benefits diversity can bring to its workforce and tends to maintain a workforce comprised of talented and dedicated individuals whose skills and backgrounds reflect the nature of the agricultural business environment. The Company's workforce is intended to reflect a diverse mix of skills, experience, knowledge and backgrounds. The Company is fully committed to being an equal opportunities employer and is opposed to all forms of unlawful and unfair discrimination. All employees, whether part time, full time or temporary, being treated fairly and equally and with respect. Selection for employment, promotion, training or any other practice being made on criteria free from unlawful bias.

Health, Safety and Environment (HSE) management system

Based on the experience of the world's leading companies, in 2016 IMC has started formation of the Health, Safety and Environment (HSE) management system. HSE department was formed at IMC's headquarter, designed to assist top-management of IMC in development and implementation of the company's strategy in these areas.

At all IMC's enterprises carry out on Monitoring in the areas: natural resource use and environmental legislation, occupational safety at production (compliance review of IMC HSE principles against the requirements of Ukrainian regulatory documents).

IMC is committed to involving all employees in the management for issues of Environment, Health & Safety and Social Aspects at IMC and its subsidiaries.

IMC's enterprises annually implement a set of measures, where, along with traditional safety briefing instructions and control measures, the following are applied:

- Improvement of labor conditions;
- Identification and elimination of industrial hazards;
- Health and safety management systems improvement;
- Health and safety trainings in partnership with the leading training institutions;
- Provision of modern and high quality personal and mass protective equipment;
- Raising employee awareness and safe work methods promotion;
- Improvement of health care services for the employees;
- Work with contractor organizations.

All IMC's enterprises have the Emergency Preparedness and Response plans (EPRP) for localization and liquidation of emergencies and accidents. The availability of such plans is obligatory in Ukraine and is regulated by legal requirements & local legislation.

The implementation of the Corporate Standard "Safety Analysis of Work Execution" and "Corporate Transport Security Standard" were continued in 2023. Safety Analysis of Work Execution (SAWE) is a mandatory sequence of actions that is performed by an employee (group of employees) independently or with the participation of a manager before starting and periodically during the execution of work. The purpose of the SAWE is to analyze the possibility of safely performing/continuing work and taking the necessary measures to protect people and nature. The "Corporate Transport Security Standard" describes the minimum requirements for the safe use, operation, maintenance and repair of vehicles at enterprises and describes the requirements for personnel, the implementation of a program to improve the culture of driving and driving skills, and also regulates the procedure for periodically conducting targeted safety audits using checklists on 2 topics: "Requirements for the technical condition of vehicles" and "Safety requirements for repairs and technical vehicle maintenance". The implementation of the requirements of this Standard will reduce potential risks during the transport of people and dangerous goods and as a result, reduce the number of accidents, the severity of their consequences, as well as improve the material and technical resources of enterprises.

The objectives of the implementation of the Safety Analysis of Work Execution are the following:

- Regulation of the actions of each employee (group of employees) before and during the execution of work.
- Developing the skills of employees to regularly assess existing sources of danger and apply adequate measures of protection against dangerous and harmful factors.
- Developing skills for elementary risk assessment in the workplace.
- Education in employees of a serious attitude to sources of danger, maintaining the level of attention before starting and in the process of performing work.
- Algorithmization of the process; application of protective measures: Source of danger - Possible consequences - Necessary protective measures.
- Education of workers in the discipline of the application of protective measures based on a constant awareness of the possibility of negative consequences for health, life and the environment.

"Safety Audits" Standard have been introduced at all the siloses belonging to IMC since 2016 according to which managers of all levels including top management of the headquarters of IMC and managers of regional branch offices attend regularly appropriate production areas in order to supervise conduction of the works and labour conditions. Despite the limitations associated with COVID-19 and realizing the importance and significance of safety audits, we did not cancel the safety audit process at enterprises even during a pandemic.

In 2023, the following was done in this direction:

- 377 (530 in 2022) behavioural safety audits were conducted by managers of all levels at the siloses belonging to IMC within those over 458 (700 in 2022) conversations were conducted related to hazardous situations; moreover, 211 (288 in 2022) of hazardous situations were eliminated during appropriate audit itself, but for the rest of them managers were filling "Lists for recording LS measures" (these should be filled at IMC's internal web portal in order to develop corrective and preventive measures term of implementation of those exceeds 3 days).
- 352 (543 in 2022) target safety audits at the siloses belonging to IMC; number of non-conformities revealed at the time of their conduction was 367 (424 in 2022). Corrective and preventive measures were developed for each of the non-conformities revealed.

Taking into account the military situation in Ukraine and the hostilities that took place in the part of the territories where Group is located, HSE department took measures to inform and explain the actions of IMC employees during an emergency or war. Information regarding the location of bomb shelters and elementary shelters at the location of the Group's enterprises, the procedure for handling in the bomb shelter was brought to the attention of the staff.

Conversations and trainings were held with the participation of representatives of local State emergency services regarding actions in case of finding suspicious objects (explosives, mines).

Trainings were conducted with the Association of Sappers of Ukraine regarding mine danger and handling of suspicious objects.

The supply of medicines, medicinal products and tactical first-aid kits of enterprises of the Group was increased.

Environmental & climate related matters

Environmental policy

Operations and products of farming and grain storage have inherent elements that interact with the natural environment. The company's goal in the direction of environmental protection - keeping the integrity of the ecosystems the Company operates in, and minimization of the environmental footprint.

Maintaining this interaction in a way that prevents material harm to the atmosphere, water, land, biodiversity and climate is essential for Group's ability to operate in a long-term perspective. Therefore, IMC chooses a proactive approach to managing its environmental aspects.

We aim to efficiently produce best quality products with the lowest possible consumption of resources and in strict compliance with regulatory, safety and product quality standards, thus minimizing our environmental footprint. As one of the largest crop producers in Ukraine, we follow the best sustainable long-term agronomy practices.

Ecological aspects and risk assessment

Starting from 2016 a methodological basis for the activities related to lowering risks and ecological aspects has been functioning in IMC; moreover, united «Guide for ecological risks assessment of the enterprises» was introduced in the same year. The registers are updated annually at each IMC enterprise, which enables prompt identification and prevention of potential threats of environmental impact and timely assessment of the existing risks.

In order to ensure compliance with the requirements of environmental legislation of Ukraine «Guide for the arrangement of works purposed at obtaining of proper licensing documents in the field of environmental protection» has been adopted at the enterprises of IMC since 2016, this document establishes unite requirements as to arrangement of the work aimed at obtaining licensing documents in the field of environmental protection such as licenses for special use of water resources, emission of pollutants into the air and so on. Thus, database of licensing documents was created; this database contains data of all the enterprises of IMC, moreover, regular monitoring of their well-timed obtaining, period of validity and conditions established by these documents is conducted.

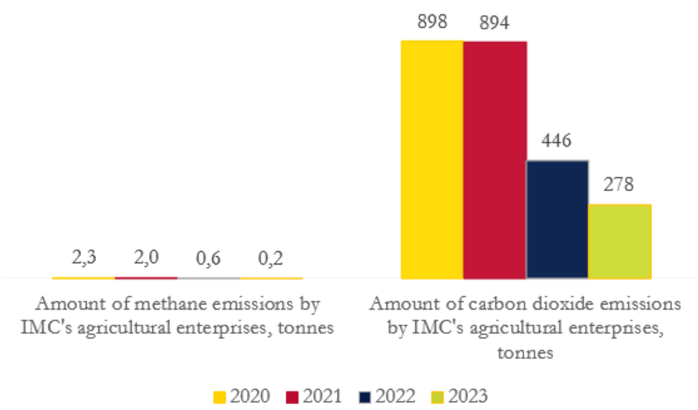
Environmental monitoring

Environmental monitoring is the main tool used to determine the condition of the environment and an integral element of the assessment of the impact of IMC enterprises' operations upon the environment. Certified laboratories annually control adherence to the maximum permitted concentrations of atmospheric emissions of contaminants at the company's elevators. Moreover, there is an annual study of the quality of underground water from Artesian wells that are used by IMC enterprises.

Emissions to the atmosphere

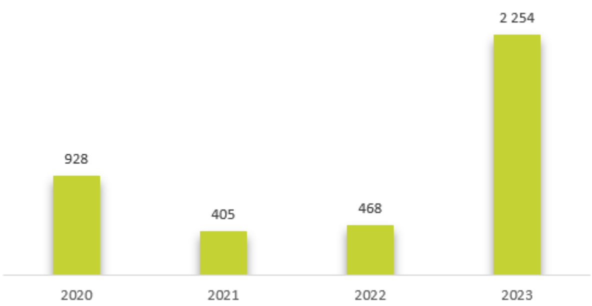
Operations of IMC enterprises result in the emission of contaminants into the atmosphere, in particular, such greenhouse gases as carbon dioxide (CO_2) and methane (CH_4). IMC enterprises are responsibly aware of the importance of this problem and keep looking for ways to reduce impact upon the atmosphere. The company uses optimisation of production processes and equipment upgrade to facilitate an annual decrease in emissions of greenhouse gases.

Amount of methane & carbon dioxide emissions by IMC's agricultural enterprises, tonnes



Moreover, by introducing new technologies, IMC enterprises try to engage as many recycled resources as possible into the repeated production cycle. Thus, there has been a programme for use of the alternative type of fuel, namely the company's own waste grains, in boilers since 2016. The outcome has exceeded the expectations, and we have managed to obtain a significant environmental and economic effect.

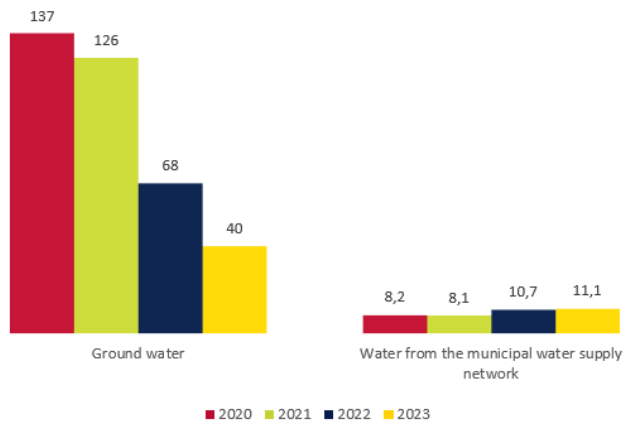
Amount of waste grains used by IMC in heating boilers, tonnes



Sustainable use of water resources

Water supply at IMC enterprises is carried out mostly from one of the underground sources. Also, water from the local municipal water supply systems is used for household and domestic needs. Our task is sustainable use of water resources in the production processes. In 2019, IMC enterprises approved and brought into force the Procedures for Use and Protection of Water Resources. These Procedures introduced the uniform requirements for the processes associated with the collection, use and protection of water resources used for the production and household needs. They are binding for units and officers of IMC enterprises.

Amount of water consumed, ths of cubic meters

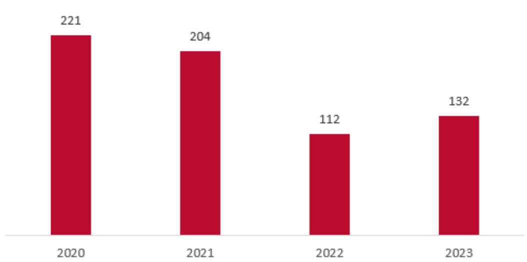


Waste management

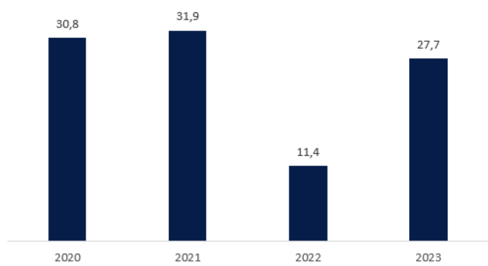
The main tasks of the waste management system at IMC enterprises is to reduce the volume of the waste generated, to fully collect it, to store it safely, and to increase the recycling volume.

IMC enterprises have the uniform Procedures for Collection, Temporary Storage and Transfer of Wastes for Disposal (Treatment, Removal, Decontamination) for each class and type of waste generated as a result of the enterprises' operations. These corporate Procedures introduce the uniform systemic and efficient approach to waste management.

Amount of industrial waste (1-4 grades of hazard) transferred for recovery (processing, neutralization), tonnes



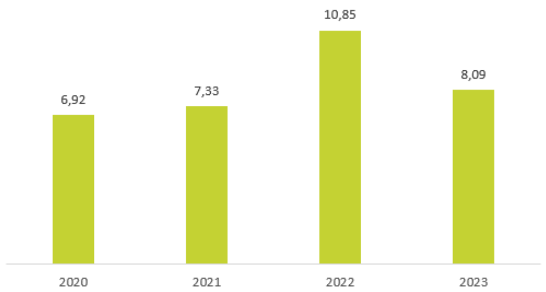
Amount of valuable waste transferred for recycling, tonnes



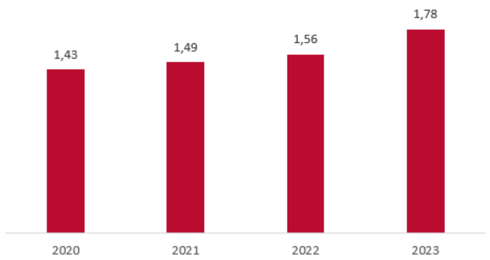
<u>Energy efficiency and power saving</u>

IMC strives to reduce the consumption of energy resources and organize energy-efficient production, that is quite complicated task in the war times.

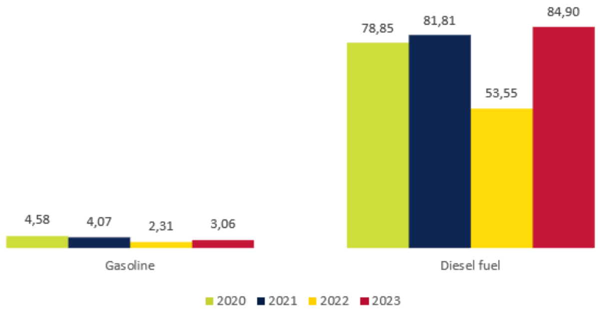
Electricity consumption per tonne of grain (grain elevators), kW



Gas consumption per tonne% (grain elevators + agricultural enterprises), cubic meters



Fuel consumption dynamics, liter per hectare



IMC does its best to improve ecological indicators at the enterprises in order to mitigate the negative impact upon the environment.

Social policy

IMC's enterprises have been adhering to approved social policy.

Main principals are the following:

- The key target audience for social activities is a resident of a village living in the regions where IMC operates;
- Realization of social policy is carried out only according to certain priority directions;
- Financing of social activities is carried out exclusively within the framework of the annual budget approved;
- IMC does not provide assistance to religious organizations and political parties.

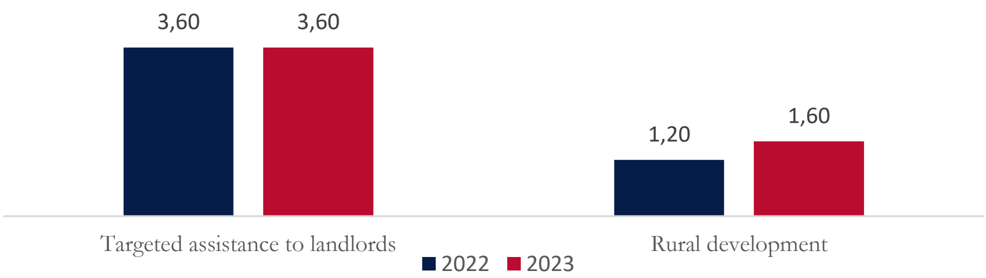
Priority directions of social policy:

- Targeted assistance to landlords of IMC's enterprises;
- Rural development and consumer services;
- Assistance to school and pre-school institutions;
- Health care, assistance in medical care of peasants (realization of medical projects);
- Assistance in the developments of the culture;
- Help in the development of sport in the countryside.

All investments and initiatives in social projects including personalized support and projects of local infrastructure maintenance and development (roads, water supply, public lighting, schools, kindergartens, FAPs and medical points etc.) that IMC conducts within the villages it operates are conducted on the principles of «IMC. Aid to People» program.

The full-scale invasion of the russian federation on the territory of Ukraine on 24 February 2022 made significant influence to the life of the country and the Group. Assistance for social projects was reduced to the minimum required, which, together with a reduction in the budget for training and motivation of employees, made it possible to allocate significant sums to help the Armed Forces of Ukraine.

The investments and initiatives for social projects



Innovative technologies and R&D

Precision Farming department and Research and development department implemented the following technologies in operating activities:

- Autopiloting systems with RTK accuracy - allows to increase the efficiency of any field operations by 6-8% and the corresponding fuel economy. Currently, IMC has 100+ autopilots.
- Section control systems on sowing and spraying - a technology that allows to switch off sections at overlaps and save significantly on chemicals, seed and fertilizers.
- Row Sense system and Row Vision system on spraying machines - technology that avoids trampling plants when spraying industrial crops.
- The Raven VSN&RADAR system on the Tecnoma sprayer is a technology that avoids trampling on industrial crops during spraying.
- Use of Amazone ZG-TS 10001 smart fertilizer spreaders with load cell system, hydraulic drive, sectional control, automatic online calibration and VRA technology.
- Equipping the fertilizer spreader with the Argus Twin system - the system constantly measures and adjusts the spreading direction to optimize lateral distribution and Constant Flow Control - is a constant monitoring and correction of the application rate proportional to speed (kg/ha). CFC fixes the torques of the spreading disc drives and uses them to calculate the metering slide position regardless of the spreading direction.
- Monitoring the quality of field operations - each seeder and sprayer machine has a controller, which records the actual work done.
- JD Operations Center integration for receiving, transmitting, accumulating and analyzing big data from field equipment.
- Integration of Crop Wise Operation to conduct high-quality field agronomic scouting.
- Wialon GPS monitoring system - a software product that is used to organize the traffic control of machines, control fuel and record of work done.
- Satellite monitoring - periodically, during the year, satellite monitoring of all crops in the fields of the IMC is carried out to identify deviations in the growing of crops.
- Carrying aerial photography by drones - each of our enterprises is equipped with drones, which provides detailed aerial survey of fields, allowing quickly identification of the nature of heterogeneity and react to any deviations in the vegetation of plants.
- Yield sensors systems on each combine for yield mapping of each field.
- Implementation of Precision Planting equipment into sowing process – extremely increases quality of sowing.

- NFC field data transmition between trucks & weighing system on each grain cart – to control grain movement from field to storage.
- Agrogeoportal - PreAgri - it acts as the only platform for collecting, storing, processing and visualizing all geospatial data from fields.
- Meteo stations network within our fields.
- Permanent field rout optimization and boundaries actualization with digital GIS tools.
- Development of a methodology for implementing soil compaction measurements using penetrometers to optimize and plan the type and depth of tillage.
- Implementation of ultra-low-volume application of desiccant and insecticide by agro-drones for our crops in the outsourcing format.
- We bought mounted sprayers with controllers and sectional control for qualitative testing of plant protection products and herbicides on our trial fields (Agropolygons).
-

The elements of precision farming are tested and introduced by R&D department: systems for GPS-monitoring of the machinery, auto-piloting, satellite monitoring, variable rate for seeding and fertilization. Main types of experiments are connected with hybrids and varieties (seeding materials), plant protection products, plant fertilizer systems, precision farming systems, soil tillage systems, testing of agricultural equipment (drillers, planters, sprayers etc.).

The results of the work of R&D department:

- Testing of optimal seeding rate (different from the recommendations of the seed manufacturer) and selecting of optimal protection products was carried out. The results of the experiments were applied in practice, which allows saving materials while maintaining the qualitative and quantitative characteristics of the future crop.
- Precision planting equipment was tested and introduced to large scale production.
- R&D department created separate trial fields (Agropolygons) with small plots in all clusters of IMC. This approach helps us to concentrate big amount of trials in one location and to analyze the results of trials in equal conditions in more scientific way than previously.
- R&D department has successfully implemented the new approach to accounting trials using GIS technologies (joined project with OneSoil and ClimateFieldview), as a resul—creation of small plot trials.

To improve the qualitative and quantitative characteristics of the activity, IMC conducts research on new technologies and products. In 2023, the technology of differential application of materials (VRA) was successfully tested and scaled on an area of 34 thousand hectares. As a result, an increase in efficiency in the amount of 8,7 USD/ha was obtained due to the reasonable distribution of seed material and fertilizers across the productivity zones of the field.

There were no development costs capitalized in the accounts, the research is done internally and is consequently captured mainly in the costs of personnel and amounted USD 164 thousand for Y2023 (USD 95 thousand for Y2022).

On behalf of the Board of Directors:

Chief Executive Officer	ALEX LISSITSA	signed
Chief Financial Officer	DMYTRO MARTYNIUK	signed

Corporate governance statement

Corporate governance

Corporate governance within the Company is based on the Luxembourg law and the listing requirements of the Warsaw Stock exchange where the trading in the Company shares takes place. The Company follows Best Practice for GPW Listed Companies 2021, which came into force from July, 01, 2021 (the "2021 WSE Code of best practice", adopted by the Resolution No. 13/1834/2021 of 29 March 2021).

The Company's corporate governance rules are based on the Company's Articles of Association (the "Articles"), and the corporate governance charter (the "Corporate Governance Charter"), and the Company's internal regulations.

Board of Directors

According to the Articles of Association, the Company shall be managed by the Board of Directors composed of at least five members, their number being determined by the general meeting of shareholders. Directors need not be shareholders of the Company. The Board of Directors is composed of executive and non-executive directors. At least two directors shall be independent non-executive directors.

The directors shall be elected by the general meeting of shareholders for a period not exceeding six (6) years and until their successors are elected, provided, however, that any director may be removed at any time by a resolution taken by the general meeting of shareholders. The directors shall be eligible for reappointment.

In the event of vacancy in the office of a director because of death, resignation or otherwise, the remaining directors elected by the general meeting of shareholders may elect a director to fill such vacancy until the next general meeting of shareholders.

Directors

Name	Initial date of appointment	End of mandate
1.Mr. Alex Lissitsa, Executive Director, CEO	29 March 2012	2026
2.Mr. Dmytro Martyniuk, Executive Director, CFO	09 March 2011	2026
3.Mr. Oleksandr Petrov, Executive Director, Chairman	09 March 2011	2026
4.Mr. Oleksandr Verzhykhovskyi, Executive Director, COO	10 January, 2020	2026
5.Mrs. Krysenko Olena, Executive Director, Commercial Director	10 January, 2020	2026
6.Mr. Sergii Klimishyn, Executive Director, Legal Director	10 January, 2020	2026
7.Mr. Alfons Balman, Non-executive Director	10 September 2013	2026
8.Mr. Andrzej Szurek, Non-executive Director	23 February 2023	2026

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and with regards to Luxembourg Companies Law 1915. The Articles of Association may be amended from time to time by a general meeting of the shareholders under the quorum and majority requirement provided for by the law of 10 August 1915 on commercial companies in Luxembourg, as amended.

The present Board is composed of two independent directors and six directors who either are employed by subsidiaries of the Company and hold over 5% of votes in the Company.

Independence is assessed taking into consideration the criterias stated in Annex II of the European Commission Recommendation of 15 February 2005.

Powers of Directors

The Board is responsible for managing the business affairs of the Company within the clauses of the Article of Association. The directors may only act at duly convened meetings of the Board of Directors or by written consent in accordance with article 12 of Articles of Association.

The Board of Directors is vested with the broadest powers to act on behalf of the Company and to perform or authorize all acts of administrative or disposal nature, necessary or useful for accomplishing the Company's object. All powers, not expressly reserved by the Law to the sole shareholder or, as the case may be, to the general meeting of shareholders, fall within the competence of the Board of Directors.

Meetings of the Board of Directors

The Board of Directors meets upon notice given by the Chairman. A meeting of the Board of Directors must be convened if any two directors so require. The Chairman presides at all meetings of the Board of Directors. In case of chairman's absence, the Board of Directors may appoint another director as chairman pro tempore by vote of the majority present or represented at such meeting. Except in cases of urgency or with the prior consent of all those entitled to attend, there should be given a written notice of at least twenty-four hours before the meeting of the Board of Directors. Any such notice shall specify the place, the date, time and agenda of the meeting. The notice may be waived by unanimous written consent by all the directors at the meeting or otherwise. No separate notice is required for meetings held at times and places specified in a time schedule previously adopted by resolution of the Board of Directors.

Every board meeting shall be held in Luxembourg or at such other place indicated in the notice.

Decisions will be taken by a majority of the votes of the directors, present or represented at the relevant meeting. Each director has one vote. In case of a tied vote, the Chairman has a casting vote.

One or more directors may participate in a meeting by means of a conference call, by video conference or by any similar means of communication enabling several persons participating therein to simultaneously communicate with each other. Such methods of participation are to be considered equivalent to a physical presence at the meeting.

A written decision passed by circular means and transmitted by cable, facsimile or any other similar means of communication, signed by all the directors, is proper and valid as though it had been adopted at a meeting of the Board of Directors, which was duly convened and held. Such a decision can be documented in a single document or in several separate documents having the same content and each of them signed by one or several directors. Except as far as a written decision passed by circular means is concerned, the minutes of the meeting of the Board of Directors shall be signed by the Chairman of the relevant meeting or any two directors or as resolved at the relevant board meeting or a subsequent board meeting. Any proxies will remain attached thereto.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing an independent administrator (the "Administrator") to maintain the accounting records of the Company independent of IMC S.A. The Administrator has a duty of care to maintain proper books and records and prepare for review and approval by the Board the annual accounts intended to give a true and fair view. The Board has appointed Altum Luxembourg S.A. as Administrator (previously known as LGL Corporate Services Luxembourg S.A.).

Committees

Audit Committee

The Audit committee has been established by the Board to assist the Board of directors with independent verifying and safeguard of the integrity of the company's financial reporting; and oversee the independence of the external auditors

The Committee has responsibility for the following:

(a) Monitoring the establishment of an appropriate internal control framework;

(b) Monitoring corporate risk assessment and compliance with internal controls;

(c) Overseeing business continuity planning and risk mitigation arrangements;

(d) Reviewing reports on any material defalcations, frauds and thefts from the Group;

(e) Monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements;

(f) Reviewing the nomination, performance and independence of the external auditors;

(g) Liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with Committee members' information and knowledge and is adequate for shareholder needs;

(h) Reviewing management processes supporting external reporting;

(i) Reviewing annual accounts and consolidated financial statements and other financial information distributed externally; and

(j) Reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.

The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it except for matters relating to the appointment, oversight, remuneration and replacement of the external auditors.

The Committee has unrestricted access to management and the external auditors as it may consider appropriate for the proper performance of its function.

The Board of Directors shall appoint the chairman and members of the Audit Committee from among the non-executive directors and external members which must be independent. The Audit Committee will comprise a minimum of two members. In any case the chairman of the Audit Committee must be appointed from among non-executive directors.

As of 31 December 2023 Audit committee consisted of two members, Alfons Balmann (chairman), a non-executive director and Andrzej Szurek i (member), non-executive director. In the year 2023 the work of the Audit Committee was confined to reviewing the interim consolidated financial statements and interim accounts, the consolidated financial statements and annual accounts and audit reports thereon and appointment of external auditor.

Remuneration Committee

The role of the Committee is to advise on remuneration and issues relevant to remuneration policies and practices for senior management.

The Responsibility of the Remuneration Committee includes issues regarding salaries, bonus programs and other employments terms of the CEO and senior management in conjunction with the Board.

Notably, the Remuneration Committee is responsible for:

- submitting proposals to the Board regarding the remuneration of directors and managers, ensuring that these proposals are in accordance with the remuneration policy adopted by the Company (not adopted yet)

- discussing with the chief executive officer the performance of executive management and of the individual executives at least once a year based on evaluation criteria clearly defined. The chief executive officer should not be present at the discussion of his own evaluation;

- ensuring that the remuneration of non-executive directors is proportional to their responsibilities and the time devoted to their functions.

The Board of Directors shall appoint the chairman and members of the Remuneration Committee from among the non-executive directors and external members which must be independent. The Remuneration Committee will comprise a minimum of two members. In any case the chairman of the Remuneration Committee must be appointed from among non-executive directors.

Personnel

IMC employs people based on principles of equal opportunity, without distinction to race, color, gender, sexual orientation, religion, descent or origin. IMC standards related to employees and human rights are declared in the following documents:

- Non-discrimination and equal opportunities in employment Policy
- Non-discrimination on grounds of sexual orientation and gender identity Policy
- Policy of collective bargaining
- Policy on freedom for workers to form or join trade unions
- Policy of nursing and expectant mothers
- Policy on working hours and overtime
- Employment of young person under the age of 18 Policy.

Policies are freely available to all employees and guests of IMC. The company's policy prohibits discrimination based on color, ethnic or social origin, sex, pregnancy, civil, family status or status of a person caring for, language, religion or other opinion, political or other opinion, national or social origin, citizenship, economic status, association with a national minority, gender identity, age, disability, state of health, genetic characteristics of a person, and other signs or combinations of any of these attributes, actual or imaginary, as well as prohibits discrimination on the basis of association for any of the above listed features.

Internal control and risk management

The Company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of financial records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of annual accounts and consolidated financial statements. In accordance with Luxembourg legal and regulatory requirements, that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposals of the Company's assets that could have a material effect on the Consolidated financial statements.

External audit

In accordance with the Luxembourg law on commercial companies, an external auditor appointed by the annual general meeting of shareholders certifies the Company's annual and consolidated accounts.

The external audit functions for consolidated financial statements for Y2023 were carried by C-CLERC S.A. and BDO Audit S.A. for Y2022.

Takeover bids Law statement

- The structure of the capital of the Company is represented in Note 28. The Company is a publicly listed company whose shares are owned primarily by investors and Agrovalley Limited whose beneficial owner is Mr. Oleksandr Petrov, chairman of the Board of Directors. As of 31 December 2023, Mr. Oleksandr Petrov held 27 031 614 shares in the Company, what is equal to 76,14%;
- The Company has no securities which are not admitted to trading on a regulated market;
- The Company has no restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to article 46 of Directive 2001/34/EC;
- The details of those shareholders with an interest of 5% or more in the issued share capital of the Company, as notified to the Company, are set out in Note 28. The Company has no other significant direct or/and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings);
- The Company has no holders of any securities with special control rights. Transfer of shares is governed by the Articles of Association of the Company;
- The Company has no adopted system of control of any employee share scheme where the control rights are not exercised directly by the employees;
- The Company has no adopted restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;
- All of the issued and outstanding shares in the Company have equal voting rights and there are no special control rights attaching to the shares;
- The Company didn't receive the information about existence of any agreements between shareholders that may result any restrictions within the meaning of Directive 2001/34/EC;
- The Company has no any agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the Company;

- The Company grants non-availability of any agreements between the company and its board members or/and employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

Insider Dealing

The Company follows Luxembourg Stock Exchange, Warsaw Stock Exchange and insider trading policy rules in regards to the disclosure of insider dealing, which require all Board Members to notify the Company with regards to all transactions in the shares in the Company. Following the rules of the notification, the Company notifies both stock exchanges via appropriate regulatory filings.

On behalf of the Board of Directors:

Chief Executive Officer ALEX LISSITSA signed

Chief Financial Officer DMYTRO MARTYNIUK signed

Management Responsibility Statement

This statement is provided to confirm that, to the best of our knowledge, the Consolidated financial statements for the year ended 31 December 2023, and the comparable information, have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss of IMC S.A. Group and the undertakings included in the consolidation taken as a whole and that the single management report includes a fair review of the development and performance of the business and the position of IMC S.A. Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board of Directors:

Chief Executive Officer	ALEX LISSITSA	signed
Chief Financial Officer	DMYTRO MARTYNIUK	signed

C-CLERC S.A.
Cabinet de révision agréé
1, rue Pletzer - L-8080 Bertrange
B.P. 75 – 2010 Luxembourg
Tel +352 26 38 83
Fax +352 45 22 03
www.crowe.lu

To the Shareholders of
IMC S.A.
Société Anonyme
16, rue Erasme
L – 1468 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of IMC S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the paragraph "Operating environment and going concern" in note 4 of the consolidated financial statements which highlights that since 24 February 2022 the Group's operations are affected by the ongoing Russian military invasion of Ukraine. The magnitude of the further developments and the timing of when those actions will cease are uncertain. These events or conditions, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the section "Material uncertainty related to going concern", we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th colspan="2">Valuation of current biological assets</th></tr>
<tr>
<td>Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period.

The Group measures biological assets at fair value less costs to sell in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. As at 31.12.2023, the Group has current biological assets comprising mainly winter wheat crops and corn crops not yet harvested valued at USD 11.3 million. The net gain on biological transformation for the year ended 31 December 2023 amounts to USD 15.2 million.
The Group calculates the fair value less cost to sell on the basis of the discount cash flow technique, applying the following key assumptions:

• expected crops yields;
• estimated future sales prices;
• projected productions costs until harvest;
• projected costs to sell;
• discount rate.

Given the significant management judgements and magnitude of the amounts involved, we considered the valuation of current biological assets as a key audit matter.</td>
<td>How the matter was addressed in our audit

Our procedures in relation to the valuation of current biological assets included, but were not limited to:

- Obtaining a detailed understanding of the management's development of the key assumptions used in the valuation.

- Evaluating the appropriateness of management's judgements and assumptions applied in arriving at the value of biological assets by:

- Challenging significant assumptions by comparison to historical data, market data or any other data source as appropriate.

- Testing the accuracy of the valuation model by performing a recalculation (mathematical accuracy) and testing a sample of the underlying inputs to supporting documentation.

- Checking the sensitivity analysis of significant assumptions used.

- Assessing the adequacy of management's disclosures in the relevant notes to the consolidated financial statements.</td>
</tr>
</table>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Consolidated Management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Meeting of the Board of Directors on 15 August 2023 and our appointment is subject to the ratification of the forthcoming General Meeting of Shareholders. The duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The Consolidate Management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is presented on pages 29 to 33. The information required by Article 68ter paragraph (1) letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that no prohibited non-audit services referred to in the EU Regulation No 537/2014 were provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Bertrange, April 30, 2024

C-CLERC S.A.
Cabinet de révision agréé

Mariateresa Di Martino
Réviseur d'Entreprises Agréé

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
(in thousand USD, unless otherwise stated)

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
CONTINUING OPERATIONS			
Revenue	6	139 453	114 034
Gain from changes in fair value of biological assets and agricultural produce, net	7	15 242	46 133
Cost of sales	8	(132 710)	(107 664)
GROSS PROFIT		**21 985**	**52 503**
Administrative expenses	9	(9 666)	(16 878)
Selling and distribution expenses	10	(23 994)	(18 829)
Other operating income	11	1 444	1 043
Other operating expenses	12	(3 323)	(1 143)
Write-offs of property, plant and equipment		(41)	(16)
Reversal of impairment of property, plant and equipment	18	390	-
Impairment of property, plant and equipment	18	(184)	-
OPERATING PROFIT/(LOSS)		**(13 389)**	**16 680**
Financial expenses, net	15	(1 110)	(658)
Financial effect of lease of right-of-use assets	19	(5 396)	(6 264)
Foreign currency exchange (loss)/gain, net	16	(1 185)	(10 327)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(21 080)**	**(569)**
Income tax expenses, net	17	50	(552)
NET LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(21 030)**	**(1 121)**
Net profit/(loss) for the period attributable to:			
Owners of the parent company		(20 820)	(957)
Non-controlling interests		(210)	(164)
Weighted average number of shares		35 500 464	34 237 146
Basic profit/(loss) per ordinary share (in USD)		(0.59)	(0.03)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss:			
Effect of foreign currency translation		(4 434)	(47 552)
Items that will no be reclassified to profit or loss:			
Deferred tax charged directly to amortization of revaluation reserve		320	156
Revaluation of property, plant and equipment		17 456	-
Deferred tax charged directly to revaluation of property, plant and equipment		(933)	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**12 409**	**(47 396)**
TOTAL COMPREHENSIVE PROFIT/(LOSS)		**(8 621)**	**(48 517)**
Comprehensive income/(loss) attributable to:			
Owners of the parent company		(8 441)	(48 526)
Non-controlling interests		(180)	9

signed
Alex Lissitsa
Chief Executive Officer

signed
Dmytro Martyniuk
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(in thousand USD, unless otherwise stated)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	18	72 265	46 063
Right-of-use assets	19	106 975	118 968
Intangible assets	20	337	452
Non-current biological assets	21	-	-
Prepayments for property, plant and equipment		342	52
Total non-current assets		**179 919**	**165 535**
Current assets			
Inventories	22	89 508	71 164
Current biological assets	23	11 294	47 432
Trade accounts receivable, net	24	4 051	8 219
Prepayments and other current assets, net	25	11 023	9 285
Prepayments for income tax		211	-
Cash and cash equivalents	27	16 198	24 864
Total current assets		**132 285**	**160 964**
TOTAL ASSETS		**312 204**	**326 499**
LIABILITIES AND EQUITY			
Equity attributable to the owners of parent company			
Share capital	28	62	62
Share premium	28	37 425	37 425
Revaluation reserve	28	48 554	33 136
Retained earnings		237 660	257 055
Effect of foreign currency translation		(181 231)	(176 767)
Total equity attributable to the owners of parent company		**142 470**	**150 911**
Non-controlling interests		(776)	(596)
Total equity		**141 694**	**150 315**
Non-current liabilities			
Deferred tax liabilities	17	2 434	1 973
Long-term loans and borrowings	29	902	4 619
Long-term lease liabilities as to right-of-use assets	19	99 188	109 892
Total non-current liabilities		**102 524**	**116 484**
Current liabilities			
Current portion of long-term loans and borrowings	29	19 427	4 925
Current portion of long-term lease liabilities as to right-of-use assets	19	12 931	15 325
Short-term loans and borrowings	30	25 398	28 867
Trade accounts payable	31	2 312	2 873
Other current liabilities and accrued expenses	32	7 918	7 710
Total current liabilities		**67 986**	**59 700**
Total liabilities		**170 510**	**176 184**
TOTAL LIABILITIES AND EQUITY		**312 204**	**326 499**

signed
Alex Lissitsa
Chief Executive Officer

signed
Dmytro Martyniuk
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(in thousand USD, unless otherwise stated)

	Share capital	Share premium	Revaluation reserve	Retained earnings	Effect of foreign currency translation	Total	Non-controlling interests	Total equity
31 December 2021	**59**	**29 512**	**35 207**	**255 785**	**(129 042)**	**191 521**	**(605)**	**190 916**
Comprehensive income/(loss) for the period								
Profit/(loss) for the period	-	-	-	(957)	-	**(957)**	(164)	**(1 121)**
Amortization of revaluation reserve	-	-	(2 227)	2 227	-	**-**	-	**-**
Deferred tax charged directly to amortization of revaluation reserve	-	-	156	-	-	**156**	-	**156**
Other comprehensive income	-	-	-	-	(47 725)	**(47 725)**	173	**(47 552)**
Total comprehensive profit/(loss)	**-**	**-**	**(2 071)**	**1 270**	**(47 725)**	**(48 526)**	**9**	**(48 517)**
Contributions by and distributions to owners								**-**
Issue of share capital	3	7 913	-	-	-	**7 916**	**-**	**7 916**
31 December 2022	**62**	**37 425**	**33 136**	**257 055**	**(176 767)**	**150 911**	**(596)**	**150 315**
31 December 2022	**62**	**37 425**	**33 136**	**257 055**	**(176 767)**	**150 911**	**(596)**	**150 315**
Comprehensive income/(loss) for the period								
Profit/(loss) for the period	-	-	-	(20 820)	-	**(20 820)**	(210)	**(21 030)**
Amortization of revaluation reserve	-	-	(1 425)	1 425	-	**-**	-	**-**
Deferred tax charged directly to amortization of revaluation reserve	-	-	320	-	-	**320**	-	**320**
Revaluation of property, plant and equipment	-	-	17 456	-	-	**17 456**	-	**17 456**
Deferred tax charged directly to revaluation of property, plant and equipment	-	-	(933)	-	-	**(933)**	-	**(933)**
Other comprehensive income	-	-	-	-	(4 464)	**(4 464)**	30	**(4 434)**
Total comprehensive profit/(loss)	**-**	**-**	**15 418**	**(19 395)**	**(4 464)**	**(8 441)**	**(180)**	**(8 621)**
31 December 2023	**62**	**37 425**	**48 554**	**237 660**	**(181 231)**	**142 470**	**(776)**	**141 694**

signed

Alex Lissitsa
Chief Executive Officer

signed

Dmytro Martyniuk
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(in thousand USD, unless otherwise stated)

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before tax from continuing operations		(21 080)	(569)
Adjusted to reconcile profit before tax with net cash used in operating activities:			
Gain from changes in fair value of biological assets and agricultural produce, net	7	(15 242)	(46 133)
Disposal of revaluation of biological assets and agricultural produce in the cost of sales, net	8	47 945	53 365
Depreciation and amortization	13	16 770	19 529
Financial effect of lease of right-of-use assets	19	5 396	6 264
Interest expenses and other financial expenses	15	2 328	1 469
Foreign currency exchange loss/(gain), net	16	2 113	10 529
Loss/(gain) on disposal of property, plant and equipment	11, 12	(204)	(157)
Write-offs of property, plant and equipment		41	16
Gain on recovery of assets previously written off	11	(20)	(11)
Interest income	15	(1 218)	(811)
Accruals for unused vacations		1 570	1 125
Accruals for audit services		120	135
Write-offs of VAT	12	31	24
Shortages and losses due to impairment of inventories	12	2 512	51
Income from write-offs of accounts payable	11	(153)	(193)
(Gain)/loss on disposal of inventories	11	(157)	47
Allowance for doubtful accounts receivable	12	91	51
Effect of modification of right-of-use assets	11	(668)	(315)
Expenses on options		-	7 893
Impairment/(reversal of impairment) of property, plant and equipment, net		(206)	-
Cash flows from operating activities before changes in working capital		**39 969**	**52 309**
Changes in trade accounts receivable		4 153	(8 100)
Changes in prepayments and other current assets		(1 000)	(176)
Changes in inventories		(58 172)	8 727
Changes in current biological assets		37 008	(32 344)
Changes in trade accounts payable		(457)	481
Changes in other current liabilities and accrued expenses		(1 351)	(3 575)
Cash flows from operations		**20 150**	**17 322**
Interest paid on loans and borrowings		(2 198)	(1 289)
Interest paid on lease liabilities as to right-of-use assets		(620)	(731)
Income tax paid		(263)	(507)
Net cash flows from operating activities		**17 069**	**14 795**

signed
Alex Lissitsa
Chief Executive Officer

signed
Dmytro Martyniuk
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2023
(in thousand USD, unless otherwise stated)

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(17 132)	(4 972)
Proceeds from disposal of property, plant and equipment		571	506
Net cash flows from investing activities		**(16 561)**	**(4 466)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term loans and borrowings		15 710	3 217
Proceeds from short-term loans and borrowings		13 915	3 045
Repayment of long-term loans and borrowings		(4 925)	(444)
Repayment of short-term loans and borrowings		(17 385)	-
Repayment of long-term and short-term lease liabilities as to right-of-use assets (land)		(14 554)	(10 888)
Repayment of long-term and short-term lease liabilities as to right-of-use assets (other)		(1 413)	(2 967)
Issue of share capital		-	23
Net cash flows from financing activities		**(8 652)**	**(8 014)**
NET CASH FLOWS		**(8 144)**	**2 315**
Cash and cash equivalents as at the beginning of the period	27	24 864	28 830
Effect of translation into presentation currency		(522)	(6 281)
Cash and cash equivalents as at the end of the period	27	16 198	24 864

signed

Alex Lissitsa
Chief Executive Officer

signed

Dmytro Martyniuk
Chief Financial Officer

1 Description of formation and business

IMC S.A. (the "Parent company") is a limited liability company registered under the laws of Luxembourg on 28 December 2010 for an unlimited period of time. IMC S.A. was formed to serve as the ultimate holding company of Unigrain Holding Limited and its subsidiaries. The registered address of IMC S.A. is L-1468, 16 rue Erasme, Luxembourg, Grand Duchy Luxembourg, its register number within the Registre de Commerce et des Sociétés du Luxembourg is RCS B157843.

IMC S.A. and its subsidiaries (the "Group" or the "IMC") is an integrated agricultural company in Ukraine. The main areas of the Group's activities are:

- cultivation of grain and oilseeds crops;
- storage of grain and oilseeds crops.

The Group is among Ukraine's top-10 agricultural producers. The grain and oilseeds crops produced by the Group are sold in both the Ukrainian and export markets.

All companies comprising the Group were under the control of the same beneficial owner Mr. Petrov O.L. as at all the reporting dates and have effectively operated as an operating group under common management.

The principal activities of the companies comprising the Group are as follows:

Operating entity	Principal activity	Registered office	Year established/ acquired	Cumulative ownership ratio, %	
				31 December 2023	31 December 2022
IMC S.A.	Holding company	Luxembourg	28.12.2010	100	100
Burat-Agro Ltd.	Agricultural production	Ukraine	31.12.2007	100	100
Burat Ltd.	Grain elevator	Ukraine	31.12.2007	-*	100
Chernihiv Industrial Milk Company Ltd.	Agricultural and farming production	Ukraine	31.12.2007	100	100
PrJSC Mlibor	Grain elevator	Ukraine	31.05.2008	74,41	74,41
Unigrain Holding Limited	Subholding company	Cyprus	02.06.2009	100	100
Aristo Eurotrading Limited	Trading company	British Virgin Islands	30.08.2011	100	100
PrJSC "Vyryvske HPP"	Grain elevator	Ukraine	28.12.2011	80,61	80,61
PAC Slobozhanschina Agro	Agricultural production	Ukraine	26.06.2012	100	100
Agroprogress PE	Agricultural production	Ukraine	28.12.2012	100	100
Bobrovitsky Hlebzavod Ltd	Bakery production	Ukraine	28.12.2012	100	100
PrJSC "Bobrovitske HPP"	Grain elevator	Ukraine	28.12.2012	92,83	92,83
Negoce Agricole S.a r.l.	Trading company	Luxembourg	19.11.2013	100	100
AgroKIM Ltd.	Agricultural production, grain elevator	Ukraine	30.12.2013	100	100
Aristo Eurotrading HK Limited	Trading company	Hong Kong	21.06.2019	100	100

*In July 2023 Burat Ltd was joined to Burat-Agro Ltd.

Today IMC is the vertically integrated and high-technology group of companies operating in Sumy, Poltava and Chernihiv region (northern and central Ukraine).

The Group controls 120,3 thousand ha (120,0 thousand ha under processing of high quality arable land). In 2023 the Group operates in two segments - crop farming and elevators and warehouses. As at 31 December 2022 the dairy farming segment was closed.

The financial year of the Group begins on 01 January of each year and terminates on 31 December of each year.

The Group's Consolidated financial statements are public and available at:

http://www.imcagro.com.ua/en/investor-relations/financial-reports.

Stock information about the Company (company code name on WSE: IMCOMPANY (LU0607203980)):

https://www.gpw.pl/company-factsheet?isin=LU0607203980

2 Basis of preparation of the consolidated financial statements

Statement of compliance

These Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union.

These Consolidated financial statements are based on principal accounting policies and critical accounting estimates and judgments that are set out below. These accounting policies and assumptions have been applied consistently to all periods presented in these Consolidated financial statements.

Companies comprising the Group which are incorporated in Ukraine maintain their accounting records in accordance with Ukrainian regulations. Ukrainian statutory accounting principles and procedures differ from those generally accepted under IFRS. Accordingly, the Consolidated financial statements, which have been prepared from the Ukrainian statutory accounting records for the entities of the Group domiciled in Ukraine, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS.

These Consolidated financial statements as at 31 December 2023 prepared in compliance with IFRS as approved by the European Union are approved on behalf of the Group's Board of Directors on 30 April 2024.

Going concern

These Consolidated financial statements have been prepared on a going concern basis, which contemplates the disposal of assets and the settlement of liabilities in the normal course of business. The recoverability of Group's assets, as well as the future operations of the Group, may be significantly affected by the current and future economic environment. Management believes that Group has reliable access to sources of financing capable to support appropriate operating activity of Group entities. These Consolidated financial statements do not include any adjustments should the Group be unable to continue as a going concern. For further information, relating to the going concern, see page 61.

Basis of measurement

The Consolidated financial statements are prepared under historical cost basis except for the revalued amounts of property, plant and equipment, fair values of biological assets and agricultural produce.

Use of estimates

The preparation of these Consolidated financial statements involves the use of reasonable accounting estimates and requires the Management to make judgments in applying the Group's accounting policies. These estimates and assumptions are based on Management's best knowledge of current events, historical experience and other factors that are believed to be reasonable. Note 4 contains areas, related to a high degree of importance or complexity in decision-making, or areas where assumptions and estimates are important for amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period.

Foreign currency translation

The Group's management has decided to present and measure these Consolidated financial statements in United States Dollars ("USD") for the purposes of convenience of users of these Consolidated financial statements.

Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). For the companies of the Group operating in Ukraine the Ukrainian Hryvna ("UAH") is the functional currency. For the companies operating in Cyprus and Luxembourg the functional currency is Euro ("EUR").

These Consolidated financial statements are presented in the thousands of United States Dollars ("USD"), unless otherwise indicated.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The principal exchange rates used in the preparation of these Consolidated financial statements are as follows:

Currency	31 December 2023	Average for the 2023	31 December 2022	Average for the 2022	31 December 2021
UAH/USD	37,9824	36,57504	36,5686	32,36835	27,2782
EUR/USD	1,11	1,08	1,07	1,05	1,13

Translation into presentation currency

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the official rate at the date of the balance sheet;
- income and expenses are translated at average exchange rate for the period, unless fluctuations in exchange rates during that period are significant, in which case income and expenses are translated at the rate on the dates of the transactions;
- all the equity and provision items are translated at the rate on the dates of the transactions;
- all resulting exchange differences are recognized as a separate component of other comprehensive income;
- in the consolidated statement of cash flows cash balances at the beginning and end of each presented period are translated at rates prevailing at corresponding dates. All cash flows are translated at average exchange rates for the periods presented. Exchange differences arising from the translation are presented as the effect of translation into presentation currency.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Financial statements of parent company and its subsidiaries, which are used while preparing the Consolidated financial statements, are prepared as at the same date on the basis of consistent application of accounting policy for all companies of the Group.

3 Summary of material accounting policies

Property, plant and equipment

Property, plant and equipment are stated at their revalued amounts that are the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

If there is no data about the market value of property, plant and equipment due to the nature of highly specialized machinery and equipment, such objects are evaluated according to acquisition expenses under present-day conditions, adjusted by an ageing percentage.

Property, plant and equipment of acquired subsidiaries are initially recognised at their fair value which is based on valuations performed by independent professionally appraisers.

Valuations are performed frequently enough to ensure that the fair value of a remeasured asset does not differ materially from its carrying amount as at reporting date.

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income and accumulated in equity under the line Revaluation reserve. Decreases in the carrying amount as a result of a revaluation are in profit or loss. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decrease related to previous increase of the same asset is recognized against other reserves directly in equity.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings as the asset is used by an entity (in the amount that is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost) and when the asset is derecognized (in the full amount).

Subsequent major costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that these replacements will materially extend the life of property, plant and equipment or result in future economic benefits. The carrying amount of the replaced part is derecognized. All other day-to-day repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment or their essential component are written-off in a case of their disposal or if future economic benefits from use or disposal of such asset are not expected. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the other incomes (expenses) in the consolidated statement of comprehensive income when the asset is derecognized.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated.

Depreciation on assets is calculated using the straight-line method to allocate their revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 15-55 years
- Machinery 5-30 years
- Motor vehicles 5-20 years
- Other assets 5-20 years

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

Land is not depreciated.

Construction in progress comprises costs directly related to the construction of property, plant and equipment, as well as the relevant variable and fixed overhead costs related to the construction. These assets are depreciated from the moment when they are ready for operation.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their 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.

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 recognized in the consolidated statement of comprehensive income in other income (expenses) when the asset is derecognized.

The Group determines whether the useful life of an intangible asset is finite or indefinite.

Useful life of intangible assets is indefinite if the Group suggests that the period during which it is expected that the object of intangible assets will generate net cash inflows to the organization has no foreseeable limit. Intangible assets with indefinite useful lives are not amortized, but reviewed for impairment.

Amortisation of intangible assets is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The following estimated useful lives, which are re-assessed annually, have been determined for classes of finite-lived intangible assets:

- Land lease rights 5-15 years
- Computer software 5 years

Impairment of property, plant and equipment and intangible assets

The carrying amounts of property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of a cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value of an asset less costs to sell and its value in use. Value in use is the net present value of expected future cash flows, discounted on a pre-tax basis, using a rate that reflects current market assessments of the time value of money.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Biological assets

The biological assets are classified as non-current and current depending on the expected pattern of consumption of the economic benefits embodied in the biological assets.

The Group distinguishes the category Current biological assets of plant-breeding.

The Group assesses a biological asset at initial recognition and at each balance sheet date at fair value less costs to sell, except for the cases where the fair value cannot be determined with reasonable assurance.

Gains or losses from movements in the fair value of biological assets less estimated selling and distribution expenses of the Group are recorded in the period they are incurred in the consolidated statement of comprehensive income as Gain (loss) from changes in fair value of biological assets and agricultural produce, net.

The Group capitalizes expenses between the reporting dates into the cost of biological assets.

- Biological assets of plant-breeding
  The capitalized expenses include all the direct costs and overhead costs related to the farming division. Such costs may include the following costs: raw materials (seeds, mineral fertilizers, fuel and other materials), wages and salaries expenses of production personnel and related charges, amortization and depreciation, land lease expenses and other taxes, third parties' services and other expenses related to the cultivation and harvesting of biological assets of plant-breeding.

The expenses on works connected with preparation of the lands for future harvest are included into the Inventories as work-in-progress. After works on seeding on these lands the cost of field preparation is reclassified to biological assets held at fair value.

Agricultural produce

The Group classifies the harvested product of the biological assets as agricultural produce. Agricultural produce is measured at its fair value less costs to sell at the point of harvest. The difference between the cost and fair value less costs to sell at the point of harvest of harvested agricultural produce is recognized in the consolidated statement of comprehensive income as Gain (loss) from changes in fair value of biological assets and agricultural produce, net.

After the initial recognising as at the date of harvesting agricultural produce is treated as inventories. Agricultural produce measurement as at the date of harvest becomes inventories' cost to account.

Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of agriculture produce is its fair value less costs to sell at the point of harvesting.

The cost of work in progress and finished goods includes costs of direct materials and labor and other direct productions costs and related production overheads (based on normal operating capacity). Costs are capitalized in work in progress for preparing and treating land prior to seeding in the next period. Work in progress is transferred to biological assets once the land is seeded.

The cost of inventories is assigned by using FIFO method.

Net realizable 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.

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realizable value has declined, and makes an allowance for such inventories. If such situation occurred, the sum remissive the cost of inventories should be reflected as a part of other expenses in consolidated statement of comprehensive income.

Financial instruments

Financial assets and financial liabilities are regognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition for the items not measured at Fair Value through Profit or Loss (FVTPL). Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized on a trade date basis.

All recognized financial assets are measured subsequently in their entirety at their amortised cost or fair value, depending on the classification of the financial assets.

The Group's financial assets include cash and cash equivalents, trade receivables and other receivables and are classified as Financial assets at amortised cost.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The Group recognises a loss allowance for expected credit losses on financial assets and updates the allowance at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of comprehensive income.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

The Group's financial liabilities include trade payables and other payables, loans and borrowings, which are classified as Financial liabilities at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discount estimated future cash payments (including all fees and points or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group derecognises a financial liability only when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the sum of the consideration paid and payable is recognised in consolidated statement of comprehensive income.

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

Prepayments and other non-financial assets

Prepayments are reflected at nominal value less VAT and accumulated impairment losses, other non-financial assets are reflected at nominal value less accumulated impairment losses.

Prepayments are classified as non-current assets when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition.

If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised as a part of other expenses in Consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in bank and cash in hand, call deposits.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

<u>Group as a lessor</u>

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Taxation

- Income tax
  Income tax expense represents the amount of the tax currently payable and deferred tax.
  Income tax expenses are recorded as expenses or income in the consolidated statement of comprehensive income, except when they relate to items directly attributable to other comprehensive income (in which case the amount of tax is taken to other comprehensive income), or when they arise at initial recognition of company acquisition.
  i. Current income tax
     Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.
  ii. Deferred income tax
     Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
     Deferred tax liabilities are recognized for all taxable temporary differences, except:
     - where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
     - in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
     Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
     - where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
     - in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
     The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
     Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
     Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
- Single tax 4th group (previously Fixed agricultural tax)
  According to effective legislation, the Ukrainian consolidated companies of the Group involved in production, processing and sale of agricultural products may opt for paying single tax 4th group in lieu of income tax, land tax and some other local taxes if the revenues from sale of their own agricultural products constitute not less than 75% of their total (gross) revenues. The single tax 4th group is assessed at 0,95% on the deemed value of the land plots owned or leased by the entity (0,95% in 2022). As at 31 December 2023, 5 of the companies comprising the Group were elected to pay single tax 4th group (2022: 5).

- Value added tax (VAT)
  VAT output equals to the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a 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 a reporting period. Rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received.
  Revenue, expenses and assets are recognized less VAT amount, except cases, when VAT arising on purchases of assets or services, is not recoverable by tax authority; in this case VAT is recognized as part of purchase costs or part of item of expenses respectively. Net amount of VAT, recoverable by tax authority or paid, is included into accounts receivable and payable, reflected in consolidated statement of financial position.
- Other taxes payable
  Other taxes payable comprise liabilities for taxes other than above, accrued in accordance with legislation enacted or substantively enacted by the end of the reporting period.

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. A five-step model is established to account for revenue from contracts with customers.

The Group performed an analysis of five-step model as follows:

- the Group concludes contract with the customers in written form, where the parties and each party's rights are mentioned, all conditions relating goods or services, payments and delivery are described.

- the Group is in the business of crops cultivation, dairy farming and providing storage and processing services. Crops and services are sold on their own in separate identified contracts with customers. So the sale of crops and dairy farming products or providing of services is the only performance obligation in contracts with customers.

- the Group receives only short-term advances from its clients and they are presented as a part of Other current liabilities and accrued expenses. The contracts do not contain any variable considerations or warranty obligations. The transaction price is clearly stated in the contract.

- finished products and services transferred to customers at a point in time.

Therefore, the Group recognizes revenue as follows:

- Sales of goods
  Revenue from sales of goods is recognised when a performance obligation is satisfied or when the customer obtains control of the goods. If the Group agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point. The Group uses standardised INCOTERMS which define the point of risks and reward transfers.
- Rendering of services
  Revenue from rendering services is recognized at the moment of transfer to the customer control over the product or service.

Government grants

Governmet grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant related to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

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 amount of the obligation.

Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements. The Group discloses information about contingent liabilities in the Notes to the consolidated financial statements if any, except for the cases where fulfillment of contingent liabilities is unlikely; because of the remoteness of the event (possible repayment period is more than 12 months).

The Group constantly analyzes contingent liabilities to determine the possibility of their repayment. If the repayment of a liability, which was previously characterized as contingent, becomes probable, the Group records the provision for the period in which repayment of the obligation has become probable.

Contingent assets are not recognized in the consolidated financial statements, but disclosed in the Notes where there is a reasonable possibility of future economic benefits.

Share capital

Ordinary shares issued are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction. Any excess of the fair value of consideration received over the par value of shares issued is presented in consolidated financial statements as Share premium.

Dividends

Dividends are recognized as a liability and deducted from shareholders' equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the Consolidated financial statements are authorized for issue.

Share based payment

Management Incentive Plan defined an option for a Management to purchase the Group's new shares under the subscription price. The issue of these new shares has an impact on Equity – it increases the line Share capital in the amount of subscription and the line Share premium in the amount that quoted share price exceeds subscription price. The expenses arising from share-based payment transactions are recognized as services received and included in Wages and salaries and related charges of administrative personnel of the period in a full amount.

Earnings per share

Earnings per share are determined by dividing the net profit or loss attributable to the owners of Parent company by the weighted average number of shares outstanding during the reporting period.

Income from the exchange of property certificates

When the items of property, plant and equipment are acquired in exchange for non-cash asset (property certificate), the initial value of such assets is estimated at fair value. The difference between the price paid for property certificates and the fair value of received items of property, plant and equipment is recognized as income in the period of the exchange operation.

Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

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 capitalized as part of the cost of the respective assets. Investment income resulting from temporary investment of received borrowing costs, until their expensing for the purchase of capital construction objects, shall be deducted from the cost of raising borrowing costs that may be capitalized.

All other borrowing costs are expensed in the period they occur.

4 Critical accounting estimates and judgments

The preparation of the Group's Consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Used estimates and assumptions are reviewed by the Management of the Group on a continuous basis, by reference to past experiences, current trends and all available information that is relevant at the time of preparation of consolidated financial statements. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the revision and subsequent periods, if both periods are affected.

In the process of applying the Group's accounting policies, Management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts reflected in the consolidated financial statements.

Fair value measurement

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. The principal or the most advantageous market must be accessible to the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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.

<u>Fair value of property, plant and equipment</u>

The Group engages an independent appraiser to determine the fair value of property, plant and equipment on a regular basis.

The assessment is conducted in accordance with International Valuation Standards for property. The assessment procedure is carried out for all groups of property, plant and equipment. The fair value of items of property, plant and equipment is estimated on the basis of comparative and cost plus approaches.

The comparative approach is based on an analysis of sales prices and offers of similar items of property, plant and equipment, taking into account the appropriate adjustments for differences between the objects of comparison and assessment item. Based on the application of this approach, the fair value of property, plant and equipment is determined on the basis of their market value.

The cost approach involves the definition of present value of costs of reconstruction or replacement of the assessment item with their further adjustment by the depreciation (impairment) amount. Based on the application of this approach, the fair value of certain items of property, plant and equipment is determined in the amount of the replacement of these items. The cost plus method is adjusted by the income method data, which is based on the discounted cash flow model.

This model is most sensitive to the discount rate, as well as to the expected cash flows and growth rates used for the extrapolation purposes. Judgments of the Group in determining the indices used in the appraisers' calculations may have a significant effect on the determination of fair value of property, plant and equipment, and hence on their carrying amount.

The fair value of property, plant and equipment of all the Group's companies has been measured as at 31 December 2023 by an independent appraiser LLC "Asset Expertise" (ODS Certificate No.548/2022 as of 14 November 2022 issued by State Property Fund of Ukraine).

Fair value of biological assets

Due to an absence of an active market for current biological assets of plants-breeding in Ukraine, to determine the fair value of these biological assets, the Group used the discounted value of net cash flows expected from assets as at reporting date. Discounted value of net cash flows is estimated at year-end based on the planted hectares and various assumptions, including estimated market price at the time of harvest, yield, costs to complete, costs to sell and discount rate.

Fair value of agricultural produce

The Group estimates the fair value of agricultural produce at the date of harvesting using the prices observed on the market from an independent source. Costs to sell at the point of harvest are estimated based on expected future selling costs that depend on conditions of sales agreements. The fair value less costs to sell becomes the carrying value of inventories at the date of harvesting.

Fair value of financial instruments

The fair value of financial assets and liabilities is determined by applying various valuation methodologies. Management uses its judgment to make assumptions based on market conditions existing at each balance sheet date. Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. Management uses discounted cash flow analysis for various loans and receivables as well as debt instruments that are not traded in active markets. The effective interest rate is determined by reference to the interest rates of instruments available to the Group in active markets. In the absence of such instruments, the effective interest rate is determined by reference to the interest rates of active market instruments available adjusted for the Group's specific risk premium estimated by management.

Useful lives of property, plant and equipment

Items of property, plant and equipment owned by the Group are depreciated using the straight-line method over their useful lives, which are calculated in accordance with business plans and operating calculations of the Group's Management with respect to those assets.

The estimated useful life and residual value of non-current assets are influenced by the rate of exploitation of assets, servicing technologies, changes in legislation, unforeseen operational circumstances. The Group's management periodically reviews the applicable useful lives. This analysis is based on the current technical condition of assets and the expected period in which they will generate economic benefits to the Group.

Any of the above factors may affect the future rates of depreciation, as well as carrying and residual value of property, plant and equipment.

There were no changes in accounting estimates of remaining useful lives of items of property, plant and equipment during Y2023.

But as at 31 December 2023 an independent valuation of the Group's land, buildings, machinery and vehicles was performed in accordance with International Valuation Standards by an independent appraiser LLC "Asset Expertise" (ODS Certificate No.548/2022 as of 14 November 2022 issued by State Property Fund of Ukraine). In the process of preparing data for the appraiser, a lot of information was collected regarding the current technical condition of assets. The engineers of each department in each cluster of the Group collected data on repairs and upgrades carried out, about methods of using of assets, analyzed the available information on plans for these assets. Also the analysis of existence of the facts of increased wear of structures, malfunctions, intensive or inadequate operating conditions and storage conditions was carried out. This work was carried out jointly with appraisers, who also expressed their opinion on the recommended remaining useful life terms for the fixed assets in the context of each object that was included in the assessment.

As a result of this work, a large amount of new information was obtained with respect to the existing assets, that became the basis for the revision of the fixed assets remaining useful life terms as at 31 December 2023. The Group's management believes that the newly applied estimates to the terms of use of PPE reflect in the best way both the technical condition of the assets and the consumption of the benefits from their use.

Impairment of property, plant and equipment and intangible assets

An impairment review is conducted at the balance sheet date. To test property, plant and equipment and intangible assets for impairment, the Group's business is treated as two cash generating units: farming division and storage and processing. The recoverable amount of the cash-generating unit is determined on the basis of value in use. The amount of value in use for the cash-generating unit is determined on the basis of the most recent budget estimates prepared by management and application of the income approach of valuation.

Inventories

As at the reporting date the Group assesses the need to reduce the carrying amount of inventories to their net realizable value. The measurement of impairment is based on the analysis of market prices for similar inventories existing at the reporting date and published in official sources. Such assessments can have a significant impact on the carrying amount of inventories.

Besides, at each balance sheet date, the Group assesses inventories for surplus and obsolescence and determines the allowance for obsolete and slow moving inventories. Changes in assessment can influence the amount of required allowance for obsolete and slow moving inventories either positively or negatively.

At the reporting date the item Work-in-progress includes expenses on works connected with preparation of the lands for the future harvest obtained from the biological assets of plant growing. The cost of work in progress includes costs of direct materials and labor and other direct productions costs and related production overheads (based on normal operating capacity). Costs allocation to Work-in-progress includes a number of judgments of management based on the recommendations of scientific sources and agronomic calculations of the internal services of the Group.

Inventories as at the year-end are an estimate resulting in a surplus/decrease in inventories when stock take is performed in subsequent year.

Inventory balances at the reporting dates are confirmed by inventories. But the amount of grain at the elevators and the method of its storage do not allow weighing of the whole grain at the time of the inventory. Therefore, enterprises use other methods for determining the amount of grain at the elevator.

The method consists in the following:

- there is passport data of the volume of silo storage tanks
- the commission inventories each tank and determines the volume filled with grain
- there is an indicator "nature of grain", i.e. its weight in 1 liter
- the volume of grain is multiplied by its nature and the amount of grain in kg is obtained

But in fact, deviations are possible due to permissible errors in grain moisture, which resulting in a surplus/decrease in inventories when stock take is performed in subsequent year during the cleaning of the elevator.

Provision for expected credit losses

The Group uses a provision matrix to calculate expected credit losses for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment of non-financial assets

Management assesses whether there are any indicators of possible impairment of non-financial assets at each reporting date. If any events or changes in circumstances indicate that the current value of the assets may not be recoverable or the assets, goods or services relating to a prepayment will not be received, the Group estimates the recoverable amount of assets. If there is objective evidence that the Group is not able to collect all amounts due to the original terms of the agreement, the corresponding amount of the asset is reduced directly by the impairment loss in the consolidated statement of comprehensive income. Subsequent and unforeseen changes in assumptions and estimates used in testing for impairment may lead to the result different from the one presented in the consolidated financial statements.

Taxation

The Group mostly operates in the Ukrainian tax jurisdiction. The Group's management must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for direct and indirect taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

As a result of unstable economic situation in Ukraine, tax authorities in Ukraine pay more and more attention to the business cycles. In connection with it, tax laws in Ukraine are subject to frequent changes. Furthermore, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and norms may lead to serious fines and penalties accruals.

Management at every reporting period reassessed the Group's uncertain tax positions. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting period and any known Court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the reporting period.

The Group considers that it operates in compliance with tax laws of Ukraine.

The Group also operates in Luxembourg, Cyprus and British Virgin Islands tax juristactions and are in compliance with local tax laws.

Legal proceedings

The Group's Management makes significant assumptions in estimation and reflection of the risk of exposure to contingent liabilities related to current legal proceedings and other unliquidated claims, as well as other contingent liabilities. Management's judgments are required in assessing the possibility of a secured claim against the Group or material obligations, as well as in determining probable amounts of final payment or obligations. Due to the uncertainties inherent in the evaluation process, actual expenses may differ from the initial calculations.

These preliminary estimates are subject to changes as new information becomes available from the Group's internal specialists, if any, or from third parties, such as lawyers. Revisions of such estimates may have a significant impact on future operating results.

Operating environment and going concern

Operating environment

Despite the war and continued Russian attacks on critical infrastructure facilities, in 2023 Ukraine's economy began to gradually recover.

In 2023, the real GDP of Ukraine grew, according to various estimates, by 5-5.5%. This is a recovery growth after a sharp decline of 30.4% in 2022. Despite the recovery, GDP is still about a quarter smaller than in 2021.

Inflation at the end of 2023 decreased to 5.1% in annual terms, while a year ago its value reached 26.6%.

Ukraine entered 2023 with the official exchange rate fixed at 36.6 UAH/USD, which was maintained by the NBU for most of the year. Since October, the National Bank switched to a managed flexibility regime, but due to the significant volume of currency interventions, exchange rate fluctuations were not significant and the average annual official exchange rate remained at the level of 36.6 UAH/USD, although at the end of the year the exchange rate increased to 38 UAH/USD. Overall, the banking system remains stable, sufficiently capitalized, liquid and profitable.

In 2023, Ukraine continued to receive foreign financial aid — more than in 2022 (USD 42.5 billion in 2023 versus USD 31.1 billion in 2022), and more regularly and predictably. Aid mostly came in the form of loans (63% of all financial aid) rather than grants; but these loans were very preferential and necessary for Ukraine, as they allowed to finance important budgetary needs already today. Foreign aid covered 71% of the needs of the state budget, the rest was financed mostly through the issuance of government bonds.

Thanks to foreign financial assistance, foreign exchange reserves in 2023 reached historically record levels of USD 40.5 billion. A high level of reserves is a kind of safety cushion in case of interruptions with further aid flows.

In 2023, Ukraine created its own Ukrainian maritime corridor to the Black Sea ports of Odesa region after Russia stopped fulfilling its agreements under the Grain Agreement (signed on 22 July 2022 in Istanbul). This made it possible to gradually increase not only the export of grain, but also to restore the sea export of other goods, as well as to renew the sea import.

Going concern

Ukraine continues to face the ongoing full-scale Russian invasion since 24 February 2022, with significant war operations in the south and east of the country and drone and rocket attacks against civilian infrastructure throughout the whole territory of Ukraine. War affected the economic and social life of the country and posed a number of operational issues for the Company. At the time of publication of this Report the war is ongoing and the significant general uncertainties inherent to the continued war exist.

The Group's management has analyzed the observable impact of the War on its business as described below, but not limited to:

- As of 31 December 31 2023, 94 employees of IMC are currently serving in the Armed Forces of Ukraine. All our enterprises have received the status of critically important enterprises for the functioning of the economy and ensuring the livelihood of the population in a special period. During 2023 more than 500 employees have had official deferment from service to perform their official duties. The Group does not have a labor shortage and has managed to retain its staff. All of the staff at the enterprises returned to work in the office or in production.
- No critical assets preventing the Group to continue operations are damaged or located in the uncontrolled territories. All of the Group's inventories are in good condition and are in safe storage.
- It was sown 100% of the land bank in 2023 (73% in 2022). The structure of crops was changed in the direction of decreasing areas under corn in favor of sunflower and wheat in 2023 - corn 40%, sunflower 28%, wheat 27% (58%, 22% and 18% in 2022 respectively).
- There was temporary instability of work of the Group due to electricity outages in Ukraine caused by Russia's attacks on Ukrainian power generation and distribution infrastructure. In order to avoid downtime, the companies of the Group were provided with heat and power units.
- In July 2023 Russia terminated The Black Sea Grain Initiative ("Grain deal"), that has led to the temporary suspension of shipping routes for the export of grain from Ukraine. However, from the second half of August 2023 the temporary humanitarian Black Sea corridor started to operate with no regular schedule, and with vessels moving whenever the security conditions allow. The Group successfully exports through the Black Sea corridor and also uses alternative logistics routes.
- To ensure the necessary financing of the Group in 2023, the management was actively negotiated with banks. As a result, the volume of short-term loans aimed at replenishing working capital remained almost at the previous level, while new long-term investment loans were attracted. All loan payments, both interest repayments and principal payments, are made according to the schedules approved by the contracts. The Group has committed to comply with loans covenants. As at 31 December 2023 some of covenants on long-term loans for total amount USD 17 847 thousand was violated by the Group. The Group received from the banks waiver of rights to require compliance with the breached covenant as at 31 December 2023, but after the end of reporting period. As a result, the laons in full amount was reclassified as current portion of long-term loans.

In response to abovementioned impacts, the Group has taken the following actions:

- The safety and well-being of our employees have been the utmost priority amid military actions in Ukraine resulting from russia's invasion. IMC has been providing extensive support to its employees. The business processes have been reorganized to adjust to the existing challenges and to provide continuity to the Group's activities.
- It is planned to sow all 100% of the land. For the 2024 season, the traditional group seeding structure has returned - corn 60%, sunflower 22%, wheat 18% (corn 40%, sunflower 28%, wheat 27% for 2023).
- To reduce the risk of loss of stocks from destruction due to missile attacks, stocks are placed in different regions and different locations. To reduce the risk of damage of stocks from long-term storage, alternative shipping routes are being developed to prevent accumulation of stocks in warehouses, and plastic sleeves are used for storing crops in order to ensure the most correct storage conditions outside the elevator.
- The Group successfully exports through the Black Sea corridor and also uses alternative logistics routes - by rail across the western borders of Ukraine and river navigation through the Danube. To strengthen logistical autonomy, a fleet of grain trucks was purchased, which will help improve operational efficiency and increase IMC's export capabilities.
- The Group is fully provided with agricultural materials for the upcoming sowing season 2024, as well as machineries for the field works.
- The Group has sufficient working capital and access to financing. The Group has balanced proportions between the volume of renewable short-term credit lines and long-term investment programs.

- The Group is fully compliant with all sanction's rules and regulations against Russia and Belarus. IMC does not cooperate with any company, organization or bank that cooperates or has any business relations with companies, organizations or banks in Russia and Belarus.
- The Group's companies continue to pay all taxes required by law and to comply with all business rules, regardless of martial law.

Management prepared Groups budget for the next 12 months with the following assumptions:

- the impact of the war on business will continue for the next 12 months;
- further development of the war will not severely affect the Group's assets;
- all of the Group's assets remain safe and in good condition;
- spring sowing and harvesting campaigns will be successful;
- repayment of the loans principal occurs according to the terms;
- availability of sea export routes via Black Sea;
- availability of railway and transport infrastructure within the country.

Based on these forecasts, Management concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis. However, due to the currently unpredictable effects of the ongoing War on the significant assumptions underlying forecasts, Management concluded that a material uncertainty exists, which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

5 New and amended standards and interpretations

Applying of new standards

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's consolidated financial statements.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

Issued but not yet effective standards

At the date of authorization of these Consolidated financial statements the following interpretations and amendments to the Standards, were in issue but not yet effective:

Standards and Interpretations	Effective for annual period beginning on or after
IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)	1 January 2024
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	1 January 2024
IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments (Disclosures – Supplier Finance Arrangements)	1 January 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendment – Lack of Exchangeability)	1 January 2025

The management does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

(in thousand USD, unless otherwise stated)

6 Revenue

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Revenue from sales of finished products	a	139 233	113 929
Revenue from services rendered	b	220	105
		139 453	**114 034**

Disaggregation of revenue from contracts with customers

The Group presented disaggregated revenue based on the type of finished products (a) and services provided to customers (b), the type of customers (c) and the timing of transfer of goods and services (d).

a) Revenue from sales of finished products was as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Corn	99 522	77 474
Sunflower	17 062	23 868
Wheat	22 059	11 340
Milk	-	317
Cattle	-	597
Other	590	333
	139 233	**113 929**

b) Revenue from services rendered was as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Transport	123	54
Storage	67	20
Other	30	31
	220	**105**

c) Revenue by the type of customers was as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Export	95 190	82 990
Domestic	44 263	31 044
	139 453	**114 034**

d) All finished products and services transferred to customers at a point in time.

(in thousand USD, unless otherwise stated)

7 Gain from changes in fair value of biological assets and agricultural produce, net

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Agricultural produce	23	15 132	27 634
Current biological assets	23		
- Animal-breeding		-	(348)
- Plant-breeding		110	19 736
Non-current biological assets	21		
- Animal-breeding		-	(889)
		15 242	**46 133**

8 Cost of sales

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Raw materials	a	(94 877)	(85 583)
Change in inventories and work-in-progress	b	23 064	25 866
Depreciation and amortization	13	(16 003)	(18 651)
Wages and salaries of operating personnel and related charges	14	(13 546)	(10 085)
Fuel and energy supply		(19 487)	(14 156)
Third parties' services		(7 689)	(2 766)
Rent		(2 767)	(866)
Repairs and maintenance		(521)	(460)
Taxes and other statutory charges		(802)	(895)
Other expenses		(82)	(68)
		(132 710)	**(107 664)**

a) Raw materials for the year ended 31 December 2023 include disposal of the gain recorded on initial recognition of realized agriculture produce and biological assets (both of current and non-current) in the amount of USD 47 945 thousand (USD 53 365 thousand for the year ended 31 December 2022).

b) Change in inventories and work-in-progress comprises changes in work-in-progress, agricultural produce and current biological assets.

9 Administrative expenses

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Wages and salaries of administrative personnel and related charges	14	(7 612)	(14 716)
Depreciation and amortisation	13	(500)	(527)
Professional services	a	(518)	(487)
Third parties' services		(97)	(234)
Bank services		(227)	(218)
Repairs and maintenance		(135)	(119)
Transport expenses		(271)	(249)
Other expenses		(306)	(328)
		(9 666)	**(16 878)**

(in thousand USD, unless otherwise stated)

a) Professional services include the following audit and related fees:

	Crowe		BDO	
	For the year ended 31 December 2023	**For the year ended 31 December 2022**	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
Audit fees	140	40	47	101
Audit related fees	20	-	23	20
Tax fees	-	-	7	3
	160	**40**	**77**	**124**

10 Selling and distribution expenses

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Forwarding services		(20 909)	(17 701)
Delivery costs		(2 559)	(658)
Wages and salaries of sales personnel and related charges	14	(258)	(200)
Depreciation	13	(53)	(139)
Other expenses		(215)	(131)
		(23 994)	**(18 829)**

11 Other operating income

	For the year ended 31 December 2023	For the year ended 31 December 2022
Income from write-offs of accounts payable	153	193
Gain on recovery of assets previously written off	20	11
Gain on disposal of PPE	204	157
Gain on disposal of inventories	157	-
Effect of modification of right-of-use assets	668	315
Other income	242	367
	1 444	**1 043**

(in thousand USD, unless otherwise stated)

12 Other operating expenses

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Depreciation	13	(214)	(212)
Charity		(301)	(589)
Wages and salaries of non-operating personnel and related charges	14	(6)	(6)
Shortages and losses due to impairment of inventories		(2 512)	(51)
Write-offs of VAT		(31)	(24)
Allowance for doubtful accounts receivable	26	(91)	(51)
Loss on disposal of inventories		-	(47)
Other expenses		(168)	(163)
		(3 323)	**(1 143)**

13 Depreciation and amortisation

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Depreciation			
Cost of sales	8	(15 909)	(18 415)
Other operating expenses	9	(214)	(212)
Administrative expenses	10	(492)	(387)
Selling and distribution expenses	12	(53)	(139)
		(16 668)	**(19 153)**
Amortisation			
Cost of sales	8	(94)	(236)
Administrative expenses	10	(8)	(140)
		(102)	**(376)**
		(16 770)	**(19 529)**

14 Wages and salaries expenses

	For the year ended 31 December 2023	For the year ended 31 December 2022
Wages and salaries	(17 969)	(22 179)
Related charges	(3 453)	(2 828)
	(21 422)	**(25 007)**

The average number of employees, persons	1 725	1 681
Remuneration of management	1 320	9 090

(in thousand USD, unless otherwise stated)

The distribution of wages and salaries and related charges was as follows:

	Note	For the year ended 31 December 2023		For the year ended 31 December 2022	
		Wages and salaries and related charges, thousand USD	**Average number of employees, persons**	**Wages and salaries and related charges, thousand USD**	**Average number of employees, persons**
Operating personnel	8	(13 546)	1 212	(10 085)	1 182
Administrative personnel	9	(7 612)	495	(14 716)	481
Sales personnel	10	(258)	16	(200)	16
Non-operating personnel	12	(6)	2	(6)	2
		(21 422)	**1 725**	**(25 007)**	**1 681**

Wages and salaries and related charges of administrative personnel for the year ended 31 December 2022 contains the amount USD 7 893 thousand related to the purchase option according to the Management Incentive Plan (see Note 28).

15 Financial expenses, net

	For the year ended 31 December 2023	For the year ended 31 December 2022
Interest income on bank deposits	1 218	811
Interest expenses on loans and borrowings	(2 110)	(1 381)
Other expenses	(218)	(88)
	(1 110)	**(658)**

16 Foreign currency exchange gain/(loss), net

As at 31 December 2023 Ukrainian Hryvnia devaluated against the USD compared 31 December 2022 by 3,9% (34,1% of devaluation as at 31 December 2022 compared 31 December 2021), 13,0% of devaluation for the average rate 2023/2022 in comparison with 18,6% of devaluation for the average rate 2022/2021. During the 2023 the Group recognised net foreign exchange loss in the amount of USD 1 185 thousand and USD 10 327 thousand of net loss for the 2022 (relates mostly to the revaluation of loans) in the Consolidated statement of comprehensive income.

(in thousand USD, unless otherwise stated)

17 Income tax expenses and deferred tax liabilities

The corporate income tax rate for the year ended 31 December 2023 was: 18% in Ukraine, 12,5% in Cyprus, 24,94% in Luxemburg.

The components of income tax expenses were as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Current income tax	(44)	(607)
Deferred tax	94	55
	50	**(552)**
Consolidated statement of other comprehensive income		
Deferred tax related to item charged or credit directly to other comprehensive income during year:		
Net gain on revaluation of property, plant and equipment	(613)	156

The deferred tax liabilities were as follows:

	Property, plant and equipment
31 December 2021	**(2 895)**
Income tax benefit (expenses) for the period recognized in profit or loss	55
Income tax benefit (expenses) for the period recognized in other comprehensive income	156
Effect of foreign currency translation	711
31 December 2022	**(1 973)**
31 December 2022	**(1 973)**
Income tax benefit (expenses) for the period recognized in profit or loss	94
Income tax benefit (expenses) for the period recognized in other comprehensive income	(613)
Effect of foreign currency translation	58
31 December 2023	**(2 434)**

No deferred tax asset has been set up on loss carry forwards of some enetities of the Group, as there are not sufficient profits foreseen on these entities to justify the set up of deferred tax assets.

Reconciliation between tax expenses and the accounting value multiplied by tax rate was as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Profit before tax from continuing operations	(21 080)	(569)
Income tax expenses at Ukrainian statutory tax rate	-	-
Effect of income tax that exempt from taxation (companies non-payers of income tax)		1 017
Effect of different tax rates of foreign jurisdictions	99	834
Non-taxable (expense)/income, net	(49)	(1 832)
Withholding tax	-	(571)
Income tax	50	(552)

(in thousand USD, unless otherwise stated)

18 Property, plant and equipment (PPE)

	Land and buildings	Machinery	Motor vehicles	Other	Construction in progress	Total
INITIAL COST						
31 December 2021	**59 096**	**41 987**	**20 957**	**311**	**140**	**122 491**
Additions	99	2 675	2 016	18	62	4 870
Disposals	(1 149)	(831)	(561)	(6)	-	(2 547)
Transfer	82	5	-	-	(87)	-
Effect from translation into presentation currency	(14 904)	(10 879)	(5 491)	(80)	(32)	(31 386)
31 December 2022	**43 224**	**32 957**	**16 921**	**243**	**83**	**93 428**
31 December 2022	**43 224**	**32 957**	**16 921**	**243**	**83**	**93 428**
Additions	79	4 051	12 582	8	83	16 803
Disposals	(777)	(1 352)	(898)	(9)	-	(3 036)
Revaluation	9 239	5 593	2 624	-	-	17 456
Reversal of impairment	237	132	21	-	-	390
Impairment	(87)	(28)	(69)	-	-	(184)
Elimination of depreciation	41 605	23 888	5 002	-	-	70 495
Effect from translation into presentation currency	(1 589)	(1 331)	(1 061)	(9)	(6)	(3 996)
31 December 2023	**91 931**	**63 910**	**35 122**	**233**	**160**	**191 356**
ACCUMULATED DEPRECIATION						
31 December 2021	**(20 012)**	**(24 713)**	**(13 545)**	**(93)**	**-**	**(58 363)**
Depreciation for the period	(1 629)	(2 920)	(1 920)	(40)	-	(6 509)
Disposals	889	747	544	1	-	2 181
Effect from translation into presentation currency	5 170	6 529	3 599	28	-	15 326
31 December 2022	**(15 582)**	**(20 357)**	**(11 322)**	**(104)**	**-**	**(47 365)**
31 December 2022	**(15 582)**	**(20 357)**	**(11 322)**	**(104)**	**-**	**(47 365)**
Depreciation for the period	(1 447)	(2 471)	(1 784)	(37)	-	(5 739)
Disposals	755	1 049	819	6	-	2 629
Elimination of depreciation	(41 605)	(23 888)	(5 002)	-	-	(70 495)
Effect from translation into presentation currency	608	809	457	5	-	1 879
31 December 2023	**(57 271)**	**(44 858)**	**(16 832)**	**(130)**	**-**	**(119 091)**
Net book value						
31 December 2021	**39 084**	**17 274**	**7 412**	**218**	**140**	**64 128**
31 December 2022	**27 642**	**12 600**	**5 599**	**139**	**83**	**46 063**
31 December 2023	**34 660**	**19 052**	**18 290**	**103**	**160**	**72 265**

(in thousand USD, unless otherwise stated)

As at 31 December 2023 an independent valuation of the Group's land, buildings, Machinery and vehicles was performed in accordance with International Valuation Standards by an independent appraiser LLC "Asset Expertise" (ODS Certificate No. 548/2022 as of 14 November 2022 issued by State Property Fund of Ukraine).

PPE are measured within level 3 of the fair value hierarchy. Most buildings and constructions were valued using cost approach. Other items of PPE were valued using the market approach. Market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

Cost approach either determines the cost to construct the assets in their present state and considers their remaining useful life or identifies fair value as a depreciated replacement cost. Cost approach was used only in the cases where there was no possibility to use market approach.

The following factors were considered in determining the fair values of buildings under the depreciated replacement cost approach:

• the cost to construct the asset is based on the cost of the necessary materials and construction work as at the date of valuation;
• expected usage of the asset is assessed by reference to the asset's expected capacity or physical output;
• technical or commercial obsolescence arising from changes or improvements in production for the product or service output of the asset as well as physical deterioration.

Impairment test

As at 31 December 2023 and 31 December 2022 impairment tests were conducted, according to the results of the tests impairment of PPE was not identified.

As at 31 December 2022 an impairment review was conducted by the management of the Group.

As at 31 December 2023, impairment test was performed by an independent appraiser, since impairment test is an integral part of valuation of property, plant and equipment wherein used the depreciated replacement cost method.

Impairment testing was performed based on value in-use calculation using the DCF method. Cash flow projection is based on the long-term budget approved by management of the Group.

The key assumptions used for impairment testing are: discount rates, selling prices, amounts of revenue, cost of production, expenses, production and sales volumes. Discount rates were estimated based on weighted average cost of capital and comprised 30,46% (2022 – 26,8%).

Production volume was estimated based on current production level; potential increase in land and crop yields is not taken into account. Cost of production was estimated based on current actual cost of production inflated by expected level of inflation, taking into account higher inflation levels for costs directly or indirectly pegged to USD (such as gas). When determining selling prices, the Group analyzed available forecasts for export and domestic markets, including forecasted supply and demand.

If PPE were measured at cost their book value would be the following:

	Land and buildings	Machinery	Motor vehicles	Other	Construction in progress	Total
Net book value						
31 December 2021	10 144	13 561	6 762	218	140	**30 825**
31 December 2022	7 895	10 579	5 044	139	83	**23 740**
31 December 2023	6 265	11 414	15 179	103	160	**33 121**

Capitalized cost

There were no borrowing costs capitalized as a part of costs of property, plant and equipment during the year ended 31 December 2023 and 2022.

(in thousand USD, unless otherwise stated)

Assets under construction

Included in property, plant and equipment as at 31 December 2023 was an amount of USD 160 thousand (USD 83 thousand as at 31 December 2022) relating to expenditure for property, plant and equipment in the course of construction.

Capital commitments

As at 31 December 2023 the Group had capital commitments in the amount of USD 5 200 thousand (USD 307 thousand as at 31 December 2022).

Pledged PPE

The amount of property, plant and equipment pledged to secure bank loans was as follows:

	31 December 2023	31 December 2022
Land and buildings	26 687	18 142
Machinery	7 677	6 616
Motor vehicles	5 863	3 444
Other	5	6
	40 232	**28 208**

19 Right-of-use assets

Amounts recognised in the consolidated statements of financial position:

	31 December 2023	31 December 2022
Right-of-use assets		
Land	105 840	116 165
Office	19	135
Machinery	1 116	2 668
	106 975	**118 968**
Lease liabilities as to right-of-use assets		
Long-term	**99 188**	**109 892**
Land	98 852	108 301
Office	-	26
Machinery	336	1 565
Current portion	**12 931**	**15 325**
Land	11 510	13 832
Office	27	157
Machinery	1 394	1 336
	112 119	**125 217**

(in thousand USD, unless otherwise stated)

Amounts recognised in the consolidated statements of comprehensive income:

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Depreciation of right-of-use assets			
Land	8	(9 307)	(10 287)
Office	9	(115)	(130)
Machinery	8	(1 507)	(2 357)
		(10 929)	**(12 774)**
Financial effect of lease of right-of-use assets		(5 396)	(6 264)

If IFRS 16 was not applied, the amount of land rent expense to be accrued according to the terms of the lease agreements for the year ended 31 December 2023 would be USD 12 459 thousand (USD 14 441 thousand for the year ended 31 December 2022).

Following changes took place in the right-of-use assets:

	Land	Office	Machinery	Total
Net book value as at 31 December 2021	**161 906**	**335**	**6 373**	**168 614**
Cost as at 31 December 2021	177 355	451	12 432	190 238
Accumulated depreciation as at 31 December 2021	(15 448)	(116)	(6 059)	(21 624)
Additions	9 471	-	-	9 471
Depreciation	(10 287)	(130)	(2 357)	(12 774)
Disposals	(4 389)	-	-	(4 389)
Cost disposals	(5 750)	-	-	(5 750)
Accumulated depreciation disposals	1 361	-	-	1 361
Effect from translation into presentation currency	(40 536)	(70)	(1 348)	(41 954)
Cost as at 31 December 2022	135 591	336	9 274	145 201
Accumulated depreciation as at 31 December 2022	(19 426)	(201)	(6 606)	(26 233)
Net book value as at 31 December 2022	**116 165**	**135**	**2 668**	**118 968**
Net book value as at 31 December 2022	**116 165**	**135**	**2 668**	**118 968**
Cost as at 31 December 2022	135 591	336	9 274	145 201
Accumulated depreciation as at 31 December 2022	(19 426)	(201)	(6 606)	(26 233)
Additions	15 041	-	-	15 041
Depreciation	(9 307)	(115)	(1 507)	(10 929)
Disposals	(11 966)	-	-	(11 966)
Cost disposals	(15 370)	-	(4 631)	(20 001)
Accumulated depreciation disposals	3 404	-	4 631	8 035
Effect from translation into presentation currency	(4 093)	(1)	(45)	(4 139)
Cost as at 31 December 2023	130 227	324	4 468	135 019
Accumulated depreciation as at 31 December 2023	(24 387)	(305)	(3 352)	(28 044)
Net book value as at 31 December 2023	**105 840**	**19**	**1 116**	**106 975**

(in thousand USD, unless otherwise stated)

The following changes took place in the lease liabilities as to right-to-use assets:

	Land	Office	Machinery	Total
Total lease liabilities as at 31 December 2021	**164 582**	**333**	**6 069**	**170 984**
Non-current lease liabilites as at 31 December 2021	149 325	176	2 915	152 416
Current lease liabilites as at 31 December 2021	15 257	157	3 154	18 568
Additions	9 471	-	-	9 471
Interest expenses	6 001	10	253	6 264
Payment of interests	(599)	(6)	(126)	(731)
Payment of lease liabilities	(10 888)	(76)	(2 891)	(13 855)
Disposals	(4 715)	-	-	(4 715)
Other changes	10	(2)	-	8
Effect from translation into presentation currency	(41 729)	(76)	(404)	(42 209)
Non-current lease liabilites as at 31 December 2022	108 301	26	1 565	109 892
Current lease liabilites as at 31 December 2022	13 832	157	1 336	15 325
Total lease liabilities as at 31 December 2022	**122 133**	**183**	**2 901**	**125 217**

Total lease liabilities as at 31 December 2022	**122 133**	**183**	**2 901**	**125 217**
Non-current lease liabilites as at 31 December 2022	108 301	26	1 565	109 892
Current lease liabilites as at 31 December 2022	13 832	157	1 336	15 325
Additions	15 041	-	-	15 041
Interest expenses	5 254	4	138	5 396
Payment of interests	(537)	(4)	(79)	(620)
Payment of lease liabilities	(14 554)	(76)	(1 337)	(15 967)
Disposals	(12 640)	-	-	(12 640)
Other changes	(64)	(79)	-	(143)
Effect from translation into presentation currency	(4 271)	(1)	107	(4 165)
Non-current lease liabilites as at 31 December 2023	98 852	-	336	99 188
Current lease liabilites as at 31 December 2023	11 510	27	1 394	12 931
Total lease liabilities as at 31 December 2023	**110 362**	**27**	**1 730**	**112 119**

(in thousand USD, unless otherwise stated)

20 Intangible assets

	Computer software	Property certificates	Land lease rights	Total
INITIAL COST				
31 December 2021	**82**	**225**	**9 451**	**9 758**
Disposal	-	(3)	-	(3)
Effect from translation into presentation currency	(21)	(57)	(2 401)	(2 479)
31 December 2022	**61**	**165**	**7 050**	**7 276**
31 December 2022	**61**	**165**	**7 050**	**7 276**
Effect from translation into presentation currency	(3)	(6)	(262)	(271)
31 December 2023	**58**	**159**	**6 788**	**7 005**
ACCUMULATED AMORTISATION				
31 December 2021	**(38)**	**(4)**	**(8 816)**	**(8 858)**
Amortisation for the period	(10)	(1)	(235)	(246)
Effect from translation into presentation currency	11	1	2 268	2 280
31 December 2022	**(37)**	**(4)**	**(6 783)**	**(6 824)**
31 December 2022	**(37)**	**(4)**	**(6 783)**	**(6 824)**
Amortisation for the period	(8)	(1)	(93)	(102)
Effect from translation into presentation currency	2	-	256	258
31 December 2023	**(43)**	**(5)**	**(6 620)**	**(6 668)**
NET BOOK VALUE				
31 December 2021	**44**	**221**	**635**	**900**
31 December 2022	**24**	**161**	**267**	**452**
31 December 2023	**15**	**154**	**168**	**337**

Property certificates represent deeds supporting ownership right for property units of members of agricultural entity, which are intended for exchange by the Group companies on the property objects of this agricultural entity.

21 Non-current biological assets

	31 December 2023		31 December 2022	
Animal-breeding	**Units**	**Book value**	**Units**	**Book value**
Cattle	-	-	-	-
Plant-breeding	**Area, ha**	**Book value**	**Area, ha**	**Book value**
Perennial grasses	-	-	-	-
Total non-current biological assets	**-**	**-**	**-**	**-**

(in thousand USD, unless otherwise stated)

Following changes took place in the non-current biological assets of animal-breeding:

	Cattle
31 December 2021	**1 755**
Transfer (from (to) current biological assets)	(590)
Change in fair value	(889)
Effect from translation into presentation currency	(276)
31 December 2022	**-**
31 December 2022	**-**
31 December 2023	**-**

As at 31 December 2022 dairy farming segment was closed and all cattle was sold.

Following changes took place in the non-current biological assets of plant-breeding:

	Perennial grasses
31 December 2021	**15**
Harvesting	(15)
31 December 2022	**-**
31 December 2022	**-**
31 December 2023	**-**

22 Inventories

	Note	31 December 2023	31 December 2022
Agricultural produce	a	75 025	58 149
Work-in-progress	b	8 104	6 955
Agricultural materials		4 346	3 722
Spare parts		254	267
Fuel		1 327	1 481
Raw materials		285	456
Other inventories		167	134
		89 508	**71 164**

As at 31 December 2023 cost value of inventories amounts to USD 84 338 thousand (USD 47 981 thousand as at 31 December 2022).

(in thousand USD, unless otherwise stated)

a) As at the reporting dates agricultural produce was presented as follows:

	31 December 2023	31 December 2022
Corn	43 014	45 921
Wheat	20 504	11 946
Sunflower	11 365	105
Other	142	177
	75 025	**58 149**

The fair value of agricultural produce was estimated based on market price as at date of harvest and is within level 2 of the fair value hierarchy.

b) Work-in-progress includes expenses on works connected with preparation of the lands for the future harvest obtained from the biological assets of plant growing. The cost of work in progress includes costs of direct materials and labor and other direct productions costs and related production overheads (based on normal operating capacity).

As at the reporting dates loans and borrowings were secured by agricultural produce:

	31 December 2023	31 December 2022
Corn	7 361	7 504
Wheat	4 941	-
Sunflower	5 229	-
	17 530	**7 504**

23 Current biological assets

	31 December 2023		31 December 2022	
Animal-breeding	**Units**	**Book value**	**Units**	**Book value**
Cattle	-	-	-	-
Other	-	-	-	-
	-	**-**	**-**	**-**
Plant-breeding	**Area, ha**	**Book value**	**Area, ha**	**Book value**
Wheat	20 301	2 952	32 866	9 910
Corn	7 340	8 342	30 148	37 522
Sunflower	-	-	-	-
	27 641	**11 294**	**63 014**	**47 432**
Total current biological assets	**-**	**11 294**	**-**	**47 432**

(in thousand USD, unless otherwise stated)

Following changes took place in the current biological assets of animal-breeding:

	Cattle	Other	Total
31 December 2021	**997**	**2**	**999**
Capitalized expenses	195	-	**195**
Transfer (from (to) non-current biological assets)	617	-	**617**
Sale	(1 296)	(2)	**(1 298)**
Slaughter	(30)	-	**(30)**
Change in fair value	(365)	-	**(365)**
Effect from translation into presentation currency	(118)	-	**(118)**
31 December 2022	**-**	**-**	**-**
31 December 2022	**-**	**-**	**-**
31 December 2023	**-**	**-**	**-**

Following changes took place in the current biological assets of plant-breeding:

	Wheat	Corn	Sunflower	Total
31 December 2021	**15 785**	**-**	**-**	**15 785**
Capitalized expenses (harvest 2022)	9 805	37 106	11 256	**58 167**
Revaluation at fair value at the date of harvest (harvest 2022)	(1 098)	17 278	11 454	**27 634**
Harvesting (harvest 2022)	(22 011)	(33 089)	(22 710)	**(77 810)**
Capitalized expenses (harvest 2023)	12 556	-	-	**12 556**
Revalued at fair value (harvest 2023)	(1 359)	21 095	-	**19 736**
Effect from translation into presentation currency	(3 768)	(4 868)	-	**(8 636)**
31 December 2022	**9 910**	**37 522**	**-**	**47 432**
31 December 2022	**9 910**	**37 522**	**-**	**47 432**
Capitalized expenses (harvest 2022)	-	3 307	-	**3 307**
Revaluation at fair value at the date of harvest (harvest 2022)	-	(105)	-	**(105)**
Harvesting (harvest 2022)	**-**	(40 713)	**-**	**(40 713)**
Capitalized expenses (harvest 2023)	17 884	40 017	22 455	**80 356**
Revaluation at fair value at the date of harvest (harvest 2023)	1 567	11 064	2 606	**15 237**
Harvesting (harvest 2023)	(29 359)	(45 217)	(25 061)	**(99 637)**
Capitalized expenses (harvest 2024)	5 750	-	-	**5 750**
Revalued at fair value (harvest 2024)	(2 685)	2 795	-	**110**
Effect from translation into presentation currency	(115)	(328)	-	**(443)**
31 December 2023	**2 952**	**8 342**	**-**	**11 294**

As at 31 December 2023 and as at 31 December 2022 there were no pledged biological assets.

(in thousand USD, unless otherwise stated)

Due to the absence of an active market, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined rate. The fair value of biological assets is determined by the Group's own agricultural and IFRS experts. The forecast indicators of crop yields used in assessing crops are determined on the basis of the current history of crop yields. The indicators of past periods are taken as a basis and are adjusted taking into account the state of crops, climatic conditions, varietal characteristics of the crop, soil fertility and the application of new technologies.

Biological assets of the Group are measured at fair value within Level 3 of the fair value hierarchy. There were no transfers between any levels during the Y2023 and Y2022.

Description	Fair value as at 31 December 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Crops in fields - Corn	8 342	Discounted cash flows	Crops yield - tonnes per hectare	11	The higher the crops yield, the higher the fair value
			Crops price	USD 113 per ton	The higher the market price, the higher the fair value
			Discount rate	31,87%	The higher the discount rate, the lower the fair value
			Future production cost	USD 113 per ha	The higher the future production cost, the lower the fair value
Crops in fields - Wheat	2 952	Discounted cash flows	Crops yield - tonnes per hectare	6,3	The higher the crops yield, the higher the fair value
			Crops price	USD 118 per ton	The higher the market price, the higher the fair value
			Discount rate	31,87%	The higher the discount rate, the lower the fair value
			Future production cost	USD 401 per ha	The higher the future production cost, the lower the fair value

Changes in key assumptions used to estimate biological assets fair value would have the following effect on the fair value of biological assets:

	Increase/decrease in assumption, %	Effect on fair value of biological assets, ths.USD	
		Wheat	Corn
Crops price	10	1 274	914
	(10)	(1 274)	(914)
Crops yield	10	1 274	914
	(10)	(1 274)	(914)
Discount rate	1	(6)	-
	(1)	6	-
Future production cost	10	(979)	(80)
	(10)	979	80

(in thousand USD, unless otherwise stated)

24 Trade accounts receivable, net

	Note	31 December 2023	31 December 2022
Trade accounts receivable		4 061	8 275
Allowances for accounts receivable	26	(10)	(56)
		4 051	**8 219**

As at 31 December 2023 an amount of USD 4 003 thousand or 99% of the total amount of trade accounts receivable is due from the 10 most significant counterparties (as at 31 December 2022 – USD 8 177 thousand or 99%).

Distribution of trade accounts receivable on time frames is the following:

	Total	Neither past due nor impaired	Past due, not impaired		
			Within 90 days	From 90 to 360 days	More than 1 year
31 December 2023	4 051	4 034	12	5	-
31 December 2022	8 219	8 203	-	16	-

25 Prepayments and other current assets, net

	Note	31 December 2023	31 December 2022
Prepayments and other non-financial assets:			
VAT for reimbursement		9 612	6 943
Advances to suppliers		800	2 025
Allowances for advances to suppliers	26	(41)	(37)
		10 371	**8 931**
Other financial assets:			
Non-bank accommodations interest free		244	313
Allowances for non-bank accommodations interest free	26	(4)	(3)
Other accounts receivable		448	85
Allowances for other accounts receivable	26	(36)	(41)
		652	**354**
		11 023	**9 285**

As at 31 December 2023 an amount of USD 632 thousand or 81% of the total amount of advances to suppliers is due from the 10 most significant counterparties (as at 31 December 2022 – USD 1 865 thousand or 92%).

As at 31 December 2023 an amount of USD 233 thousand or 97% of the total amount of non-bank accommodations interest free is due from the 10 most significant counterparties (as at 31 December 2023 – USD 298 thousand or 95%).

(in thousand USD, unless otherwise stated)

26 Changes in allowances made

	Note	31 December 2023	31 December 2022
Allowances for trade accounts receivable	24	(10)	(56)
Allowances for advances to suppliers	25	(41)	(37)
Allowances for non-bank accommodations interest free	25	(4)	(3)
Allowances for other accounts receivable	25	(36)	(41)
Allowances for prepayments for property, plant and equipment		(119)	(42)
		(210)	**(179)**

The movements of the allowances were as follows:

	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
As at the beginning of the period		**(179)**	**(205)**
Accrual	12	(91)	(51)
Use of allowances		52	21
Effect from translation into presentation currency		8	56
As at the end of the period		**(210)**	**(179)**

27 Cash and cash equivalents

	Currency	31 December 2023	31 December 2022
Cash in bank and hand	USD	6 075	16 614
Cash in bank and hand	UAH	9 890	6 883
Cash in bank and hand	EUR	178	1 305
Cash in bank and hand	PLN	55	62
		16 198	**24 864**

There were no restrictions on the use of cash and cash equivalents during the reporting periods.

(in thousand USD, unless otherwise stated)

28 Equity

Share capital

IMC S.A. has one class of ordinary shares. The number of authorized, issued and fully paid shares as at 31 December 2023 is 35 500 464 (as at 31 December 2022 – 35 500 464). All shares have equal voting rights. Par value of one share is USD 0,00175 (EUR 0,00125).

	31 December 2023		31 December 2022	
	%	Amount	%	Amount
AGROVALLEY LIMITED	76,14	48	76,14	48
Mr. Alex Lissitsa	5,55	3	5,55	3
Other shareholders (each one less than 5% of the share capital)	18,31	11	18,31	11
	100	**62**	**100**	**62**

A reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Number of authorized, issued and fully paid shares	For the year ended 31 December 2023	For the year ended 31 December 2022
As at the beginning of the period	**35 500 464**	**33 178 000**
Changes for the period	-	2 322 464
As at the end of the period	**35 500 464**	**35 500 464**

Share premium

In 2011 IMC S.A. completed initial public offering of own shares on Warsaw Stock Exchange. Issue of share capital of IMC S.A. brought to the increase of share capital equaling to USD 10 thousand (EUR 8 thousand) and share premium in amount of USD 24 387 thousand (EUR 17 823 thousand).

In 2017 Management Incentive Plan was realized. Issue of new shares of IMC S.A. brought to the increase of share capital equaling to USD 3 thousand (EUR 3 thousand) and share premium in amount of USD 5 125 thousand (EUR 4 294 thousand).

In 2022 Management Incentive Plan was realized. Issue of new shares of IMC S.A. brought to the increase of share capital equaling to USD 3 thousand (EUR 3 thousand) and share premium in amount of USD 7 913 thousand (EUR 7 837 thousand).

Revaluation reserve

The fair value of Group's property, plant and equipment has been measured as at 31 December 2023, 2020, 2017, 2015, 2010, 2009 by an independent appraiser. The related revaluation surplus was recognized in equity:

- as at 31 December 2009 USD 14 766 thousand (EUR 10 299 thousand) was initially recognized in equity;
- as at 31 December 2010 USD 4 326 thousand (EUR 3 258 thousand) was additionally recognized as increase in revaluation reserve;
- as at 31 December 2015 USD 40 390 thousand (EUR 36 967 thousand) was additionally recognized as increase in revaluation reserve;
- as at 31 December 2017 USD 22 659 thousand (EUR 18 987 thousand) was additionally recognized as increase in revaluation reserve;
- as at 31 December 2020 USD 5 265 thousand (EUR 4 285 thousand) was additionally recognized as increase in revaluation reserve.
- as at 31 December 2023 USD 17 456 thousand (EUR 15 708 thousand) was additionally recognized as increase in revaluation reserve.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings as the asset is used by an entity (in the amount that is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost) and when the asset is derecognized (in the full amount).

(in thousand USD, unless otherwise stated)

Effect of foreign currency translation

Effect of foreign currency translation comprises all foreign exchange differences arising from the translation of the financial statements into presentation currency.

Dividend policy

On 8 July 2016 the Board of Directors of IMC S.A. published its Dividend Policy: The Company intends to pay annual dividends starting from FY 2016 results provided that the Company succeeds to receive dividend payment waivers from its creditors.

On 27 September 2017 the Company paid the interim dividend to the Company's shareholders for an aggregate amount of EUR 1 658 900 (EUR 0.05 per share).

On 14 September 2018 the Company paid the interim dividend to the Company's shareholders for an aggregate amount of EUR 11 280 520 (EUR 0.34 per share).

On 29 August 2019 the Company paid the interim dividend to the Company's shareholders for an aggregate amount of EUR 14 930 100 (EUR 0.45 per share).

On 28 August 2020 the Company paid the interim dividend to the Company's shareholders for an aggregate amount of EUR 5 972 040 (EUR 0.18 per share).

On 03 June 2021 the Company paid the interim dividend to the Company's shareholders for an aggregate amount of EUR 20 570 360 (EUR 0.62 per share).

On 30 November 2021 the Company paid the interim dividend to the Company's shareholders for an aggregate amount of EUR 5 308 480 (EUR 0.16 per share).

Legal reserve

From the annual net profits of the Parent company, 5% have to be allocated to the legal reserve. This allocation shall cease to be required as soon and as long as such surplus reserve amounts to 10% of the capital. This reserve may not be distributed to the shareholders.

Management Incentive Plan

Extraordinary shareholders meeting approved on 18 July 2022 a Management Incentive Plan providing to Management Team Members an option to purchase in aggregate up to 2 322 464 new shares of IMC S.A. As a part of this incentive plan, 2 322 464 new ordinary shares were issued with subscription price USD 0.00128. As at 31 December 2022 the purchase option was fully exercised with share price USD 3.41.

Options granted under the MIP are the following:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Exercise price per share oprion	**Number of options**	**Exercise price per share oprion**	**Number of options**
As at the beginning of the period	-	-	-	-
Granted during the period	-	-	USD 0.00128	2 322 464
Exercised during the period	-	-	USD 3.41	(2 322 464)
As at the end of the period	-	-	-	-

The expenses arising from share-based payment transactions are recognized as services received and included in Wages and salaries and related charges of administrarive personnel in the amount USD 7 893 thousand in 2022.

(in thousand USD, unless otherwise stated)

29 Long-term loans and borrowings

	Currency	31 December 2023	31 December 2022
Secured			
Long-term bank loans	USD	20 329	9 544
Current portion of long-term bank loans	USD	(19 427)	(4 925)
Total long-term loans and borrowings		**902**	**4 619**

Essential terms of credit contracts

Creditor	Year of maturity	Currency	Nominal interest rate	31 December 2023 Long-term liabilities	31 December 2023 Including current portion
Ukrainian bank	2024	USD	4,90%	131	131
Ukrainian bank	2026	USD	4,98%	1 017	834
Ukrainian bank	2026	USD	3,70%	1 333	615
Ukrainian bank	2026	USD	2,40%	2 138	2 138
Ukrainian bank	2028	USD	4,80%	978	978
Ukrainian bank	2028	USD	5,70%	1 731	1 731
Non-resident bank	2028	USD	1,00%	3 000	3 000
Non-resident bank	2028	USD	4%+SOFR 3M	10 000	10 000
				20 329	**19 427**

Creditor	Year of maturity	Currency	Nominal interest rate	31 December 2022 Long-term liabilities	31 December 2022 Including current portion
Ukrainian bank	2023	USD	5,00%	482	482
Ukrainian bank	2024	USD	4,90%	849	719
Ukrainian bank	2026	USD	4,98%	2 544	1 527
Ukrainian bank	2026	USD	3,70%	2 461	1 128
Ukrainian bank	2026	USD	2,40%	3 208	1 069
				9 544	**4 925**

Long-term loans outstanding were repayable as follows:

	31 December 2023	31 December 2022
Within one year	19 427	4 925
In the second to fifth year inclusive	902	4 619
	20 329	**9 544**

(in thousand USD, unless otherwise stated)

30 Short-term loans and borrowings

	Currency	31 December 2023	31 December 2022
Secured			
Short-term bank loans	USD	25 398	27 500
Short-term bank loans	UAH	-	1 367
		25 398	**28 867**

Essential terms of credit contracts

Creditor	Currency	Nominal interest rate	31 December 2023
Ukrainian bank	USD	7,00%	7 898
Ukrainian bank	USD	6,50%	6 500
Ukrainian bank	USD	6,50%	5 000
Ukrainian bank	USD	6,00%	5 000
Ukrainian bank	USD	6,00%	1 000
			25 398

Creditor	Currency	Nominal interest rate	31 December 2022
Ukrainian bank	USD	5,75%	10 000
Ukrainian bank	USD	5,60%	6 500
Ukrainian bank	USD	5,60%	5 000
Ukrainian bank	USD	2,90%	5 000
Ukrainian bank	USD	2,90%	1 000
Ukrainian bank	UAH	0,00%	1 367
			28 867

As at 31 December 2023 loans and borrowings are secured with property, plant and equipment in the amount USD 40 232 thousand (Note 18) and inventories in the amount USD 17 530 thousand (Note 22).

The Group has committed to comply with loans covenants.

As at 31 December 2022 the Group was in compliance with all loans covenants.

As at 31 December 2023 a covenant on long-term loans in the total amount USD 4 847 thousand from Ukrainian bank was violated by the Group. The Group received from the bank waiver of rights to require compliance with the breached covenant as at 31 December 2023, but after the end of reporting period. The long-term part of loans was reclassified as current portion of long-term loans in the full amount USD 3 555 thousand.

As at 31 December 2023 a covenant on long-term loans in the total amount USD 13 000 thousand from Non-resident bank was violated by the Group. The Group received from the bank waiver of rights to require compliance with the breached covenant as at 31 December 2023, but after the end of reporting period. The long-term part of loans was reclassified as current portion of long-term loans in the full amount USD 12 133 thousand.

(in thousand USD, unless otherwise stated)

31 Trade accounts payable

	31 December 2023	31 December 2022
Trade accounts payable	2 312	2 873

As at 31 December 2023 an amount of USD 1 794 thousand or 78% of the total amount of trade accounts payable is due to the 10 most significant counterparties (as at 31 December 2022 – USD 2 493 thousand or 87%).

The table below summarizes the maturity profile of Group's liabilities on contractual payments on trade accounts payable:

	On demand	Within 30 days	From 30 to 90 days	From 90 to 180 days	From 180 to 360 days	From 1 to 5 years	Total
31 December 2023	-	1 885	286	43	98	-	2 312
31 December 2022	-	2 733	140	-	-	-	2 873

32 Other current liabilities and accrued expenses

	31 December 2023	31 December 2022
Other liabilities:		
Advances from clients	3 759	4 573
Other accounts payable:		
Wages, salaries and related charges payable	1 195	1 598
Accruals for unused vacations	1 355	899
Interest payable on bank loans	90	117
Accounts payable for non-current tangible assets	92	58
Accruals for audit services	122	135
Taxes payable	184	317
Other accounts payable	1 121	13
	4 159	**3 137**
Total other current liabilities and accrued expenses	**7 918**	**7 710**

As at 31 December 2023 an amount of USD 3 755 thousand or 99% of the total amount of advances from clients is due from the 10 most significant counterparties (as at 31 December 2022 – USD 4 570 thousand or 99%).

(in thousand USD, unless otherwise stated)

Distribution of other current liabilities and accrued expenses on time frames is the following:

	On demand	Within 30 days	From 30 to 90 days	From 90 to 180 days	From 180 to 360 days	From 1 to 5 years	Over 5 years	Total
31 December 2023	1 355	5 345	40	161	79	159	779	7 918
31 December 2022	899	6 676	-	135	-	-	-	7 710

33 Related party disclosures

According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:

a) Entities - related parties under common control with the Companies of the Group;
b) Key management personnel.

The Group performs transactions with related parties in the ordinary course of business. During the reporting period the Group did not perform any related parties' transactions, except with key management personnel.

Remuneration of key management personnel was as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Wages and salaries	731	702
Directors fees	553	455
Related charges	36	40
Expenses related to the purchase option	-	7 893
	1 320	**9 090**
The average number of employees, persons	6	6

Remuneration of key management personnel contains expenses in the amount USD 7 893 thousand related to the purchase option according to the Management Incentive Plan are presented (see Note 28) in 2022.

34 Information on segments

A business segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generates revenues other than risks and income of those components that are peculiar to other business segments.

For the purpose of Management, the Group is divided into the following business segments on the basis of produced goods and rendered services, and consists of the following 3 operating segments:

- Crop farming - a segment, which deals with cultivation and sale of such basic agricultural crops as corn and wheat;
- Dairy farming - a segment which deals with breeding and sale of biological assets and agricultural products of live farming. Basic agricultural product of live farming for sale in this segment is milk;
- Elevators and warehouses - a segment which deals with storage and processing of agricultural produce.

As at 31 December 2022 the dairy farming segment was closed.

(in thousand USD, unless otherwise stated)

Information on business segments for the year ended 31 December 2023 was as follows:

	Crop farming	Elevators and warehouses	Unallocated	Total
Revenue	160 830	7 185	-	**168 015**
Intra-group elimination	(21 597)	(6 965)	-	**(28 562)**
Revenue from external buyers	**139 233**	**220**	-	**139 453**
Gain from changes in fair value of biological assets and agricultural produce, net	15 242	-	-	**15 242**
Cost of sales	(132 045)	(665)	-	**(132 710)**
Gross income	**22 430**	**(445)**	**-**	**21 985**
Administrative expenses	-	-	(9 666)	**(9 666)**
Selling and distribution expenses	-	-	(23 994)	**(23 994)**
Other operating income	-	-	1 444	**1 444**
Other operating expenses	-	-	(3 323)	**(3 323)**
Write-offs of property, plant and equipment	-	-	(41)	**(41)**
Reversal of impairment of property, plant and equipment	-	-	390	**390**
Impairment of property, plant and equipment	-	-	(184)	**(184)**
Operating income of a segment	**22 430**	**(445)**	**(35 374)**	**(13 389)**
Financial expenses, net	-	-	(1 110)	**(1 110)**
Effect of lease of right-of-use assets	-	-	(5 396)	**(5 396)**
Foreign currency exchange (loss)/gain, net	-	-	(1 185)	**(1 185)**
Profit before tax	**22 430**	**(445)**	**(43 065)**	**(21 080)**
Income tax expenses, net	-	-	50	**50**
Net profit	**22 430**	**(445)**	**(43 015)**	**(21 030)**
Other segment information:				
Depreciation and amortisation	15 167	1 603	-	**16 770**
Additions to non-current assets:				
Property, plant and equipment	15 666	1 137	-	**16 803**
Right-of-use assets	15 041	-	-	**15 041**
Total aasets as at 31 December 2023	279 655	32 549	-	**312 204**
Total liabilities as at 31 December 2023	122 378	2 405	45 727	**170 510**

Revenues from the 10 most significant counterparties for the year ended 31 December 2023 were as follows:

	Business segment	% of revenue
Non-residental buyer	Crop farming	21,5%
Non-residental buyer	Crop farming	12,7%
Ukrainian buyer	Crop farming	10,4%
Non-residental buyer	Crop farming	9,8%
Non-residental buyer	Crop farming	5,5%
Non-residental buyer	Crop farming	4,1%
Ukrainian buyer	Crop farming	3,6%
Non-residental buyer	Crop farming	3,4%
Ukrainian buyer	Crop farming	2,9%
Non-residental buyer	Crop farming	2,6%
		76,6%

(in thousand USD, unless otherwise stated)

Information on business segments for the year ended 31 December 2022 was as follows:

	Crop farming	Dairy farming	Elevators and warehouses	Unallocated	Total
Revenue	188 298	914	5 086	-	**194 298**
Intra-group elimination	(75 284)	-	(4 980)	-	**(80 264)**
Revenue from external buyers	**113 014**	**914**	**106**	-	**114 034**
Gain from changes in fair value of biological assets and agricultural produce, net	47 370	(1 237)	-	-	**46 133**
Cost of sales	(105 584)	(1 353)	(727)	-	**(107 664)**
Gross income	**54 800**	**(1 676)**	**(621)**	**-**	52 503
Administrative expenses	-	-	-	(16 878)	**(16 878)**
Selling and distribution expenses	-	-	-	(18 828)	**(18 828)**
Other operating income	-	-	-	1 043	**1 043**
Other operating expenses	-	-	-	(1 143)	**(1 143)**
Write-offs of property, plant and equipment	-	-	-	(16)	**(16)**
Operating income of a segment	**54 800**	**(1 676)**	**(621)**	**(35 823)**	**16 680**
Financial expenses, net	-	-	-	(658)	**(658)**
Effect of lease of right-of-use assets	-	-	-	(6 264)	**(6 264)**
Foreign currency exchange (loss)/gain, net	-	-	-	(10 327)	**(10 327)**
Profit before tax	**54 800**	**(1 676)**	**(621)**	**(53 072)**	**(569)**
Income tax expenses, net	-	-	-	(552)	**(552)**
Net profit	**54 800**	**(1 676)**	**(621)**	**(53 624)**	**(1 121)**
Other segment information:					
Depreciation and amortisation	17 445	61	2 023	-	**19 529**
Additions to non-current assets:					
Property, plant and equipment	3 286	-	1 584	-	**4 870**
Right-of-use assets	9 471	-	-	-	**9 471**
Intangible assets	-	-	-	-	**-**
Total assets as at 31 December 2022	303 508	-	22 991	-	**326 499**
Total liabilities as at 31 December 2022	135 672	-	2 100	38 412	**176 184**

Revenues from the 10 most significant counterparties for the year ended 31 December 2022 were as follows:

	Business segment	% of revenue
Non-residental buyer	Crop farming	15,9%
Non-residental buyer	Crop farming	13,5%
Non-residental buyer	Crop farming	13,4%
Non-residental buyer	Crop farming	12,9%
Ukrainian buyer	Crop farming	9,6%
Ukrainian buyer	Crop farming	7,9%
Non-residental buyer	Crop farming	5,5%
Non-residental buyer	Crop farming	4,1%
Non-residental buyer	Crop farming	4,0%
Ukrainian buyer	Crop farming	1,8%
		88,6%

(in thousand USD, unless otherwise stated)

35 Lease of land

The Group leases land for agricultural purposes from private individuals. Lease payments are calculated on the basis of monetary valuation of the land considering the inflation factor.

Areas of operating leased land were as follows:

	31 December 2023	31 December 2022
	Hectare	Hectare
Location of land		
Poltava region		
Land under processing	19 824	19 824
Land for grazing, construction, other	140	140
Chernihiv region		
Land under processing	76 829	76 829
Land for grazing, construction, other	130	130
Sumy region		
Land under processing	23 371	23 371
Land for grazing, construction, other	7	7
	120 301	**120 301**

36 Financial instruments

Financial instruments as at 31 December 2023 were represented by the following categories:

Financial instrument	Category	Measurement
Financial assets		
Accounts receivable	Financial assets at amortised cost	Amortised cost
Other financial assets	Financial assets at amortised cost	Amortised cost
Cash and cash equivalents	Financial assets at amortised cost	Amortised cost
Financial liabilities		
Loans and borrowings	Financial liabilities at amortised cost	Amortised cost
Lease liabilities as to right-of-use assets	Financial liabilities at amortised cost	Amortised cost
Accounts payable	Financial liabilities at amortised cost	Amortised cost
Other financial liabilities	Financial liabilities at amortised cost	Amortised cost

The fair values of the Group's financial assets and financial liabilities listed hereinbefore reflect the amounts that would be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date. The fair values are based on inputs other than quoted prices that are observable for the asset or liability. These inputs include foreign currency exchange rates and interest rates. The financial assets and financial liabilities are primarily valued using standard calculations/models that use as their basis readily observable market parameters. Industry standard data providers are the primary source for forward and spot rate information for both interest rates and currency rates, with resulting valuations periodically validated through third party or counterparty quotes.

The Group's non-derivative financial instruments included cash and cash equivalents, trade accounts receivable, other financial assets, trade accounts payable, other accounts payable, loans and borrowings. As at 31 December 2023 and 2022, the carrying value of these financial instruments, excluding long-term debt, approximates fair value because of the short-term maturities of these instruments. Loans and borrowings have fixed interest rates but they are corresponded to the market rate level.

(in thousand USD, unless otherwise stated)

37 Management of financial risks

One of the principal responsibilities of the Financial Department of the Group is to manage the financial risks arising from the Group's underlying operations. On an annual basis, the Financial Department approves a strategic plan that takes into account the opportunities and major risks of our business and mitigation factors to reduce these risks. The Financial Department also reviews risk management policies and procedures on an annual basis and sets upper limits on the transactional exposure to be managed and the time periods over which exposures may be managed. The objective of the policy is to reduce volatility in cash flow and earnings. Risks managed include:

Type of risk	Affected by	Risk management policies
Credit risk	Ability of counterparties to financial instrument to fulfill their contractual obligations	Credit approval and monitoring practices; counterparties policies
Liquidity risk	Balance of cash flow	Preparation of detailed forecasts of cash flow
Market risk	- Market prices on products sold, materials and services for production - Changes in interest rates - Fluctuation of foreign currency exchange rates	- Long-term cooperation with reliable suppliers - Maintaining a combination of fixed and floating interest rates - Ensuring a sufficient level of USD revenues

Depending on the type of risks faced by the Group, it is possible to use a single or several methods of minimizing or levelling their negative impact on Group.

The use of the following risk management methods is possible at the Group's companies:

1) risk pooling is a method aimed at reducing the risk by transferring accidental losses into the relatively small fixed expenses (this method is a basis for insurance);

2) limitation is a method involving the development of detailed strategic documentation, which sets the boundary level of risk in each area of the company's activities, as well as clear allocation of functions and responsibilities of personnel;

3) diversification is a method of risk control through the selection of assets, profit on which slightly correlates, if possible;

4) hedging is a balancing transaction, minimizing the negative impact of risk (e.g., selection of assets and liabilities by timing, by currency).

Credit risk

Credit risk is a risk of financial loss to the Group, which results from failure of a buyer or a contractor under the financial instrument to fulfill its contractual obligations. The risk is primarily related to the Group's accounts receivable, cash and cash equivalent.

Book value of financial assets reflects maximal extent that is subject to credit risk of the Group. Maximal level of credit risk is the following:

	31 December 2023	31 December 2022
Trade accounts receivable, net	4 051	8 219
Other financial assets:		
Non-bank accomodations interest free	241	310
Other accounts receivable, net	412	44
Cash and cash equivalents	16 198	24 864
	20 902	**33 437**

(in thousand USD, unless otherwise stated)

Fitch credit ratings of the banks with which the Group had the accounts opened as of 31 December 2023 and 31 December 2022 were as follows:

Fitch credit ratings of the banks	**31 December 2023**	**31 December 2022**
International banks with A rating	279	534
International banks with B rating	1 355	9 231
Subsidiaries of international banks with A rating	5 320	9 198
Ukrainian banks with C rating	9 244	5 901
	16 198	**24 864**

The Group manages credit risk through rigorous credit approval and monitoring practices. Financial and Economic Department has developed the credit policy. In accordance with it, all contractors are subjected to careful analysis on ability to pay before the Group offers its standard terms of payment and delivery. If the Group sells goods to a contractor it has never dealt before, transactions are performed on terms of prepayment. Deferred payment is offered only to contractors with work experience with the Group more than 1 year without delays in payment terms established in sale contracts.

Group's management believes that companies comprising the Group are free in their choice of the customers, have close contacts with the leading global and Ukrainian traders, and may switch without risk to other customer offering better conditions of collaboration.

The Financial Directorate of the Group constantly carries out monitoring over payment terms deadlines according to goods selling contracts. In case of delay in payment, the personnel of the commercial department deals up with the customer and the decision whether to apply penalties or slightly extend the terms (within 90 days) is taken.

The Group forms estimated provision for trade and other accounts receivable. It corresponds with estimation of amount of already suffered credit losses. The main element of the provision is an element of certain loss, determined for assets considering already suffered but not fixed losses. Estimated amount of losses is determined on the basis of statistical data for previous periods for similar financial assets.

Distribution of trade accounts receivable on time-frames is the following:

			Past due, not impaired		
	Total	**Neither past due nor impaired**	**Within 90 days**	**From 90 to 360 days**	**More than 1 year**
31 December 2023	4 051	4 034	12	5	-
31 December 2022	8 219	8 203	-	16	-

On the basis of analysis of payments for the current period Financial Director of the Group considers that there is no need to form provision for overdue, but not impaired trade accounts receivable.

<u>Liquidity risk</u>

Risk of liquidity - is the risk of inability to meet financial obligations of the Group in due time.

The way the Group manages the liquidity lies in providing the Group with constant availability of liquid facilities, enough to meet the obligation in due time, avoiding unforeseen losses and not to expose the reputation of the Group to risk.

There is system of management accounting and budgeting, which allows to plan and control covering all the expenses from operating activity and related with its financial expenses by means of profit.

(in thousand USD, unless otherwise stated)

The table below summarizes the maturity profile of Group's financial liabilities based on contractual payments as at 31 December 2023:

	On demand	Within 30 days	From 30 to 90 days	From 90 to 180 days	From 180 to 360 days	From 1 to 5 years	Over 5 years	Total
Bank loans and interest payable on bank loans	15 688	612	979	13 898	13 738	902	-	**45 817**
Lease liabilities as to right-of-use assets	-	1 164	2 284	3 388	6 095	42 270	56 918	**112 119**
Trade accounts payable	-	1 885	286	43	98	-	-	**2 312**
Other current liabilities and accrued expenses	1 355	5 345	40	161	79	159	779	**7 918**
	1 355	**9 006**	**3 589**	**17 490**	**20 010**	**59 019**	**57 697**	**168 167**

The table below summarizes the maturity profile of Group's financial liabilities based on contractual payments as at 31 December 2022:

	On demand	Within 30 days	From 30 to 90 days	From 90 to 180 days	From 180 to 360 days	From 1 to 5 years	Over 5 years	Total
Bank loans and interest payable on bank loans	-	700	2 451	17 804	12 955	4 618	-	**38 528**
Lease liabilities as to right-of-use assets	-	175	352	525	14 272	43 622	66 271	**125 217**
Trade accounts payable	-	2 733	140	-	-	-	-	**2 873**
Other current liabilities and accrued expenses	899	6 676	-	135	-	-	-	**7 710**
	899	**10 284**	**2 943**	**18 464**	**27 227**	**48 240**	**66 271**	**174 328**

The Group's target is to maintain its current ratio, defined as the proportion of current assets to current liabilities, at the level of not less than 1.2. As of 31 December 2023 and 2022, the current ratio was as follows:

	31 December 2023	31 December 2022
Current assets	132 285	160 964
Current liabilities	67 986	59 700
Current ratio	**1,9**	**2,7**

(in thousand USD, unless otherwise stated)

Market risk

Market risk arises from fluctuations in market factors, including exchange rates, interest rates and commodity prices. Movements in these factors may affect the Group's income and expenses, or the value of its financial instruments. The objective of the Group's management of market risk is to maintain this risk within acceptable parameters, whilst optimizing returns.

Market risk is comprised of:

- Commodity price risk

  Risk of changes in market prices of products for sale

  The Group Sales Department makes continuous monitoring of market prices of products sold in order to manage exposure to changes in market prices for the products. According to the results of this analysis and subsequent prediction of prices for products, management pricing policy depending on the dynamics of market prices is formed.

- Risk of changes in prices of materials and services

  The Group is exposed to changes in prices of materials and services that are used in the process of production. The Group manages these risks by working with reliable suppliers, business relationships with whom had developed over a long time, and the search for new, more affordable supply of resources.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group's companies manage their foreign currency risk by comparing the volumes of export revenues by currencies and loan portfolio by currencies. The Group avoids borrowing and production sales for export in any currency except for USD. The comparison is carried out as a part of the annual planning and budgeting.

When the amount of the expected export revenue is below the level of USD borrowing for the financial year, the decrease in foreign currency borrowings by repayment of such loans or conversion of foreign currency loans into national currency is performed.

Group avoided realization of risk transactions that are subject to foreign currency risk.

The table below summarizes the Group's exposure to foreign currency risk as at 31 December 2023:

	Note	UAH	USD	EUR	PLN	Total
Trade accounts receivable, net	24	1 223	2 828	-	-	**4 051**
Cash and cash equivalents	27	9 890	6 075	178	55	**16 198**
Loans and borrowings	29, 30	-	45 727	-	-	**45 727**
Lease liabilities as to right-of-use assets	19	110 362	27	1 730	-	**112 119**
Other current liabilities and accrued expenses	32	3 969	3 847	102	-	**7 918**
		125 445	**58 504**	**2 010**	**55**	**186 013**

(in thousand USD, unless otherwise stated)

The Group's exposure to foreign currency risk, based on book value, as at 31 December 2023 was as follows:

	31 December 2023	Increase/decrease in USD exchange rate, %	Effect on profit before tax
Trade accounts receivable, net	2 828	10	283
		(10)	(283)
Cash and cash equivalents	6 059	10	606
		(10)	(606)
Loans and borrowings	45 727	10	(4 573)
		(10)	4 573
Lease liabilities as to right-of-use assets	27	10	(3)
		(10)	3
Other current liabilities and accrued expenses	90	10	(9)
		(10)	9
General effect	**-**	**10**	**(3 696)**
		(10)	**3 696**

	31 December 2023	Increase/decrease in EUR exchange rate, %	Effect on profit before tax
Cash and cash equivalents	178	10	18
		(10)	(18)
Lease liabilities as to right-of-use assets	1 730	10	(173)
		(10)	173
Lease liabilities as to right-of-use assets	102	10	(10)
		(10)	10
General effect	**-**	**10**	**(155)**
		(10)	**155**

The table below summarizes the Group's exposure to foreign currency risk as at 31 December 2022:

	Note	UAH	USD	EUR	PLN	Total
Trade accounts receivable	**24**	1 493	6 726			**8 219**
Cash and cash equivalents	27	6 883	16 614	1 305	62	**24 864**
Loans and borrowings	29, 30	-	38 411	-	-	**38 411**
Lease liabilities as to right-of-use assets	19	121 104	183	3 930	-	**125 217**
Other current liabilities and accrued expenses	32	3 027	4 683	-	-	**7 710**
		132 507	**66 617**	**5 235**	**62**	**204 421**

(in thousand USD, unless otherwise stated)

The Group's exposure to foreign currency risk, based on book value, as at 31 December 2022 was as follows:

	31 December 2022	Increase/decrease in USD exchange rate, %	Effect on profit before tax
Trade accounts receivable	6 726	10	673
		(10)	(673)
Cash and cash equivalents	16 614	10	1 661
		(10)	(1 661)
Loans and borrowings	38 411	10	(3 841)
		(10)	3 841
Lease liabilities as to right-of-use assets	183	10	(18)
		(10)	18
Other current liabilities and accrued expenses	117	10	(12)
		(10)	12
General effect	**-**	**10**	**(1 537)**
		(10)	**1 537**

	31 December 2022	Increase/decrease in EUR exchange rate, %	Effect on profit before tax
Lease liabilities as to right-of-use assets	3 930	10	(393)
		(10)	393

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Change in interest rates influences the involved loans and borrowings and finance lease transactions. Management of the Group doesn't have formalized policy respecting proportion of interest risk's allocation between the loans with fixed interest rate and floating interest rate. However, when attracting new loans and borrowings, management solves the problem respecting which interest rate, fixed or floating, will be more profitable for the Group during the expected period till the maturity date, based on own professional judgments.

The Group's interest-bearing financial instruments were formed as follows:

	31 December 2023	31 December 2022
Loans and borrowings		
Fixed rate instruments	35 727	38 411
Variable rate instruments	10 000	-
	45 727	**38 411**

(in thousand USD, unless otherwise stated)

Agro-industrial risks

Agro-industrial business is subject to risks of outbreaks of various diseases of cattle or crops. These diseases could result in losses. Disease control measures were adopted by the Group to minimise and manage this risk. The Group's management is satisfied that its current existing risk management and quality control processes are effective and sufficient to prevent any diseases and related losses.

Customer concentration risk

Focusing on large wholesale world traders, the Group has a small pool of customers and could be influenced by customer concentration risk. But the work of the Group with a small number of customers is not due to the lack of other customers or the impossibility of entering new markets, but to the selected sales strategy - the best conditions for selling are ensured by relations with large traders. To control the risk before each sale, a tender is held among buyers to determine the best conditions of the transaction. Making a choice in the direction of the buyer, management understand the level of supply and demand for the products on the market with other participants and Group's capabilities in the event of a change of buyer.

38 Capital management

The Group's objectives in the process of capital management are maintaining the Group's ability to follow the going concern principle to provide benefits to interested parties, and also maintaining the optimal structure of involved and own funds.

The management of the Group regularly analyzes the structure of its capital. On basis of results of this analysis the Group takes measures, which are aimed at maintenance of total structure of the capital balance.

The main financial liabilities of the Group are long-term loans and borrowings, current portion of long-term borrowings, short-term loans and borrowings, trade accounts payable, other current liabilities and accrued expenses. The main purpose of these financial instruments is to raise funds for the activities of the Group.

The Group's gearing ratio was as follows:

	Note	31 December 2023	31 December 2022
Long-term loans and borrowings	30	(902)	(4 619)
Long-term lease liabilities as to right-of-use assets	19	(99 188)	(109 892)
Current portion of long-term borrowings	30	(19 427)	(4 925)
Current portion of long-term lease liabilities as to right-of-use assets	19	(12 931)	(15 325)
Short-term loans and borrowings	31	(25 398)	(28 867)
Trade accounts payable	32	(2 312)	(2 873)
Other current liabilities and accrued expenses	33	(7 918)	(7 710)
Cash and cash equivalents	27	16 198	24 864
Net borrowings		**(151 878)**	**(149 347)**
Total equity		(141 694)	(150 315)
Total net borrowings and equity		(293 571)	(299 662)
Gearing ratio		**52%**	**50%**

The capital structure of the Group is based on management's judgments of the appropriate balancing of all key elements of its financial strategy in order to meet its strategic and day-to-day needs. The Management of the Group considers the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group will take appropriate steps in order to maintain, or if necessary adjust, the capital structure.

(in thousand USD, unless otherwise stated)

39 Earnings per Share

The earnings and weighted average number of ordinary shares used in calculation of earnings per share are as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
FROM CONTINUED OPERATIONS		
Net profit for the period attributable to owners of the parent company	(20 820)	(957)
Weighted average number of shares outstanding	35 500 464	34 237 146
Basic profit per ordinary share (in USD)	(0,59)	(0,03)

Basic earnings per share from continuing operations are computed by dividing net income from continuing operations available to ordinary shareholders by the weighted-average number of ordinary shares outstanding, excluding any dilutive effects of stock options. The Group has neither potentially dilutive ordinary shares nor other dilutive instruments; therefore, the diluted earnings per share equal basic earnings per share.

40 Subsequent events

Conducting its normal operating activity, the Group considers important to highlight the following:

Loans and borrowings are received in the amount of USD 8 663 thousand.

Loans and borrowings and interests are repaid in the amount of USD 10 821 thousand.

VAT for reimbursement is received in the amount of USD 8 643 thousand.

There were no other material events after the end of the reporting date, which have a bearing on the understanding of the consolidated financial statements.