EKOTECHNIKA

ANNUAL REPORT

from 1 October 2020 to 30 September 2021

Modern equipment for efficient farming

CONTENT

FOREWORD OF THE EXECUTIVE BOARD

STEFAN DUERR
Chairman of the Board

BJOERNE DRECHSLER
Board member

In the coming years, the expansion of the John Deere sales territories will have a clearly positive impact on the Smart Farming segment.

Dear shareholders and business friends, dear employees,

The 2020/2021 financial year turned out to be much better than originally expected. While the overall conditions for the Russian agricultural market were generally good, crop yields in the individual regions differed substantially last season. In the Chernozem region, yields tended to be below average due to low precipitation, whereas crop yields in Siberia were well above expectations. Demand for agricultural machinery also remains high, with a clear focus on high-tech and efficiency. Consequently, sales of new machines showed a very positive trend in the 2021 season, not least thanks to the fact that we have expanded our John Deere sales territories since late 2019. The total number of tractors sold increased from 245 to 403, and sales of combines and forage harvesters also remained high at 109 machines (2020: 117). Last year saw us step up our activities in the trailed implements segment, where we also recorded significant growth.

Accordingly, revenues from the sale of new machinery rose by 32% to approx. EUR 166 million in the 2020/2021 financial year. Our second mainstay, the spare parts segment, recorded a strong 26% increase in sales revenues to EUR 59 million. Revenues in the after-sales service segment also picked up noticeably. The Ekotechnika Group's total revenues amounted to EUR 244 million, up 26% on the previous year.

In the coming years, the expansion of the John Deere sales territories will have a clearly positive impact on the Smart Farming segment, where we more than doubled our revenues to EUR 2.8 million in the reporting period in spite of supply bottlenecks. While we assume that supply bottlenecks will continue in the current financial year, we also expect a positive effect from the newly introduced service products. In the past season, the first customers already signed contracts for what we call our "digitalization packages". They will pave the way from a product-oriented to a more service-oriented approach in the Smart Farming segment.

In the reporting year, the ruble appreciated from RUB 93/EUR at the beginning of the financial year to RUB 85/EUR on the balance sheet date of 30 September 2021. Earnings before interest, taxes, depreciation and amortization (EBITDA) almost tripled to over EUR 24 million, and the operating result reached EUR 21 million, up from just under EUR 6 million in the previous year. Consolidated net income in the 2020/2021 financial year totaled EUR 14 million.

Another important step was the sale of our Ambitech subsidiary in August 2021, which was responsible for the sale of forestry machinery from Canadian manufacturer Tigercat Industries. The forestry machinery segment most recently represented only around 3% of the Group's total sales revenues and had failed to make a positive contribution to earnings. The sale will allow us to pave the way for the further expansion of our cooperation with John Deere, with whom we have worked successfully for many years.

We project sales revenues of between EUR 255 million and EUR 280 million and gross profit of around EUR 45 million to EUR 55 million for the 2021/2022 financial year. Earnings before interest and taxes (EBIT) will come in at between EUR 15 million and EUR 20 million.

We thank you for your trust and hope you will remain loyal to our company in 2022.

Yours sincerely,

Stefan Duerr | Bjoerne Drechsler

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,
2020/2021 was an operationally and economically successful financial year for Ekotechnika AG (hereinafter also referred to as "**Ekotechnika**", the "**entity**" or the "**company**") – despite the global challenges posed by the coronavirus pandemic and difficulties in the supply chains. The company was able to further improve its position in the Russian market for agricultural machinery. This also applies to the progress made in the Smart Farming segment.

The strong increase in sales revenues was achieved primarily thanks to consequent marketing in the new sales territories added in 2019. What is more, the overall market benefits from the positive development of the agricultural sector, with prices of agricultural commodities at a high level. High inflation is doing its part to increase farmers' willingness and ability to invest.

Cooperation between the Executive Board and the Supervisory Board

In the 2020/2021 financial year, the Supervisory Board of Ekotechnika AG again continuously monitored the Executive Board and regularly advised it on managing the company. In doing so, we satisfied ourselves that all actions taken by the Executive Board were legitimate and proper and served the intended purpose. The Executive Board complied with its information duties and apprised us regularly, promptly and comprehensively in written and oral form about all issues of strategy, planning, business development, risk situation, risk developments and compliance that were relevant to the company and the Group. This also included information on deviations in actual performance from previously reported targets as well as deviations in business performance from plans; in the 2020/2021 financial year, all such deviations were positive.

The members of the Supervisory Board had ample opportunity to critically examine the reports and resolution proposals submitted by the Executive Board and to make their own suggestions. In particular, we discussed all business processes of importance to the company based on written and oral reports from the Executive Board and checked them for plausibility. The Supervisory Board closely addressed the company's risk situation, liquidity planning and equity situation.

The Supervisory Board gave its consent to individual business transactions where this was necessary due to legal requirements, the articles of association or the rules of procedure for the Executive Board.

The members of the Supervisory Board also maintained a close and regular exchange of information and ideas with each other and with the Executive Board between Supervisory Board meetings and kept themselves informed of significant developments in the entity.

There was no evidence of conflicts of interest of members of the Executive Board and the Supervisory Board which would have to be disclosed to the Supervisory Board without delay and about which the Annual General Meeting would have to be informed.

The Chairwoman of the Supervisory Board also maintained a close and regular exchange of information and ideas with the Executive Board between Supervisory Board meetings and kept herself informed of significant developments in the entity. The Supervisory Board Chairwoman reported on important findings at the next Supervisory Board meeting at the latest.

The Executive Board and the Supervisory Board again cooperated very constructively in the 2020/2021 financial year, thus ensuring the continued positive development of Ekotechnika AG.

Supervisory Board meetings

In the year under review, the Supervisory Board held two physical meetings as well as six video conferences; it passed five resolutions by phone and three separate resolutions by way of a video conference. The subject of all of our regular plenary consultations was the general development of the company with regard to strategic objectives, e.g. sales revenues and results as well as the financial and earnings position of the Ekotechnika Group. In addition, we addressed important projects as well as certain risks of the company as required.

All meetings were attended by all members of the Supervisory Board. The work of the Supervisory Board was characterized by an open and constructive exchange. At all meetings, we reviewed the reports of the Executive Board and discussed the performance of the company as well as strategic issues with the Board. We also discussed the general economic environment and the business performance of Ekotechnika AG at all of the meetings. The members of the Executive Board attended all meetings of the Supervisory Board.

Due to the coronavirus pandemic, our first Supervisory Board meeting in the 2020/2021 financial year was held as a video conference on 25 November 2020. Key topics discussed in detail were the current business trend, preliminary IFRS figures for the 2019/2020 financial year, plans and targets for the 2020/2021 financial year as well as issues relating to cooperation with the Ekosem-Agrar Group. On the following day, 26 November 2020, a resolution was passed by written vote on the plans and targets for the 2020/2021 financial year that were discussed during the video conference.

The Supervisory Board's balance sheet meeting on 14 January 2021 was also held as a video conference. At this meeting, the consolidated financial statements for 2019/2020 were discussed in detail in the presence of the auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. We then approved the consolidated financial statements (IFRS) including the Group management report of the company for the 2019/2020 financial year. The stand-alone financial statements (HGB) and the dependency report for the 2019/2020 financial year were presented to us. The members of the Supervisory Board audited and approved the stand-alone financial statements (HGB) prepared by the Executive Board for the 2019/2020 financial year, which were thus adopted. We also examined the dependency report and endorsed the report of the Supervisory Board for the 2019/2020 financial year. Other topics discussed at the meeting included the general business trend and the Smart Farming project. The variable bonus for the members of the Executive Board was fixed by the Supervisor Board in a separate resolution on the same day.

At a video conference on 15 March 2021, we exchanged views on the development of the business relations with the companies of the Ekosem-Agrar Group.

On 16 March 2021, 25 March 2021, 29 April 2021 and 17 May 2021, the Supervisory Board approved various resolutions of the Executive Board on investments in operating facilities and new service centers made necessary by the growing demand.

The next meeting was also held as a video conference on 29 April 2021. Besides a thorough discussion of the current business trend and the market environment, we primarily addressed the Smart Farming project, risk management and compliance as well as the possibilities for holding the 2021 Annual General Meeting.

At video conferences on 11 and 24 June 2021, we closely dealt with the financing of the Ekotechnika Group by the banks and discussed possible actions.

The topic of our resolution passed by written vote on 23 July 2021 was the invitation to the 2021 ordinary Annual General Meeting, including the agenda and the resolution proposals of the Supervisory Board.

Our last Supervisory Board meeting in the 2020/2021 financial year was held as the first physical meeting of the financial year in Wiesloch on 5 September 2021. Key topics addressed at this meeting were the financial situation of the Ekotechnika Group, the performance of the company in the current financial year, management figures for the current financial year and the further planning for the 2021/2022 financial year. In addition, we again discussed the latest developments in the Smart Farming project as well as the company's risk management and compliance. Furthermore, we bid farewell with great gratitude to our long-standing Supervisory Board member Marius Hoerner, who is not seeking re-election as a member of the Supervisory Board for personal reasons.

The constituent meeting of the Supervisory Board was held as a physical meeting after the ordinary Annual General Meeting on 6 September 2021 and the election of the new Supervisory Board. On this occasion, we extended a warm welcome to the new member of the Supervisory Board, Mr Dirk Stratmann. At this meeting, Ms Olga Ohly and Mr Wolfgang Bläsi were re-elected Chairwoman and Vice Chairman of the Supervisory Board, respectively.

Audit of the separate and consolidated financial statements

The consolidated financial statements (IFRS) including the Group management report of Ekotechnika AG for the 2020/2021 financial year were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Saarbrücken (hereinafter referred to as the "**auditor**"), and received an unqualified audit opinion with an explanatory note on going concern risks.

With regard to the stand-alone financial statements (HGB) of Ekotechnika AG for the 2020/2021 financial year, the company, which is a small corporation in the meaning of Section 267 (1) of the German Commercial Code (HGB), made use of the exemption available under Section 316 (1) Sentence 1 of the German Commercial Code (HGB); the stand-alone financial statements (HGB) were not audited by an auditor.

The stand-alone financial statements (HGB) and the consolidated financial statements (IFRS) including the Group management report for the 2020/2021 financial year as well as the auditor's report on the consolidated financial statements were forwarded to all members of the Supervisory Board in good time prior to the Supervisory Board meeting on 24 January 2022 so that they had sufficient opportunity to examine them.

The members of the Supervisory Board audited the stand-alone financial statements (HGB) prepared by the Executive Board.

The Supervisory Board discussed the consolidated financial statements for the 2020/2021 financial year, the Group management report and the result of the audit in detail at a video conference on 24 January 2022, which was also attended by the auditor. At the meeting, the auditor reported on the audit as a whole, the individual focal points of the audit and the main findings of the audit. The auditor answered all questions of the Supervisory Board in detail. In addition, the auditor explained that there were no circumstances that could give cause for concern about their impartiality.

The Supervisory Board agreed with the results of the auditor's audit following its own comprehensive examination of the consolidated financial statements (IFRS) including the Group management report of Ekotechnika AG for the 2020/2021 financial year.

After completion of its audit, the Supervisory Board approved, on 24 January 2022, the stand-alone financial statements (HGB) of Ekotechnika AG prepared by the Executive Board for the 2020/2021 financial year. The stand-alone financial statements (HGB) were thus adopted in accordance with Section 172 Sentence 1 of the German Stock Corporation Act (AktG). The audited consolidated financial statements (IFRS) including the Group management report of Ekotechnika AG for the 2020/2021 financial year were also approved by the Supervisory Board on 24 January 2022.

On this basis, the Supervisory Board concurred with the Executive Board's proposal for the appropriation of the net profit. The Supervisory Board is of the opinion that the fact that Ekotechnika AG is allowing the shareholders to participate in the positive performance by paying the first dividend is a step in the right direction.

Dependency report

The Executive Board submitted the related party disclosures ("dependency report") prepared in accordance with Section 312 of the German Stock Corporation Act (AktG) to the Supervisory Board. The Supervisory Board examined the dependency report in accordance with Section 314 of the German Stock Corporation Act (AktG).

The Supervisory Board declares that, based on the final result of its own review of the dependency report, there are no objections to the dependency report and the final declaration of the Executive Board on related party relationships contained therein.

The Supervisory Board would like to thank all employees of the Ekotechnika Group and the members of the Executive Board for their efforts and achievements and their extraordinary commitment in the 2020/2021 financial year.

The Supervisory Board also thanks Mr Marius Hoerner for his many years of dedicated service as a member of the Supervisory Board and is extending a warm welcome to new Supervisory Board member Mr Dirk Stratmann. He has many years of experience in the international agricultural industry and spent more than 30 years in various management positions for the world's leading agricultural equipment manufacturer, John Deere.

Our thanks also go to you, our shareholders, for your continued loyalty and trust.

Walldorf, January 2022

On behalf of the Supervisory Board

Ohly

Olga Ohly
Chairwoman of the Supervisory Board

EKOTECHNIKA AG, Walldorf
Group Management report as of 30 September 2021

GROUP MANAGEMENT REPORT

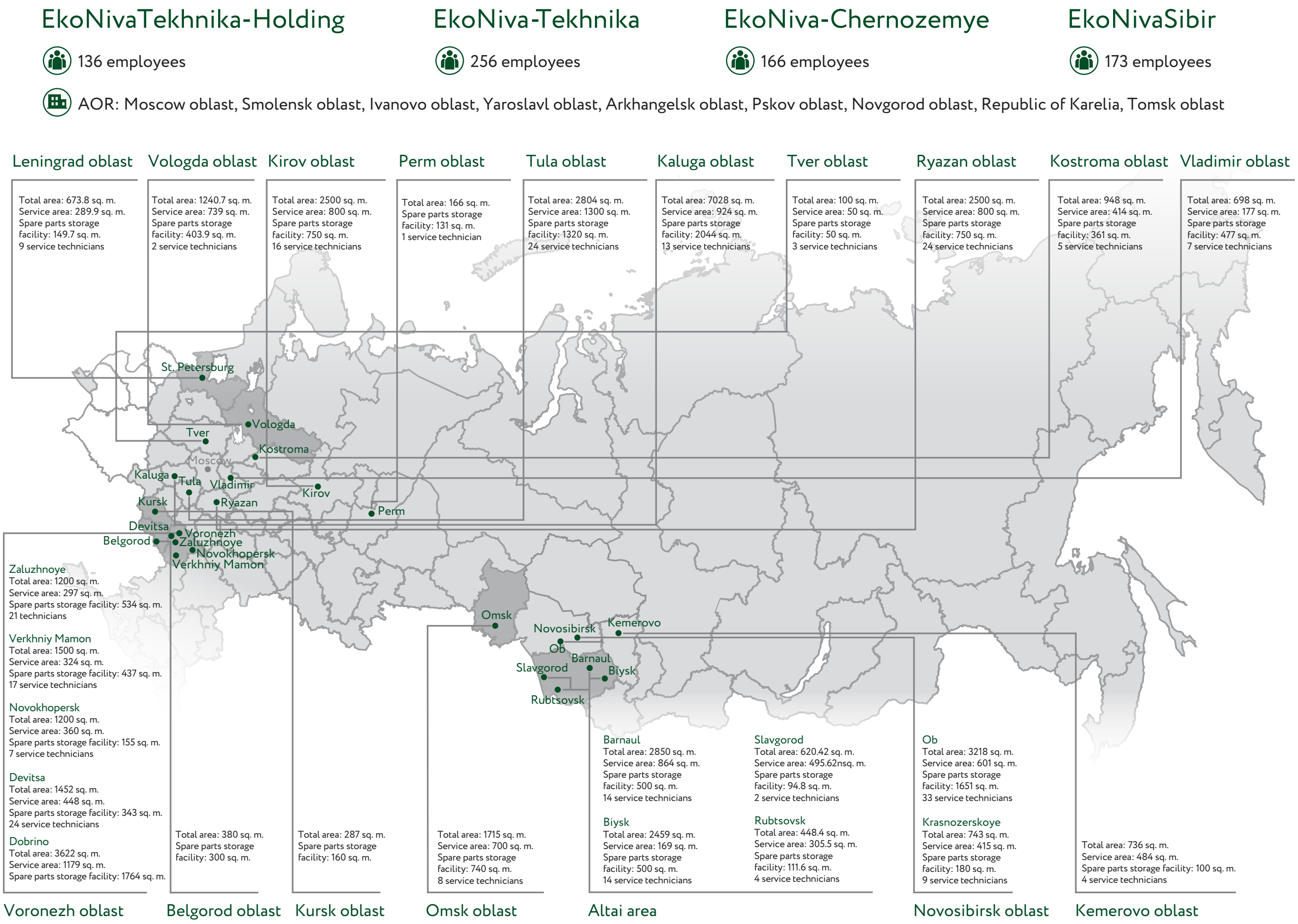
1. BACKGROUND OF THE GROUP

Ekotechnika AG, headquartered in Walldorf, is the German holding company of the EkoNiva-Technika Group, the largest distributor of international agricultural machinery in Russia. Ekotechnika's main business lies in selling new agricultural machinery such as tractors and combines. The main partner and principal supplier is Deere & Company, Moline, Illinois, USA, ("John Deere"), the world's largest and market-leading manufacturer of agricultural machinery. In the 2020/2021 financial year, the Ekotechnika Group generated sales revenues of EUR 244 million and earnings before interest and taxes (EBIT) of EUR 21.3 million.

1.1 Business model of the Group

The business activities of the Ekotechnika Group, hereinafter referred to as "Ekotechnika" or "the Group", comprise trading in agricultural machinery and the sale of spare parts as well as the provision of services. In addition, the Group is actively developing smart farming services and products, for which a huge potential market is assumed to exist. Between November 2018 until August 2021, the Group was also engaged in trading with forestry machinery and respective spare parts.

The Group's sales market is Russia, where Ekotechnika meanwhile employs around 760 people at 25 locations in the five regions of Central Russia, Voronezh, Siberia, Northwest and Altai. On the Russian market, the Group's companies operate under the EkoNiva-Technika brand.



Last updated on 30 September 2021 (excl. 29 employees of the Ambitech subgroup)

New Machinery is Ekotechnika's core business. John Deere, the world's largest and market-leading supplier, is the company's principal supplier. Ekotechnika is one of the largest John Deere dealers in Russia and Europe.
John Deere products accounted for 68% (2020: 70%) of new machinery sales in the past financial year. The product portfolio also includes agricultural machinery from other leading manufacturers such as JCB, UK (telescopic loaders), Väderstad, Sweden (tillage equipment), Grimme, Germany (potato harvesting equipment), Fliegl, Germany (agricultural trailers), Gregoire Besson, France (tillage equipment), Bednar, Czechia (tillage equipment), and Rauch, Germany (fertilizer spreaders). Some of the Group's products are now manufactured or assembled in Russia by local subsidiaries of foreign suppliers. Agricultural machinery and spare parts are partly sourced globally.

Between November 2018 and August 2021, the Group was also active in the market for forestry machinery. For this purpose, the operating company EkoNivaTechnika has signed a strategic partnership agreement with Tigercat Industries (Canada) for the exclusive sale of forestry machinery in the existing sales regions of Central Russia, Voronezh and Siberia. The Ambitech subgroup, in which the forestry machinery business was pooled, was sold in August 2021 to pave the way for further expansion of cooperation with the established main supplier, the US Group John Deere. The forestry machinery business most recently represented only around 3% of the Group's total sales and has not made a positive contribution to earnings.

In addition, trade in used machines is becoming more and more important as many key customers renew their existing fleets, which increasingly requires trading-in.

Ekotechnika's **Spare Parts** segment currently offers a comprehensive portfolio of spare parts at 25 locations. The spare parts warehouses are usually integrated into the company's service centers in strategic locations. They stock over 69,000 original spare parts from all brands of the new machinery sector, which are transported directly and speedily to the customer's site by the company's fleet of service vehicles whenever required. Thanks to optimized warehouse management, the inventory turnover rate has been optimized significantly over the past years and currently stands at 2.46. The constant increase in the number of state-of-the-art machines in the sales territory allows the Group to successively expand this business segment and to benefit from the continuously growing demand for spare parts. Gross profit margins in the spare parts business are much higher than those for new machinery, which is typical for this industry.

Ekotechnika's **Customer Service** operations offer not only regular maintenance of agricultural machinery but also repairs in the event of technical defects as well as the replacement of wear parts. Due to the typically long distances in Russia, a lot of work takes place directly at the customer's site. Similar to its spare parts operations, the Ekotechnika Group is also expanding the activities of its Customer Service segment. For instance, the company has introduced strategies and service activities for John Deere and JCB machines, such as engine overhauls as well as remote maintenance and diagnostics.

Smart Farming is the Group's latest business segment. Meanwhile, this division comprises nine employees who are exclusively responsible for the further development of the Smart Farming business. It will make the company fit for the digitization of agriculture and help it leverage the opportunities arising in this market. State-of-the-art technologies such as N-sensors, drones, yield maps, satellites and soil scanners allow the soil to be analyzed in detail. The data obtained this way makes it possible to adapt both the sowing and the fertilization to the specific type of soil, which helps save resources and cut costs. In the future, the focus will also increasingly be on offering services in the field of smart farming, rather than selling smart farming products.

1.2 Objectives and strategies

There is a strong demand for state-of-the-art machines and new technologies in the Russian agricultural machinery market. Local manufacturers benefit not only from favorable manufacturing conditions but also from government subsidies, which leads to fierce competition. In many areas, however, Russian machines cannot compete with the technological standard of machines produced by international market leaders.

The Ekotechnika Group therefore relies on its proven business model, i.e. the sale of imported agricultural machines from renowned manufacturers such as John Deere, which are characterized by high quality, productivity and durability. Most importantly, Ekotechnika's customers appreciate the close integration of the company's different business segments, i.e. New Machinery, Spare Parts, Customer Service and Smart Farming. The wide range of services offered gives the Group an important competitive edge and ensures that customers benefit from optimum support from a single source. The state-of-the-art spare parts warehouses and the broad logistics network are designed to provide farmers with fast and reliable on-site assistance. Ekotechnika continuously invests in training and further education for its employees to ensure its customers get the best possible service and advice at all times. As digitization progresses, continuous human resources development is becoming particularly important in the new Smart Farming segment.

In November 2019, Ekotechnika AG took over further John Deere sales territories, namely the regions of Altai and Omsk in Siberia as well as Arkhangelsk, Karelia, the Leningrad region, Pskov, St. Petersburg, Veliki Novgorod and Vologda in Northwest Russia. These new regions make the sales territories served by Ekotechnika more homogeneous, enabling more consistent pricing, especially for service and spare parts. In addition, it is possible to manage the new regions without further increasing administrative resources, thus directly enhancing productivity. The existing structures can be utilized more effectively and further synergies are created in the administrative area. This makes Ekotechnika more competitive and has strongly increased sales of the company's traditional new machines and spares parts operations in the 2020 and 2021 seasons and will also have a positive impact on the Smart Farming segment in the future.

1.3 Control system

Corporate planning and control is primarily based on the following financial performance indicators: number of machines sold, sales revenues, gross profit as well as earnings before interest and taxes (EBIT; operating result). For a dealer of international agricultural machinery and a supplier of spare parts and services, sales revenues primarily depend on the machines and spare parts sold and the services provided. The New Machinery segment currently accounts for approx. 68% of sales revenues. The Ekotechnika Group aims to successively expand the high-margin and less volatile Spare Parts, Customer Service and Smart Farming segments.

1.4 Research and development

In the 2017/2018 season, the company teamed up with John Deere to launch the "Lead Farms" project in the Voronezh region, in the context of which new smart farming technologies were tested on a total area of close to 1,000 hectares and, in the subsequent season, on close to 3,000 hectares under real-life conditions. In the 2019/2020 financial year, further tests and experiments were carried out at seven customers on a total area of 5,000 hectares. The focus was on wheat, maize and soy beans. A wide variety of approaches was tested, especially in the areas of sowing intensity and fertilization standards, which led to numerous positive insights. The results produce a significant increase in efficiency, especially in the sowing intensity for maize and soy beans. These were further validated in the 2020/2021 financial year, producing consistent results for four years in a row. During the reporting period, the tests were also extended to other regions and, in addition to the Voronezh region, tests were carried out for the first time in other regions (including Siberia and parts of the Central Region) in order to build up data for comparison. Further testing of seeding and fertilization will also be conducted in the current 2021/2022 financial year.

In the area of lean production, Ekotechnika is working intensively to optimize numerous production steps. Here, the main focus is on automatic steering and control systems and machine optimization.

2. ECONOMIC REPORT

2.1 Economic environment

Overall economic trend

According to the World Economic Outlook published by the International Monetary Fund (IMF) in October 2021, the global recovery continues but the momentum has weakend, hobbled by the coronavirus pandemic. Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply distruptions, which led to a higher inflation in many countries. This resulted in an increase in the risk of economic outlooks. Nevertheless, following a 3.1% decline in the global economy in 2020, the IMF expects global GDP to increase by 5.9% in 2021. Economic growth in the industrialized countries is forecast to increase by 5.2% in 2021, following a decline of 4.5% in 2020. For emerging and developing countries, on the other hand, the IMF recorded only a 2.1% decline in economic output in 2020 as a result of the pandemic and expects economic growth of 6.4% in the current year 2021. Within the group of emerging and developing countries, Russia's GDP is expected to grow by 4.7% in 2021, following a 3.0% GDP decline in 2020.[1]

The 2020/2021 financial year was characterized by a significant increase in the key interest rate of the Russian Central Bank. While the Russian key interest rate remained at 4.25% from the beginning of the 2020/2021 financial year on 1 October 2020 until mid-March 2021, it was raised gradually from 23 March 2021 and reached 6.75% on 13 September 2021. After the end of the reporting period the key interest rate was raised again on 25 October 2021, to 7.5%.[2]

Russia's inflation rate rose steadily from 3.99% in October 2020 to 5.79% by March 2021. While inflation moderated slightly to 5.53% in April 2021, it continued to rise further from May 2021, reaching 7.4% by the end of the financial year in September 2021.[3]

The RUB/EUR exchange rate stood at RUB 92.4302/EUR at the beginning of the financial year in October 2020 and at RUB 84.8755/EUR at the end of the financial year (30 September 2021). The average rate for the financial year was RUB 89.1385/EUR (2020: RUB 77.3529/EUR). The exchange rate reached its low of RUB 84.6752/EUR towards the end of the financial year on 29 September 2021, compared to a high of RUB 93.7570/EUR on 3 November 2020.[4]

The RUB/USD exchange rate was RUB 78.7847/USD at the beginning of the financial year and RUB 72.7608/USD at the end of the financial year. The average exchange rate for the 2020/2021 financial year was RUB 74.5908/USD (2020: RUB 68.9906/USD). The exchange rate reached a low of RUB 71.6797/USD on 12 June 2021, compared to a high of RUB 80.5749/USD on 3 November 2020.[5]

Russian agricultural and farming equipment market

Agriculture is one of the fastest-growing sectors of the Russian economy. It plays an important role in the desired diversification of the export structure.[6] In the 2021 season, the Russian agricultural market again showed stable growth and remains largely unaffected by the coronavirus pandemic.[7]

[1] https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021 (retrieved on 26 November 2021)

[2] https://www.cbr.ru/eng/hd_base/KeyRate/?UniDbQuery.Posted=True&UniDbQuery.From=01.10.2020&UniDbQuery.To=26.11.2021 (retrieved on 26 November 2021)

[3] https://de.tradingeconomics.com/russia/inflation-cpi (retrieved on 26 November 2021)

[4] http://www.cbr.ru/currency_base/dynamics/?UniDbQuery.Posted=True&UniDbQuery.so=1&UniDbQuery.mode=1&UniDbQuery.date_req1=&UniDbQuery.date_req2=&UniDbQuery.VAL_NM_RQ=R01239&UniDbQuery.From=01.10.2020&UniDbQuery.To=30.09.2021 (retrieved on 26 November 2021)

[5] http://www.cbr.ru/currency_base/dynamics/?UniDbQuery.Posted=True&UniDbQuery.so=1&UniDbQuery.mode=1&UniDbQuery.date_req1=&UniDbQuery.date_req2=&UniDbQuery.VAL_NM_RQ=R01235&UniDbQuery.From=01.10.2020&UniDbQuery.To=30.09.2021 (retrieved on 26 November 2021)

[6] https://www.gtai.de/gtai-de/meta/ueber-uns/was-wir-tun/schwerpunkte/digitalisierung/agrarwirtschaft-vom-importeur-zum-global-player-651312 (retrieved on 29 November 2021)

[7] https://www.gtai.de/gtai-de/trade/branchen/branchenbericht/russland/russische-landwirtschaft-faehrt-2021-reiche-ernte-ein-661332 and https://www.gtai.de/gtai-de/trade/branchen/branchencheck/russland/russlands-wirtschaft-entwickelt-resilienz-gegen-corona-583528 (retrieved on 14 December 2021)

However, Russia's agriculture is increasingly feeling the effects of climate change, such as lower precipitation, longer heat waves and soil erosion.[8] According to the Executive Board, in the 2021 harvest season, crop yields in the Voronezh region were far below expectations due to low rainfall. Yields for winter wheat and grain corn halved compared to the previous year's harvest. While the harvest in the Central Region was satisfactory, Siberia saw crop yields well above expectations. Crop failures and rising costs for fertilizers and crop protection products are making for agricultural products more expensive on the world market. Russia's exports therefore grew by 19% year-on-year to USD 27.4 billion in the first ten months of 2021. Grains account for one-third of this. By 2024, exports are expected to increase to USD 34 billion. To increase crop yields, fields are to be cultivated more intensively.[8]

According to the management, the need for agricultural machinery remains high, with a clear focus on high technology and efficiency. However, domestic agricultural machinery manufacturers continue to be supported with production subsidies and leasing programs for locally produced technology, which further promotes these sales. Large agricultural holding companies, which traditionally made high investments, scaled down their investment programs and entered a phase of consolidation after a period of strong growth. This reduced their relative share in the company's sales. By contrast, the traditional retail activities were very strong in the small and medium-sized customer segment. In the opinion of the Executive Board, this is a positive trend, as it allows better planning as well as higher margins and better conditions for the Ekotechnika Group.

According to the September 2021 report of AEB (Association of European Businesses), an independent non-profit organization of more than 500 European and Russian companies and the most important representation of foreign investors in Russia, the Russian market for imported agricultural machinery was characterized by growth in the past financial year. The market for tractors over 150 hp grew by 40%, while the combines segment expanded by as much as 52% and the forage harvester market by 16%.[9]

Generally speaking, the Russian agricultural machinery market can be divided into two segments: Russian, locally manufactured machinery (approx. 50% in total) and imported foreign machinery. German manufacturer Claas has a local manufacturing site in Krasnodar, where combines are produced. Claas significantly expanded its combine sales in the past financial year and greatly benefits from the local subsidy programs. The Ekotechnika Group's main supplier, John Deere, has two sites in Russia, one assembly plant close to Moscow and another plant in Orenburg, but does not qualify for the 1432 program or for Rosagroleasing funding.

John Deere's share of the total market for tractors over 150 hp rose markedly from 30.9% to 38.1%. Main competitor AGCO slightly gained further market share, while Claas and CNH lost market share (source: AEB Report September 2021).

John Deere's share of the combine market decreased from 23.4%, to 21.4%, while especially Claas and CNH gained in market share. In particular, the inclusion of combines produced by Claas in Russia in the government subsidy program for manufacturer support and governmental leasing programs is a strong driver.

The 1432 program

The 1432 program was introduced in 2013 and was originally scheduled to run until 2020. The aim of this program is to support local manufacturers of agricultural equipment. Every manufacturer meeting the requirements of the program is currently eligible for a subsidy of at least 25% on the manufacturing costs and can therefore offer their machines at this additional discount. The program peaked in 2017 with nearly RUB 16 billion in support. In 2018, the amount of state support amounted to around

[8] https://www.gtai.de/gtai-de/trade/branchen/branchenbericht/russland/land-und-ernaehrungswirtschaft-kaempft-mit-hohen-kosten-757266 (retrieved on 29 November 2021)

[9] AEB Report based on data from John Deere

RUB 10 billion. The initial draft budget for 2019 of RUB 2 billion has been increased to RUB 14.5 billion. In November 2020, the program was extended until 2022.[10] In 2021, RUB 10 billion had been allocated for subsidies and in May 2021 the Ministry of Industry and Trade proposed to increase this amount by a further RUB 4 billion.[11] The program remains subject to further changes and it is very difficult to predict both the volume and the duration.

The Rosagroleasing program

Rosagroleasing is the government leasing company for agricultural producers. It provides commercial leasing and leasing on preferred conditions for certified local manufacturers. Rostselmash, Claas and many other manufacturers of agricultural equipment are approved for this support program. The leasing conditions are much more favorable than in the commercial leasing industry and leasing cost can be below 3% p.a. Deferrals of lease payments are also offered. This is a great advantage for local manufacturers.[12] The Executive Board expects this program to become more important in the future. This is supported by the fact that Rosagroleasing's leasing portfolio exceeded RUB 100 billion in the first nine months of 2021, an increase of 29% year-on-year.[13]

2.2 Business performance

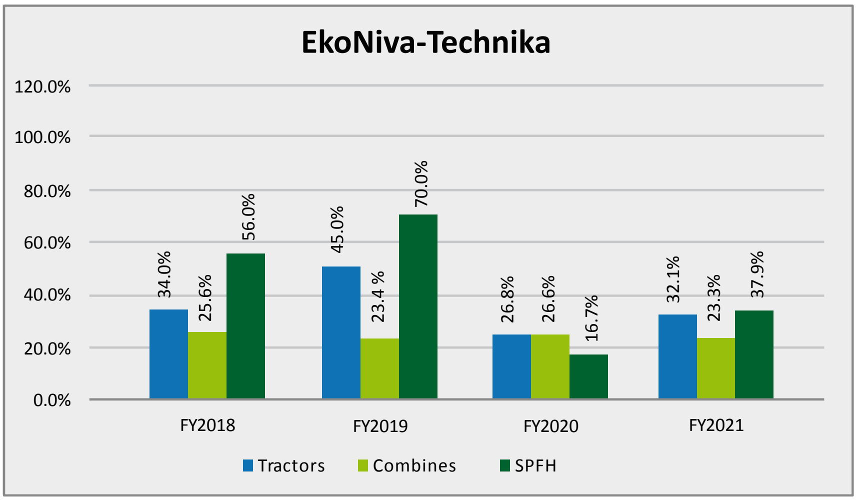
General performance of the Group

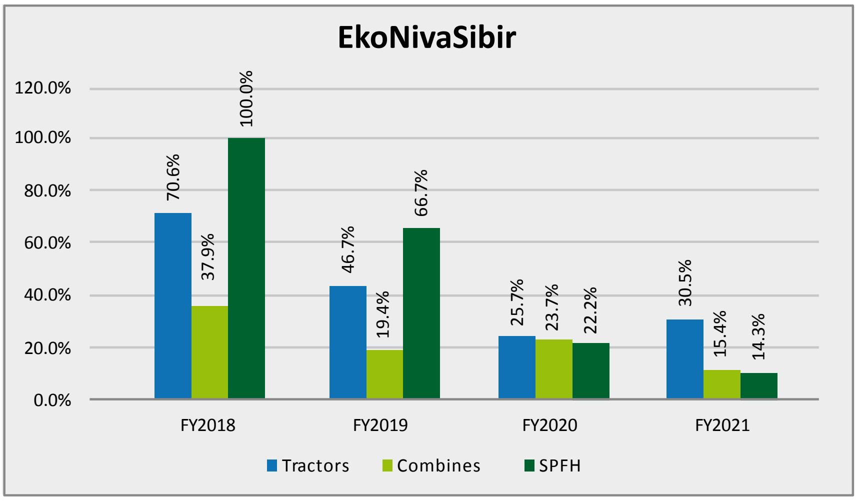
The main customers of Ekotechnika AG operate in the agricultural sector, which is still not materially affected by the coronavirus pandemic in the 2020/2021 financial year. The Group was able to continue its operations in the past financial year without any major restrictions.

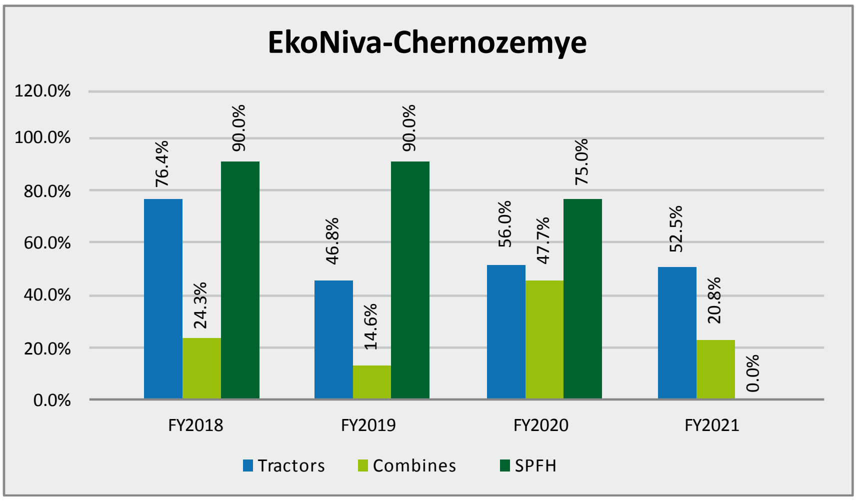
As a result of the expanded sales territories and the overall environment described above, Ekotechnika clearly increased its revenues to EUR 244 million, up from EUR 194 million in the previous 2019/2020 financial year. Sales of new machines, especially tractors but also combines and forage harvesters, showed a good trend in the reporting period. Tractor sales picked up from 245 machines in the previous year to 403 machines. Sales of combines and forage harvesters decreased slightly from 117 to 109 machines sold. Also sales of telescopic handlers declined slightly from 182 to 176 machines. By contrast, trailed implements sales showed an upward trend. This segment was addressed particularly intensively in the past financial year, as the Executive Board believes that many opportunities for profitable growth will arise in this segment in the coming years. For this reason, the management continues to actively work on shaping and expanding the product range towards special and novel applications, many of which are niche solutions and thus generate higher margins.

The charts below show the market shares of the Ekotechnika companies in the most important product segments.

[10] https://www.eilbote-online.com/artikel/russlands-landtechnik-ausbau-mit-hindernissen-37238 (retrieved on 29 November 2021)
[11] https://madeinrussia.ru/en/news/3377 (retrieved on 29 November 2021)
[12] https://www.rosagroleasing.ru/ (retrieved on 14 December 2021)
[13] https://www.rosagroleasing.ru/smi/news/4306/ (retrieved on 29 November 2021)







Source: AEB Report 2021 based on John Deere data (SPFH = self propelled forage harvesters)

The decline in the market share of John Deere products in Siberia in the 2019/2020 as well as 2020/2021 financial year is attributable to the newly won sales territories, which have a high market volume but currently still a low market share in John Deere tractors and combines. These territories dilute the market shares in the new total territory of the Siberian regional company, which is actively working to expand market shares to reach the level that is typical of Ekotechnika. The same applies to EkoNiva-Technika with regard to the new sales territories in Northwest Russia.

The Spare Parts segment showed a slightly positive trend in the reporting period, which is explained by the increase of machines sold, leading to the necessity to supply them with spare parts, as well as by the increase in prices and the improvement of relationships with key customers. The spare parts business also benefits from the central ERP system implemented in the 2019/2020 financial year. Here, too, efficiency improvements are recorded in the areas of ordering, warehousing and demand analysis. Also, Ekotechnika plans to implement a mobile solution for the sales staff in the Spare Parts segment, similar to the Service segment.

Growing by 7%, the Customer Service segment also showed a positive performance and is at the focus of the efficiency increases and better utilization of the existing service centers. Another focus is being placed on customer satisfaction and the full integration of predictive maintenance. Predictive maintenance means that the machines independently report malfunctions, from which predictions about measures to be taken by the service teams are derived using algorithms.

Despite supply bottlenecks, revenues in the Smart Farming segment doubled in the reporting period. The Executive Board expects supply bottlenecks to continue in the current financial year. But at the same time expects a positive effect from the newly introduced service products. The first contracts for the so-called "digitization packages" have already been signed by customers and are paving the way from a product-oriented approach to a more service-oriented approach in the Smart Farming segment.

2.3 Business performance indicators

Financial performance indicators:

The management of the Group has determined the following significant financial performance indicators relevant for control:

- number of machines sold
- sales revenues
- gross profit
- earnings before interest and taxes (EBIT)

Non-financial performance indicators:

Employees

Apart from technology, the Group's performance largely depends on its employees, who are always in direct contact with customers when selling machines and spare parts as well as when providing services and are therefore the company's ambassadors. For this reason, the management pays great attention to finding the right skilled labor and to retaining and continually developing the company's existing employees. This includes providing regular professional training and personal development seminars. The HR department is very active in this respect, as individual development plans and opportunities are created for each employee. In addition, employees visit the largest agricultural exhibitions (at which the company also exhibits) in Germany and other countries together with customer groups – as far as the coronavirus pandemic currently allows. Through these efforts, it is ensured that the employees identify with the company and the products sold.

Ekotechnika is constantly working to improve employee satisfaction. In addition, the company makes heavy use of interns from various Russian agricultural universities.

The company has started its own training center with trainers who are permanently working to improve the qualifications of all departments, as well as external tariners being hired for specialized trainings and assessments to gain a better understanding of the education needs. Moreover, around 100 interns completed the practical part on site in the companies. In the 2021/2022 financial year, the number of interns is to be increased again, also due to the fact that new locations will be opened.

Organizational structure

The management is actively working on measures to further automate the whole business process by implementing and further optimizing ERP systems. In particular, the newly introduced electronic document exchange has led to efficiency increases. Another important aspect is the CRM system, which is applied to the entire sales process, as well as a mobile app for coordinating after-sales employees. The management intends to increase the number of employees directly involved in sales without increasing the administrative effort. The increase in productivity should enable the company to boost sales without increasing the number of non-operational employees. The number of employees on the reporting date was 731. In addition, the aim is to standardize the structures and processes of the various regional companies and to eliminate unnecessary hierarchy levels.

Customer satisfaction

Customer satisfaction plays a key role in corporate success. Ekotechnika has introduced a system for monitoring customer satisfaction in the 2020/21 financial year and is now actively and systematically surveying its customers on the subject of customer satisfaction. The results are anchored directly in the employee bonus system. This also supports long-term customer retention and will help to steadily improve the spare parts and service business.

Logistics

The logistics and merchandise management system, which has already been successfully further developed over the past years, will continue to be optimized in the future, while inventory turnover will, in accordance with suppliers' specifications, be brought to a level which at the same time increases economic efficiency and ensures customer satisfaction. In this context, the analysis of inventory levels and the optimization of the ordering process will play a particularly important role.

2.4 Results of operation, net assets and financial position

a) Profit situation

In the 2020/2021 financial year (30 September), the Ekotechnika Group generated **total revenues** of EUR 243,576 thousand. Thus, revenues were not only significantly above the previous year's level (2020: EUR 193,840 thousand), but also significantly above the forecast range of EUR 190 million to EUR 200 million established in previous year and slightly above the revenue forecast of EUR 220 million to EUR 240 million last communicated in September 2021. Sales of agricultural machinery accounted for 68.0% of total revenues and totaled EUR 165,676 thousand (2020: 64.7% or EUR 125,316 thousand). The 32% increase in revenues in this business segment was mainly attributable to the operations in the new John Deere sales territories and a higher demand, which has led to very good development in the Siberia region in particular. A total of 403 tractors (previous year's forecast: 333) and 109 combines and forage harvesters (previous year's forecast: 88) were sold in the past financial year. In the previous year, 245 tractors and 117 combines and forage harvesters were sold.

	FY 2020/2021 Quantity	FY 2019/2020 Quantity
Tractors > 160 hp	403	245
Combines and chippers	109	117

At 24.1%, spare parts sales made the second biggest contribution to total revenues. Total spare parts sales reached EUR 58,606 thousand in the reporting period, which exceeded the previous year's EUR 57,448 thousand (29.6% of 2020 revenues). Revenues from customer services totaled EUR 4,857 thousand, up by EUR 317 thousand on the 2019/2020 financial year (EUR 4,540 thousand). The continuous increase in revenues from customer services is in line with management's assessment that the volume of services provided is one of the key competitive factors. Revenues from smart farming solutions more than doubled in the reporting period to EUR 2,818 thousand (2020: EUR 1,336 thousand).

EUR'000	FY 2020/2021	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017
Sale of agricultural machinery and equipment	165,676	125,316	108,679	113,736	96,249
Sale of agricultural spare parts, tires and lubricants	58,606	57,448	46,006	44,422	47,134
Revenue from after-sales services	4,857	4,540	3,838	3,445	3,034
Sale of trade-in machinery	4,812	2,549	896	1,131	1,156
Sale of forestry machinery	5,656	2,001	-	-	-
Sale from smart farming solutions	2,818	1,336	852	932	569
Sale of forestry spare parts	1,151	650	59	-	-
Revenues	**243,576**	**193,840**	**160,330**	**163,666**	**148,142**

At EUR 199,865 thousand, the **purchase costs** of agricultural machinery and equipment as well as spare parts sold were higher than the previous year's EUR 157,024 thousand.

At EUR 43,711 thousand, **gross profit** (sales less purchase costs of agricultural machinery, equipment and spare parts sold) clearly exceeded the previous year's level (2020: EUR 36,816 thousand; +18.7%) and both significantly above the originally expected range of EUR 30 million to EUR 33 million (previous year) and slightly above the forecast, which was raised to EUR 37 million to EUR 40 million in September 2021.

Other operating income mainly comprises reimbursements of warranty costs and of marketing expenses and amounted to EUR 7,269 thousand in the reporting period, compared to EUR 3,906 thousand in the 2019/2020 financial year. The main reason for the increase in other operating income were forex gains in the amount of EUR 3,375 thousand and gains from the sale of the subsidiary Ambitech (EUR 956 thousand).

Payroll expenses picked up by approx. 16% from EUR 12,222 thousand to EUR 14,151 thousand primarily because of the increase in the headcount (+14%). **Depreciation and amortization** also increased significantly by 7% from EUR 2,891 thousand in the previous year to EUR 3,107 thousand in the 2020/2021 financial year; a consequence of investments in the new sales regions.

Other operating expenses decreased from EUR 19,924 thousand in the 2019/2020 financial year to EUR 11,776 thousand in the reporting period due to a significant reduction in forex loss. This results from the volatility and general depreciation of the ruble against the euro in the past financial year (2019/2020) and these forex losses were mostly not realized – due to the balance sheet valuation of liabilities to suppliers measured at the RUB/EUR exchange rate, which stood at a historical low (from a ruble perspective) on the balance sheet date at 30 September 2020.

At EUR 24,432 thousand, **EBITDA** (earnings before interest, taxes, depreciation and amortization) almost tripled compared to the previous year (2020: EUR 8,535 thousand). **Earnings before interest and taxes** (EBIT) reached EUR 21,325 thousand, which was also significantly above the previous year (2020: EUR 5,644 thousand) as well as above the forecast of EUR 7 million to EUR 10 million issued in previous year and slightly above the forecast of EUR 17 million to EUR 20 million updated by the Executive Board at the beginning of September 2021.

The **net financial result** (financial expenses plus financial income) of EUR -2.537 thousand improved slightly compared to prior year's level (2020: EUR -2,829 thousand).

Earnings before taxes (EBT) amounted to EUR 18,788 thousand (2020: EUR 2,815 thousand). After deduction of tax expenses of EUR 4,590 thousand (2020: EUR 1,076 thousand), **consolidated net income for the year** stood at EUR 14,198 thousand (2020: EUR 1,739 thousand).

b) Financial position

The finance department located at OOO EkoNivaTechnika-Holding, Russia, manages the Group's finances. While keeping finance costs to a minimum, it enables all companies in the Group to meet their liabilities as and when they fall due.

The main instruments for managing relations with suppliers are letters of credit and bank guarantees.

In the reporting period, operating cash flow before changes in working capital was EUR 20,392 thousand (2020: EUR 16,720 thousand). Operating cash flow after changes in working capital stood at EUR 17,277 thousand (2020: EUR 20,273 thousand).

After taxes paid in the amount of EUR 3,990 thousand (2020: EUR 2,530 thousand), interest paid in the amount of EUR 2,861 thousand (2020: EUR 3,625 thousand) and interest received in the amount of EUR 309 thousand (2020: EUR 728 thousand), **operating cash flow** stood at EUR 10,735 thousand (2020: EUR 14,846 thousand).

Cash flow from investing activities amounted to EUR -7,784 thousand in the 2020/2021 financial year, compared to EUR -10,170 thousand in the previous year.

Cash flow from financing activities amounted to EUR 2,965 thousand in the reporting period (2020: EUR 6 thousand).

As of 30 September 2021, cash and cash equivalents totaled EUR 5,536 thousand (2020: EUR 4,849 thousand).

c) Net assets position

As of 30 September 2021, **total assets** amounted to EUR 146,324 thousand, up by approx. 18% on the previous year (2020: EUR 123,926 thousand). The increase in total assets mainly resulted from an increase in current assets, especially trade receivables and short-term loans issued. The appreciation of the ruble against the euro (30 September 2021: 84.8755 RUB/EUR; 30 September 2020: 93.0237 RUB/EUR) affects the balance sheet values. If the ruble figures of the balance sheet as of 30 September 2021 were converted into euros using the exchange rate of 30 September 2020, the values of the euro balance sheet would be approximately 8.8% lower than the figures now reported.

As of the reporting date, **non-current assets** increased by approx. 15% from EUR 25,749 thousand to EUR 29,546 thousand. Adjusted for exchange rate effects, non-current assets increased by roughly 5%.Property, plant and equipment amounted to EUR 28,904 thousand as of 30 September 2021 (30 September 2020: EUR 21,195 thousand). The amount of non-current loans issued decreased significantly to EUR 66 thousand in the reporting period, compared to EUR 3,665 thousand on the prior year reporting date. This decrease is due to a reclassification into current assets. Deferred tax assets amounted to EUR 460 thousand on 30 September 2021, while they stood at EUR 794 thousand at 30 September 2020.

Total **current assets** increased by approx. 19% from EUR 98,177 thousand to EUR 116,778 thousand as of the end of the 2020/2021 financial year. While inventories remained almost stable at EUR 43,429 (30 September 2020: EUR 43,320 thousand), trade receivables increased from EUR 23,710 thousand by approx. 29% to EUR 30,653 thousand at 30 September 2021. At EUR 24,509 thousand, short-term loans issued also increased by approx. 38% (30 September 2020: EUR 17,890 thousand; adjusted for exchange rate effects: increase by approx. 25%).

The Ekotechnika Group's **consolidated equity capital** amounted to EUR 44,847 thousand in the reporting year, attributable to shareholders of the parent company up by approx. 63% on the previous year's EUR 27,588 thousand (adjusted for exchange rate effects: increase by approx.48%). This is attributable to the income for the period of EUR 14,198 thousand as of 30 September 2021. At 30.6%, the equity ratio increased signicifantly compared to the level recorded at the end of the 2019/2020 financial year (30 September 2020: 22.3%).

Total liabilities amounted to EUR 101,477 thousand, up by EUR 5,139 thousand on the previous year (30 September 2020: EUR 96,338 thousand). This amount includes EUR 1,116 thousand in **non-current liabilities** (30 September 2020: EUR 1,803 thousand), which mainly comprise lease liabilities of EUR 1,085 thousand (30 September 2020: EUR 1,181 thousand).

Current liabilities amounted to EUR 100,361 thousand as of the balance sheet date, which was about 6% above the prior year level (30 September 2020: EUR 94,535 thousand). This is mainly attributable to the increase in advances received from EUR 4,451 thousand to EUR 9,169 thousand. Other financial liabilities increased by about 38% to EUR 5,474 thousand (30. September 2020: EUR 3,971 thousand). Moreover, short-term borrowings increased from EUR 35,149 thousand to EUR 37,355 thousand at the end of ther reporting period. By contrast, trade accounts payable fell from EUR 45,344 thousand 0on 30 September 2020 to EUR 42,030 thousand on 30 September 2021.

On balance, the management is very satisfied with the operating performance in the past financial year. The New Machinery segment performed above plan and the development of the new sales areas added in October 2019 is progressing well. After-sales operations as well as customer services also showed a positive trend. Sales in the Smart Farming segment more than doubled in the reporting period. However, there were already supply bottlenecks in the 2020/2021 financial year, which will continue in the 2021/2022 financial year.

3. OPPORTUNITY AND RISK REPORT

3.1 Opportunity report

The opportunities presented relate to all segments (Central Region, Voronezh Region, Siberia Region) to the same extent.

Management currently sees the following main opportunities (in descending order of materiality).

Performance of the global and Russian agricultural sectors:

The rising global population and changing eating habits due to rising prosperity or the imitation of Western lifestyles are the main drivers of the positive global development in the agricultural sector. Last but not least, energy production from raw material crops also contributes to an ongoing increase in demand. Agricultural technology makes an important contribution to expanding production and achieving the necessary increase in efficiency. The sanctions imposed by the Russian government in the summer of 2014, namely a ban on food imports from the EU, the US and some other countries, reinforced the need to develop local production. This ban on imports covers dairy products, meat and meat products, fish, fruit and vegetables.

Expansion of sales territories and product portfolios:

The expansion of sales territories, as in late 2019 to include additional regions in Siberia and Northwest Russia, opens up interesting growth prospects, as it permits more consistent pricing – especially for services and spare parts – and enables the company to use existing structures more effectively and to leverage further synergies. The new John Deere sales territories led to increased sales of new machines and spare parts already in the 2020 season and even more in the reporting period of the 2020/2021 financial year and will also have a positive impact on the Smart Farming segment in the future. After all, the addition of smart farming equipment to the product portfolio will also open up lucrative growth opportunities. This development is currently still in its beginnings in Russia. In the field of meat and milk production, there are also many possibilities to grow with dedicated machinery.

Investment and export support in Russia:
For quite a time already, the Russian government has pursued the medium-term target of producing 60% to 95%[14] of all key agricultural commodities consumed in the country locally. The abovementioned import restrictions have added to the pressure. In order to support expansion, investment incentives are granted as subsidies for the acquisition and financing of agricultural machinery and primary agricultural production is exempted from income tax. These measures significantly bolster the Group's sales activities. What is more, the Russian government is intensively addressing the question of how the country's exports can be increased; in this context, it has, among others, placed a special focus on the agricultural sector, which means that positive impulses can also be expected here.

Development of smart farming technology:
Smart farming represents the employment of cutting-edge information and communication technology in agriculture. The purpose of smart farming is to create an optimal efficient balance between the cost and the produced goods volume using intelligent and effective specific analysis, planning and observation. Its significance will increase further in the future and cause an ultimate impact on customer satisfaction and long-lasting relationship with customers. The Russian Agricultural Bank estimates the global market potential of smart farming technologies at USD 240 billion by 2050.[15] Since John Deere, an exclusive partner of the Ekotechnika Group, is a pioneer in this market sector, the company's management sees particularly high chances to occupy a considerable market share in this sector and is therefore looking into smart farming requirements. In the meantime, a dedicated department has been set up for the Smart Farming operations; it currently has nine employees and deals exclusively with precision farming and agronomy as well as profitability consulting. Individual targets and sales plans have been agreed with the employees.

A pilot project launched in cooperation with the related company Ekosem-Agrar AG has helped to gain valuable experience, as smart farming is particularly relevant for the development of large companies. In the 2017/2018 season, the company launched the "Lead Farms" project in the Voronezh region together with John Deere. In the course of the project, new technologies were tested under real-life conditions on a total area of almost 1,000 hectares (2017/2018 season) and later on 3,000 hectares (2018/2019 season). Variable sowing and fertilizing processes were used on several fields for winter wheat, maize and soy beans, adjusted to the respective soil type. The initial results are very satisfactory. For winter wheat, for example, less fertilizer than the conventional standard quantity was used for the same yield. In the 2019/2020 financial year, further tests and experiments were carried out at seven customers on a total area of 5,000 hectares. A wide variety of approaches were tested, especially in the areas of sowing intensity and fertilization standards, which led to numerous positive insights. These were further validated in the 2020/2021 financial year, producing consistent results for four years in a row. During the reporting period, the tests were also extended to other regions for the first time, in addition to the Voronezh region, (including Siberia and the northern part of the Central Region) in order to build up data for comparison. Further testing is also planned for the current 2021/2022 financial year.

Furthermore, a partnership with Cognitive Pilot was formed to establish a nationwide service network for smart farming equipment in Russia in the financial year 2019/2020. Here, the Ekotechnika service team is in charge of consulting, sales, installation of software and hardware, maintenance and technical support for the "Cognitive Agro Pilot" system in 35 regions of Russia. Another essential part of the partnership is the development of new smart farming solutions and products using Cognitive Pilot's autonomous driving and control system.

In addition, the Smart Farming team monitors the entire market very closely and is looking at new solutions and services to expand Ekotechnika's own portfolio. In the future, the focus will also increasingly be on offering services in the field of smart farming, rather than selling smart farming products.

[14] https://www.oecd-ilibrary.org/sites/ed982f42-en/index.html?itemId=/content/component/ed982f42-en (retrieved on 14 December 2021)
[15] https://www.rshb.ru/news/401393/ (retrieved on 14 December 2021)

3.2 Risk report

Risk management system

The main goals of the risk management system are a regular analysis of the potential risks and the development of risk-oriented thinking and behavior. The risk management system should be aimed at using the existing opportunities and enhancing the business activity success. The concept, structure and tasks of risk management have been determined by the management of Ekotechnika AG and documented within the current risk management guidelines. These parameters are constantly improved and adjusted pursuant to the changing legal requirements.

In the framework of the risk management process, Ekotechnika provides a clear definition, classification and evaluation of corporate risks and takes responsibility for them. The company uses the risk management system not only to identify the risks threatening its existence as a going concern but also the risks which do not threaten its existence but can have a significant negative effect on the Group's assets, its financial situation and business results. Besides, the Group has performed a comprehensive identification of risks within the entire company in the 2020/2021 financial year.

The evaluation of risks was based on their negative effect on the profit before tax of a certain company and the likelihood of the occurrence of the adverse event. Wherever it was necessary, management developed a list of measures aimed at the reduction of the potential significant risks identified in the course of the risk management process. Besides, wherever it was possible, preventive monitoring was performed with the help of early warning indicators. The Executive Board receives the information on the risk status on a semi-annual basis and passes this information on to the Supervisory Board. In case of occurrence of any unexpected risks or considerable change of the existing risks, an ad hoc report is generated and the Executive Board (and the Supervisory Board, if necessary) is immediately informed of the risk.

The risks presented affect all segments (Central Region, Voronezh Region, Siberia Region) to the same extent.

The main risks and uncertainties of the Ekotechnika Group are presented below (in descending order). Due to the structure of the business, these risks primarily relate to the sale of new machinery. These investments on the part of the customer depend on numerous factors and are therefore rather difficult to forecast. The sale of spare parts and services, on the other hand, depends essentially on the machine population (number, age) in a sales region and is less susceptible to fluctuations.

Sales risk:

Certain machinery stock often has to be ordered by the Group around six months before the sales season, when the companies do not get a lot of orders from customers. This means that the Group ultimately bears the risk that not all machinery will be sold. This, in its turn, poses a liquidity risk and a sales risk in the current volatile environment. Thus, there is a general sales risk arising out of changing customer demands and a changing market environment, which may change between purchase and sale.

At the same time, the share of large customers is growing. This leads to a higher dependence on tenders, which increases the risk of a particular customer placing an order for machinery, as the company may not win the tender and may not be able to sell this machinery to other end customers with a sufficient margin. Furthermore, the sales risk conceals a specific currency risk, as the machines are purchased at a certain exchange rate and subsequently sold to the end customer at a completely different exchange rate. In the last three years, the company has taken greater care to minimize the inventory risk due to uncertain future prospects.

Financing opportunities and costs for customers and the Group:
In Russia, agricultural machinery is largely financed for our customers via Russian banks and other finance companies. The soaring oil and commodity prices by the end of November 2021 have had a positive impact on the Russian economy, but has also led to an intense inflationary development. The core inflation rate is now 8.4 %[16] and the Russian Central Bank as raised key interest rates to 7.5 %[17], with a high probability for further increases. So the general conditions for financing will be more expansionary for the foreseeable future.

Exchange rate trend:
The development of the Russian ruble has a dual impact on the business of the Group. A stronger ruble makes the imported equipment more competitive in comparison with locally manufactured equipment, but reduces the competitive advantage of Ekotechnika's customers, as the main agricultural input costs are recorded in rubles, making customers' production more expensive. This results in lower margins and less purchasing power for the farming operations. A weaker ruble, in turn, makes imported equipment less competitive with locally manufactured equipment, but increases the margin for end customers' operations.

Solvency of customers:
In the reporting period, it became easier for the company's customers to finance the purchase of agricultural machinery. In particular, large agricultural holding companies enjoy easy access to financing and the leasing services of Ekotechnika's suppliers are getting more popular for the retail segment. The sales people of Ekotechnika Group can draw on their vast experience in assessing customer credit quality. They are also closely involved in negotiating finance and share the responsibility for customers' bad debts via bonus arrangements. After bad debt allowances were recognized in the reporting period and the prior year, management assumes that there are currently no exposures that have not been provided for. Nevertheless, the concentration of the industry on large agricultural holding companies represents a cluster risk in terms of receivables and granulation of those assets.

Receivables from related companies
As of the balance sheet date, the Ekotechnika Group had extensive receivables from companies in the Ekosem-Agrar Group. This includes both trade receivables and loans granted. The Ekosem Group was one of Ekotechnika's largest customers for a number of years, which resulted in these positions. The management is in regular exchange with the management of the Ekosem-Agrar Group in this regard and estimates the probability of a total default as very low. If, contrary to this expectation, a total default were to occur, this could have a negative impact on the net assets and results of operations as well as the liquidity situation of the Group.

Government subsidies for farms:
As farming operations, the customers of the Ekotechnika Group are to a certain extent dependent on government support in the form of direct subsidies and interest subsidies. The latter are difficult to plan in the context of the general framework conditions described above. It is also possible that the Russian government could increase subsidies promoting production and sale of local machinery or even raise barriers to the sale of imported machinery and spare parts. If this situation continues to deteriorate, it could have an impact on the Group's results of operations.

Oil price:
The oil price is an important factor influencing exchange rates and the economic trend in Russia – and thus indirectly on farmers' willingness and ability to invest. While the first lockdown imposed in response to the coronavirus pandemic in many countries in spring 2020 led to a dramatic drop in global oil demand, the oil price has been picking up again since May 2020. In the 2020/2021 financial year, it recorded a significant increase of around

[16] https://de.tradingeconomics.com/russia/inflation-cpi (retrieved on 14 December 2021)
[17] https://www.cbr.ru/eng/hd_base/KeyRate/?UniDbQuery.Posted=True&UniDbQuery.From=01.10.2020&UniDbQuery.To=14.12.2021 (retrieved on 14 December 2021)

92% from USD 40,93 per barrel (Brent) on 1 October 2020 to USD 78,52 per barrel (Brent) on 30 September 2021. Until the end of November 2021, the oil price rose even further to a peak since 2018.[18] The increase in oil prices and oil output increases the income of oil-producing companies and, as a consequence, the payments to the federal budget.

Competition and reputational damage:
Although John Deere and all other suppliers are doing their best to keep their products and manufacturing costs competitive, there are some risks: For example, there is a risk that competitors may gain extraordinary advantages (e.g. local producers with access to government subsidies and funding) and a risk of increased import tariffs that would raise the cost of the company's machinery and give a competitive advantage to other manufacturers not affected by this change. As far as the reputational damage is concerned, a scenario would be conceivable in which a large supplier would be confronted with massive quality or logistics problems that would lead to a very bad image and reputational damage. All these risks would lead to a significant decline in sales.

Supply chain bottlenecks:
Another possible risk is that of supply chain bottlenecks, which could occur but cannot be specifically foreseen at present. For the current financial year, the majority of the planned sales volume is covered by assured deliveries. However, it is becoming clear that the supply situation is slowly deteriorating at individual points and that delays and bottlenecks are becoming apparent. Management is monitoring this situation and is responding where possible. Concentration on one supplier for each of the main machine groups (e.g. tractors / combines: John Deere; telehandlers: JCB) is certainly a risk inherent in the industry in this context.

Coronavirus pandemic:
On 12 March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, Russian authorities implemented numerous measures to contain the spread and impact of the coronavirus, such as travel bans and restrictions, quarantine, emergency shelter orders and restrictions on business activities, including closures. These measures have severely restricted economic activity in Russia and have had an adverse impact on enterprises and market participants as well as on the Russian and global economy and may continue to do so for an unknown period of time. Management has taken the necessary measures to ensure the sustainability of the Group's operations and to support its customers and employees. Taking into account the measures initiated and the Group's current operating and financial results as well as the information currently available to the public, the management does not expect the coronavirus pandemic to have a significant adverse impact on the Group's financial position and financial performance in the short term. Even the renewed restrictions and work-free weeks in Russia in the last few months had no negative impact on the business development of the Ekotechnika Group. It cannot be ruled out, however, that a renewed tightening of the measures aimed at preventing the spread of infection or negative effects of such measures on the economic environment in which the Group operates may adversely affect the Group's business in the medium or long term. The Group's management will continue to closely monitor the pandemic and take measures to mitigate the risks to employees and the Group as a whole.

Risks to the Group's ability to continue as a going concern

Renewal of credit facilities:
As the Group depends on being able to generate adequate cash and cash equivalents from its operations to cover its liabilities, there is material uncertainty concerning the Group's ability to continue as a going concern. Based on the Group's current plans and taking into account the related uncertainty, management firmly believes that the Group will be able to secure sufficient financial resources

[18] https://www.finanzen.net/rohstoffe/oelpreis/historisch?type=Brent (retrieved on 26 November 2021)

to continue its operations in the foreseeable future as of the date of preparation of the consolidated financial statements for the 2020/2021 financial year. This also includes the refinancing of bank loans which are due for repayment in 2022 to the extent that these exceed the cash flow from operating activities. The reason for this ongoing refinancing is that the companies of the Group use short-term loans from Russian banks. The vast majority of these credit facilities are renewed on a regular basis. Management expects that this will continue to be the case in future. If, contrary to management expectations, the Group is no longer able to generate adequate liquidity from its operating activities or external financing, or if external financing can only be obtained on significantly worsened terms, the Group could face insolvency.

Covenant breaches:
During the financial years ended 30 September 2020 and 2021, the Group complied with all the covenants, except for the covenants relating to the loans and borrowings amounting to EUR 37,355 thousand as of 30 September 2021 and to EUR 35,003 thousand as of 30 September 2020. As a result, the banks technically got the right to demand earlier repayment of the loans with the breached covenants. Management is in regular dialog with the lenders. Up to the date of the listing of the present report, the banks had not exercised this right.

In summary, it can be said that no material changes have occurred compared to the risks and opportunities of the previous year. Management believes that the main risks today, as in the prior year, lie in the political and economic environment. As these factors are largely beyond the company's control, management is working hard to ensure that the company is able to respond appropriately to all types of change.

4. FORECAST

The information on the future business performance presented in this chapter are management projections based on information such as market expectations, strategic decisions, regulatory framework conditions and exchange rate trends. A change in these and other parameters incorporated in the projections may result in adjustments or the non-occurrence of these projections.

Macroeconomic and industry-specific framework conditions

In its latest forecast of October 2021, the IMF projects global economic growth of 4.9% for 2022, provided that the impact of the coronavirus pandemic subsides. An increase of 4.5% is forecast for the industrialized countries. At 5.1%, a higher growth is projected for the emerging and developing countries, with a 2.9% increase in GDP assumed for Russia.[19]

In Russia, inflation and higher costs for storage, transport and logistics will cause food prices to rise further in 2022. To stabilize prices, the Ministry of Agriculture is considering temporarily lifting import duties on pork and beef imports from January 2022.[20]

Developments in the agricultural and farming equipment market

The management assumes that the demand for agricultural machines will remain high in 2022 as many Russian farmers have a continued need to invest in new machinery. This trend should be supported by the improved income situation of many farmers resulting from high world market prices and a weaker ruble.

[19] https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021 (retrieved on 26 November 2021)
[20] https://www.gtai.de/gtai-de/trade/branchen/branchenbericht/russland/land-und-ernaehrungswirtschaft-kaempft-mit-hohen-kosten-757266 (retrieved on 29 November 2021)

In its Agricultural Outlook 2021-2030, the Organisation for Economic Co-operation and Development (OECD) projects net agricultural and fish production (excluding feed and seed inputs) to grow by 8% by 2030 compared to the base period average of 2018-20, with an expected growth of Western Europe by less than 1%, while Eastern European growth might reach 15% and Central Asia almost 30%. The strong growth of Eastern Europe will be led by the Russian Federation and Ukraine at 12% and 22%, respectively. While both the crop and livestock sectors are showing a strong growth, the crop sector is expected to grow faster in both countries. Russia and Ukraine are expected to maintain a robust growth in corn, wheat, soybeans, and other oilseeds, increasing their share of regional production to 40% for corn, 38% for wheat, and 54% for all oilseeds. Corn production is growing fastest of all crops in Russia.[21]

In addition, the Russian Ministry of Agriculture aims to reclaim a total of 5.3 million hectares of unused arable land for agricultural use by 2025 and as much as 12 million hectares by 2030. The aim is to increase the annual harvest of cereals by 6.9 million tons and of oilseeds by 1.4 million tons. By doing this, the government's goal is to increase agricultural exports.[22]

According to a study by the Center for Industry Expertise of Russian agricultural bank Rosselkhoz and the National Research University of the Higher School of Ecomonics Moscow on global trends in rural development until 2050, the gradual automation of agriculture and the increasing use of robot technologies represent an important trend in the international agricultural market and also in Russia. The global robotics market is expected to grow to USD 25 billion by 2025, at a CAGR of 26% (2017: USD 4.1 billion). The global smart farming market may reach USD 10.2 billion by 2025 and as much as USD 240 billion by 2050. According to the study, the growing demand for organic and locally produced food is another important growth trend, with Russia in particular being seen as having great development potential. In addition, some parts of the population are projected to return to more rural areas. In Russia, these are primarily the regions of Krasnodar, Voronezh, Leningrad and the Moscow area.[23]

Performance of the Ekotechnika Group

The dependency on the geopolitical, macroeconomic and epidemiological situation in Russia makes it very challenging to provide a forecast for the 2021/2022 financial year.

The average exchange rate for the reporting period was RUB 89.1385/EUR, which means that the ruble was much weaker than assumed by the management for the financial year (RUB 83.00/EUR).

The management currently expects revenues of between EUR 255 million and EUR 280 million for the 2021/2022 financial year. At 376 tractors (2021: 403) and 120 combines and forage harvesters (2021: 109), the planned sales volume for next year will be lower than in the previous year for tractors and slightly higher for combines and forage harvesters. The reason for this is the situation at the company’s main suppliers and the global shortage of components. The gross profit margin is projected to slightly raise to around 18-19% (2021: 18%). Management therefore expects gross profit of around EUR 45 million to EUR 55 million (2021: EUR 44 million) and EBIT of approx. EUR 15 million to EUR 20 million (2021 EUR: 21 million).

[21] https://www.oecd.org/publications/oecd-fao-agricultural-outlook-19991142.htm (retrieved on 29 November 2021)
[22] https://www.topagrar.com/panorama/news/moskau-will-12-mio-ha-ackerland-urbar-machen-12501641.html (retrieved on 29 November 2021)
[23] https://www.rshb.ru/news/401393/ (retrieved on 29 Noevember 2021)

In view of the long-standing and trustful cooperation with John Deere, the management of the EkoNiva Group plans to strengthen this partnership in 2021/2022. The objective is to channel the demand for ever more complex and highly interconnected agricultural machinery solutions and services through close collaboration between manufacturer and dealer and with a clear focus on the target market. This is a further step towards the company's full-line approach and enables it to provide its customers the full scope of equipment for the agricultural operation. As management is constantly on the lookout for new solutions for its customers, the product portfolio will again be expanded in 2021/2022. In addition, the company is considering the possibility of operating in certain areas without John Deere products only on the basis of special products.

Walldorf, 22 December 2021

Stefan Duerr	Bjoerne Drechsler
Chairman of the Board	Member of the Executive Board

EKOTECHNIKA AG, Walldorf
Consolidated financial statement for the year ended 30 September 2021

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	09/30/2021 EUR'000	09/30/2020 EUR'000
Non-current assets			
Intangible assets		116	95
Property, plant and equipment	15	28,904	21,195
Long-term loans issued	16	66	3,665
Deferred tax assets	14	460	794
		29,546	**25,749**
Current assets			
Inventories	17	43,429	43,320
Short-term loans issued	16	24,509	17,890
Trade receivables	18	30,653	23,710
Income tax receivable		1,038	1,167
Prepayments		4,116	1,234
Other financial assets	18	3,893	2,835
Other short-term assets	19	3,604	3,172
Cash and cash equivalents	20	5,536	4,849
		116,778	**98,177**
		146,324	**123,926**

LIABILITIES AND EQUITY

	Notes	09/30/2021 EUR'000	09/30/2020 EUR'000
Equity attributable to shareholders of parent company			
Share capital	21	3,140	3,140
Additional paid in capital	21	6,830	6,830
Foreign currency translation reserve	21	(21,274)	(24,337)
Retained earnings		41,940	40,201
Income for the period		14,198	1,739
		44,834	**27,573**
Non-controlling interests		13	15
		44,847	**27,588**
Non-current liabilities:			
Long-term borrowings	24	-	107
Long-term trade accounts payable	25	-	291
Long-term lease liabilities	28	1,085	1,181
Deferred tax liabilities	14	31	224
		1,116	**1,803**
Current liabilities:			
Provisions	23	2,347	1,707
Short-term borrowings	24	37,355	35,149
Trade accounts payable	25	42,030	45,344
Income tax payable		55	-
Advances received	26	9,169	4,451
Other financial liabilities	27	5,474	3,971
Short-term lease liabilities	28	1,299	975
Other short-term liabilities	29	2,632	2,938
		100,361	**94,535**
		146,324	**123,926**

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	10/01/2020-09/30/2021 EUR'000	10/01/2019-09/30/2020 EUR'000
Revenues	8	243,576	193,840
Purchase cost of goods sold	9	(199,865)	(157,024)
Gross profit		**43,711**	**36,816**
Other operating income	10	7,269	3,906
Payroll expenses	11	(14,151)	(12,222)
Depreciation and amortization	15	(3,107)	(2,891)
Other operating expenses	12	(11,776)	(19,924)
Loss from impairment of financial assets		(621)	(41)
		(22,387)	**(31,172)**
Operating profit		**21,325**	**5,644**
Financial income	13	1,779	1,882
Financial expenses	13	(4,316)	(4,711)
		(2,537)	**(2,829)**
Income before tax		**18,788**	**2,815**
Income tax expense, total	14	(4,590)	(1,076)
Income for the period		**14,198**	**1,739**
Attributable to:			
Parent company's shareholders		14,198	1,739
Non-controlling interests		-	-
Other comprehensive income/(loss) for the period			
Items that may be classified subsequently to profit:			
Exchange differences on translation of foreign operations, net of tax		3,061	(7,049)
Attributable to:			
Parent company's shareholders		3,063	(7,051)
Non-controlling interests		(2)	2
Comprehensive income/(loss) for the period		**17,259**	**(5,310)**
Attributable to:			
Parent company's shareholders		17,261	(5,312)
Non-controlling interests		(2)	2
Earnings per share (basic and diluted)		**in EUR**	**in EUR**
Shares Series A	22	5.77	0.71
Shares Series B	22	3.32	0.41

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	10/01/2020-09/30/2021 EUR'000	10/01/2019-09/30/2020 EUR'000
OPERATING ACTIVITIES			
Income for the period		14,198	1,739
Amortization and depreciation of non-current assets	16	3,107	2,891
Loss/(gain) on disposal of property, plant and equipment		165	(109)
Net foreign exchange (gains)/losses, net		(3,375)	9,357
Gain on disposal of subsidiary	30	(956)	-
Interest expense	13	2,444	3,205
Interest expense on extended accounts payable	13	792	473
Interest income	13	(1,779)	(1,873)
Income taxes recognized in profit or loss	14	4,590	1,076
Impairment of financial assets		621	41
Other non-cash items		585	(581)
Operating cash flows before changes in working capital, provisions, income taxes and interests paid		**20,392**	**16,219**
Change in inventories		(1,262)	(17,183)
Change in trade receivables and prepayments		(10,930)	14,353
Change in other financial and short-term assets		210	(1,475)
Change in trade payables and advances received		9,604	9,907
Change in other financial and short-term liabilities		(737)	(1,548)
Cash flows before income taxes and interest paid		**17,277**	**20,273**
Income taxes paid		(3,990)	(2,530)
Interest paid		(2,861)	(3,625)
Interest received		309	728
Net cash generated from operating activities		**10,735**	**14,846**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		35	173
Proceeds from disposal of subsidiary less cash and cash equivalents in disposed subsidiary	30	154	-
Acquisition of property, plant and equipment		(7,180)	(3,987)
Acquisition of intangible assets		(235)	(219)
Issuance of loans		(2,425)	(15,524)
Proceeds from settlement of loans issued		1,867	9,387
Net cash used in investing activities		**(7,784)**	**(10,170)**
FINANCING ACTIVITIES			
Proceeds from borrowings		49,403	101,391
Repayment of borrowings		(50,486)	(99,712)
Payment of lease liabilities		(1,882)	(1,673)
Net cash (used in)/from financing activities		**(2,965)**	**6**
Net increase in cash and cash equivalents		**(14)**	**4,682**
Cash and cash equivalents at beginning of year		4,849	510
Effect of exchange rate fluctuations on cash and cash equivalents		701	(343)
Cash and cash equivalents at end of year		**5,536**	**4,849**

Ekotechnika AG, Walldorf
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR'000	Share capital	Additional paid in capital	Foreign currency translation reserve
As of 1 October 2019	**3,140**	**6,830**	**(17,286)**
Reclassifications	-	-	-
Income for the period	-	-	-
Other comprehensive income/(loss)	-	-	(7,051)
Total comprehensive income/(loss)	**-**	**-**	**(7,051)**
As of 30 September 2020	**3,140**	**6,830**	**(24,337)**
Reclassifications	-	-	-
Income for the period	-	-	-
Other comprehensive income/(loss)	-	-	3,063
Total comprehensive income/(loss)	**-**	**-**	**3,063**
As of 30 September 2021	**3,140**	**6,830**	**(21,274)**

Retained earnings	Net profit	Non-controlling interests	Total equity
33,240	**6,961**	**13**	**32,898**
6,961	(6,961)	-	-
-	1,739	-	1,739
-	-	2	(7,049)
-	**1,739**	**2**	**(5,310)**
40,201	**1,739**	**15**	**27,588**
1,739	(1,739)	-	-
-	14,198	-	14,198
-	-	(2)	3,061
-	**14,198**	**(2)**	**17,259**
41,940	**14,198**	**13**	**44,847**

Ekotechnika AG, Walldorf
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ekotechnika AG (also referred to below as “the corporation” or “parent company”) and its subsidiaries (the “Group”) voluntarily issues consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union based on Section 315e of the German Commercial Code (HGB). The parent company and its subsidiaries are referred to below as the “Group”.

The corporation is domiciled in the Federal Republic of Germany and its subsidiaries are domiciled in the Russian Federation. The parent company has its main business offices at Johann-Jakob-Astor-Str. 49, 69190 Walldorf, Germany. The parent company is listed in German Commercial register (HRB 723400, Amtsgericht Mannheim). On 13 November 2015, the parent company changed its legal form into joint stock company (AG). Since 17 December 2015, Ekotechnika AG shares are listed on the Duesseldorf Stock Exchange’s primary market. Immediate parent of Ekotechnika AG is Ekotechnika-Holding GmbH. The ultimate controlling party is Stefan Duerr.

The Group has a leading positions in the area of farm machinery supplies and servicing; it is one of the largest dealers of John Deere in the Russian Federation and overall in Europe. It is also the official representative of such manufacturers of agricultural machines as Vaderstad, JCB, Lemken, Poettinger, Kverneland and AGI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. All standards and interpretations are mandatory applicable for the period beginning on 1 October 2020 have been adopted.

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR 000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the corporation and its subsidiaries as of 30 September 2021 and 2020.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss for the year and net assets of OOO “EkoNiva-Technika-Holding” attributable to shares not held by the parent company.

For legal reasons, the financial year of all Russian subsidiaries corresponds to the calendar year; for the purposes of issuing the consolidated financial statements, these subsidiaries compile financial statements as of and for the year ended 30 September. For the German parent company the financial year begins on 1 October of a given year and ends on 30 September of the following year.

2.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

Goodwill is initially measured at the amount, being the excess of the aggregate of the consideration transferred, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date over fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate of the consideration transferred, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date, the gain ("negative goodwill" or "bargain purchase") is recognized in profit or loss, after management reassesses whether it identified all the assets and the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent arrangements, but excludes acquisition-related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and other transaction costs associated with the acquisition are expensed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the combination at the lowest level at which the Group monitors goodwill but not higher than operating segment, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

As of 30 September 2021 and 30 September 2020 no goodwill recognized in these consolidated financial statements.

2.4 Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency for all of the Group's Russian subsidiaries is Russian Ruble (RUB), which is the currency of the primary economic environment in which the subsidiaries operate.

Currency	As of 30 September 2021	Average rate for 2020/2021	As of 30 September 2020	Average rate for 2019/2020
RUB/EUR	84.8755	89.1385	93.0237	77.3529

	Average rate		Average rate
Three months ended 12/31/2020	90.8140	Three months ended 12/31/2019	70.5414
Three months ended 03/31/2021	89.7047	Three months ended 03/31/2020	73.2348
Three months ended 06/30/2021	89.3912	Three months ended 06/30/2020	79.6486
Three months ended 09/30/2021	86.6591	Three months ended 09/30/2020	85.9671

2.4.1 *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates of the Central Bank of Russia at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange of the Central Bank of Russia at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of exchange differences arising on monetary items that form part of the Group's net investment in foreign operations that are recognized initially in other comprehensive income (OCI) and reclassified from equity to profit or loss on disposal of the net investment. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "Financial income" or "Financial expenses". Foreign exchange differences on translation of foreign operations are presented within "Exchange differences on translation of foreign operations" and all other foreign exchange gains and losses are presented within "Other operating income or expenses".

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Components of equity are translated at the applicable historic rate.

2.4.2 *Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statement of comprehensive incomes are translated at exchange rates prevailing at quarterly average rate. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of the accumulated other comprehensive income relating to that particular foreign operation is "recycled", i.e. recognized in profit or loss.

2.5 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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 Revenue recognition

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

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

2.6.1 *Sales of agricultural machinery, spare parts, fuel, tires, precision farming equipment and forestry machinery and spare parts*

Sales are recognized when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognized based on the price specified in the contract, net of the volume discounts.

As a practical expedient no element of financing is deemed present as the sales are made with a credit term of one year or less.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.6.2 *Sales of after-sales services*

The Group provides after-sales services under fixed-price contracts. Revenue from providing services is recognized in the accounting period in which the services are rendered based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labor hours spent relative to the total expected labor hours.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

2.6.3 *Interest income*

Interest income is recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortized costs, net of the expected credit losses provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the amortized cost.

2.7 Lease liabilities and right-of-use assets

2.7.1 *Lease liabilities*

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

Extension and termination options are included in a number of lease contracts across the Group. These terms are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of items with value of USD 5,000 or less.

2.7.2 *Right-of-use assets*

The Group leases various offices, warehouses, equipment and vehicles. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. (However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.)

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,

- any lease payments made at or before the commencement date less any lease incentives received,

- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

• Land	3-47 years
• Buildings	3-5 years
• Machinery and equipment	3 years
• Transport vehicles	3-5 years

2.8 Taxation

2.8.1 *Current income tax*

Current income tax assets and liabilities for the current period 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.8.2 *Deferred taxes*

Deferred income tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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 and interests in joint ventures, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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:

- when 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 and interests in joint ventures. Deferred tax assets for deductible temporary differences and tax loss carryforwards 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. This is 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change.

2.8.3 *Uncertain tax positions*

Uncertain tax position is an item, the tax treatment of which is either unclear or is a matter of unresolved dispute between the Group and the relevant tax authority. The Group adopted a 'two-step' approach to the measurement of uncertain tax positions, under which it applies 'more likely than not' (more than 50%) recognition threshold for a liability.

2.8.4 *Value added tax (VAT)*

Expenses and assets are recognized net of the amount of VAT, except:

- when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9 Intangible assets, research and development costs

Intangible assets that are not acquired in a business combination are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

All the Group intangible assets have finite useful lives. The Group intangible assets primarily represent software having useful life from one to five years.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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 statement of comprehensive income when the asset is derecognized.

Research and development costs

Research expenditure is recognized as an expense when it is incurred. Costs incurred as part of development projects (design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and the costs can be measured reliably. Other development expenditures are recognized as expenses at the time they are incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs with a limited useful life are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

2.10 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Minor repair and day-to-day maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings	2 – 30 years
• Transport	1 – 10 years
• Equipment	1 – 15 years
• Office equipment and furniture	1 – 30 years
• Other fixed assets	1 – 10 years

The useful life for property, plant and equipment is reviewed at least at the end of each reporting period. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 statement of comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.11 Borrowing costs

General and specific 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 asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The commencement date for capitalization is when

(a) the Group incurs expenditures for the qualifying asset;

(b) it incurs borrowing costs; and

(c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalizes borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalized are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalized.

2.12 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets (including goodwill) are allocated. These budgets and forecast calculations generally cover a period of five years. For later periods, long-term growth rates are calculated and applied to project future cash flows after the fifth year; such growth rates cannot exceed average market rates. Impairment losses are recognized in the statement of comprehensive income.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. 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. Such reversal is recognized in the statement of comprehensive income.

2.13 Financial instruments

2.13.1 *Financial instruments – key measurement terms*

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

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

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

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

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

2.13.2 *Financial instruments – initial recognition*

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

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

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

2.14 Financial assets

2.14.1 *Financial assets – classification and subsequent measurement – business model*

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

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

2.14.2 Financial assets – classification and subsequent measurement – cash flow characteristics

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

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

2.14.3 Financial assets – reclassification

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

2.14.4 Financial assets impairment – credit loss allowance for ECL

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

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the ECL.

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

2.14.5 Financial assets – write-off

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

2.14.6 Financial assets – derecognition

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

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

2.14.7 Financial assets – modification

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

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

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

2.15 Financial liabilities

2.15.1 *Financial liabilities – measurement categories*

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

2.15.2 *Financial liabilities – derecognition*

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

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

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

2.16 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. Such a right of set-off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

2.18 Trade and other receivables

Trade and other receivables are recognized initially at fair value and are subsequently carried at AC using the effective interest method.

2.19 Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognized initially at fair value and subsequently carried at AC using the effective interest method.

Under purchase contracts with some suppliers the Group has the right to initiate an extension of the payment period for a portion of accounts payable. Initially and upon extension the relevant payables classified as Trade accounts payable. Such payables become interest-bearing upon extension, interest expense arising due to extension classified as part of financial expenses in the consolidated statement of profit or loss and included in the cash flows from financing activities in the consolidated cash flow statement.

2.20 Loans and borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at AC using the effective interest method.

2.21 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- agricultural machinery, forestry machninery, trade-in machinery and precision farming equipment: Purchase cost on a cost of individual item;

- spare parts, tires, lubricants and other inventories: Purchase cost on a weighted average basis.

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

2.22 Provisions

The Group's obligation to repair or replace faulty goods under the standard warranty terms is recognized as a provision.

A provision is recognized when the Group has a present (legal or constructive) obligation 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. If the Group expects at least part of a liability to be reimbursed (e.g. under a warranty contract), the reimbursement is recognized as a separate asset, provided that the inflow of reimbursement is virtually certain. Expenses from the formation of a provision are reported in the consolidated statement of comprehensive income separately from the reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.23 Recognition of transactions between related parties

The Group recognizes transactions between related parties (other than business combinations) as follows:

- if, in accordance with IFRS, initial recognition is to be performed at fair value, the Group measures such transactions at fair value irrespective of the actual amount of consideration;
- in all other cases, the Group recognizes operations based on the value of the consideration in accordance with the transaction arrangement.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following amended standards did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020)
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020)
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020)
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020)
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted. These amendments are not expected to have any material impact on the Group when adopted:

- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021)

- Amendment to IFRS 4 – deferral of IFRS 9 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023)

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 and liabilities, and the disclosure of contingent 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Indicators of impairment of property, plant and equipment

Property, plant and equipment are tested for impairment when circumstances indicate there may be a potential impairment. Factors the Group considers important which could trigger an impairment review include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends and other factors. If an impairment test is required, the Group estimates the asset's recoverable amount. As of 30 September 2021, the management of the Group concluded that there were no indicators of impairment of property, plant and equipment (the same as in the previous year).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Writing down of inventories to net realizable value

An assessment of obsolete and slow-moving inventories (except for agricultural machinery, trade-in machinery and intelligent farming) is based on their ageing as follows:

- less than 1 year – 0% of carrying amount;
- 1-2 years – 20% of carrying amount;
- 2-3 years – 50% of carrying amount;
- more than 3 years – 100% of carrying amount.

As the Group has the contracted option to return unused spare parts bought from John Deere with discount of 20%, the impairment on such spare parts is accrued in an amount of 20% of carrying amount of these spare parts agreed from 1 to 3 years.

An assessment of net realizable value for agricultural machinery, trade-in machinery and intelligent farming is based on analysis of expected selling prices.

Changes in write down of inventories are recognized within cost of goods and services sold in profit and loss. For more detail see Note 17.

Impairment of trade receivables and loans issued

The Group determines an allowance for impairment of accounts receivable and for loans issued at the end of the reporting period. The Group assesses whether objective evidence of impairment exists individually for receivables that are individually significant, or collectively for accounts receivable that are not individually significant. The Group assesses whether objective evidence of impairment exists individually for loans issued on an individual basis. The Group recognizes an impairment loss on an individual receivable and loans issued or a group of receivable if the loss expectation at initial recognition of the receivables or loans issued has not changed, but it could be estimated reliably, based on past history, that loss events have occurred after initial recognition, but before the reporting date. In certain cases it may not be possible for the Group to identify a single, discrete event that caused the impairment; rather, the combined effect of several events may have caused the impairment. However, losses expected as a result of future events, no matter how likely, are not recognized. Details are disclosed in Note 16 and 18.

Taxes

A number of provisions of the current Russian tax, currency and customs legislation are vaguely formulated and are subject to varying interpretations (which may apply to past relations), selective and inconsistent application, and frequent and often unpredictable changes. Thus, management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional or federal authorities at any time in future. Recent events within Russia suggest that in practice the tax authorities may take a more assertive position in interpreting and applying various norms and regulations, performing tax audits and imposing additional tax requirements. As a result, it is possible that the Group's transactions and activities that have not been challenged in the past may be challenged in the future. As such, significant additional taxes, penalties and interest may be assessed by the respective authorities.

On-site tax audits of the accuracy of tax calculation and payments conducted by the Russian tax authorities may cover three calendar years preceding the year in which the decision concerning conducting tax audit was made. Under certain circumstances the reviews might cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Starting from 2015, more specific and detailed rules were put in place establishing when foreign entities can be viewed as managed from Russia and consequently can be deemed Russian tax residents. Russian tax residency means that such legal entity's worldwide income will be taxed in Russia.

The tax liabilities of the Group were determined on the assumption that foreign company Ekotechnika AG was not subject to applicable Russian taxes, because it was not Russian tax resident by way of application of the new tax residency rules. However, Russian tax authorities may challenge this interpretation of relevant legislation in regard to the foreign company of the Group. The impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

Tax exposure items, which were identified by management at the end of the reporting period as those, that can be subject to different interpretations of the laws, approximated to EUR 5,016 thousand with respect of the corporate income tax as of 30 September 2021 (2020: EUR 3,876 thousand) and EUR 6,545 thousand with respect of value added tax (2020: EUR 5,057 thousand). Those are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; these obligations are not recorded as the Group's liabilities.

Warranty provision

As required by the dealership agreements with the manufacturers of agricultural machinery, the Group provides its customers with warranty, which is normally for one year. According the dealership agreement, quality failures which fall under the warranty must be fixed by the Group without additional payment from its clients. The manufactures of machinery shall reimburse the Group's expenses on removal of defects within the warranty period in size and at rates agreed by the parties. Based on this the Group concluded that it is a primarily obligor regarding the warranty, therefore, it recognizes warranty provision relating to agricultural machinery sold, for which warranty has not expired, as well as reimbursement asset relating to receivables from the manufacturer of agricultural machinery only to the extent when it is virtually certain to be received when the Group incurs warranty expenses. The warranty provision is recognized based on historical experience, including seasonality of sales, seasonality of actual warranty claims and warranty costs in the last several years. The warranty reimbursement assets are recognized based on the manufacturer's obligations as stated in the dealership agreement and historic experience with acceptance or rejection of reimbursement.

The Group has elected to present the expenses and related reimbursements on a gross basis; as a result, it presents warranty-related expenses, which are primarily spare parts and payroll, in other operating expenses and payroll costs, as appropriate. Reimbursements of warranty expenses are included into other operating income (in Note 10).

As of 30 September 2021, warranty provision amounted to EUR 2,347 thousand (2020: EUR 1,707 thousand) and reimbursement asset relating to warranty expenses, included into other short-term assets, amounted to EUR 2,788 thousand (2020: EUR 2,263 thousand).

6. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which envisages the realization of assets and satisfaction of liabilities and commitments in the normal course of business. For the year ended 30 September 2021 the Group reported net income of EUR 14,198 thousand (2020: EUR 1,739 thousand) and net cash generated by operating activities of EUR 10,735 thousand (2020: EUR 14,846 thousand). As of 30 September 2021 the Group's equity amounted to EUR 44,847 thousand (30 September 2020: EUR 27,588 thousand) and current assets exceed current liabilities by EUR 16,417 thousand (30 September 2020: EUR 3,642 thousand).

Renewal of credit facilities: Because the Group depends on being able to generate adequate cash and cash equivalents from its operations to cover its liabilities, there is a major uncertainty concerning the Group's ability to continue as a going concern. Based on the Group's current plans and taking into account the related uncertainty, the management clearly believes that the Group will be able to secure sufficient financial resources to continue its operations in the foreseeable future as of the date of preparation of the consolidated financial statements for the year ended 30 September 2021. This also includes the refinancing of bank loans which are due for repayment in 2022 to the extent that these exceed the cash flow from operating activities. The reason for this ongoing refinancing is that the Group's companies use short-term loans from Russian banks. The vast majority of these credit facilities are renewed on a regular basis. The management expects that this will continue to be the case in the future.

As of 30 September 2021, the Group had short-term bank loans in the amount of EUR 37,355 thousand (30 September 2020: EUR 35,003 thousand). Subsequent to 30 September 2021 and as of the date of approval of these consolidated financial statements, the Group has serviced its debt obligations in a timely manner, repaid loans, which had come due in an amount of EUR 39,618 thousand and attracted certain new loans and renewed its existing loans in an amount of EUR 20,263 thousand (subsequent to 30 September 2020 and as of the date of approval of the consolidated financial statements for the year ended 30 September 2020: The Group serviced its debt obligations in a timely manner, repaid loans, which had come due in an amount of EUR 10,950 thousand and attracted certain new loans and renewed its existing loans in an amount of EUR 6,390 thousand). The current bank loans as per date of release for submission amounted to approximately EUR 18,655 thousand (per signing date of the consolidated financial statements for the year ended 30 September 2020: EUR 31,773 thousand).

Management believes that covenants breach (Note 24) will not result in early repayment of the related borrowings. Management holds negotiations with the banks and believes that the renewal of the Group's loans will be possible in the current market conditions, when they come due.

7. SUBSIDIARIES

These consolidated financial statements include assets, liabilities and operating results of the parent company and its subsidiaries, effective ownership interest and voting rights of which are presented below:

Designation	Domicile	Type of company	As of 30 September 2021	As of 30 September 2020
OOO EkoNivaTechnika-Holding	Moscow, Russia	Holding	99.99%	99.99%
OOO EkoNiva-Chernozemie	Voronezh, Russia	Agicultural machinery sales	99.99%	99.99%
OOO EkoNivaSibir	Novosibirsk, Russia	Agicultural machinery sales	99.99%	99.99%
OOO EkoNiva-Technika	Moscow, Russia	Agicultural machinery sales	99.99%	99.99%
OOO Ambitech*	Saint-Petersburg, Russia	Forestry machinery sales	-	99.99%

**The Group lost control over Entity as of 30 September 2021 (Note 30).*

The equity interests above represent effective interests of the parent company in each respective subsidiary. The investment in OOO "EkoNiva-Technica Holding" constitutes a direct investment and all others are indirect investments.

8. REVENUES

Revenue comprises the following:

	2021 EUR'000	2020 EUR'000
Sale of agricultural machinery and equipment	165,676	125,316
Sale of agricultural spare parts, tires and lubricants	58,606	57,448
Sale of forestry machinery	5,656	2,001
Revenue from rendering of services	4,857	4,540
Sale of trade-in machinery	4,812	2,549
Sale of precision farming equipment	2,818	1,336
Sale of forestry spare parts	1,151	650
	243,576	**193,840**

9. PURCHASE COST OF GOODS SOLD

Purchase cost of goods sold comprise the following:

	2021 EUR'000	2020 EUR'000
Cost of agricultural machinery and equipment	146,225	109,210
Cost of agricultural spare parts, tires and lubricants	42,474	42,680
Cost of trade-in machinery	4,501	2,262
Cost of forestry machinery	4,286	1,428
Cost of precision farming equipment	2,103	958
Cost of forestry spare parts	276	486
	199,865	**157,024**

10. OTHER OPERATING INCOME

Other operating income is comprised as follows:

	2021 EUR'000	2020 EUR'000
FOREX gain	3,375	-
Changes in warranty reimbursement assets	1,993	2,976
Gain on disposal of subsidiary	956	-
Reimbursement of marketing expenses	433	427
Other income	512	503
	7,269	**3,906**

11. PAYROLL EXPENSES

Personnel costs break down as follows:

	2021 EUR'000	2020 EUR'000
Wages and salaries	5,857	5,747
Bonuses	5,525	4,152
Social contributions	2,769	2,323
	14,151	**12,222**

The average number of staff in the Group during the year ended 30 September 2021 was 736 employees (2020: 647). Of these 182 (2020: 188) work in administration, 298 (2020: 243) in customer service, and 256 (2020: 216) in the sales department.

12. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	2021 EUR'000	2020 EUR'000
Change in warranty provision	1,875	2,301
Transport vehicles expenses	1,656	1,347
Transportation expenses	1,562	697
Audit, consulting and legal fees	1,130	911
Travel and representation expenses	1,122	950
Maintenance of premises expenses	961	724
Service workshops expenses	744	614
Marketing and advertising expenses	610	638
Other taxes	499	602
Office expenses	289	314
Bank charges	224	242
FOREX loss	-	9,359
Other expenses	1,104	1,225
	11,776	**19,924**

The research and development costs incurred in the current and previous reporting periods were insignificant.

13. FINANCIAL INCOME / FINANCIAL EXPENSES

Financial income comprises the following:

	2021 EUR'000	2020 EUR'000
Interest income	1,779	1,873
Other financial income	-	9
	1,779	**1,882**

Financial expenses comprise the following:

	2021 EUR'000	2020 EUR'000
Interest expenses	2,444	3,205
Interest expense on extended accounts payable	792	474
Bank charges	582	522
Other financial expenses	498	510
	4,316	**4,711**

14. INCOME TAX EXPENSE

14.1 Income taxes recognized in the consolidated statement of profit or loss and other comprehensive income

Income tax expense is constituted as follows:

	2021 EUR'000	2020 EUR'000
Current year income tax expense	4,269	737
Deferred income tax expenses	321	339
Income tax expense	**4,590**	**1,076**

The tax rate of 20% applies for the Group's Russian subsidiaries in accordance with Russian tax legislation. The tax rate is applied in calculating the deferred tax assets and liabilities. The tax rate of 25% is applied for the Group's German company in accordance with German tax legislation.

14.2 Tax reconciliation

	2021 EUR'000	2020 EUR'000
Income before tax	18,788	2,815
Income tax at a tax rate of 25%	(4,697)	(704)
Influence of differences in tax rates of different countries	980	207
Effect of expenses that are not deductible in determining taxable profit	(873)	(579)
Total	**(4,590)**	**(1,076)**

14.3 Composition of deferred tax assets and liabilities

EUR'000	As of 1 October 2020	Change to profit and loss	Foreign currecy translation	Disposal of subsidiary	As of 30 September 2021
Property, plant and equipment	(409)	47	(43)	(126)	**(531)**
Inventories	502	170	41	(307)	**406**
Short-term financial assets	17	52	4	-	**73**
Trade receivables	(197)	(341)	(11)	491	**(58)**
Prepayments	27	(22)	1	-	**6**
Other financial assets	(560)	25	(52)	-	**(587)**
Other short-term assets	(202)	(268)	(31)	40	**(461)**
Long-term lease liabilities	268	(84)	22	16	**222**
Provisions	341	91	37	-	**469**
Trade accounts payable	15	6	2	-	**23**
Advances received	(63)	(60)	(7)	31	**(99)**
Other financial liabilities	(43)	38	(2)	-	**(7)**
Short-term lease liabilities	193	63	21	(12)	**265**
Other short-term liabilities	425	230	55	(2)	**708**
Loss carry forward	256	(268)	12	-	**-**
Net deferred tax assets / (liabilities)	**570**	**(321)**	**49**	**131**	**429**

EUR'000	As of 1 October 2019	Change to profit and loss	Foreign currecy translation	As of 30 September 2020
Property, plant and equipment	(198)	(295)	84	**(409)**
Inventories	2,390	(1,569)	(319)	**502**
Short-term financial assets	64	(38)	(9)	**17**
Trade receivables	(1,509)	1,135	177	**(197)**
Prepayments	38	(2)	(9)	**27**
Other financial assets	(641)	(91)	172	**(560)**
Other short-term assets	(385)	107	76	**(202)**
Long-term lease liabilities	238	84	(54)	**268**
Other long-term liabilities	-	-	-	**-**
Provisions	234	197	(90)	**341**
Trade accounts payable	(44)	58	1	**15**
Advances received	31	(104)	10	**(63)**
Other financial liabilities	29	(63)	(9)	**(43)**
Short-term lease liabilities	119	113	(39)	**193**
Other short-term liabilities	501	57	(133)	**425**
Loss carry forward	259	72	(75)	**256**
Net deferred tax assets / (liabilities)	**1,126**	**(339)**	**(217)**	**570**

The temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognized, aggregate to EUR 27,783 thousand as of 30 September 2021 (2020: EUR 13,362 thousand), as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

Starting from 1 January 2017 the amendments to the Russian tax legislation became effective in respect of tax loss carry forwards. The amendments affect tax losses incurred and accumulated since 2007 that have not been utilized. The 10-year expiry period for tax loss carry-forwards no longer applies. The amendments also set limitation on utilisation of tax loss carry forwards that will apply during the period from 2017 to 2024 The amount of losses that can be utilized each year during that period is limited to 50% of annual taxable profit.

As of 30 September 2021, the Group has loss carryforwards amounting to EUR 3,097 thousand (2020: EUR 2,532 thousand) available for which no deferred tax asset has been recognized as it is not probable that those loss carryforwards can be used in foreseeable future.

15. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF USE ASSETS

Property, plant and equipment and right-to-use comprise the following:

EUR'000	Land	Building	Advances for construction	Construc-tion in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
***Gross book value* as of 1 October 2019**	**1,311**	**22,041**	**2,214**	**2,233**	**4,580**	**1,657**	**1,365**	**191**	**35,592**
Lease modification	-	(478)	-	-	-	-	-	-	**(478)**
Additions	659	1,946	678	506	2,061	494	446	51	**6,841**
Disposals	-	(55)	(3)	(17)	(918)	(2)	(121)	(2)	**(1,118)**
Reclass	-	(24)	-	29	(63)	443	(381)	(4)	**-**
Transfer	9	421	(998)	537	-	22	5	4	**-**
Foreign currency translation	(432)	(5,681)	(487)	(723)	(1,300)	(566)	(324)	(53)	**(9,566)**
as of 30 September 2020	1,547	18,170	1,404	2,565	4,360	2,048	990	187	**31,271**
Lease modification	3	41	-	-	-	-	-	-	**44**
Additions	105	4,591	443	602	1,739	582	727	103	**8,892**
Disposals	(15)	(79)	(113)	(86)	(283)	(22)	(26)	(16)	**(640)**
Disposal of subsidiary	(68)	(199)	(3)	-	(224)	(56)	(49)	(5)	**(604)**
Transfer	-	3,277	(438)	(2,945)	-	106	-	-	**-**
Reclass	-	-	-	-	-	(3)	-	3	**-**
Foreign currency translation	150	2,127	130	124	480	229	128	20	**3,388**
as of 30 September 2021	**1,722**	**27,928**	**1,423**	**260**	**6,072**	**2,884**	**1,770**	**292**	**42,351**

EUR'000	Land	Building	Advances for construction	Construc-tion in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
Accumulated depreciation **as of 1 October 2019**	-	**(5,597)**	-	-	**(3,697)**	**(1,152)**	**(977)**	**(134)**	**(11,557)**
Lease modification	-	24	-	-	-	-	-	-	**24**
Disposals	-	34			896	2	121	1	**1,054**
Depreciation charge for the year	(14)	(1,387)			(846)	(163)	(250)	(29)	**(2,689)**
Reclass	-	(4)			24	(379)	349	10	**-**
Foreign currency translation	2	1,591	-	-	890	372	202	35	**3,092**
as of 30 September 2020	**(12)**	**(5,339)**	-	-	**(2,733)**	**(1,320)**	**(555)**	**(117)**	**(10,076)**
Disposals	6	134	-	-	265	15	9	15	**444**
Disposal of subsidiary	19	69	-	-	35	12	13	-	**148**
Depreciation charge for the year	(39)	(1,391)			(877)	(212)	(333)	(32)	**(2,884)**
Reclass	-	-	-	-	-	3	-	(3)	**-**
Foreign currency translation	(2)	(569)	-	-	(292)	(136)	(68)	(12)	**(1,079)**
as of 30 September 2021	**(28)**	**(7,096)**	-	-	**(3,602)**	**(1,638)**	**(934)**	**(149)**	**(13,447)**

EUR'000	Land	Building	Advances for construction	Construc-tion in progress	Transport	Equipment	Office equipment and furniture	Other fixed assets	Total
Net book value									
as of 30 September 2020	**1,535**	**12,831**	**1,404**	**2,565**	**1,627**	**728**	**435**	**70**	**21,195**
as of 30 September 2021	**1,694**	**20,832**	**1,423**	**260**	**2,470**	**1,246**	**836**	**143**	**28,904**

The Group recognized right-of-use assets as follows:

EUR'000	Land	Buildings	Transport	Equipment	Total
Gross book value					
as of 1 October 2019	**43**	**908**	**1,547**	**100**	**2,598**
Lease modification	-	(478)	-	-	**(478)**
Additions	38	775	2,041	-	**2,854**
Disposals	-	-	(97)	-	**(97)**
Foreign currency translation	(17)	(268)	(705)	(24)	**(1,014)**
as of 30 September 2020	**64**	**937**	**2,786**	**76**	**3,863**
Lease modification	3	41	-	-	**44**
Additions	83	125	1,640	28	**1,876**
Disposals	(15)	(70)	(60)	-	**(145)**
Disposal of subsidiary	(68)	(164)	(174)	-	**(406)**
Foreign currency translation	6	87	338	8	**439**
as of 30 September 2021	**73**	**956**	**4,530**	**112**	**5,671**
Accumulated depreciation					
as of 1 October 2019	**-**	**-**	**(684)**	**(30)**	**(714)**
Lease modification	-	24	-	-	**24**
Disposals	-	-	52	-	**52**
Additions	(14)	(331)	(828)	(30)	**(1,203)**
Foreign currency translation	2	52	298	9	**361**
as of 30 September 2020	**(12)**	**(255)**	**(1,162)**	**(51)**	**(1,480)**
Disposals	6	70	43	-	**119**
Disposal of subsidiary	19	67	27	-	**113**
Additions	(39)	(336)	(861)	(26)	**(1,262)**
Foreign currency translation	(2)	(35)	(151)	(6)	**(194)**
as of 30 September 2021	**(28)**	**(489)**	**(2,104)**	**(83)**	**(2,704)**
Net book value					
as of 30 September 2020	**52**	**682**	**1,624**	**25**	**2,383**
as of 30 September 2021	**45**	**467**	**2,426**	**29**	**2,967**

During the 2021 financial year depreciation charge was EUR 2,884 thousand (2020: EUR 2,689 thousand) on property, plant and equipment.
During the 2021 financial year amortization charge was EUR 223 thousand (2020: EUR 202 thousand) on intangible assets.
As of 30 September 2021 and 2020 there were no commitments to acquire property, plant and equipment.

Assets pledged as security

The Group's property, plant and equipment with carrying amount of EUR 14,004 thousand as of 30 September 2021 (2020: EUR 6,776 thousand) was pledged as a security for the Group's bank loans and borrowings. The Group does not have the right to sell these assets before having settled the related liabilities or having obtained a written permission from the banks.

16. LONG-TERM AND SHORT-TERM LOANS ISSUED

Type	Interest rate, % 09/30/2021	Interest rate, % 09/30/2020	Maturity	Level	09/30/2021 EUR'000	09/30/2020 EUR'000
Long-term loans to related parties [35]		8.0% - 9.0%		Level 2	-	3,655
Long-term loans issued to employees				Level 2	66	84
Less: Provision for loan impairment					-	(74)
Long-term loans issued					**66**	**3,665**
Short-term loans to related parties [35]	8.5% - 12.5%	8.5% - 12.5%	12/31/2021 - 09/30/2022	Level 2	25,919	18,923
Short-term loans to 3rd parties	10.0% - 12.0%	10.0% - 11.0%	11/30/2021 - 12/31/2021	Level 2	2,944	2,659
Short-term loans issued to employees				Level 2	163	52
Less: Provision for loan impairment					(4,517)	(3,744)
Short-term loans issued					**24,509**	**17,890**
Total					**24,575**	**21,555**

All loans issued are unsecured. The fair value of loans issued equals EUR 24,604 thousand as of 30 September 2021 (2020: EUR 21,591 thousand).

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans carried at amortized cost between the beginning and the end of the reporting period:

	Credit loss allowance			Gross carrying amount		
EUR '000	**Stage 1 (12-months ECL)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
As of 1 October 2019	**(183)**	**(4,226)**	**(4,409)**	**21,080**	**4,226**	**25,306**
New originated	(544)	-	(544)	15,524	-	15,524
Transfer to credit-impaired (from Stage 1 to Stage 3)	512	(512)	-	(512)	512	-
Changes to ECL measurement model assumptions	6	-	6	-	-	-
Derecognized during the period	23	218	241	(10,088)	(218)	(10,306)
Changes in accrued interest	-	-	-	739	-	739
Foreign currency translation differences, net	23	866	888	(5,025)	(866)	(5,890)
Total movements with impact on credit loss allowance charge for the period	20	571	591	638	(571)	67
As of 1 October 2020	**(163)**	**(3,655)**	**(3,818)**	**21,718**	**3,655**	**25,373**
New originated	(445)	-	(445)	2,425	-	2,425
Transfer to credit-impaired (from Stage 1 to Stage 3)	264	(264)	-	(264)	**264**	**-**
Derecognized during the period	17	-	17	(1,971)	-	(1,971)
Changes in accrued interest	-	-	-	1,244	-	1,244
Foreign currency translation differences, net	(19)	(252)	(271)	1,769	252	2,021
Total movements with impact on credit loss allowance charge for the period	(183)	(516)	(699)	3,203	**516**	**3,719**
As of 30 September 2021	**(346)**	**(4,171)**	**(4,517)**	**24,921**	**4,171**	**29,092**

17. INVENTORIES

Inventories comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Agricultural machinery	20,389	22,738
Agricultural spare parts, tires and lubricants	20,690	13,912
Forestry machinery	-	4,415
Forestry spare parts	-	1,376
Trade-in machinery	1,323	383
Precision farming equipment	952	308
Other inventory	75	188
	43,429	**43,320**

During the 2021 financial year, EUR 711 thousand were recognized as expenses within purchase cost of goods sold related to recovery of inventories to net realisable value (2020: EUR 139 thousand were recognized as income).

Inventories with carrying amount of EUR 6,580 thousand as of 30 September 2021 (2020: EUR 5,375 thousand) were pledged to secure the Group's bank loans and borrowings. The Group has an obligation to maintain the inventory balance at or above the pledged level.

18. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Trade receivables, gross	31,119	24,135
Allowance for credit losses	(466)	(425)
Trade receivables, net	**30,653**	**23,710**

The movement in the allowance for expected credit losses provision of trade receivables was as follows:

	EUR'000
As of 1 October 2019	**(1,779)**
Changes in estimates and assumptions	481
Foreign currency translation	233
Derecognized during the period	640
As of 30 September 2020	**(425)**
New originated	(121)
Foreign currency translation	33
Derecognized during the period	47
As of 30 September 2021	**(466)**

Other financial assets comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Other financial assets, gross	3,939	2,894
Allowance for credit losses	(46)	(59)
Other financial assets, net	**3,893**	**2,835**

Other financial assets mainly consist of bonuses from suppliers.

The credit loss allowance for trade receivables and other financial assets is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due:

	09/30/2021				09/30/2020			
Ageing of trade receivables and other financial assets	**Gross carrying amount EUR'000**	**Stage 1 (12 months ECL)**	**Stage 3 (Lifetime ECL for credit im-paired)**	**Net carrying amount EUR'000**	**Gross carrying amount EUR'000**	**Stage 1 (12 months ECL)**	**Stage 3 (Lifetime ECL for credit im-paired)**	**Net carrying amount EUR'000**
Neither past due nor impaired	14,978	(171)	-	14,807	7,117	(66)	-	7,051
Impaired								
Past due	20,080	(301)	(40)	19,739	19,912	(295)	(123)	19,494
Less than 6 months	5,930	(93)	(24)	5,813	14,106	(214)	-	13,892
From 6 to 12 months	5,440	(81)	(9)	5,350	2,399	(35)	(1)	2,363
More than 1 year	8,710	(127)	(7)	8,576	3,407	(46)	(122)	3,239
	35,058	**(472)**	**(40)**	**34,546**	**27,029**	**(361)**	**(123)**	**26,545**

The fair value of the receivables approximately corresponds to their carrying amount due to the short remaining term.

19. OTHER SHORT-TERM ASSETS

Other short-term assets comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Other taxes receivable	744	816
Other current assets	2,860	2,356
	3,604	**3,172**

Other taxes receivable are primarily VAT receivable. Other current assets mainly consist of assets for reimbursement of warranty provision in the amount of EUR 2,788 thousand (2020: EUR 2,263 thousand).

20. CASH ON HAND AND BANK BALANCES

Cash and cash equivalents comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Bank balances	933	1,615
Short-term deposits	4,595	3,225
Cash in transit	1	-
Cash on hand	7	9
	5,536	**4,849**

The table below discloses the credit quality of cash and cash equivalents balances:

	09/30/2021 EUR'000	09/30/2020 EUR'000
AAA to BB+	5,528	4,332
BB to B+	-	508
Total cash and cash equivalents, excluding cash on hand	**5,528**	**4,840**

**The credit quality of banks according to rating agencies S&P, Fitch.*

21. SHARE CAPITAL AND CAPITAL RESERVES

Fully paid in share capital as of 30 September 2021 and 2020 is EUR 3,140 thousand consisting of 3,140,000 shares. The amount of additional paid in capital as of 30 September 2021 and 2020 is EUR 6,830 thousand. Additional paid in capital is the excess of the placement value over the par value of shares issued.

The foreign currency translation reserve is influenced by exchange difference arising from translation of the financial statements of Russian subsidiaries denominated in rubles into euro which is used for presentation of consolidated financial statements.

22. EARNINGS PER SHARE (EPS)

In the course of executing the debt to equity swap two types of shares were issued:

- Shares Series A are only the shares that were issued in 2015 due to the swap of the corporate bond into equity. Shares Series A are eligible to receive a preferred dividend in case the company decides to pay any dividends;

- Shares Series B are the ones that existed before the debt-to-equity swap plus those which were issued due to capital increase against cash contribution.

If there is a dividend:

- Step 1:
  26.47% of total dividend are given to Series A shareholders only;

- Step 2:
  the remaining amount is distributed to all Series A/B shareholders proportionally.

The following table reflects the income and share data used in the basic EPS computations:

	2021	2020
Income for the period, EUR'000	14,198	1,739
Weighted average number of shares	**3,140,000**	**3,140,000**
Shares Series A	1,539,000	1,539,000
Shares Series B	1,601,000	1,601,000
Earnings per share (basic and diluted), in EUR		
Shares Series A	5.77	0.71
Shares Series B	3.32	0.41

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

23. PROVISIONS

Provisions comprise the following:

EUR'000	Warranty reserve	Tax risks	Total
As of 30 September 2019	**1,169**	**78**	**1,247**
Charge for the year	2,301	-	**2,053**
Foreign currency translation	(452)	(7)	**(459)**
Utilized	(1,311)	-	**(1,063)**
Unused amounts reversed	-	(71)	**(71)**
As of 30 September 2020	**1,707**	**-**	**1,707**
Charge for the year	1,875	-	**1,875**
Foreign currency translation	187	-	**187**
Utilized	(1,422)	-	**(1,422)**
Unused amounts reversed	-	-	**-**
As of 30 September 2021	**2,347**	**-**	**2,347**

24. BORROWINGS

The borrowings comprise the following:

		09/30/2021 EUR'000		09/30/2020 EUR'000	
	Level	**GBV**	**FV**	**GBV**	**FV**
Non-current borrowings from key management	Level 2	-	-	107	115
Current bank loans	Level 2	37,355	37,355	35,003	35,003
Current borrowings from key management	Level 2	-	-	146	148
		37,355	**37,355**	**35,256**	**35,266**

Reconciliation of opening and closing balances for borrowing and lease liabilities is presented below:

EUR'000	Borrowings	Lease	Total
Liabilities from financing activities as of 1 October 2019	**(44,715)**	**(1,785)**	**(46,500)**
Lease modification	-	454	**454**
Additions	-	(2,854)	**(2,854)**
Cash flows	1,307	1,673	**2,980**
Foreign exchange adjustments	11,210	594	**11,804**
Interest expense	(2,967)	(238)	**(3,205)**
Other non-cash movements	(91)	-	**(91)**
Liabilities from financing activities as of 30 September 2020	**(35,256)**	**(2,156)**	**(37,412)**
Lease modification	-	(44)	**(44)**
Additions	-	(1,712)	**(1,712)**
Cash flows	3,193	1,882	**5,075**
Disposal of subsidiary	265	282	**547**
Foreign exchange adjustments	(3,354)	(395)	**(3,749)**
Interest expense	(2,203)	(241)	**(2,444)**
Liabilities from financing activities as of 30 September 2021	**(37,355)**	**(2,384)**	**(39,739)**

As of 30 September 2021 borrowings in the amount of EUR 25,636 thousand (30 September 2020: 35,003 thousand) were secured with guarantees of the ultimate controlling party.

The effective annual interest rates were as follows:

	Non-current loans and borrowings		Current loans and borrowings	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
RUB	-	12.0%	5.9% - 11.06%	5.9% - 12.0%

Covenants under the Group's bank loan agreements are as follows:

- the Group is obliged to comply with certain ratios of loans and borrowings to EBITDA, calculated as profit before tax net of finance income, finance expenses and depreciation;
- the Group is obliged to comply with positive level of profitability;
- the Group is obliged to comply with certain level of EBITDA;
- the Group is limited in terms of the level of finance provided to other entities (inc. loans issued).

The calculation of these covenants is based on the financial information prepared for the banks on the basis of Russian statutory financial statements of the Group's companies in accordance with the loan agreements' requirements.

If covenants are breached the lenders can increase interest rate or demand early repayment. During the years ended 30 September 2021 and 2020 the Group has complied with all the covenants, except for the covenants relating to borrowings of EUR 37,355 thousand as of 30 September 2021 and EUR 35,003 thousand as of 30 September 2020. As a result, the banks technically got the right to demand earlier repayment of the loans with the breached covenants. Management of Ekotechnika AG does not expect that the banks will use this right.

25. TRADE ACCOUNTS PAYABLE

Trade payables are comprised of trade payables due to third parties in the amount of EUR 42,015 thousand as of 30 September 2021 (30 September 2020: EUR 45,635 thousand) and due to related party in the amount of EUR 15 thousand (30 September 2020: EUR 0 thousand).

Trade payables can be non-interest bearing and interest bearing. As of 30 September 2021 trade payables in the amount of EUR 28,964 thousand were secured with guarantees of the ultimate controlling party (30 September 2020: EUR 31,337 thousand). Fair value of the payables approximates their carrying amount due to the short remaining term.

26. ADVANCES RECEIVED

The advance received from the customer amounting to EUR 9,169 thousand (30 September 2020: EUR 4,451 thousand) represents a contract liability.

EUR 4,170 thousand (2020: EUR 2,083 thousand) of revenue was recognized in the current reporting period arising from contracts with customers as of 30 September 2020. All these contracts are for periods of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

27. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Employee benefit liabilities	4,471	3,129
Other financial liabilities	1,003	842
	5,474	**3,971**

The employee benefit liabilities represent wages and salary, bonuses to staff, unused vacation accruals and related social contributions.

28. LONG-TERM AND SHORT-TERM LEASE LIABILITIES

The Group recognized lease liabilities as follows:

	09/30/2021 EUR'000	09/30/2020 EUR'000
Long-term lease payable	1,085	1,181
Short-term lease payable	1,299	975
	2,384	**2,156**

Interest expense included in financial expenses of the 2021 financial year was EUR 241 thousand (2020: EUR 238 thousand).

During the 2021 financial year, expenses relating to short-term leases amounting to EUR 110 thousand (2020: EUR 131 thousand) and relating to leases of low-value assets amounting EUR 3 thousand (2020: 2 thousand) that are not shown as short-term leases were included in ‘Other operating expenses’.

29. OTHER SHORT-TERM LIABILITIES

Other current liabilities comprise the following:

	09/30/2021 EUR'000	09/30/2020 EUR'000
VAT payable	2,283	2,662
Other taxes payable	349	276
	2,632	**2,938**

30. DISPOSAL OF SUBSIDIARY

Management approved a plan to sell OOO "Ambitech" on 30 June 2021.

On 9 August 2021 the Group disposed 99.9% of the share capital in favor of Timber Invest Gmbh and 0.1% in favor of Soloviev A.V. The details of the disposed assets and liabilities and disposal consideration are as follows:

EUR'000	08/09/2021
Property, plant and equipment	452
Inventories	4,410
Trade receivables	2,691
Cash and cash equivalents	204
Other assets	1,393
Trade accounts payable	(8,332)
Borrowings	(265)
Lease liabilities	(282)
Other liabilities	(869)
Carrying amount of disposed net assets	**(598)**

EUR'000	08/09/2021
Total disposal consideration	**358**
Less: cash and cash equivalents in disposed subsidiary	(204)
Cash inflow on disposal	**154**

The Group has recorded a gain from disposal of the subsidiary of EUR 956 thousand within ‘Other operating income’.

EUR'000	08/09/2021
Consideration for disposal of the subsidiary	**358**
Carrying amount of disposed net assets	(598)
Gain on disposal of subsidiary	**956**

31. OPERATING ENVIRONMENT

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian ruble was highly volatile in the 2021 financial year. On 30 September 2020 the exchange rate was about 93.02 RUB/EUR, it continued to drop, reaching its peak of 84.68 RUB/EUR on 29 September 2021. On 30 September 2021 the exchange rate was about 84.88 RUB/EUR. The average rate for the financial year was 89.14 RUB/EUR (2020: 77.35 RUB/EUR).

During the 2021 financial year the key rate has increased several times and reached its maximum at 6.75% in September 2021.

In 2021 the Russian economy demonstrated positive dynamics in recovery from the pandemic. This trend was also supported by the global economic recovery and higher prices on global commodity markets. However, higher prices on certain markets in Russia and globally also contribute to the inflation in Russia. The main customers of the Group are operating in the agricultural sector which has not been significantly affected by the spread of the Coronavirus infection, that was declared as a pandemic on 11 March 2020 by the World Health Organization. The Group did not have any restrictions in its activities.

These factors could have an impact on the Group's net assets, financial position and results of operations. The management believes it has taken appropriate measures to support the sustainability of the Group's business development in the current circumstances.

32. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade receivables, and cash and short-term deposits that arise directly from its operations. The Group is exposed to market risk, credit risk, foreign currency risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The key risk associated with the financial instruments related to foreign currency risk primarily resulted from payables and receivables denominated in foreign currency. The Group did not use derivative instruments to hedge foreign currency risk due to immaturity of this market in the Russian Federation.The management is aimed to maintain a low level of financial instruments denominated in foreign currency to decrease the foreign currency risk.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk.

The sensitivity analyses in the following sections relate to the position as of 30 September 2021 and 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

Foreign 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 (i.e., when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries. The Group does not hedge its foreign currency risk.

The carrying amounts of the Group's financial assets and liabilities payable in currencies are as follows:

09/30/2021 **EUR'000**	**Level**	**USD**	**RUB**	**EUR**	**CAD**	**Total**
Long-term loans issued	Level 2	-	66	-	-	**66**
Short-term loans issued	Level 2	-	20,861	3,648	-	**24,509**
Trade receivable	Level 2	473	23,931	2,334	3,915	**30,653**
Other financial assets	Level 2	95	3,791	7	-	**3,893**
Cash and cash equivalents	Level 1	2	5,514	19	1	**5,536**
Total monetary financial assets		**570**	**54,163**	**6,008**	**3,916**	**64,657**
Long-term lease liabilities	Level 2	-	1,085	-	-	**1,085**
Short-term loans and credits	Level 2	-	37,355	-	-	**37,355**
Trade payables	Level 2	15,381	7,698	18,949	2	**42,030**
Short-term lease liabilities	Level 2	-	1,299	-	-	**1,299**
Other financial liabilities	Level 2	9	614	380	-	**1,003**
Total monetary financial liabilities		**15,390**	**48,051**	**19,329**	**2**	**82,772**
Net monetary position		**(14,820)**	**6,112**	**(13,321)**	**3,914**	**(18,115)**

09/30/2020 EUR'000	Level	USD	RUB	EUR	CAD	Total
Long-term loans issued	Level 2	-	84	3,581	-	**3,665**
Short-term loans issued	Level 2	-	17,662	228	-	**17,890**
Trade receivable	Level 2	1,374	19,783	2,511	42	**23,710**
Other financial assets	Level 2	730	1,556	534	15	**2,835**
Cash and cash equivalents	Level 1	3	4,745	101	-	**4,849**
Total monetary financial assets		**2,107**	**43,830**	**6,955**	**57**	**52,949**
Long-term loans and credits	Level 1	-	107	-	-	**107**
Long-term trade accounts payable	Level 2	-	-	-	291	**291**
Long-term lease liabilities	Level 2	-	1,181	-	-	**1,181**
Short-term loans and credits	Level 2	-	35,149	-	-	**35,149**
Trade payables	Level 2	11,739	11,044	17,300	5,261	**45,344**
Short-term lease liabilities	Level 2	-	975	-	-	**975**
Other financial liabilities	Level 2	11	538	293	-	**842**
Total monetary financial liabilities		**11,750**	**48,994**	**17,593**	**5,552**	**83,889**
Net monetary position		**(9,643)**	**(5,164)**	**(10,638)**	**(5,495)**	**(30,940)**

The Group is primarily exposed to risks from changes in the exchange rate between euro (EUR), Russian ruble (RUB), US dollar (USD) and Canadian dollar (CAD). The following tables show the sensitivity of the Group's earnings before income taxes to a generally possible change in the exchange rate of the US dollar, the euro and the Canadian dollar against the ruble, assuming that all other variables remain constant.

EUR/RUB	Change in EUR/RUB rate	Effect on loss before income tax EUR'000
2021	10.00%	(1,332)
	-15.00%	1,998
2020	10.00%	(1,064)
	-15.00%	1,596

USD/RUB	Change in USD/RUB rate	Effect on loss before income tax EUR'000
2021	10.00%	(1,482)
	-15.00%	2,223
2020	10.00%	(964)
	-15.00%	1,446

CAD/RUB	Change in CAD/RUB rate	Effect on loss before income tax EUR'000
2021	10.00%	391
	-15.00%	(587)
2020	10.00%	(550)
	-15.00%	824

32.5 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. The risk of fluctuations in market interest rates to which the Group is exposed generally results from the variable-interest loans, which had a balance of EUR 0 thousand as of 30 September 2021 and 2020.

32.6 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instruments or customer contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables), from its investing activities (primarily for loans issued) and cash at banks, including deposits. Maximum credit risk for assets listed above equals their carrying values. Maximum credit risk for guarantees issued equals total amount of liabilities the Group guaranteed.

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the committen amounts to an on-balance sheet exposure within a defined period. The Group's management estimates that 12-month and lifetime CCFs are materially the same. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which the Group has a present contractual obligation to extend credit.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL*, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:

- the borrower is deceased;
- the borrower is insolvent;
- the borrower is in breach of financial covenant(s);
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For loans issued to corporate entities, SICR is assessed on an individual basis by monitoring the triggers stated below. For other financial assets SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Management.

The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The level of ECL that is recognized in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognize interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognizes the cumulative changes in lifetime expected credit losses.

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings. The Group performs an assessment on an individual basis for the following types of loans: loans with unique credit risk characteristics, individually significant loans. The Group performs an assessment on a portfolio basis for corporate loans when no borrower-specific information is available. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses, location and other predictive information.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Group defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers of the Group. Expert judgements are regularly tested in order to decrease the difference between estimates and actual losses.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer, product type, credit risk rating, date of initial recognition, term to maturity, the quality of collateral and loan to value (LTV) ratio. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Group Management.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Trade receivables risk concentration

As of 30 September 2021 the Group had six customers that owed the Group more than EUR 1,000 thousand each and made up 55% of trade receivables balance (2020: four customers owed more than EUR 1,000 thousand each accounted for 44% of trade receivables balance), five customers counting for 42% of the balance were retaled parties and one customer counting for 13% of the balance was third party (2020: all of them were related parties).

33. LIQUIDITY RISK MANAGEMENT

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The business of the Group requires financing to a great extent for the goods which it trades. This financing is generally needed only for a period of three to six months. The financial department of OOO "EkoNivaTechnika-Holding" in Russia provides central handling to secure liquidity at any time. There, all financing agreements and payment obligations converge and liquid resources are allocated accordingly. The Group's management is informed regularly of the situation regarding financing and payment obligations and makes key decisions outside of the daily business activities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As of 30 September 2021 EUR'000	On demand	Less than 3 months	Between 4 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Loans and borrowings	37,355	-	-	-	-
Trade payables	1,992	38,952	1,086	-	-
Lease liabilities	-	355	1,064	844	422
Other financial liabilities	53	950	1	-	-
Total	**39,400**	**40,257**	**2,151**	**844**	**422**

As of 30 September 2020 EUR'000	On demand	Less than 3 months	Between 4 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Loans and borrowings	35,003	146	-	107	-
Trade payables	4,485	31,460	9,399	291	-
Lease liabilities	-	298	830	892	389
Other financial liabilities	-	731	111	-	-
Total	**39,488**	**32,635**	**10,340**	**1,290**	**389**

Capital management

The Group manages its capital so as to ensure that all of the Group's companies are able to operate on a going concern basis and at the same time can service all liabilities in due time.

The capital structure of the Group comprises net debt (i.e. loans and borrowings as presented in Note 24, less cash and cash equivalents) as well as the equity of the Group (comprising paid registered capital, capital reserves, accumulated losses, additional paid-in capital).

	09/30/2021 EUR'000	09/30/2020 EUR'000
Loans and borrowings	(37,355)	(35,256)
Less: cash and cash equivalents	5,536	4,849
Net debt	**(31,819)**	**(30,407)**
Total capital	44,847	27,588
Capital and net debt	**13,028**	**(2,819)**

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2021 and 2020.

34. SEGMENT REPORTING

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in sales and other activities in different regions of the Russian Federation, and are managed separately because they require different marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:

- the Central segment includes activities of subsidiaries in Central region of the Russian Federation;
- the Blackearth Region segment includes activities of subsidiaries in Blackearth region of the Russian Federation;
- the Siberian segment includes activities of subsidiaries in Siberian region of the Russian Federation.

The Group aggregated certain operating segments with different characteristics into one group called "All other" for the management accounts and for the purpose of reporting in the consolidated financial statements.

The management reviews the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on results from operating activities and is measured consistently with profit or loss before income tax in the consolidated financial statements.

Transfer prices between operating segments are determined as cost of sale increased by minimal margin which is depended on different factors such as seasonality, fluctuation of exchange rates, terms of delivery and storage, terms and forms of financing, etc.

Information regarding the reportable segments is included in the tables below together with reconciliation to figures included in the IFRS consolidated financial statements.

Year ended 30 September 2021 EUR'000	Central region	Blackearth region	Siberian region	All other	Elimination and adjustments	Consolidated
Revenue	**105,227**	**68,800**	**87,691**	**687**	**(18,829)**	**243,576**
Sales of goods for resale - external	*98,968*	*64,098*	*76,051*	*-*	*(398)*	*238,719*
Sales (all) - Group companies	*4,163*	*3,681*	*9,892*	*687*	*(18,423)*	*-*
Revenue from rendering of services - external	*2,096*	*1,021*	*1,748*	*-*	*(8)*	*4,857*
Purchase cost of goods sold	**(87,446)**	**(57,599)**	**(72,933)**	**(667)**	**18,780**	**(199,865)**
Gross profit	**17,781**	**11,201**	**14,758**	**20**	**(49)**	**43,711**
Other operating income	3,295	1,656	2,580	8,233	(8,495)	7,269
Payroll expenses	(4,251)	(2,310)	(3,224)	(4,366)	-	(14,151)
Depreciation, amortization and impairment	(1,442)	(528)	(870)	(340)	73	(3,107)
Other operating expenses	(6,841)	(4,440)	(5,746)	(2,715)	7,966	(11,776)
Loss from impairment of financial assets	(154)	(64)	(198)	(205)	-	(621)
Results from operating activities	**8,388**	**5,515**	**7,300**	**627**	**(505)**	**21,325**

Year ended 30 September 2020 EUR'000	Central region	Blackearth region	Siberian region	All other	Elimination and adjustments	Consolidated
Revenue	**86,568**	**71,121**	**49,143**	**912**	**(13,904)**	**193,840**
Sales of goods for resale - external	*80,449*	*64,649*	*46,658*	*-*	*(2,456)*	*189,300*
Sales (all) - Group companies	*4,124*	*5,204*	*1,111*	*912*	*(11,351)*	*-*
Revenue from rendering of services - external	*1,995*	*1,268*	*1,374*	*-*	*(97)*	*4,540*
Purchase cost of goods sold	**(71,571)**	**(58,259)**	**(39,496)**	**(874)**	**13,176**	**(157,024)**
Gross profit	**14,997**	**12,862**	**9,647**	**38**	**(728)**	**36,816**
Other operating income	1,252	1,033	1,990	4,609	(4,978)	3,906
Payroll expenses	(3,971)	(2,368)	(2,158)	(3,725)	-	(12,222)
Depreciation, amortization and impairment	(1,686)	(505)	(442)	(331)	73	(2,891)
Other operating expenses	(9,333)	(6,680)	(6,620)	(2,573)	5,282	(19,924)
Loss from impairment of financial assets	193	57	251	(542)	-	(41)
Results from operating activities	**1,452**	**4,399**	**2,668**	**(2,524)**	**(351)**	**5,644**

	2021 EUR'000	2020 EUR'000
Result from operating activity	**21,325**	**5,644**
Financial income	1,779	1,882
Financial expenses	(4,316)	(4,711)
	18,788	**2,815**
Income tax expense, total	(4,590)	(1,076)
Income for the period	**14,198**	**1,739**

In the 2021 financial year one customer made 17% of Central segment revenue (2020: one customer made 15% of revenue), one customer made 15% of Siberian segment revenue (2020: one customer made 21%) and two main customers made 14% of Black Earth segment revenue (2020: one customer made 19%).

35. BUSINESS ACTIVITIES WITH RELATED PARTIES

For the purposes of these consolidated financial statements, parties are considered to represent related companies if one party is able to control the other; if multiple parties are subject to the control of another; or if one party can exercise significant influence on the financial and business decisions of another. Considerations of all possible relationships between related companies are based on the actual substance of relationship and not merely its legal form.

In the course of the financial year, the Group companies conducted the following transactions with related companies and persons:

	Entities under common control		Parent company		Key management personnel		Total	
EUR '000	2021	2020	2021	2020	2021	2020	2021	2020
Sale of agricultural machinery	206	10,969	-	-	-	-	**206**	**10,969**
Sale of agricultural spare parts, tires and lubricants	5,166	14,564	-	-	-	-	**5,166**	**14,564**
Sale from intelligent farming	84	86	-	-	-	-	**84**	**86**
Revenue from rendering of services	255	379	-	-	-	-	**255**	**379**
Other income	83	231	-	-	-	-	**83**	**231**
Purchase of goods and services	(813)	(1,597)	-	-	-	-	**(813)**	**(1,597)**
Remuneration of key management	-	-	-	-	(1,282)	(1,045)	**(1,282)**	**(1,045)**
Other expenses of key management	-	-	-	-	(7)	(32)	**(7)**	**(32)**
Impairment of loans issued	-	-	(264)	(512)	-	-	**(264)**	**(512)**

The following balances remained outstanding at the end of the reporting period:

EUR '000		Trade receivable, other financial assets and other short-term assets	Trade accounts payable, other financial liabilities and other short-term liabilities
Entities under common control	09/30/2021	18,310	28
	09/30/2020	15,233	66
Key management personnel	09/30/2021	-	316
	09/30/2020	-	753
Total	09/30/2021	**18,310**	**344**
	09/30/2020	**15,233**	**819**

The Group companies had the following balances and investing transactions with related companies and persons:

EUR '000		Long-term loans granted	Short-term loans granted
Entities under common control	09/30/2021	-	24,286
	09/30/2020	3,581	17,799
Parent company	09/30/2021	-	-
	09/30/2020	-	11
Key management personnel	09/30/2021	-	114
	09/30/2020	-	-
Total	09/30/2021	**-**	**24,400**
	09/30/2020	**3,581**	**17,810**

EUR '000		Interest income	Interest expense
Entities under common control	09/30/2021	1,673	-
	09/30/2020	1,811	-
Parent company	09/30/2021	16	-
	09/30/2020	-	-
Key management personnel	09/30/2021	-	5
	09/30/2020	-	29
Total	09/30/2021	**1,689**	**5**
	09/30/2020	**1,811**	**29**

EUR '000		Short-term borrowings	Long-term borrowings
Key management personnel	09/30/2021	-	-
	09/30/2020	146	107
Total	09/30/2021	-	-
	09/30/2020	**146**	**107**

During the year ended 30 September 2021 EUR 2,076 thousand (2020: EUR 15,297 thousand) of loans were issued to the related parties, which is included into the line 'Issuance of loans' in the consolidated cash flow statement. During the year ended 30 September 2021 the Group received settlement of loans issued to related parties of EUR 1,518 thousand (2020: EUR 9,171 thousand), which is included into the line 'Proceeds from settlement of loans issued' in the consolidated cash flow statement.

36. PROPOSAL FOR THE APPROPRIATION OF INCOME FOR THE YEAR

The Executive Board and the Supervisory Board propose that a resolution be passed to appropriate the balance sheet profit reported for the 2020/2021 financial year in the amount of EUR 2,535,302.18 as follows:

- preliminary distribution in the amount of EUR 0.03 pursuant to Article 25 (1) of the Articles of Association per no-par value share of Series A (ISIN DE000A161234); total amount: EUR 46,170.00;
- distribution of a dividend in the amount of EUR 0.03 per no-par value share of the series A (ISIN DE000A161234) and of the Series B (ISIN DE000A169N65); total amount: EUR 94,200.00;
- profit carry forward in the amount of EUR 2,394,932.18.

37. AUDITOR'S FEE

The fee for the annual audit (total remuneration plus expenses without VAT) recorded as an expense in the year ended 30 September 2021 was EUR 50 thousand (2020: EUR 45 thousand).

38. RELEASE

The Executive Board of Ekotechnika AG released the consolidated financial statements for submission to the Supervisory Board on 22 December 2021. The Supervisory Board has to examine the consolidated financial statements and declare whether the consolidated financial statements are approved.

Walldorf, 22 December 2021

Stefan Duerr
Chairman of the Board

Bjoerne Drechsler
Board Member

INDEPENDENT AUDITOR'S REPORT

To Ekotechnika AG, Walldorf

Audit Opinions

We have audited the consolidated financial statements of Ekotechnika AG, Walldorf, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2020 to 30 September 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Ekotechnika AG for the financial year from 1 October 2020 to 30 September 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. (paragraph(1 HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2021, and of its financial performance for the financial year from 1 October 2020 to 30 September 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report“ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Material Uncertainty Related to Going Concern

We draw attention to the disclosures in section "Going Concern" of the notes to the consolidated financial statements as well as the disclosures in section "Risks to the Group's ability to continue as a going concern" of the group management report, where the executive directors indicate that the Group's ability to continue as a going concern depends on the expiring bank loans being extended or refinanced and the existing extraordinary termination rights not being exercised as a result of non-compliance with lending terms and conditions. As stated in section "Going Concern" of the notes to the consolidated financial statements and section "Risks to the Group's ability to continue as a going concern" of the group management report, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and represents a risk that the Group's ability to continue as a going concern is threatened pursuant to § 322 Abs. 2 Satz 3 HGB. Our audit opinions are not modified in respect of this matter.

Other Information

The executive directors are responsible for the other information.

The other information comprises the annual report, which is expected to be made available to us after the date of the auditor's report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives 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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

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 and of the group management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

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

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Frankfurt am Main, 22 December 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Guido Tamm	ppa. Stefan Sigmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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