Annual Report

consolidated

2021

AGROFERT

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AGROFERT Group
Annual Report
2021

Company Identification No.: 26185610

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The world has changed, **but not our values**

Sustainability, responsibility, fairness, ecology, and tradition are the time-tested values that have shown us the way for 28 years.

Contents

Our word **is our promise**

For more than a quarter of a century, our customers, employees, and suppliers have known that our word is good under any circumstances.

AGROFERT

Annual Report

1 Overview of the Group's Activities

The AGROFERT Group (the "Group") comprises 195 subsidiaries, 2 joint ventures and 5 associate companies. The Group has had more than thirty thousand employees in the long term and ranks among the biggest Czech private employers and traditional Czech producers primarily in the chemical, agricultural and food sectors. The Group companies have also held significant positions in forestry and wood industry, ground machinery and technology, logistics and transport, renewable energy sources and media.

The Group, the Group companies and the members of top management regularly rank among the best in terms of performance, quality and reliability. In the list of CZECH TOP 100 companies, AGROFERT ranked fourth in terms of revenues in 2021. The AGROFERT Group has traditionally ranked third in the Exporter of the Year competition in recent years. In the long term, the Group has been the largest group in the Czech and Slovak agriculture and food industry, the second largest chemical concern in the Czech Republic and the second largest producer of nitrogen fertilizers in Europe. The AGROFERT Group is also one of the leading Czech investors in Slovakia and Germany and a major investor in Hungary.

2 Analysis and Assessment of the Group's Performance

The Group reported increase in economic results compared to the previous period. The volume of business transaction remained more or less unchanged. With respect to the recorded Group's results, it could be stated that the Group companies have maintained their significant position in their respective business segments while their business activities have remained consistently robust.

3 The Group's Results

The Group's consolidated profit after tax amounted to CZK 5,784 million in 2021, compared to CZK 3,760 million in previous year. The main reason for the increase was the improved results of companies in the chemical and agricultural segments. EBITDA increased to CZK 22,310 million compared to CZK 18,102 million recorded in previous year. The newly included companies only made a minor contribution to the Group's results. The Group's income before income taxes totalled CZK 7,669 million.

Consolidated revenues from the sale of goods, finished products, material and services amounted to CZK 184,815 million (2020: CZK 160,978 million). The Group's unconsolidated revenues totalled CZK 268,501 million (2020: CZK 231,187 million). Compared to the previous year, the volume of the Group's consolidated revenues increased by CZK 23,837 million, particularly due to increased selling prices in the chemical segment in reaction to a significant increase in input prices. The newly acquired companies only made a minor contribution to the Group's 2021 turnover.

The net balance sheet total increased from CZK 156,938 million to CZK 169,479 million, representing an increase of 7.99%, primarily due to an increase in current assets totalling CZK 14,721 million. The balance of non-current assets fell by CZK 2,180 million; the change was particularly due to a drop in tangible fixed assets and was partly compensated by an increase in the balance of investments in associates and joint ventures.

The increase in property, plant and equipment (excluding assets acquired through acquisitions of new companies) totalled CZK 8,756 million in 2021. As a result of inclusion of new companies, the value of property, plant and equipment increased by CZK 182 million. Trade and other current receivables of the Group companies increased by a total of CZK 6,849 million year-on-year. The value of inventory increased by CZK 7,239 million.

On the side of liabilities and equity, liabilities and provisions increased by a total of CZK 8,232 million. The volume of bank and other loans and borrowings remained almost unchanged. Trade and other current liabilities and current provisions increased by CZK 6,669 million and CZK 1,476 million, respectively.

4 Subsequent Events after 31 December 2021 that are Material for the Purposes of the Annual Report

On 9 February 2022, MAFRA, a.s., acquired a 40% share in DENAX, a.s. on the basis of an agreement on the transfer of securities for a consideration and thus became its sole shareholder.

At the end of February 2022, the ongoing political tensions between Russia and Ukraine escalated with Russia's invasion of Ukraine. The world responded to the violation of international law and to the aggression by, inter alia, the imposition of extensive sanctions. These occurrences after the balance sheet date are considered to be non-adjusting subsequent events. As the situation is volatile and rapidly evolving, it is impossible to make an estimate of the potential impact on the Group. The impact of the invasion will be reflected in the Group's consolidated financial statements in 2022 and possibly in subsequent reporting periods. This situation does not affect the Group's ability to continue operations as a going concern.

Subsequent to the balance sheet date, certain Group companies received exemptions from creditors for non-performance of financial ratios on loans, totalling CZK 3,982,159 thousand.

On 21 March 2022, the Ministry of Industry and Trade of the Czech Republic delivered a press release stating that the Ministry would proceed to withdraw a subsidy of CZK 100,000 thousand which had been granted to Pekárna Zelená louka, a.s. in 2018 for an innovation line for the production of sandwich bread. The Group's management is convinced that the company obtained the subsidy in accordance with the Czech law and the rules governing the granting of subsidies in the Czech Republic. As at the date of release of the consolidated annual report, the outcome of the pending administrative proceedings is unknown.

On 22 March 2022, SKW Stickstoffwerke Piesteritz GmbH, entered into agreements Schuldschein Loan Agreement with UniCredit Bank AG and COMMERZBANK Aktiengesellschaft, Filiale Luxemburg as the arrangers and with COMMERZBANK Aktiengesellschaft, Filiale Luxembourg as the payment and calculation agent on grounds of which it received in a first round a loan of EUR 40,000 thousand with fixed interest rate and EUR 15,000 thousand with floating interest rate. The loans have a five-year maturity and are redeemable in full as at the ultimate maturity date, i.e. five years after the funds receipt date by the company.

5 Projected Future Development of the Group and Key Risks and Uncertainties

The AGROFERT Group companies carry out their business activities based on healthy long-term supplier and customer relationships, above-standard management performance of employees, the ability to react flexibly to market conditions and changes in the business environment, and effective use of synergy effects across the entire Group. Key elements of AGROFERT Group's long-term management strategy include a systematic rationalization and efficiency enhancement of the internal management and control system and a continuous evaluation of business models and selection of the appropriate business model for the sectors in which AGROFERT Group operates.

In 2022, we expect the AGROFERT Group to maintain stable economic performance, despite the continuing constraints and market effects caused by COVID-19 and the war in Ukraine. We expect a slight year-on-year decrease in the results of specialty chemicals and renewable sources segments, which, however, is largely due to extremely good results of both segments last year. The food segment also expects a decline in performance this year, mainly due to a significant increase in the prices of most inputs, which cannot be immediately reflected in the selling prices of products. Another significant factor that will have a negative impact on the performance of all companies this year is the huge increase in energy and fuel costs. Despite the above, most other Group companies are expected to maintain or slightly reduce last year's performance levels. In 2022, the amount of capital expenditures is expected to increase year-on-year and exceed the level of depreciation. The most significant investment projects that will take place in 2022 include completion of the expansion of dairy cattle breeding in Petrovice, modernization of the poultry meat slicing facility in Modřice, construction of new breeding halls in the Bílov farm, and reconstruction of livestock building in Nepolisy. We also plan to continue the construction of a new ammonia storage tank at Duslo, and to invest in further development of flat wood material manufacturing plant in Solnice and in the reconstruction of compound feed production plants. The Hungarian company NT Kft. plans to start modernization of the oil refinery. Investments in the modernization and greening of chemical, food and agricultural plants will also continue.

In 2022, the AGROFERT Group will continue to fulfil its strategic priorities, including the achievement of business objectives, caring for employees and their development and creating personnel reserves for executive positions.

Thanks to the above, the Board of Directors of AGROFERT, a.s., is convinced that the 2022 activities will contribute to maintaining the continuity of positive developments of the entire Group's business. The 2022 business activities are intended to support sustainable development of the business activities of individual Group companies and to defend the Group's leading positions in the domestic market, as well as in other Central European markets.

6 Group's Research and Development Activities

In addition to their own business activities, the AGROFERT Group companies also focus on R&D activities, in close cooperation with the academic sphere. This is particularly true for companies in the chemical, agricultural and food industry. Similarly to the year before, 2021 was again affected by the COVID-19 pandemic and communication took place primarily in an online environment; this also concerned the cooperation with faculties and universities which took the form of online meetings and online consultations.

In the chemical manufacturing industry, the AGROFERT Group operates two research laboratories. The first one is Výzkumný ústav organických syntéz, a.s. focusing on the development and up-scaling of specialty chemicals, custom syntheses and toxicology testing. The second laboratory, VUCHT, a.s., focuses mainly on inorganic technological research in the field of fertilizers, organic technological research in the field of catalysts, technological synthesis and synthesis of new organic compounds. In the area of collaboration with the academia, the AGROFERT Group chemical manufacturers take steps directed at linking students' theoretical knowledge with industry practice, particularly in the research, development and technological development through practical training, internships or temporary jobs. Another equally important area is the cooperation with students working on their bachelor's or doctorate degree theses. The Faculty of Chemical Technology of Pardubice University, Tomáš Baťa University in Zlín, Institute of Chemical Technology in Prague, Masaryk University in Brno and the Brno University of Technology continue to be key partners of the Group's companies, not only in the chemical industry. Long-term relationships based on close cooperation are also maintained with secondary schools, e.g., the Secondary Technical School in Ústí nad Labem, Secondary Technical and Horticultural School in Lovosice or Secondary Technical School in Otrokovice.

In agriculture, the AGROFERT Group activities comprise a variety of field trials. These are part of the field days organized in cooperation with Group companies operating in agriculture. The aim of the field days was to demonstrate care for and protection of crops and plants. Given the pandemic situation, there were not as many field days organized as in the previous year. Agricultural experts from among AGROFERT Group employees also presented their industry knowledge and skills during lectures at the Czech University of Agriculture in Prague, Mendel University in Brno, the Slovak University of Agriculture in Nitra and at career days and workshops. In 2021, the teaching was mostly transferred to an online environment; even hands-on learning took place online. Even last year's competition "Looking for the Best Young Chemist 2021", of which the AGROFERT Group is a founder and partner, had to be held in an online form. Entrepreneurial activities in the field of agricultural production have also long been oriented towards some secondary schools. Examples of cooperation include the Secondary School of Agriculture in Čáslav and the Secondary School of Agriculture in Poděbrady. The research and development activities carried out in the environment of schools and universities yield results, such as agricultural field experiments focusing on innovation in the care for and protection of plants and agricultural crops, and participation in various projects initiated by both the schools and their students. In 2021, however, due to the COVID-19 pandemic, these face-to-face meetings were restricted and many of these activities had to be cancelled.

In the field of food production, AGROFERT Group companies focus their research and development on technological development. Each food production plant has its own laboratories, and individual food companies within the Group strive for long-term collaboration with universities; partner universities this year include primarily the Czech University of Life Sciences in Prague, Southern Bohemia University in České Budějovice, Brno's Mendel University and the Slovak University of Agriculture in Nitra.

Representatives of AGROFERT Group companies inevitably participate in the schools' career days, job fairs, or social media networks with the aim of establishing contact with potential future employees and presenting the activities of separate AGROFERT Group companies. However, in 2021, all related activities had to take place in the online environment. The AGROFERT Group companies adjusted to the requirements and prepared successful online presentations.

7 Group's Environmental Activities

Responsible approach to environmental protection, relationships with and promotion of communities and cost-effective energy management are an integral part of socially responsible business of the AGROFERT Group companies. The main areas of interest in the context of the Group's main business activities include air protection, water resources protection and environmentally friendly water management, agricultural land and forests maintenance and continuous improvement of the quality of life and overall welfare of farmed animals. All this is reinforced by good agricultural practice, crop rotation, use of modern technologies in order to achieve input material savings and use of more energy efficient and cost-efficient production technologies across the Group's business segments. Individual companies also actively participate in waste recycling, responsible waste management and waste reprocessing.

Thanks to their systematic work, the AGROFERT Group companies meet the environmental demands placed on them by the applicable legislation or by third parties. As a result, many of the Group's companies have been certified for environmental compliance (e.g. under ISO 14 001 or ISCC EU) or energy management (e.g. ISO 50 001, energy audit).

A sustainable business development and environmental protection strategy has been adopted and applies across all AGROFERT Group activities. We use a complex approach covering all aspects, from optimization of production technologies, efficiency in raw material consumption, waste management and recycling, to efficient logistics and heat and power generation compliant with strict EU emission limits. The Group has adopted a specific approach covering the above activities, which is among AGROFERT Group priorities and constitutes part of the companies' corporate responsibility policies; the above approach is subject to rigorous internal audit and supervision by public authorities.

The AGROFERT Group puts emphasis on continuous efforts aiming at improving water management; this is important not only for the Group's chemical companies but also for food producers. As a result, methods and technologies are progressively implemented to enhance the capacity of wastewater treatment systems so that the treated water returning to nature is of the highest quality; these involve continuous improvement of all stages of mechanical pre-treatment, wastewater sedimentation and filtration. These activities are among the most technologically demanding, yet also strictly monitored and regulated. Water is the basis of any chemical production. The Group's companies have therefore built a strong and precise wastewater treatment system. The quality of discharged wastewater is driven by the limits set by state authorities. These limits are strict and are constantly monitored.

An example of these activities is the increase of process water supply at DEZA, a.s., which contributes to water retention in the landscape and also ensures smooth production even in times of drought. The total investment amounted to CZK 53 million and no subsidies were used.

In the long run, food companies from the AGROFERT Group continue to systematically focus on food packaging materials, with an emphasis on the least possible impact on the environment. They comply with the general trend of reducing the consumption of plastics. These particularly involve reducing the weight of plastic packaging for both meat and dairy products and using more environmentally friendly materials, such as paper or degradable plastics. The packaging weight reduction process consists of several stages; in each stage, this consumption of plastics has been reduced by tens of tons year-on-year. The companies have increased the use of K3 packages, i.e. a paperboard-plastic combination, where the share of plastic parts has further been reduced by 20-30% compared to other decoration techniques. In addition, the paperboard used for K3 packages has previously been recycled. The companies also strive to eliminate, as much as possible, the carbon footprint of individual packaging materials.

The AGROFERT Group is further committed to meeting the requirements of the European Commission known as the European Green Deal. The aim of the Deal is moving towards making economy more sustainable and eco-friendlier for EU citizens and companies. In this context, a special working group was established. The group's task is to identify the necessary measures to reduce CO_2 by up to 55% by 2030 compared to levels from 1990 and at the same time the group is working on securing carbon neutrality by 2050, for each company in the Group. In recent years, chemical companies from the AGROFERT Group have significantly reduced emissions of nitrogen oxides and sulphur dioxide. Compared to 2011, our chemical plants have reduced SO_2 production by up to 53%. Similarly, the amount of produced nitrogen oxides has dropped by up to 25% over the last ten years. In addition, most companies have increased production during the same period, so that the reduction in emissions per unit of production was even higher.

Group companies will continue to take further ecological steps in the future. One of the main goals is to achieve responsible and sustainable business practices, which do not cause an environmental burden. For example, companies already consider circular economy projects, where all used materials and resources are reused, constantly circulating, so they are used repeatedly several times rather than consumed. This system perceives materials as valuable resources, which should be used for as long as possible, and, if they can no longer be used, should be returned into the ecosystem in the most natural form possible so as not to create any unnecessary burden.

The plan is to further reduce emissions, increase energy savings and, last but not least, reduce the amount of waste produced, also through subsequent recycling. In addition, companies will continue to strive to search for, develop and implement the best available technologies.

8 Group's Human Resources and Labour Relations. Group's Communication with the Public

The average number of employees of the AGROFERT Group in 2021 was 30,941, of which Czech companies employed 21,073 people. The Group thus defended its leading position among the largest Czech private employers.

The year 2021 was marked by the continuing COVID-19 pandemic. The Group companies paid maximum attention to safeguarding production and increasing measures for personal safety and health of all employees. During the pandemic, IT security and data transfer were of major importance as the volume of data increased with employees performing maximum work from home. Major emphasis in 2021 was placed on the development and deepening of effective online communication, particularly within individual teams, in order to ensure security of and avoid any risk to the daily management of each company.

In 2021, in light of the COVID-19 pandemic, a significant number of legislative measures were adopted in record time, which had a major impact on the day-to-day operational management of human resources, payroll processing and the labour relations in general. The affected companies implemented all the necessary changes in addition to the established policies, ensuring compliance with all requirements of the new legislation. In the long-term, labour relations and the payroll agenda of the AGROFERT Group have been strictly governed by the applicable legal regulations, internal Group policies and company-level guidelines.

During the COVID-19 pandemic, companies continued to offer regular training to their employees. The e-learning platform and online courses and seminars have proven to be the ideal tools for regularly and effectively training and educating employees, even in this challenging period, on various topics, including the new legislation.

Also in 2021, we placed great emphasis on developing the Group's intranet as an important information channel for internal communication. The platform serves as an effective tool through which we can convey complete information to all Group employees in a timely manner.

The traditional printed internal magazine AGROFERT was joined by ZEMĚDĚLSKÉ NOVINY ("Agriculture News"), published quarterly by the Group's agricultural companies to inform their employees about daily life in their companies.

Due to persistent Government and other restrictions in the form of quarantine measures, certain traditional activities, such as the family day or other events, could not take place in 2021. The Group's focus thus shifted mainly to supporting the health and safety of employees. The Group established e.g. a hotline offering consultations with a general practitioner, or the option for employees to regularly test for COVID-19.

Due to the pandemic, all traditional exhibitions, trade fairs and school exchanges were cancelled. Some schools moved trade fairs to the online environment. Companies of the AGROFERT Group nevertheless continued to offer scholarship or trainee programs to potential job applicants. These include e.g. the Pig Camp program for students specializing in pig farming and the InterTech Camp program for students in technical fields and the AGRO Camp for agricultural companies.

Although the year 2021 was marked by the COVID-19 pandemic, employee involvement in public-benefit projects remained a traditional part of the corporate culture. These projects include blood donation, a fund-raising campaign for and a personal distribution (for the first time this year) of

Christmas presents for the children of single parents under the "Helping Santa" project, or "Helping from the Heart" program awarding employees involved in important public-benefit projects. In 2021, the "Good Neighbor Project" was created, which aims to help through activities designed by Group employees in the locations where we operate. Last year, this programme included the sale of a charity calendar, the proceeds of which went to the animal rescue station and eco-center Pasíčka, as well as a volunteer day at the Vesna children's hospital, offering entertainment for children and their companions.

Ethical behaviour and a fair approach to the exercise of a profession as inevitable principles governing the relationship between the AGROFERT Group and its employees are laid down in the Group's Code of Ethics. In 2021, which was a challenging year in view of the COVID-19 pandemic, we focused, among other things, on the following:

- democratic values, protection of and respect for human rights in compliance with the Charter of Fundamental Rights and Freedoms;
- the rights of every person regardless of their origin, ethnicity, race, colour, language, age, gender, marital status, health status, sexual orientation, financial standing, religious and political beliefs and social status;
- the principle of equal treatment of employees, respect for their dignity, privacy and personal rights;
- employees' job performance strictly in accordance with the law ;
- principles of healthy work environment and its sustainable development in all fields of competence;
- fair working conditions for all employees;
- compliance with the rules of occupational health and safety ensuring employees' working and protective equipment.

In situations where an employee feels his/her rights or the AGROFERT Group's Code of Ethics have in any way been violated, an anonymous "Tell Us" Ethics Hotline is available at http://www.agrofert.cz/compliance/. All reported complaints are handled by professionally trained compliance officers and the Group's compliance manager. All information gathered via the Ethics Hotline is protected against any misuse and archived in accordance with the personal data protection legislation.

9 Information on Foreign Branches of the Group

AGROFERT, a.s. has a foreign branch in Slovakia: AGROFERT, a.s., organizačná zložka Agrochémia, with its registered office at Nobelova 34, 836 05 Bratislava, Slovakia, Business registration number (IČO): 36862126.

AFEED, a.s. has a foreign branch in Slovakia: AFEED, a.s., slovenská organizačná zložka, with its registered office at Nobelova 34, 831 02 Bratislava, Slovakia, Business registration number (IČO): 47790342.

Logistics Solution, a.s. has a foreign branch in Slovakia: Logistics Solution, a.s, slovenská organizačná zložka, with its registered office at Chovateľská 2, 917 01 Trnava, Slovakia, Business registration number (IČO): 48215074.

OSEVA, a.s., has a foreign branch in Slovakia: OSEVA, a.s., slovenská organizačná zložka, with its registered office at Štrková 1, 946 32 Marcelová, Slovakia, Business registration number (IČO): 50981137.

10 Information on the Use of Investment Instruments and Other Similar Assets and Liabilities

The business transactions carried out by individual AGROFERT Group companies are exposed to certain financial risks. Given the international presence of the AGROFERT Group and a high share of sale and purchase transactions denominated in foreign currencies, the currency risk may be perceived as the major risk. As a result, the Group companies' financial risk management strategies particularly focus on currency markets development forecasting, which is rather difficult to achieve. Subsequently, the companies, using its own strategies, strive to minimize possible negative impact of the Czech crown's exchange rate fluctuations on their economic results. The currency risk is identified, in collaboration with the specialized purchase and sale departments of each company, by quantifying the expected purchase and sale volumes in relation to each currency and sub-period. The identified risk is regularly reviewed and, if necessary, reduced using standard hedging instruments. The monitoring was further intensified in the current period of increased financial market volatility.

AGROFERT Group companies maintain healthy, long-lasting relationships and open communication with banks, which enables them to use the banks' expertise and current analyses in the management of credit risk and optimization of the group's financing structure. Similarly to the currency risks, interest rates are continuously reviewed in terms of their expected development and decisions are made to use, if necessary, standard hedging instruments in order to reduce their fluctuation and optimize the interest costs of external financing.

AGROFERT Group companies also pay considerable attention to the internal risk management. The main objective is to minimize the risk of misuse of the Group companies' assets and resources. The companies also meet the security standards concerning information system settings and principles defined in the Group's Code of Ethics.

11 Information Required by Regulations Other than the Accounting Standards

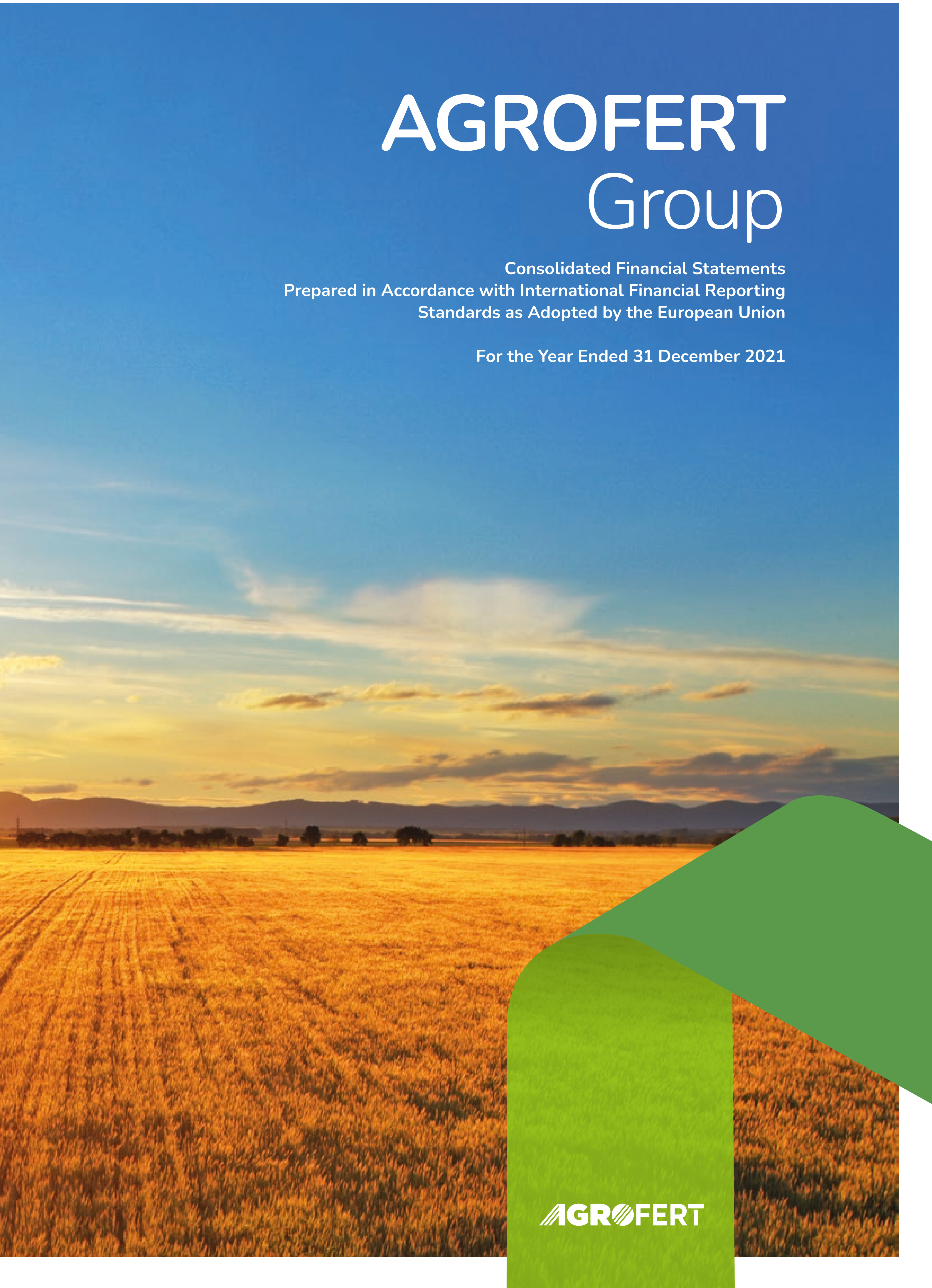
The AGROFERT Group is not required to provide any information pursuant to legal regulations other than the accounting standards.


AGROFERT

AGROFERT Group

Consolidated Financial Statements
Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union

For the Year Ended 31 December 2021



AGROFERT Group

Consolidated Balance Sheet as at 31 December 2021

In CZK thousands	Note:	31. 12. 2021	31. 12. 2020
Total assets		**169,479,310**	**156,937,950**
Non-current assets		**98,165,072**	**100,345,182**
Property, plant and equipment	5.1	83,317,160	85,824,187
Right of use asset	6.1	5,901,597	6,017,929
Goodwill	2.6	3,081,884	3,308,387
Intangible assets	5.2	2,189,867	2,302,321
Investment property	5.3	266,777	259,796
Non-current biological assets	7.1	552,703	404,495
Deferred tax asset	26	465,088	573,603
Long-term receivables and financial assets	10	449,350	429,500
Investments in associates and joint ventures	4.2	1,940,646	1,224,964
Current assets		**71,314,238**	**56,592,768**
Inventories	8	35,977,345	28,738,763
Current biological assets	7.2	2,455,295	1,736,730
Short-term financial assets	11	92,035	53,040
Trade and other receivables	11	26,300,032	19,450,881
Income tax receivable		173,975	151,277
Cash and cash equivalents	12	6,247,742	5,839,926
Assets classified as held for sale	9	67,814	622,151
Total liabilities and equity		**169,479,310**	**156,937,950**
Long-term liabilities and provisions		**16,344,416**	**20,755,365**
Long-term bank and other loans and borrowings	14	7,249,816	11,559,873
Long-term lease liability	6.1, 14	4,677,593	4,768,098
Trade and other long-term liabilities	14	965,433	1,072,965
Deferred tax liability	26	2,758,293	2,642,946
Long-term provisions	19	693,281	711,483
Current liabilities and provisions		**59,957,005**	**47,314,400**
Short-term bank and other loans and borrowings	15	29,327,207	25,051,088
Short-term lease liability	6.1, 15	1,300,478	1,346,270
Trade and other current liabilities	15	25,427,975	18,758,574
Income tax payable		848,428	497,170
Current provisions	19	3,052,917	1,576,728
Liabilities associated with assets classified as held for sale	9	-	84,570
Total equity		**93,177,889**	**88,868,185**
Equity attributable to equity holders of the parent		**93,015,177**	**88,643,060**
Share capital	13	628,000	628,000
Share premium		31,736	31,736
Translation differences		(2,825,553)	(1,327,412)
Cash flow hedges		61,841	39,230
Retained earnings and other reserves		95,119,153	89,271,506
Non-controlling interests		**162,712**	**225,125**

AGROFERT Group

Consolidated Statement of Income as at 31 December 2021

In CZK thousands	Note:	2021	2020
Revenue	20	**184,815,185**	**160,977,808**
Revenue from sale of finished products and goods		174,162,593	152,566,612
Revenue from sale of services		8,657,585	7,822,174
Revenue from sale of material		1,995,007	589,022
Depreciation and amortization	21	**(9,675,946)**	**(9,582,292)**
Consumption of material and energy and cost of goods sold		**(124,761,071)**	**(99,238,397)**
Changes in inventory and current biological assets and their fair values	7.2, 8	**5,323,786**	**461,853**
Personnel expenses	22	**(24,185,901)**	**(24,359,546)**
Cost of services and repairs and maintenance		**(20,457,429)**	**(20,105,783)**
Changes in fair values of non-current biological assets and investment property	5.3, 7.1	**45,021**	**(158,577)**
Impairment of goodwill and changes in impairment of non-current assets and operating provisions, net	23	**(3,863,641)**	**(2,133,923)**
Losses (-) / reversal of losses (+) on impairment of financial assets, net		**(94,369)**	**(219,550)**
Other operating expenses	24	**(3,144,661)**	**(2,867,154)**
Other operating income	24	**4,256,755**	**3,052,152**
Interest expense		**(603,000)**	**(711,954)**
Interest income		**33,712**	**33,595**
Foreign exchange rate gains (+) and losses (-), net		**(138,113)**	**(336,094)**
Gain (+) / loss (-) from sale of subsidiaries, joint ventures and associates		**(10,287)**	**(13,066)**
Other financial expenses and income, net	25	**(289,271)**	**56,114**
Share of profit (+) / loss (-) of associates and joint ventures	4.2	**418,646**	**339,418**
Income before income taxes		**7,669,416**	**5,194,604**
Income taxes	26	**(1,885,346)**	**(1,434,343)**
Net income		**5,784,070**	**3,760,261**
Net income attributable to:			
Equity holders of the parent		5,831,404	3,760,680
Non-controlling interests		(47,334)	(419)

AGROFERT Group

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

In CZK thousands	Note:	2021	2020
Net income		**5,784,070**	**3,760,261**
Other comprehensive income - items that may be reclassified subsequently to statement of income			
Change in fair value of cash flow hedges recognized in equity		60,839	(531)
Cash flow hedges reclassified to statement of income		(32,110)	18,084
Translation differences		(1,501,481)	555,046
Deferred tax related to other comprehensive income	26	(6,117)	(3,321)
Net other comprehensive income that may be reclassified to statement of income in subsequent periods		**(1,478,869)**	**569,278**
Other comprehensive income – items not to be subsequently reclassified to statement of income			
Gain (+) / loss (-) on defined benefit plans	27	29,937	(7,131)
Gain from transfer to investment property		-	-
Deferred tax related to other comprehensive income	26	-	-
Net other comprehensive income not to be reclassified to statement of income in subsequent periods		**29,937**	**(7,131)**
Other comprehensive income, net of tax		**(1,448,932)**	**562,147**
Total comprehensive income, net of tax		**4,335,138**	**4,322,408**
Total comprehensive income attributable to			
Equity holders of the parent		4,384,016	4,319,192
Non-controlling interests		(48,878)	3,216

AGROFERT Group

Consolidated Statement of Cash Flows for the year ended 31 December 2021

In CZK thousands	Note:	2021	2020
OPERATING ACTIVITIES			
Income before income taxes		7,669,416	5,194,604
Adjustments to reconcile income before income taxes to net cash provided by operating activities			
Depreciation and amortization	21	9,675,946	9,582,292
Gain / loss on non-current asset sales, net		(348,643)	(175,609)
Foreign exchange rate gains and losses, net		138,113	336,094
Interest expense and interest income		569,288	678,359
Dividend income		(1,165)	(443)
Operating provisions and impairment allowances and other operating items		3,738,697	858,198
Impairment of goodwill and gain from a bargain purchase, net	2.6, 4.5, 4.6	193,796	887,534
Changes in fair value of non-current biological assets		(41,153)	153,028
Changes in fair value of investment property		(3,868)	5,549
Gain / loss on revaluation of derivatives and financial assets to fair value, net		3,098	(28,499)
Share of profit of associates and joint ventures	4.2	(418,646)	(339,418)
Changes in working capital			
Receivables		(7,565,640)	468,276
Inventories		(9,371,787)	1,271,719
Other current assets		(77,751)	64,786
Trade and other liabilities		7,141,128	(596,224)
Income tax paid		(1,329,685)	(1,223,194)
Interest paid, net of capitalized interest		(602,601)	(714,655)
Net cash provided by operating activities		**9,368,543**	**16,422,397**
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired and acquisition of joint ventures and associates	4.5, 4.6	(759,655)	(84,350)
Loss of control over subsidiaries, net of cash disposed of and sale of joint ventures and associates		46,413	47,726
Additions to non-current assets, including capitalized interest and investment property		(9,642,769)	(9,292,854)
Interest received		33,483	33,859
Dividends received, including dividends from joint ventures and associates		342,177	466,253
Proceeds from sale of non-current assets		1,197,829	645,677
Loans made and repayments of provided loans, net		10,374	11,034
Total cash used in investing activities		**(8,772,148)**	**(8,172,655)**
FINANCING ACTIVITIES			
Proceeds from borrowings	18.5	14,267,212	8,138,497
Payments of borrowings	18.5	(13,199,391)	(14,556,039)
Proceeds from other liabilities	18.5	1,331,755	755,060
Payments of lease and other liabilities	6.1, 18.5	(2,425,679)	(1,943,272)
Dividends paid to company´s shareholders		-	(3,001)
Dividends paid to non-controlling interests		(15,896)	(840)
Acquisition of non-controlling interests	4.5, 4.6	(67,716)	(14,391)
Net cash provided by / (used in) financing activities		**(109,715)**	**(7,623,986)**
Net effect of currency translation on cash		(105,831)	(67,709)
Net increase / (decrease) in cash and cash equivalents		**380,849**	**558,047**
Cash and cash equivalents at beginning of period		**5,866,893**	**5,308,846**
Cash and cash equivalents at end of period	**12**	**6,247,742**	**5,866,893**
Supplementary cash flow information			
Total cash paid for interest		(607,307)	(716,840)

AGROFERT Group

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

In CZK thousands	Attributable to equity holders of the parent								
	Share capital	Share premium	Translation difference	Cash flow hedge reserve	Revaluation reserve	Retained earnings	Total equity holders of the parent	Non-controlling interests	Total equity
As at 1 January 2020	**628,000**	**31,736**	**(1,878,387)**	**24,998**	**10,784**	**85,224,704**	**84,041,835**	**245,460**	**84,287,295**
Net income 2020	-	-	-	-	-	3,760,680	3,760,680	(419)	3,760,261
Other comprehensive income 2020	-	-	550,975	14,232	9	(6,704)	558,512	3,635	562,147
Total comprehensive income	**-**	**-**	**550,975**	**14,232**	**9**	**3,753,976**	**4,319,192**	**3,216**	**4,322,408**
Dividends	-	-	-	-	-	(3,001)	(3,001)	(840)	(3,841)
Acquisition of non-controlling interests (Note 4.6)	-	-	-	-	-	(1,604)	(1,604)	(12,372)	(13,976)
Loss of control over subsidiary	-	-	-	-	(2,660)	-	(2,660)	-	(2,660)
Put options held by non-controlling interests	-	-	-	-	-	289,298	289,298	(10,339)	278,959
As at 31 December 2020	**628,000**	**31,736**	**(1,327,412)**	**39,230**	**8,133**	**89,263,373**	**88,643,060**	**225,125**	**88,868,185**
Net income 2021	-	-	-	-	-	5,831,404	5,831,404	(47,334)	5,784,070
Other comprehensive income 2021	-	-	(1,498,141)	22,611	-	28,142	(1,447,388)	(1,544)	(1,448,932)
Total comprehensive income	**-**	**-**	**(1,498,141)**	**22,611**	**-**	**5,859,546**	**4,384,016**	**(48,878)**	**4,335,138**
Dividends	-	-	-	-	-	-	-	(15,896)	(15,896)
Acquisition of subsidiaries (Note 4.5)	-	-	-	-	-	-	-	80,925	80,925
Acquisition of non-controlling interests (Note 4.5)	-	-	-	-	-	2,943	2,943	(84,319)	(81,376)
Loss of control over subsidiary	-	-	-	-	-	-	-	(690)	(690)
Put options held by non-controlling interests	-	-	-	-	-	(14,842)	(14,842)	6,445	(8,397)
As at 31 December 2021	**628,000**	**31,736**	**(2,825,553)**	**61,841**	**8,133**	**95,111,020**	**93,015,177**	**162,712**	**93,177,889**

AGROFERT Group

Notes to the Consolidated Financial Statements as at 31 December 2021

1 Description of the Group

AGROFERT, a.s. (hereinafter also "the Parent Company", "the parent company" or "the Company") is a joint-stock company incorporated on 1 July 2000 in the Czech Republic. The Company's registered office is located at Pyšelská 2327/2, Chodov, 149 00 Prague 4, Czech Republic. The Company's business registration number (IČ) is 26185610.

As at 31 December 2021, all 628 ordinary shares of AGROFERT, a.s., representing 100% of both the voting rights and share capital of the Company (hereinafter "the Shares"), were placed into AB private trust I, svěřenský fond, and AB private trust II, svěřenský fond (hereinafter jointly referred to as "the Trust Funds").

Of the Shares, 565 shares are held by AB private trust I, svěřenský fond, administered by trustee Ing. Zbyněk Průša, born on 6 December 1953, residing at Sluneční 2355, 756 61 Rožnov pod Radhoštěm, Czech Republic. The following individuals serve as protectors: JUDr. Alexej Bílek, CSc., born on 3 December 1954, residing at Podhořská 770/12, Dolní Chabry, 184 00 Prague 8, Czech Republic; Mgr. Václav Knotek, born on 12 March 1975, residing at Achátová 191/12, Radotín, 153 00 Prague 5, Czech Republic; and Ms. Monika Babišová, born on 14 June 1974, residing at Františka Zemana 876, 252 43 Průhonice, Czech Republic.

Of the Shares, 63 shares are held by AB private trust II, svěřenský fond, administered by trustee JUDr. Alexej Bílek, CSc., born on 3 December 1954, residing at Podhořská 770/12, Dolní Chabry, 184 00 Prague 8, Czech Republic. The following individuals serve as protectors: Ing. Zbyněk Průša, born on 6 December 1953, residing at Sluneční 2355, 756 61 Rožnov pod Radhoštěm, Czech Republic; Mgr. Václav Knotek, born on 12 March 1975, residing at Achátová 191/12, Radotín, 153 00 Praha 5, Czech Republic; and Ms. Monika Babišová, born on 14 June 1974, residing at Františka Zemana 876, 252 43 Průhonice, Czech Republic.

The Trust Funds were established by Ing. Andrej Babiš, born on 2 September 1954, residing at Františka Zemana 876, 252 43 Průhonice, Czech Republic, the former sole shareholder of AGROFERT, a.s., to comply with the requirements of Act No. 159/2006 Coll. on conflict of interests; the Shares were transferred to the Trust Funds on 3 February 2017.

The Company is controlled by Ing. Zbyněk Průša, born on 6 December 1953, residing at Sluneční 2355, 756 61 Rožnov pod Radhoštěm, Czech Republic, the trustee of AB private trust I, svěřenský fond.

The Company is the parent of the AGROFERT Group and the consolidating entity. The Group is involved in manufacturing, trade, services and sales in the agriculture, food, chemical, media and forestry sectors. The Group includes companies that are under the control of the Company. The consolidated financial statements comprise information of the parent company AGROFERT, a.s. and its subsidiaries included in consolidation ("the Group" or "the AGROFERT Group"). For the specification of Group companies, refer to Note 2.3.1; for the list of Group companies, refer to Note 4.

1.1 Group Management

Day-to-day business operations of Group companies is the responsibility of their management. Strategic and long-term decisions concerning acquisitions, principal investments and key orientation of the Group are subject to the approval of Group management. The Board of Directors is the highest managing authority of the Parent Company and is responsible for business management and represents the Company in any matters other than those that, pursuant to the requirements of the Company's statutes or of the law, fall within the remit of the General Meeting of Shareholders or of the Supervisory Board. The Supervisory Board is a supervisory body that supervises activities of the Board of Directors and of the Company.

Members of Group management were as follows as at 31 December 2021:

Board of Directors	
Chair:	**Ing. Zbyněk Průša**
Vice-chair:	**Ing. Petr Cingr**
Vice-chair:	**Ing. Josef Mráz**
Member:	**JUDr. Alexej Bílek**
Member:	**Ing. Jiří Haspeklo**
Member:	**Ing. Jaroslav Kurčík**
Member:	**Mgr. Libor Němeček**
Member:	**Ing. Petra Procházková**
Member:	**PhDr. Simona Sokolová**

Supervisory Board	
Chair:	**JUDr. Libor Široký**
Vice-chair:	**Ing. Karel Vabroušek**
Member:	**Mgr. Václav Knotek**

On 31 October 2021, Ing. Blanka Rybová ceased to be a member of the Supervisory Board. On 17 December 2021, Mgr. Václav Knotek became a member of the Supervisory Board. These changes were not registered in the Commercial Register as at the date of release of the consolidated financial statements. On 16 February 2022, JUDr. Libor Široký ceased to be a member of the Supervisory Board.

2 Summary of Significant Accounting Policies

Translation note

This version of the financial statements is a translation from the original, which was prepared in the Czech language.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.

2.1 Basic Principles of Preparing the Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in effect as at 31 December 2021, and contains information of the parent company AGROFERT, a.s. and of its subsidiaries. For the specification of the companies, see below. The list of the companies is presented in Note 4.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Similar transactions and accounting events are presented in the consolidated financial statements using consistent accounting principles. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the AGROFERT Group.

2.2 Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared under the historical cost convention, except when IFRS require other measurement basis (such as in the case of biological assets, derivatives and investment properties, which are based on Fair Value). The consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

Disclosed figures in the consolidated financial statements are presented with the same plus or minus signs (+/-) as the figures in the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

2.3 Consolidation Approach

2.3.1 Subsidiaries

Subsidiaries included in consolidation are those entities that the Group "controls" (within the meaning of control defined by IFRS). Specifically, the Group controls an investee if, and only if, the Group has:

a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

b) Exposure, or rights, to variable returns from its involvement with the investee;

c) The ability to use its power over the investee to affect its returns.

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

a) The contractual arrangement with the other vote holders of the investee;

b) Rights arising from other contractual arrangements;

c) The Group's voting rights and potential voting rights (potential voting rights are considered only if the rights are substantive, i.e. the holder must have the practical ability to exercise the right).

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control is lost. For the sake of simplification and when the difference is immaterial from the point of the Group, the acquisition date or the loss-of-control date is the last day of the month in which the acquisition or loss of control occurred. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Group had control. Material transactions occurring between the acquisition date / loss-of--control date and the last day of the month are assessed on a case-by-case basis and only considered if relevant and material.

2.3.2 Business Combinations, Goodwill and Non-controlling Interests

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. Acquisition-related costs are recognized in profit or loss as incurred. 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 at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability are recognized in accordance with IFRS 9 in profit or loss. Changes in the fair value of contingent consideration classified as equity are not recognized.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired ("negative goodwill"), then the Group first reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination. Any excess remaining after the reassessment is recognized immediately in profit or loss.

Goodwill is not depreciated but is subject to, at least, annual impairment testing on the basis of the cash generating units to which it is allocated. An impairment loss recognized for goodwill in the interim consolidated financial statements may not be reversed in the annual IFRS consolidated financial statements.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Losses within a subsidiary incurred are attributed to the non-controlling interest even if that results in a deficit balance.

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

Put options for acquisition of non-controlling interests are recorded as derecognition of non-controlling interest and recognition of a liability at the end of the reporting period. The liability is recognized at the present value of the amount payable on exercise, and any difference between the amount of non-controlling interest derecognized and this liability is accounted for within equity. Subsequent changes to the present value of the amount payable on exercise are recorded directly in equity. In the statement of cash flows the payments of liabilities arising from the put option are presented as acquisition of non-controlling interests.

2.4 Investments in Associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. In case of loss of control of subsidiary where the Group retains significant influence, the Group measures and recognizes any retaining investment at the fair value as at the date of loss of control. The statement of income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of this investee is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

If a Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

We are **team players**

Cooperation expresses the core philosophy of our business.

The financial statements of the associate are prepared for the same reporting period as the Group's financial statements. Adjustments are made where necessary to bring the accounting policies into line with those of the Group. Associates whose fiscal year differs from a calendar year present financial statements prepared for their fiscal year or for the interim period (see Note 4.2), unless the time difference is material from the point of the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of income. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

2.5 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary considerations to determine control over subsidiaries. The Group recognizes its interest in the joint venture using the equity method of accounting.

The financial statements of the joint venture are prepared for the same reporting period as the Group's financial statements. Adjustments are made where necessary to bring the accounting policies into line with those of the Group. Adjustments are made in the Group's financial statements to eliminate the Group's share of unrealized gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

2.6 Use of Estimates and Judgments in Applying Accounting Policies

The preparation of consolidated financial statements requires management of the Group companies to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Group companies has made these estimates and assumptions on the basis of all the relevant information available. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

The significant estimates and assumptions, that might pose a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next periods are discussed below:

Biological Assets

As at the balance sheet date, biological assets are measured at fair value less estimated costs to sell, which is the value a biological asset would have if sold or transferred to agricultural produce, assuming its best use. Remeasured biological assets as at the balance sheet date include the following: a) plant commodities, in particular oilseed rape and wheat, which represent the Group's primary plant produce, most exposed to price fluctuations; and b) animal assets for meat production (cattle, pig meat and poultry) and dairy cattle. Fair values are based on market prices of plant commodities (Euronext), meat and milk, as applicable for the European region, and take into account expected costs of asset transformation. The costs of asset transformation include, in particular, feed costs calculated per day for animal assets multiplied by the number of days animals are expected to be fed, and costs calculated per a ton of plant production to be incurred until the point of harvest. The fair valuation model for plant commodities also includes estimated crop per 1 ha of sawn area, which is based on historical data. Accordingly, the calculation of fair value less estimated costs to sell is based either on i) current market prices if available, or ii) the sum of current warehouse prices and estimated total margin to be generated on sale or transfer to agricultural produce, or iii) revenue from asset produce (assuming revenue is generated at market prices used for fair value calculations) less total asset costs over the transformation.

Agricultural products relating to harvests made prior to the balance sheet date are recognized as inventory as at the balance sheet date and measured at fair value of the agricultural products at the point of harvest less estimated costs to sell and less any write-down to net realizable value as at the balance sheet date. If an active market does not exist for the assets, the Group uses one or more relevant indicators of the agricultural sector to determine fair values; the indicators represent the best available basis to determine market price estimates.

Actual market prices and actual asset transformation costs may differ from these estimates. For assets with a longer transformation cycle, fair value movements are measured on a periodic basis, separately for the effects of market price changes and calculation assumption changes.

The Group carries out agricultural primary production in the area of plant production and livestock farming mainly in the Czech Republic, Slovakia and Hungary; dozens of Group companies are involved, which operate in completely different climatic as well as economic conditions, and make use of highly variable soil quality. The effects of calculation assumption changes may therefore be very diverse. For fair value measurement of individual biological assets a standardized approach is used by the Group. However, when determining the calculation assumptions for measurement within individual production centres, there may be significantly different input parameters, in particular for determining transformation costs or assumptions relevant for yield per hectare pertaining to the area under cultivation etc. The variability of production conditions thus determines the variability of valuation model inputs and derives primarily from soil quality, climatic factors (altitude, rainfall, temperature, etc.), local legislation specifics (such as options for crop chemical treatment, livestock farming conditions or protected landscape areas regulations), differences between breeds or wage costs in the region. Managerial estimates based on the assumptions for a given period along with the respective growing or fattening plan are always regularly updated and reviewed with respect to actual relevant indicators, whether internal (feed costs calculated per day or the like), or external (such as state administration publications on the state of agriculture and its projected development).

Useful Lives of Non-current Assets

The asset's useful lives and depreciation and amortization methods are reviewed, and adjusted if appropriate, at each balance sheet date in respect of new knowledge of actual assets conditions and related investment plan in future years.

Provisions and Liabilities

The Group recognizes provisions for obligations to decommission and reclaim areas affected by industrial activities, restructuring provisions and liabilities related to employee benefits. The provisions recognized represent the best estimates of the expenditures required to settle the present obligation at the balance sheet date. Such cost estimates, expressed at current price levels, are discounted at 31 December 2021 and 2020 using a long-term estimated rate of interest ranging from 0 – 5.1% and from 0 – 2.1% per annum, to take into account the timing of payments in each country where the Group operates. The similar discount rate is used for determining the present value of long-term employee liabilities.

Income Tax

The countries where the Group currently operates have a number of laws related to various taxes imposed by governmental authorities. Often, differing opinions regarding the interpretations of tax and customs legislation and of grant rules exist. Moreover, few precedents with regard to the application and implementation of these laws and regulations have been established. Management decisions in the tax area are subject to possible review and investigation by a number of authorities, who are enabled by law to impose fines, penalties and interest charges. Group management believes that all tax liabilities have been duly recognized. If the level of a tax liability remains uncertain, the liability is recognized on the basis of either the most likely outcome or the expected value depending on which method the Group expects to better predict the resolution of the uncertainty.

The Group created a provision for deferred income taxes in consideration of the temporary differences. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities. Where the final tax-deductible expenses are different from the amounts that were calculated, such differences will impact the current income and deferred tax provisions in the period in which such determination is made. The Group included in its calculation of deferred tax a tax credit from investment incentives, taking into account the expected scope of their realization. The extent to which the investment tax credit will be utilized depends on the level of taxable profits to be achieved. The management of the Group believes that future taxable profits will be available against which the unused tax credit can be utilized.

Goodwill and Impairment of Non-current Non-financial Assets

The Group tests goodwill for impairment annually or more frequently, when there are indicators that goodwill may be impaired, taking into consideration both internal and external sources of information. However, goodwill does not generate cash flows independently of other assets or groups of assets and the assessment of its carrying value is significantly impacted by the management's assessment of the performance and expected future performance of the operation (cash-generating unit) to which the goodwill relates. The Group has identified cash-generating units with allocated goodwill, which include groups of assets that independently generate cash flows and whose cash flows are largely independent of the cash flows generated by other groups of assets. When determining the cash-generating units, the Group also considered how the groups of assets were managed and how the related decisions were adopted, and also the interdependence of the groups of assets. The impairment test involves determining the recoverable amount of the cash-generating unit, which corresponds, except for the media segment, to the value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. Value in use is determined on the basis of present value of future cash flows attributable to the cash-generating unit and is assessed internally by the Group's management. Value in use is determined based on cash flow projection, generally for a period of 5 years. The cash flow projection is based on the past experience, as well as on future market trends.

For the media segment, the recoverable amount is determined using market transaction EBITDA multiples. As at 31 December 2021 and 2020 the EBITDA multiples in the range 5.62 – 9.12 and 6.32 – 11.90 were applied, respectively.

If there is any indication of impairment of other non-current non-financial assets, the Group determines the recoverable amount of those assets, which corresponds to their value in use. Value in use is determined mainly using the present value of future cash flows (for details, see Note 2.10).

The calculation of value in use of a cash-generating unit is affected, in particular, by the following assumptions:

- **Gross margin** – Gross margin is projected based on prior-period developments and on current projections of both market and non-market parameters, while considering the need to improve operating efficiency.
- **Price developments of basic raw materials, utilities and services** – Assumptions are derived from publicly available indices applicable to the country where the raw materials are sourced; the same applies to commodity data etc. Expected values are used if available; if it is not the case, actual historical prices of raw materials are used as an indicator of future price developments.
- **Discount rate** – Discount rate reflects the risk exposure of a cash-generating unit determined by company management. The calculation of a discount rate is based on weighted average cost of capital (WACC). The annual discount rates used as at 31 December 2021 and 2020, as shown below, reflect the specifics of the regions where the cash-generating units operate.
- **Expected growth rate** – Growth rate is derived from expected market developments and from expected developments of the regulatory environment where the cash-generating units operate. The Group usually applies the perpetual growth rate of 2% per year, which reflects the expected increase of inflation in the period.

Annual discount rates by industries applied to determine the value in use for the purpose of impairment testing of goodwill and of other non-current non-financial assets performed at the balance sheet date are as follows:

Date	Chemistry	Food industry	Primary production of agricultural products, livestock farming and trade and services	Other
31 December 2021	6.83-6.98%	4.73-8.81%	5.89-8.81%	6.46%
31 December 2020	6.87-7.01%	4.90-8.60%	5.71-8.46%	6.14%

Breakdown of goodwill by cash-generating units as at 31 December 2021 and 2020 is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Media 1	756,826	756,826
“Red meat” group companies	187,795	187,795
IKR Agrár	246,644	264,115
PROFROST	61,954	220,224
GreenChem	105,176	111,036
Media 2	460,186	460,186
NT	483,778	518,047
PENAM	363,016	363,016
Other	416,509	427,142
Total	**3,081,884**	**3,308,387**

Goodwill movements in 2021 and 2020 can be analysed as follows:

(In CZK thousands)	2021	2020
Opening balance as at 1 January	**3,308,387**	**4,218,639**
Newly consolidated companies (Note 4.5, 4.6)	24,892	24,711
Goodwill impairment and write-offs	(193,796)	(887,534)
Exchange rate gain/(loss)	(57,599)	(47,429)
Closing balance as at 31 December	**3,081,884**	**3,308,387**

In 2021, goodwill impairment included, in particular, the impairment of goodwill of the PROFROST cash-generating unit. In 2020, goodwill impairment included, in particular, the impairment of goodwill of the Media 1 cash-generating unit.

As at 31 December 2021, goodwill impairment tests show relatively low sensitivity to the changes in key assumptions in these tests, except for the PROFROST and Media 2 cash-generating units. If the discount rate of the PROFROST cash-generating unit increased by 10% while all the other parameters remained unchanged, the related goodwill would be impaired by an additional amount of CZK 38,534 thousand. If the discount rate of the Media 2 cash-generating unit increased by approximately 10% while all the other parameters remained unchanged, the related goodwill would be impaired by CZK 18,357 thousand.

Revenue from Contracts with Customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of media, transportation and forestry services

The Group concluded that revenue for media, transportation and forestry services is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. If the performance obligation would need to be completed by another entity, the other entity would not need to re-perform the service that the Group has provided to date. This fact demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group determined that the input method is the best method in measuring the progress of the media, transportation and forestry services because there is a direct relationship between the Group's effort (i.e. cost incurred or labour hours expended or other resources consumed), and the transfer of service to the customer. The Group recognizes revenue on the basis of the costs, labour hours or other resources consumed relative to the total costs, labour hours or other resources expected to be expended to complete the service.

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group decided to apply the expected value method. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Leases

The Group has applied judgement to determine lease terms for some lease contracts that include options to extend or terminate a lease or contracts concluded for an indefinite period. The assessment of whether the Group is reasonably certain to exercise such options and how long the Group will use the underlying assets under contracts for indefinite period impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognized.

A lessee is required to reassess the lease term upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee and that affects the probability of exercising an option to extend or terminate a lease, or the assessment of how long the Group will use underlying assets from contracts concluded for an indefinite period.

The Group has used the following assumptions to determine the lease terms of land held by the companies involved in primary production of agricultural products and livestock farming; assumptions are revised annually or more frequently if the Group has information about their changes:

- In the case of contracts concluded for an indefinite period with notice of termination, the lease term corresponds to the notice period which begins to run from the earliest notice of termination date. Both the lessee and the lessor usually have the right to terminate the lease without the consent of the other party and with only a minor penalty.
- The lease term for contracts concluded for an indefinite period without notice of termination and for contracts with related parties is usually estimated at 10 years from the end of the previous year.

The lease payments included in the measurement of the lease liability include the exercise price of an option to purchase the underlying asset if the lessee is reasonably certain to exercise that option.

Lessee's incremental borrowing rates by industries applied on new, modified or reassed (except for change in future lease payments due to a change in an index or rates used to determine those payments) lease liabilities recognized as at 31 December 2021 and 2020 are as follows:

Date	Chemistry	Food industry	Primary production of agricultural products and livestock farming and trade and services	Media	Other
31 December 2021	0.06-1.88%	0.26-2.08%	0.46-2.28%	0.36-2.18%	0.30-2.12%
31 December 2020	0.23-2.90%	0.43-3.10%	0.63-3.30%	0.53-3.20%	0.47-3.14%

2.7 Revenue

Revenue from Contracts with Customers

The Group is engaged in the production, trade, and provision of services in the chemicals, food, media, forestry and agriculture business, sale of vehicles and machines. Revenue from contracts with customers is recognized when control of the goods, products or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, products or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods, products or services before transferring them to the customers.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.6.

Sale of Products and Goods in the Chemical, Food and Agricultural Industries and Sale of Vehicles and Machines

Revenue from the sale of products and goods in chemical, food and agricultural industries and sale of vehicles and machines is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of products and goods, taking into account the contractual terms of a transaction, which are generally covered by INCOTERMS (a series of pre-defined commercial terms, such as FCA, FOB, CIF, etc.).

The Group recognizes revenue in the amount of anticipated consideration (net of expected discount) that it is expected to receive for goods or products transferred to the customer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of products and goods, the Group considers, apart from the fixed component, the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or products to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Some contracts provide customers with volume rebates. The volume rebates give rise to variable consideration.

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products and goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method during the year.

Significant financing component

Generally, the Group receives short-term advances from its customers or receives cash from the customers not more than after one year from the goods or product delivery. The Group does not adjust the promised amount of consideration for the effects of a significant financing component as it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations

The Group typically does not provide any significant warranties to its customers other than assurance-type warranties.

Sale of Services – Media, Transportation and Forestry Services

Media, transportation and forestry services

The Group provides media (mainly advertising), transportation and forestry services. The Group recognizes revenue from these services over time, using an input method to measure progress towards complete satisfaction of the media, transportation or forestry service (for details, see Note 2.6).

Non-cash consideration

The fair value of the non-cash consideration may vary because of the form of the consideration. The Group provides barter transactions in media services involving the exchange of advertising for advertising of CZK 228,425 thousand in 2021 and CZK 226,868 thousand in 2020. The revenue is recorded at the fair value of non-cash and cash consideration received or promised from the customer. The fair value is measured at contract inception in accordance with IFRS 13 Fair Value Measurement. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly on the basis of the separate selling price of the advertising services.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods, products or services transferred to the customer. If the Group performs by transferring goods, products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). For more information refer to accounting policies of financial assets in Note 2.15.

Contract liabilities

A contract liability is the obligation to transfer goods, products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods, products or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

The Group has not agreed any contract which provides a customer with a significant right to return the goods within a specified period.

Interest Income

For all financial instruments subsequently measured at amortized cost, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of income.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.8 Transactions in Foreign Currencies

The consolidated financial statements are presented in Czech crowns, which is the functional and presentation currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in equity for qualifying cash flow hedges.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The statement of income items of foreign subsidiaries are translated at average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognized in the statement of income as a component of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

The Group applies the exchange rates published by the Czech National Bank for the calculation of assets and liabilities denominated in foreign currencies.

2.9 Biological Assets

When they relate to agricultural activity, the accounting treatment of the following items differs from the accounting policies governing the measurement and recognition of other non-current and current assets:

a) Biological assets;

b) Agricultural product at the point of harvest;

c) Government grants for agricultural activity.

Agricultural product is the harvested product of the entity's biological assets at the point of harvest. After harvest, agricultural product is treated as inventory. Agricultural product is measured at its fair value less estimated costs to sell at the point of harvest and is not remeasured subsequently. Net book value of non-current biological assets is expensed as part of write-offs on liquidation or transfer to further processing. Such measure is the cost at that date when applying IAS 2 Inventories.

Biological assets are measured on initial recognition and at the end of each reporting period at their fair value less estimated costs to sell. Change in fair value of a biological asset is included in profit or loss in the period in which it arises.

If an active market does not exist, the Group uses one or more of the following in determining fair value:

- The most recent market price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date;
- Market prices for similar assets with adjustment to reflect differences;
- Sector benchmarks such as the value expressed per hectare, the value of cattle expressed per kilogram of meat, etc.

If, on initial recognition, the fair value of a biological asset cannot be measured using market-determined prices as these are not available, alternative estimates of fair value such as discounted cash flows or costs less any impairment losses are used. Such measurement, given the generally rather low realized margins and best possible use of the asset, approximates fair value. If alternative estimates of fair value are determined to be clearly unreliable, the biological assets are measured at its cost less any impairment losses. Once the fair value of such biological assets becomes reliably measurable, the assets are measured at fair values.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognized in profit or loss when the government grant becomes receivable. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, it is recognized in profit or loss when, and only when, the conditions attached to the government grant are met.

Classification between current and non-current biological assets is based on the expected life of the underlying biological assets. Current plant biological assets are those that are to be harvested as agricultural produce within a period of one year or longer period, if normal operating cycle related to these assets is longer than one year and the asset could be realized in one year or later, depending on demand and circumstances (up to 6 years immature trees in nurseries). Current animal biological assets are those that are to be grown within a period of one year, have not yet calved or are intended for further processing (e.g. cow for slaughtering).

2.10 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use including the borrowing costs. The cost of property, plant and equipment, which was valued using the fair value in an acquisition, is recognized using the fair value and the effect of the revaluation is adjusted in the historical cost. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expense in the period in which the costs are incurred. When each major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment, if the recognition criteria are satisfied.

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group reviews the recoverable amounts of its property, plant and equipment to determine whether such amounts continue to exceed the assets' carrying values. Identified impairment of property, plant and equipment is recognized directly in profit or loss as impairment allowance against property, plant and equipment.

At each balance sheet date, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. For key assumptions applied in determining recoverable amounts, see Note 2.6.

The Group depreciates the original cost of property, plant and equipment less its residual value by using the straight-line method over the estimated economic lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciable useful lives used for property, plant and equipment are as follows:

20 – 50 years	Buildings and structures
2 – 20 years	Machinery and equipment
3 – 4 years	Office equipment
4 – 6 years	Passenger cars
4 – 15 years	Other vehicles

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

Construction-in-progress represents property, plant and equipment under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

We invest **in the future**

Investments allow us to grow, develop, and overcome ever-greater challenges.

2.11 Leases

The Group determines whether a contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if it conveys the right to use the underlying asset for a period of time in exchange for consideration. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

A commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

A term of a lease is the non-cancellable period for which the lessee has the right to use the underlying asset, taking into account any options to extend or terminate a lease, if it is reasonably certain that the lessee will (not) exercise those options.

Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable from the lessor; variable lease payments that depend on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that purchase option; payments for penalties for terminating a lease, if the lease term reflects the lessee exercising an option to terminate the lease; amounts expected to be payable by the lessee under residual value guarantees; and residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee (lessors only).

The Group as a Lessee

The Group, as a lessee, recognizes assets and liabilities for all leases and similar contracts, except for short-term and low--value leases of assets, which are recognized as expense in the statement of income.

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and which does not contain an option to purchase the underlying asset.

Lease contracts with the value of the underlying asset not exceeding EUR 5,000 are considered leases of a low-value asset. A lessee assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.

The Group does not apply IFRS 16 Leases on the lease of intangible and biological assets. Such lease arrangements are recognized as an expense in the statement of income.

In the balance sheet, right of use assets are presented separately within non-current assets. Right of use assets that meet the definition of investment property are measured and recognized in accordance with IAS 40 Investment Property. Lease liabilities are recognized as long-term and short-term liabilities based on their maturity.

At the commencement date, the right of use asset is initially measured at cost, which consists of the amount of the initial measurement of the lease liability; any lease payments made to the lessor at or before the commencement date, less any lease incentives received from the lessor; any initial direct costs incurred by the lessee; an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset and restoring the site on which the underlying asset is located.

Subsequent to the commencement date, the right of use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right of use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the right of use asset. The depreciation period is the remaining useful life of the underlying asset if the cost of the right of use asset reflects that the lessee will exercise a purchase option or if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term.

At the commencement date, the lease liability is initially measured at the present value of outstanding lease payments to be made over the lease term, discounted by the implicit interest rate. If the implicit interest rate cannot easily be determined, the lessee uses the incremental borrowing rate (see Note 2.6).

The lease liability is subsequently increased by interest expenses from the lease and decreased by the lease payments made.

Subsequent to the commencement date, the lease liability is reassessed if there is a lease modification that is not recognized as a separate lease, or there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in an amount expected to be payable under a residual value guarantee, or when the lease term is changed because a Group company has reassessed whether it is reasonably certain to exercise an extension option or not to exercise a termination option. In addition, a Group company is required to adjust the carrying value of the right of use asset accordingly. If the carrying amount of the right of use asset has already been reduced to zero and there is a further reduction in the measurement of the lease liability, a Group company recognizes any remaining amount of the remeasurement in profit or loss.

If the Group (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, and if the transfer of the asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The financial liability is recognized within other sources of financing in the balance sheet lines Long-/Short-term bank and other loans and borrowings and is accounted for in accordance with IFRS 9.

The Group as a Lessor

A lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. In other cases, it is an operating lease.

Finance leases

At the commencement date of the lease, the lessor recognizes assets held under a finance lease in the balance sheet as receivables at an amount equal to the net investment in the lease. The net investment in the lease is calculated as the gross investment in the lease discounted using the interest rate implicit in the lease.

During the lease term, the net investment in the lease (finance lease receivable) is increased to reflect the interest income from the finance lease and reduced by the lease payments received from a lessee.

A finance lease receivable is subject to impairment and derecognition requirements in accordance with the Financial Assets policy in Note 2.15.

Operating leases

A lessor recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis, if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

2.12 Intangible Assets

Intangible assets are initially measured at their acquisition cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

Amortization periods for each group of non-current intangible assets are as follows:

3 – 5 years	Development
2 – 5 years	Software
6 – 25 years	Valuable rights
6 years, as per registration	REACH – outputs of the registration and authorization of chemicals
6 years	Other intangible assets

Costs incurred in order to restore or maintain the future economic benefits that an enterprise can expect from the originally assessed standard of performance of existing intangible assets are recognized as an expense when the restoration or maintenance work is carried out.

Fully amortized non-current intangible assets that continue to be in use (generally the REACH registration costs) are only retired after the economic benefits generated by the asset cease.

Intangible assets are tested for impairment whenever facts or changes in circumstances indicate that the carrying amount could be impaired. The recoverable amounts of intangible assets not yet available for use and of non-amortizable non--current intangible assets are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Identified impairment of intangible assets is recognized directly in profit or loss.

For assets excluding goodwill an assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is presented separately in the balance sheet. Goodwill on acquisitions of associates and joint ventures is included in the balance sheet in investments in associates and joint ventures. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill recognized separately is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Emission Allowances

Emission allowances represent the right of the owner of a facility, which in the course of its operation emits greenhouse gases, to emit during the calendar year equivalent of one ton of carbon dioxide. Based on the National Allocation Plans certain companies of the Group have been granted emission rights free of charge. These companies are responsible for determining and reporting the amount of greenhouse gases produced by its facilities in the calendar year and this amount has to be audited by an authorized person.

By a specified date, the companies are required to remit a number of allowances representing the number of tons of greenhouse gases actually emitted in previous year.

The emission allowances which were granted free of charge are stated at their nominal value, i.e. at zero. Purchased emission rights are carried at cost (except for emission rights for trading). Emission rights acquired in a business combination are initially recognized at their fair value at the date of acquisition and subsequently treated similarly to purchased emission rights. The Group recognizes a provision to cover emissions made in excess of granted free-of-charge emission rights. This provision is measured firstly at the carrying amount of the granted and purchased emission rights and credits held by the Group at the balance sheet date and for the amount exceeding those, at the market value at the balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication that emission rights may be impaired. Where an indicator of impairment exists, the Group reviews the recoverable amounts of the cash- generating units, to which the emission rights were allocated, to determine whether such amounts continue to exceed the assets' carrying values. Any identified impairment of emission rights is recognized directly in profit or loss.

REACH

The costs to register chemical substances (REACH costs) are capitalized and amortized over the period over which the registration is expected to be available for use, i.e. in most cases over the estimated useful life of the registered chemical substance. If the Group company is not able to assess reliably the useful life of the registered chemical substance, the registration is amortized over the period of six years.

2.13 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories do not include biological assets and agricultural products at the point of harvest; agricultural products are only recognized as inventories after the point of harvest.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost does not include, in particular, interest on loans granted to acquire inventories.

Internally developed finished products and work-in-progress are recorded at actual cost, which includes direct costs and overhead costs. Overhead costs comprise production overheads corresponding to normal capacity of production facilities. Administrative overhead costs are excluded from overhead costs and from the value of inventories.

Agricultural product after harvest is measured at fair value less estimated point-of-sale costs determined at the point of harvest. At each balance sheet date, the Group assesses whether there is any indication that these inventories may be impaired; any write-down to net realizable value is recognized in profit or loss.

2.14 Borrowing Costs

The Group capitalizes all interest incurred in connection with its construction program that theoretically could have been avoided if expenditures for the qualifying assets had not been made. The qualifying assets include assets for which the construction is in progress over a longer period of time (usually more than three months).

2.15 Financial Assets

The Group's financial assets comprise mainly cash, debt financial assets (especially receivables) and investments in equity instruments of another entity.

Measurement of Financial Assets

Financial assets are classified into three measurement categories: (a) assets measured subsequently at amortized cost; (b) assets measured subsequently at fair value through other comprehensive income (FVOCI); and (c) assets measured subsequently at fair value through profit or loss (FVPL).

Debt financial assets are subsequently measured at amortized cost if both the following conditions are met:

- The financial asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets are measured at fair value through other comprehensive income (with gains or losses transferred to the statement of income on derecognition) if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. On derecognition, gains or losses are not reclassified to the statement of income. The election is made contract by contract.

All other financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. The Group may irrevocably designate a financial asset at fair value through profit or loss (Fair Value Option), when it eliminates or significantly reduces a measurement or accounting mismatch that might otherwise arise.

When financial assets are recognized initially, they are measured at fair value, plus directly attributable transaction costs, except for financial assets subsequently measured at fair value through profit or loss, for which directly attributable transaction cost are recognized in the statement of income.

Recognition of Financial Assets

The Group recognizes a financial asset in the consolidated balance sheet when, and only when, it becomes a party to a contractual provision relating to a financial instrument.

A financial asset is derecognized when the contractual rights to cash flows from the financial asset have expired or the Group has transferred its rights to the cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets stipulated conditions. To qualify for a derecognition of a financial asset by transferring a contractual right to the cash flows of that asset, the Group either substantially transfers all risks and rewards of the financial asset or has not transferred or substantially held the risks and rewards, but has transferred control of the financial asset.

A financial asset is written off when the Group is certain that part or all of the financial asset will not be repaid. The cost of written-off financial assets is recognized in the statement of income under Losses (-) / reversal of losses (+) on impairment financial assets, net.

Financial assets subsequently measured at amortized cost using the effective interest method are classified as current assets when their maturity is no more than 12 months after the balance sheet date. The portion of long-term assets due within less than 12 months from the balance sheet date is classified within current assets.

Financial assets subsequently measured at fair value through other comprehensive income or at fair value through profit or loss, other than investments in equity instruments, are classified as current or non-current assets, depending on the period in which they are settled. Investments in equity instruments are recognized as non-current assets. Dividend income from investments in equity instruments is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet 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.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. The Group at each reporting date first assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. In case of significant increase, the Group creates loss allowance at an amount equal to the lifetime expected credit losses of the financial instrument. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For debt instruments at fair value through other comprehensive income or subsequently measured at amortized costs, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 3 months past due.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of income. Interest income (recorded as finance income in the statement of income) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.16 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, current accounts with banks and short-term bank notes with a maturity of three months or less. Cash and cash equivalents denominated in foreign currencies are translated into Czech crowns using the exchange rates published as at the balance sheet date.

Restricted balances of cash and of other financial assets, which are presented within financial assets as restricted funds, mainly relate to deposits for waste storage reclamation. The non-current or current classification is based on the expected timing of the release of the funds to the Group. Cash deposited with mandatory deposits maintained for tax-deductible allocations of resources to cover scheduled overhauls of property, plant and equipment are always treated as cash because they usually include short-term assets, and their disposal is not restricted by third parties and any restrictions may be lifted at management discretion.

The Group uses cash pool systems on a regular basis to manage the utilization of free cash. Any cash pool effects are presented within operating activities in the statement of cash flows.

The Group reports separately in the statement of cash flows the drawings and the repayments of long-term loans and other sources of long-term financing. Cash flows of items, for which the turnover is quick, the amounts are large and the maturities are short (for example revolving loans), are reported on a net basis.

2.17 Grants and Subsidies

Government grants, including non-monetary grants, are measured at fair value and recognized only when there is reasonable assurance that the entity will comply with the grant's conditions and the grant will be received. Grants are recognized as income, on a systematic and rational basis, over the periods necessary to match them with the related costs that they are intended to compensate. Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset; operating grants are recognized in profit or loss. For agricultural activity grants, refer to Note 2.9.

2.18 Financial Liabilities

Financial liabilities represent, in particular, contractual obligations to deliver cash or another financial asset to another entity.

Measurement of Financial Liabilities

Financial liabilities are classified into two measurement categories: (a) liabilities measured subsequently at amortized cost; and (b) liabilities measured subsequently at fair value through profit or loss.

Financial liabilities subsequently measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition at fair value through profit or loss. Financial liabilities held for sale in the short-term are classified as trading liabilities. On initial recognition, these financial liabilities are measured at fair value. Related transaction costs are recognized in profit or loss. Fair value changes are recognized in profit or loss except for changes in fair value due to changes in the Group's credit risk, which are recognized in other comprehensive income.

Other financial liabilities are subsequently measured at amortized cost. This category includes trade and other payables, loans and borrowings. Financial liabilities in this category are initially measured at fair value less direct transaction costs and subsequently remeasured at amortized cost using the effective interest rate method. Related gains and losses are recognized in profit or loss when a financial liability is derecognized or by amortizing the effective interest rate.

Recognition of Financial Liabilities

The Group recognizes a financial liability in the consolidated balance sheet when, and only when, it becomes a party to a contractual provision relating to a financial instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

Financial liabilities are classified as current when the Group does not have the unconditional right to repay them within more than 12 months after the balance sheet date. The portion of long-term loans, borrowings or bonds due within less than 12 months from the balance sheet date is classified within current liabilities.

Long-term financial liabilities may include contract terms and conditions that must be met by Group companies. Any breach of these contract terms and conditions by a Group company could lead to the requirement of premature repayment of loans. If a Group company does not receive a creditor's consent with the breach by the balance sheet date the loan maturity is adjusted and the corresponding part of the loan for which the terms have been breached and which may be demanded by the creditor as due, is re-classified as short-term.

2.19 Derivatives

The Group uses derivative financial instruments such as commodity and foreign currency contracts and interest rate swaps to hedge its risks associated with price, rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. In the balance sheet such derivatives are presented as part of long- and short-term investments and other non-current and current payables.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges when they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair Value Hedge

Gain or loss from remeasuring the hedging instrument at fair value is recognized immediately in the statement of income. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the statement of income. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortized to profit or loss over the remaining term to maturity.

Cash Flow Hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are initially recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the statement of income in the line item Other financial expenses and income, net.

Amounts accumulated in equity are transferred to the statement of income in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recorded to the statement of income when the forecast transaction is ultimately recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

Other Derivatives

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of income.

Commodity Contracts

According to IFRS 9 Financial Instruments, certain commodity contracts are treated as financial instruments and fall into the scope of the standard. Most commodity purchase and sales contracts entered into by the Group provide for physical delivery of quantities intended to be consumed or sold as part of its ordinary business; such contracts are thus excluded from the scope of IFRS 9.

Commodity contracts which fall under the scope of IFRS 9 are carried at fair value with changes in the fair value recognized in profit or loss.

2.20 Income Taxes

The provision for corporate tax is calculated in accordance with local tax jurisdictions of respective countries where the Group companies operate. Certain items of income and expense are recognized in different periods for tax and financial accounting purposes. For Czech entities, corporate income tax is calculated in accordance with Czech tax regulations and is based on the income or loss reported under Czech accounting regulations, adjusted for appropriate permanent and temporary differences from Czech taxable income. In the Czech Republic, income taxes are calculated on an individual company basis as the tax laws do not permit consolidated tax returns. Foreign subsidiaries proceed similarly, unless there is an exceptional case of common taxation over several subsidiaries in a subgroup.

Deferred taxes are calculated using the balance sheet liability method. The deferred tax position is calculated separately for each Group company and reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are recognized regardless of when the timing difference is likely to reverse. Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities in the consolidated balance sheets.

A deferred tax liability is recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. The Group concluded that investments incentives in the form of corporate income tax relief are considered to be tax credits treated under IAS 12 (these are realized only through reduction in taxes payable, are forfeited in case of insufficient taxes payable, are not taxable). 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:

- Where the deferred tax asset arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, where it is not probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reassessed and reduced at each balance sheet date to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or entire deferred tax asset to be utilized.

Deferred tax assets and liabilities of Group companies are not offset in the balance sheet. The offset is only possible if the deferred tax assets and liabilities relate to income taxes within the same tax jurisdiction and the Group intends to settle its due tax payables and receivables on a net basis.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity. Change in the carrying amount of deferred tax assets and liabilities due to change in tax rate is recognized in the statement of income, except to the extent that it relates to items previously charged or credited to equity.

2.21 Provisions

The Group recognizes provisions for obligations to decommission and reclaim areas affected by industrial activities and restructuring provisions. In case of need, the Group provides for additional risks arising from its business activities by recognizing, e.g., provisions for litigation and other disputes, provisions for losses on onerous contracts (i.e. when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), provisions for emissions in excess of the threshold and for other risks.

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the estimated useful lives of the assets.

2.22 Investment Property

Investment property is property held by the owner or by the lessee as a right of use asset to earn rentals or for capital appreciation. An investment property is measured initially at its cost, which includes transaction costs. The cost of a purchased investment property comprises its purchase price, transaction costs and any directly attributable expenditure (such as professional fees, property acquisition taxes, etc.). Start-up costs are not capitalized as part of the carrying amount of an investment property unless they are necessary to bring the property to the condition necessary for it to be capable of operating. Operating losses incurred before the investment property achieves the planned level of occupancy are not capitalized either.

At the balance sheet date, investment property is remeasured to fair value; all changes in the fair value are recognized in profit or loss. Investment property is not depreciated.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.23 Non-Current Assets Classified as Held for Sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

2.24 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits, such as wages, salaries, bonuses, social security contributions, paid annual leave and sick pay are reported as short-term payables to employees.

Long-term Employee Benefits

Long-term employee benefits include remuneration paid to employees under a collective agreement on retirement and life and work anniversaries and are accounted for as long-term / short-term liabilities. Liabilities are divided into long-term / short-term based on the expected settlement date and are accounted at the present value of the expected future payment. In calculating the present value of the expected future payment, demographic (fluctuations) and financial factors (discount rate) are taken into account.

Post-employment Benefits

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Group recognizes service costs comprising current service costs, gains and losses on curtailments and non-routine settlements, net interest expense or income and employer contribution in profit or loss in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

2.25 Related Parties

For the purposes of the consolidated financial statements, related parties in relation to the Group are:

a) Entities that are members of the group which is controlled by the shareholder of the Parent Company of Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

b) Entities that are an associate or joint venture (and their subsidiaries) of a member of the Group which is controlled by the shareholder of the Parent Company of the Group.

c) A person or a close member of that person's family who controls or jointly controls the Parent Company of the Group.

d) A person or a close member of that person's family who has significant influence over the Parent Company of the Group.

e) Members of statutory, supervisory and controlling bodies of the Parent Company of the Group and its shareholders or a close member of that persons' family.

f) Entities outside the Group, over which the person mentioned in c), d) and e) has a control or a joint control.

g) Entities outside the Group, over which the person mentioned in c) has a significant influence or is a member of the key management personnel of that entity.

In accordance with the above definition, the companies, which were not included in the Group due to their insignificance, consolidated and non-consolidated associates and jointly controlled companies, parent company's shareholders, members of statutory bodies of the parent company and of the parent company's shareholders and also companies outside the Group controlled or managed by them and companies where they exercise significant influence, are considered as the related parties.


We do business
in harmony
with nature

The laws of nature are clear – our impact on the environment today will impact us tomorrow.

AGROFERT

3 Adoption of New and Revised Standards

The accounting policies applied in 2021 are consistent with those of the 2020 financial year unless specified otherwise below.

3.1 New IFRS Standards Adopted by the Group in the Annual Period Beginning on 1 January 2021

The Group has adopted the following new and revised standards and interpretations that are effective for periods beginning on or after 1 January 2021:

3.1.1 Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020 and effective for annual period beginning on or after 1 January 2021; adopted by the EU on 15 December 2020)

The amendment gives companies whose business model is predominantly to issue insurance contracts an option to defer the effective date of IFRS 9 until 2021 (the 'deferral approach').

The amendment is not relevant for the activities of the Group.

3.1.2 Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021; adopted by the EU on 13 January 2021)

The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The Group implemented the amendments at the required effective date; the adoption had no significant impact on the Group's consolidated financial statements.

3.1.3 Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021; adopted by the EU on 30 August 2021)

Amendments extend the availability of the practical expedient so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are satisfied.

The Group did not apply this practical expedient. The amendments are not relevant for the Group's consolidated financial statements.

3.2 New IFRS Standards and IFRIC Interpretations Applicable to Periods Beginning on or after 1 January 2022

3.2.1 Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020 (issued on 14 May 2020 and effective for annual period beginning on or after 1 January 2022; adopted by the EU on 28 June 2021)

Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments and improvements are not expected to have significant impact on the Group's consolidated financial statements. The Group plans to implement them on the required effective date.

3.2.2 IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023); including Amendments to IFRS 17 (issued on 25 June 2020; adopted by the EU on 19 November 2021)

The new standard IFRS 17 Insurance Contracts supersedes the existing IFRS 4 Insurance Contracts and related interpretations.

The standard is not relevant for the activities of the Group.

3.2.3 Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and 15 July 2020 and effective for annual periods beginning on or after 1 January 2023)

The amendment affects only the presentation of liabilities in the statement of financial position. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. Settlement refers to the transfer to the counterparty of cash or other economic resources (e.g. goods or services) and the entity's own equity instruments.

The amendment has not yet been adopted by the EU. The amendment applies to annual periods beginning on or after 1 January 2023. Earlier application of the amendment is permitted. The amendment must be applied retrospectively.

The Group plans to implement the amendments on the required effective date. The amendments are not expected to have significant impact on the Group's consolidated financial statements.

3.2.4 Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023; adopted by the EU on 2 March 2022)

The amendments replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendment applies to annual periods beginning on or after 1 January 2023. Earlier application of the amendment is permitted.

The Group plans to implement the amendments on the required effective date. The amendments are not expected to have significant impact on the Group's consolidated financial statements.

3.2.5 Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023; adopted by the EU on 2 March 2022)

The amendments introduce a new definition of 'accounting estimates'. The accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The amendment applies to annual periods beginning on or after 1 January 2023. Earlier application of the amendment is permitted.

The Group plans to implement the amendments on the required effective date. The amendments are not expected to have significant impact on the Group's consolidated financial statements.

3.2.6 Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023)

The Amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The Amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments have not yet been adopted by the EU. The amendments apply to annual reporting periods beginning on or after 1 January 2023. Earlier application of the amendment is permitted.

The Group plans to implement the amendments on the required effective date. The amendments are not expected to have significant impact on the Group's consolidated financial statements.

3.2.7 Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023)

The amendment relates mainly to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

The amendment has not yet been adopted by the EU and it is not relevant for the activities of the Group.

4 Subsidiaries, Joint ventures and Associates as at 31 December 2021

4.1 Subsidiaries

Subsidiaries as at 31 December 2021	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
1. Hradecká zemědělská a.s.	CZ	63479401	Cihelní 298, 747 41 Branka u Opavy	100.00%	NAVOS, a.s.
ACOMWARE s.r.o.	CZ	25047965	Budějovická 778/3, Michle, 140 00 Praha 4	100.00%	MAFRA, a.s.
AFEED, a.s.	CZ	28167813	Nádražní 563/60, 693 01 Hustopeče	100.00%	AGROFERT, a.s.
AG AGROPRIM, s.r.o.	CZ	25649213	č.p. 300, 257 44 Netvořice	100.00%	Primagra, a.s.
AGD Kačice, s.r.o.	CZ	47048620	K farmě 28, 273 04 Kačice	100.00%	AgroZZN, a.s.
AGF Food Logistics, a.s.	CZ	24151114	č.p. 60, 588 61 Kostelec	100.00%	AGROFERT, a.s.
AGRI CS a.s.	CZ	26243334	Hybešova 62/14, 693 01 Hustopeče	100.00%	AGROTEC a.s.
AGRI CS Magyarország Kft.	HU	11-09-025210	2900 Komárom, Puskás Tivadar utca 4/a	100.00%	AGROTEC a.s.
AGRI CS Slovakia s.r.o.	SK	31421105	Zlatomoravecká cesta 504, Nitra 949 01	100.00%	AGRI CS a.s.
AGRI SYSTEM, s.r.o.	CZ	28802641	Na Pile 887, 285 04 Uhlířské Janovice	100.00%	ZZN Polabí, a.s.
AGRO - VÁH, s.r.o.	SK	36539031	Hlavná 922, Diakovce 925 81	99.99%	Agropodnik a. s. Trnava
AGRO Jevišovice, a.s.	CZ	49455958	č.p. 102, 671 53 Jevišovice	100.00%	NAVOS, a.s.
AGRO Jinín a.s.	CZ	48245933	Nebřehovická 522, Přední Ptákovice, 386 01 Strakonice	100.00%	ZZN Pelhřimov a. s.
AGRO Mikulovice, s.r.o.	CZ	25573756	č.p. 102, 671 53 Jevišovice	100.00%	NAVOS, a.s.
AGRO Plchov s.r.o.	CZ	25107909	č.p. 75, 273 75 Plchov	100.00%	AgroZZN, a.s.
AGRO Přešovice, a.s.	CZ	25308068	č.p. 102, 671 53 Jevišovice	100.00%	NAVOS, a.s.
AGRO Rozsochy, a.s.	CZ	63468026	č.p. 165, 592 57 Rozsochy	100.00%	Cerea, a.s.
AGRO Vnorovy, a.s.	CZ	64508056	Smetkova 744, 696 61 Vnorovy	100.00%	NAVOS, a.s.
Agrobech, s.r.o.	CZ	00120502	č.p. 288, 411 86 Bechlín	100.00%	Primagra, a.s.
Agrobor, s.r.o.	CZ	45353603	Nádražní 644, 348 02 Bor	100.00%	Primagra, a.s.
AGROCOM HRUŠOVANY spol. s r.o.	CZ	40230091	Lažany 7, 430 01 Hrušovany	100.00%	AgroZZN, a.s.
AGROFERT Deutschland GmbH	DE	Amtsgericht Stendal HRB 22539	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	100.00%	SKW Stickstoffwerke Piesteritz GmbH
AGROFERT POLSKA SP. Z O.O.	PL	24166489700000	BOBRECKA 27, 43-400 CIESZYN, ŚLĄSKIE	100.00%	AGROFERT, a.s.
AGROFORS, s.r.o.	SK	34120921	604 Dolné Obdokovce 951 02	99.08%	ACHP Levice a.s.
AGROMASS, a.s.	CZ	24716677	Nádražní 310, 262 31 Milín	100.00%	AGROFERT, a.s.
AGROPARKL spol. s r.o.	CZ	47667575	č.p. 30, 790 65 Skorošice	100.00%	NAVOS, a.s.
Agropodnik a. s. Trnava	SK	31420494	Chovateľská 2 Trnava 917 01	99.99%	AGROFERT, a.s.
AGROPODNIK DOMAŽLICE a. s.	CZ	45350272	Masarykova 523, Bezděkovské Předměstí, 344 01 Domažlice	100.00%	AGROFERT, a.s.
AGROPODNIK Hodonín a.s.	CZ	46971963	Vacenovická 1271, 696 02 Ratíškovice	100.00%	AGROFERT, a.s.
AGROSPOL PETROVICE s.r.o.*)	CZ	26494531	Petrovice 14, PSČ 27035	75.00%	AgroZZN, a.s.
AGROTEC a.s.	CZ	00544957	Brněnská 12/74, 693 01 Hustopeče	100.00%	AGROFERT, a.s.
AGROTEC Magyarország Kft.	HU	11-09-022291	2900 Komárom, Puskás Tivadar utca 4/a.	100.00%	AGROTEC a.s.
AGROTEC servis s.r.o.	CZ	46966757	Hybešova 62/14, 693 01 Hustopeče	100.00%	AGROTEC a.s.
AGROTEC Slovensko s.r.o.	SK	31445942	Zlatomoravecká cesta 431, 951 02 Pohranice	100.00%	AGROTEC a.s.
AGROTECHNIC MORAVIA a.s.	CZ	27839834	Lipenská 1120/47, Hodolany, 779 00 Olomouc	100.00%	NAVOS, a.s.
AGROTECHNIKA Polabí, a.s.	CZ	27554546	K Vinici 1304, Kolín V, 280 02 Kolín	100.00%	ZZN Polabí, a.s.
AgroZZN, a.s.	CZ	45148082	V Lubnici 2333, Rakovník II, 269 01 Rakovník	100.00%	AGROFERT, a.s.
AGS AGRO České Budějovice a.s.	CZ	48244376	Třebízského 1217, 374 01 Trhové Sviny	100.00%	ZZN Pelhřimov a. s.
ACHP Levice a.s.	SK	00005819	Podhradie 31, Levice 934 01	99.08%	AGROFERT, a.s.
ALIMEX NEZVĚSTICE a.s.	CZ	25196049	č.p. 9, 332 04 Nezvěstice	100.00%	Primagra, a.s.
Animalco a.s.	CZ	00536458	Na Kocínce 207/1, Dejvice, 160 00 Praha 6	100.00%	AGROFERT, a.s.
ANIMO Žatec, a.s.	CZ	00044628	č.p. 33, 440 01 Lišany	100.00%	AGROFERT, a.s.
APEX AGRO, s.r.o.	CZ	08122351	č.p. 102, 671 53 Jevišovice	100.00%	NAVOS, a.s.

Subsidiaries as at 31 December 2021	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
Arbeitsgemeinschaft Golden Toast GmbH	DE	Amtsgericht Stendal HRB 25726	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	94.00%	Lieken Brot- und Backwaren GmbH
ARBO, spol. s r.o.	CZ	40522172	Hřbitovní 757, Klatovy II, 339 01 Klatovy	100.00%	Primagra, a.s.
BIOALCO Kft. **)	HU	03-09-118512	6100 Kiskunfélegyháza, Belterület 923/16. hrsz.	100.00%	AGROFERT, a.s.
Centrální laboratoř, s.r.o.	CZ	28137043	Čekanice 207, 390 02 Tábor	100.00%	AFEED, a.s.
CENTROPROJEKT GROUP a.s.	CZ	01643541	Štefánikova 167, 760 01 Zlín	100.00%	AGROFERT, a.s.
Centrum organické chemie s.r.o.	CZ	28778758	č.p. 296, 533 54 Rybitví	100.00%	Výzkumný ústav organických syntéz a.s.
Cerea, a.s.	CZ	46504940	Pardubice, Dělnická 384, PSČ 53125	100.00%	AGROFERT, a.s.
Ceres ZRt.	HU	08-10-001793	9027 Győr, Reptéri út 1.	100.00%	PENAM, a.s.
DENAX, a.s.*)	SK	35753790	Mickiewiczova 2 Bratislava 811 07	60.00%	MAFRA, a.s.
"DEZA POLSKA" SP . Z O.O.	PL	81115742600000	UL. STANISŁAWA WYSPIAŃSKIEGO 39 /2, 70-497 SZCZECIN, ZACHODNIOPOMORSKIE	100.00%	DEZA, a.s.
DEZA, a.s.	CZ	00011835	Masarykova 753, Krásno nad Bečvou, 757 01 Valašské Meziříčí	100.00%	AGROFERT, a.s.
DOLINA spol.s.r.o.	SK	31441971	Bačala 314, Veľká Dolina 951 15	99.99%	Agropodnik a. s. Trnava
Doubravická, a.s.	CZ	25312707	Hybešova 228, 679 11 Doubravice nad Svitavou	100.00%	NAVOS, a.s.
Duslo Energy, s.r.o.	SK	47333341	Administratívna budova ev. č. 1236, Šaľa 927 03	100.00%	Duslo, a.s.
Duslo, a.s.	SK	35826487	Administratívna budova, ev. č. 1236, Šaľa 927 03	100.00%	AGROFERT, a.s.
DZV NOVA, a.s.	CZ	47048522	Petrovice 11, 257 51 Bystřice	100.00%	ZZN Pelhřimov a. s.
Farma HYZA a.s.	SK	36519081	Odbojárov 2279/37, Topoľčany 955 92	99.82%	HYZA a.s.
FARMTEC a.s.	CZ	63908522	Tisová 326, 391 33 Jistebnice	100.00%	AGROFERT, a.s.
Fatra, a.s.	CZ	27465021	třída Tomáše Bati 1541, 763 61 Napajedla	100.00%	AGROFERT, a.s.
FERT - TRADERO SRL	RO	J35/2047/2016	Str. Armoniei, nr. 27A, et. 1, Timisoara	100.00%	Duslo, a.s.
goticket sk, s.r.o.	SK	50472003	Jelenia 1, Bratislava - mestská časť Staré Mesto 811 05	60.00%	DENAX, a.s.
GreenChem B.V.	NL	20113430	Gravinnen van Nassauboulevard 95, 4811 BN Breda, Netherlands	100.00%	GreenChem Holding B.V.
GreenChem CZ s.r.o.	CZ	03245632	Pyšelská 2327/2, Chodov, 149 00 Praha 4	100.00%	GreenChem Holding B.V.
GreenChem France S.A.S.	FR	48850012500023	87 avenue du Mistral, Zone Athelia IV, 13600 La Ciotat, France	100.00%	GreenChem Holding B.V.
GreenChem GmbH	DE	Amtsgericht Stendal HRB 24877	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	100.00%	AGROFERT Deutschland GmbH
GreenChem Holding B.V.	NL	20109589	Gravinnen van Nassauboulevard 95, 4811 BN Breda, Netherlands	100.00%	AGROFERT, a.s.
GreenChem Hungary Kft.	HU	11-09-023664	2900 Komárom, Puskás Tivadar utca 4/a	100.00%	GreenChem Holding B.V.
GREENCHEM POLAND SP. Z O.O. W LIKWIDACJI	PL	30022535600000	UL. RÓŻANA 4 /3, 61-577 POZNAŃ, WIELKOPOLSKIE	90.00%	GreenChem Holding B.V.
GreenChem SK, s. r. o.	SK	44788461	Nobelova 34, Bratislava 836 05	100.00%	GreenChem Holding B.V.
GREENCHEM SOLUTIONS DO BRASIL COMERCIO DE PRODUTOS QUIMICOS LTDA.	BR	3522778271-1	R LAURO LINHARES, 2055, SALA 403, CEP 88.036-003, TRINIDADE, FLORIANOPOLIS, SC	100.00%	GreenChem Holding B.V.
GreenChem Solutions Ltd.	GB	05175801	The Old wheel house, 31-37 Church Street Reigate RH2 OAD, Surrey, United Kingdom	100.00%	GreenChem Holding B.V.
GreenChem Solutions S.L.	ES	38367, Folio 012, B323683	c/Lepant 264, 3r F, 08013 Barcelona, Spain	100.00%	GreenChem Holding B.V.
GreenChem Solutions Srl.	IT	CE-299019	Viale Parioli 87, 00118 Rome, Italy	100.00%	GreenChem Holding B.V.
HYZA a.s.	SK	31562540	Odbojárov 2279/37, Topoľčany 955 92	99.82%	AGROFERT, a.s.
IKR Agrár Kft.	HU	11-09-018262	2943 Bábolna, IKR park, hrsz.: 890.	100.00%	AGROFERT, a.s.
IKR Agro-Vár Kft.	HU	15-09-066923	4516 Demecser, IKR Területi Központ, 0121/4, 0121/5, 0121/6 0121/8. hrsz.	100.00%	IKR Agrár Kft.
IKR Kft.	HU	11-09-007122	2943 Bábolna, IKR park 890.	100.00%	IKR Agrár Kft.
IRS network a.s.	CZ	27416046	Praha 5, Radlická 663/28, PSČ 15000	60.00%	DENAX, a.s.

Subsidiaries as at 31 December 2021	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
IRSnet CZ s.r.o.	CZ	26732122	Politických vězňů 934/15, Nové Město, 110 00 Praha 1	54.00%	IRS network a.s.
IRSNET PL SP. Z O.O. W LIKWIDACJI	PL	14012833200000	PLAC SEJMU ŚLĄSKIEGO 2, 40-032 KATOWICE, ŚLĄSKIE	60.00%	IRS network a.s.
Julia Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG	DE	Amtsgericht München HRA 91216	Emil-Riedl-Weg 6, 82049 Pullach i. Isartal	88.36%	Lieken Brot- und Backwaren GmbH
KLADRUBSKÁ a.s.	CZ	25215671	Vojenice 80, 338 08 Kladruby	100.00%	Primagra, a.s.
KMOTR - Masna Kroměříž a.s.	CZ	25570765	Hulínská 2286/28, 767 01 Kroměříž	100.00%	AGROFERT, a.s.
Kornmark GmbH	DE	Amtsgericht Stendal HRB 25744	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	94.00%	Lieken Brot- und Backwaren GmbH
Kostelecké uzeniny a.s.	CZ	46900411	č.p. 60, 588 61 Kostelec	100.00%	AGROFERT, a.s.
Krahulík-MASOZÁVOD Krahulčí, a.s.	CZ	25586823	č.p. 10, 588 56 Krahulčí	100.00%	AGROFERT, a.s.
KU uzeniny, s.r.o.	CZ	28266561	č.p. 60, 588 61 Kostelec	100.00%	Kostelecké uzeniny a.s.
KVARTO s.r.o.	CZ	48951749	Dr. E. Beneše 496, 257 51 Bystřice	100.00%	ZZN Pelhřimov a. s.
Lieken Brot- und Backwaren GmbH	DE	Amtsgericht Stendal HRB 25711	Dessauer Straße 126, 06886 Lutherstadt Wittenberg	94.00%	Lieken GmbH
Lieken GmbH	DE	Amtsgericht Stendal HRB 29263	Dessauer Straße 126, 06886 Lutherstadt Wittenberg	94.00%	AGROFERT, a.s.
LIN a.s.	CZ	25720767	Na příkopě 859/22, Nové Město, 110 00 Praha 1	100.00%	LONDA spol. s r.o.
LIPRA PORK, a.s.	CZ	46356118	Štěpánovice 38, 512 63 Rovensko pod Troskami	100.00%	AGROFERT, a.s.
Logi-K GmbH	DE	Amtsgericht Stendal HRB 25713	Dessauer Straße 126, 06886 Lutherstadt Wittenberg	94.00%	Lieken GmbH
Logistics Solution, a.s.	CZ	64361594	Havířská 1059, 580 01 Havlíčkův Brod	100.00%	AGROFERT, a.s.
LONDA spol. s r.o.	CZ	49241931	Na příkopě 859/22, Nové Město, 110 00 Praha 1	100.00%	AGROFERT, a.s.
Lovochemie, a.s.	CZ	49100262	Terezínská 57, 410 02 Lovosice	100.00%	AGROFERT, a.s.
Lužanská zemědělská a.s.	CZ	25253042	č.p. 197, 507 06 Lužany	100.00%	Cerea, a.s.
M + A + J s.r.o.	CZ	47287195	Sedčice 2, 438 01 Nové Sedlo	100.00%	AgroZZN, a.s.
MAFRA Slovakia, a.s.	SK	51904446	Nobelova 34, Bratislava - mestská časť Nové Mesto 836 05	100.00%	MAFRA, a.s.
MAFRA, a.s.	CZ	45313351	Praha 5, Karla Engliše 519/11, PSČ 15000	100.00%	AGROFERT, a.s.
MAVEX AGRO, spol. s r.o.	CZ	64834417	č.p. 30, 350 02 Nebanice	100.00%	Primagra, a.s.
Mlékárna Hlinsko, a.s.	CZ	48169188	Hlinsko - Kouty 53, PSČ 53901	100.00%	AGROFERT, a.s.
NAVOS FARM TECHNIC s.r.o.	CZ	63489911	Háj 322, 798 12 Kralice na Hané	100.00%	NAVOS, a.s.
NAVOS, a.s.	CZ	47674857	Čelakovského 1858/27, 767 01 Kroměříž	100.00%	AGROFERT, a.s.
NOVOVES, s.r.o.	SK	45501394	Podjavorinskej 21, Lučenec 984 01	100.00%	TAJBA, a.s.
Nový Dvůr Kunovice, a.s.	CZ	27731987	č.p. 1234, 687 61 Vlčnov	100.00%	NAVOS, a.s.
NT Kft.	HU	03-09-111928	6100 Kiskunfélegyháza, VIII. kerület 04/94. hrsz.	100.00%	BIOALCO Kft.
"OLMA POLSKA" SP. Z O.O.	PL	07286897500000	PIEKARSKA 86, 43-300 BIELSKO-BIAŁA, ŚLĄSKIE	100.00%	OLMA, a.s.
Odbyt Ovčáry s.r.o.	CZ	27600955	Na Františku 358, 280 02 Ovčáry	100.00%	ZOD Zálabí, a.s.
Odkolek s.r.o.	CZ	08002665	Pekařská 598/1, Jinonice, 155 00 Praha 5	100.00%	UNITED BAKERIES a.s.
OLMA, a.s.	CZ	47675730	Pavelkova 597/18, Holice, 779 00 Olomouc	100.00%	AGROFERT, a.s.
Oseva Agri Chrudim, a.s.	CZ	47452471	č.p. 159, 538 61 Kočí	100.00%	Cerea, a.s.
OSEVA, a.s.	CZ	47912430	Potoční 1436, 696 81 Bzenec	100.00%	AGROFERT, a.s.
P E Z A a.s.	SK	30224918	K cintorínu 47, Žilina - Bánová 011 49	100.00%	PENAM, a.s.
PAPEI, a.s.	CZ	44223081	Roudnice nad Labem, Chelčického 627, PSČ 41301	100.00%	AGROFERT, a.s.
Pécs-Reménypusztai Kft.	HU	02-09-071638	7631 Pécs, hrsz. 0224/38.	99.97%	IKR Agrár Kft.
Pécsváradi AGROVER Kft.	HU	02-09-072992	7720 Pécsvárad, hrsz. 0148.	99.84%	IKR Agrár Kft.
Pekárna Zelená louka, a.s.	CZ	41035895	Herink, Hlavní 71, PSČ 25101	100.00%	PENAM, a.s.
PENAM SLOVAKIA, a.s.	SK	36283576	Štúrova 74/138, Nitra 949 35	100.00%	PENAM, a.s.
PENAM, a.s.	CZ	46967851	Cejl 504/38, Zábrdovice, 602 00 Brno	100.00%	AGROFERT, a.s.
PETROCHEMIA-BLACHOWNIA SP. Z O.O.	PL	53135347000000	SZKOLNA 15, 47-225 KĘDZIERZYN-KOŹLE, OPOLSKIE	100.00%	DEZA, a.s.

Subsidiaries as at 31 December 2021	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
PMU CZ, a.s.	CZ	25013165	Roudnice nad Labem, Chelčického 627, PSČ 41301	100.00%	AGROFERT, a.s.
Poděbradská blata, a.s.	CZ	25618466	č.p. 347, 290 01 Pátek	100.00%	ZZN Polabí, a.s.
PODCHŘIBÍ JEŽOV, a.s.	CZ	60700378	č.p. 47, 696 48 Skalka	100.00%	NAVOS, a.s.
Podielnicke družstvo "Považie" Považany	SK	00207187	121 Považany 916 26	92.67%	Agropodnik a. s. Trnava
Poľnohospodárske družstvo Bátovce	SK	00194590	Bátovce 935 03	91.04%	ACHP Levice a.s.
Poľnohospodárske družstvo Beša	SK	00194409	172 Beša 935 36	87.62%	ACHP Levice a.s.
Poľnohospodárske družstvo Horné Obdokovce	SK	00205150	31 Horné Obdokovce 956 08	93.65%	ACHP Levice a.s.
Poľnohospodárske družstvo KRUPÁ v Dolnej Krupej	SK	00207691	Družstevná 138/2, Dolná Krupá 919 65	99.99%	Agropodnik a. s. Trnava
Pol'nohospodárske družstvo Ludanice	SK	00205362	Ludanice 956 11	81.53%	ACHP Levice a.s.
Poľnohospodárske družstvo Okoč-Sokolec	SK	00191621	Hlavná ul. 716 Okoč 930 28	98.92%	Agropodnik a. s. Trnava
Poľnoslužby Bebrava, a.s.	SK	31412289	Rybany 5, Rybany 956 36	74.18%	ACHP Levice a.s.
PRECHEZA a.s.	CZ	26872307	nábř. Dr. Edvarda Beneše 1170/24, Přerov I-Město, 750 02 Přerov	100.00%	AGROFERT, a.s.
PREOL FOOD, a.s.	CZ	27698190	Terezínská 1214, 410 02 Lovosice	100.00%	PREOL, a.s.
PREOL, a.s.	CZ	26311208	Terezínská 1214, 410 02 Lovosice	100.00%	AGROFERT, a.s.
Primagra, a.s.	CZ	45148155	Nádražní 310, 262 31 Milín	100.00%	AGROFERT, a.s.
PROFROST a.s.	CZ	27771245	J. B. Pecky 4446/15, 796 01 Prostějov	100.00%	AGROFERT, a.s.
První zemědělská Záhornice, a.s.	CZ	25064541	Hlavní 204, 289 03 Záhornice	100.00%	ZZN Polabí, a.s.
PRVNÍ ŽATECKÁ a.s.	CZ	63144549	č.p. 92, 415 01 Bžany	100.00%	AgroZZN, a.s.
RK Náklo, s.r.o.	CZ	27705846	Za Mlýnem 1264, 696 02 Ratíškovice	100.00%	NAVOS, a.s.
Roľnícke družstvo podielnikov Chocholná -Velčice	SK	00206938	Chocholná - Velčice 913 04	97.43%	Agropodnik a. s. Trnava
RYNAGRO a.s.	CZ	26080125	Rynárecká 1742, 393 01 Pelhřimov	100.00%	ZZN Pelhřimov a. s.
SADY CZ, s.r.o.	CZ	27699293	U Bzinku 1482, 696 81 Bzenec	100.00%	NAVOS, a.s.
SCHROM FARMS spol. s r.o.	CZ	62301659	č.p. 327, 742 91 Velké Albrechtice	100.00%	AGROFERT, a.s.
SKW Stickstoffwerke Piesteritz GmbH	DE	Amtsgericht Stendal HRB 11869	Möllensdorfer Str. 13, 06886 Lutherstadt Wittenberg	100.00%	AGROFERT, a.s.
Společné družstvo Pomoraví	CZ	49973941	Nová 550, 691 51 Lanžhot	100.00%	NAVOS, a.s.
SPV Pelhřimov, a.s.	CZ	25157507	Plevnice 42, 393 01 Olešná	100.00%	AGROFERT, a.s.
Stanice O, a.s.	CZ	26509911	Karla Engliše 519/11, Smíchov, 150 00 Praha 5	100.00%	MAFRA, a.s.
STATEK BŘEŽANY, spol. s r.o.	CZ	48529249	č.p. 172, 671 65 Břežany	65.66%	NAVOS, a.s.
STEMP s.r.o.	CZ	26249189	Třebíč - Slavice 98, PSČ 67401	100.00%	AGRI CS a.s.
Synthesia, a.s.	CZ	60108916	Semtín 103, 530 02 Pardubice	100.00%	AGROFERT, a.s.
Šarišské pekárne a cukrárne, akciová spoločnosť	SK	30414245	Budovateľská 61, Prešov 081 59	99.19%	PENAM SLOVAKIA, a.s.
TAJBA, a.s.	SK	36188981	Železničná 2, Čaňa 044 14	100.00%	AGROFERT, a.s.
Ticketportal HU Kft.	HU	01-09-920573	1065 Budapest, Bajcsy-Zsilinszky út 49. földszint.	60.00%	IRS network a.s.
Ticketportal SK, s. r. o.	SK	35850698	Karadžičova 14, Bratislava 821 08	60.00%	IRS network a.s.
UB HOLDING, a.s.	CZ	05560543	Pekařská 598/1, Jinonice, 155 00 Praha 5	100.00%	PENAM, a.s.
UNILES, a.s.	CZ	47307706	Jiříkovská 913/18, Rumburk 1, 408 01 Rumburk	75.05%	AGROFERT, a.s.
UNITED BAKERIES a.s.	CZ	28976231	Praha 5, Pekařská 1/598, PSČ 15500	100.00%	UB HOLDING, a.s.
Vlčnovská zemědělská a.s.	CZ	26217074	č.p. 1234, 687 61 Vlčnov	100.00%	NAVOS, a.s.
Vodňanská drůbež, a.s.	CZ	25396480	Radomilická 886, Vodňany II, 389 01 Vodňany	100.00%	AGROFERT, a.s.
Vodňanské kuře, s.r.o.	CZ	27435148	Karlov 196, 284 01 Kutná Hora	100.00%	AGROFERT, a.s.
VP & DJ s.r.o.	CZ	26947471	č.p. 102, 671 53 Jevišovice	100.00%	NAVOS, a.s.
VSV, a.s.	CZ	25331850	Vlkošská 379, 696 42 Vracov	100.00%	NAVOS, a.s.
VUCHT a.s.	SK	31322034	Nobelova 34, Bratislava 836 03	99.76%	Duslo, a.s.
Výkrm Tagrea, s.r.o.	CZ	26102463	Karlov 196, 284 01 Kutná Hora	100.00%	AGROFERT, a.s.
Výkrm Třebíč, s.r.o.	CZ	27684067	Karlov 196, 284 01 Kutná Hora	100.00%	AGROFERT, a.s.
Výzkumný ústav organických syntéz a.s.	CZ	60108975	č.p. 296, 533 54 Rybitví	100.00%	Synthesia, a.s.
Wittenberger Bäckerei GmbH	DE	Amtsgericht Stendal HRB 24386	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	100.00%	AGROFERT Deutschland GmbH

Subsidiaries as at 31 December 2021	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
Wittenberger Data Center GmbH	DE	Amtsgericht Stendal HRB 24031	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	100.00%	AGROFERT Deutschland GmbH
Wittenberger Umweltservice GmbH	DE	Amtsgericht Stendal HRB 27134	Dessauer Str. 126, 06886 Lutherstadt Wittenberg	100.00%	SKW Stickstoffwerke Piesteritz GmbH
Wotan Forest, a.s.	CZ	26060701	Rudolfovská tř. 202/88, České Budějovice 4, 370 01 České Budějovice	100.00%	AGROFERT, a.s.
ZAS Podchotucí, a.s.	CZ	61672343	č.p. 409, 289 33 Křinec	100.00%	ZZN Polabí, a.s.
ZD Křečhoř a.s.	CZ	00103926	č.p. 19, 280 02 Křečhoř	100.00%	ZZN Polabí, a.s.
ZEAS Mančice, a.s.	CZ	25110012	č.p. 91, 285 04 Rašovice	100.00%	ZZN Polabí, a.s.
ZEAS Puclice a.s.	CZ	00115592	č.p. 99, 345 61 Puclice	100.00%	Primagra, a.s.
ZEM, a.s.	CZ	64259587	č.p. 73, 503 62 Lužec nad Cidlinou	100.00%	ZZN Polabí, a.s.
Zemědělská obchodní společnost Onomyšl, a.s.	CZ	00104493	č.p. 73, 285 11 Nepoměřice	100.00%	ZZN Polabí, a.s.
Zemědělská společnost Blšany s.r.o.	CZ	47782455	Náměstí 107, 439 88 Blšany	100.00%	AgroZZN, a.s.
Zemědělská společnost Třebívlice a.s.	CZ	25195743	Šepetely 36, 411 15 Třebívlice	100.00%	AgroZZN, a.s.
ZEMOS a.s.	CZ	63470381	Jízdárenská 493, 691 63 Velké Němčice	100.00%	NAVOS, a.s.
ZEMSPOL, spol. s r.o.	CZ	47914424	Boršovská 2610/65, Nětčice, 697 01 Kyjov	100.00%	NAVOS, a.s.
ZEOS Brnířov a.s.	CZ	00115380	č.p. 101, 345 06 Brnířov	100.00%	Primagra, a.s.
ZERA, a.s.	CZ	63493021	Za Mlýnem 1264, 696 02 Ratíškovice	100.00%	NAVOS, a.s.
ZEVA CHLÍSTOVICE, a.s.	CZ	61672319	č.p. 28, 284 01 Chlístovice	100.00%	ZZN Polabí, a.s.
Zlatý klas a.s.	CZ	60192496	č.p. 288, 411 86 Bechlín	100.00%	Primagra, a.s.
ZOD Zálabí, a.s.	CZ	62410580	Na Františku 358, 280 02 Ovčáry	100.00%	ZZN Polabí, a.s.
ZOS Běsno s.r.o.	CZ	25461991	Běsno 1, 439 86 Kryry	100.00%	AgroZZN, a.s.
ZS Vilémov, a.s.	CZ	00123170	č.p. 227, 582 83 Vilémov	100.00%	Cerea, a.s.
ZS Vysočina, a.s.	CZ	25938266	Poděbaby 179, 580 01 Havlíčkův Brod	100.00%	Cerea, a.s.
ZZN Pelhřimov a. s.	CZ	46678140	Nádražní 805, 393 01 Pelhřimov	100.00%	AGROFERT, a.s.
ZZN Polabí, a.s.	CZ	45148210	K Vinici 1304, Kolín V, 280 02 Kolín	100.00%	AGROFERT, a.s.

**) Put option to acquire non-controlling interests.*
***) As at 31 December 2021, BIOALCO Kft. ceased to exist following a merger with NT Kft. which effectively became its legal successor as at the start of day 1 January 2022.*

Subsidiaries as at 31 December 2021	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
SILUR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bissingen KG	DE	HRA 13745, Amtsgericht Düsseldorf	Herzogstr. 15 (Herzogterrasssen) 40217 Düsseldorf	0.00%	de facto 100% control by Lieken AG

Abbreviations used:

BR Brazil, CZ Czech Republic, DE Germany, ES Spain, FR France, GB United Kingdom of Great Britain and Northern Ireland, HR Croatia, HU Hungary, NL Netherlands, IT Italy, PL Poland, RO Romania, SK Slovakia

SP. Z O.O. SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ

With the exception of the investment in SILUR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt B, the above recalculated interests in subsidiaries correspond to both the respective shares in voting rights and in equity. Differences between an equity share and a share in voting rights, if any, are immaterial in terms of the Group.

SILUR Grundstücks-Vermietungsgesellschaft mbH & Co. is a special purpose entity involved in real estate finance lease for Lieken Brot- und Backwaren GmbH. The company has no specific arrangements or liabilities other than those related to the finance lease.

There are no significant restrictions imposed on subsidiaries or the Parent Company that would limit their ability to transfer cash or other assets within the Group except for restrictions that may exist as a result of contractual agreements with financing banks or other institutions.

4.1.1 *Subsidiaries with Significant Non-controlling Interests*

The following table summarizes financial information (before elimination of intercompany transactions) about subsidiaries with significant non-controlling interests held as at 31 December 2021 and 2020:

(In CZK thousands)	UNILES, a.s. Czechia		Skupina Lieken GmbH*) Germany		Poľnoslužby Bebrava, a.s. Slovakia	
	2021	2020	2021	2020	2021	2020
Share of non-controlling interests in equity and voting rights	*24.95%*	*24.95%*	*6%*	*6%*	*25.82%*	*25.82%*
Total assets	**905,095**	**712,637**	**6,644,301**	**7,784,000**	**340,521**	**413,072**
Non-current assets	178,766	136,367	4,136,416	5,017,767	171,049	194,305
Current assets	726,329	576,270	2,507,885	2,766,233	169,472	218,767
Total liabilities and equity	**905,095**	**712,637**	**6,644,301**	**7,784,000**	**340,521**	**413,072**
Long-term liabilities and provisions	5,602	12,936	2,557,996	2,406,311	31,614	35,804
Current liabilities and provisions	457,413	326,660	3,689,550	3,359,436	161,646	211,428
Total equity	**442,080**	**373,041**	**396,755**	**2,018,253**	**147,261**	**165,840**
Equity attributable to equity holders of the parent	331,781	279,967	462,807	2,002,410	109,239	123,021
Equity attributable to non-controlling interests	110,299	93,074	(66,052)	15,843	38,022	42,819
Revenue	3,106,789	1,996,880	12,936,009	13,913,460	482,424	466,861
Operating expenses	(2,939,081)	(1,882,088)	(14,233,770)	(14,450,982)	(493,375)	(476,165)
Financial expenses and income, net, and disposal of shares in subsidiaries	(8,674)	(3,188)	(40,233)	(46,905)	(1,619)	(1,880)
Income/(loss) before income taxes	**159,034**	**111,604**	**(1,337,994)**	**(584,427)**	**(12,570)**	**(11,184)**
Income taxes	(29,995)	(21,260)	(254,773)	181,192	2,432	1,078
Net income/(loss)	**129,039**	**90,344**	**(1,592,767)**	**(403,235)**	**(10,138)**	**(10,106)**
Net income/(loss) attributable to equity holders of the parent	96,844	67,803	(1,507,352)	(391,352)	(7,521)	(7,497)
Net income/(loss) attributable to non-controlling interests	32,195	22,541	(85,415)	(11,883)	(2,617)	(2,609)
Other comprehensive income/(loss)	-	-	(28,731)	31,773	(8,441)	5,671
Total comprehensive income/(loss), net of tax	**129,039**	**90,344**	**(1,621,498)**	**(371,462)**	**(18,579)**	**(4,435)**
Cash provided by/(used) in operating activities	98,170	193,123	(285,521)	(1,018,687)	39,494	33,760
Cash provided by/(used) in investing activities	(70,379)	(30,769)	(78,435)	(379,931)	(2,479)	1,854
Cash provided by/(used) in financing activities	(69,426)	(20,402)	425,273	1,414,785	(37,144)	(35,657)
Net effect of currency translation on cash	(2,640)	942	(8,312)	3,228	(10)	10
Net increase/(decrease) in cash and cash equivalents	**(44,275)**	**142,894**	**53,005**	**19,395**	**(139)**	**(33)**
Dividends paid to non-controlling interests	**(14,970)**	**-**	**-**	**(691)**	**-**	**-**

**) The values are based on simplified consolidation of financial information, after eliminating intercompany transactions and investments of companies of the Lieken GmbH Group. AGROFERT, a.s., as a shareholder, made contributions outside the registered capital totalling EUR 120 million to Lieken GmbH; the amount is repayable as a priority. This amount has not been included in the calculation of non-controlling interests.*

4.2 Joint ventures and Associates

Joint ventures as at 31 December 2021	Coun-try	Business registration No.	Registered office	Recalculated interest in %	Direct holder
AGRONOM d.o.o.*)	HR	67793044823	Požega (Grad Požega) Zagrebačka 171	70.00%	AGROFERT, a.s.
Ethanol Energy a.s.	CZ	25502492	Vrdy, Školská 118, PSČ 28571	50.00%	AGROFERT, a.s.

**) There is an option for the purchase of a control interest.*

Associates as at 31 December 2021	Coun-try	Business registration No.	Registered office	Recalculated interest in %	Direct holder
Agrodružstvo Katusice	CZ	46353895	Bezenská 173, 294 25 Katusice	36,27%	AGROFERT, a.s.
AGROFERT ITALIA s.r.l.	IT		Viale della Repubblica, 74 20835 MUGGIO' (MB)	50,00%	AGROFERT, a.s.
CS CABOT, spol. s r.o.	CZ	14612411	Masarykova 753, Krásno nad Bečvou, 757 01 Valašské Meziříčí	48,00%	DEZA, a.s.
KEMIFLOC a.s.	CZ	47674695	Dluhonská 2858/111, Přerov I-Město, 750 02 Přerov	49,00%	PRECHEZA a.s.
První novinová společnost a.s.	CZ	45795533	Praha 9 - Horní Počernice, Paceřická 1/2773, PSČ 19300	37,51%	MAFRA, a.s.

The above recalculated interests in joint ventures and associates correspond to both the respective shares in voting rights and in equity. Differences between equity shares and shares in voting rights existing with certain associates are immaterial in terms of the Group.

Company AGRONOM d.o.o., which was acquired in November 2021, is a joint venture of AGROFERT, a.s. and Mr. Darko Aračić. According to the Shareholders' Agreement and the Company's Articles of Association, selected key decisions of the Board of Directors and the General Meeting will require the explicit consent of Mr. Darko Aračić as long as he remains the owner of a share in the company. AGRONOM d.o.o. engages in the following activities: trading in agricultural commodities, fertilisers and seeds, trading in agricultural machinery, animal feed production, agricultural crop production and livestock farming. On the basis of an agreement between the shareholders, 60% of annual profit after tax is retained in the equity of AGRONOM d.o.o. and 40% of annual profit after tax is reserved for distribution to the shareholders in proportion to their shares in the company's equity. A put and call option agreement was made between the shareholders of AGROFERT, a.s. and Mr. Darko Aračić for the sale/purchase of the 30% interest held by Mr. Darko Aračić. The seller may exercise the put option to sell the ownership interest between November 2026 and November 2028. The buyer may exercise the call option to purchase the interest at any time after November 2026. The price of the ownership interest is determined on the basis of EBITDA.

Ethanol Energy a.s. is a joint venture of AGROFERT, a.s. and ENAGRO, a.s. and is involved in the production of anhydrous ethyl alcohol made from wheat and maize.

CS CABOT, spol. s r.o. is an associate which is involved in the production of rubber and plastic products and applies a fiscal year ending 30 September. This associate was consolidated by the equity method, using its annual financial statements for the years ended 30 September 2021 and 2020. These financial statements were adjusted to reflect material transactions that occurred from the associate's balance sheet date to 31 December 2021 and 2020, respectively.

There are no significant restrictions imposed on associates or joint ventures that would limit their ability to transfer cash in the form of dividend within the Group or repay loans granted by the Group except for restrictions that may exist as a result of contractual agreements with financing banks or other institutions.

The following table shows the composition of Group's investment in joint ventures and associates and share of main financial results from joint ventures and associates for the year ended 31 December 2021:

(In CZK thousands)	AGRONOM d.o.o.	Ethanol Energy a.s.	CS CABOT, spol. s r.o.	Other	Total
Investments in associates and joint ventures	652,198	505,681	638,527	144,240	1,940,646
Dividends received	-	55,000	233,933	52,358	341,291
Group share in gain (loss) on continuing activities	(9,520)	53,517	319,429	55,220	418,646
Group share in other comprehensive income/(loss)	(16,325)	-	-	(2,040)	(18,365)
Group share in total comprehensive income/(loss)	(25,845)	53,517	319,429	53,180	400,281

The following table shows the composition of Group's investment in joint ventures and associates and share of main financial results from joint ventures and associates for the year ended 31 December 2020:

(In CZK thousands)	AGRONOM d.o.o.	Ethanol Energy a.s.	CS CABOT, spol. s r.o.	Other	Total
Investments in associates and joint ventures	-	507,164	553,031	164,769	1,224,964
Dividends received	-	51,500	356,569	57,741	465,810
Group share in gain (loss) on continuing activities	-	84,565	243,290	11,563	339,418
Group share in other comprehensive income/(loss)	-	-	-	905	905
Group share in total comprehensive income/(loss)	-	84,565	243,290	12,468	340,323

For creation and reversal of allowances for investments in associates and joint ventures, refer to Note 23.

The following table summarizes financial information about the joint ventures and significant associate as at 31 December 2021 and 2020:

(In CZK thousands)	Joint venture AGRONOM d.o.o. Croatia		Joint venture Ethanol Energy a.s. Czechia		Associate CS CABOT, spol. s r.o. Czechia	
	2021*)	2020	2021	2020	2021	2020
Share in equity and voting rights	*70%*	-	*50%*	*50%*	*48%*	*48%*
Total assets	**1,842,585**	**-**	**1,319,021**	**1,274,057**	**2,005,265**	**1,553,432**
Non-current assets	621,718	-	755,525	788,757	607,986	634,078
Current assets	1,220,867	-	563,496	485,300	1,397,279	919,354
Of which: cash and cash equivalents	*45,463*	-	*177,780*	*291,185*	*32,608*	*16,162*
Total liabilities and equity	**1,842,585**	**-**	**1,319,021**	**1,274,057**	**2,005,265**	**1,553,432**
Long-term liabilities and provisions	311,331	-	112,850	106,860	148,313	146,726
Of which: long-term financial liabilities (other than trade and other liabilities and provisions)	*236,841*	-	-	-	-	-
Current liabilities and provisions	900,932	-	194,809	152,868	526,688	254,558
Of which: current financial liabilities (other than trade and other liabilities and provisions)	*580,348*	-	*2*	*7*	-	-
Total equity	**630,322**	**-**	**1,011,362**	**1,014,329**	**1,330,264**	**1,152,148**
Equity share	441,225	-	505,681	507,164	638,527	553,031
Goodwill	210,973	-	-	-	-	-
Investment in associates and joint ventures	652,198	-	505,681	507,164	638,527	553,031
Revenue	227,284	-	1,608,830	1,427,067	3,296,966	2,448,187
Operating expenses	(249,221)	-	(1,481,392)	(1,211,632)	(2,447,171)	(1,834,498)
Of which: depreciation and amortization	*(6,418)*	-	*(85,498)*	*(93,134)*	*(57,287)*	*(63,338)*
Financial expenses and income, net, and disposal of shares in subsidiaries	5,084	-	(7,856)	5,962	(26,362)	12,562
Of which: interest expense	*(2,415)*	-	*(2 227)*	*(2,677)*	*(2,594)*	*(1,645)*
interest income	*7,775*	-	*1,171*	-	*1,304*	*6,334*
Income / (loss) before income taxes	**(16,853)**	**-**	**119,582**	**221,397**	**823,433**	**626,251**
Income taxes	3,253	-	(12,549)	(52,267)	(157,956)	(119,396)
Net income / (loss) after income taxes	**(13,600)**	**-**	**107,033**	**169,130**	**665,477**	**506,855**
Other comprehensive income / (loss)	(15,756)	-	-	-	-	-
Exchange rate gain / (loss) from goodwill	(5,296)	-	-	-	-	-
Total comprehensive income / (loss)	**(34,652)**	**-**	**107,033**	**169,130**	**665,477**	**506,855**

**) AGRONOM d.o.o. was included in the consolidated financial statements from 1 December 2021. Its financial information from the statement of income and the statement of comprehensive income is presented for the period from 1 December 2021 to 31 December 2021.*

We trust **our people**

Success in business is mainly about people. We are grateful that we can depend on our employees.

AGROFERT

4.3 Group Changes in 2021

As a result of mergers and de-mergers, the following companies were wound up without liquidation in 2021:

Companies that ceased to exist	Successor companies	Effective date
AgroZES, spol. s r.o.	AGRI CS a.s.	1 January 2021
Fert - Trade s.r.o.	Duslo Energy, s.r.o.	1 January 2021

Changes in company names were as follows in 2021:

Before change	After change	Effective date
Lieken AG	Lieken GmbH	8 January 2021
K V A R T O , spol. s r.o.	KVARTO s.r.o.	1 June 2021

The following companies, in which controlling interests were acquired or that were newly established or included, became part of the Group in 2021: Společné družstvo Pomoraví and STEMP s.r.o.

In 2021, the recalculated ownership interests in the following subsidiaries increased: HYZA a.s., Farma HYZA a.s., P E Z A a.s., Pécsváradi AGROVER Kft., Poľnohospodárske družstvo Bátovce, Poľnohospodárske družstvo Beša, Poľnohospodárske družstvo Horné Obdokovce, Poľnohospodárske družstvo KRUPÁ v Dolnej Krupej, Pol'nohospodárske družstvo Ludanice, Poľnohospodárske družstvo Okoč-Sokolec, Roľnícke družstvo podielnikov Chocholná-Velčice, Šarišské pekárne a cukrárne, akciová spoločnosť a Vlčnovská zemědělská a.s.

The ownership interests in ČESKÁ VEJCE CZ, a.s., ČESKÁ VEJCE FARMS, s.r.o., DRUKO STŘÍŽOV s.r.o. and VEJPRNICE ENERGO, s.r.o. were sold to third party in 2021.

Joint ventures and Associates:

Ownership interests in the company AGRONOM d.o.o. was acquired in November 2021.

As of 1 January 2021, AGROSPOL PETROVICE s.r.o. was transferred from associates to subsidiaries following the commencement date of the effective period during which an option to purchase additional shares to obtain the controlling interest could be exercised.

4.4 Group Changes in 2020

As a result of mergers and de-mergers, the following companies were wound up without liquidation in 2020:

Companies that ceased to exist	Successor companies	Effective date
Devecseri Agrokémiai Kft	IKR Agrár Kft.	1 January 2020
MAFRA Slovakia, a.s.	MAFRA Slovakia, a.s. (former MAFRA Slovakia Print, a.s.)	1 January 2020

Changes in company names were as follows in 2020:

Before change	After change	Effective date
MAFRA Slovakia Print, a.s.	MAFRA Slovakia, a.s.	1 January 2020
PETROCHEMIA-BLACHOWNIA SPÓŁKA AKCYJNA	PETROCHEMIA-BLACHOWNIA SP. Z O.O.	3 August 2020

The following companies, in which controlling interests were acquired or that were newly established or included, became part of the Group in 2020: VP & DJ s.r.o. and Zemědělská obchodní společnost Onomyšl, a.s.

In 2020, the recalculated ownership interests in the following subsidiaries increased: Farma HYZA a.s., HYZA a.s., Poľnohospodárske družstvo Bátovce, Poľnohospodárske družstvo Beša, Poľnohospodárske družstvo Horné Obdokovce, Pol'nohospodárske družstvo Ludanice, Roľnícke družstvo podielnikov Chocholná-Velčice, Šarišské pekárne a cukrárne, akciová spoločnosť and Vlčnovská zemědělská a.s.

In 2020, the recalculated ownership interests in the following subsidiaries decreased: Poľnohospodárske družstvo Okoč-Sokolec.

PEK GROUP, a.s. was sold to third party in 2020.

Joint ventures and Associates:

Ownership interests in the company AGROSPOL PETROVICE s.r.o. was acquired in 2020.

4.5 Acquisitions in 2021

In 2021, the Group acquired controlling interests in the following companies:

Company	Acquisition date	Recalculated interest (in %)	Industry
AGROSPOL PETROVICE s.r.o.	1 January 2021	24.50%	Primary production of agricultural products
STEMP s.r.o.	27 April 2021	100.00%	Machine trading
Společné družstvo Pomoraví	3 June 2021	100.00%	Primary production of agricultural products

The fair values of acquired identifiable assets and liabilities of the acquired companies above at the acquisition date were as follows:

(In CZK thousands)	AGROSPOL PETROVICE s.r.o.	Others	Total
Total assets	**159,915**	**145,226**	**305,141**
Non-current assets	**141,008**	**79,798**	**220,806**
Property, plant and equipment	118,595	63,854	182,449
Right of use asset	19,477	15,944	35,421
Long-term receivables and financial assets	2,936	-	2,936
Current assets	**18,907**	**65,428**	**84,335**
Inventories	2,231	13,061	15,292
Current biological assets	6,448	14,029	20,477
Trade and other receivables	8,621	15,871	24,492
Income tax receivable	491	-	491
Cash and cash equivalents	1,116	22,467	23,583
Total liabilities and equity	**159,915**	**145,226**	**305,141**
Long-term liabilities and provisions	**42,086**	**23,678**	**65,764**
Long-term bank and other loans and borrowings	4,536	-	4,536
Long-term lease liability	15,853	13,041	28,894
Trade and other long-term liabilities	7,634	2,155	9,789
Deferred tax liability	14,063	8,482	22,545
Short-term liabilities and provisions	**10,643**	**35,490**	**46,133**
Short-term lease liability	3,624	2,903	6,527
Trade and other current liabilities	7,019	32,450	39,469
Income tax payable	-	137	137
Total equity	**107,186**	**86,058**	**193,244**

Effects of 2021 business combinations on goodwill were as follows:

(In CZK thousands)	AGROSPOL PETROVICE s.r.o.	Others	Total
Cost of acquisition	-	105,195	105,195
Fair value of share previously held in associate	32,016	-	32,016
Fair value of acquired net assets	107,186	86,058	193,244
Share of the Group being acquired	24.50 %	100.00 %	-
Share on fair value of acquired net assets	26,261	86,058	112,319
Goodwill	5,755	19,137	24,892

Goodwill recognized on business combinations comprises fair values of synergies arising from acquisitions; no part of goodwill is tax deductible.

Revenue generated by newly acquired subsidiaries from the acquisition date and their net income/(loss) in 2021 were immaterial.

The carrying amounts of trade receivables reflect their fair values.

Effects of acquisitions on statement of cash flows in 2021:

(In CZK thousands)	2021
Investment in subsidiaries	(105,195)
Investment in joint ventures and associates	(678,043)
Cash acquired in acquisition	23,583
Acquisition of subsidiaries, net of cash acquired and acquisition of joint ventures and associates	**(759,655)**
Acquisition of non-controlling interests	(67,716)
Total cash outflows on acquisitions	**(827,371)**

Group management estimates that had all acquisitions occurred at the beginning of 2021, their effects on the Group's revenue and profit for 2021 would have not been material.

Acquisitions of non-controlling interests 2021

Companies where the Group increased its shareholding in 2021 are listed in Note 4.3. Share in acquired net assets and the effect of the acquisitions on the consolidated equity were immaterial.

4.6 Acquisitions in 2020

In 2020, the Group acquired controlling interests in the following companies:

Company	Acquisition date	Recalculated interest (in %)	Industry
VP & DJ s.r.o.	February 2020	100%	Primary production of agricultural products and livestock farming
Zemědělská obchodní společnost Onomyšl, a.s.	February 2020	100%	Primary production of agricultural products and livestock farming

The fair values of acquired identifiable assets and liabilities at the acquisition date were as follows:

(In CZK thousands)	Total
Total assets	**224,270**
Non-current assets	**170,280**
Property, plant and equipment	125,879
Right of use asset	38,242
Non-current biological assets	5,949
Long-term receivables and financial assets	210
Current assets	**53,990**
Inventories	13,007
Current biological assets	20,164
Trade and other receivables	18,475
Cash and cash equivalents	637
Assets classified as held for sale	1,707
Total liabilities and equity	**224,270**
Long-term liabilities and provisions	**70,301**
Long-term bank and other loans and borrowings	22,060
Long-term lease liability	31,464
Trade and other long-term liabilities	4,705
Deferred tax liability	12,072
Current liabilities and provisions	**70,223**
Short-term bank and other loans and borrowings	13,678
Short-term lease liability	6,778
Trade and other current liabilities	49,638
Income tax payable	129
Total equity	**83,746**

Goodwill recognized on business combinations comprises fair values of synergies arising from acquisitions; no part of goodwill is tax deductible.

Effects of 2020 business combinations on goodwill were as follows:

(In CZK thousands)	Total
Cost of acquisition	108,457*)
Fair value of acquired net assets	83,746
Share of the Group being acquired	100%
Share on fair value of acquired net assets	83,746
Goodwill	24,711

**) The acquisition cost of the investment of CZK 51,800 thousand was already paid in prior years, particularly in the form of advance payments in the years 2018 and 2019.*

Revenue generated by newly acquired subsidiaries from the acquisition date and their net income/(loss) in 2020 were immaterial.

The carrying amounts of trade receivables reflect their fair values.

Effects of acquisitions on statement of cash flows in 2020:

(In CZK thousands)	**2020**
Investment in subsidiary	(56,657)
Investment in associate	(29,400)
Cash acquired in acquisition	1,707
Acquisition of subsidiaries, net of cash acquired and acquisition of joint ventures and associates	**(84,350)**
Acquisition of non-controlling interests	(14,391)
Total cash outflows on acquisitions	**(98,741)**

Group management estimates that had all acquisitions occurred at the beginning of 2020, their effects on the Group's revenue and profit for 2020 would have not been material.

Acquisitions of non-controlling interests 2020

Companies where the Group increased its shareholding in 2020 are listed in Note 4.4. Share in acquired net assets and the effect of the acquisitions on the consolidated equity were immaterial.

4.7 Details about Financial Statements of Consolidated Companies

Certain controlled companies based in Germany are, in accordance with Section 264 (3) of the German Commercial Code (HGB), exempted from the obligation to publish their annual financial statements and management reports for the period ending 31 December 2021. The companies are as follows: SKW Stickstoffwerke Piesteritz GmbH (Lutherstadt Wittenberg), AGROFERT Deutschland GmbH (Lutherstadt Wittenberg), GreenChem GmbH (Lutherstadt Wittenberg), Wittenberger Data Center GmbH (Lutherstadt Wittenberg), Wittenberger Bäckerei GmbH (Lutherstadt Wittenberg) and Wittenberger Umweltservice GmbH (Lutherstadt Wittenberg).

SKW Stickstoffwerke Piesteritz GmbH (Lutherstadt Wittenberg) is the parent of AGROFERT Deutschland GmbH (Lutherstadt Wittenberg) and Wittenberg Umweltservice GmbH (Lutherstadt Wittenberg) and has indirect control over the following companies: GreenChem GmbH (Lutherstadt Wittenberg), Wittenberger Data Center GmbH (Lutherstadt Wittenberg) and Wittenberger Bäckerei GmbH (Lutherstadt Wittenberg).

AGROFERT Deutschland GmbH (Lutherstadt Wittenberg) is the parent of GreenChem GmbH (Lutherstadt Wittenberg), Wittenberger Data Center GmbH (Lutherstadt Wittenberg) and Wittenberger Bäckerei GmbH (Lutherstadt Wittenberg).

Pursuant to Section 291 of the German Commercial Code (HGB), SKW Piesteritz GmbH (Lutherstadt Wittenberg) and AGROFERT Deutschland GmbH (Lutherstadt Wittenberg) are required to prepare consolidated financial statements and group's status report for the year ended 31 December 2021. However, these companies intend to apply Section 291 (1) and (2) of the German Commercial Code (HGB) and not to prepare consolidated financial statements and group's status report for the year ended 31 December 2021 as they are included in the consolidated financial statements of the Group of AGROFERT, a.s., with its registered office at Pyšelská 2327/2, Chodov, 149 00 Prague 4, Czech Republic, prepared for the year ended 31 December 2021. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and audited in accordance with EU Directives.

5 Non-current Assets and Investment Property

5.1 Property, Plant and Equipment

(In CZK thousands)	Land	Buildings and structures	Machinery and equipment	Vehicles	Other tangibles	Non-refundable advances and tangibles in progress	Total
Cost as at 1 January 2021	**7,412,851**	**64,612,861**	**111,435,140**	**10,522,507**	**2,908,427**	**5,042,703**	**201,934,489**
Additions	-	-	-	-	-	8,756,347	8,756,347
Of which additions generated by own activities	-	-	-	-	-	*58,031*	*58,031*
Disposals	(58,452)	(423,425)	(2,886,859)	(609,221)	(151,841)	(15,190)	(4,144,988)
Acquisition of subsidiaries	103,567	42,758	105,245	20,162	-	-	271,732
Change in the estimates of decommissioning provision	-	411	3,021	-	-	-	3,432
Transfers*)	360,329	2,419,718	3,899,236	1,240,834	217,862	(8,125,072)	12,907
Transfers from/to Investment property, net	-	(4,296)	-	-	-	-	(4,296)
Transfers from/to Assets classified as held for sale, net	(11,728)	(35,350)	(7,921)	(1,867)	-	(23)	(56,889)
Transfers from/to Right of use assets, net	-	-	384	8,784	-	-	9,168
Transfers from/to Finance lease receivables, net	-	-	-	(7,850)	-	-	(7,850)
Exchange rate gains/(losses)	(120,312)	(1,199,868)	(3,025,550)	(127,034)	(154,353)	(175,865)	(4,802,982)
Cost as at 31 December 2021	**7,686,255**	**65,412,809**	**109,522,696**	**11,046,315**	**2,820,095**	**5,482,900**	**201,971,070**
Accumulated depreciation and impairment as at 1 January 2021	**(84,091)**	**(32,199,590)**	**(74,838,764)**	**(6,968,783)**	**(1,984,423)**	**(34,651)**	**(116,110,302)**
Depreciation	-	(1,851,497)	(4,901,874)	(779,206)	(292,799)	-	(7,825,376)
Disposals	-	335,361	2,650,890	445,965	150,197	-	3,582,413
Acquisition of subsidiaries	-	(12,134)	(63,479)	(13,670)	-	-	(89,283)
Transfers*)	-	-	6,492	(6,910)	418	-	-
Transfers from/to Investment property	-	1,997	-	-	-	-	1,997
Transfers from/to Assets classified as held for sale	-	23,206	11,539	2,416	-	-	37,161
Impairment losses recognized in profit or loss	(309)	(433,247)	(903,071)	(2,662)	(881)	(6,997)	(1,347,167)
Reversals of impairment losses recognized in profit or loss	-	67,729	321,164	1,000	1,872	2,204	393,969
Exchange rate gains/(losses)	4,321	548,854	1,949,840	89,880	108,570	1,213	2,702,678
Accumulated depreciation and impairment as at 31 December 2021	**(80,079)**	**(33,519,321)**	**(75,767,263)**	**(7,231,970)**	**(2,017,046)**	**(38,231)**	**(118,653,910)**
Carrying amount, net as at 31 December 2021	**7,606,176**	**31,893,488**	**33,755,433**	**3,814,345**	**803,049**	**5,444,669**	**83,317,160**

**) Transfers include reclassifications of assets already put in use among asset classes.*

(In CZK thousands)	Land	Buildings and structures	Machinery and equipment	Vehicles	Other tangibles	Non-refundable advances and tangibles in progress	Total
Cost as at 1 January 2020	**7,168,183**	**62,736,691**	**107,127,928**	**9,952,619**	**3,738,417**	**4,119,670**	**194,843,508**
Additions	-	-	-	-	-	9,261,862	9,261,862
Of which additions generated by own activities	-	-	-	-	-	*57,005*	*57,005*
Disposals	(36,865)	(270,701)	(1,584,579)	(569,282)	(1,185,168)	(129,593)	(3,776,188)
Acquisition of subsidiaries	99,835	90,918	67,361	42,637	-	1,802	302,553
Loss of control over subsidiary	-	-	-	(5,038)	-	-	(5,038)
Change in the estimates of decommissioning provision	-	833	18,438	-	-	-	19,271
Transfers *)	251,157	2,140,680	4,512,744	1,050,812	232,199	(8,193,230)	(5,638)
Transfers from/to Investment property, net	313	3,664	-	-	-	(1,011)	2,966
Transfers from/to Assets classified as held for sale, net	(132,600)	(659,042)	(306,122)	(24,516)	(2,834)	(814)	(1,125,928)
Transfers from/to Right of use assets, net	-	-	461	10,283	-	674	11,418
Transfers from/to Finance lease receivables, net	(151)	-	-	-	-	-	(151)
Exchange rate gains/(losses)	62,979	569,818	1,598,909	64,992	125,813	(16,657)	2,405,854
Cost as at 31 December 2020	**7,412,851**	**64,612,861**	**111,435,140**	**10,522,507**	**2,908,427**	**5,042,703**	**201,934,489**
Accumulated depreciation and impairment as at 1 January 2020	**(81,818)**	**(30,666,526)**	**(70,378,476)**	**(6,605,548)**	**(2,787,354)**	**(114,632)**	**(110,634,354)**
Depreciation	-	(1,814,944)	(4,943,143)	(741,677)	(291,762)	-	(7,791,526)
Disposals	-	230,350	1,504,140	449,702	1,184,286	-	3,368,478
Acquisition of subsidiaries	-	(70,301)	(65,733)	(40,040)	-	(600)	(176,674)
Transfers *)	-	-	-	358	-	-	358
Transfers from/to Investment property	-	831	(1,638)	(2,162)	2,585	-	(384)
Transfers from/to Assets classified as held for sale	-	343,809	203,347	17,677	2,760	-	567,593
Impairment losses recognized in profit or loss	(306)	(26,113)	(316,968)	(1,000)	(1,707)	(4,534)	(350,628)
Reversals of impairment losses recognized in profit or loss	555	48,892	82,508	-	2,392	87,177	221,524
Exchange rate gains/(losses)	(2,522)	(245,588)	(922,801)	(46,093)	(95,623)	(2,062)	(1,314,689)
Accumulated depreciation and impairment as at 31 December 2020	**(84,091)**	**(32,199,590)**	**(74,838,764)**	**(6,968,783)**	**(1,984,423)**	**(34,651)**	**(116,110,302)**
Carrying amount, net as at 31 December 2020	**7,328,760**	**32,413,271**	**36,596,376**	**3,553,724**	**924,004**	**5,008,052**	**85,824,187**

**) Transfers include reclassifications of assets already put in use among asset classes.*

Of which items of property, plant and equipment subject to the operating-lease arrangements with the Group as a lessor:

(In CZK thousands)	Land	Buildings and structures	Machinery and equipment	Vehicles	Other tangibles	Total
Cost as at 1 January 2021	**141,135**	**1,647,564**	**215,756**	**194,146**	**44,289**	**2,242,890**
Additions from tangibles in progress	-	139,961	100,466	165,103	7,487	413,017
Disposals	(31)	(29,264)	(34,724)	(44,262)	(12)	(108,293)
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	(28,684)	(4,718)	(81)	24,865	-	(8,618)
Exchange rate gains/(losses)	(126)	(48,246)	(2,256)	(2,490)	(2,567)	(55,685)
Cost as at 31 December 2021	**112,294**	**1,705,297**	**279,161**	**337,362**	**49,197**	**2,483,311**
Accumulated depreciation and impairment as at 1 January 2021	**-**	**(694,055)**	**(52,286)**	**(32,248)**	**(30,001)**	**(808,590)**
Depreciation	-	(52,543)	(20,577)	(26,575)	(5,181)	(104,876)
Disposals	-	15,594	5,455	8,498	12	29,559
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	-	12,412	(141)	(8,762)	-	3,509
Exchange rate gains/(losses)	-	6,606	423	1,025	1,742	9,796
Accumulated depreciation and impairment as at 31 December 2021	**-**	**(711,986)**	**(67,126)**	**(58,062)**	**(33,428)**	**(870,602)**
Carrying amount, net as at 31 December 2021	**112,294**	**993,311**	**212,035**	**279,300**	**15,769**	**1,612,709**

Our companies **have tradition**

The history of some of our companies dates to the First Republic, and we are proud to continue it.

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(In CZK thousands)	Land	Buildings and structures	Machinery and equipment	Vehicles	Other tangibles	Total
Cost as at 1 January 2020	**137,556**	**1,435,463**	**135,098**	**95,698**	**17,863**	**1,821,678**
Additions from tangibles in progress	-	8,840	100,484	98,347	218	207,889
Disposals	(493)	(610)	(27,380)	(10,439)	-	(38,922)
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	3,859	208,117	9,040	10,360	25,816	257,192
Transfers from/to Investment property, net	181	3,717	-	-	-	3,898
Transfers from/to Assets classified as held for sale	-	(26,498)	(1,890)	-	-	(28,388)
Exchange rate gains/(losses)	32	18,535	404	180	392	19,543
Cost as at 31 December 2020	**141,135**	**1,647,564**	**215,756**	**194,146**	**44,289**	**2,242,890**
Accumulated depreciation and impairment as at 1 January 2020	**-**	**(624,610)**	**(42,691)**	**(7,716)**	**(12,549)**	**(687,566)**
Depreciation	-	(38,851)	(13,629)	(21,805)	(4,148)	(78,433)
Disposals	-	464	5,880	1,760	-	8,104
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	-	(38,602)	(3,620)	(4,508)	(13,020)	(59,750)
Transfers from/to Assets classified as held for sale	-	9,133	1,890	-	-	11,023
Exchange rate gains/(losses)	-	(1,589)	(116)	21	(284)	(1,968)
Accumulated depreciation and impairment as at 31 December 2020	**-**	**(694,055)**	**(52,286)**	**(32,248)**	**(30,001)**	**(808,590)**
Carrying amount, net as at 31 December 2020	**141,135**	**953,509**	**163,470**	**161,898**	**14,288**	**1,434,300**

As at 31 December 2021 and 2020, property, plant and equipment with a net book value of CZK 8,289,131 thousand and CZK 8,167,317 thousand, respectively were used as a pledge provided for the Group loans. See also Note 18.1.

Changes in impairment allowances recognized against property, plant and equipment are presented within Impairment of goodwill and changes in impairment allowances against non-current assets and operating provisions, net, see Note 23.

The impairment loss of CZK 990,725 thousand recognized in 2021 was related to the impairment of property, plant and equipment of the German bakery companies' cash--generating unit (of which CZK 242,043 thousand related to buildings and structures, CZK 747,801 thousand to machinery and equipment, and CZK 881 thousand to other tangibles); the loss has been recognized due to the expected lower performance of the cash-generating unit. As at 31 December 2021, the recoverable amount of the German bakery companies' cash-generating unit, determined on the basis of free cash flows available to shareholders, totalled CZK 55,662 thousand. For more information on determining the recoverable amount see Note 2.6.

The impairment loss of CZK 253,189 thousand recognized in 2020 was related to the impairment of property, plant and equipment of the Media 1 cash-generating unit.

5.2 Intangible Assets

(In CZK thousands)	Development	Software	Valuable rights	Other intangibles	Non-refundable advances and intangibles in progress	Total
Cost as at 1 January 2021	**114,043**	**2,000,945**	**1,994,813**	**1,820,348**	**84,766**	**6,014,915**
Additions	-	-	-	-	1,076,986	1,076,986
Of which additions generated by own activities	-	-	-	-	*5,294*	*5,294*
Disposals	(241)	(158,697)	(17,457)	(868,292)	(396)	(1,045,083)
Transfers*)	831	103,150	12,252	871,480	(1,000,620)	(12,907)
Exchange rate gains/(losses)	(5)	(43,212)	(38,118)	(24,657)	(4,108)	(110,100)
Cost as at 31 December 2021	**114,628**	**1,902,186**	**1,951,490**	**1,798,879**	**156,628**	**5,923,811**
Accumulated amortization and impairment as at 1 January 2021	**(99,309)**	**(1,626,341)**	**(1,228,037)**	**(744,507)**	**(14,400)**	**(3,712,594)**
Amortization	(7,239)	(141,207)	(144,353)	(16,377)	-	(309,176)
Disposals	241	158,697	17,456	13,560	-	189,954
Transfers*)	-	(497)	91	406	-	-
Impairment losses recognized in profit or loss	-	(6,172)	(14,865)	-	(53)	(21,090)
Reversals of impairment losses recognized in profit or loss	-	-	57,140	5,962	12	63,114
Exchange rate gains/(losses)	6	34,716	19,203	1,191	732	55,848
Accumulated amortization and impairment as at 31 December 2021	**(106,301)**	**(1,580,804)**	**(1,293,365)**	**(739,765)**	**(13,709)**	**(3,733,944)**
Carrying amount, net as at 31 December 2021	**8,327**	**321,382**	**658,125**	**1,059,114**	**142,919**	**2,189,867**

**) Transfers include reclassifications of assets already put in use among asset classes.*

(In CZK thousands)	Development	Software	Valuable rights	Other intangibles	Non-refundable advances and intangibles in progress	Total
Cost as at 1 January 2020	**111,608**	**1,824,070**	**1,975,003**	**1,558,690**	**107,361**	**5,576,732**
Additions	-	-	-	-	803,093	803,093
Of which additions generated by own activities	-	-	-	-	*19,460*	*19,460*
Disposals	-	(7,908)	(11,718)	(401,296)	-	(420,922)
Transfers*)	2,426	164,152	15,174	649,502	(825,232)	6,022
Transfers from/to Assets classified as held for sale	-	(222)	-	-	(1,456)	(1,678)
Exchange rate gains/(losses)	9	20,853	16,354	13,452	1,000	51,668
Cost as at 31 December 2020	**114,043**	**2,000,945**	**1,994,813**	**1,820,348**	**84,766**	**6,014,915**
Accumulated amortization and impairment as at 1 January 2020	**(92,370)**	**(1,501,022)**	**(709,826)**	**(680,835)**	**(14,115)**	**(2,998,168)**
Amortization	(6,931)	(116,204)	(140,048)	(14,544)	-	(277,727)
Disposals	-	7,334	11,479	2,470	-	21,283
Transfers from/to Assets classified as held for sale	-	222	-	-	-	222
Impairment losses recognized in profit or loss	-	-	(384,153)	(51,523)	(34)	(435,710)
Reversals of impairment losses recognized in profit or loss	-	-	-	-	191	191
Exchange rate gains/(losses)	(8)	(16,671)	(5,489)	(75)	(442)	(22,685)
Accumulated amortization and impairment as at 31 December 2020	**(99,309)**	**(1,626,341)**	**(1,228,037)**	**(744,507)**	**(14,400)**	**(3,712,594)**
Carrying amount, net as at 31 December 2020	**14,734**	**374,604**	**766,776**	**1,075,841**	**70,366**	**2,302,321**

*) *Transfers include reclassifications of assets already put in use among asset classes.*

Valuable rights contain mainly trademarks and capitalized REACH costs.

Other intangibles contain mainly Emission rights.

As at 31 December 2021 and 2020, the Group had no intangible assets with indefinite useful lives.

The impairment loss of CZK 435,676 thousand recognized in 2020 was related to the impairment of non-current intangible assets of the Media 1 cash-generating unit.

Research expenses not capitalized

A number of Group companies, namely those engaged in the chemical and food industries, have established research and development units with equipped laboratory facilities and skilled research and development and analytical staff. These activities are viewed as a standard part of their operating activities and focus primarily on on-going product innovations and compliance with environmental objectives, in addition to improving production efficiency and product quality. Research expenses incurred by Group companies are not reported separately, with the exception of subsidiaries whose engagement in research and development is regarded by the Group as a productive activity. In 2021 and 2020, solely VUCHT a.s. qualified as a research & development subsidiary; operating expenses of VUCHT a.s., including depreciation and amortization and salaries and wages, totalled as recalculated CZK 96,856 thousand and CZK 94,660 thousand, respectively. Activities of other research and similar institutions, such as Výzkumný ústav organických syntéz a.s. (Research Institute for Organic Synthesis) or Centrum organické chemie s.r.o. (Center for Organic Chemistry), primarily focused on research and development of chemical production performed for external customers and, accordingly, are not included in the Group's reporting of research expenses.

Outsourced research and development recognized as an expense in the 2021 and 2020 profit or loss totalled CZK 10,079 thousand and CZK 26,505 thousand, respectively.

5.3 Investment Property

Investment property held by the Group includes an array of properties that are individually immaterial for the Group and serve different purposes, mostly being intended for lease as office or other business premises. The fair value of investment property is reassessed on an annual basis. Current market prices are the principal source of evidence of fair value. In the absence of current market prices, alternative measurement methods are used that are based on reliable discounted cash flow projections using discount rates which reflect current market assessments of the uncertainty in the amount and timing of the cash flows and are supported by current market prices or rents for similar properties in the same location and technical condition. Investment properties held by the Group are not subject to regular assessment by independent experts. When determining the fair value, only appraisals not older than three years are considered that are made by independent experts for the investment property in question or for a similar property. The effects of fair value changes of real property, if any, on income before income taxes arising from hypothetical changes in discount rates for investments measured using the revenue approach and included in Level 3 of the fair value hierarchy is immaterial in terms of the Group.

There were no restrictions imposed on the realizability of investment property held by the Group as at 31 December 2021 and 2020, respectively. In addition, the Group had no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Considering the volume of credit lines used and the nature of Group's business, investment properties of CZK 71,580 thousand served as a pledge for Group companies' loans as at 31 December 2021 and 2020.

6 Leases

6.1 Group as a Lessee

The right of use asset related to non-current assets primarily includes assets arising from the right to use agricultural and other land and buildings and structures, railway carriages and sidings, other vehicles, and technologies and equipment. Lease contracts are usually concluded for a definite period or for an indefinite period with a notice of termination. Many contracts include extension or termination options that Group companies take into account when assessing a lease term. The terms and conditions of the lease may vary between lease arrangements and, in some cases, particularly with immovable property, the Group has the option to extend a lease over a period agreed in advance.

With some contracts, the Group has the option to purchase the underlying asset after the lease term expires. The lease payments included in the measurement of the lease liability comprise the exercise price of an option to purchase the underlying asset if the lessee is reasonably certain to exercise that option. The Group's lease liabilities are primarily secured by the lessor's title to the leased assets.

In 2021 and 2020, the Parent Company and other Group companies lease agricultural land, buildings of particularly administrative nature and certain movable assets from the related parties IMOBA, a.s. and Istrochem Reality, a.s. A majority of lease agreements with these related parties are set as agreements for an indefinite period with the termination notice up to one year, nevertheless we can assume with a reasonable degree of certainty, particularly with respect to immovable assets, that the agreements are of rather longer-term nature. As at 31 December 2021 a 2020, liabilities to these related parties from the lease of land, buildings and movable assets totalled CZK 754,130 thousand and CZK 866,453 thousand (see Note 28), respectively.

The Group recognized the following amounts of the right of use assets as at 31 December 2021 and 2020 and related depreciation in 2021 and 2020:

(In CZK thousands)	Remaining lease term usually does not exceed	Carrying amount, net as at 31 December 2021	Carrying amount, net as at 31 December 2020	Depreciation of right of use asset in 2021	Depreciation of right of use asset in 2020
Agricultural land	11 years	2,643,940	2,420,981	(482,517)	(431,637)
Other land	4 years	130,492	161,513	(27,106)	(28,606)
Buildings and structures	8 years	1,316,085	1,575,411	(331,081)	(354,922)
Railway carriages and sidings	8 years	1,283,060	1,185,845	(359,768)	(315,192)
Vehicles	4 years	332,437	420,743	(177,780)	(217,336)
Other technologies and equipment	8 years	184,933	237,904	(56,117)	(57,481)
Other	2 years	10,650	15,532	(4,487)	(5,235)
Total		**5,901,597**	**6,017,929**	**(1,438,856)**	**(1,410,409)**

In 2021 and 2020, the Group recognized additions of CZK 886,756 thousand and CZK 418,384 thousand to right of use assets net of the effects of acquisitions of subsidiaries (see Notes 4.5 and 4.6) and without additions related to leases of land by companies involved in primary agricultural production and livestock farming). Leases of land by companies involved in primary agricultural production and livestock farming are generally stable and their balance is increasing mainly due to acquisitions of subsidiaries.

Future undiscounted cash flows from lease liabilities broken down by expected maturity are as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Less than 1 year	1,358,768	1,421,596
1 – 5 years	3,440,912	3,529,750
More than 5 years	1,582,621	1,704,383
Total	**6,382,301**	**6,655,729**

The structure of lease liabilities as at 31 December 2021 and 2020 is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Short-term portion (see Note 15)	1,300,478	1,346,270
Long-term portion (see Note 14)	4,677,593	4,768,098
Total	**5,978,071**	**6,114,368**

The Group recognized the following amounts related to lease arrangements in the consolidated statement of income:

(In CZK thousands)	2021	2020
Depreciation of right of use assets	(1,438,856)	(1,410,409)
Interest expense on lease liability	(58,653)	(99,561)
Costs of short-term leases	(209,242)	(241,193)
Costs of leases of low-value assets other than short-term	(62,912)	(51,524)
Costs of variable lease payments not included in lease liability measurement	(100,145)	(14,670)
Revenue from sublease of right of use assets	15,689	28,160

Payments of the lease liability made in 2021 and 2020 totalled CZK 1,453,049 thousand and CZK 1,416,406 thousand, respectively.

6.2 Group as a Lessor

Operating lease

As at 31 December 2021 and 2020, operating lease revenue totalled CZK 412,311 thousand and CZK 375,895 thousand, respectively.

Income from the lease of non-current assets comprise a large number, for the Group individually immaterial items and lease agreements for both, immovable and movable assets. Their duration usually varies from several days to years and include a wide range of assets. The Group's lease receivables are primarily secured by the lessor's title to the leased assets.

Future undiscounted cash flows from operating leases broken down by expected maturity in individual years following the balance sheet date are as follows:

(In CZK thousands)	31 December 2021	31 December 2020
1st year	279,522	256,340
2nd year	227,642	192,860
3rd year	213,268	182,724
4th year	173,170	143,717
5th year	155,398	136,687
Over 5 years	344,854	318,798
Total	**1,393,854**	**1,231,126**

For items of property, plant and equipment subject to the operating-lease arrangements, refer to Note 5.1.

Finance lease

Finance lease arrangements include, in particular, the lease of land by one of the Group companies which has entered into a long-term agreement for the lease of a plot of land until 2091 with related party CS CABOT, spol. s r.o. The rent is regularly adjusted for inflation, as required by the agreement.

In 2021 and 2020, interest income from finance lease receivables of CZK 3,662 thousand and CZK 3,747 thousand, respectively, was recognized in the consolidated statement of income.

Future undiscounted cash flows from finance leases broken down by expected maturity in individual years following the balance sheet date are as follows:

(In CZK thousands)	31 December 2021	31 December 2020
1st year	12,344	17,912
2nd year	3,346	10,492
3rd year	3,346	6,138
4th year	3,346	3,246
5th year	3,346	3,246
Over 5 years	215,007	211,275
Total	**240,735**	**252,309**

The structure of finance lease receivables as at 31 December 2021 and 2020 is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Short-term portion	9,578	15,074
Long-term portion	109,503	116,436
Total	**119,081**	**131,510**

The difference between undiscounted cash flows from finance lease receivable and their carrying amounts represents unrealized interest income from finance leases.

We care **about animal welfare**

We raise livestock in the best possible living conditions.

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7 Biological Assets

Considering the volume of credit lines used and the nature of Group's business, certain non-current and current biological assets of selected subsidiaries may serve as a pledge for Group companies' loans.

7.1 Non-current Biological Assets

As at 31 December 2021 and 2020, the Group had the following non-current biological assets – animals:

(in pieces)	31 December 2021	31 December 2020
Sows and boars	12,501	12,928
Dairy cattle	14,248	14,252
Feeder cattle	2,400	2,425

The non-current biological assets – animals are measured at fair value less costs to sell.

Movements in the categories of non-current biological assets – animals were as follows in 2021 and 2020:

(In CZK thousands)	Swine	Dairy cattle	Feeder cattle	Other	Total
Balance as at 1 January 2020	**53,784**	**325,013**	**42,228**	**99**	**421,124**
Acquisition of subsidiaries	-	5,949	-	-	5,949
Additions	59,590	189,452	11,147	58	260,247
Of which: by acquisition	*4,604*	*312*	*1,287*	*58*	*6,261*
by own activities	*54,986*	*189,140*	*9,860*	-	*253,986*
Disposals by sale and other disposals	(2,492)	(45,741)	(1,718)	(10)	(49,961)
Change in fair value less costs to sell; impairment	(44,317)	(100,750)	(6,169)	(12)	(151,248)
Write-offs on liquidation or transfer to further processing	(19,946)	(77,493)	(4,895)	(30)	(102,364)
Exchange rate gains/(losses)	-	1,546	-	(5)	1,541
Balance as at 31 December 2020	**46,619**	**297,976**	**40,593**	**100**	**385,288**
Additions	54,834	190,001	12,500	-	257,335
Of which: by acquisition	*2,748*	-	*3,464*	-	*6,212*
by own activities	*52,086*	*190,001*	*9,036*	-	*251,123*
Disposals by sale and other disposals	(2,572)	(44,807)	(2,324)	(11)	(49,714)
Change in fair value less costs to sell; impairment	(39,433)	77,765	4,301	7	42,640
Write-offs on liquidation or transfer to further processing	(17,201)	(80,849)	(4,428)	(12)	(102,490)
Exchange rate gains/(losses)	-	(2,857)	-	(6)	(2,863)
Balance as at 31 December 2021	**42,247**	**437,229**	**50,642**	**78**	**530,196**

Non-current biological assets – plants with approximate value of CZK 22 507 thousand and CZK 19,207 thousand as at 31 December 2021 and 2020, respectively, comprised, in particular, hop fields, vineyards, orchards, forests and other perennial crops.

In 2021 and 2020, the Group produced 158,534 tons and 156,808 tons of milk, respectively.

7.2 Current Biological Assets

As at 31 December 2021 and 2020, the Group had the following current biological assets – animals:

(in pieces)	31 December 2021	31 December 2020
Poultry	5,214,862	4,804,116
Swine	222,642	213,095
Dairy cattle	13,587	13,871
Feeder cattle	4,586	4,504

As at 31 December 2020, 315,288 head of poultry were presented within assets classified as held for sale, see Note 9.

Current biological assets – animals are measured at fair value less estimated cost to sell (see Note 2.6). For gilts (included within swine) and heifers (included within cattle) no adequate liquid markets exists and the revenues and costs related to their farming only cannot be determined with a sufficient degree of accuracy. Gilts and heifers are valued at their acquisition cost less any impairment allowances that are assumed to approximate their fair value. Long-term records of production companies confirm the acquisition cost-based valuation of gilts and heifers approximates their market value.

Movements in the categories of current biological assets – animals were as follows in 2021 and 2020:

	BREEDING					CONSUMABLE					
(In CZK thousands)	**Poultry**	**Swine**	**Dairy cattle**	**Other**	**Total**	**Poultry**	**Swine**	**Dairy cattle**	**Feeder cattle**	**Other**	**Total**
Balance as at 1 January 2020	**85,094**	**31,748**	**240,499**	**7,710**	**365,051**	**103,358**	**424,251**	**12,775**	**63,795**	**184**	**604,363**
Acquisition of subsidiaries	-	-	2,494	-	**2,494**	-	-	541	-	-	**541**
Additions	153,334	43,897	314,689	1,559	**513,479**	1,845,840	1,598,336	10,704	86,988	69	**3,541,937**
Of which: by acquisition	*56,497*	-	*34,163*	*934*	***91,594***	-	*5,380*	*11*	*19,834*	*17*	***25,242***
by own activities - newborn animals and weight gains	*96,837*	*43,897*	*280,526*	*625*	***421,885***	*1,845,840*	*1,592,956*	*10,693*	*67,154*	*52*	***3,516,695***
Production	(28,793)	(13,561)	(109,479)	(1,191)	**(153,024)**	(1,818,130)	(1,541,810)	(17,861)	(57,772)	(88)	**(3,435,661)**
Transfers among categories and to non-current biological assets	-	(28,344)	(197,382)	370	**(225,356)**	-	(26,701)	4,978	(6,907)	-	**(28,630)**
Transfers from/to Assets classified as held for sale	(16,055)	-	-	-	**(16,055)**	-	-	-	-	(2)	**(2)**
Change in fair value less costs to sell; impairment	(117,707)	-	-	-	**(117,707)**	4,477	(169,169)	728	(4,300)	-	**(168,264)**
Liquidation	(16,214)	(3,852)	(4,950)	(7)	**(25,023)**	(43,899)	(45,504)	(305)	(2,265)	(23)	**(91,996)**
Exchange rate gains/(losses)	-	-	1,051	206	**1,257**	1,051	(574)	-	(4)	(4)	**469**
Balance as at 31 December 2020	**59,659**	**29,888**	**246,922**	**8,647**	**345,116**	**92,697**	**238,829**	**11,560**	**79,535**	**136**	**422,757**
Additions	129,735	46,075	306,680	686	**483,176**	1,844,371	1,607,742	4,751	104,487	88	**3,561,439**
Of which: by acquisition	*43,952*	-	*30,685*	*174*	***74,811***	-	*1,190*	-	*27,555*	*11*	***28,756***
by own activities - newborn animals and weight gains	*85,783*	*46,075*	*275,995*	*512*	***408,365***	*1,844,371*	*1,606,552*	*4,751*	*76,932*	*77*	***3,532,683***
Production	(16,178)	(13,995)	(104,709)	(659)	**(135,541)**	(1,769,772)	(1,516,302)	(13,387)	(90,603)	(55)	**(3,390,119)**
Transfers among categories and to non-current biological assets	-	(27,272)	(195,154)	(1,374)	**(223,800)**	-	(23,620)	1,984	(5,687)	-	**(27,323)**
Change in fair value less costs to sell; impairment	(94,053)	-	(104)	-	**(94,157)**	(3,295)	(24,733)	6,267	6,481	-	**(15,280)**
Liquidation	(14,392)	(3,905)	(4,904)	(16)	**(23,217)**	(40,466)	(46,242)	(115)	(2,449)	(30)	**(89,302)**
Exchange rate gains/(losses)	-	-	(1,698)	(344)	**(2,042)**	(1,639)	(421)	-	-	(4)	**(2,064)**
Balance as at 31 December 2021	**64,771**	**30,791**	**247,033**	**6,940**	**349,535**	**121,896**	**235,253**	**11,060**	**91,764**	**135**	**460,108**

In 2021 and 2020 the Group produced the following quantities of agricultural products related to breeding of current biological assets – animals:

(in pieces)	2021	2020
Poultry meat	43,143,501	43,071,912
Pork	488,907	488,067
Beef	13,139	13,143
Eggs	174,361,153	289,162,273

Current biological assets – plants include, in particular, sown areas at which cereals, oil seeds and other crop are grown and also forest nurseries. In 2021 and 2020, the Group farmed on 142 thousand and 141 thousand hectares of land, respectively.

A majority of cereals and oil seeds is measured at fair value less estimated costs to sell (see Note 2.6). The acquisition cost of certain marginally grown cereals approximates fair value.

Fair value of biological assets in forest nurseries cannot be reliably determined particularly as no liquid market exists. The use of alternative revenue-based methods for these immature assets is impracticable mainly as the products cannot be realized at a free market being produced for specific needs of minor region and the development in 6 independent regional cost centres operating in total on 85 ha (as at 31 December 2021) may differ significantly. At the same time, demand is volatile due to climatic changes and other events and it is impossible to reliably determine the quantity of substandard seedlings. With respect to the fact that final sales are made for market prices and considering the level of margins generated from sales and common level of product write offs of unsold assets in the nurseries, the management estimates that the cost valuation is always below market values (or even might approximate market values) and such conclusion is justified retrospectively taking into account actual results.

Movements in the categories of current biological assets – plants were as follows in 2021 and 2020:

(In CZK thousands)	Cereals	Oil seeds	Forest nurseries	Other	Total
Balance as at 1 January 2020	**511,386**	**333,544**	**60,823**	**123,727**	**1,029,480**
Acquisition of subsidiaries	10,353	4,224	-	2,552	17,129
Additions	1,333,505	616,127	53,392	642,729	2,645,753
Of which: by acquisition	*4,551*	-	-	*4,458*	*9,009*
by own activities – grown plants	*1,328,954*	*616,127*	*53,392*	*638,271*	*2,636,744*
Sales of biological assets	(109)	(100)	(37)	(4,061)	(4,307)
Production	(1,421,311)	(644,923)	(64,628)	(649,766)	(2,780,628)
Change in fair value less costs to sell; impairment	77,285	11,003	1,726	(2,941)	87,073
Liquidation	-	-	(28,536)	-	(28,536)
Exchange rate gains/(losses)	2,013	1,035	-	(155)	2,893
Balance as at 31 December 2020	**513,122**	**320,910**	**22,740**	**112,085**	**968,857**
Acquisition of subsidiaries	6,387	6,337	-	7,753	20,477
Additions	1,536,180	678,645	73,585	648,165	2,936,575
Of which: by acquisition	*114*	-	-	*2,458*	*2,572*
by own activities - grown plants	*1,536,066*	*678,645*	*73,585*	*645,707*	*2,934,003*
Sales of biological assets	(92)	(35)	(4,196)	(2,346)	(6,669)
Production	(1,476,155)	(653,895)	(86,373)	(634,277)	(2,850,700)
Change in fair value less costs to sell; impairment	395,539	173,854	36,151	(4,063)	601,481
Liquidation	-	-	(11,265)	-	(11,265)
Exchange rate gains/(losses)	(7,378)	(3,820)	-	(1,906)	(13,104)
Balance as at 31 December 2021	**967,603**	**521,996**	**30,642**	**125,411**	**1,645,652**

In 2021 and 2020, the Group produced the following quantities of agricultural products related to growing of current biological assets – plants:

	Unit	2021	2020
Cereals	tons	485,298	505,603
Oil seeds	tons	78,356	85,959
Seedlings	pieces	23,382,739	17,296,910

7.3 Fair Value of Biological Assets and Agricultural Production at the Point of Harvest

Plant commodities (oilseed rape, wheat) and animal assets in meat production (cattle, pork and poultry) are biological assets for which an active market exists or their fair value can reliably be measured. These assets are measured at fair value whereby the fair value is based on market prices of plant commodities as applicable for the European region, and takes into account budgeted costs of asset transformation. Agricultural products relating to harvests are measured at fair values less estimated costs to sell that were determined at the point of harvest and are not further remeasured.

If an active market does not exist for the assets, the Group uses one or more relevant indicators derived from market prices and sector standard values for fair value calculation.

7.4 Fair Value Hierarchy for Biological Assets

Fair values of biological assets are determined using Level 3 as it is based on techniques for which all inputs which have a significant effect on the recorded fair value are derived, either directly or indirectly, from inputs observable on active markets. However, also unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about the risk inherent in the given activity, whereas the exit price at the measurement date is set from the perspective of a market participant holding the respective biological asset. Fair values are determined using models that include estimated selling prices net of delivery costs. Additional valuation model inputs include estimated costs of livestock breeding or plant production until the point of harvest and expected production volumes.

Estimated costs of livestock breeding or plant production are based on Group companies estimates reflecting the accounting treatment of transactions effected under market conditions, and calculations that are based on market prices and their expected fluctuations over the breeding or production period.

Primary budgetary bases for the estimated costs are represented mainly by the cultivated area and its quality, sowing plans, numbers of animal biological assets and their likely aggregation into groups and herds, costs of salaries and wages and the number of employees involved in agricultural primary production and the like. The budgeted items include in particular the estimated input costs of compound feed (based on the estimated conversion of feed, fattening period and feed types derived from the specific requirements of the asset), seed, field cultivation work and other direct and indirect costs, such as utilities, stabling or farm machinery, transportation, etc. Group companies engaged in agricultural primary production are exposed to a wide range of activities as well as conditions under which they operate (see Note 2.6). Due to the high variability of conditions encountered by the individual companies involved in agricultural primary production, there may be a large dispersion in the input values for calculating the estimated costs of livestock breeding or plant production. These conditions significantly impact the determination of the valuation model parameters, especially with regard to possible synergies of livestock farming and plant production, the distinctively different productivity of individual farms or the differences in the margins achieved in individual regions.

In 2021 and 2020, no significant changes occurred neither in the management of the companies nor in the concept of determining unobservable inputs for companies engaged in agricultural primary production. As at 31 December 2021 and 2020, the Group included 81 and 81 companies from the Czech Republic, Slovakia and Hungary, respectively involved primarily in diverse production of biological assets in different regions of the said countries. The ranges of primary budgetary bases relevant for these agricultural primary production companies as at 31 December 2021 and 2020 were as follows:

(Data for one company)	2021	2020
Farmed area in hectares (ha)	11 – 5,968 ha	11 – 5,981 ha
Cultivated area for plant production companies	123 – 5,968 ha	162 – 5,981 ha
Dairy cattle (incl. calves and heifers)	362 – 2,172 pcs	398 – 2,370 pcs
Feeder cattle (incl. calves and heifers)	1 – 976 pcs	1 – 947 pcs
Fattening pigs	41 – 42,281 pcs	18 – 36,597 pcs
Employees (excluding the forest nurseries staff)	3 – 149 employees	3 – 136 employees

The input data for models is compared to actual revenue and expense indicators and regularly adjusted if a better method of determining parameters, sources of information or budgetary basis is identified.

Estimated selling prices are based on market prices. For biological assets - plants, these mainly include MATIF market prices of wheat and oilseed rape quoted on Euronext, which reflect the average price of futures at the date of expected harvest.

For biological assets - animals, these mainly include beef and pork prices published by the State Agricultural Intervention Fund, milk prices published by the Ministry of Agriculture of the Czech Republic, piglet prices published by SPF-Danmark, and poultry and egg prices determined by the AGROFERT Group based on statistic surveys. In all cases, the prices applied reflect current prices as at the balance sheet date and are derived from large transaction volumes with the commodity.

7.5 Biological Assets the Fair Value of which Cannot Be Measured Reliably

If, on initial recognition, the fair value of a biological asset cannot be measured reliably because market-determined prices are not available or alternative estimates of fair value are determined to be clearly unreliable, the biological assets are measured at their cost less any impairment losses that the management assumes to be always below or close to market value (see Note 7.2). Such assumptions are retrospectively justified taking into account actual development.

8 Inventories

Considering their nature all Group's inventories are current assets as at the balance sheet date and the Group estimates to use them within one year. The structure of inventories of the Group, which are not biological assets, was as follows as at the balance sheet date:

(In CZK thousands)	**31 December 2021**	**31 December 2020**
Materials and raw materials	7,572,284	5,306,655
Spare parts	1,851,374	1,825,346
Work in progress and semi-finished production	2,872,916	2,019,109
Products and goods	23,680,771	19,587,653
Of which: biological assets production – plants	*1,678,426*	*1,037,011*
biological assets production – animals	*10,371*	*9,196*
Total	**35,977,345**	**28,738,763**

Excess, obsolete and slow moving inventory has been written down to its estimated net realizable value by an allowance account. In 2021, the Group recognized a net increase in the total amount of CZK 255,659 thousand in the allowances (2020: increase by CZK 147,229 thousand).

Considering the volume of credit lines used and the nature of Group's business some inventories of certain Group companies serve as a pledge for Group companies' loans.

Cost of goods sold, consumed materials and change in production inventories:

(In CZK thousands)	**2021**	**2020**
Material consumed in production; consumption of spare parts, other materials and cost of goods sold:	(117,667,686)	(95,389,517)
Cost of materials sold	(1,846,172)	(561,005)
Materials and goods capitalized	598,393	572,125
Changes in production inventories and allowances against inventory	3,423,428	(462,417)

9 Assets and Associated Liabilities Classified as Held for Sale

Assets classified as held for sale as at 31 December 2021 comprised, in particular, non-current assets held for sale related to bakery business.

Assets and associated liabilities classified as held for sale as at 31 December 2020 comprised, in particular, assets and liabilities of companies producing table eggs and a non-current asset held for sale related to bakery business and to the production of egg products.

Part of the assets classified as held for sale was pledged as security to cover liabilities to banks as at 31 December 2020.

The assets classified as held for sale and associated liabilities are as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Property, plant and equipment	67,252	500,460
Right of use asset	-	6,826
Intangible assets	3	273
Deferred tax asset	559	4,569
Inventories	-	8,289
Current biological assets	-	16,057
Trade and other receivables	-	58,610
Income tax receivable	-	100
Cash and cash equivalents	-	26,967
Assets classified as held for sale	**67,814**	**622,151**
Long-term bank and other loans and borrowings	-	25,361
Long-term lease liability	-	4,195
Trade and other long-term liabilities	-	58
Deferred tax liability	-	6
Short-term bank and other loans and borrowings	-	5,868
Short-term lease liability	-	2,631
Trade and other current liabilities	-	46,451
Liabilities associated with assets classified as held for sale	**-**	**84,570**

10 Long-term Receivables and Financial Assets

The structure of Group's long-term receivables and financial assets as at the balance sheet date is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Equity securities and financial assets in progress	127,973	119,039
Long-term loans and borrowings	1,846	2,076
Long-term trade and other receivables	319,531	308,385
Total long-term financial assets	**449,350**	**429,500**

We contribute to the **food self-sufficiency of the Czech Republic**

The agricultural and food companies of the AGROFERT Group are significant contributors to the food self-sufficiency of our country.

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11 Short-term Financial Assets and Trade and Other Receivables

The structure of Group's short-term financial assets and receivables as at the balance sheet date is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Debt securities and term deposits	1,394	1,492
Financial assets in progress and short-term loans and borrowings	3,992	5,753
Receivables from derivatives	86,649	45,795
Short-term financial assets	**92,035**	**53,040**
Trade receivables	22,412,251	16,745,371
Other financial receivables	1,856,688	1,448,802
Total financial assets	**24,360,974**	**18,247,213**
Receivables from employees; tax and other receivables	2,031,093	1,256,708
Total	**26,392,067**	**19,503,921**

In relation to the volume of withdrawals from agreed credit limits and the nature of business, some receivables, particularly trade receivables of certain Group companies, are used as a pledge for the Group's loans.

Allowances against outstanding receivables are established. Changes in allowances against receivables are, similarly as the write-off and income from written off receivables, net, recognized within Losses (-) and reversals of losses (+) on impairment of financial assets, net.

Changes in allowances against trade receivables in 2021 and 2020 were as follows:

(In CZK thousands)	2021	2020
Allowances as at 1 January	**(1,256,175)**	**(1,180,444)**
Acquisition of subsidiaries	(94)	-
Exchange differences	22,734	(4,534)
Creation/(reversal)	5,137	(74,141)
Other	(286)	2,944
Allowances as at 31 December	**(1,228,684)**	**(1,256,175)**

Other classes of trade and other receivables are not impaired except for historical other financial receivables that are fully provided for. The Group established 100% allowances against the receivables related to historical transactions under administrative proceedings with respect to the businesses that terminated their activities or are subject to litigation lasting for more than five years.

Receivables include receivables, net, against which the Group has established allowances using a simplified approach to determining the allowance amount (see Notes 2.15 and 18.2.3). The ageing structure of short-term trade receivables, net as at the balance sheet date is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Not past due	18,819,917	14,697,678
Less than 3 months overdue	3,317,088	1,866,397
Overdue between 3 months to 1 year	184,285	99,870
Overdue between 1 year to 5 years	90,961	81,426
Total short-term trade receivables	**22,412,251**	**16,745,371**

12 Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and at bank. Structure of the Group's cash as at the balance sheet date was as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Cash	5,728,042	5,394,189
Of which: cash in hand	*45,558*	*45,223*
current bank accounts	*5,682,484*	*5,348,966*
Short-term bank deposits	519,589	445,643
Other cash and cash equivalents	111	94
Total cash and cash equivalents	**6,247,742**	**5,839,926**

The Group companies have deposited a part of cash at specific accounts determined for withdrawals of statutory provisions for non-current asset repairs, performance on grounds of lease agreements and similar performance. The Group considers these financial assets to be cash.

No restricted cash is recognized as at 31 December 2021 and 31 December 2020.

Cash at bank earns variable interest based on daily bank deposit rates. Short-term bank deposits mature between one day and three months depending on the Group's immediate need of funds and bear interest equal to usual short-term deposit rates.

The Group uses cash pool systems on a regular basis and contractual arrangements for joint credit limits for operating and capital transactions. As at the balance sheet date the credit limits were not used in full and they are subject to no specific restrictions.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at balance sheet date:

(In CZK thousands)	31 December 2021	31 December 2020
Cash and cash equivalents as a separate line in the consolidated balance sheet	6,247,742	5,839,926
Cash and cash equivalents attributable to assets classified as held for sale	-	26,967
Total	**6,247,742**	**5,866,893**

13 Equity

Approved and issued share:		31 December 2021 and 2020
Shares of AGROFERT, a.s., in certificated form, each having a par value of CZK 1,000 thousand, fully paid	628 units	CZK 628,000 thousand
Authorized dividend per share before tax in 2021 and 2020		-

The payment of dividends to the Parent Company's shareholders was not approved by the date of these consolidated financial statements.

13.1 Capital Management

The primary objective of the Group's capital management is not only to maintain healthy capital ratios in order to support its business and maximize value for shareholders but also to ensure that the Group companies will be able to continue as a going concern. The Group is not subject to external capital requirements except for local statutory requirements, if any, to maintain a minimum level of funds associated with employees or other subjects the volume of which is insignificant for the Group considering its capital structure. The Group management regularly assess capital expenditures and risks associated with capital components.

The overall Group's capital management strategy remains unchanged in a long term and the Group's capital structure comprises net debt (borrowings offset against cash in hand and at bank) and the Group's equity (comprising share capital, funds, retained earnings and non-controlling interests). The indicators are monitored not only on the basis of consolidated information but also at the level of business segments and regions taking into consideration local specific features and possible vertical integration of business segments; their monitoring is primarily set in accordance with IFRS (on an semi-annual basis) and local statutory reporting (on a monthly basis). In addition, the Group monitors capital structure using the indicator of net debt / EBITDA with the aim to keep the indicator below the threshold regularly assessed for the business segments and regions, where EBITDA consists of income before income taxes, financial expenses and income (including interest and exchange rate differences) plus depreciation and amortization, plus impairment of goodwill and changes in operating impairment allowances and provisions.

The terms for Group's bank loans are tied to both individual indicators of the subsidiaries that use the bank loans and consolidated data. The Group also adjusts the structure of bank loans from the viewpoint of the type of loan, currency and maturity, their purpose and estimated cash flows for their repayment in order to minimize external capital costs and, at the same time (in line with its expectations of future development) to maximally limit possible risks resulting from exchange rate variances and interest rates. The Group also optimizes the use of external debt by utilizing cash pool mechanisms balancing temporary imbalance in the need of external financing and excessive cash, if any. With respect to long-term collaboration with a number of leading banks in all countries in which the Group operates it has secured sufficient reserves of free credit lines to fund its ordinary operations as well as any planned or unexpected future capital needs.

14 Long-term Liabilities from Bank and Other Loans, Borrowings, Leases and Other Long-term Liabilities

The structure of Group's long-term financing and long-term liabilities as at the balance sheet date is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Long-term bank and other loans	6,460,610	9,507,675
Issued bonds (see Note 28) and other sources of financing	789,206	2,052,198
Lease liability	4,677,593	4,768,098
Long-term liabilities from bank and other loans, borrowings and leases	**11,927,409**	**16,327,971**
Long-term trade payables and payables from advances and options	138,422	170,024
Other financial liabilities	2,144	8,996
Total long-term financial liabilities	**12,067,975**	**16,506,991**
Payables to employees	755,590	816,770
Other long-term liabilities	69,277	77,175
Total	**12,892,842**	**17,400,936**

No specific contractual terms are tied to long-term liabilities with the exception of loans (see Note 16) the failure to meet could lead to premature payment demand or any other change of parameters of this long-term funding.

15 Short-term Liabilities from Bank and Other Loans, Borrowings, Leases and Other Short-term Liabilities

The structure of Group's short-term financing and short-term liabilities as at the balance sheet date is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Short-term bank and other loans	26,864,730	24,314,700
Issued bonds (see Note 28) and other sources of financing	2,462,477	736,388
Lease liability	1,300,478	1,346,270
Short-term liabilities from bank and other loans, borrowings and leases	**30,627,685**	**26,397,358**
Short-term trade payables, contract liabilities (see Note 20.1) and payables from options	21,640,613	15,162,751
Other financial liabilities	40,700	19,688
Total short-term financial liabilities	**52,308,998**	**41,579,797**
Payables to employees, tax and other payables	2,155,320	2,115,385
Tax and other short-term liabilities	1,591,342	1,460,750
Total	**56,055,660**	**45,155,932**

MAFRA, a.s. has a put and call option to buy a 40% share in DENAX, a.s. The put option may be exercised at any time, but not earlier than November 2022. The price of non-controlling interest is set as 40% of 11 times of average annual consolidated EBITDA of DENAX group for the last three complete fiscal years before the exercise date, net of 40% of the DENAX group's consolidated net cash at the end of the last month before the option is exercised. In addition, the price of the non controlling interest is conditioned upon the achievement of the required level of the EBITDA indicator. If the level is not achieved, the purchase price will be a fixed amount adjusted for the change in net cash between the date of acquisition of a 60% share in DENAX, a.s. and the option exercise date. As at 31 December 2021, the present value of an amount payable on exercise was recognized as a short-term payable. The call option for the sale of 40% ownership interest may be exercised by the buyer between November 2022 and April 2024.

16 Bank and Other Loans

The structure of Group's bank and other loans as at the balance sheet date is as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Long-term bank and other loans	6,460,610	9,507,675
Short-term bank and other loans	26,864,730	24,314,700
Total bank and other loans	**33,325,340**	**33,822,375**

Banks and other institutions providing loans to Group companies as at 31 December 2021 and 2020 can be analyzed according to loan withdrawals as follows:

Financial institution	31 December 2021		31 December 2020	
	In CZK thousands	%	In CZK thousands	%
Bank of China Hungary Close Ltd	907,390	2.72	957,942	2.83
COMMERZBANK AG, Filiale Luxemburg	372,900	1.12	787,350	2.33
Česká spořitelna, a.s.	248,600	0.75	262,450	0.78
Industrial and Commercial Bank of China Ltd.	223,740	0.67	524,900	1.55
Raiffeisenbank a.s.	111,870	0.34	236,205	0.70
Raiffeisen Bank International AG	-	-	551,145	1.63
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	248,600	0.75	524,900	1.55
The Korean Development Bank, London Branch	-	-	223,083	0.66
United Taiwan Bank S.A.	248,600	0.75	262,450	0.77
Všeobecná úverová banka, a.s.	124,300	0.37	262,450	0.78
Všeobecná úverová banka, a.s., pobočka Praha	124,300	0.37	262,450	0.78
Schuldschein Loan Agreement)*	*2,610,300*		*4,855,325*	

Financial institution	31 December 2021		31 December 2020	
	In CZK thousands	%	In CZK thousands	%
Komerční banka, a.s.	5,414,598	16.25	5,154,725	15.24
Tatra banka, a.s.	2,687,011	8.06	2,833,483	8.38
Česká spořitelna, a.s.	2,084,914	6.26	1,311,843	3.88
Commerzbank Zrt	2,005,186	6.02	1,793,201	5.30
Slovenská sporiteľňa, a.s.	1,919,067	5.76	1,748,974	5.17
UniCredit Bank Czech Republic and Slovakia, a.s.	1,541,759	4.63	1,478,043	4.37
Citibank Europe plc Magyarországi Fióktelepe	1,391,034	4.17	1,263,668	3.73
COMMERZBANK Aktiengesellschaft	1,250,531	3.75	1,380,053	4.08
Raiffeisenbank a.s.	1,170,932	3.51	981,098	2.90
Československá obchodná banka, a.s.	897,390	2.69	839,446	2.48
Norddeutsche Landesbank - Girozentrale	860,005	2.58	237,120	0.70
Československá obchodní banka, a. s.	848,700	2.55	630,019	1.86
Citibank Europe plc, organizační složka	841,070	2.52	933,051	2.76
IKB Deutsche Industriebank AG	833,010	2.50	634,960	1.88
Citi ICG	783,090	2.35	826,718	2.44
Takarékbank Zrt.	755,199	2.27	708,802	2.09
Všeobecná úverová banka, a.s.	740,781	2.22	669,311	1.98
Raiffeisen Bank Zrt.	696,574	2.09	655,789	1.94
Komerční banka, a.s., pobočka zahraničnej banky	555,811	1.67	655,130	1.94
UniCredit Bank Czech Republic and Slovakia, a.s., pobočka zahraničnej banky	447,480	1.34	472,410	1.40
Erste Bank Hungary Zrt.	383,874	1.15	411,027	1.22
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	372,900	1.12	498,655	1.47
OTP Bank Nyrt.	265,520	0.80	131,552	0.39
Všeobecná úverová banka, a.s., pobočka Praha	248,600	0.75	262,450	0.78
COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky	241,433	0.72	333,769	0.99
MKB Bank Nyrt.	222,710	0.66	-	-
MONETA Money Bank, a.s.	207140	0.62	143,187	0.42
Ostatní	1,048,721**)	3.15	1,978,566	5.85
Total bank and other loans	**33,325,340**	**100.00**	**33,822,375**	**100.00**

**) On 27 November 2018, AGROFERT, a.s., entered into agreements Schuldschein Loan Agreement with Citibank Europe plc, UK Branch and COMMERZBANK Aktiengesellschaft, Filiale Luxemburg as the arrangers and with COMMERZBANK Aktiengesellschaft, Filiale Luxembourg as the payment and calculation agent on grounds of which it received a loan of EUR 71,500 thousand with a three-year maturity (of this amount, EUR 8,500 thousand was repaid early in March 2021) and a loan of EUR 113,500 thousand with a five-year maturity. The loans bear floating interest rates and are redeemable in full as at the ultimate maturity date, i.e. three and five years after the funds receipt date by AGROFERT, a.s., respectively.*

***) The loan amount per a financial institution is less than CZK 200,000 thousand.*

In addition to standard administrative arrangements and guarantees certain contractual financial general terms and conditions apply to the loans; they may be linked to profit or loss, indebtedness level or any other indicators set in compliance with the respective accounting methods that may differ from IFRS. Any breach of these contract terms and conditions could lead to the requirement of premature repayment of loans. If a Group company does not meet the loan covenants and the bank's consent with the breach is not available as at the balance sheet date the loan maturity is adjusted and the corresponding part of the loan for which the terms have been breached and may be demanded by the bank as due, is re-classified to short-term.

The Group companies did not meet certain loan covenants and, as at 31 December 2021, did not receive the creditor's consent to the exemption from the covenants, namely for loans in the total amount of CZK 4,450,152 thousand. These were mainly loans taken by Duslo, a.s., PENAM, a.s. and Vodňanská drůbež, a.s. After the balance sheet date, certain Group companies were granted an exemption from the fulfilment of financial indicators on loans in the total amount of CZK 3,982,159 thousand.

Approximately one third of long-term loans in 2021 and 2020 bear a fixed rate, whilst short-term loans bear usually a floating interest rate linked to inter-bank offered rates (PRIBOR and EURIBOR, or LIBOR, EONIA, BUBOR or WIBOR) plus a margin corresponding to market conditions.

Regardless of whether financing was short-term or long-term the floating interest rate for a vast majority of loans was within the following ranges:

2021

Currency	Rate	Margin range (%)
CZK	PRIBOR	0.25 – 2.20
EUR	EONIA	0.70 – 1.16
	EURIBOR	0.30 – 1.50
	LIBOR	0.55 – 1.10
	€STR	0.35 – 0.60
HUF	BUBOR	0.51 – 0.90
PLN	WIBOR	0.60

2020

Currency	Rate	Margin range (%)
CZK	PRIBOR	0.05 – 2.20
EUR	EONIA	0.65 – 0.90
	EURIBOR	0.30 – 1.50
	LIBOR	0.55 – 1.10
HUF	BUBOR	0.51 – 0.90
PLN	WIBOR	0.60

In 2021 and 2020, the fixed interest rate for a majority of loans varied between 0.6 and 3.7% p.a.

As at 31 December 2021 and 2020, the bank loans were drawn in the following currencies:

Currency (In thousands)	31 December 2021		31 December 2020	
	Foreign currency	CZK	Foreign currency	CZK
EUR	764,914	19,015,762	828,410	21,741,631
CZK	8,963,874	8,963,874	7,477,292	7,477,292
HUF	79,383,784	5,345,704	62,856,683	4,532,595
PLN	-	-	12,312	70,857
Total		**33,325,340**		**33,822,375**

We make **high-quality products**

High-quality ingredients are the cornerstone of the success of our products.

AGROFERT

17 Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. The fair value of financial instruments traded in active markets is based on quoted market prices valid as at the balance sheet date. The fair values of instruments, which are not traded in active markets, are determined using the valuation techniques based on market prices adjusted for estimated costs to transform or sell an asset, values determined based on the discounted cash flow models, market multiples or option pricing models, etc.

17.1 Methods and Assumptions

The Group uses the following methods and assumptions to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, short-term investments

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Short-term securities

The fair value of short-term securities reflects their estimated profitability.

Provided long-term loans, borrowings and receivables

The carrying amount of long-term loans, borrowings and receivables approximates fair value of these financial instruments.

Equity securities

The fair value of equity securities reflects their estimated profitability.

Short-term receivables and payables

The carrying amount of receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Short-term loans and other sources of funding

The carrying amount approximates fair value because of the short period to maturity of those instruments (except for short-term liabilities from bonds with fixed interest rate). For short-term liabilities from bonds with fixed interest rate the fair value is determined using the market information on the structure of common interest rates, through coupon and zero-coupon bonds or swap rates considering the respective risk premium.

Long-term bank loans, borrowings, other sources of funding and payables

The fair value of long-term loans and payables is based on the market price for the same or similar debts or on the current interest rates available for debt with the same maturity profile. The carrying amount of long-term loans and payables with variable interest rates approximates their fair values. For long-term loans and payables with fixed interest rate the fair value is determined using the market information on the structure of common interest rates, through coupon and zero-coupon bonds or swap rates considering the respective risk premium.

Derivatives

The fair value of derivatives and commodity contracts treated under IFRS 9 is based upon mark to market valuations. As at 31 December 2021 and 2020, the derivatives were revalued at fair value by the Group companies, with the positive and negative fair values of derivatives being included in receivables and payables, respectively.

17.2 Reconciliation of the Carrying and Fair Values

Carrying and measured fair values of financial instruments as at 31 December 2021 and 2020:

		31 December 2021		31 December 2020	
(In CZK thousands)	**Category**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets					
Non-current assets					
Equity securities	FVPL	127,973	127,973	119,039	119,039
Long-term loans and borrowings	AC	1,846	1,846	2,076	2,076
Long-term receivables	AC	287,082	287,082	276,329	276,329
Current assets					
Short-term receivables	AC	24,268,939	24,268,939	18,194,173	18,194,173
Cash and cash equivalents	AC	6,247,742	6,247,742	5,839,926	5,839,926
Debt securities	FVPL	1,394	1,394	1,492	1,492
Financial assets in progress and short-term loans and borrowings	AC	3,992	3,992	5,753	5,753
Liabilities					
Long-term liabilities					
Long-term bank and other loans and borrowings	AC	7,249,816	7,216,714	11,559,873	11,684,100
Long-term trade payables and payables from advances and options	AC	138,422	138,422	170,024	170,024
Current liabilities					
Short-term bank and other loans and borrowings	AC	29,327,207	29,383,981	25,051,088	25,051,088
Short-term trade payables, contract liabilities and payables from options	AC	21,640,613	21,640,613	15,162,751	15,162,751
Derivatives					
Cash flow hedges					
Short-term receivables	HFT	63,276	63,276	26,297	26,297
Long-term receivables	HFT	14,197	14,197	22,866	22,866
Short-term liabilities	HFT	-	-	1,106	1,106
Other derivatives					
Short-term receivables	HFT	23,373	23,373	19,498	19,498
Long-term receivables	HFT	18,252	18,252	9,190	9,190
Short-term liabilities	HFT	40,700	40,700	18,582	18,582
Long-term liabilities	HFT	2,144	2,144	8,996	8,996

Abbreviations used:

FVPL Financial instruments measured at fair value through profit or loss
HFT Held-for-trading or hedging instruments
AC Financial instruments carried at amortized cost

17.3 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable market data, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

There were no transfers between the levels in 2021 and 2020.

Tables below summarize the fair value hierarchy for Group´s assets and liabilities measured at fair value.

17.3.1 Fair value hierarchy of financial instruments as at 31 December 2021

Financial assets at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Equity securities	FVPL	127,973	-	-	127,973
Short-term debt securities	FVPL	1,394	-	-	1,394
Cash flow hedges					
Short-term receivables	HFT	63,276	-	63,276	-
Long-term receivables	HFT	14,197	-	14,197	-
Other derivatives					
Short-term receivables	HFT	23,373	-	23,373	-
Long-term receivables	HFT	18,252	-	18,252	-

Financial liabilities at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Cash flow hedges					
Short-term liabilities	HFT	-	-	-	-
Other derivatives					
Short-term liabilities	HFT	40,700	-	40,700	-
Long-term liabilities	HFT	2,144	-	2,144	-

Assets and liabilities for which fair values are disclosed:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Long-term bank and other loans and borrowings	AC	7,216,714	-	7,216,714	-
Short-term bank and other loans and borrowings	AC	29,383,981	-	29,383,981	-

17.3.2 Fair value hierarchy of financial instruments as at 31 December 2020

Financial assets at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Equity securities	FVPL	119,039	-	-	119,039
Short-term debt securities	FVPL	1,492	-	-	1,492
Cash flow hedges					
Short-term receivables	HFT	26,297	-	26,297	-
Long-term receivables	HFT	22,866	-	22,866	-
Other derivatives					
Short-term receivables	HFT	19,498	-	19,498	-
Long-term receivables	HFT	9,190	-	9,190	-

Financial liabilities at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Cash flow hedges					
Short-term liabilities	HFT	1,106	-	1,106	-
Other derivatives					
Short-term liabilities	HFT	18,582	-	18,582	-
Long-term liabilities	HFT	8,996	-	8,996	-

Assets and liabilities for which fair values are disclosed:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Long-term bank and other loans and borrowings	AC	11,684,100	-	11,684,100	-

18 Financial Risk Management

18.1 Approach to Financial Risk Management and Group Organization

The Board of Directors of the Group's parent company has the overall responsibility for setting the Group's financial risk management strategy and organizational framework, as well as for overseeing that it is being adhered to through an integrated management system, with the aim of achieving only an acceptable variation between the actual and the projected developments in the given area.

The organization of financial risk management includes the definition of risks based on the risk level and detectability; definition of departments/companies of the Group for which the area is applicable; definition of rules and responsibilities for risk management; permitted instruments and methods of risk management and actual risk limits. It is based on a general "Risk analysis" policy for Group risk management that aims to identify the risk sources for individual Group companies' processes, to assess possible threats and evaluate the risks identified, and to introduce appropriate measures in order to eliminate or reduce them. Any standard operational decisions related to practical implementation of the above organizational framework in the Group companies fall within the competence of individual companies' management with respect to the relevant binding regulations of AGROFERT, a.s. The oversight is exercised through regular reporting and – in the context of the management of individual industries in which the Group operates, i.e. in consideration of possibly differing financial risks – by means of identifying the risks associated with the Group's processes along with proposed appropriate measures, including feedback or control of compliance with respective policies and limits. In addition to the management of individual Group companies, the parent company's management, internal audit, crisis team, credit committee as well as other committees are actively involved in the oversight process and assessment of conclusions.

As part of the financial risk management, market and commodity risks, interest rate risk, currency risks, credit risks and liquidity risk are managed within the Group, aside from relevant rules and policies, including model forms, system controls, etc. being set at this level.

Certain receivables of the Group are secured by the right of pledge over non-current and current assets of the debtors. Liabilities including bank loans and financing of the acquisition of non-current assets are mainly secured by combined methods, covered primarily by the right of pledge over non-current assets, receivables, inventory, and also over business establishment, investment property and by third party guarantees, blank bills or representation of the parent company or any other Group company; liabilities to the customs authorities are standardly secured by bank guarantees.

18.2 Qualitative and Quantitative Description of Risks Associated with Financial Instruments

18.2.1 Commodity and market risks

Changes in the prices of agricultural commodities, natural gas, coal or ilmenite along with the products made of these commodities, as well as the development of energy supplies or emission allowances prices represent a fundamental risk factor of the Group's value. The current system of commodity risk management always focuses on specific business sectors and is managed by the Group's executives responsible for these sectors. Significant elements of commodity risk management include diversification of suppliers, provision of timely information on any changes in futures prices from appropriate sources, optimization of buying and selling positions of individual commodities through short-term and medium-term hedge, or effective management of the emission allowances amount. Part of commodity and market risk management is also the vertical integration of business activities that allows for both inputs and outputs to be made using natural hedging without any additional risks associated with fluctuations in world prices.

18.2.2 Currency risks

The development of foreign exchange rates is a risk factor of the Group's value, as the Group companies operate in a number of countries and in industries where inputs and outputs are often determined by world prices set in a currency other than the functional currency. The current system of currency risk management is focused on the future cash flows and financial trades which are realized for the purposes of an overall risk position management in accordance with the risk limits relevant for each region and industry. The Group strives to maximize the use of natural hedging of currency risks; management prefers to curtail transactions and business activities for which there is no natural hedging, no contracting option or a clear link to the functional currency of a particular Group company. Own financial instruments (i.e. active and passive financial trades and derivative trades) are realized entirely in the context of an overall expected cash flows of the Group (including operational and investment foreign currency flows).

18.2.3 Credit risks

The Group is at risk of its counterparties not being able to meet their contractual obligations, which may result in a financial loss incurred by the Group. The Group's main financial assets include balances on bank accounts, cash in hand, other short-term financial assets and trade receivables. The Group's maximum exposure to credit risk in relation to receivables and other financial instruments as at 31 December 2021 and 2020 is the carrying value of each class of financial assets except for financial guarantees. Credit risk and solvency of counterparties are regularly evaluated not only for receivables, extended loans, loans or deposits, but also for contingent receivables or guarantees.

Credit risk from balances with banks and financial institutions is primarily managed by the Group's parent management where the amount of surplus funds is subject to regular reporting, and any surplus funds investments are made only with approved counterparties. To reduce the credit risk from balances, the Group uses an effective cash pooling system that allows selected groups of companies to optimally finance their operations in line with the Group's policy. For liquidity, credit risks are limited since counterparties are banks with a high credit rating (i.e. a low risk of not paying back its debt). In 2021 and 2020, the credit risk for all of the above financial assets was assessed as low and the allowances were determined using the 12-month expected credit loss.

Receivables are periodically evaluated for their collectability. The Group has a policy of credit limits where credit exposures of individual financial partners and wholesale partners are managed based on the creditworthiness of the counterparties as well as according to individual credit limits; the amount of doubtful receivables is properly and regularly monitored. An integral part of the account receivables maintenance includes not only the oversight carried out by the Credit Committee and tracking of receivables for individual business partners across the Group, but also setting of limits and blocking, effective securing of receivables, timely debt collection along with procuring evidence, monitoring of insolvency, offsetting, minimizing the use of credit cards, etc.

Below is a description of the credit risk relating to the Group's receivables and contract assets that has been assessed using the allowance matrix:

31 December 2021

		Trade receivables and contract assets			
(In CZK thousands)	**Contract assets**	**Within due date**	**Less than 3 months overdue**	**More than 3 months overdue**	**Total**
Expected credit loss in %	-	0.1-3%	3-10%	50-100%	-
Estimated gross value of receivables	-	19,154,784	3,492,253	993,898	23,640,935
Expected credit loss	-	(334,867)	(175,165)	(718,652)	(1,228,684)

31 December 2020

		Trade receivables and contract assets			
(In CZK thousands)	**Contract assets**	**Within due date**	**Less than 3 months overdue**	**More than 3 months overdue**	**Total**
Expected credit loss in %	-	0.1-3%	3-10%	50-100%	-
Estimated gross value of receivables	-	14,861,543	1,991,422	1,148,581	18,001,546
Expected credit loss	-	(163,867)	(125,024)	(967,284)	(1,256,175)

18.2.4 Úroková rizika

The Group is exposed to the risk of interest rate changes as it borrows funds both at fixed and floating interest rates; a significant part of interest rate risk management pertains to the Group's loan structure. All long-term and short-term loans have been provided by reputable banks and usually bear a floating interest rate linked to inter-bank offered rates (mainly PRIBOR and EURIBOR, or LIBOR, EONIA, BUBOR or WIBOR) plus a margin corresponding to market conditions. The ratio of long-term financing to total financing through bank and other loans, bonds or leasing was 28% as at 31 December 2021 (compared to 38% as at 31 December 2020). Tied primarily to the Group's non-current assets, the long-term bank and other loans mostly mature in the period from 2022 to 2027. In selected cases, the Group's companies conclude interest rate swaps to manage specific interest rate risk along with cash flows arising from variable rate loans.

As at 31 December 2012, the Parent Company issued bonds with the total nominal value of CZK 3,000,000 thousand with a fixed interest yield. Bonds at amortized cost of CZK 1,482,270 thousand are due in 2022 and represent a liability to a related party (see Note 28).

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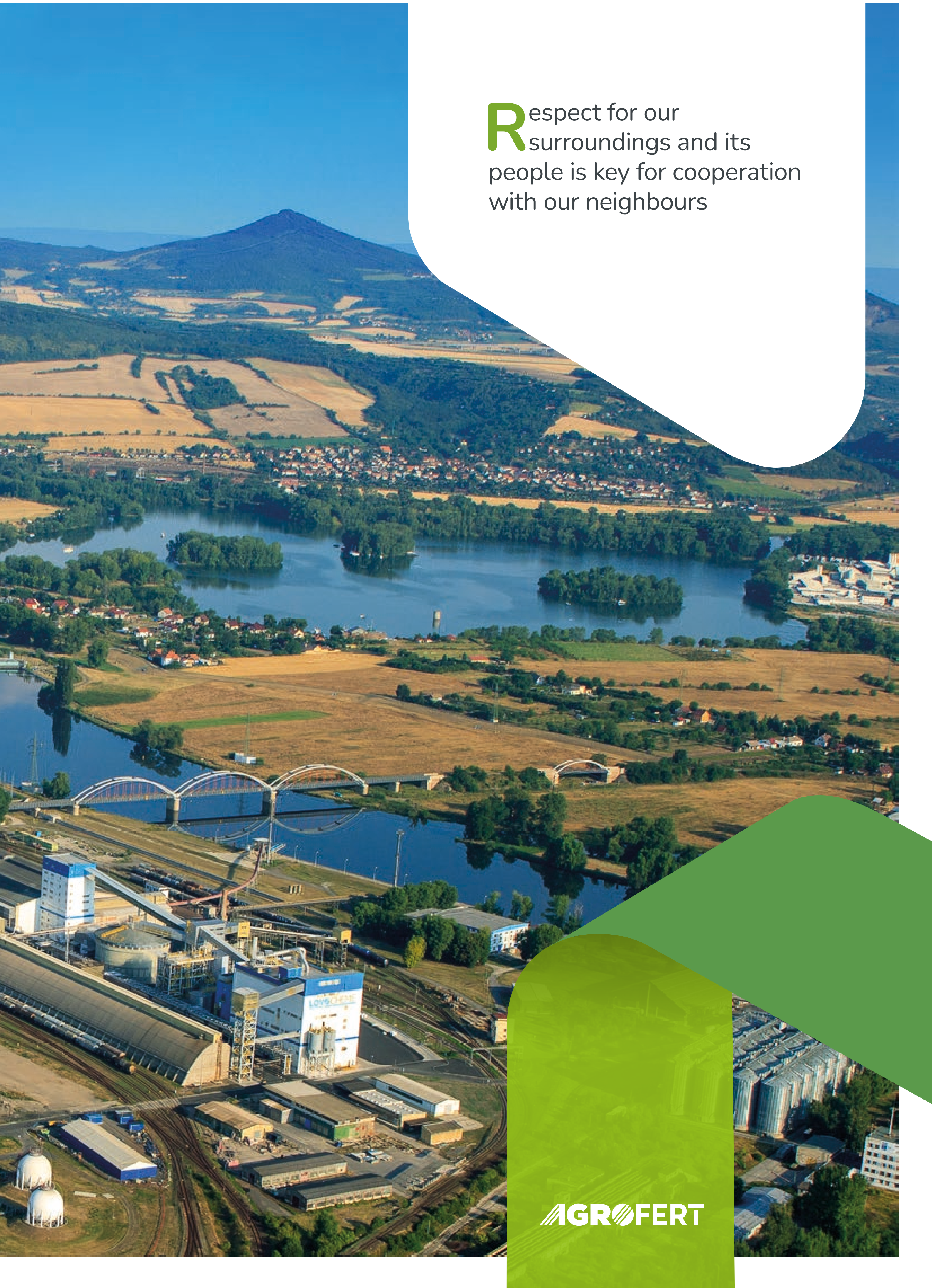
Respect for our surroundings and its people is key for cooperation with our neighbours



18.2.5 Liquidity management

The Group's liquidity risk is primarily perceived as an operational risk and the risk factor is represented in particular by the internal ability to effectively manage the future cash flows planning process within the Group, and to secure adequate liquidity and effective short-term financing. In any given period, the future deviations of the Group's estimated cash flows are managed in accordance with the aggregate risk limit and in the context of the actual and the targeted debt/equity ratio of the Group. Management emphasizes not only operating financing optimization but also controls of approved investment plans, adherence to the policies for approving and drawing on investments, including budgets for repairs and maintenance, or adequate securing of contractual obligations vis-à-vis investment suppliers. In the long term, emphasis is placed on cooperation with banks and important business partners – reliable suppliers and customers – based primarily on mutual trust and open communication. Due to a significant range of activities being geared towards agricultural production markedly cyclical in nature, an integral part of the Group's liquidity management system comprises also vertical integration of the Group along with the development of sectors linked both to food production and services associated with agricultural primary production, as well as the effective use of cash pooling.

18.3 Offsetting of Financial Instruments

The Civil Code in the Czech Republic, as well as the civil and commercial law in other countries where the Group companies operate, allow for the offsetting of existing receivables and liabilities by means of a bilateral legal act in the form of an agreement between the parties involved; at the same time, offsetting of due receivables and liabilities is allowed for by a unilateral legal act provided that mutual performance of the same kind (i.e. generally in cash) is due from each party to the other. Equivalent provisions may exist in other legal environments that are relevant to Group companies. To carry out unilateral offsetting of receivables and liabilities, declaration of at least one party is legally required.

In the consolidated balance sheet, both financial liabilities and receivables are always stated in the full amount to be settled as at the balance sheet date; no presentation on a net basis is applied. Unilateral offsetting is not used by the Group companies as standard. In selected business situations and on the basis of respective agreements, the Group companies make use of the reciprocal offsetting of receivables and liabilities as an alternative to the transfer of funds. The offsetting option is usually fixed also contractually. However, offsetting is not a primary tool of liquidity or credit risk management, and its use is often preferred in supplier-customer relationships as it is considered a practical administrative solution for settling of routine reciprocal transactions. Receivables and liabilities are recorded gross until they are (a) due and, at the same time, (b) their offsetting has been approved by both parties, i.e. they meet the criteria for offsetting/compensation (where the right to compensate any recorded amounts shall be enforceable and an intention to settle them in net amounts exists), or are subject to reciprocal offsetting as stipulated by agreement.

18.4 Maturity of Financial Liabilities

The following table summarizes future undiscounted cash flows from financial liabilities broken down by their expected maturity:

31 December 2021

(In CZK thousands)	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Loans, bonds and other sources of financing	19,134,708	10,306,077	7,043,316	444,726	36,928,827
Liabilities	21,196,499	460,243	95,189	48,253	21,800,184
Derivatives	40,700	-	1,723	421	42,844
Provided guarantees	443	221	-	-	664

31 December 2020

(In CZK thousands)	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Loans, bonds and other sources of financing	16,105,635	9,663,630	11,280,022	534,338	37,583,625
Liabilities	14,950,512	247,316	128,813	44,234	15,370,875
Derivatives	18,034	1,654	5,117	3,879	28,684
Provided guarantees	114	370	-	-	484

18.5 Changes in Liabilities from Financing

The following table summarizes changes in liabilities from financing:

31 December 2021

(In CZK thousands)	Debt	Trade and other long-term liabilities	Trade and other short-term liabilities	Total liabilities from financing
Amounts stated in the balance sheet as at 1 January 2021	**42,725,329**	**1,072,965**	**18,758,574**	
Less: Liabilities from other activities than financing	-	(1,051,262)	(18,754,637)	
Liabilities from financing as at 1 January 2021	**42,725,329**	**21,703**	**3,937**	**42,750,969**
Cash flows	(26,103)	-	(3,937)	(30,040)
Non-cash changes of lease liabilities	1,392,942	-	-	1,392,942
Exchange differences	(1,584,666)	(1,145)	-	(1,585,811)
Acquisition of subsidiaries	39,957	-	-	39,957
Change in non-current/current liabilities classification	-	(20,558)	20,558	-
Other	7,635	-	30,000	37,635
Liabilities from financing as at 31 December 2021	**42,555,094**	**-**	**50,558**	**42,605,652**
Liabilities from other activities than financing	-	965,433	25,377,417	
Total balance sheet amount as at 31 December 2021	**42,555,094**	**965,433**	**25,427,975**	

31 December 2020

(In CZK thousands)	Debt	Trade and other long-term liabilities	Trade and other short-term liabilities	Total liabilities from financing
Amounts stated in the balance sheet as at 1 January 2020	**48,963,789**	**1,285,758**	**18,803,455**	
Less: Liabilities from other activities than financing	-	(981,159)	(18,803,455)	
Liabilities from financing as at 1 January 2020	**48,963,789**	**304,599**	**-**	**49,268,388**
Cash flows	(7,605,754)	-	-	(7,605,754)
Non-cash changes of lease liabilities	760,106	-	-	760,106
Exchange differences	558,819	10,009	-	568,828
Acquisition of subsidiaries	73,980	-	-	73,980
Transfers from/to Liabilities associated with assets classified as held for sale	(38,055)	-	-	(38,055)
Other	12,444	(292,905)	3,937	(276,524)
Liabilities from financing as at 31 December 2020	**42,725,329**	**21,703**	**3,937**	**42,750,969**
Liabilities from other activities than financing	-	1,051,262	18,754,637	
Total balance sheet amount as at 31 December 2020	**42,725,329**	**1,072,965**	**18,758,574**	

18.6 Sensitivity Analysis

18.6.1 Sensitivity to changes in the foreign exchange rate

The Group is exposed to the currency risk arising in particular from transactions with companies based in the European Union. In addition to the Czech crowns (CZK), the most significant currencies used by the Group include mainly the euro (EUR), the Hungarian forint (HUF) and the British pound (GBP). The currency risk is evaluated in relation to the Group's functional currency (the Czech crown) at the balance sheet date; as at that date, receivables and payables denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the Czech National Bank.

The sensitivity analysis includes, with the exception of equity securities, financial assets and liabilities denominated in foreign currencies and measures the impact of translation of these items as at the balance sheet date using the rate set by the Czech National Bank as of 31 December 2021 and 2020. The Group determines that a movement of exchange rates against the Czech crown in the following period in the range of +10% (appreciation of the Czech crown) and -10% (depreciation of the Czech crown) is reasonably possible. The exchange rate sensitivity analysis is prepared for individual currencies provided the rates of other currencies remain unchanged. The following table shows the impact on income before income taxes based on the estimated appreciation of +10% and depreciation of -10%, respectively against foreign currencies, along with the comparable information for 2020 (at that year, the exchange rate movement was considered in the range of +/-10% as well):

2021

(In CZK thousands)		**-10% CZK depreciation**	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	(394,887)	342	837
		+10% CZK appreciation	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	394,887	(342)	(837)
		-10% HUF depreciation	
Currency		EUR	
Increase / (Decrease) of income		(44,063)	
		+10% HUF appreciation	
Currency		EUR	
Increase / (Decrease) of income		44,063	
		-10% EUR depreciation	
Currency		GBP	
Increase / (Decrease) of income		(60,500)	
		+10% EUR appreciation	
Currency		GBP	
Increase / (Decrease) of income		60,500	

2020

(In CZK thousands)		**-10% CZK depreciation**	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	(596,703)	395	1,892
		+10% CZK appreciation	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	596,703	(395)	(1,892)
		-10% HUF depreciation	
Currency		EUR	
Increase / (Decrease) of income		(27,335)	
		+10% HUF appreciation	
Currency		EUR	
Increase / (Decrease) of income		27,335	
		-10% EUR depreciation	
Currency		GBP	
Increase / (Decrease) of income		(28,638)	
		+10% EUR appreciation	
Currency		GBP	
Increase / (Decrease) of income		28 638	

18.6.2 Sensitivity to interest rate changes

The Group is exposed to the interest rate risk arising in particular from short-term loans with a fixed maturity; the Group's liabilities are more sensitive to any changes in interest rates than its assets. Fixed-rate sources of financing are not affected by interest rate changes as no additional specific interest conditions apply to the financing, neither floating rate swaps, and no early repayment of these long-term liabilities is expected.

In the case of short-term loans and long-term loans with variable interest rate, the impact on income before income taxes is determined based on a specified change in interest rate that would have occurred at the beginning of the reporting year, and assuming that no other interest rate change occurred over the entire reporting period. Other financial assets and liabilities are not considered to be interest-sensitive.

2021

(In CZK thousands)	Interest rate increase by 50 basis points	Interest rate decrease by 25 basis points
Increase / (Decrease) of income	(143,756)	71,878

2020

(In CZK thousands)	Interest rate increase by 50 basis points	Interest rate decrease by 25 basis points
Increase / (Decrease) of income	(157,984)	78,992

18.7 Financial Risk Management Related to Agricultural Activity and Biological Assets

18.7.1 Regulatory and environmental risks

The Group is subject to various statutory regulations and, for these reasons, the Group has implemented diverse internal measures so as to meet the very strict regulations including environmental protection requirements.

18.7.2 Supply and demand risks

Due to the nature of the products offered, the Group is subject to a significant fluctuation in demand for production and its frequent price change. However, the Group is fully committed to adapting its agricultural output to match the current demand and supply in the marketplace. In addition, management of the Group has implemented strong planning techniques and analyses in order to respond to any changes in the market with agricultural commodities.

18.7.3 Climate risks

The agricultural production of the Group, as well as the production in the rest of Europe, is very prone to climatic conditions. The Group has various instruments to mitigate its impact; it is nonetheless insured against appropriate meteorological influences, where applicable.

19 Provisions

Movements in provisions in 2021 and 2020:

(In CZK thousands)	Provision for environmental liabilities and restoration to original state	Provision for litigation and contingent amounts due to government	Provision for restructuring	Provision for emission allowances	Other provisions	Total
Balance as at 1 January 2020	**537,986**	**313,096**	**675,420**	**614,178**	**654,614**	**2,795,294**
Additions	41,302	76,255	43,333	593,406	191,122	**945,418**
Reversal	(2,362)	(135,702)	(86,433)	(43)	(111,390)	**(335,930)**
Use	(1,193)	(25,484)	(483,508)	(396,227)	(290,197)	**(1,196,609)**
Effect of change in estimate added to property, plant and equipment	19,271	-	-	-	-	**19,271**
Discount of provisions	724	-	-	-	-	**724**
Exchange differences	6,142	638	21,930	14,719	16,614	**60,043**
Balance as at 31 December 2020	**601,870**	**228,803**	**170,742**	**826,033**	**460,763**	**2,288,211**
Additions	129,764	113,336	120,515	1,239,111	1,267,303	**2,870,029**
Reversal	(14,729)	(14,704)	(41,538)	-	(81,938)	**(152,909)**
Use	(361)	(36,857)	(125,765)	(810,721)	(181,795)	**(1,155,499)**
Effect of change in estimate added to property, plant and equipment	3,432	-	-	-	-	**3,432**
Discount of provisions	1,666	-	-	-	-	**1,666**
Exchange differences	(19,039)	(7,732)	(6,789)	(42,706)	(32,466)	**(108,732)**
Balance as at 31 December 2021	**702,603**	**282,846**	**117,165**	**1,211,717**	**1,431,867**	**3,746,198**

The provision for restructuring was mainly connected with bakery companies in Germany and has been created in 2014 to transform the business model from fresh delivery to central warehouse supply. The transformation of business model has been completed in 2020. The restructuring plan included closure of selected bakery plants, restructuring of the logistics division and related activities, as well as related severance payments to employees. In 2020 the restructuring process of the logistics division has been fully completed and the affected employees have left the company.

As a part of other provisions the Group companies recognised a provision for unavoidable costs arising from onerous contracts in the amount of CZK 1,088,472 thousand and CZK 153,038 thousand as at 31 December 2021 and 2020, respectively. As at 31 December 2021, the provision was recognized by certain companies operating in the fertiliser manufacturing and bakery sectors. Provisions for onerous contracts should generally be used within 1 year of the balance sheet date.

20 Revenue

The Group derives the majority of its revenues from the sale of products and goods in the chemical, food and agricultural industries, as well as vehicles and machinery. In addition, revenues are derived from the sale of services, predominantly in the media, transportation and forestry sectors.

In 2021 and 2021, the structure of the Group's revenues from the sale of goods, products and services, broken down by location of customers, was as follows:

2021

(In CZK thousands)	Total	CZ	EU excl. CZ	Others
Revenue from chemical industry	80,698,811	20,201,707	51,581,187	8,915,917
Revenue from agricultural industry	31,538,620	13,676,742	17,319,133	542,745
Revenue from food industry	46,815,595	23,558,881	22,661,237	595,477
Revenue from vehicles and machinery	6,980,942	4,021,190	2,925,850	33,902
Other revenue	8,128,625	5,029,472	2,950,958	148,195
Revenue from the sale of materials	1,995,007	639,547	928,586	426,874
Revenue from the sale of goods, products and materials – transferred at a point in time	**176,157,600**	**67,127,539**	**98,366,951**	**10,663,110**
Revenue from the sale of media service – advertising	1,649,613	1,409,011	201,810	38,792
Revenue from the sale of transportation services	625,599	466,864	131,345	27,390
Revenue from the sale of forestry services	960,515	960,515	-	-
Other	5,421,858	3,986,838	1,391,920	43,100
Revenue from the sale of services – transferred over time	**8,657,585**	**6,823,228**	**1,725,075**	**109,282**
Total	**184,815,185**	**73,950,767**	**100,092,026**	**10,772,392**

In 2021, there was a significant increase in revenues from the sale of materials at PREOL, a.s. due to an accident at the extractor and related technology. As a result, the entire rapeseed extraction and pressing unit was shut down and PREOL, a.s. started selling rapeseed that could no longer be processed and buying oil for biofuel production from external suppliers.

2020

(In CZK thousands)	Total	CZ	EU excl. CZ	Others*)
Revenue from chemical industry	62,790,922	17,964,170	37,680,018	7,146,734
Revenue from agricultural industry	29,116,997	13,319,823	15,297,867	499,307
Revenue from food industry	48,354,484	24,423,237	23,393,650	537,597
Revenue from vehicles and machinery	5,989,467	3,313,396	2,639,096	36,975
Other revenue	6,314,742	3,973,269	2,089,698	251,775
Revenue from the sale of materials	589,022	465,465	120,970	2,587
Revenue from the sale of goods, products and materials – transferred at a point in time	**153,155,634**	**63,459,360**	**81,221,299**	**8,474,975**
Revenue from the sale of media service – advertising	1,511,918	1,297,698	186,590	27,630
Revenue from the sale of transportation services	617,484	450,267	162,042	5,175
Revenue from the sale of forestry services	765,231	765,224	7	-
Other	4,927,541	3,543,310	1,342,200	42,031
Revenue from the sale of services – transferred over time	**7,822,174**	**6,056,499**	**1,690,839**	**74,836**
Total	**160,977,808**	**69,515,859**	**82,912,138**	**8,549,811**

**) Including revenue generated from the United Kingdom of Great Britain and Northern Ireland, which has not been part of the European Union since 1 February 2020. The transitional period lasted from 1 February 2020 until 2 January 2021.*

Abbreviations used:
CZ Czech Republic, EU European Union

20.1 Balances of Contract Assets, Trade Receivables and Contract Liabilities

Group trade receivables, contract assets and contract liabilities as at the balance sheet date are as follows:

(In CZK thousands)	31 December 2021	31 December 2020
Trade receivables and contract assets (see Note 11)	22,412,251	16,745,371
Contract liabilities	725,935	520,757

Contract assets

Contract assets are not material.

Contract liabilities

Contract liabilities include deferred revenues from subscription of newspapers and magazines and advances received from customers in order to provide agricultural products and goods. The contract liabilities totalled CZK 725,935 thousand as at 31 December 2021 and CZK 520,757 thousand as at 31 December 2020. The contract liabilities are usually settled within the next 12 months.

20.2 Performance Obligations

As part of their ordinary operating activities, the Group companies enter into contracts with customers prior to the financial statements date based on which performance is provided in the subsequent accounting period. These include ordinary business contracts comprising usual maturities and price arrangements. Generally, the performance obligation is satisfied within a short time frame following the financial statements date through delivery of the product, goods or provision of the service.

21 Depreciation and Amortization

Depreciation and amortization include the following items:

(In CZK thousands)	2021	2020
Depreciation of property, plant and equipment (see Note 5.1)	(7,825,376)	(7,791,526)
Amortization of intangible assets (see Note 5.2)	(309,176)	(277,727)
Depreciation of right of use asset (see Note 6.1)	(1,438,856)	(1,410,409)
Depreciation of net book value upon liquidation or further processing of non-current animal and plant biological assets	(102,538)	(102,630)
Total depreciation and amortization	**(9,675,946)**	**(9,582,292)**

22 Personnel Expenses

(In CZK thousands)	2021	2020
Average number of employees and key management personnel of the Group	30,941	31,792
Salaries and wages, agency workers and remuneration of statutory bodies	(18,607,823)	(18,866,080)
Social security and health insurance	(4,689,368)	(4,648,723)
Other personnel expenses	(888,710)	(844,743)
Total personnel expenses	**(24,185,901)**	**(24,359,546)**

Of the above amounts, the remuneration and compensation to key management personnel of the Group that is not disclosed under related party services in Note 28 was as follows:

(In CZK thousands)	2021	2020
Salaries and wages and remuneration of statutory bodies	(199,763)	(191,153)
Social security and health insurance	(28,610)	(26,251)
Total short-term employee benefits	**(288,373)**	**(217,404)**

Both the Board of Directors members and management members of the parent company are considered key management personnel of the Group. In 2021 and 2020, no post-employment benefits or termination benefits applied to key management personnel. As part of other employee benefits, Group's directors and executive officers may use company cars and mobile phones for private purposes. No material advances (except for personal advances for operating needs, if any), loans and other receivables, payables, provided or received guarantees or performance commitments including pension liabilities (except for contractually agreed individual severance payment, if any) are recorded in relation to the aforementioned persons. The Group companies may, considering the nature of their business, sell products or services to management; however, such transactions shall be effected under current market conditions where the management is in the position of a third party.

23 Impairment of Goodwill and Changes in Impairment Allowances against Non-current Assets and Operating Provisions, net

Impairment of goodwill and changes in impairment allowances against non-current assets and operating provisions, net, include the following:

(In CZK thousands)	2021	2020
Impairment of goodwill (see Note 2.6)	(193,796)	(887,534)
Creation and reversal of provisions, net (see Note 19)	(2,717,120)	(609,488)
Creation and reversal of allowances against property plant and equipment and intangible assets, net (see Notes 5.1 and 5.2)	(911,174)	(564,623)
Creation and reversal of allowances against assets classified as held for sale, net	(52,217)	(90,723)
Creation and reversal of allowances against investments in associates and joint ventures, net	10,666	18,445
Total expenses, net	**(3,863,641)**	**(2,133,923)**

24 Other Operating Expenses and Income

Other operating income includes in particular income from operating subsidies (see Note 29), gain on the sale of non-current assets, gain on the sale of assets and associated liabilities classified as held for sale and insurance claims or contractual penalties.

Unbilled revenue in the amount of CZK 405,000 thousand was recognised in other operating income in 2021 to reflect insurance benefits relating to the accident at PREOL, a.s.; the accident at the extractor happened in July 2021. As a result of this event, the entire rapeseed extraction and pressing unit was shut down. The accrual includes insurance benefits covering the property damage and losses from the limitation of operations in 2021.

Other operating expenses include in particular administrative charges and taxes, donations, loss on the sale of non-current assets, property and personal insurance costs, miscellaneous travel costs, staff security and development, etc.

25 Other Financial Expenses and Income

Other financial expenses and income, net include mainly bank charges, settlement and valuation of derivatives held-for-trading and income from change in the fair value of contingent consideration that was recognized after the acquisition date.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your hard work

We know how to reward hard work. We treat everyone who knows their trade with respect and dignity.

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26 Income Taxes

The major components of income tax expense were as follows:

(In CZK thousands)	2021	2020
Current income tax charge	(1,574,336)	(1,484,857)
Adjustment in respect of current income tax of previous year	(98,484)	(98,404)
Deferred tax	(212,526)	148,918
Income tax expense	**(1,885,346)**	**(1,434,343)**

The differences between income tax expense and income tax expense provided on accounting profit before tax multiplied by effective tax rate:

(In CZK thousands)	2021	2020
Income before income taxes	7,669,416	5,194,604
Tax rate effective in Czech Republic	**19.00%**	**19.00%**
Expected income tax expense	(1,457,189)	(986,975)
Adjustments:		
Tax non-deductible expenses related to holding of financial investments	(17,811)	(13,400)
Impairment of goodwill and gain on bargain purchase	(36,821)	(168,631)
Share on results of associates and joint ventures	81,363	64,489
Tax credits	8,589	8,191
Adjustment in respect of current income tax of previous year	(98,484)	(98,404)
Local business tax and innovation contribution	(38,337)	(44,479)
Tax levied at a special tax rate, flat-rate tax	(8,062)	(589)
Effect of different tax rates in other countries	291,154	(100,292)
Change in unrecognized deferred tax assets	81,779	(110,821)
Other non-deductible expenses, net*)	(691,527)	16,568
Income tax expense	**(1,885,346)**	**(1,434,343)**
Effective tax rate	**24.58%**	**27.61%**

**) In 2021, Other non-deductible expenses, net include, in particular, the effect of reversal of a decision on an investment incentive granted to Lovochemie, a.s. in the form of an income tax credit (see Note 29).*

Movements in deferred income taxes in 2021:

(In CZK thousands)	1 January 2021						31 December 2021	
	Deferred tax asset	Deferred tax liability	Deferred tax expense reported in statement of income	Deferred tax expense reported in other comprehensive income	Acquisition of subsidiaries	Exchange differences	Deferred tax asset	Deferred tax liability
Net book value of non-current assets	192,300	4,199,926	(338,515)	-	(22,322)	81,281	148,372	4,435,554
Provisions; accrual for employee bonuses	429,127	6,965	216,329	-	-	(16,722)	632,443	10,674
Allowance against receivables; valuation of receivables	111,679	24,342	2,250	-	-	(1,229)	115,681	27,323
Allowances against non-current assets	707,483	-	208,712	-	-	(36,587)	879,608	-
Allowances against inventory; inventory valuation	349,916	77,474	(86,093)	-	(223)	(2,666)	413,104	229,644
Other temporary differences	58,344	14,662	10,703	(6,117)	-	(2,422)	66,677	20,831
Tax losses carried forward	405,177	-	(226,013)	-	-	(4,228)	174,936	-
Compensation of deferred tax asset and liability at the level of individual companies	(1,680,423)	(1,680,423)	-	-	-	-	(1,965,733)	(1,965,733)
Total	573,603	2,642,946	(212,627)	(6,117)	(22,545)	17,427	465,088	2,758,293

Other temporary differences include e.g. investment incentives, unpaid interest on late payment, cash flow hedges, etc.

The change in the deferred tax classified as held for sale recognized through profit or loss totalled CZK 101 thousand in 2021.

Movements in deferred income taxes in 2020:

(In CZK thousands)	1 January 2020							31 December 2020	
	Deferred tax asset	Deferred tax liability	Deferred tax expense reported in statement of income	Deferred tax expense reported in other comprehensive income	Acquisition of subsidiaries	Transfers from/to deferred tax classified as held for sale	Exchange differences	Deferred tax asset	Deferred tax liability
Net book value of non-current assets	177,831	4,054,242	(70,582)	-	(12,071)	(550)	(48,012)	192,300	4,199,926
Provisions; accrual for employee bonuses	392,761	42,026	66,659	-	133	(192)	4,827	429,127	6,965
Allowance against receivables; valuation of receivables	107,538	2,301	(18,285)	-	-	-	385	111,679	24,342
Allowances against non-current assets	749,936	-	(62,927)	-	-	-	20,474	707,483	-
Allowances against inventory; inventory valuation	313,169	71,350	29,577	-	(134)	-	1,180	349,916	77,474
Other temporary differences	48,263	28,888	27,005	(3,321)	-	28	595	58,344	14,662
Tax losses carried forward	233,241	-	177,986	-	-	(3,851)	(2,199)	405,177	-
Compensation of deferred tax asset and liability at the level of individual companies	(1,133,154)	(1,133,154)	-	-	-	-	-	(1,680,423)	(1,680,423)
Total	889,585	3,065,653	149,433	(3,321)	(12,072)	(4,565)	(22,750)	573,603	2,642,946

Other temporary differences include e.g. investment incentives, unpaid interest on late payment, cash flow hedges, etc.

The change in the deferred tax classified as held for sale recognized through profit or loss totalled CZK (515) thousand in 2020.

Deferred tax related to items recognized in consolidated statement of other comprehensive income during the year:

2021

(In CZK thousands)	Amount before deferred tax effect	Deferred tax expense	Amount net of deferred tax effect
Other comprehensive income – items that may be reclassified subsequently to statement of income	**(1,472,752)**	**(6,117)**	**(1,478,869)**
Change in fair value of cash flow hedges recognized in equity	60,839	(12,218)	48,621
Cash flow hedges reclassified to statement of income	(32,110)	6,101	(26,009)
Translation differences	(1,501,481)	-	(1,501,481)
Other comprehensive income not to be reclassified to statement of income in subsequent periods	**29,937**	**-**	**29,937**
Gain (+) / loss (-) on defined benefit plans	29,937	-	29,937
Total other comprehensive income	**(1,442,815)**	**(6,117)**	**(1,448,932)**

2020

(In CZK thousands)	Amount before deferred tax effect	Deferred tax expense	Amount net of deferred tax effect
Other comprehensive income – items that may be reclassified subsequently to statement of income	**572,599**	**(3,321)**	**569,278**
Change in fair value of cash flow hedges recognized in equity	(531)	622	91
Cash flow hedges reclassified to statement of income	18,084	(3,943)	14,141
Translation differences	555,046	-	555,046
Other comprehensive income not to be reclassified to statement of income in subsequent periods	**(7,131)**	**-**	**(7,131)**
Gain (+) / loss (-) on defined benefit plans	(7,131)	-	(7,131)
Total other comprehensive income	**565,468**	**(3,321)**	**562,147**

As at 31 December 2021, the Group carried forward tax losses of CZK 8,249,109 thousand to future years (CZK 7,861,029 thousand as at 31 December 2020); out of this balance that can be claimed CZK 947,562 thousand (CZK 1,947,480 thousand as at 31 December 2020) have been recognized as temporary difference resulting in deferred tax asset (of this, the tax loss of CZK 20,266 thousand related to the deferred tax recognized within assets and related liabilities classified as held for sale as at 31 December 2020). Out of tax losses carried forward as at 31 December 2021, the Group can claim CZK 7,045,032 thousand in, or after, 2026. The losses were mainly incurred in the restructuring of bakery companies in Germany.

Unrecognized deferred tax assets relate, in particular, to the unused tax losses and investments incentives in the form of corporate income tax relief (see Note 29), and are recognized to the extent that it is probable that taxable profit will be available against which the tax losses and reliefs can be offset.

27 Post-employment Benefits

Employees of certain companies in Germany whose employment relationship started before June 1992 are members of a retirement benefit plan; the plan includes, in particular, employee benefits upon retirement and in the event of disability or death. In addition, the Group manages employee benefit plans for a former member of corporate bodies.

The amounts shown on the balance sheet were determined as follows:

(In CZK thousands)	2021	2020
Present value of liabilities financed from funds	(505,021)	(592,469)
Fair value of retirement benefit plan assets	40,116	42,351
Deficit of plans financed from funds	(464,905)	(550,118)
Present value of liabilities not financed from funds	-	-
Total liabilities	**(464,905)**	**(550,118)**

Changes in the balance of defined benefit liabilities and in the fair value of the plan assets in 2021 and 2020 were as follows:

2021

(In CZK thousands)		Expenses reported in profit/loss for 2021						Reported in other comprehensive income for 2021				
	1 January 2021	Service cost	Interest expense/ income	Employer contribution	Total expense reflected in profit/ loss	Benefits paid	Exchange rate difference *)	Return on plan assets excluding interest	Actuarial gains/ losses arising from changes in demographic assumptions	Actuarial gains/ losses arising from changes in financial assumptions	Adjustment based on prior experience	31 December 2021
Liability from defined benefit plans	(592,469)	(794)	(4,426)	-	(5,220)	33,240	29,491	-	-	7,076	22,861	(505,021)
Fair value of plan assets	42,351	416	-	-	416	(394)	(2,235)	(22)	-	-	-	40,116
Total liability	**(550,118)**	**(378)**	**(4,426)**	**-**	**(4,804)**	**32,846**	**27,256**	**(22)**	**-**	**7,076**	**22,861**	**(464,905)**

2020

(In CZK thousands)		Expenses reported in profit/loss for 2020						Reported in other comprehensive income for 2020				
	1 January 2020	Service cost	Interest expense/ income	Employer contribution	Total expense reflected in profit/ loss	Benefits paid	Exchange rate difference *)	Return on plan assets excluding interest	Actuarial gains/ losses arising from changes in demographic assumptions	Actuarial gains/ losses arising from changes in financial assumptions	Adjustment based on prior experience	31 December 2020
Liability from defined benefit plans	(596,474)	(973)	(6,439)	-	(7,412)	38,329	(19,781)	-	-	(19,080)	11,949	(592,469)
Fair value of plan assets	40,367	527	-	-	527	(406)	1,322	541	-	-	-	42,351
Total liability	**(556,107)**	**(446)**	**(6,439)**	**-**	**(6,885)**	**37,923**	**(18,459)**	**541**	**-**	**(19,080)**	**11,949**	**(550,118)**

**) The exchange rate difference is presented in other comprehensive income in statement of other comprehensive income as translation difference.*

Main actuarial assumptions were as follows:

(In %)	2021	2020
Discount rate	0.86 – 1.06	0.72 – 1.01
Inflation rate	2.00	2.00
Wage growth rate	2.50	2.50
Pension growth rate	2.00	2.00

The assumptions about future mortality rates have been derived from RT Heubeck 2018G and 2005G.

The average life expectancy after retirement at the age of 62 or 63 is 14 years.

The sensitivity of the total pension liability to changes in the discount rate, wage growth rate and pension growth rate is as follows:

(In CZK thousands)	Effect on pension liability in 2021 increase/(decrease)	Effect on pension liability in 2020 increase/(decrease)
Discount rate decrease by 0.5%	30,484	40,173
Discount rate increase by 0.5%	(27,679)	(28,927)
Pension growth rate decrease by 0.5%	(26,257)	(30,788)
Pension growth rate increase by 0.5%	28,552	33,525

The plan assets consist exclusively of reinsurance contracts for individual pension agreements. The expected return on plan assets is determined based on guaranteed insurance proceeds (Garantierte Leistungen) and expected surplus assets (Überschussanteile) on the underlying reinsurance policy.

The estimated cash flows in relation to defined benefit plans are as follows:

(In CZK thousands)	2021	2020
Within 1 year	29,187	34,819
2-5 years	123,984	141,964
6-10 years	135,970	143,545

28 Related Parties

The Group companies sell goods, products and services to related parties or purchase goods, products and services from related parties in the ordinary course of business. In 2021 and 2020, the Group carried out the following transactions with the related parties (excluding the management bonuses disclosed in Note 22):

2021

(In CZK thousands)	Associates and joint ventures	Parent Company shareholders	Key management personnel of the Group	Other related parties	Total
Sale of products, goods and services, etc.	2,888,823	-	-	1,069,728	**3,958,551**
Purchase of products, goods and services, etc.	(464,004)	-	(9,000)	(522,152)	**(995,156)**
Sale of property, plant and equipment and intangible assets	411	-	-	1,225	**1,636**
Purchase of property, plant and equipment and intangible assets	-	-	-	(13,639)	**(13,639)**
Interest income	2,753	-	-	2,535	**5,288**
Interest expense	(1,171)	-	-	(112,445)	**(113,616)**

2020

(In CZK thousands)	Associates and joint ventures	Parent Company shareholders	Key management personnel of the Group	Other related parties	Total
Sale of products, goods and services, etc.	2,289,992	-	-	880,460	**3,170,452**
Purchase of products, goods and services, etc.	(385,006)	-	(9,000)	(517,925)	**(911,931)**
Sale of property, plant and equipment and intangible assets	2,556	-	-	1,168	**3,724**
Purchase of property, plant and equipment and intangible assets	-	-	-	(16,931)	**(16,931)**
Interest income	2,221	-	-	715	**2,936**
Interest expense	-	-	-	(114,758)	**(114,758)**

The Group companies' receivables from and payables to the related parties (including extended loans) as at 31 December 2021 and 2020 were as follows:

31 December 2021

(In CZK thousands)	Associates and joint ventures	Parent Company shareholders	Key management personnel of the Group	Other related parties	Total
Short-term trade receivables	549,872	-	-	182,600	**732,472**
Other short-term receivables	1,164	-	-	439,853	**441,017**
Other long-term receivables	109,503	-	-	25,064	**134,567**
Short-term trade payables	83,093	-	750	75,391	**159,234**
Other short-term payables	100,000	-	-	192,061	**292,061**
Other long-term payables	-	-	-	647,356	**647,356**
Loans granted	-	-	-	1,800	**1,800**
Loans received	-	-	-	423,825	**423,825**
Issued bonds	-	-	-	1,482,270	**1,482,270**
Allowances against receivables	-	-	-	-	**-**

31 December 2020

(In CZK thousands)	Associates and joint ventures	Parent Company shareholders	Key management personnel of the Group	Other related parties	Total
Short-term trade receivables	389,114	-	-	130,596	**519,710**
Other short-term receivables	1,177	-	-	5,706	**6,883**
Other long-term receivables	106,714	-	-	25,064	**131,778**
Short-term trade payables	83,223	-	750	64,521	**148,494**
Other short-term payables	-	-	-	214,158	**214,158**
Other long-term payables	-	-	-	742,653	**742,653**
Loans granted	-	-	-	2,000	**2,000**
Loans received	-	-	-	416,711	**416,711**
Issued bonds	-	-	-	1,482,270	**1,482,270**
Allowances against receivables	-	-	-	-	**-**

Compensations and benefits related to the key management personnel of the Group are disclosed in Note 22. There were no other transactions of the Group in addition to these compensations and benefits, and purchase of selected services from and to members of statutory, supervisory and managerial bodies of the Group (see Note 22) in 2021 and 2020.

The beneficiary of trust funds holds issued bonds (see Note 14 and 15).

29 Subsidies

The Group companies received the following subsidies:

2021

(In CZK thousands)	Subsidies received in 2021 *)		Subsidies reported in 2021 **)	
	Operating subsidies	Investment subsidies	Operating subsidies	Investment subsidies
Subsidies for agricultural activities and other subsidies ***)	1,870,984	382,196	1,741,453	340,788

2020

(In CZK thousands)	Subsidies received in 2020 *)		Subsidies reported in 2020 **)	
	Operating subsidies	Investment subsidies	Operating subsidies	Investment subsidies
Subsidies for agricultural activities and other subsidies ***)	1,243,975	291,733	1,452,156	220,399

**) Subsidies received from their providers in the given reporting period.*
***) Subsidies recognized in the consolidated financial statements as at 31 December when an unquestionable legal claim to receive the subsidy occurred.*
****) Without compensation of guaranteed feed-in tariffs of electricity at biogas installations.*

A major portion of operating subsidies is related to agricultural primary production. Certain Group companies also operate biogas installations and other renewable energy resources. Payments received and reported by the Group for the compensation of guaranteed electricity feed-in tariffs through OTE, a.s. (energy market operator) were CZK 152,811 thousand and CZK 156,455 thousand in 2021 (CZK 157,504 thousand received, respectively CZK 161,430 thousand reported in 2020).

As at 31 December 2021, the Group companies had the following significant approvals or promises of subsidies and investment incentives from the relevant authorities. The described investment subsidies are reflected in the amount of the above reported investment subsidies for 2021.

As at 31 December 2021, Duslo, a.s. had an income tax relief in the total amount of CZK 1,455,802 thousand (EUR 58,560 thousand); of which part has already been used in previous years. In 2021, the company claimed tax relief in the amount of CZK 7,225 thousand (EUR 291 thousand). As at the balance sheet date, the unused portion that can be used for up to ten years starting from 2017 amounted to CZK 1,422,856 thousand (EUR 57,235 thousand).

As at the balance sheet date, PENAM, a.s. had an approval of investment incentives in the form of tax relief up to CZK 155,500 thousand provided by the Ministry of Industry and Trade for which the terms and conditions for withdrawal have been met. In 2021, the company did not use any tax relief under this incentive. The unused portion of the investment incentive amounts to CZK 148,106 thousand as at 31 December 2021. The income tax relief can be claimed in 2026 at the latest.

As at 31 December 2020, Pekárna Zelená louka, a.s. had an approval of the Ministry of Industry and Trade for investment incentives in the form of tax relief up to CZK 81,600 thousand, for which the terms and conditions for withdrawal have been met and which can be claimed by 2026 at the latest. No tax relief was claimed as at 31 December 2021.

As at the balance sheet date, PREOL FOOD, a.s., had an approval of investment incentives in the form of tax relief up to CZK 54,300 thousand provided by the Ministry of Industry and Trade for which the terms and conditions for withdrawal have been met and which can be claimed up to 2024. This company did not use the investment incentives by 31 December 2021.

As at 31 December 2021, Fatra, a.s. met the requirements for the use of an investment incentive in the form of a tax relief up to a maximum of CZK 342,752 thousand. As at the balance sheet date, the company did not use the incentive which can be claimed until 2029.

PREOL, a.s. met the requirements for the use of an investment incentive in the form of a tax relief up to a maximum of CZK 46,950 thousand, which can be claimed until 2026. In 2021, the company used the entire tax relief from this incentive in the amount of CZK 46,950 thousand.

In November 2021, the decision issued by the Ministry of Industry and Trade concerning a promised investment incentive up to a maximum amount of CZK 591,050 thousand was revoked at the request of Lovochemie, a.s., due to probable inability to claim the investment incentive granted in the form of an income tax relief.

Kostelecké uzeniny a.s. reported an investment subsidy of CZK 65,891 thousand from the State Agricultural Intervention Fund (SZIF) under the Rural Development Programme for the Czech Republic in 2021. The company received an amount of CZK 90,210 thousand from investment subsidies in 2021. As at 31 December 2021, the company has a promise of investment subsidies from SZIF in the total amount of CZK 70,137 thousand.

OLMA, a.s. reported and received investment subsidies in the total amount of CZK 62,790 thousand in 2021 from the State Agricultural Intervention Fund (SZIF) under the Support for Processing of Agricultural Products and Increase of Competitiveness of the Food Industry and the Rural Development Programme for the Czech Republic.

As at the balance sheet date, Vodňanská drůbež, a.s., had a promise of investment subsidies totalling CZK 75,000 thousand under the Rural Development Program provided with SZIF (State Agricultural Intervention Fund) for acquisition of the new poultry meat slicing facility.

30 Commitments and Contingencies; Future Commitments

30.1 Commitments and Contingencies

The Group's commitments, contingent liabilities and contingent assets, which are not shown on the balance sheet include, in particular small fixed assets, particularly guarantees received from third parties (mainly banks in relation to business and investment activities), contract liabilities towards suppliers of constructions and technologies, secured receivables for the sale of products and services, customs guarantees and similar arrangements relating to standard operations of Group companies. Significant asset and liability items not shown on the balance sheet include (the amounts pertaining to foreign subsidiaries were translated into CZK using the exchange rate valid as at the balance sheet date, see accounting policy in Note 2.8):

As at 31 December 2021, Duslo, a.s. had a bank guarantee for the warranty period of the capitalized investment project Ammonium 4 (Čpavek 4) from Banco Bilbao Vizcaya Argentaria S.A. in the amount of CZK 99,440 thousand (EUR 4,000 thousand), which is valid until 13 July 2023. As at 31 December 2021, the company received other guarantees issued by business partners in the amount of CZK 158,624 thousand (EUR 6,381 thousand). Guarantees provided for Duslo, a.s. in the form of bank guarantees amounted to CZK 91,851 thousand (EUR 3,695 thousand).

As at 31 December 2021, bank guarantees in the amount of CZK 46,770 thousand were issued in favour of Synthesia, a.s. The purpose of these bank guarantees was to secure the company's receivables in connection with the implementation of investment projects. As at 31 December 2021, the company recorded letters of guarantee for financial guarantees covering the value of CZK 5,372 thousand to secure receivables from the sale of products and goods.

As at 31 December 2021, UNILES, a.s. had bank guarantees in the amount of CZK 198,400 thousand for a period of 15 months with periodic renewal in connection with complex forestry contracts.

As at 31 December 2021, Cerea, a.s. had guarantees from third parties in the total amount of CZK 88,752 thousand and pledges of assets of business partners in total amount of CZK 6,179 thousand to secure its receivables.

As at 31 December 2021, Lovochemie, a.s. received bank guarantees of CZK 73,555 thousand related to investment projects.

As at 31 December 2021, AGROTEC a.s. had off-balance sheet liabilities from open stand-by letters of credit in the amount of CZK 451,980 thousand and off-balance sheet liabilities from granted bank guarantees in the amount of CZK 110,141 thousand.

As at 31 December 2021, Fatra, a.s. had off balance sheet liabilities from open standby letters of credit of CZK 73,272 thousand.

As at 31 December 2021, GreenChem Holding B.V. had contractual commitments suppliers of services in the total amount of CZK 362,498 thousand (EUR 14,582 thousand).

As at 31 December 2021, Lieken Brot- und Backwaren GmbH had contractual commitments to suppliers for raw material purchases totalling CZK 2,039,051 thousand (EUR 82,021 thousand).

As at 31 December 2021, SKW Stickstoffwerke Piesteritz GmbH had contractual commitments of CZK 406,906 thousand (EUR 16,368 thousand) towards supplies of services and long-term contracts with customers for the delivery of goods totalling CZK 499,773 thousand (EUR 20,104 thousand). Its subsidiary, AGROFERT Deutschland GmbH, had contractual commitments of CZK 149,178 thousand (EUR 6,001 thousand) towards suppliers of services.

As at 31 December 2021, SKW Stickstoffwerke Piesteritz GmbH provided a guarantee of up to CZK 198,880 thousand (EUR 8,000 thousand) for subsidies provided in previous periods to AGROFERT Deutschland GmbH.

As at 31 December 2021, AgroZZN, a.s. had an option to purchase a 25% share in AGROSPOL PETROVICE s.r.o., which can be exercised until the end of 2025.

As at 31 December 2021, the following representative Group companies had significant contractual commitments arising from existing contracts for future acquisition of non-current assets:

Group company	(In CZK thousands)
Duslo, a.s.	608,436
SKW Stickstoffwerke Piesteritz GmbH	587,024
SCHROM FARMS spol. s r.o.	150,817
DZV NOVA, a.s.	145,319
ZEM, a.s.	143,700
DEZA, a.s.	141,925
OLMA, a.s.	140,950
Synthesia, a.s.	96,228
Wotan Forest, a.s.	91,472
Kostelecké uzeniny a.s.	82,850
PRECHEZA a.s.	56,233

Tax issues relevant to Group companies are addressed by a number of laws. This primarily applies to value added tax (VAT), corporate income tax, personal income tax, excise duty and certain other taxes. Historically, these laws may only be in force for a short time or may undergo amendments, so often they are inadequately tested in practice. Views frequently differ as to how individual statutes should be interpreted and there is a lack of precedent that may serve as guidance. This gives rise to ambiguity and disputes. The tax positions of Group companies (including matters pertaining to corporate structure and related-party transactions) are subject to review by a number of government authorities entitled, by law, to impose fines and penalties. The degree of this uncertainty cannot be quantified and will only cease once the relevant precedents and official interpretations of government authorities are available. Group management believes tax obligations were correctly reported in the accompanying financial statements. Nonetheless, should the tax position of a Group company be challenged for any reason by the tax office, that company could find itself having to pay tax obligations, which could negatively impact the Group's financial position and operating result.

30.2 Potential Environmental Obligations

The Group companies have the following potential environmental obligations:

Synthesia, a.s., has old environmental burdens in the Semtín and Rybitví industrial site originating prior to privatization process and the company incorporation. In 1997 a Contract for the settlement of environmental liabilities arising prior the privatization was made by and between the National Property Fund of the Czech Republic (now the Czech Ministry of Finance) and Synthesia, a.s. An addendum to this contract was signed in 2002. In accordance with the addendum Synthesia, a.s., was granted a guarantee for the payment of costs of correcting decontamination measures imposed by an administrative decision. The Czech Ministry of Finance organizes placing of orders to decontaminate old environmental burdens. Synthesia, a.s., does not create a provision for the removal of old environmental burdens arising prior to the privatization as its management believes that the company will incur no costs in excess of the guarantee provided.

On 24 October 2011, the National Council of the Slovak Republic approved Act No. 409/2011 Coll. on environmental burdens, which entered into force on 1 January 2012. Historical contamination of the soil and rock environment above certain criteria is considered an environmental burden. The database of identified priority environmental burdens includes the hazardous waste landfill in Trnovec nad Váhom ("RSTO", controlled landfill of solid waste), managed and operated by Duslo, a.s. until 30 June 2009. According to the above Act, for landfills that were operated in accordance with valid permits, the obliged person responsible for the remediation of the landfill will be the State through the relevant Ministry, rather than the current owner. As a result, Duslo, a.s. will not be obliged to ensure and finance the remediation of the landfill pursuant the Environmental Burden Act; the company nevertheless remains responsible for the closure and restoration and recultivation of RSTO pursuant to the Waste Management Act and the State will bear any remediation of the associated environmental burdens.

As at 31 December 2021, Duslo, a.s. recognized a provision for the closure and recultivation of the landfill and for other environmental burdens in the amount of CZK 136,133 thousand (EUR 5,476 thousand) (31 December 2020: CZK 143,718 thousand (EUR 5,476 thousand)). The amount of the provision for the closure of the landfill as at 31 December 2021 was determined on the basis of a project prepared by an expert and represents the best estimate of the present value of the future outflow of funds that the company will have to suffer in connection with the landfill or other environmental burdens. The calculation of the provision was based on the estimated use and consumption of various types of construction materials, unit prices of materials and the estimated cost of work involved in the closure and recultivation of the landfill.

Other companies are not aware of any more significant future obligations relating to damage caused by previous activities or obligations connected with the prevention of potential future damage.

30.3 Court and Other Disputes

An action has been brought against the subsidiary AGROTEC a.s. on suspicion of committing the crime of bargaining advantage in awarding contracts for public tender, competitive bidding and public auction. The High Court in Prague ruled in favour of AGROTEC a.s. on 19 April 2021. The decision is final and enforceable. The dispute is successfully closed and will not be further reported.

Duslo, a.s. is a party to a 1997 lawsuit concerning patent infringement, in which Istrochem, a.s. (of which Duslo, a.s. is the legal successor) was the second-party defendant. The first-party defendant filed a counterclaim for damages against Duslo, a.s. in 2021 (for loss caused by its entry into liquidation). On the basis of the judgment of the court of first instance, Duslo, a.s. is obliged to pay an amount of CZK 355,001 thousand (EUR 14,280 thousand) as principal, increased by interest, in damages (a total of CZK 749,716 thousand (EUR 30,158 thousand)). On 11 March 2022, Duslo, a.s. appealed against the judgment of the court of first instance. According to several law firms, Duslo, a.s. is highly likely to be successful in its appeal.

On 23 April 2021, the European Commission published the Final Report on the Audit of the Functioning of the Management and Control Systems Put in Place to Avoid Conflicts of Interest in the Czech Republic, Carried Out by the Directorates-General for Regional and Urban Policy (REGIO) and for Employment, Social Inclusion and Social Affairs (EMPL). The audit concerned the European Commission and selected institutions of the Czech Republic. The subject of the audit was selected subsidies of the Group. From the audit report and publicly available information from the Ministry of Industry and Trade, it is clear that the reservations concern only a small part of the audited subsidy projects, for which the total amount of CZK 155,118 thousand was drawn from public budgets. The Group is convinced that the presented findings and conclusions of the European Commission are inconsistent with the usual interpretations of Czech law presented by Czech case law and final decisions of the Czech authorities, and that subsidies for projects were justified. Based on these facts, the Group is convinced that it will not have to return these subsidies in the future.

As at the date of the preparation of the consolidated financial statements, the Group is not a party to any other significant pending litigation and claims that were relevant in 2021.

31 Auditor's Fees

(In CZK thousands)	2021	2020
Statutory audit of financial statements including the audit of consolidated financial statements	(62,635)	(63,813)
Other assurance services	(10,338)	(11,006)
Tax advisory	(7,810)	(10,031)
Other non-audit services	(2,869)	(2,149)
Total	**(83,652)**	**(86,999)**

32 Effects of COVID-19 Pandemic

COVID-19 has had no significant effect on the Group´s economic position and business results in the year 2021.

33 Subsequent Events

The following significant subsequent events occurred after the balance sheet date:

On 9 February 2022, MAFRA, a.s., acquired a 40% share in DENAX, a.s. on the basis of an agreement on the transfer of securities for a consideration and thus became its sole shareholder.

At the end of February 2022, the ongoing political tensions between Russia and Ukraine escalated with Russia's invasion of Ukraine. The world responded to the violation of international law and to the aggression by, inter alia, the imposition of extensive sanctions. These occurrences after the balance sheet date are considered to be non-adjusting subsequent events. As the situation is volatile and rapidly evolving, it is impossible to make an estimate of the potential impact on the Group. The impact of the invasion will be reflected in the Group's consolidated financial statements in 2022 and possibly in subsequent reporting periods. This situation does not affect the Group's ability to continue operations as a going concern.

Subsequent to the balance sheet date, certain Group companies received exemptions from creditors for non-performance of financial ratios on loans, totalling CZK 3,982,159 thousand. (see note 16).

On 21 March 2022, the Ministry of Industry and Trade of the Czech Republic delivered a press release stating that the Ministry would proceed to withdraw a subsidy of CZK 100,000 thousand which had been granted to Pekárna Zelená louka, a.s. in 2018 for an innovation line for the production of sandwich bread. The Group's management is convinced that the company obtained the subsidy in accordance with the Czech law and the rules governing the granting of subsidies in the Czech Republic. As at the date of release of the consolidated financial statements, the outcome of the pending administrative proceedings is unknown.

On 22 March 2022, SKW Stickstoffwerke Piesteritz GmbH, entered into agreements Schuldschein Loan Agreement with UniCredit Bank AG and COMMERZBANK Aktiengesellschaft, Filiale Luxemburg as the arrangers and with COMMERZBANK Aktiengesellschaft, Filiale Luxembourg as the payment and calculation agent on grounds of which it received in a first round a loan of EUR 40,000 thousand with fixed interest rate and EUR 15,000 thousand with floating interest rate. The loans have a five-year maturity and are redeemable in full as at the ultimate maturity date, i.e. five years after the funds receipt date by the company.

These consolidated financial statements have been authorized for issue in Prague on 28 April 2022.

Josef Mráz
Board of Directors Vice-Chairman

Petra Procházková
Board of Directors Member

AGROFERT


ČPAVEK

Independent Auditor's Report

Building a better working world

(Translation of a report originally issued in Czech - see Note 2 to the consolidated financial statements.)

To the Shareholders of AGROFERT, a.s.:

Opinion

We have audited the accompanying consolidated financial statements of AGROFERT, a.s. (hereinafter also the "Company"; together with subsidiaries "the Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical 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 opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and

- The other information is prepared in compliance with applicable law or regulation.

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In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Board of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

We communicate with the Board of Directors and with the Audit Committee 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.

Ernst & Young Audit, s.r.o.
License No. 401

Martin Skácelík
Auditor
License No. 2119

28 April 2022
Prague, Czech Republic


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