Annual Report
consolidated
2023

AGROFERT | 30 years 1993–2023

AGROFERT

30 years

1993–2023

AGROFERT Group
Annual Report Consolidated
2023

Company Identification No.: 26185610

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AGROFERT
30 years
1993–2023

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Since the end of 2006, AGROFERT has been based in Prague's Chodov.

Annual Report

1 Overview of the Group's Activities

In 2023, the AGROFERT Group (hereinafter also referred to as "the Group") celebrated 30 years of presence on the market. In 2023, the Group significantly strengthened its fertiliser division through the acquisition of Borealis nitrogen business companies (now companies of the LAT Nitrogen group). Also in 2023, AGROFERT initiated the process of divestment of the companies of MAFRA, a.s., LONDA spol. s r.o. and Synthesia, a.s., groups. The transaction was finalized in 2024.

The history of the AGROFERT Group dates back to 1993, which marked the establishment of a fertiliser trading company with 4 employees. 30 years later, at the end of 2023, the Group, together with the parent company, comprises 217 controlled companies, 2 jointly controlled companies and 7 associates companies under significant influence. AGROFERT Group companies are active in the following segments: chemicals, agriculture and primary production, food processing, forestry and wood processing, land technology and engineering, logistics and transport, and renewable energy.

Today, the Group has 32 thousand employees and is the largest Czech private employer. According to the CZECH TOP 100 ranking for 2022, AGROFERT is the fourth most important company in the Czech Republic. AGROFERT is one of the largest agricultural and food processing companies in Central Europe, the second largest producer of nitrogen fertilisers in Europe and the third largest Czech exporter.

In terms of investments, AGROFERT is one of the leading investors in the Czech Republic and Slovakia and significant investor also in Hungary, Austria, France and Germany.

The business success of the entire Group is based on long-term, stable relationships with business partners, the quality of work of the Group's employees, the skills of experts in specific fields, the ability to flexibly respond to changing market environment and a maximum use of synergies across the segments in which the Group operates.

2 Analysis and Assessment of the Group's Performance

The Group reported a significant decrease in economic results compared to the previous period, which is particularly due to the exceptionally good results reported in 2022, by a significant year-on-year drop in selling prices and further by the loss realized by the newly acquired companies. Except for increase in the volume of produced and sold fertilizers due to acquisition of LAT Nitrogen group, the volume of business transaction of the Group remained more or less unchanged. The Group companies have maintained their significant position in their respective business segments and their business activities have remained consistently robust.

3 The Group's Financial Position

The Group's consolidated profit after tax amounted to CZK 2,086 million in 2023, compared to CZK 12,966 million in previous year. The main reason for the decrease was the deteriorated results of companies, particularly in the chemical and agricultural segments. EBITDA decreased to CZK 16,772 million compared to CZK 31,539 million recorded in previous year. The newly included companies' contribution to the Group's results was a loss of CZK 2,597 million, mainly resulting from the revaluation of granted free-of-charge emission allowances to the acquired companies to fair value at the acquisition date; a provision for emission rights is recognized for most of these emission rights in the second half of 2023. The Group's profit before tax amounted to CZK 2,483 million.

Consolidated revenues from the sale of goods, finished products, materials and services amounted to CZK 211,660 million (2022: CZK 245,093 million). The Group's unconsolidated revenues totalled CZK 309,059 million (2022: CZK 362,952 million). Compared to the previous year, the Group's consolidated revenues decreased by CZK 33,433 million, particularly due to decreased selling prices in the chemical and agriculture segments in reaction to price developments in the relevant markets. The newly acquired companies made a contribution of CZK 13,901 million to the Group's 2023 turnover.

The net balance sheet total increased from CZK 186,999 million to CZK 214,771 million, representing an increase of 14.85%, primarily due to an increase in non-current assets by CZK 23,312 million caused by increase in both property, plant and equipment and intangible assets. Current assets decreased by CZK 6,648 million.

The increase in property, plant and equipment (excluding assets acquired through acquisitions of new companies) totalled CZK 10,943 million in 2023. As a result of inclusion of new companies, property, plant and equipment increased by CZK 16,768 million and intangible assets increased by CZK 4,972 million. Inventories of the Group companies decreased by a total of CZK 5,458 million year-on-year.

As a result of the signed agreements for the divestment of companies of the MAFRA, a.s., LONDA spol. s r.o. and Synthesia, a.s. groups, the settlement of which was subject to the satisfaction of certain conditions precedent and the receipt of regulatory approvals, the assets and liabilities of these companies were reclassified as assets classified as held for sale and related liabilities as at 31 December 2023. Assets classified as held for sale increased by CZK 11,055 million year-on-year and liabilities associated with assets classified as held for sale increased by CZK 3,927 million in 2023 compared to 2022.

Concerning equity and liabilities, liabilities and provisions increased by a total of CZK 20,220 million. The volume of bank and other loans and borrowings increased by CZK 15,226 million year-on-year. Furthermore, short-term provisions increased by CZK 4,049 million and trade and other long-term liabilities by CZK 1,908 million. Income tax payable decreased by CZK 1,694 million.

4 Subsequent Events after 31 December 2023 that are Material for the Purposes of the Annual Report

On 1 September 2023, AGROFERT, a.s. entered into an agreement with KAPRAIN CHEMICAL LIMITED for the sale of all its shares and ownership interests in MAFRA, a.s., LONDA spol. s r.o. and Synthesia, a.s. Completion of the transaction was subject to the satisfaction of certain conditions precedent and regulatory approvals. The sale of the companies was completed on 1 February 2024. Had the transaction been completed before 31 December 2023, the gain from the transaction would have been approximately CZK 5.2 billion.

On 20 October 2023, AGROFERT, a.s. entered into an agreement for the purchase of a 65% stake in East Grain srl in order to acquire a joint controlling influence in the company. Completion of the transaction is subject to regulatory approvals. The transaction is expected to be completed in the second quarter of 2024.

Subsequent to the balance sheet date, certain Group companies received exemptions from creditors for non-performance of financial ratios on loans, totalling CZK 2,367,573 thousand.

On 16 January 2024, Primagra, a.s. acquired a controlling interest in Neveklov a.s., a company engaged in primary agricultural production. As at that date, the interest held in the equity of Neveklov a.s. was 70.09%.

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 also thanks to 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 2024, we expect the AGROFERT Group to maintain its long-term stable economic performance. However, compared to the 2023 results, we expect a better performance, especially in the fertiliser segment; 2023 was a difficult year for the segment due to lower demand for fertilisers and a significant decline in fertiliser sales prices in the first half of 2023. We expect a significant improvement particularly in the newly integrated LAT Nitrogen group, with positive effects of the synergies and cost-saving measures implemented. We also expect improved performance in the specialty chemicals segment, particularly in DEZA. Performance in the food production segment is expected to remain good, similarly to last year. Conversely, in the agriculture segment, we expect a slight year-on-year deterioration in performance due to low market prices of crop commodities on the European market and a declining support of conventional agriculture from European and national sources.

In 2024, the amount of capital expenditures is expected to increase year on year and to significantly exceed the level of depreciation. This year's capital expenditures will focus primarily on energy savings and further production greening. The most important projects include a general overhaul outage of LAT Nitrogen's production plant in Linz, the start of construction of a new bakery line for McDonald's at Lieken Brot, the completion of a new fertiliser storage hall with a packaging line at SKW, the start of construction of a new chicken slaughterhouse in Vodňany, the expansion of AGROFERT Deutschland's Drebkau site and the construction of several new cowsheds, including milking plants, in the Czech Republic and Slovakia. Investments in the modernisation of chemical, food, agricultural, timber and other plants will continue.

In 2024, the AGROFERT Group will continue to fulfil its strategic priorities, including the achievement of business objectives ąand caring for employees and their development.

Thanks to the above, the Board of Directors of AGROFERT, a.s., is convinced that the 2024 activities will contribute to maintaining the continuity of positive developments of the entire Group's business. The 2024 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 and other partners. This is particularly true for companies in the chemical, agricultural and food industry.

In the chemical manufacturing industry, the AGROFERT Group operates several research laboratories. Výzkumný ústav organických syntéz, a.s. focuses on the development and up-scaling of specialty chemicals, custom syntheses and toxicology testing. The VUCHT, a.s. laboratory 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.

Research activities are also carried out within the Group's manufacturing companies. For example, more than 60 employees of SKW Stickstoffwerke Piesteritz GmbH work in chemical research, agricultural applications research and analysis. The agricultural applications research facility in Cunnersdorf, Germany, has gained international recognition at the highest level. In 2023, the facility once again initiated and organized important thematic communication between farmers, agricultural advisors, dealers and other interested parties. It initiated and participated in the funded projects (StaPrax-Regio, Win-N, Prax-Reduce, IMPROVE, NITRIKLIM, NeatWheat, NAWIRA) with the intention to link key objectives: opening up innovative R&D topics, optimizing marketing support by involving excellent participants, improving cost and resource efficiency.

Particularly in the Czech and Slovak Republics, the Group companies emphasise cooperation with the Academia. The AGROFERT Group chemical manufacturers support the connection between students' theoretical knowledge and industry practice, particularly in the research, development and technological development. Through practical training, internships or temporary jobs, students gain the necessary knowledge and practical experience. Another equally important area is the cooperation with students working on their bachelor's, diploma or dissertation theses. The Faculty of Chemical Technology of Pardubice University, Tomáš Baťa University in Zlín, Institute of Chemical Technology in Prague, Masaryk University in Brno, Palackého University in Olomouc, Ostrava Technical University and Brno University of Technology were key partners of the Group's chemical companies in 2023.

In 2023 a number of 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, South Bohemia University in České Budějovice and the Technical University in Zlín.

Research and development carried out in school and university settings produces results such as agricultural field trials that focus on innovations in plant and crop care and protection, product innovation and a range of other activities. New projects include research and development activities such as research on the impact of nutrition on livestock and participation in projects that have a long-term impact on the environment.

Field trials are one of the traditional activities of the AGROFERT Group that link the chemistry and agriculture segments. They are an integral part of the "field days" organised in cooperation with the Group's agricultural companies. During the field days, the maintenance and protection of plants and agricultural crops as such were presented.

The LAT Nitrogen group cooperates on field trials with independent institutions and service providers in Austria, Germany, France, Hungary, Romania and Bulgaria. The combination of product, application know-how and digital tools contributes to sustainable crop production. For LAT Nitrogen, 2023 was the year of the development phase of the digital farming tool N-Pilot, a handheld, portable sensor that detects the nutritional status of plants by measuring chlorophyll content and biomass.

In the field of food production, AGROFERT Group companies focus their research and development particularly 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 include primarily Brno's Mendel University, the Czech University of Life Sciences in Prague, South Bohemia University in České Budějovice, and the Slovak University of Agriculture in Nitra.

Targeted cooperation between schools and the companies in the segment of technology, engineering and transport involves a number of universities and secondary schools. Universities with a long-term history of cooperation include the Brno University of Technology and the Czech University of Life Sciences in Prague. The cooperation takes the form of students' internships and practical training in AGROFERT companies, and, on the other hand, regular lectures by and consultations with experts from among AGROFERT employees, linking theory with practice.

7 Group's Environmental Activities

In 2023, AGROFERT Group companies began preparations for meeting the new requirements under the CSRD with reporting obligations from 2025. Nevertheless, responsible approach to environmental protection, relationships with and promotion of communities and cost-effective energy management have already been an integral part of the responsible business of the AGROFERT Group companies for a long time. 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 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 management, biofuel sustainability or forest farming (e.g. under ISO 14 001, ISCC EU, PEFC) reducing the impact of company operations on the Environment or energy management (e.g. ISO 50 001 and 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 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. The Group's companies have therefore built a strong and precise wastewater treatment system. The quality of the discharged wastewater is determined by the limits set by the relevant state authorities, which are rather strict and constantly monitored. Therefore, methods and technologies are progressively implemented to enhance the capacity of wastewater treatment systems so that the treated water can be returned to nature at the highest quality; these involve continuous improvement of all stages of mechanical pre-treatment, wastewater sedimentation and filtration. These activities are not only technologically demanding, yet also strictly monitored and regulated. The Group companies take a long-term and comprehensive approach to environmental risks. An example is Lovochemie, a.s., which was awarded the prestigious Product Stewardship Certificate in 2023, which confirms the company's commitment to safe and responsible product management throughout their entire life cycle.

In the long run, the AGROFERT Group food companies 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. An example is the Olma dairy, which reduced the weight of plastic packaging (cups) for its best-selling yogurts Florian and Klasik in 2023. The dairy Hlinsko, a.s. worked intensively on energy saving projects in 2023 to recover heat from exhaust vapour, purify condensation wastewater and reuse it for technology rinsing. The main benefits of these steps are expected in the following periods.

The Group's plans for the coming years include further reduction of the environmental footprint in line with AGROFERT's strategic plans and commitments imposed by EU regulations, increasing energy savings and, last but not least, reducing the amount of waste produced, including its subsequent recycling. In addition, the companies will continue to strive to develop, search for and implement the best available technologies. Group companies in all segments also invest in renewable energy sources, in particular PV, in addition to seeking strategic partnerships across their production chains.

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

The average number of employees of the AGROFERT Group in 2023 was 32,000, of which Czech companies employed 20,445 people. The Group thus defended its leading position among the largest Czech private employers.

In the long-term, AGROFERT Group companies have strictly followed the applicable legislation and the Group's and individual companies' internal policies governing labour relations and payroll processing. The year 2023 however brought legislative changes that affect human resources management, payroll processing, the HR agenda and all related activities. The Group's companies changed and extended the principles and processes already in place to meet the demands of the new legislation.

The AGROFERT Group is at all times committed to compliance with legal regulations, the principles of ethics and morality and fair business practices in the day-to-day activities of all Group companies. The Compliance Programme was adopted with the aim of setting specific standards; the Programme includes the Code of Ethics, which contains the Group's basic principles, values and rules. The Code of Conduct focuses 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, color, 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.

The measures aimed at detecting and eliminating illegal or unethical conduct include an ethics hotline, Tell Us, to report violations of the Code of Ethics. The ethics hotline is intended not only for AGROFERT employees, but also for business partners and other persons who can report violations of the Group's approved rules of ethical conduct. All notifications are thoroughly investigated and corrective measures are taken in the event of an ascertained violation.

In 2023, selected companies and employees of the Group received awards in the Employer of the Year competition, Manager of the Year competition and TOP Employer of the Year competition, and various local awards within their districts or regions. The gold medal awarded by ECOVADIS, the Canteen of the Year award or the Fair Employer award are also worth mentioning. The nomination in the dual education TOP instructor category or the second place of our apprentices' team in the professional butcher - charcutier competition are further important achievements.

Similarly to previous periods, great emphasis was placed on the development of the information channel for internal communication in 2023, i.e. the Group's intranet. The platform is rightly gaining increasing popularity among employees. It serves, among other things, as an effective tool through which comprehensive information can be delivered to all Group employees and groups of professionals in a short time. The number of groups expanded in 2023 and now the majority of the Group's expert groups use this secure and up-to-date form of communication. Examples include the Payroll Accountants in the Czech and Slovak Republics, Personnel Managers, the Energy Group and many others.

In addition to online tools, we also used printed periodicals for internal communication purposes in 2023. In addition to the printed Group-wide AGROFERT magazine, agricultural, food and chemical companies also regularly published their internal periodicals. Employees are regularly informed about life and events at their workplaces, as well as about activities in other Group companies.A number of companies expanded their use of social networks in 2023, be it LinkedIn or Facebook, while Instagram is gaining in popularity. Via these media, companies can inform not only their employees, but also the general public about their events, new products or other activities through short articles. The platforms serve to enhance the reputation of individual companies, and the Group as a whole.

AGROFERT Group companies placed great emphasis on employee training and development in 2023. As a rule, this area is covered by the individual training plan of each employee. The e-learning platform and online courses and seminars continue to prove to be a suitable tool. The education and training system focuses on enhancing the professional knowledge of employees at all levels of management in the area of production, commerce, consultancy and support activities. Greater emphasis on foreign language training in the form of individual or group courses was a new aspect introduced in 2023.

The monitoring of legislative changes at all levels of management and continuous improvement of quality, occupational health and safety, environmental protection and certified systems are an essential part of the training process. In 2023, AGROFERT Group companies again focused more on management skills training and personal development of individual managers.

The development and promotion of employee health remains a priority for all AGROFERT Group companies. The forms of employee health support vary from company to company. AGROFERT Group employees in the Czech Republic can use the benefit of examinations at the Modřany outpatient clinic, or use specific treatment at the healthcare facility according to their workplace or place of residence as part of their benefit package. Many companies organise Health Days. One of these events was e.g. held in cooperation with the staff of the Oncology Institute in Brno. Some of the Group companies offer their employees health recovery stays in selected recreational or spa facilities, pharmacy vouchers for the purchase of vitamins, contributions for vaccinations, doctor consultations via a phone health line or many other benefits. Trade unions are also involved in health promotion and social dialogue in many companies. Taking care of employees, both current and former, includes good mutual relations and participation in common goals.

Many companies of the Group choose their future employees already during their studies at technical and vocational schools. Examples of the cooperation include scholarship programmes, awards for the best bachelor's and master's theses, assessment centres and many other activities. 2023 was the 16th year of the YOUNG CHEMIST, a nation-wide competition promoting chemistry studies.

AGROFERT Group companies offer their potential employees, typically graduates of secondary agricultural or vocational and technical schools, scholarship or trainee programmes. These include, among other projects, the special Pig Camp programme, which focuses on pig breeding, TechCamp programmes of various lengths and focuses for students of technical disciplines and the AGRO Camp for students of agriculture.

AGROFERT has also built long-term relationships based on close cooperation with a number of secondary schools, including the Secondary Technical School of Chemistry in Pardubice, the Secondary Technical School in Ústí nad Labem, the Secondary Technical and Horticultural School in Lovosice, the Higher Vocational School and the Secondary Technical School of Mechanical Engineering, Construction and Transport, Děčín, the Secondary Technical School Otrokovice, Josef Jungmann Gymnasium Litoměřice, Secondary Technical School Přerov, Secondary Technical School Hranice na Moravě, Jakub Škoda Gymnasium Přerov, Secondary School of Electrical Engineering Lipník nad Bečvou, and Secondary School of Logistics and Chemistry Olomouc.

In an effort to fill graduate positions and build a long-term great employer brand among students and graduates, the Group and selected companies participated in job fairs and job days in 2023. The JobChallenge fair in Brno, where we met with students from Mendel University, Masaryk University and Brno University of Technology, was among the most important events. We also participated, for example, in the Student Scientific Conference at the Faculty of Mechanical Engineering in Bratislava, the Windows into Practice fair at Palacký University in Olomouc, and study programmes and fairs in Nitra.

As a traditional component of our corporate culture, AGROFERT employees and Group companies are involved in public-benefit projects and projects supporting local communities, sports clubs and cultural events, and regional charity projects. These activities are primarily aimed at promoting strong neighbour relationships or helping those in need. The joint project under the title "Good Neighbor" continued in 2023, aiming to help in the locations where we operate. Our cooperation with wild animal rescue station Pasíčka, the largest rescue station in the Czech Republic for disabled animals, is already in its third year. A new 2023 project was the construction of a Group educational trail, where the Group's products are presented to young visitors in an interactive way.

AGROFERT Group companies also have their own independent projects targeting the regions in which they operate. An example is the Helping with Seeds charity project, where the company donates CZK 15 from each unit of OSEVA HYBRIDS corn for charity in support of hospices, municipal libraries, cultural and social events, racing associations, international music and film festivals or associations.

The year 2023 was a significant milestone for the AGROFERT Group companies, as the parent company celebrated the 30th anniversary of its establishment. On this occasion, every employee of the AGROFERT Group who fulfilled the requirement of certain years of employment received a benefit from the company. A number of founding or key employees of the Group companies received an exceptional award in the form of a commemorative plaque in recognition of their work and efforts. The publication of a book entitled “Příběhy AGROFERT” (AGROFERT Stories) was another integral part of the celebration of the Group’s anniversary. In more than 400 pages, the book covers the founding of the parent company and the history, development and successes of the individual Group companies. On the occasion of the anniversary, many AGROFERT companies held open days, employee and public days, harvest festivals and many other events throughout the year.

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 (IC): 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 (IC): 47790342.

Logistics Solution, a.s. has a foreign branch in Slovakia: Logistics Solution, a.s, slovenská organizačná zložka, with its registered office at Chovateľská 1, 917 01 Trnava, Slovakia, Business registration number (IC): 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 (IC): 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.


30 years
1993–2023

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 2023

AGROFERT Group

Consolidated Balance Sheet as at 31 December 2023

In CZK thousands	Note:	31. 12. 2023	31. 12. 2022
Total assets		**214,770,588**	**186,998,599**
Non-current assets		**122,243,808**	**98,931,450**
Property, plant and equipment	5.1	100,767,226	82,940,408
Right of use asset	6.1	6,280,208	5,786,412
Goodwill	2.6	1,818,255	2,789,317
Intangible assets	5.2	7,630,776	2,722,458
Investment property	5.3	249,780	265,747
Non-current biological assets	7.1	514,291	1,063,574
Deferred tax asset	26	1,112,617	689,374
Long-term financial assets	10	277,052	233,720
Long-term receivables	10	1,076,455	263,828
Investments in associates and joint ventures	4.2	2,517,148	2,176,612
Current assets		**81,419,116**	**88,014,124**
Inventories	8	43,208,419	48,666,016
Current biological assets	7.2	2,440,101	2,915,683
Short-term financial assets	11	178,296	220,869
Trade and other receivables	11	25,400,133	26,133,439
Income tax receivable		855,110	97,165
Cash and cash equivalents	12	9,337,057	9,980,952
Assets classified as held for sale	9	**11,107,664**	**53,025**
Total liabilities and equity		**214,770,588**	**186,998,599**
Long-term liabilities and provisions		**30,098,253**	**17,346,179**
Long-term bank and other loans and borrowings	14	17,631,231	7,559,822
Long-term lease liability	6.1, 14	4,990,039	4,627,796
Trade and other long-term liabilities	14	2,711,696	804,046
Deferred tax liability	26	3,336,051	3,196,756
Long-term provisions	19	1,429,236	1,157,759
Current liabilities and provisions		**72,070,636**	**64,603,035**
Short-term bank and other loans and borrowings	15	34,768,443	29,613,913
Short-term lease liability	6.1, 15	1,379,155	1,256,398
Trade and other current liabilities	15	29,126,590	29,290,974
Income tax payable		237,821	1,932,154
Current provisions	19	6,558,627	2,509,596
Liabilities associated with assets classified as held for sale	9	**3,927,020**	-
Total equity		**108,674,679**	**105,049,385**
Equity attributable to equity holders of the parent		**108,711,577**	**105,099,690**
Share capital	13	628,000	628,000
Share premium		30,600	31,736
Translation differences		(2,415,591)	(4,089,815)
Cash flow hedges		59,036	171,577
Retained earnings and other reserves		110,409,532	108,358,192
Non-controlling interests		**(36,898)**	**(50,305)**

AGROFERT Group

Consolidated Statement of Profit or Loss as at 31 December 2023

In CZK thousands	Note:	2023	2022
Revenue	20	**211,659,778**	**245,092,639**
Revenue from sale of finished products and goods		200,407,943	231,815,378
Revenue from sale of services		10,736,573	10,164,968
Revenue from sale of material		515,262	3,112,293
Depreciation and amortization	21	**(11,024,442)**	**(9,613,537)**
Consumption of material and energy and cost of goods sold		**(143,475,157)**	**(172,201,845)**
Changes in inventory and current biological assets and their fair values	7.2, 8	**(905,197)**	**5,694,004**
Personnel expenses	22	**(27,633,173)**	**(25,963,280)**
Cost of services and repairs and maintenance		**(25,692,891)**	**(22,650,414)**
Changes in fair values of non-current biological assets and investment property	5.3, 7.1	**(583,712)**	**491,342**
Impairment of goodwill and changes in impairment of non-current assets and operating provisions, net	23	**(1,115,117)**	**(2,968,098)**
Losses (-) / reversal of losses (+) on impairment of financial assets, net		**156,552**	**(384,207)**
Other operating expenses	24	**(3,551,715)**	**(3,447,867)**
Other operating income	24	**6,188,695**	**4,041,306**
Interest expense		**(2,731,551)**	**(1,472,003)**
Interest income		**502,553**	**230,986**
Foreign exchange rate gains (+) and losses (-), net		**(121,191)**	**(77,733)**
Gain (+) / loss (-) from sale of subsidiaries, joint ventures and associates		**-**	**(7,177)**
Other financial expenses and income, net	25	**44,393**	**83,279**
Share of profit (+) / loss (-) of associates and joint ventures	4.2	**765,130**	**482,904**
Profit before income taxes		**2,482,955**	**17,330,299**
Income taxes	26	**(397,016)**	**(4,364,138)**
Profit for the year		**2,085,939**	**12,966,161**
Profit for the year attributable to:			
Equity holders of the parent		2,064,545	13,167,530
Non-controlling interests		21,394	(201,369)

AGROFERT Group

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

In CZK thousands	Note:	2023	2022
Profit for the year		**2,085,939**	**12,966,161**
Other comprehensive income - items that may be reclassified subsequently to statement of profit or loss			
Change in fair value of cash flow hedges recognized in equity		10,403	254,254
Cash flow hedges reclassified to statement of profit or loss		(147,486)	(118,775)
Translation differences		1,668,950	(1,260,739)
Deferred tax related to other comprehensive income	26	24,543	(25,741)
Net other comprehensive income that may be reclassified to statement of profit or loss in subsequent periods		**1,556,410**	**(1,151,001)**
Other comprehensive income – items not to be subsequently reclassified to statement of profit or loss			
Gain (+) / loss (-) on defined benefit plans	27	(14,780)	121,224
Gain from transfer to investment property		17,727	-
Deferred tax related to other comprehensive income	26	(2,617)	-
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods		**330**	**121,224**
Other comprehensive income, net of tax		**1,556,740**	**(1,029,777)**
Total comprehensive income, net of tax		**3,642,679**	**11,936,384**

Total comprehensive income attributable to			
Equity holders of the parent		3,626,159	12,127,239
Non-controlling interests		16,520	(190,855)

AGROFERT Group

Consolidated Statement of Cash Flows for the year ended 31 December 2023

In CZK thousands	Note:	2023	2022
OPERATING ACTIVITIES			
Profit before income taxes		2,482,955	17,330,299
Adjustments to reconcile income before income taxes to net cash provided by operating activities			
Depreciation and amortization	21	11,024,442	9,613,537
Gain / loss on non-current asset sales, net		(236,440)	(222,453)
Foreign exchange rate gains and losses, net		121,191	77,733
Interest expense and interest income		2,228,998	1,241,017
Dividend income		(1,282)	(14,486)
Changes in provisions		2,101,616	(7,515)
Changes in impairment allowances		(3,974,886)	4,176,093
Other non-cash movements from operating items		578,908	496,559
Impairment of goodwill and gain from a bargain purchase, net	2.6, 4.5, 4.6	(2,137,820)	292,442
Changes in fair value of non-current biological assets		603,597	(486,594)
Changes in fair value of investment property		(19,885)	(4,748)
Gain / loss on revaluation of derivatives and financial assets to fair value, net		20,984	(104,472)
Share of profit of associates and joint ventures	4.2	(765,130)	(482,904)
Changes in working capital			
Receivables		4,912,040	(499,148)
Inventories and current biological assets		9,918,178	(17,170,342)
Other current assets		(57,740)	(127,392)
Trade and other liabilities		(5,536,076)	4,374,395
Income tax paid		(4,826,033)	(3,097,642)
Interest paid, net of capitalized interest		(2,629,295)	(1,440,087)
Net cash provided by operating activities		**13,808,322**	**13,944,292**
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired and acquisition of joint ventures and associates	4.5, 4.6	(16,164,155)	(1,437,747)
Loss of control over subsidiaries, net of cash disposed of and sale of joint ventures and associates		500,000	-
Additions to non-current assets, including capitalized interest and investment property		(12,327,533)	(10,310,842)
Interest received		486,702	229,037
Dividends received, including dividends from joint ventures and associates		734,772	440,771
Proceeds from sale of non-current assets		814,564	870,843
Loans made and repayments of provided loans, net		6,268	(10,378)
Total cash used in investing activities		**(25,949,382)**	**(10,218,316)**
FINANCING ACTIVITIES			
Proceeds from borrowings	18.5	28,878,118	16,564,896
Payments of borrowings	18.5	(15,173,804)	(16,696,163)
Proceeds from other liabilities	18.5	1,205,664	2,934,750
Proceeds from other liabilities	18.5	(917,296)	(1,235,529)
Payments of lease and other liabilities	18.5	(1,411,619)	(1,268,544)
Dividends paid to non-controlling interests		(16,246)	(16,693)
Acquisition of non-controlling interests	4.5, 4.6	(40,334)	(109,720)
Net cash provided by / (used in) financing activities		**12,524,483**	**172,997**
Net effect of currency translation on cash		84,824	(165,763)
Net increase / (decrease) in cash and cash equivalents		**468,247**	**3,733,210**
Cash and cash equivalents at beginning of period		**9,980,952**	**6,247,742**
Cash and cash equivalents at end of period	**12**	**10,449,199**	**9,980,952**
Supplementary cash flow information			
Total cash paid for interest		(2,659,737)	(1,445,046)


30 years
1993–2023

AGROFERT operations are in the hands of professional management that has the full confidenceof the company shareholders.

AGROFERT's Board of Directors reflects the structure of the Group's segments. The nine-member Board of Directors comprises, from left, **Jaroslav Kurčík** (Board Member responsible for the Bakeries segment), **Alexej Bílek** (Board Member), **Simona Sokolová** (Board Member responsible for the Dairies, Frozen Pastries, White Meat and Red Meat segments), **Josef Mráz** (Vice-Chairman of the Board responsible for the Agriculture, Forestry, Machinery and Technology segments and Executive Director), **Zbyněk Průša** (Chairman of the Board of Directors responsible for the Specialty Chemicals segment), **Petr Cingr** (Vice-Chairman of the Board of Directors responsible for the Fertilisers, Fuels and Renewable Resources segment), **Petra Procházková** (Member of the Board of Directors and Chief Financial Officer), **Jiří Haspeklo** (Member of the Board of Directors) and **Libor Němeček** (Member of the Board of Directors and Director of Mergers, Acquisitions and Corporate Finance).

AGROFERT Group

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Attributable to equity holders of the parent								
In CZK thousands	**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 31 December 2022	**628,000**	**31,736**	**(2,825,553)**	**61,841**	**8,133**	**95,111,020**	**93,015,177**	**162,712**	**93,177,889**
Profit for the year 2022	-	-	-	-	-	13,167,530	13,167,530	(201,369)	12,966,161
Other comprehensive income 2022	-	-	(1,263,969)	109,736	(8)	113,950	(1,040,291)	10,514	(1,029,777)
Total comprehensive income	**-**	**-**	**(1,263,969)**	**109,736**	**(8)**	**13,281,480**	**12,127,239**	**(190,855)**	**11,936,384**
Dividends	-	-	-	-	-	-	-	(17,693)	(17,693)
Acquisition of subsidiaries (Note 4.6)	-	-	-	-	-	-	-	29,343	29,343
Acquisition of non-controlling interests (Note 4.6)	-	-	-	-	-	(44,165)	(44,165)	(58,504)	(102,669)
Loss of control over subsidiary	-	-	(293)	-	-	-	(293)	6,864	6,571
Put options held by non-controlling interests	-	-	-	-	-	1,732	1,732	17,828	19,560
As at 31 December 2022	**628,000**	**31,736**	**(4,089,815)**	**171,577**	**8,125**	**108,350,067**	**105,099,690**	**(50,305)**	**105,049,385**
Profit for the year 2023	-		-	-	-	2,064,545	2,064,545	21,394	2,085,939
Other comprehensive income 2023	-	(1,136)	1,674,224	(112,541)	14,347	(13,280)	1,561,614	(4,874)	1,556,740
Total comprehensive income	**-**	**(1,136)**	**1,674,224**	**(112,541)**	**14,347**	**2,051,265**	**3,626,159**	**16,520**	**3,642,679**
Dividends	-	-	-	-	-	-	-	(15,237)	(15,237)
Acquisition of subsidiaries (Note 4.5)	-	-	-	-	-	-	-	219,268	219,268
Acquisition of non-controlling interests (Note 4.5)	-	-	-	-	-	(9,849)	(9,849)	(211,047)	(220,896)
Put options held by non-controlling interests	-	-	-	-	-	(4,423)	(4,423)	3,903	(520)
As at 31 December 2023	**628,000**	**36,600**	**(2,415,591)**	**59,036**	**22,472**	**110,387,060**	**108,711,577**	**(36,898)**	**108,674,679**

AGROFERT Group

Notes to the Consolidated Financial Statements as at 31 December 2023

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 2023, 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. Ing. Andrej Babiš became a beneficiary of the Trust Funds (hereinafter referred to as the "beneficiary").

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 2023:

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:	**Mgr. Václav Knotek**
Vice-chair:	**Ing. Karel Vabroušek**
Member:	**Ing. Hana Valešová**

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 2023, 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 are presented in thousand Czech crown (CZK thousand), rounded to the nearest thousand, hence rounding differences may arise. 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 profit or loss, 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 profit or loss 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.

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 profit or loss. 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, wheat and hop, 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 (Euronext) or from concluded sales contracts for the future period (used for hop) of plant commodities, 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 2023 and 2022 using a long-term estimated rate of interest ranging from 2.0 – 6.3% and from 2.6 – 9.1% 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 recognized 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 under an agreement to sell all shares and ownership interests entered into by and between AGROFERT, a.s. and KAPRAIN CHEMICAL LIMITED on 1 September 2023. The transaction was settled after the balance sheet date (see Notes 9 and 35).

As at 31 December 2022, the recoverable amount for the media segment was determined using market transaction EBITDA multiples in the range 4.90 – 8.75.

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 2023 and 2022, 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 1–2% 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 2023	7.28-7.48%	5.98-11.50%	6.78-11.09%	6.78%
31 December 2022	6.40-6.58%	5.37-10.26%	5.76-10.06%	6.41%

Breakdown of goodwill by cash-generating units as at 31 December 2023 and 2022 is as follows:

(In CZK thousands)	31 December 2023	31 December 2022
Media 1	-	756,826
“Red meat” group companies	118,825	118,825
IKR Agrár	236,425	220,309
GreenChem	198,578	102,024
Media 2	-	349,407
NAVOS	183,913	96,817
NT	463,735	432,125
PENAM	363,016	363,016
TOP HOP	11,679	107,884
Other	242,084	242,084
Total	**1,818,255**	**2,789,317**

Goodwill movements in 2023 and 2022 can be analysed as follows:

(In CZK thousands)	2023	2022
Opening balance as at 1 January	**2,789,317**	**3,081,884**
Newly consolidated companies (see Note 4.5, 4.6)	197,117	107,884
Goodwill impairment and write-offs (see Note 23)	(116,035)	(319,311)
Transfers to Assets classified as held for sale (see Note 9)	(1,106,233)	-
Exchange rate gain/(loss)	54,089	(81,140)
Closing balance as at 31 December	**1,818,255**	**2,789,317**

In 2023, goodwill impairment included, in particular, the impairment of goodwill of the TOP HOP cash-generating unit and also of the Other cash-generating units. In 2022, goodwill impairment included, in particular, the impairment of goodwill of the Media 2 cash-generating unit and also of the “Red meat” group companies and Other cash-generating units. Goodwill was impaired due to the expected deterioration in the business performance of these cash-generating units.

As at 31 December 2023, goodwill impairment tests show relatively low sensitivity to the changes in key assumptions in these tests, except for the “Red meat” group companies cash-generating unit. If the discount rate of the “Red meat” group companies cash-generating unit increased by approximately 0.3% (relative change of the discount rate by approximately 4%) while all the other parameters remained unchanged, the related goodwill would be presented as fully impaired as at 31 December 2023.

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 2023 and 2022 are as follows:

Date	Chemistry	Food industry	Primary production of agricultural products and livestock farming and trade and services	Media	Other
31 December 2023	1.22-8.46%	1.42-8.66%	1.62-8.86%	1.52-8.76%	1.46-8.70%
31 December 2022	0.09-4.94%	0.29-5.14%	0.49-5.34%	0.39-5.24%	0.33-5.18%

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 281,611 thousand in 2023 and CZK 287,454 thousand in 2022. 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 profit or loss.

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.

The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The statement of profit or loss 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 profit or loss 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.

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 profit or loss.

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 profit or loss .

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. At this point, the intangible assets and the related provision for emission allowances are derecognised.

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 profit or loss 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 profit or loss . 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 profit or loss .

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 oprofit or loss 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 profit or loss . Interest income (recorded as finance income in the statement of profit or loss) 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 profit or loss .

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 profit or loss . 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 profit or loss . 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 profit or loss in the line item Other financial expenses and income, net.

Amounts accumulated in equity are transferred to the statement of profit or loss 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 profit or loss 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 profit or loss .

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 profit or loss .

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 profit or loss , 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 to employees. 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 and severance plan. 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.

3 Adoption of New and Revised Standards

The accounting policies applied in 2023 are consistent with those of the 2022 financial year unless specified otherwise below.

3.1 New IFRS Standards and IFRIC Interpretations Adopted by the Group in the Annual Period Beginning on 1 January 2023

The Group has adopted the following new and revised standards and interpretations that are effective for periods beginning on or after 1 January 2023:

3.1.1 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.

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

3.1.2 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.

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 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; adopted by the EU on 11 August 2022)

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 apply to annual reporting periods beginning on or after 1 January 2023.

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

3.1.4 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.

3.1.5 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; adopted by the EU on 8 September 2022)

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

The amendments are not relevant for the activities of the Group.

3.1.6 Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023 and effective for annual periods beginning on or after 1 January 2023; adopted by the EU on 8 November 2023)

The amendments clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.
- The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

EFRAG consulted on its preparatory draft for the endorsement advice based on the IASB's Exposure Draft. Companies may apply the exception immediately, but disclosure requirements are required for annual periods commencing on or after 1 January 2023.

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

3.2 New IFRS Standards and IFRIC Interpretations Applicable to Periods Beginning on or after 1 January 2024

3.2.1 Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Nonc-urrent (issued on 23 January 2020 and 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024; adopted by the EU on 19 December 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. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

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 amendments were initially effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the COVID-19 pandemic, the effective date was deferred by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments must be applied retrospectively. Early application is permitted. However, an entity that applies the 2020 IAS 1 amendments early is also required to apply the 2022 IAS 1 amendments, and vice versa.

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

3.2.2 Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024; adopted by the EU on 20 November 2023)

The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Lease liability in a sale and leaseback requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in statement of profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments apply for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

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

3.2.3 Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendment has not yet been adopted by the EU. An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 (with earlier application permitted) and the amendments to IFRS 7 when it applies the amendments to IAS 7. There is a certain amount of transition relief provided, including relief regarding comparative information and interim period information.

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 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025)

The amendments specify that a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. A currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

When a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

When a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendment has not yet been adopted by the EU. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

An entity does not apply the amendments retrospectively. Instead, an entity recognises any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognises the cumulative amount of translation differences in equity.

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.


years
1993–2023

Thanks to the largest acquisition in its history, in 2023 the AGROFERT Group expanded to include the companies of the nitrogen processing division Borealis – now LAT Nitrogen. It became the second largest fertiliser producer in Europe.

4 Subsidiaries, Joint ventures and Associates as at 31 December 2023

4.1 Subsidiaries

Subsidiaries as at 31 December 2023	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 Energy, a.s.	CZ	24716677	Pyšelská 2327/2, Chodov, 149 00 Praha 4	100.00%	AGROFERT, 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	UL. JANA KUBISZA 1, 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.
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 1 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 parts s.r.o.	CZ	17440556	Brněnská 12/74, 693 01 Hustopeče	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.

Subsidiaries as at 31 December 2023	Coun-try	Business registration No.	Registered office	Recalcu-lated inte-rest in %	Direct holder
APEX AGRO, s.r.o.	CZ	08122351	č.p. 102, 671 53 Jevišovice	100.00%	NAVOS, a.s.
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.
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.
CIZ - AGRO, a.s.	CZ	25165551	č.p. 21, 378 81 Cizkrajov	63.71%	KROW, s.r.o.
"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 Boroví, s.r.o.	CZ	14269317	Plevnice 42, 393 01 Olešná	100.00%	SPV Pelhřimov, a.s.
Farma HYZA a.s.	SK	36519081	Odbojárov 2279/37, Topoľčany 955 92	99.85%	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.
FEBORAN EOOD	BG	204359643	gr. Sofia, p.c. 1113 p-n Iskar, str. Tintiava No. 13B, ap. ofic 3-5	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. v likvidácii	SK	50472003	Kalinčiakova 33 Bratislava - mestská časť Nové Mesto 831 04	100.00%	IRS network a.s.
GreenChem Adriatic d.o.o. za usluge	HR	51216991623	Zagreb (Grad Zagreb) Ulica baruna Trenka 8	100.00%	GreenChem Holding B.V.
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 SAS	FR	488500125	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 Deut-schland 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 SI d.o.o.	SI	2253658000	Poljska pot 4 1000 Ljubljana	100.00%	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.

Subsidiaries as at 31 December 2023	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
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	RM-1459265	Viale Parioli 87, 00118 Rome, Italy	100.00%	GreenChem Holding B.V.
HASINA s.r.o.	CZ	27301915	Nádražní 805, 393 01 Pelhřimov	100.00%	ZZN Pelhřimov a. s.
HYZA a.s.	SK	31562540	Odbojárov 2279/37, Topoľčany 955 92	99.85%	AGROFERT, a.s.
CHMEL PODLESÍ, s.r.o.	CZ	25017985	č.p. 23, 440 01 Pnětluky	100.00%	TOP HOP spol. s r.o.
Chmelař, společnost s ručením omezeným	CZ	46711473	č.p. 1, 438 01 Deštnice	100.00%	TOP HOP spol. s r.o.
CHMELEX,spol. s r.o.	CZ	46348565	Rakovník, Hořesedly 12, PSČ 27004	100.00%	TOP HOP spol. s r.o.
IKR Agrár Kft.	HU	11-09-018262	2943 Bábolna, IKR park, hrsz.: 890.	100.00%	AGROFERT, a.s.
IKR AGROPLANT Kft.	HU	05-09-036019	3711 Szirmabesenyő, Földvári út 35.	96.67%	IKR Agrár Kft.
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.	98.89%	IKR Agrár Kft.
IRS network a.s.	CZ	27416046	Karla Engliše 519/11, Smíchov, 150 00 Praha 5	100.00%	MAFRA, a.s.
IRSnet CZ s.r.o.	CZ	26732122	Politických vězňů 934/15, Nové Město, 110 00 Praha 1	90.00%	IRS network a.s.
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.
KROW, s.r.o.***)	CZ	25194071	č.p. 21, 378 81 Cizkrajov	70.00%	HASINA s.r.o.
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.
LAT Nitrogen Austria GmbH	AT	FN 257746p	St.-Peter-Str. 25, 4021 Linz	100.00%	AGROFERT, a.s.
LAT Nitrogen Bulgaria EOOD	BG	201470332	gr. Sofia, p.c. 1113 p-n Iskar, str. Tintiava No. 13B, ap. ofic 3-5	100.00%	LAT Nitrogen Austria GmbH
LAT Nitrogen doo Beograd	RS	20107499	Bulevar Zorana Đinđića 64A, 11070 Beograd	100.00%	LAT Nitrogen Austria GmbH
LAT Nitrogen France SAS	FR	421454406	20 TER Rue de Bezons, 92400 Courbevoie	100.00%	AGROFERT, a.s.
LAT Nitrogen France Services SAS	FR	611780198	20 TER Rue de Bezons, 92400 Courbevoie	100.00%	AGROFERT, a.s.
LAT Nitrogen Hungary Kft.	HU	01-09-071990	1095 Budapest, Lechner Ödön fasor 10/B	100.00%	LAT Nitrogen Austria GmbH
LAT Nitrogen Linz GmbH	AT	FN 78587w	St. Peter-Str. 25, 4020 Linz	100.00%	LAT Nitrogen Austria GmbH
LAT Nitrogen Ottmarsheim SAS	FR	946750981	Zone Industrielle, 68490 Ottmarsheim	100.00%	AGROFERT, a.s.
LAT Nitrogen Piesteritz GmbH	DE	Amtsgericht Stendal HRB 16111	Möllensdorfer Str. 13, 06886 Lutherstadt Wittenberg	100.00%	AGROFERT, a.s.
LAT NITROGEN ROMANIA SRL	RO	J40/21116/2005	Str. Maria Rosetti 6, ET:8B/1 - Bucuresti sect 2	100.00%	LAT Nitrogen Austria GmbH
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, 06886Lutherstadt 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

Subsidiaries as at 31 December 2023	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
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	Kalinčiakova 33 Bratislava - mestská časť Nové Mesto 831 04	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.
MM-Invest, s.r.o.	CZ	48401196	U Odborů 787, PSČ 43801 Žatec	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, Kunsági Éden út 1.	100.00%	AGROFERT, 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 POLSKA" SP. Z O.O.	PL	07286897500000	PIEKARSKA 86, 43-300 BIELSKO-BIAŁA, ŚLĄSKIE	100.00%	OLMA, 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.
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	Hlavní 71, 251 01 Herink	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.
Petrohradská, společnost s ručením omezeným	CZ	46711481	č.p. 12, 270 04 Hořesedly	100.00%	TOP HOP spol. s r.o.
PETROCHEMIA-BLACHOWNIA SP. Z O.O.	PL	53135347000000	SZKOLNA 15, 47-225 KĘDZIERZYN--KOŹLE, OPOLSKIE	100.00%	DEZA, a.s.
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	91.84%	ACHP Levice a.s.
Poľnohospodárske družstvo Beša	SK	00194409	172 Beša 935 36	88.67%	ACHP Levice a.s.
Poľnohospodárske družstvo Horné Obdokovce	SK	00205150	31 Horné Obdokovce 956 08	95.50%	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	83.89%	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	99.08%	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, 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.

Subsidiaries as at 31 December 2023	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
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	641 Chocholná - Velčice 913 04	97.51%	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.
SD Pomoraví, s.r.o.	CZ	49973941	Nová 550, 691 51 Lanžhot	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.
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.
Statek Podolí, spol. s r.o.	CZ	19935501	č.p. 58, 378 81 Cizkrajov	70.00%	KROW, s.r.o.
Svornost Těmice, a.s. **)	CZ	64511936	č.p. 216, 696 84 Těmice	60.00%	NAVOS, 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	99.20%	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.	100.00%	IRS network a.s.
Ticketportal SK, s. r. o.	SK	35850698	Kalinčiakova 33 Bratislava - mestská časť Nové Mesto 831 04	100.00%	IRS network a.s.
TOP HOP spol. s r.o.	CZ	18382002	Pyšelská 2327/2, Chodov, 149 00 Praha 4	100.00%	AGROFERT, a.s.
T U F A, společnost s ručením omezeným	CZ	49903128	č.p. 5, 439 69 Tuchořice	100.00%	AgroZZN, 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	Pekařská 598/1, Jinonice, 155 00 Praha 5	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	99.77%	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	94.00%	Lieken 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.

Subsidiaries as at 31 December 2023	Country	Business registration No.	Registered office	Recalculated interest in %	Direct holder
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.
ZKS AGRO ZAHOŘANY s.r.o.	CZ	25223216	č.p. 110, 344 01 Zahořany	100.00%	Primagra, a.s.
Zlaté chmelové údolí, s.r.o.	CZ	25424980	Hořesedly č.p. 12, PSČ 270 04	100.00%	TOP HOP spol. s r.o.
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.

**) As at 31 December 2023, AgroZZN, a.s. has 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 2023, NAVOS, a.s. has an option to purchase a 40% share in Svornost Těmice, a.s., which can be exercised within twelve months from 1 April 2024 (put option) and/or 1 June 2024 (call option).*

****) As at 31 December 2023, HASINA s.r.o. has an option to purchase a 30% share in KROW, s.r.o., which can be exercised within a deadline derived from meeting the connecting conditions under the Shareholders' Agreement*

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, AT Austria, RS Serbia, BG Bulgaria, SI Slovenia

SP. Z O.O. SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ

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.

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 2023 and 2022:

(In CZK thousands)	UNILES, a.s. Czechia		Skupina Lieken GmbH*) Germany	
	2023	**2022**	**2023**	**2022**
Share of non-controlling interests in equity and voting rights	*24.95%*	*24.95%*	*6%*	*6%*
Total assets	**924,300**	**922,063**	**5,473,382**	**5,537,933**
Non-current assets	193,194	216,861	3,604,969	3,320,940
Current assets	731,106	705,202	1,807,009	2,189,515
Assets classified as held for sale	-	-	61,404	27,478
Total liabilities and equity	**924,300**	**922,063**	**5,473,382**	**5,537,933**
Long-term liabilities and provisions	11,563	12,969	2,093,893	2,539,351
Current liabilities and provisions	488,717	479,370	2,833,446	2,725,407
Total equity	**424,020**	**429,724**	**546,043**	**273,175**
Equity attributable to equity holders of the parent	318,227	322,508	814,999	549,558
Equity attributable to non-controlling interests	105,793	107,216	(268,956)	(276,383)
Revenue	3,216,886	3,613,474	16,479,796	15,824,384
Operating expenses	(3,176,293)	(3,555,409)	(16,277,174)	(17,972,247)
Financial expenses and income, net, and disposal of shares in subsidiaries	(776)	1,892	(209,231)	(70,954)
Income/(loss) before income taxes	**39,817**	**59,957**	**(6,609)**	**(2,218,817)**
Income taxes	(5,520)	(12,314)	257,570	12,331
Profit/(loss)	**34,297**	**47,643**	**250,961**	**(2,206,486)**
Net profit/(loss) attributable to equity holders of the parent	25,740	35,756	235,561	(1,976,629)
Net profit/(loss) attributable to non-controlling interests	8,557	11,887	15,400	(229,857)
Other comprehensive income/(loss)	-	-	22,001	111,746
Total comprehensive income/(loss), net of tax	**34,297**	**47,643**	**272,962**	**(2,094,740)**
Cash provided by/(used) in operating activities	110,968	74,025	490,308	(1,284,008)
Cash provided by/(used) in investing activities	(11,682)	(60,576)	(229,226)	(149,625)
Cash provided by/(used) in financing activities	(41,684)	(69,706)	(68,097)	1,424,750
Net effect of currency translation on cash	(405)	(696)	9,845	(5,043)
Net increase/(decrease) in cash and cash equivalents	**57,197**	**(56,953)**	**202,830**	**(13,926)**
Dividends paid to non-controlling interests	**(9,980)**	**(14,970)**	**-**	**(890)**

**) 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 200 million to Lieken GmbH as at 31 December 2023 (EUR 120 miion as at 31 December 2022); 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 2023	Coun-try	Business registration No.	Registered office	Recalculated interest in %	Direct holder
AGRONOM d.o.o.*)	HR	67793044823	Požega (Grad Požega) Industrijska 47	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 2023	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.
NEOCHIM AD	BG	836144932	gr. Dimitrovgrad, p.c. 6403, str. ul. HIMKOBINATSKA ISTOČNA INDUSTRIALNA ZONA	20.30%	FEBORAN EOOD
Neveklov a.s.	CZ	00102083	č.p. 46, 257 56 Stranný	36.82%	Primagra, 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. 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 2023 and 2022. These financial statements were adjusted to reflect material transactions that occurred from the associate's balance sheet date to 31 December 2023 and 2022, 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 2023:

(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	853,263	495,421	778,932	389,532	2,517,148
Dividends received	-	25,000	604,600	71,329	700,929
Group share in gain (loss) on continuing activities	(9,693)	23,766	696,972	54,085	765,130
Group share in other comprehensive income/(loss)	21,167	-	-	8,930	30,097
Group share in total comprehensive income/(loss)	11,474	23,766	696,972	63,015	795,227

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 2022:

(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	841,788	496,655	686,560	151,609	2,176,612
Dividends received	-	50,000	319,805	57,001	426,806
Group share in gain (loss) on continuing activities	42,351	40,974	367,838	31,741	482,904
Group share in other comprehensive income/(loss)	(28,489)	-	-	(1,098)	(29,587)
Group share in total comprehensive income/(loss)	13,862	40,974	367,838	30,643	453,317

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 2023 and 2022:

(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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Share in equity and voting rights	*70%*	*70%*	*50%*	*50%*	*48%*	*48%*
Total assets	**2,758,534**	**2,467,274**	**1,183,686**	**1,241,181**	**2,305,284**	**2,500,810**
Non-current assets	847,669	700,236	632,906	680,162	596,803	585,352
Current assets	1,910,865	1,767,038	550,780	561,019	1,708,481	1,915,458
Of which: cash and cash equivalents	*24,463*	*147,329*	*73,886*	*74,380*	*36,866*	*71,065*
Total liabilities and equity	**2,758,534**	**2,467,274**	**1,183,686**	**1,241,181**	**2,305,284**	**2,500,810**
Long-term liabilities and provisions	265,563	340,510	62,527	86,517	172,268	158,929
Of which: long-term financial liabilities (other than trade and other liabilities and provisions)	*216,965*	*291,330*	-	-	-	-
Current liabilities and provisions	1,573,097	1,215,849	130,316	161,354	510,240	911,547
Of which: current financial liabilities (other than trade and other liabilities and provisions)	*1,299,197*	*746,882*	*28*	*10*	-	-
Total equity	**918,874**	**910,915**	**990,843**	**993,310**	**1,622,776**	**1,430,334**
Equity share	643,912	637,641	495,421	496,655	778,932	686,560
Goodwill	209,351	204,147	-	-	-	-
Investment in associates and joint ventures	853,263	841,788	495,421	496,655	778,932	686,560
Revenue	2,879,706	4,042,329	1,747,396	2,099,336	4,734,623	5,031,350
Operating expenses	(2,871,768)	(3,913,856)	(1,717,181)	(1,995,832)	(2,942,694)	(4,073,058)
Of which: depreciation and amortization	*(82,799)*	*(72,807)*	*(98,498)*	*(94,092)*	*(59,090)*	*(55,546)*
Financial expenses and income, net, and disposal of shares in subsidiaries	(18,157)	(10,478)	15,307	10,892	2,666	(12,445)
Of which: interest expense	*(36,885)*	*(15,562)*	*(2,559)*	*(856)*	*(7,057)*	*(2,675)*
interest income	*26,789*	*10,886*	*15,973*	*14,926*	*23,007*	*6,464*
Profit / (loss) before income taxes	**(10,219)**	**117,995**	**45,522**	**114,396**	**1,794,595**	**945,847**
Income taxes	(3,628)	(57,494)	2,011	(32,448)	(342,570)	(179,517)
Net profit / (loss) after income taxes	**(13,847)**	**60,501**	**47,533**	**81,948**	**1,452,025**	**766,330**
Other comprehensive income / (loss)	22,806	(26,038)	-	-	-	-
Exchange rate gain / (loss) from goodwill	5,203	(10,261)	-	-	-	-
Total comprehensive income / (loss)	**14,162**	**24,202**	**47,533**	**81,948**	**1,452,025**	**766,330**

4.3 Group Changes in 2023

As a result of mergers and de-mergers, the following companies were wound up without liquidation in 2023:

Companies that ceased to exist	Successor companies	Effective date
DENAX, a.s.	IRS network a.s.	1 January 2023
PREOL FOOD, a.s.	PREOL, a.s.	1 January 2023
Julia Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG	Lieken Brot- und Backwaren GmbH	31 July 2023

Change in company name and change of the legal form were as follows in 2023:

Before change	After change	Date of the change in commercial register
goticket sk, s.r.o.	goticket.sk, s.r.o. v likvidácii	6 January 2023
PROMOS inženiring, d.o.o.	GreenChem SI d.o.o.	22 June 2023
Borealis Agrolinz Melamine Deutschland GmbH	LAT Nitrogen Piesteritz GmbH	15 September 2023
Borealis Agrolinz Melamine GmbH	LAT Nitrogen Linz GmbH	17 August 2023
Borealis L.A.T doo, Beograd	LAT Nitrogen doo Beograd	29 August 2023
Borealis L.A.T GmbH	LAT Nitrogen Austria GmbH	3 August 2023
Borealis L.A.T Bulgaria EOOD	LAT Nitrogen Bulgaria EOOD	25 August 2023
Borealis L.A.T Romania s.r.l.	LAT NITROGEN ROMANIA SRL	25 August 2023
Borealis L.A.T Hungary Kft.	LAT Nitrogen Hungary Kft	24 August 2023
Borealis L.A.T France S.A.S.	LAT Nitrogen France Services SAS	7 August 2023
Borealis Produits et Engrais Chimiques du Rhin S.A.S.	LAT Nitrogen Ottmarsheim SAS	12 September 2023
Borealis Chimie S.A.S.	LAT Nitrogen France SAS	7 August 2023

The following companies, in which controlling interests were acquired or that were newly established or included, became part of the Group in 2023: PROMOS inženiring, d.o.o., T U F A, společnost s ručením omezeným, FEBORAN EOOD, Borealis Agrolinz Melamine Deutschland GmbH, Borealis Agrolinz Melamine GmbH, Borealis L.A.T doo, Beograd, Borealis L.A.T GmbH, Borealis L.A.T Bulgaria EOOD , Borealis L.A.T Romania s.r.l., Borealis L.A.T Hungary Kft., Borealis L.A.T France S.A.S., Borealis Produits et Engrais Chimiques du Rhin S.A.S., Borealis Chimie S.A.S., HASINA s.r.o., Svornost Těmice, a.s., KROW, s.r.o., CIZ - AGRO, a.s., Statek Podolí, spol. s r.o.

In 2023, 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, Poľnoslužby Bebrava, a.s., Šarišské pekárne a cukrárne, akciová spoločnosť, VUCHT a.s.

Joint ventures and associates

In 2023, ownership interests in the companies NEOCHIM AD and Neveklov a.s. were acquired.

4.4 Group Changes in 2022

As a result of mergers and de-mergers, the following companies were wound up without liquidation in 2022:

Companies that ceased to exist	Successor companies	Effective date
BIOALCO Kft.	NT Kft.	31 December 2021*)
PAPEI, a.s.	Mlékárna Hlinsko, a.s.	1 January 2022
STEMP s.r.o.	AGROTEC a.s., AGRI CS a.s.	1 January 2022
Wittenberger Data Center GmbH	AGROFERT Deutschland GmbH	1 January 2022

**) 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.*

Change in company name and change of the legal form were as follows in 2022:

Before change	After change	Effective date
AGROMASS, a.s.	AGF Energy, a.s.	14 February 2022
Společné družstvo Pomoraví	SD Pomoraví, s.r.o.	1 August 2022

The following companies, in which controlling interests were acquired or that were newly established or included, became part of the Group in 2022: Farma Boroví, s.r.o. AGROTEC parts s.r.o., GreenChem Adriatic d.o.o. za usluge, CHMEL PODLESÍ, s.r.o., Chmelař, společnost s ručením omezeným, CHMELEX,spol. s r.o., IKR AGROPLANT Kft., MM-Invest, s.r.o., Petrohradská, společnost s ručením omezeným, TOP HOP spol. s r.o., ZKS AGRO ZAHOŘANY s.r.o. and Zlaté chmelové údolí, s.r.o.

In 2022, the recalculated ownership interests in the following subsidiaries increased: DENAX, a.s., Farma HYZA a.s., goticket sk, s.r.o., HYZA a.s., IRS network a.s., IRSnet CZ s.r.o., Poľnohospodárske družstvo Bátovce, Poľnohospodárske družstvo Beša, Poľnohospodárske družstvo Horné Obdokovce, Pol'nohospodárske družstvo Ludanice, Poľnosľužby Bebrava, a.s., Roľnícke družstvo podielnikov Chocholná-Velčice, Ticketportal HU Kft., Ticketportal SK, s. r. o. and ZKS AGRO ZAHOŘANY s.r.o.

In 2022, the recalculated ownership interests in the following subsidiaries decreased: IKR Kft., Podielnicke družstvo "Považie" Považany, Poľnohospodárske družstvo Okoč-Sokolec and Wittenberger Bäckerei GmbH.

In 2022, IRSNET PL SP. Z O.O. W LIKWIDACJI and SILUR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bissingen KG were excluded from the consolidated financial statements of the AGROFERT Group.

The company IRSNET PL SP. Z O.O. W LIKWIDACJI was liquidated.

SILUR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bissingen KG 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. The finance lease agreement was terminated early as at 31 March 2022 through by acquiring the leased assets by Lieken Brot- und Backwaren GmbH.

4.5 Acquisitions in 2023

In 2022, the Group acquired controlling interests in the following companies:

Company	Company's original name*)	Acquisition date	Recalculated interest (in %)	Industry
GreenChem SI d.o.o.	PROMOS inženiring, d.o.o.	9 June 2023	100.00%	Distribuce Adblue
T U F A , společnost s ručením omezeným	-	20 June 2023	100.00%	Primary production of agricultural products
FEBORAN EOOD	-	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen Piesteritz GmbH	Borealis Agrolinz Melamine Deutschland GmbH	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen Linz GmbH	Borealis Agrolinz Melamine GmbH	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen doo Beograd	Borealis L.A.T doo, Beograd	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen Austria GmbH	Borealis L.A.T GmbH	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen Bulgaria EOOD	Borealis L.A.T Bulgaria EOOD	5 July 2023	100.00%	Nitrogen processing
LAT NITROGEN ROMANIA SRL	Borealis L.A.T Romania s.r.l.	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen Hungary Kft	Borealis L.A.T Hungary Kft.	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen France Services SAS	Borealis L.A.T France S.A.S.	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen Ottmarsheim SAS	Borealis Produits et Engrais Chimiques du Rhin S.A.S.	5 July 2023	100.00%	Nitrogen processing
LAT Nitrogen France SAS	Borealis Chimie S.A.S.	5 July 2023	100.00%	Nitrogen processing
HASINA s.r.o.	-	1 November 2023	100.00%	Primary production of agricultural products
Svornost Těmice, a.s.	-	14 November 2023	60.00%	Primary production of agricultural products
Statek Podolí, spol. s r.o.	-	22 November 2023	70.00%	Primary production of agricultural products
KROW, s.r.o.	-	22 November 2023	70.00%	Primary production of agricultural products
CIZ - AGRO, a.s.	-	22 November 2023	63.71%	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)	LAT Nitrogen business	Other	Total
Total assets	**34,711,096**	**1,253,941**	**35,965,037**
Non-current assets	**21,785,340**	**857,099**	**22,642,439**
Property, plant and equipment	16,038,772	728,892	16,767,664
Right of use asset	234,465	106,503	340,968
Intangible assets	4,972,052	-	4,972,052
Non-current biological assets	-	21,019	21,019
Deferred tax asset	166,353	-	166,353
Long-term financial assets	80,510	371	80,881
Long-term receivables	90,869	314	91,183
Investments in associates and joint ventures	202,319	-	202,319
Current assets	**12,925,586**	**396,842**	**13,322,428**
Inventories	3,209,872	80,575	3,290,447
Current biological assets	-	78,274	78,274
Short-term financial assets	40,681	15,500	56,181
Trade and other receivables	5,049,389	121,121	5,170,510
Income tax receivable	159,105	3,134	162,239
Cash and cash equivalents	4,466,539	98,238	4,564,777
Assets classified as held for sale	**170**	**-**	**170**
Total liabilities and equity	**34,711,096**	**1,253,941**	**35,965,037**
Long-term liabilities and provisions	**9,166,126**	**312,675**	**9,478,801**
Long-term bank and other loans and borrowings	6,689,241*)	140,437	6,829,678
Long-term lease liability	149,843	86,355	236,198
Trade and other long-term liabilities	1,094,889	-	1,094,889
Deferred tax liability	591,242	85,883	677,125
Long-term provisions	640,911	-	640,911
Current liabilities and provisions	**8,570,641**	**203,462**	**8,774,103**
Short-term bank and other loans and borrowings	48,615	66,066	114,681
Short-term lease liability	89,195	20,148	109,343
Trade and other current liabilities	5,161,444	115,554	5,276,998
Income tax payable	1,408,991	1,694	1,410,685
Current provisions	1,862,396	-	1,862,396
Total equity	**16,974,329**	**737,804**	**17,712,133**

**) Including a loan purchased from the seller towards the companies acquired in the amount of CZK 6 635 530 thousand (EUR 280 039 thousand).*

Effects of 2023 business combinations on goodwill were as follows:

(In CZK thousands)	LAT Nitrogen business	Other	Total
Cost of acquisition	21,356,004*)	715,653	22,071,657
Fair value of acquired net assets	23,609,859	737,804	24,347,663
Share of the Group being acquired	100.00%	-	-
Share on fair value of acquired net assets	23,609,859	518,536	24,128,395
Goodwill (+)	-	197,117	197,117
Gain from a bargain purchase (-) (see Note 24)	(2,253,855)	-	(2,253,855)

**) A present value of purchase price includes the price for loans purchased from the seller towards the companies acquired in the amount of CZK 6,635,530 thousand (EUR 280,039 thousand). The purchase price includes an estimate of difference between actual and estimated amount of net working capital and net debt, which is a subject-matter of decision-making procedure between the seller and the buyer. Part of the purchase price will be paid in fixed payments in future periods.*

The recognized gain from the bargain purchase of the LAT Nitrogen group arose mainly due to the unexpected development of economic conditions between the date of submission of the binding offer to the seller to acquire the nitrogen processing business at the beginning of June 2022 and the date of settlement of the transaction. 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 impact on Group's profit/(loss) in 2023 totaled CZK 13,901,319 thousand and CZK (2,596,587) thousand, respectively. This loss was, in particular, due to the revaluation of granted free-of-charge emission allowances to the acquired companies to fair value at the acquisition date; a provision for emission rights is recognized for most of these emission rights in the second half of 2023.

The carrying amounts of trade receivables reflect their fair values.

Effects of acquisitions on statement of cash flows in 2023:

(In CZK thousands)	**2023**
Investment in subsidiaries	(22,071,657)
Investment in joint ventures and associates	(49,137)
Part of the purchase price, which will be paid in future periods	1,391,862
Payments of liabilities from prior-period acquisitions	-
Cash acquired in acquisition	4,564,777
Acquisition of subsidiaries, net of cash acquired and acquisition of joint ventures and associates	**(16,164,155)**
Acquisition of non-controlling interests	(40,334)
Total cash outflows on acquisitions	**(16,204,489)**

Group management estimates that had all acquisitions occurred at the beginning of 2023, the Group's profit for 2023 would have been lower by CZK 958,874 thousand and revenue for 2023 would have been higher by CZK 17,090,234 thousand. The estimate was based on the interim unaudited financial statements of individual Group companies.

Acquisitions of non-controlling interests 2023

Companies where the Group increased its shareholding in 2023 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 2022

In 2022, the Group acquired controlling interests in the following companies:

Company	**Acquisition date**	**Recalculated interest (in %)**	**Industry**
CHMEL PODLESÍ, s.r.o.	7 September 2022	100.00%	Primary production of agricultural products
Chmelař. společnost s ručením omezeným	7 September 2022	100.00%	Primary production of agricultural products
CHMELEX, spol. s r.o.	7 September 2022	100.00%	Primary production of agricultural products
MM-Invest, s.r.o.	7 September 2022	100.00%	Primary production of agricultural products
Petrohradská, společnost s ručením omezeným	7 September 2022	100.00%	Primary production of agricultural products
TOP HOP spol. s r.o.	7 September 2022	100.00%	Primary production of agricultural products
ZKS AGRO ZAHOŘANY s.r.o.	7 September 2022	100.00%	Primary production of agricultural products
Zlaté chmelové údolí, s.r.o.	7 September 2022	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)	TOP HOP spol. s r.o. Group	ZKS AGRO ZAHOŘANY s.r.o.	Total
Total assets	**1,496,242**	**290,919**	**1,787,161**
Non-current assets	**1,098,887**	**216,488**	**1,315,375**
Property, plant and equipment	1,044,574	177,267	1,221,841
Right of use asset	29,828	26,252	56,080
Intangible assets	2,420	-	2,420
Non-current biological assets	17,318	12,969	30,287
Long-term receivables and financial assets	4,747	-	4,747
Current assets	**397,355**	**74,431**	**471,786**
Inventories	301,243	26,290	327,533
Current biological assets	26,645	30,483	57,128
Trade and other receivables	60,729	17,611	78,340
Income tax receivable	2,414	-	2,414
Cash and cash equivalents	6,324	47	6,371
Total liabilities and equity	**1,496,242**	**290,919**	**1,787,161**
Long-term liabilities and provisions	**132,837**	**80,465**	**213,302**
Long-term bank and other loans and borrowings	-	26,872	26,872
Long-term lease liability	24,184	21,446	45,630
Trade and other long-term liabilities	-	16,901	16,901
Deferred tax liability	108,653	15,246	123,899
Short-term liabilities and provisions	**253,126**	**126,617**	**379,743**
Short-term bank loans and borrowings	114,032	63,801	177,833
Short-term lease liability	5,644	4,806	10,450
Trade and other current liabilities	133,450	58,010	191,460
Total equity	**1,110,279**	**83,837**	**1,194,116**

Effects of 2022 business combinations on goodwill were as follows:

(In CZK thousands)	TOP HOP spol. s r.o. Group	ZKS AGRO ZAHOŘANY s.r.o.	Total
Cost of acquisition	1,218,163	27,625	1,245,788
Fair value of acquired net assets	1,110,279	83,837	1,194,116
Share of the Group being acquired	100.00 %	65.00 %	-
Share on fair value of acquired net assets	1,110,279	54,494	1,164,773
Goodwill (+)	107,884	-	107,884
Gain from a bargain purchase (-)	-	(26,869)	(26,869)

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 2022 totaled CZK 116,092 thousand and CZK (42,701) thousand, respectively.

The carrying amounts of trade receivables reflect their fair values.

Effects of acquisitions on statement of cash flows in 2022:

(In CZK thousands)	**2022**
Investment in subsidiaries	(1,245,788)
Investment in joint ventures and associates	(198,330)
Cash acquired in acquisition	6,371
Acquisition of subsidiaries, net of cash acquired and acquisition of joint ventures and associates	**(1,437,747)**
Acquisition of non-controlling interests	(109,720)
Total cash outflows on acquisitions	**(1,547,467)**

Group management estimates that had all acquisitions occurred at the beginning of 2022, the Group's profit for 2022 would have been lower by CZK 73,096 thousand and revenue for 2022 would have been higher by CZK 231,767 thousand. The estimate was based on the interim unaudited financial statements of individual Group companies.

Acquisitions of non-controlling interests 2022

Companies where the Group increased its shareholding in 2022 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 2023. The companies are as follows: SKW Stickstoffwerke Piesteritz GmbH (Lutherstadt Wittenberg), AGROFERT Deutschland GmbH (Lutherstadt Wittenberg), GreenChem GmbH (Lutherstadt Wittenberg) and Wittenberg 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 GreenChem GmbH (Lutherstadt Wittenberg).

AGROFERT Deutschland GmbH (Lutherstadt Wittenberg) is the parent of GreenChem 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 2023. 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 2023 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 2023. 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.


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The AGROFERT Group is one of the largest Czech investors in Germany, Austria, France, Hungary and other European countries. The Company also invests significantly at home in the Czech Republic, for example, investments were made for new silos with a volume of 14,000 tonnes for agricultural commodity storage in Bošilec, South Bohemia. ZZN Pelhřimov, a.s. decided to realise this investment in the total amount of approximately CZK 100 million due to the lack of storage capacity in the Czech Republic.

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 2023	**8,593,980**	**67,376,785**	**110,586,387**	**11,679,192**	**2,944,617**	**5,091,098**	**206,272,059**
Additions	-	-	-	-	-	10,943,055	10,943,055
Of which additions generated by own activities	-	-	-	-	-	*443,514*	*443,514*
Disposals	(50,333)	(374,698)	(3,518,643)	(631,305)	(144,088)	(17,416)	(4,736,483)
Acquisition of subsidiaries	2,719,879	8,331,014	45,609,837	148,600	-	1,119,954	57,929,284
Change in the estimates of decommissioning provision	-	37,425	-1,564	-	-	-	35,861
Transfers*)	432,909	2,350,307	5,506,859	1,537,556	253,221	(10,082,227)	(1,375)
Transfers from/to Investment property, net	-	(17,777)	-	-	-	-	(17,777)
Transfers from/to Assets classified as held for sale, net	(358,189)	(5,068,093)	(10,678,470)	(286,318)	(15,871)	(133,474)	(16,540,415)
Transfers from/to Right of use assets, net	-	-	-	-	-	8,052	8,052
Exchange rate gains/(losses)	158,831	1,002,907	3,437,770	71,719	78,204	144,117	4,893,548
Cost as at 31 December 2023	**11,497,077**	**73,637,870**	**150,942,176**	**12,519,444**	**3,116,083**	**7,073,159**	**258,785,809**
Accumulated depreciation and impairment as at 1 January 2023	**(78,076)**	**(35,241,343)**	**(78,154,899)**	**(7,707,963)**	**(2,105,378)**	**(43,992)**	**(123,331,651)**
Depreciation (see Note 21)	-	(2,076,580)	(5,916,772)	(868,543)	(287,481)	-	(9,149,376)
Disposals	-	311,979	3,291,104	463,309	143,764	-	4,210,156
Acquisition of subsidiaries	(103,616)	(5,980,071)	(34,957,670)	(120,151)	-	(112)	(41,161,620)
Transfers*)	-	(62)	(77)	24	-	-	(115)
Transfers from/to Investment property	-	10,224	-	-	-	-	10,224
Transfers from/to Assets classified as held for sale	2,587	3,858,251	8,712,384	213,533	13,826	3,805	12,804,386
Impairment losses recognized in profit or loss (see Note 23)	(213)	(194,081)	(89,670)	(8,922)	(6,302)	(5,581)	(304,769)
Reversals of impairment losses recognized in profit or loss (see Note 23)	2,159	665,710	1,413,756	6,699	8,746	3,161	2,100,231
Exchange rate gains/(losses)	(6,394)	(568,300)	(2,513,908)	(49,266)	(57,979)	(202)	(3,196,049)
Accumulated depreciation and impairment as at 31 December 2023	**(183,553)**	**(39,214,273)**	**(108,215,752)**	**(8,071,280)**	**(2,290,804)**	**(42,921)**	**(158,018,583)**
Carrying amount, net as at 31 December 2023	**11,313,524**	**34,423,597**	**42,726,424**	**4,448,164**	**825,279**	**7,030,238**	**100,767,226**

**) 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 2022	**7,686,255**	**65,412,809**	**109,522,696**	**11,046,315**	**2,820,095**	**5,482,900**	**201,971,070**
Additions	-	-	-	-	-	9,009,712	9,009,712
Of which additions generated by own activities	-	-	-	-	-	*74,817*	*74,817*
Disposals	(66,791)	(361,457)	(2,297,567)	(596,600)	(153,902)	(77,798)	(3,554,115)
Acquisition of subsidiaries	673,572	585,300	369,629	80,758	6	30,975	1,740,240
Change in the estimates of decommissioning provision	-	2,432	1,560	-	-	-	3,992
Transfers*)	373,172	2,488,581	4,768,266	1,215,490	371,220	(9,216,463)	266
Transfers from/to Investment property, net	502	1,570	-	-	-	-	2,072
Transfers from/to Assets classified as held for sale, net	-	-	(9,388)	-	-	-	(9,388)
Transfers from/to Right of use assets, net	-	-	94	10,110	-	-	10,204
Transfers from/to Finance lease receivables, net	-	-	(7,484)	-	-	-	(7,484)
Exchange rate gains/(losses)	(72,730)	(752,450)	(1,761,419)	(76,881)	(92,802)	(138,228)	(2,894,510)
Cost as at 31 December 2022	**8,593,980**	**67,376,785**	**110,586,387**	**11,679,192**	**2,944,617**	**5,091,098**	**206,272,059**
Accumulated depreciation and impairment as at 1 January 2022	**(80,079)**	**(33,519,321)**	**(75,767,263)**	**(7,231,970)**	**(2,017,046)**	**(38,231)**	**(118,653,910)**
Depreciation (see Note 21)	-	(1,889,098)	(4,855,113)	(802,507)	(291,688)	-	(7,838,406)
Disposals	-	289,026	2,106,873	386,086	146,386	-	2,928,371
Acquisition of subsidiaries	-	(207,133)	(252,782)	(58,484)	-	-	(518,399)
Transfers*)	-	211	43,863	(54,296)	529	-	(9,693)
Transfers from/to Investment property	-	1,637	-	-	-	-	1,637
Transfers from/to Assets classified as held for sale	-	-	2,284	-	-	-	2,284
Impairment losses recognized in profit or loss (see Note 23)	(386)	(446,374)	(798,621)	(3,568)	(10,337)	(23,658)	(1,282,944)
Reversals of impairment losses recognized in profit or loss (see Note 23)	-	185,399	169,132	2,662	706	17,365	375,264
Exchange rate gains/(losses)	2,389	344,310	1,196,728	54,114	66,072	532	1,664,145
Accumulated depreciation and impairment as at 31 December 2022	**(78,076)**	**(35,241,343)**	**(78,154,899)**	**(7,707,963)**	**(2,105,378)**	**(43,992)**	**(123,331,651)**
Carrying amount, net as at 31 December 2022	**8,515,904**	**32,135,442**	**32,431,488**	**3,971,229**	**839,239**	**5,047,106**	**82,940,408**

**) 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 2023	**138,773**	**1,835,168**	**351,592**	**425,077**	**51,923**	**2,802,533**
Additions from tangibles in progress	-	58,661	182,974	149,401	332	391,368
Disposals	(313)	(4,712)	(56,825)	(31,484)	-	(93,334)
Acquisition of subsidiaries	189,168	175,323	-	-	-	364,491
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	(18)	26,945	36,919	6,958	-	70,804
Transfers from/to Assets classified as held for sale	(9,302)	(226,946)	(17,393)	-	-	(253,641)
Exchange rate gains/(losses)	8,278	35,241	2,043	2,703	1,323	49,588
Cost as at 31 December 2023	**326,586**	**1,899,680**	**499,310**	**552,655**	**53,578**	**3,331,809**
Accumulated depreciation and impairment as at 1 January 2023	**-**	**(847,056)**	**(78,264)**	**(105,116)**	**(40,391)**	**(1,070,827)**
Depreciation	-	(53,724)	(27,493)	(51,883)	(3,717)	(136,817)
Disposals	-	3,615	6,360	9,984	-	19,959
Acquisition of subsidiaries	-	(147,194)	-	-	-	(147,194)
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	-	(28,498)	(32,668)	(6,898)	-	(68,064)
Transfers from/to Assets classified as held for sale	-	207,442	15,561	-	-	223,003
Exchange rate gains/(losses)	-	(13,426)	(436)	(1,333)	(1,131)	(16,326)
Accumulated depreciation and impairment as at 31 December 2023	**-**	**(878,841)**	**(116,940)**	**(155,246)**	**(45,239)**	**(1,196,266)**
Carrying amount, net as at 31 December 2023	**326,586**	**1,020,839**	**382,370**	**397,409**	**8,339**	**2,135,543**

(In CZK thousands)	Land	Buildings and structures	Machinery and equipment	Vehicles	Other tangibles	Total
Cost as at 1 January 2022	**112,294**	**1,705,297**	**279,161**	**337,362**	**49,197**	**2,483,311**
Additions from tangibles in progress	-	37,511	165,772	116,130	4,555	323,968
Disposals	-	(1,197)	(91,897)	(61,044)	(276)	(154,414)
Acquisition of subsidiaries	2,520	6,882	-	-	-	9,402
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	24,028	117,116	151	35,339	-	176,634
Exchange rate gains/(losses)	(69)	(30,441)	(1,595)	(2,710)	(1,553)	(36,368)
Cost as at 31 December 2022	**138,773**	**1,835,168**	**351,592**	**425,077**	**51,923**	**2,802,533**
Accumulated depreciation and impairment as at 1 January 2022	**-**	**(711,986)**	**(67,126)**	**(58,062)**	**(33,428)**	**(870,602)**
Depreciation	-	(52,354)	(24,260)	(38,220)	(8,330)	(123,164)
Disposals	-	581	12,882	10,228	218	23,909
Acquisition of subsidiaries	-	(1,294)	-	-	-	(1,294)
Transfers from/to property, plant and equipment which is not subject to the operating-lease arrangements	-	(88,065)	(74)	(20,203)	-	(108,342)
Exchange rate gains/(losses)	-	6,062	314	1,141	1,149	8,666
Accumulated depreciation and impairment as at 31 December 2022	**-**	**(847,056)**	**(78,264)**	**(105,116)**	**(40,391)**	**(1,070,827)**
Carrying amount, net as at 31 December 2022	**138,773**	**988,112**	**273,328**	**319,961**	**11,532**	**1,731,706**

As at 31 December 2023 and 2022, property, plant and equipment with a net book value of CZK 9,271,413 thousand and CZK 8,947,708 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 most significant part of the impairment loss reversal amounting to CZK 1,704,080 thousand recognized in 2023 was related to the decrease of the impairment of property, plant and equipment of the German bakery companies' cash-generating unit (of which CZK 1,032 thousand related land, CZK 487,469 thousand to buildings and structures, CZK 1,207,471 thousand to machinery and equipment, and CZK 8,108 thousand to other tangibles); the reversal of the loss has been recognized due to the expected higher performance of the cash-generating unit. As at 31 December 2023, the recoverable amount of the German bakery companies' cash-generating unit, determined on the basis of free cash flows available to shareholders, totalled CZK 869,554 thousand. For more information on determining the recoverable amount see Note 2.6.

The impairment loss of CZK 812,251 thousand recognized in 2022 was related to the impairment of property, plant and equipment of the German bakery companies' cash-generating unit (of which CZK 218 thousand related land, CZK 221,661 thousand to buildings and structures, CZK 580,034 thousand to machinery and equipment, and CZK 10,338 thousand to other tangibles); the loss has been recognized due to the expected lower performance of the cash-generating unit. As at 31 December 2022, the recoverable amount of the German bakery companies' cash-generating unit, determined on the basis of free cash flows available to shareholders, totalled CZK (590,263) thousand. For more information on determining the recoverable amount see Note 2.6.

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 2023	**114,898**	**1,904,488**	**1,959,196**	**2,445,091**	**161,098**	**6,584,771**
Additions	-	-	-	-	1,288,052	1,288,052
Of which additions generated by own activities	-	-	-	-	*10,878*	*10,878*
Disposals	-	(105,686)	(3,525)	(548,993)	(235)	(658,439)
Acquisition of subsidiaries	-	283,444	456,263	4,929,124	-	5,668,831
Transfers*)	-	147,287	20,792	1,162,433	(1,329,022)	1,490
Transfers from/to Assets classified as held for sale	(93,902)	(411,796)	(1,433,346)	(1,038,297)	(18,198)	(2,995,539)
Exchange rate gains/(losses)	-	33,756	42,668	246,520	3,455	326,399
Cost as at 31 December 2023	**20,996**	**1,851,493**	**1,042,048**	**7,195,878**	**105,150**	**10,215,565**
Accumulated amortization and impairment as at 1 January 2023	**(112,907)**	**(1,606,505)**	**(1,372,975)**	**(752,722)**	**(17,204)**	**(3,862,313)**
Amortization (see Note 21)	(1,759)	(131,361)	(131,345)	(8,603)	-	(273,068)
Disposals	-	101,573	3,197	20,015	-	124,785
Acquisition of subsidiaries	-	(237,719)	(452,645)	(6,415)	-	(696,779)
Transfers from/to Assets classified as held for sale	95,514	349,933	991,030	696,979	-	2,133,456
Impairment losses recognized in profit or loss (see Note 23)	-	-	(28,771)	-	-	(28,771)
Reversals of impairment losses recognized in profit or loss (see Note 23)	97	-	68,695	11,893	583	81,268
Exchange rate gains/(losses)	-	(29,223)	(32,798)	(1,023)	(323)	(63,367)
Accumulated amortization and impairment as at 31 December 2023	**(19,055)**	**(1,553,302)**	**(955,612)**	**(39,876)**	**(16,944)**	**(2,584,789)**
Carrying amount, net as at 31 December 2023	**1,941**	**298,191**	**86,436**	**7,156,002**	**88,206**	**7,630,776**

**) 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 2022	**114,628**	**1,902,186**	**1,951,490**	**1,798,879**	**156,628**	**5,923,811**
Additions	-	-	-	-	1,299,848	1,299,848
Of which additions generated by own activities	-	-	-	-	*2,204*	*2,204*
Disposals	(190)	(101,275)	(3,333)	(474,622)	(2,027)	(581,447)
Acquisition of subsidiaries	-	473	-	19	2,420	2,912
Transfers*)	460	128,918	35,359	1,134,234	(1,289,544)	9,427
Exchange rate gains/(losses)	-	(25,814)	(24,320)	(13,419)	(6,227)	(69,780)
Cost as at 31 December 2022	**114,898**	**1,904,488**	**1,959,196**	**2,445,091**	**161,098**	**6,584,771**
Accumulated amortization and impairment as at 1 January 2022	**(106,301)**	**(1,580,804)**	**(1,293,365)**	**(739,765)**	**(13,709)**	**(3,733,944)**
Amortization (see Note 21)	(6,671)	(128,960)	(135,870)	(14,566)	-	(286,067)
Disposals	190	76,176	3,210	2,228	-	81,804
Acquisition of subsidiaries	-	(473)	-	(19)	-	(492)
Impairment losses recognized in profit or loss (see Note 23)	(125)	(124)	(33,631)	(7,239)	(3,889)	(45,008)
Reversals of impairment losses recognized in profit or loss (see Note 23)	-	6,173	72,736	5,628	-	84,537
Exchange rate gains/(losses)	-	21,507	13,945	1,011	394	36,857
Accumulated amortization and impairment as at 31 December 2022	**(112,907)**	**(1,606,505)**	**(1,372,975)**	**(752,722)**	**(17,204)**	**(3,862,313)**
Carrying amount, net as at 31 December 2022	**1,991**	**297,983**	**586,221**	**1,692,369**	**143,894**	**2,722,458**

**) 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 2023 and 2022, the Group had no intangible assets with indefinite useful lives.


30 years
1993–2023

Whether it owns or leases land, AGROFERT always manages it with respect and reverence for the landscape.

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 2023 and 2022, 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 94,441 thousand and CZK 109,056 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 2023 and 2022 profit or loss totalled CZK 23,130 thousand and CZK 14,567 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 2023 and 2022, 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 26,352 thousand and of CZK 71,699 thousand served as a pledge for Group companies' loans as at 31 December 2023 and 2022.

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 2023 and 2022, 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 2023 and 2022, liabilities to these related parties from the lease of land, buildings and movable assets totalled CZK 460,477 thousand and CZK 684,637 thousand (see Note 28), respectively.

The Group recognized the following amounts of the right of use assets as at 31 December 2023 and 2022 and related depreciation in 2023 and 2022:

(In CZK thousands)	Remaining lease term usually does not exceed	Carrying amount, net as at 31 December 2023	Carrying amount, net as at 31 December 2022	Depreciation of right of use asset in 2023	Depreciation of right of use asset in 2022
Agricultural land	10 years	2,743,279	2,374,808	(443,227)	(412,621)
Other land	10 years	97,974	103,613	(27,497)	(26,584)
Buildings and structures	10 years	844,223	1,215,005	(315,077)	(303,753)
Railway carriages and sidings	9 years	1,797,533	1,628,544	(373,670)	(376,798)
Vehicles	5 years	652,660	330,238	(209,772)	(144,973)
Other technologies and equipment	6 years	126,721	118,620	(47,764)	(44,760)
Other	3 years	17,818	15,584	(7,303)	(4,816)
Total		**6,280,208**	**5,786,412**	**(1,424,310)**	**(1,314,305)**

In 2023 and 2022, the Group recognized additions of CZK 1,252,938 thousand and CZK 905,913 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 2023	31 December 2022
Less than 1 year	1,471,554	1,317,490
1 – 5 years	3,890,558	3,562,752
More than 5 years	1,870,155	1,551,906
Total	**7,232,267**	**6,432,148**

The structure of lease liabilities as at 31 December 2023 and 2022 is as follows:

(In CZK thousands)	31 December 2023	31 December 2022
Short-term portion (see Note 15)	1,379,155	1,256,398
Long-term portion (see Note 14)	4,990,039	4,627,796
Total	**6,369,194**	**5,884,194**

The Group recognized the following amounts related to lease arrangements in the consolidated statement of profit or loss:

(In CZK thousands)	2023	2022
Depreciation of right of use assets (see Note 21)	(1,424,310)	(1,314,305)
Interest expense on lease liability	(165,375)	(152,200)
Costs of short-term leases	(272,395)	(211,067)
Costs of leases of low-value assets other than short-term	(60,768)	(53,541)
Costs of variable lease payments not included in lease liability measurement	(108,222)	(123,423)
Revenue from sublease of right of use assets	25,785	15,894

The Group companies are not engaged in significant sale and leaseback transactions that meet the requirements of IFRS 15 to be recognized as sales.

6.2 Group as a Lessor

Operating lease

As at 31 December 2023 and 2022, operating lease revenue totalled CZK 611,559 thousand and CZK 469,019 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 2023	31 December 2022
1st year	425,889	335,461
2nd year	331,891	263,871
3rd year	293,011	245,056
4th year	192,714	194,101
5th year	166,180	131,000
Over 5 years	1,560,941	352,911
Total	**2,970,626**	**1,522,400**

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 2023 and 2022, interest income from finance lease receivables of CZK 3,542 thousand and CZK 3,373 thousand, respectively, was recognized in the consolidated statement of profit or loss.

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 2023	31 December 2023
1st year	10,224	3,949
2nd year	3,975	10,202
3rd year	3,975	3,469
4th year	3,975	3,469
5th year	3,975	3,469
Over 5 years	247,456	219,409
Total	**273 580**	**243,967**

The structure of finance lease receivables as at 31 December 2023 and 2022 is as follows:

(In CZK thousands)	31 December 2023	31 December 2022
Short-term portion (see Note 11)	7,125	1,132
Long-term portion (see Note 10)	131,200	118,931
Total	**138,325**	**120,063**

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


years
1993–2023

The key to producing quality and safe food is a combination of traditional and state-of-the-art practices, respect for raw materials and animal welfare.

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 2023 and 2022, the Group had the following non-current biological assets – animals:

(in pieces)	**31 December 2023**	**31 December 2022**
Sows and boars	12,495	11,648
Dairy cattle	15,637	14,534
Feeder cattle	2,512	2,509

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 2023 and 2022:

(In CZK thousands)	**Swine**	**Dairy cattle**	**Feeder cattle**	**Other**	**Total**
Balance as at 1 January 2022	**42,247**	**437,229**	**50,642**	**78**	**530,196**
Acquisition of subsidiaries	983	11,986	5,020	-	17,989
Additions	57,010	189,497	16,183	382	263,072
Of which: by acquisition	*3,452*	*590*	*6,735*	*123*	*10,900*
by own activities	*53,558*	*188,907*	*9,448*	*259*	*252,172*
Disposals by sale and other disposals	(2,493)	(91,488)	(5,026)	-	(99,007)
Change in fair value less costs to sell; impairment	(36,880)	518,796	8,338	(192)	490,062
Write-offs on liquidation or transfer to further processing	(18,125)	(146,484)	(10,047)	(15)	(174,671)
Exchange rate gains/(losses)	-	(3,110)	-	(10)	(3,120)
Balance as at 31 December 2022	**42,742**	**916,426**	**65,110**	**243**	**1,024,521**
Acquisition of subsidiaries	1,205	14,800	1,208	-	17,213
Additions	63,718	221,633	18,767	18	304,136
Of which: by acquisition	*4,579*	*65*	*7,476*	*18*	*12,138*
by own activities	*59,139*	*221,568*	*11,291*	-	*291,998*
Disposals by sale and other disposals	(2,628)	(88,934)	(4,707)	(6)	(96,275)
Change in fair value less costs to sell; impairment	(35,221)	(555,027)	(9,671)	(33)	(599,952)
Write-offs on liquidation or transfer to further processing	(18,808)	(147,228)	(11,284)	(17)	(177,337)
Exchange rate gains/(losses)	-	1,099	-	7	1,106
Balance as at 31 December 2023	**51,008**	**362,769**	**59,423**	**212**	**473,412**

Non-current biological assets – plants with approximate value of CZK 40,879 thousand and CZK 39,053 thousand as at 31 December 2023 and 2022, respectively, comprised, in particular, hop fields, vineyards, orchards, forests and other perennial crops.

In 2023 and 2022, the Group produced 171,743 tons and 159,792 tons of milk, respectively.

7.2 Current Biological Assets

As at 31 December 2023 and 2022, the Group had the following current biological assets – animals:

(in pieces)	31 December 2023	31 December 2022
Poultry	3,954,008	4,918,281
Swine	222,282	210,636
Dairy cattle	15,822	14,911
Feeder cattle	4,609	5,007

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 2023 and 2022:

	BREEDING					CONSUMABLE					
(In CZK thousands)	**Poultry**	**Swine**	**Dairy cattle**	**Other**	**Total**	**Poultry**	**Swine**	**Dairy cattle**	**Feeder cattle**	**Other**	**Total**
Balance as at 1 January 2022	**64,771**	**30,791**	**247,033**	**6,940**	**349,535**	**121,896**	**235,253**	**11,060**	**91,764**	**135**	**460,108**
Acquisition of subsidiaries	-	133	5,403	-	**5,536**	-	4,397	4,089	1,404	-	**9,890**
Additions	125,206	49,152	318,023	565	**492,946**	2,372,260	1,596,035	4,478	116,361	34	**4,089,168**
Of which: by acquisition	*45,157*	*2,095*	*37,770*	-	***85,022***	-	-	*432*	*36,664*	*10*	***37,106***
by own activities - newborn animals and weight gains	*80,049*	*47,057*	*280,253*	*565*	***407,924***	*2,372,260*	*1,596,035*	*4,046*	*79,697*	*24*	***4,052,062***
Production	(19,254)	(16,511)	(103,733)	(237)	**(139,735)**	(2,278,504)	(1,541,549)	(6,189)	(81,335)	(26)	**(3,907,603)**
Transfers among categories and to non-current biological assets	-	(29,056)	(191,549)	(332)	**(220,937)**	-	(24,825)	2,994	(9,404)	-	**(31,235)**
Change in fair value less costs to sell; impairment	(102,330)	-	(3,559)	-	**(105,889)**	(2,611)	132,448	275	4,523	-	**134,635**
Liquidation	(13,230)	(4,802)	(5,692)	(30)	**(23,754)**	(48,108)	(50,943)	(32)	(2,844)	(25)	**(101,952)**
Exchange rate gains/(losses)	-	-	(993)	(185)	**(1,178)**	(1,277)	(585)	-	-	(6)	**(1,868)**
Balance as at 31 December 2022	**55,163**	**29,707**	**264,933**	**6,721**	**356,524**	**163,656**	**350,231**	**16,675**	**120,469**	**112**	**651,143**
Acquisition of subsidiaries	-	2,104	11,218	20	**13,342**	-	2,247	6,538	1,470	-	**10,255**
Additions	136,346	49,509	368,020	249	**554,124**	2,467,860	1,603,005	5,096	107,091	47	**4,183,099**
Of which: by acquisition	*59,113*	-	*36,191*	*1*	***95,305***	-	*6,090*	*93*	*34,386*	*14*	***40,583***
by own activities - newborn animals and weight gains	*77,233*	*49,509*	*331,829*	*248*	***458,819***	*2,467,860*	*1,596,915*	*5,003*	*72,705*	*33*	***4,142,516***
Production	(10,164)	(16,814)	(110,253)	(710)	**(137,941)**	(2,473,134)	(1,512,483)	(14,619)	(110,485)	(50)	**(4,110,771)**
Transfers among categories and to non-current biological assets	-	(32,685)	(227,421)	175	**(259,931)**	-	(26,455)	5,444	(11,056)	-	**(32,067)**
Change in fair value less costs to sell; impairment	(106,223)	-	2,618	-	**(103,605)**	(2,813)	87,238	293	(8,013)	-	**76,705**
Liquidation	(17,271)	(4,657)	(5,114)	(11)	**(27,053)**	(54,535)	(51,059)	(177)	(2,579)	(40)	**(108,390)**
Exchange rate gains/(losses)	-	-	957	150	**1,107**	501	605	-	-	2	**1,108**
Balance as at 31 December 2023	**57,851**	**27,164**	**304,958**	**6,594**	**396,567**	**101,535**	**453,329**	**19,250**	**96,897**	**71**	**671,082**

In 2023 and 2022 the Group produced the following quantities of agricultural products related to breeding of current biological assets – animals:

(in pieces)	2023	2022
Poultry meat	41,890,274	43,666,357
Pork	467,427	488,118
Beef	14,756	13,549
Eggs	95,171,971	167,393,599

Current biological assets – plants include, in particular, sown areas at which cereals, oil seeds, hop and other crop are grown and also forest nurseries. In 2023 and 2022, the Group farmed on 150 thousand and 146 thousand hectares of land, respectively.

A majority of cereals and oil seeds and hop 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 5 independent regional cost centres operating in total on 67 ha (as at 31 December 2023) 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 2023 and 2022:

(In CZK thousands)	Cereals	Oil seeds	Forest nurseries	Hop	Other	Total
Balance as at 1 January 2022	**967,603**	**521,996**	**30,642**	**4,135**	**121,276**	**1,645,652**
Acquisition of subsidiaries	26,958	14,246	-	129	369	41,702
Additions	1,819,623	850,959	92,872	65,799	715,862	3,545,115
Of which: by acquisition	*4,017*	*2*	-	-	*3*	*4,022*
by own activities – grown plants	*1,815,606*	*850,957*	*92,872*	*65,799*	*715,859*	*3,541,093*
Sales of biological assets	(209)	(65)	(8,292)	-	(3,352)	(11,918)
Production	(1,724,545)	(770,225)	(82,214)	(46,129)	(672,221)	(3,295,334)
Change in fair value less costs to sell; impairment	33,405	(31,768)	4,099	-	(2,662)	3,074
Liquidation	(2,420)	-	(5,553)	-	(241)	(8,214)
Exchange rate gains/(losses)	(6,932)	(3,236)	-	-	(1,893)	(12,061)
Balance as at 31 December 2022	**1,113,483**	**581,907**	**31,554**	**23,934**	**157,138**	**1,908,016**
Acquisition of subsidiaries	28,568	11,396	-	11,402	3,311	54,677
Additions	1,853,127	889,614	76,331	169,411	817,096	3,805,579
Of which: by acquisition	*1,486*	-	-	-	-	*1,486*
by own activities - grown plants	*1,851,641*	*889,614*	*76,331*	*169,411*	*817,096*	*3,804,093*
Sales of biological assets	(3,805)	(1,579)	-	-	(1,102)	(6,486)
Production	(1,969,263)	(923,806)	(61,278)	(175,588)	(810,006)	(3,939,941)
Change in fair value less costs to sell; impairment	(248,054)	(201,013)	(2,167)	-	8,797	(442,437)
Liquidation	-	-	(13,102)	-	-	(13,102)
Exchange rate gains/(losses)	3,360	1,570	-	-	1,216	6,146
Balance as at 31 December 2023	**777,416**	**358,089**	**31,338**	**29,159**	**176,450**	**1,372,452**

In 2023 and 2022, the Group produced the following quantities of agricultural products related to growing of current biological assets – plants:

	Unit	2023	2022
Cereals	tons	476,683	442,213
Oil seeds	tons	89,754	81,287
Seedlings	pieces (pcs)	16,146,620	15,866,746
Hop	tons	914	121

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 2023 and 2022, 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 2023 and 2022, the Group included 92 and 88 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 2023 and 2022 were as follows:

(Data for one company)	2023	2022
Farmed area in hectares (ha)	11 – 5,941 ha	22 – 5,861 ha
Cultivated area for plant production companies	120 – 5,941 ha	123 – 5,861 ha
Dairy cattle (incl. calves and heifers)	379 – 2,269 pcs	373 – 2,201 pcs
Feeder cattle (incl. calves and heifers)	67 – 922 pcs	1 – 945 pcs
Fattening pigs	81 – 41,662 pcs	1 – 38,181 pcs
Employees (excluding the forest nurseries staff)	1 – 167 employees	2 – 143 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 2023**	**31 December 2022**
Materials and raw materials	8,037,695	11,579,492
Spare parts	2,602,381	1,805,377
Work in progress and semi-finished production	3,570,069	4,958,329
Products and goods	28,998,274	30,322,818
Of which: biological assets production – plants	*1,385,975*	*2,530,954*
biological assets production – animals	*17,126*	*10,678*
Total	**43,208,419**	**48,666,016**

Excess, obsolete and slow moving inventory has been written down to its estimated net realizable value by an allowance account. In 2023, the Group recognized a net decrease in the total amount of CZK 1,761,001 thousand in the allowance account (2022: increase by CZK 2,888,466 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)	**2023**	**2022**
Material consumed in production; consumption of spare parts, other materials and cost of goods sold:	(123,999,060)	(134,987,347)
Cost of materials sold	(439,562)	(2,092,043)
Materials and goods capitalized	431,749	647,973
Changes in production inventories and allowances against inventory	(1,923,348)	3,903,519


190303
190302
190301
years
1993–2023

Our customers from farmers, food producers and other operators can rely on the sufficient capacity of our warehouses and our commitment to always meet their requirements.

9 Assets and Associated Liabilities Classified as Held for Sale

Assets and associated liabilities classified as held for sale as at 31 December 2023 comprised, in particular, assets and liabilities of companies from the groups Synthesia, a.s., MAFRA, a.s. and LONDA spol. s r. o. (see Note 35) and non-current tangible assets held for sale mainly related to food industry. Assets classified as held for sale as at 31 December 2022 comprised, in particular, non-current assets held for sale related to bakery business.

Part of the assets classified as held for sale was pledged as security to cover liabilities to banks as at 31 December 2023.

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

(In CZK thousands)	31 December 2023	31 December 2022
Property, plant and equipment	3,745,190	52,606
Right of use asset	409,448	-
Goodwill (see Note 2.6)	1,106,233	-
Intangible assets	862,084	1
Investment property	58,818	-
Deferred tax asset	117,437	418
Long-term financial assets	42,045	-
Long-term receivables	14,415	-
Inventories	1,874,818	-
Short-term financial assets	11,384	-
Trade and other receivables	1,748,751	-
Income tax receivable	4,899	-
Cash and cash equivalents (see Note 12)	1,112,142	-
Assets classified as held for sale	**11,107,664**	**53,025**
Long-term bank and other loans and borrowings	55,276	-
Long-term lease liability	340,374	-
Trade and other long-term liabilities	8,590	-
Deferred tax liability	112,015	-
Long-term provisions (see Note 19)	223,250	-
Short-term bank and other loans and borrowings	316,430	-
Short-term lease liability	89,271	-
Trade and other current liabilities	2,381,936	-
Income tax payable	86,297	-
Current provisions (see Note 19)	313,581	-
Liabilities associated with assets classified as held for sale	**3,927,020**	**-**

(In CZK thousands)	31 December 2023	31 December 2022
Related non-controlling interests	5,979	-
Related transaltion differences	10,606	-
Related cash flow hedge reserve net of deferred tax	7,580	-
Related effect of elimination of receivables and liabilities against the Group	15,622	-
Total	**39,787**	**-**

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 2023	31 December 2022
Equity securities and financial assets in progress	267,637	123,784
Long-term loans and borrowings	1,865	9,272
Receivables from derivatives	7,550	100,664
Long-term financial assets	**277 052**	**233,720**
Trade receivables	41,483	49,577
Finance lease receivables (see Note 6.2)	131,200	118,931
Other financial receivables	903,772	95,320
Total	**1,353,507**	**497,548**

As at 31 December 2023, the item Other financial receivables mainly include the deferred settlement of part of the purchase price from the acquisition of the LAT Nitrogen group.

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 2023	31 December 2022
Financial assets in progress and short-term loans and borrowings	61,950	7,198
Receivables from derivatives	116,346	213,671
Short-term financial assets	**178,296**	**220,869**
Trade receivables	20,329,598	22,410,462
Finance lease receivables (see Note 6.2)	7,125	1,132
Other financial receivables	1,581,249	1,524,356
Receivables from employees; tax and other receivables	3,482,161	2,197,489
Total	**25,578,429**	**26,354,308**

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 2023 and 2022 were as follows:

(In CZK thousands)	2023	2022
Allowances as at 1 January	**(1,523,457)**	**(1,228,684)**
Acquisition of subsidiaries	(153,177)	(7)
Exchange differences	12,465	18,210
Creation/(reversal)	261,397	(313,018)
Transfers to Assets classified as held for sale	129,094	-
Other	1,773	42
Allowances as at 31 December	**(1,271,905)**	**(1,523,457)**

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 2023	31 December 2022
Not past due	16,621,921	18,154,968
Less than 3 months overdue	3,263,307	3,921,833
Overdue between 3 months to 1 year	370,829	301,740
Overdue between 1 year to 5 years	73,541	31,921
Total short-term trade receivables	**20,329,598**	**22,410,462**

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 2023	31 December 2022
Cash	6,512,717	8,161,337
Of which: cash in hand	*45,457*	*48,397*
current bank accounts	*6,467,260*	*8,112,940*
Short-term bank deposits	2,824,248	1,819,352
Other cash and cash equivalents	92	263
Total cash and cash equivalents	**9,337,057**	**9,980,952**

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 2023 and 31 December 2022.

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 between subsidiaries 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-flow, cash and cash equivalents comprise the following as at balance sheet date:

(In CZK thousands)	31 December 2023	31 December 2022
Cash and cash equivalents as a separate line in the consolidated balance sheet	9,337,057	9,980,952
Cash and cash equivalents attributable to Assets classified as held for sale (see Note 9)	1,112,142	-
Total	**10,449,199**	**9,980,952**

13 Equity

Approved and issued share:		31 December 2023 and 2022
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 2023 and 2022		-

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 2023	31 December 2022
Long-term bank and other loans	16,500,436	6,653,750
Other sources of financing	1,130,795	906,072
Lease liability (see Note 6.1)	4,990,039	4,627,796
Long-term liabilities from bank and other loans, borrowings and leases	**22,621,270**	**12,187,618**
Long-term trade payables and payables from advances and options	975,552	145,014
Other financial liabilities	4,478	-
Total long-term financial liabilities	**23,601,300**	**12,332,632**
Payables to employees	1,625,435	587,234
Other long-term liabilities	106,231	71,798
Total	**25,332,966**	**12,991,664**

The line Other sources of financing as at 31 December 2023 and 2022 includes primarily the non-current portion of the liability for the financing of property, plant and equipment through sale and leaseback that do not meet the requirements of IFRS 15 to be recognized as a sale.

As at 31 December 2023, the item Long-term trade payables and payables from advances and options mainly include the liability from the deferred payment of part of the purchase price from the acquisition of the LAT Nitrogen group.

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 2023	31 December 2022
Short-term bank and other loans	30,564,592	25,608,843
Issued bonds and other sources of financing	4,203,851	4,005,070
Lease liability (see Note 6.1)	1,379,155	1,256,398
Short-term liabilities from bank and other loans, borrowings and leases	**36,147,598**	**30,870,311**
Short-term trade payables, contract liabilities (see Note 20.1) and payables from options	24,689,986	24,546,491
Other financial liabilities	18,398	375
Total short-term financial liabilities	**60,855,982**	**55,417,177**
Payables to employees, tax and other payables	2,684,111	2,624,194
Tax and other short-term liabilities	1,734,095	2,119,914
Total	**65,274,188**	**60,161,285**

The line Other sources of financing as at 31 December 2023 and 2022 comprised primarily loans from related parties (from the Group company SynBiol, a.s. and from the beneficiary), see Note 28, and the current portion of the liability for the financing of property, plant and equipment through sale and leaseback that do not meet the requirements of IFRS 15 to be recognized as a sale.

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 2023	31 December 2022
Long-term bank and other loans	16,500,436	6,653,750
Short-term bank and other loans	30,564,592	25,608,843
Total bank and other loans	**47,065,028**	**32,262,593**

Banks and other institutions providing loans to Group companies as at 31 December 2023 and 2022 can be analyzed according to loan withdrawals as follows:

Financial institution	31 December 2023		31 December 2022	
	In CZK thousands	%	In CZK thousands	%
Bank of China Hungary Close Ltd	-	-	880,198	2.73
COMMERZBANK AG, Filiale Luxemburg	-	-	361,725	1.12
Česká spořitelna, a.s.	-	-	241,150	0.75
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	-	-	241,150	0.75
United Taiwan Bank S.A.	-	-	241,150	0.75
Industrial and Commercial Bank of China Ltd.	-	-	217,035	0.67
Všeobecná úverová banka, a.s.	-	-	120,575	0.37
Všeobecná úverová banka, a.s., pobočka Praha	-	-	120,575	0.37
Raiffeisenbank a.s.	-	-	108,518	0.34
Schuldschein Loan Agreement)*	-		*2,532,076*	
Komerční banka, a.s.	9,278,005	19.71	5,172,638	16.03
UniCredit Bank Czech Republic and Slovakia, a.s.	3,964,745	8.42	1,083,492	3.36
Česká spořitelna, a.s.	3,682,444	7.82	2,646,171	8.20
Všeobecná úverová banka, a.s., pobočka Praha	3,368,466	7.16	488,986	1.52
Raiffeisenbank a.s.	2,815,802	5.98	1,847,045	5.73
Tatra banka, a.s.	2,461,461	5.23	2,048,851	6.35
MKB Bank Nyrt.	1,731,887	3.68	629,724	1.95
Všeobecná úverová banka, a.s.	1,527,439	3.25	1,309,173	4.06
COMMERZBANK Aktiengesellschaft, pobočka Praha	1,513,058	3.22	284,725	0.88
COMMERZBANK Aktiengesellschaft	1,421,688	3.02	723,450	2.24
UniCredit Bank Czech Republic and Slovakia, a.s., pobočka zahraničnej banky	1,413,214	3.00	1,089,100	3.38
Erste Bank Hungary Zrt.	1,313,756	2.79	1,413,019	4.38
Československá obchodní banka, a. s.	1,307,699	2.78	803,387	2.49
Slovenská sporiteľňa, a.s.	1,111,545	2.36	1,365,865	4.23
IKB Deutsche Industriebank AG	1,096,032	2.33	670,942	2.08
Raiffeisen Bank Zrt.	1,093,980	2.32	572,337	1.77
Norddeutsche Landesbank - Girozentrale	883,177	1.88	1,033,569	3.20
Citibank Europe plc, Germany Branch	778,838	1.65	277,323	0.86
Československá obchodná banka, a.s.	735,512	1.56	449,725	1.39
Komerční banka, a.s., pobočka zahraničnej banky	718,243	1.56	339,851	1.05
Citibank Europe plc Magyarországi Fióktelepe	715,020	1.52	1,027,253	3.18
Erste Group Bank AG	661,641	1.41	-	-
Citibank Europe plc, organizační složka	628,346	1.34	1,112,916	3.45
OTP Bank Nyrt.	440,985	0.94	492,620	1.53
MONETA Money Bank, a.s.	310,210	0.66	272,474	0.85
HVB Bank	309,797	0.66	301,438	0.94
Bank of Taiwan London Branch	250,658	0.53	242,092	0.75
Takarékbank Zrt.	-	-	663,869	2.06
COMMERZBANK AG,Filiale Luxemburg	-	-	299,371	0.93
Ostatní	1,513,380**)	3.25	1,069,111	3.31
Total bank and other loans	**47,065,028**	**100.00**	**32,262,593**	**100.00**

**) On 27 November 2018, AGROFERT, a.s., entered into agreement 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 113,500 thousand (of this amount, EUR 8,500 thousand was repaid early in March 2021) with a five-year maturity. The loan beared floating interest rate and was repaid as at the ultimate maturity date, i.e. five years after the funds receipt date by AGROFERT, a.s.*

***) 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 2023, did not receive the creditor's consent to the exemption from the covenants, namely for loans in the total amount of CZK 2,814,888 thousand. These were mainly loans taken by Duslo, a.s., Vodňanská drůbež, a.s. , Fatra, a.s., SCHROM FARMS spol. s r.o., and ZZN Polabí, 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 2,367,573 thousand.

Approximately one third of long-term loans in 2023 and 2022 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 annual interest rate for a vast majority of loans was within the following ranges:

2023

Currency	Rate	Margin range (%)
CZK	PRIBOR	0.32 – 1.65
EUR	EONIA	0.70 – 0.85
	EURIBOR	0.35 – 2.00
	LIBOR	0.75 – 0.90
	€STR	0.50 – 1.33
HUF	BUBOR	0.65 – 0.95
PLN	WIBOR	1.30

2022

Currency	Rate	Margin range (%)
CZK	PRIBOR	0.30 – 1.80
EUR	EONIA	0.50 – 0.70
	EURIBOR	0.25 – 2.30
	LIBOR	0.75 – 0.90
	€STR	0.35 – 1.00
HUF	BUBOR	0.51 – 0.95
PLN	WIBOR	1.00

In 2023, the fixed interest rate for a majority of loans varied between 0.85 and 6.00% p.a. (in 2022 between 0.60 and 5.40% p.a.)

As at 31 December 2023 and 2022, the bank loans were drawn in the following currencies:

Currency (In thousands)	31 December 2023		31 December 2022	
	Foreign currency	CZK	Foreign currency	CZK
EUR	1,335,738	33,026,131	862,972	20,810,574
CZK	10,077,892	10,077,892	7,722,456	7,722,456
HUF	60,423,490	3,900,336	61,030,501	3,670,985
PLN	7,757	44,167	7,544	38,867
RON	3,321	16,502	4,045	19,711
Total		**47,065,028**		**32,262,593**

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 2023 and 2022, 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 2023 and 2022:

(In CZK thousands)	Category	31 December 2023 Carrying amount	31 December 2023 Fair value	31 December 2022 Carrying amount	31 December 2022 Fair value
Assets					
Non-current assets					
Equity securities	FVPL	267,637	267,637	123,784	123,784
Long-term loans and borrowings	AC	1,865	1,865	9,272	9,272
Long-term receivables	AC	1,076,455	1,076,455	263,829	263,829
Current assets					
Short-term receivables	AC	21,917,972	21,917,972	23,935,950	23,935,950
Cash and cash equivalents	AC	9,337,057	9,337,057	9,980,952	9,980,952
Debt securities	FVPL	-	-	-	-
Financial assets in progress and short-term loans and borrowings	AC	61,950	61,950	7,198	7,198
Liabilities					
Long-term liabilities					
Long-term bank and other loans and borrowings	AC	17,631,231	17,590,670	7,559,822	7,477,140
Long-term trade payables and payables from advances and options	AC	975,552	975,552	145,014	145,014
Current liabilities					
Short-term bank and other loans and borrowings	AC	34,768,443	34,768,443	29,613,913	29,613,913
Short-term trade payables, contract liabilities and payables from options	AC	24,689,986	24,689,986	24,546,491	24,546,491
Derivatives					
Cash flow hedges					
Short-term receivables	HFT	82,586	82,586	144,880	144,880
Long-term receivables	HFT	-	-	67,382	67,382
Short-term liabilities	HFT	16,011	16,011	-	-
Long-term liabilities	HFT	991	991	-	-
Other derivatives					
Short-term receivables	HFT	33,760	33,760	68,791	68,791
Long-term receivables	HFT	7,550	7,550	33,281	33,281
Short-term liabilities	HFT	2,387	2,387	375	375
Long-term liabilities	HFT	3,487	3,487	-	-

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 2023 and 2022.


years
1993–2023

We consider caring for the landscape to be our social responsibility in all segments of our business. Millions of seedlings produced by our nurseries contribute to the renewal of forests, and not only in Czech territories.

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 2023

Financial assets at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Equity securities	FVPL	267,637	-	-	267,637
Cash flow hedges					
Short-term receivables	HFT	82,586	-	82,586	-
Long-term receivables	HFT	-	-	-	-
Other derivatives					
Short-term receivables	HFT	33,760	-	33,760	-
Long-term receivables	HFT	7,550	-	7,550	-

Financial liabilities at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Cash flow hedges					
Short-term liabilities	HFT	16,011	-	16,011	-
Long-term liabilities	HFT	991	-	991	-
Other derivatives					
Short-term liabilities	HFT	2,387	-	2,387	-
Long-term liabilities	HFT	3,487	-	3,487	-

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	17,590,670	-	17,590,670	-

17.3.2 Fair value hierarchy of financial instruments as at 31 December 2022

Financial assets at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Equity securities	FVPL	123,784	-	-	123,784
Short-term debt securities	FVPL	9,272	-	-	9,272
Cash flow hedges					
Short-term receivables	HFT	144,881	-	144,881	-
Long-term receivables	HFT	67,382	-	67,382	-
Other derivatives					
Short-term receivables	HFT	68,791	-	68,791	-
Long-term receivables	HFT	33,281	-	33,281	-

Financial liabilities at fair value:

(In CZK thousands)		Total	Level 1	Level 2	Level 3
Other derivatives					
Short-term liabilities	HFT	375	-	375	-
Long-term liabilities	HFT	-	-	-	-

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	7,477,140	-	7,477,140	-

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 2023 and 2022 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 2023 and 2022, 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 2023

	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	-	16,890,714	3,542,306	1,168,483	21,601,503
Expected credit loss	-	(268,793)	(278,999)	(724,113)	(1,271,905)

31 December 2022

	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	-	18,531,966	4,315,692	1,086,261	23,933,919
Expected credit loss	-	(376,998)	(393,859)	(752,600)	(1,523,457)

18.2.4 Interest risks

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 38% as at 31 December 2023 (compared to 29% as at 31 December 2022). Tied primarily to the Group's non-current assets, the long-term bank and other loans mostly mature in the period from 2023 to 2030. 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 2023 and 2022 the Parent Company recognized a loan from the beneficiary of the same amount, bearing interest at a variable rate plus margin (see Notes 15 and 28).

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 2023

(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	21,002,009	14,787,441	17,699,772	797,732	54,286,954
Liabilities	22,630,476	2,179,926	1,134,743	10,037	25,955,182
Derivatives	4,686	13,712	4,478	-	22,876
Provided guarantees	944	88	-	-	1,032

31 December 2022

(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	15,567,087	14,293,986	7,086,723	694,258	37,642,054
Liabilities	23,770,117	835,894	102,407	47,073	24,755,491
Derivatives	375	-	-	-	375
Provided guarantees	518	90	-	-	608

18.5 Changes in Liabilities from Financing

The following table summarizes changes in liabilities from financing:

31 December 2023

(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 2023	**43,057,929**	**804,046**	**29,290,974**	
Less: Liabilities from other activities than financing	-	(804,046)	(29,260,974)	
Liabilities from financing as at 1 January 2023	**43,057,929**	**-**	**30,000**	**43,087,929**
Cash flows	12,581,063	-	-	12,581,063
Non-cash changes of lease liabilities	1,900,547	-	-	1,900,547
Exchange differences	1,373,014	-	-	1,373,014
Acquisition of subsidiaries	654,370	-	-	654,370
Change of accrued interest	9,396	-	-	9,396
Transfers from/to Liabilities associated with assets classified as held for sale	(801,351)	-	-	(801,351)
Other	(6,100)	-	181,029	174,929
Liabilities from financing as at 31 December 2023	**58,768,868**	**-**	**211,029**	**58,979,897**
Liabilities from other activities than financing	-	2,711,696	28,915,561	
Total balance sheet amount as at 31 December 2023	**58,768,868**	**2,711,696**	**29,126,590**	

31 December 2022

(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 2022	**42,555,094**	**965,433**	**25,427,975**	
Less: Liabilities from other activities than financing	-	(965,433)	(25,377,417)	
Liabilities from financing as at 1 January 2022	**42,555,094**	**-**	**50,558**	**42,605,652**
Cash flows	299,410	-	-	299,410
Non-cash changes of lease liabilities	1,198,099	-	-	1,198,099
Exchange differences	(1,241,955)	-	-	(1,241,955)
Acquisition of subsidiaries	260,785	-	-	260,785
Change in non-current/current liabilities classification	-	-	-	-
Other	(13,504)	-	(20,558)	(34,062)
Liabilities from financing as at 31 December 2022	**43,057,929**	**-**	**30,000**	**43,087,929**
Liabilities from other activities than financing	-	804,046	29,260,974	
Total balance sheet amount as at 31 December 2022	**43,057,929**	**804,046**	**29,290,974**	

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 2023 and 2022. 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 2022 (at that year, the exchange rate movement was considered in the range of +/-10% as well):

2023

(In CZK thousands)		**-10% CZK depreciation**	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	(2,159,901)	1,890	871
		+10% CZK appreciation	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	2,159,901	(1,890)	(871)
		-10% HUF depreciation	
Currency		EUR	
Increase / (Decrease) of income		13,381	
		+10% HUF appreciation	
Currency		EUR	
Increase / (Decrease) of income		(13,381)	
		-10% EUR depreciation	
Currency		GBP	
Increase / (Decrease) of income		(296)	
		+10% EUR appreciation	
Currency		GBP	
Increase / (Decrease) of income		296	

2022

(In CZK thousands)		**-10% CZK depreciation**	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	(881,077)	575	1,478
		+10% CZK appreciation	
Currency	EUR	HUF	GBP
Increase / (Decrease) of income	881,077	(575)	(1,478)
		-10% HUF depreciation	
Currency		EUR	
Increase / (Decrease) of income		(182,551)	
		+10% HUF appreciation	
Currency		EUR	
Increase / (Decrease) of income		182,551	
		-10% EUR depreciation	
Currency		GBP	
Increase / (Decrease) of income		(230)	
		+10% EUR appreciation	
Currency		GBP	
Increase / (Decrease) of income		230	

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.

2023

(In CZK thousands)	**Interest rate increase by 50 basis points**	**Interest rate decrease by 25 basis points**
Increase / (Decrease) of income	(165,347)	82,673

2022

(In CZK thousands)	**Interest rate increase by 50 basis points**	**Interest rate decrease by 25 basis points**
Increase / (Decrease) of income	(131,083)	65,541

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

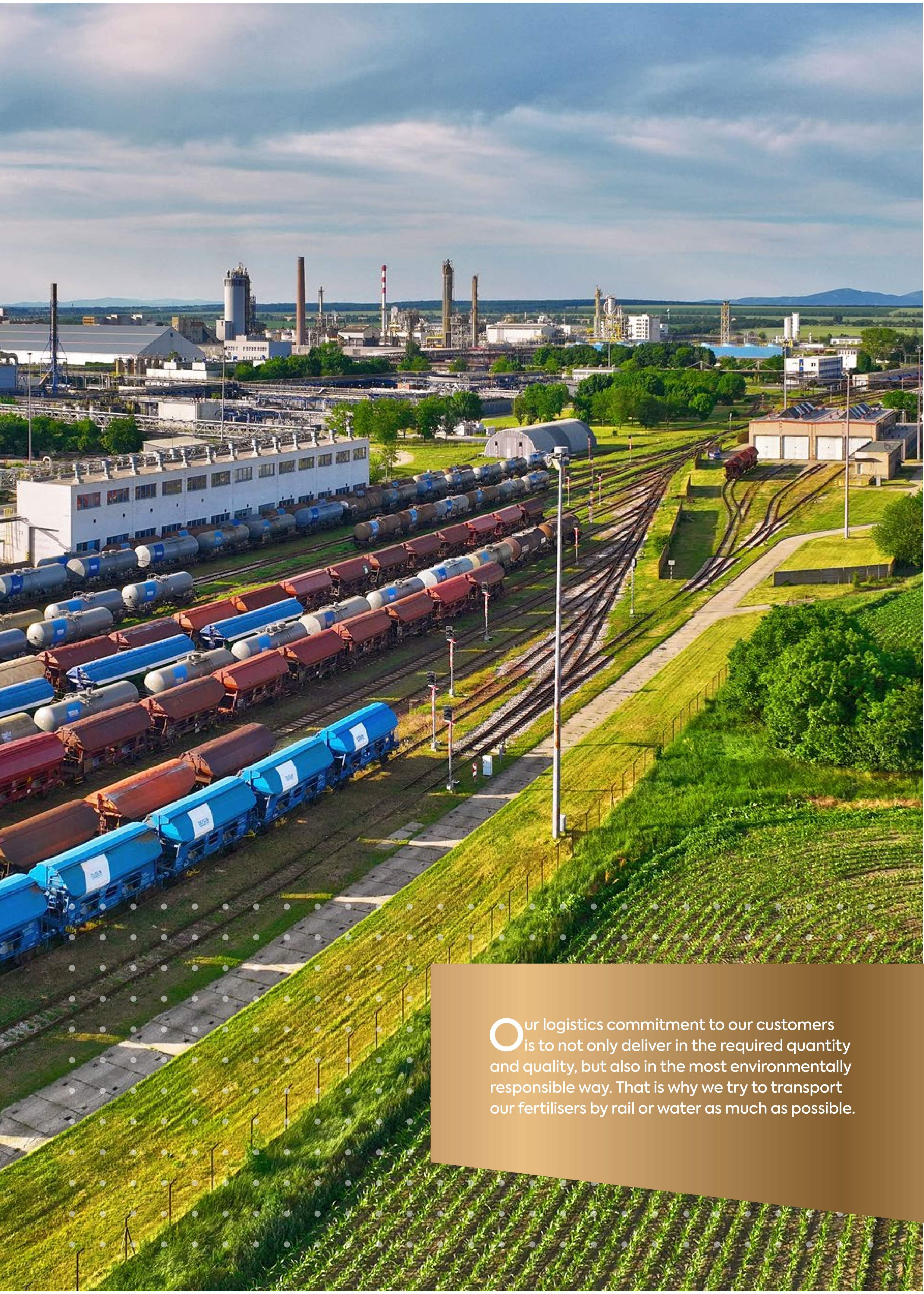
Movements in provisions in 2023 and 2022:

(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 restructuring	Provision for emission allowances	Other provisions	Total
Balance as at 1 January 2022	**702,603**	**282,846**	**1,088,472**	**117,165**	**1,211,717**	**343,395**	**3,746,198**
Additions (see Note 23)	597,393	836,608	380,330	26,334	893,054	267,909	**3,001,628**
Reversal (see Note 23)	(64,762)	(25,565)	(207,787)	(49,918)	(782,584)	(79,881)	**(1,210,497)**
Use	(19,005)	(82,361)	(1,160,909)	(51,828)	(418,891)	(69,144)	**(1,802,138)**
Effect of change in estimate added to property, plant and equipment	3,991	-	-	-	-	-	**3,991**
Discount of provisions	4,542	-	-	-	-	(1,050)	**3,492**
Exchange differences	(25,406)	(15,375)	(10,035)	(1,597)	(17,356)	(5,550)	**(75,319)**
Balance as at 31 December 2022	**1,199,356**	**996,153**	**90,071**	**40,156**	**885,940**	**455,679**	**3,667,355**
Additions (see Note 23)	47,268	602,174	282,771	61,993	2,641,232	241,776	**3,877,214**
Reversal (see Note 23)	(352,312)	(86,937)	(37,520)	(11,943)	(361,501)	(187,776)	**(1,037,989)**
Use	(9,429)	(41,383)	(68,194)	(4,528)	(522,732)	(91,302)	**(737,568)**
Effect of change in estimate added to property, plant and equipment	35,861	-	-	-	-	-	**35,861**
Discount of provisions	890	-	-	148	-	(1,257)	**(219)**
Discount of provisions	570,195	14,192	-	-	1,861,998	56,922	**2,503,307**
Transfers from/to Liabilities associated with assets classified as held for sale	(221,771)	(9,185)	(6,113)	(10,472)	(281,864)	(7,428)	**(536,833)**
Exchange differences	62,300	39,476	6,757	1,464	115,013	-8,275	**216,735**
Balance as at 31 December 2023	**1,332,358**	**1,514,490**	**267,772**	**76,818**	**4,338,086**	**458,339**	**7,987,863**

As at 31 December 2023 and 2022, Duslo, a.s. reported a provision of CZK 762,173 thousand (EUR 30,826 thousand) for litigation, recognized in 2022. For more information please refer to Note 32.

In 2023 AGROFERT, a.s. created a provision of CZK 519,225 thousand (EUR 21 million) for litigation with the Slovak Antimonopoly Office. For details on litigation, see Note 32.


DUSLO
years
1993–2023



Our logistics commitment to our customers is to not only deliver in the required quantity and quality, but also in the most environmentally responsible way. That is why we try to transport our fertilisers by rail or water as much as possible.

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 2023 and 2022, the structure of the Group's revenues from the sale of goods, products and services, broken down by location of customers, was as follows:

2023

(In CZK thousands)	Total	CZ	EU excl. CZ	Others
Revenue from chemical industry	90,039,392	22,100,383	56,904,772	11,034,237
Revenue from agricultural industry	35,994,458	16,512,066	19,026,410	455,982
Revenue from food industry	57,427,366	27,983,215	28,622,891	821,260
Revenue from vehicles and machinery	8,196,103	4,348,624	3,818,822	28,657
Other revenue	8,750,624	5,929,968	2,631,454	189,202
Revenue from the sale of materials	515,262	283,053	223,179	9,030
Revenue from the sale of goods, products and materials – transferred at a point in time	**200,923,205**	**77,157,309**	**111,227,528**	**12,538,368**
Revenue from the sale of media service – advertising	1,719,214	1,455,077	210,919	53,218
Revenue from the sale of transportation services	574,889	457,132	110,578	7,179
Revenue from the sale of forestry services	1,123,660	1,118,762	4,898	-
Other	7,318,810	4,983,690	2,374,612	(39,492)*)
Revenue from the sale of services – transferred over time	**10,736,573**	**8,014,661**	**2,701,007**	**20,905**
Total	**211,659,778**	**85,171,970**	**113,928,535**	**12,559,273**

**) In 2023, a credit note was issued for the revenue recognized by a newly acquired company in the previous year.*

In 2023, compared to the 2022, revenue from sale of goods, products and services saw a decline, mainly due to drop in selling prices. Furthermore, there was a significant decrease in revenue from sale of materials at PREOL, a.s. In July 2022, the entire rapeseed extraction and pressing unit at PREOL, a.s. was brought back into operation, as a result of the installation of a new extractor and related technology. Thus the consequences of the explosion and damage to the key production equipment of 5 July 2021 were eliminated. In the period from the accident to the installation of new production facility, the company used to sell rapeseed, the material that was originally intended for inhouse processing, and bought back oil for the production of biofuels from external suppliers.

2022

(In CZK thousands)	Total	CZ	EU excl. CZ	Others
Revenue from chemical industry	117,713,023	29,513,174	75,717,717	12,482,132
Revenue from agricultural industry	37,475,715	17,325,149	19,525,749	624,817
Revenue from food industry	57,828,764	28,703,098	28,315,973	809,693
Revenue from vehicles and machinery	8,455,307	4,319,382	4,092,427	43,498
Other revenue	10,342,569	6,289,696	3,827,537	225,336
Revenue from the sale of materials	3,112,293	454,667	2,404,346	253,280
Revenue from the sale of goods, products and materials – transferred at a point in time	**234,927,671**	**86,605,166**	**133,883,749**	**14,438,756**
Revenue from the sale of media service – advertising	1,775,887	1,521,132	202,751	52,004
Revenue from the sale of transportation services	683,136	481,470	142,965	58,701
Revenue from the sale of forestry services	1,026,645	1,026,639	6	-
Other	6,679,300	5,081,693	1,571,020	26,587
Revenue from the sale of services – transferred over time	**10,164,968**	**8,110,934**	**1,916,742**	**137,292**
Total	**245,092,639**	**94,716,100**	**135,800,491**	**14,576,048**

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 2023	31 December 2022
Trade receivables and contract assets (see Note 11)	20,329,598	22,410,462
Contract liabilities	1,264,580	1,859,444

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 1,264,580 thousand as at 31 December 2023 and CZK 1,859,444 thousand as at 31 December 2022. 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)	2023	2022
Depreciation of property, plant and equipment (see Note 5.1)	(9,149,376)	(7,838,406)
Amortization of intangible assets (see Note 5.2)	(273,068)	(286,067)
Depreciation of right of use asset (see Note 6.1)	(1,424,310)	(1,314,305)
Depreciation of net book value upon liquidation or further processing of non-current animal and plant biological assets	(177,688)	(174,759)
Total depreciation and amortization	**(11,024,442)**	**(9,613,537)**

22 Personnel Expenses

(In CZK thousands)	2023	2022
Average number of employees and key management personnel of the Group	32,000	30,473
Salaries and wages, agency workers and remuneration of statutory bodies	(21,148,124)	(20,040,272)
Social security and health insurance	(5,597,330)	(5,096,939)
Other personnel expenses	(887,719)	(826,069)
Total personnel expenses	(27,633,173)	(25,963,280)

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)	2023	2022
Salaries and wages and remuneration of statutory bodies	(224,790)	(304,390)
Social security and health insurance	(31,391)	(38,306)
Total short-term employee benefits	**(256,181)**	**(342,696)**

Both the Board of Directors members and management members of the parent company are considered key management personnel of the Group. In 2023 and 2022, 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)	2023	2022
Impairment of goodwill (see Note 2.6)	(116,035)	(319,311)
Creation and reversal of provisions, net (see Note 19)	(2,839,225)	(1,791,131)
Creation and reversal of allowances against property plant and equipment and intangible assets, net (see Notes 5.1 and 5.2)	1,847,959	(868,151)
Creation and reversal of allowances against assets classified as held for sale, net	(2,599)	(628)
Creation and reversal of allowances against investments in associates and joint ventures, net	(5,217)	11,123
Total expenses, net	**(1,115,117)**	**(2,968,098)**

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, insurance claims and return of excise duty or contractual penalties.

Gain from a bargain purchase in the amount of CZK 2,253,855 thousand related to the acquisition of the LAT Nitrogen Group was recognized in other operating income in 2023 (see Note 4.5).

Unbilled revenue in the amount of CZK 338,371 thousand was recognised in other operating income in 2022 to reflect insurance benefits relating to the accident at PREOL, a.s.

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 Other financial expenses and income, net include the following:

(In CZK thousands)	2023	2022
Settlement and valuation of derivatives held-for-trading	89,600	190,057
Bank charges	(108,226)	(89,376)
Other	63,019	(17,402)
Total income (+) / expenses (-), net	**44,393**	**83,279**

26 Income Taxes

The major components of income tax expense were as follows:

(In CZK thousands)	2023	2022
Current income tax charge	(1,139,994)	(4,265,095)
Adjustment in respect of current income tax of previous year	(44,404)	(24,620)
Deferred tax	787,382	(74,423)
Income tax expense	**(397,016)**	**(4,364,138)**

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

(In CZK thousands)	2023	2022
Profit before income taxes	2 482 955	17,330,299
Tax rate effective in Czech Republic	**19.00%**	**19.00%**
Expected income tax expense	(471,761)	(3,292,757)
Adjustments:		
Tax non-deductible expenses related to holding of financial investments	(27,436)	(33,156)
Impairment of goodwill and gain on bargain purchase	406,186	(55,564)
Share on results of associates and joint ventures	150,490	93,607
Tax credits	5,749	9,463
Adjustment in respect of current income tax of previous year	(44,404)	(24,620)
Local business tax and innovation contribution	(38,104)	(78,826)
Tax levied at a special tax rate, flat-rate tax	(43)	(124,399)
Effect of different tax rates in other countries	31,884	(265,748)
Change in unrecognized deferred tax assets	9,613	(286,629)
Other already taxed, tax exempt or non-deductible items, net *)	(419,190)	(305,509)
Income tax expense	**(397,016)**	**(4,364,138)**
Effective tax rate	**15.55%**	**25.18%**

**) In 2023, the item Other already taxed, tax exempt or non-deductible items, net include the impact of a change in the income tax rate as of 1 January 2024 from 19% to 21% for Czech companies and from 24% to 23% for Austrian companies. The total negative impact of this change amounted to CZK (223,262) thousand.*

Movements in deferred income taxes in 2023:

(In CZK thousands)	1 January 2023							31 December 2023	
	Deferred tax asset	**Deferred tax liability**	Deferred tax expense reported in statement of profit or loss	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	**107,060**	**4,753,798**	379,790	(3,380)	(1,053,260)	262,265	(66,508)	**216,601**	**5,344,432**
Provisions; accrual for employee bonuses	**462,369**	**52,174**	67,735	763	153,502	(62,900)	14,731	**636,931**	**52,905**
Allowance against receivables; valuation of receivables	**147,519**	**25,945**	8,706	-	22,603	(798)	2,174	**187,742**	**33,483**
Allowances against non-current assets	**934,313**	**-**	(479,965)	-	-	(92,262)	4,581	**366,667**	**-**
Allowances against inventory; inventory valuation	**948,304**	**368,308**	(140,087)	-	79,198	(109,366)	4,907	**603,760**	**189,112**
Other temporary differences	**82,897**	**111,024**	(65,612)	24,543	6,208	1,846	(1,823)	**81,202**	**144,167**
Tax losses carried forward	**121,405**	**-**	1,017,233	-	280,977	(4,207)	32,354	**1,447,762**	**-**
Compensation of deferred tax asset and liability at the level of individual companies	**(2,114,493)**	**(2,114,493)**	-	-	-	-	-	**(2,428,048)**	**(2,428,048)**
Total	689,374	3,196,756	**787,800**	**21,926**	**(510,772)**	**(5,422)**	**(9,584)**	**1,112,617**	**3,336,051**

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 (418) thousand in 2023.

The Group companies are part of a so-called large multinational group within the meaning of the acts on top-up taxes for large multinational groups and large domestic groups. As of 1 January 2024, the companies of the Group became liable for the attributed top-up tax and the Czech top-up tax. In the recognized deferred tax, the possible effect of the top-up tax has not been reflected. Although the resulting impact of the application of both the attributed and the Czech top-up tax is currently exceedingly difficult to quantify, the entity does not expect it to be material.

Movements in deferred income taxes in 2022:

(In CZK thousands)	1 January 2022						31 December 2022	
	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	**148,372**	**4,435,554**	(274,422)	(15)	(134,553)	49,434	**107,060**	**4,753,798**
Provisions; accrual for employee bonuses	**632,443**	**10,674**	(203,250)	-	483	(8,807)	**462,369**	**52,174**
Allowance against receivables; valuation of receivables	**115,681**	**27,323**	34,448	-	-	(1,232)	**147,519**	**25,945**
Allowances against non-current assets	**879,608**	**-**	78,331	-	-	(23,626)	**934,313**	**-**
Allowances against inventory; inventory valuation	**413,104**	**229,644**	395,257	-	5,837	(4,558)	**948,304**	**368,308**
Other temporary differences	**66,677**	**20,831**	(47,498)	(25,726)	-	(749)	**82,897**	**111,024**
Tax losses carried forward	**174,936**	**-**	(57,148)	-	4,334	(717)	**121,405**	**-**
Compensation of deferred tax asset and liability at the level of individual companies	**(1,965,733)**	**(1,965,733)**	-	-	-	-	**(2,114,493)**	**(2,114,493)**
Total	465,088	2,758,293	**(74,282)**	**(25,741)**	**(123,899)**	**9,745**	**689,374**	**3,196,756**

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 (141) thousand in 2022.

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

2023

(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 profit or loss	**1,531,867**	**24,543**	**1,556,410**
Change in fair value of cash flow hedges recognized in equity	10,403	(2,742)	7,661
Cash flow hedges reclassified to statement of profit or loss	(147,486)	27,285	(120,201)
Translation differences	1,668,950	-	1,668,950
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods	**2,947**	**(2,617)**	**330**
Gain (+) / loss (-) on defined benefit plans	(14,780)	763	(14,017)
Gain from transfer to investment property	17,727	(3,380)	14,347
Total other comprehensive income	**1,534,814**	**21,926**	**1,556,740**

2022

(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	**(1,125,260)**	**(25,741)**	**(1,151,001)**
Change in fair value of cash flow hedges recognized in equity	254,254	(42,850)	211,404
Cash flow hedges reclassified to statement of income	(118,775)	17,109	(101,666)
Translation differences	(1,260,739)	-	(1,260,739)
Other comprehensive income not to be reclassified to statement of income in subsequent periods	**121,224**	**-**	**121,224**
Gain (+) / loss (-) on defined benefit plans	121,224	-	121,224
Total other comprehensive income	**(1,004,036)**	**(25,741)**	**(1,029,777)**

As at 31 December 2023, the Group carried forward tax losses of CZK 23,705,168 thousand to future years (CZK 10,507,740 thousand as at 31 December 2022); of which CZK 6,374,134 thousand (CZK 651,169 thousand as at 31 December 2022) have been recognized as temporary difference resulting in deferred tax asset. Out of tax losses carried forward as at 31 December 2023, the Group can claim CZK 22,718,407 thousand in, or after, 2028. The losses were mainly incurred in the chemical companies in France and the 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 Employee Benefits

Most Group companies operate post-employment and other long-term benefit plans. The forms and benefits vary in terms of conditions and practices in the countries concerned. The plans include both defined contribution plans and plans that provide defined benefits based on employees' years of service.

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

(In CZK thousands)	2023	2022
Present value of liabilities financed from funds	(775,944)	(350,275)
Fair value of retirement benefit plan assets	163,409	37,514
Deficit of plans financed from funds	(612,535)	(312,761)
Present value of liabilities not financed from funds	-	-
Severance plans	(646,296)	-
Other long-term employee benefits	(366,604)	(274,473)
Net liability	**(1,625,435)**	**(587,234)**

The Group operates defined post-employment benefit plans in Germany, France and Austria under broadly similar regulatory frameworks. These comprise mainly pension plans and severance plans.

27.1.1 Defined Benefit Pension Plans

Employees of certain companies in Germany, Austria and France whose employment relationship started before certain date in the past are members of a retirement benefit plan; the plan includes, in particular, employee benefits upon retirement and in the event of disability or death.

Changes in the balance of defined benefit pension plan liabilities and in the fair value of the plan assets in 2023 and 2022 were as follows:

2023

(In CZK thousands)		Expenses reported in profit/loss for 2023							Reported in other comprehensive income for 2023				
	1 January 2023	Acquisition of subsidiaries	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 2023
Liability from defined benefit plans	(350,275)	(414,541)	(337)	(19,338)	-	(19,675)	41,477	(26,366)	-	-	(41,776)	35,212	(775,944)
Fair value of plan assets	37,514	110,396	-	3,410	-	3,410	(2,861)	5,894	9,056	-	-	-	163,409
Total liability	**(312,761)**	**(304,145)**	**(337)**	**(15,928)**	**-**	**(16,265)**	**38,616**	**(20,472)**	**9,056**	**-**	**(41,776)**	**35,212**	**(612,535)**

2022

(In CZK thousands)		Expenses reported in profit/loss for 2022						Reported in other comprehensive income for 2022				
	1 January 2022	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 2022
Liability from defined benefit plans	(505,021)	(645)	(4,425)	-	(5,070)	26,063	12,529	-	-	107,692	13,532	(350,275)
Fair value of plan assets	40,116	410	-	-	410	(2,011)	(1,176)	175	-	-	-	37,514
Total liability	**(464,905)**	**(235)**	**(4,425)**	**-**	**(4,660)**	**24,052**	**11,353**	**175**	**-**	**107,692**	**13,532**	**(312,761)**

*) *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 %)	2023	2022
Discount rate	3.30 – 3.54	0.86 – 1.06
Inflation rate	2.00 – 2.50	2.00
Wage growth rate	2.50	2.50
Pension growth rate	2.00 – 2.50	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 8–13 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 2023 increase/(decrease)	Effect on pension liability in 2022 increase/(decrease)
Discount rate decrease by 0.5%	342,498	17,115
Discount rate increase by 0.5%	(375,010)	(15,753)
Pension growth rate decrease by 0.5%	(373,393)	(15,319)
Pension growth rate increase by 0.5%	341,813	16,480

The majority of pension commitments are attributable to plans in Germany and Austria. The plan assets consist exclusively of reinsurance contracts for individual pension agreements. In Germany 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. In Austria the plan assets were transferred to external pension funds managed by APK Pensionskasse AG. The investment of plan assets in Austria is governed by Section 25 of the Austrian Pension Fund Act and the Investment Fund Act. In addition to these regulations, the investment guidelines of APK Pensionskasse AG regulate the spread of asset allocation, the use of umbrella funds and the selection of fund managers.

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

(In CZK thousands)	2023	2022
Within 1 year	69,336	27,521
2 – 5 years	236,600	105,164
6 – 10 years	223,044	114,173

27.1.2 Severance Plans

Severance plans are operated mainly in the Austrian companies and cover employees who started their service before 1 January 2003. Furthermore, the Group operates severance plans in France.

Changes in the balance of severance plan liabilities in 2023 were as follows:

2023

(In CZK thousands)		Expenses reported in profit/loss for 2023							Reported in other comprehensive income for 2023			
	1 January 2023	Acquisition of subsidiaries	Service cost	Interest expense/ income	Employer contribution	Total expense reflected in profit/ loss	Benefits paid	Exchange rate difference *)	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 2023
Liability from defined benefit plans	-	(616,629)	(9,408)	(11,334)	-	(20,742)	39,031	(26,850)	(382)	(1,608)	(19,116)	(646,296)

*) *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 %)	2023
Discount rate	3.30
Inflation rate	2.50
Wage growth rate	3.75

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

(In CZK thousands)	Effect on severance plan liability in 2023 increase/(decrease)
Discount rate decrease by 0.5%	36,579
Discount rate increase by 0.5%	(39,926)
Wage growth rate decrease by 0.5%	(39,907)
Wage growth rate increase by 0.5%	36,903

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

(In CZK thousands)	2023
Within 1 year	20,170
2–5 years	123,865
6–10 years	191,654

27.1.3 Other Long-term Employee Benefits

Other long-term employee benefits provided by the Group companies include items such as jubilee payments and pre-pension benefits. The total amount of the other long-term employee benefit obligation is CZK 366,604 thousand and CZK 274,473 thousand as of 31 December 2023 and 2022, respectively.

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 2023 and 2022, the Group carried out the following transactions with the related parties (excluding the management bonuses disclosed in Note 22):

2023

(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.	3,447,824	-	-	1,107,374	**4,555,198**
Purchase of products, goods and services, etc.	(592,690)	-	(15,000)	(618,835)	**(1,226,525)**
Sale of property, plant and equipment and intangible assets	436	-	-	2,199	**2,635**
Purchase of property, plant and equipment and intangible assets	(25,642)	-	-	(94,072)	**(119,715)**
Interest income	3,435	-	-	1,791	**5,226**
Interest expense	(15,130)	-	-	(191,431)	**(206,561)**

2022

(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.	4,268,521	-	-	1,420,341	**5,688,862**
Purchase of products, goods and services, etc.	(940,209)	-	(9,000)	(616,705)	**(1,565,914)**
Sale of property, plant and equipment and intangible assets	592	-	-	7,372	**7,964**
Purchase of property, plant and equipment and intangible assets	(49,652)	-	-	(25,311)	**(74,963)**
Interest income	2,838	-	-	9,438	**12,276**
Interest expense	(11,724)	-	-	(132,761)	**(144,485)**

The Group companies' receivables from and payables to the related parties (including extended loans) as at 31 December 2023 and 2022 were as follows:

31 December 2023

(In CZK thousands)	Associates and joint ventures	Parent Company shareholders	Key management personnel of the Group	Other related parties	Total
Short-term trade receivables	248,298	-	-	114,871	**363,169**
Other short-term receivables	742	-	-	39,247	**39,989**
Other long-term receivables	128,385	-	-	25,064	**153,449**
Short-term trade payables	63,144	-	1,513	170,673	**235,330**
Other short-term payables	258,786	-	-	141,934	**400,720**
Other long-term payables	-	-	-	398,071	**398,071**
Loans granted	-	-	-	1,300	**1,300**
Loans received (see Note 15)	-	-	-	3,226,056	**3,226,056**
Allowances against receivables	-	-	-	-	**-**

31 December 2022

(In CZK thousands)	Associates and joint ventures	Parent Company shareholders	Key management personnel of the Group	Other related parties	Total
Short-term trade receivables	516,322	-	-	193,538	**709,860**
Other short-term receivables	639	-	-	4,783	**5,422**
Other long-term receivables	112,683	-	-	25,064	**137,747**
Short-term trade payables	117,220	-	750	57,496	**175,466**
Other short-term payables	200,000	-	-	126,297	**326,297**
Other long-term payables	-	-	-	570,614	**570,614**
Loans granted	-	-	-	1,600	**1,600**
Loans received (see Note 15)	-	-	-	3,284,557	**3,284,557**
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 2023 and 2022.

29 Subsidies

The Group companies received the following subsidies:

2023

(In CZK thousands)	Subsidies received in 2023 *)		Subsidies reported in 2023 **)	
	Operating subsidies	Investment subsidies	Operating subsidies	Investment subsidies
Subsidies for agricultural activities and other subsidies ***)	1,940,210	238,729	2,040,999	232,843

2022

(In CZK thousands)	Subsidies received in 2022 *)		Subsidies reported in 2022 **)	
	Operating subsidies	Investment subsidies	Operating subsidies	Investment subsidies
Subsidies for agricultural activities and other subsidies ***)	1,736,853	257,786	1,702,468	224,271

**) 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 and at other rewable energy resources..*

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 27,995 thousand and CZK 6,666 thousand in 2023 (CZK 134,618 thousand received, respectively CZK 135,966 thousand reported in 2022).

As at 31 December 2023, the Group companies had the following significant approvals or promises of subsidies and investment incentives from the relevant authorities.

As at 31 December 2023, Duslo, a.s. had an income tax relief in the total amount of CZK 1,447,896 thousand (EUR 58,560 thousand); of which part has already been used in previous years. The company did not avail itself of the tax relief in 2023. In 2022, the company claimed tax relief in the amount of CZK 467,944 thousand (EUR 19,049 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 944,138 thousand (EUR 38,186 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. The company claimed tax relief in the amount of CZK 54,407 thousand in 2023. In 2022, the company did not use any tax relief under this incentive. The unused portion of the investment incentive amounts to CZK 93,700 thousand as at 31 December 2023. The income tax relief can be claimed in 2026 at the latest.

As at 31 December 2023, 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. The Company used the incentive totaling CZK 7,572 thousand and CZK 1,220 thousand in 2023 and 2022, respectively.

As at 31 December 2023, NT Kft. had an approval of the Hungarian Ministry of Finance for a development tax relief up to CZK 382,465 thousand (HUF 5,925,095 thousand) at current prices. However the Company was additionally provided also with investment subsidy that resulted in reduction of the tax relief to CZK 243,872 thousand (HUF 3,778,032 thousand) at current prices. The Company used the relief totaling CZK 169,877 thousand (HUF 2,696,032 thousand) at current prices for the first time in 2022. In 2023, the company did not use any tax relief under this incentive. The unused portion that can be claimed until 2034, amounted to CZK 69,843 thousand (HUF 1,082,000 thousand) at current prices.

As at the balance sheet date, Fatra, a.s., had an approval of investment incentives in the form of tax relief up to CZK 342,752 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 2029. This company did not use the investment incentives by 31 December 2023.

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.

As at 31 December 2023, Duslo, a.s. had a commitment by the Ministry of Environment of the Slovak Republic to grant a subsidy from the Modernization Fund in the amount of CZK 1,444,459 thousand (EUR 58,421 thousand) for the implementation of the project for the construction of a photovoltaic and wind power plant, a battery storage facility and an electrolyser for the production of green hydrogen.

As at the date of the financial statements, Lovochemie, a.s. had a commitment by the State Environmental Fund to grant a subsidy from the Modernization Fund in the amount of CZK 103,615 thousand for the construction of a solar power plant and a battery energy storage facility.

30 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 2023, Duslo, a.s. had received guarantees issued by business partners in the amount of CZK 192,346 thousand (EUR 7,779 thousand). The received guarantees related to a guarantee in the warranty period, a guarantee for advance payment and a guarantee for good execution of the work. Guarantees provided for Duslo, a.s. in the form of bank guarantees amounted to CZK 202,550 thousand (EUR 8,192 thousand).

As at 31 December 2023, bank and other guarantees in the amount of CZK 98,512 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 2023, UNILES, a.s. had bank guarantees in the amount of CZK 350,150 thousand for a period of 15 months with periodic renewal in connection with complex forestry contracts.

As at 31 December 2023, Cerea, a.s. had guarantees from third parties in the total amount of CZK 84,456 thousand and pledges of assets of business partners in total amount of CZK 3,875 thousand to secure its receivables.

As at 31 December 2023, PRECHEZA a.s. had bank guarantees received of CZK 90,766 thousand, issued by business partners.

As at 31 December 2023, AGROTEC a.s. had off-balance sheet liabilities from open stand-by letters of credit in the amount of CZK 667,575 thousand and off-balance sheet liabilities from granted bank guarantees in the amount of CZK 134,103 thousand.

As at 31 December 2023, LAT Nitrogen Linz GmbH had received bank and other guarantees of CZK 195,320 thousand (EUR 7,890 thousand), issued by business partners.

Guarantees provided for LAT Nitrogen France SAS in the form of bank guarantees amounted to CZK 465,493 thousand (EUR 18,827 thousand) as at 31 December 2023. These mainly included guarantees in favour of the customs office.

As at 31 December 2023, GreenChem Holding B.V. had contractual commitments suppliers of services in the total amount of CZK 354,002 thousand (EUR 14,318 thousand).

As at 31 December 2023, Lieken Brot- und Backwaren GmbH had contractual commitments to suppliers for raw material purchases totalling CZK 3,021,310 thousand (EUR 122,197 thousand).

As at 31 December 2023, SKW Stickstoffwerke Piesteritz GmbH reported contractual obligations totaling CZK 239,165 thousand (EUR 9,673 thousand) to suppliers for purchasing of services and contractual obligations of CZK 1,517,538 thousand (EUR 61,377 thousand) for purchasing of emission allowances. In addition the Company reported long-term contracts with customers for the supplies of goods at the value of CZK 521,166 thousand (EUR 21,079 thousand). Its subsidiary, AGROFERT Deutschland GmbH, had contractual commitments of CZK 142,559 thousand (EUR 5,766 thousand) towards suppliers of services.

As at 31 December 2023, SKW Stickstoffwerke Piesteritz GmbH provided a guarantee of up to CZK 197,800 thousand (EUR 8,000 thousand) for subsidies provided in previous periods to AGROFERT Deutschland GmbH.

As at 31 December 2023, 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)
SKW Stickstoffwerke Piesteritz GmbH	1,209,735
Synthesia, a.s.	844,400
LAT Nitrogen Linz GmbH	466,275
PRECHEZA a.s.	255,592
Duslo, a.s.	172,382
LAT Nitrogen France SAS	109,502
OLMA, a.s.	99,429
Wotan Forest, a.s.	67,622
ZS Vilémov, a.s.	59,698
LAT Nitrogen Ottmarsheim SAS	59,668
DEZA, a.s.	58,189

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.

31 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 17 July 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 2023, Duslo, a.s. reports a provision for the closure and recultivation of the landfill and for other environmental burdens in the amount of CZK 441,094 thousand (EUR 17,840 thousand) (31 December 2022: CZK 430,212 thousand (EUR 17,840 thousand)), see Note 19. The amount of the provision for the closure of the landfill as at 31 December 2023 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. 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.

32 Court and Other Disputes

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. was obliged to pay a total amount of EUR 30,826 thousand as principal and interest on late payment to compensate for damages. On 11 March 2022, Duslo, a.s. appealed against the judgment of the court of first instance. As at 31 December 2023 and 2022, Duslo, a.s. recognized a provision for the litigation, see Note 19. On 18 September 2023, the Court of Appeal issued a decision by which it altered the decision of the Court of First Instance in respect of Duslo, a.s., ordering the payment of EUR 176 thousand and EUR 12 thousand as interest on late payment calculated at the end of October 2023. Plaintiff filed an appellate review in February 2024. Due to persisting uncertainty, Duslo, a.s. continues to recognize a provision for the litigation as at 31 December 2023, see Note 19.

On 23 April 2021, the European Commission published the Final report on the audit of the functioning of the management and control systems in place to avoid conflict of interest in Czechia, carried out by Directorates-general Regional and Urban Policy (REGIO) and Employment, Social Affairs and Inclusion (EMPL). The audit was led by the European Commission and covered selected institutions in the Czech Republic. The audit focused on the procedures applied by the Czech Republic institutions in the process of granting subsidies. The audit report and the publicly available information from the Ministry of Industry and Trade clearly imply that the reservations only concern a small part of the Group companies' subsidy projects under review, for which a total amount of CZK 155,118 thousand was drawn from public budgets. The Group companies believe that the presented findings and conclusions of the European Commission contradict standard interpretation of the Czech law as contained in the Czech case law and final decisions of the Czech authorities, and that the subsidies drawn for the projects were legitimate. Based on these facts, the Group companies are confident that they will not be obliged to return the subsidies in the future.

On 20 October 2021, the Ministry of Industry and Trade of the Czech Republic notified the company Pekárna Zelená Louka, a.s. of the initiation, ex officio, of the proceedings for the withdrawal of a subsidy, which had been granted and paid to the participant by the Ministry, on the basis of the Ministry's decision of 8 February 2017, for the project entitled "Innovation line for the production of toast bread PENAM a.s." in the amount of CZK 100,000 thousand, and for the participant's obligation to return the amount of the subsidy paid out to that date. Pekárna Zelená louka, a.s. submitted its opinion on the initiation of the proceedings. The management of Pekárna Zelená louka, a.s. believes that the subsidy in question was obtained by the company in accordance with the Czech law and the rules for granting subsidies valid in the Czech Republic. As at the date of issue of the consolidated financial statements, the outcome of the pending administrative proceedings is unknown.

On 29 June 2023 the Antimonopoly Office of the Slovak Republic delivered a decision imposing two fines in a total of EUR 21 million on AGROFERT, a.s. for an alleged breach of the obligation to notify a concentration and for the exercise of rights and obligations arising from the concentration in connection with gaining a control of two Slovak bakeries, PRVÁ BRATISLAVSKÁ PEKÁRENSKÁ a.s. and P E Z A a.s. AGROFERT, a.s. filed an appeal against this decision. AGROFERT, a.s. recognized a provision for litigation, see Note 19.

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 six months period ending 31 December 2023.

33 Auditor's Fees

(In CZK thousands)	2023	2022
Statutory audit of financial statements including the audit of consolidated financial statements	(83,203)	(67,236)
Other assurance services	(12,665)	(11,878)
Tax advisory	(13,357)	(5,794)
Other non-audit services	(1,593)	(3,268)
Total	**(110,818)**	**(88,176)**

34 Effects of the War in Ukraine

The management of the Group has assessed the impact of the war in Ukraine on its business and is not aware of any other direct significant negative impacts on the Group´s financial position and business results.

35 Subsequent Events

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

On 1 September 2023, AGROFERT, a.s. entered into an agreement with KAPRAIN CHEMICAL LIMITED to sell its all shares and ownership interests in MAFRA, a.s., LONDA spol. s r. o. and Synthesia, a.s. The transaction was subject to certain conditions precedent and regulatory approvals and was settled on 1 February 2024. Had the sale of the companies occurred as at 31 December 2023, the profit from the transaction would have been approximately CZK 5.2 billion.

On 20 October 2023, AGROFERT, a.s. entered into an agreement to purchase a 65% interest in East Grain srl in order to gain a joint control over the company. The transaction is subject to regulatory approvals and is expected to settle in the second quarter of 2024.

Subsequent to the balance sheet date, certain Group companies received exemptions from creditors for non-performance of financial ratios on loans, totalling CZK 2,367,573 thousand (see Note 16).

On 16 January 2024, Primagra, a.s. acquired a controlling influence in Neveklov a.s., a company engaged in primary agricultural production. As at that date, the interest held in the equity of Neveklov a.s. was 70.09%.

The preliminary fair values of acquired identifiable assets and liabilities of the acquired company Neveklov a.s. at the acquisition date were as follows:

(In CZK thousands)	
Total assets	**161,003**
Non-current assets	111,128
Current assets	49,875
Total liabilities and equity	**161,003**
Long-term liabilities and provisions	19,808
Short-term liabilities and provisions	31,484
Total equity	109,711

The preliminary effect of the business combination on goodwill was CZK 54,249 thousand.

These consolidated financial statements have been authorized for issue in Prague on 30 April 2024.

Josef Mráz
Board of Directors Vice-Chairman

Petra Procházková
Board of Directors Member


26
30 years
1993–2023

Independent Auditor's Report

Respect for rules, traditions and values. We have known for more than thirty years that you have to play by the rules. After all, chemical reactions and food recipes also require adherence to precise procedures.

(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 2022, 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 2022, 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.

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.

Building a better
working world

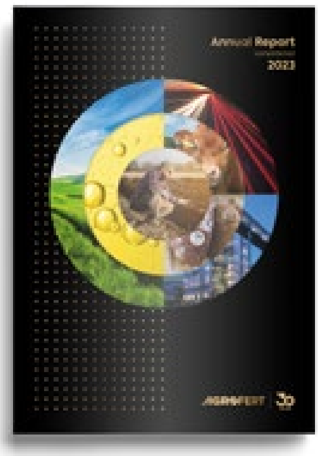
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely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

30 April 2024
Prague, Czech Republic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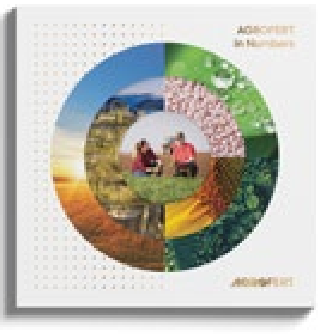
2023


AGROFERT
In Numbers


years
1993–2023

AGROFERT

30 years 1993–2023

AGROFERT, a.s.

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