

EKOTECHNIKA

Unaudited Group Interim
Financial Statement for the period
from 1 October 2022 to 31 March 2023



State-of-the-art technology for efficient farming

TABLE OF CONTENTS

Foreword of the Executive Board	04
Interim Group Management Report	07
Business model of the Group	08
Economic report	09
Opportunity and risk report	16
Forecast	16
Interim Consolidated Financial Statements	19
Consolidated Statement of financial position	20
Consolidated Statement of comprehensive income	22
Consolidated cash flow statement	23
Consolidated statement of changes in shareholders' equity	24
Notes	26

FOREWORD OF THE EXECUTIVE BOARD



STEFAN DUERR
Chairman of the Executive Board



BJOERNE DRECHSLER
Member of the Executive Board

The agricultural machinery market is undergoing a technological transformation. Less technologically advanced but dynamically developing brands from other countries have taken the place of departed suppliers.

Dear shareholders and business partners, esteemed colleagues!

In the 2022/2023 fiscal year, we are navigating through challenging times marked by political tensions, international sanctions, and considerable fluctuations in the financial and commodity markets, which have had an impact on the Russian economy and, in turn, on our Group's key financial indicators. In reaction to the development, the management has put in place a comprehensive package of measures to mitigate the negative consequences.

The agricultural machinery market is undergoing a technological transformation. Less technologically advanced but dynamically developing brands from other countries have taken the place of departed suppliers. The Group has started supplying machinery from China, Turkey, India, and Russia. However, it remains questionable whether these can fully replace the high-performance machinery of European and American manufacturers.

Farmers' expenses for planting have increased due to the rising cost of machinery and parts, fertilizers, seeds, and plant protection products. At the same time, current prices for a number of agricultural crops remain below those of last year due to large stockpiles. The level of purchase prices for grain is close to their cost of production. The volume of free cash available to agricultural producers has decreased, and as a result, agricultural producers are cutting back on investments in the renewal of machinery and equipment.

We observe a decrease in demand for new machinery and an increase in demand for used machinery. Thus, revenue from sales of new agricultural machinery has sharply dropped from 58.8 million euros to 22.1 million euros, while revenue from sales of used agricultural machinery has significantly increased from 1.2 million euros to 19.1 million euros.

We benefited from the growing demand for spare parts, with corresponding revenues rising by almost 21% to 41.7 million euros, further underlining the importance of this segment to the Group. However, the Group faces difficulties with the supply of spare parts primarily related to logistics and delivery times. The service segment also showed revenue growth for the first six months of 2022/2023, amounting to 3.6 million euros.

Despite a decrease in consolidated revenue by approximately 10% year-on-year to 88.1 million euros (first half of 2021/22: 97.4 million euros), operating profit (EBIT) has significantly increased to 7.6 million euros (first half of 2021/22: 3.9 million euros). Net profit has increased from 1.6 million euros to 2.9 million euros. The improvement in gross profit dynamics (sales less purchase costs) is primarily due to an increase in margin and has a positive impact on all earnings figures. In addition, all figures in the income statement are strongly influenced by currency exchange rates.

For the second half of the 2022/2023 financial year, we expect that demand for new farm equipment will continue to remain weak. While the positive result in the first half is largely due to the spare parts business, in the second half, sales of new agricultural machinery will seasonally dominate, but will be significantly lower than in the previous year. Therefore, the forecast for the whole year remains uncertain due to the market volatility as a whole and the tense political and economic situation.

We thank you for your trust and look forward to your continued support in the future.

Yours sincerely,



Stefan Duerr



Bjoerne Drechsler



Ekotechnika AG, Walldorf

Interim Group Management report as of 31 March 2023

- 08 Business model of the Group
- 09 Economic report
- 16 Opportunity and risk report
- 16 Forecast

INTERIM GROUP MANAGEMENT REPORT

1. BUSINESS MODEL OF THE GROUP

Ekotechnika AG, headquartered in Walldorf, is the German holding company of the EkoNiva-Technika Group. Ekotechnika’s main business lies in selling agricultural machinery such as tractors and combines.

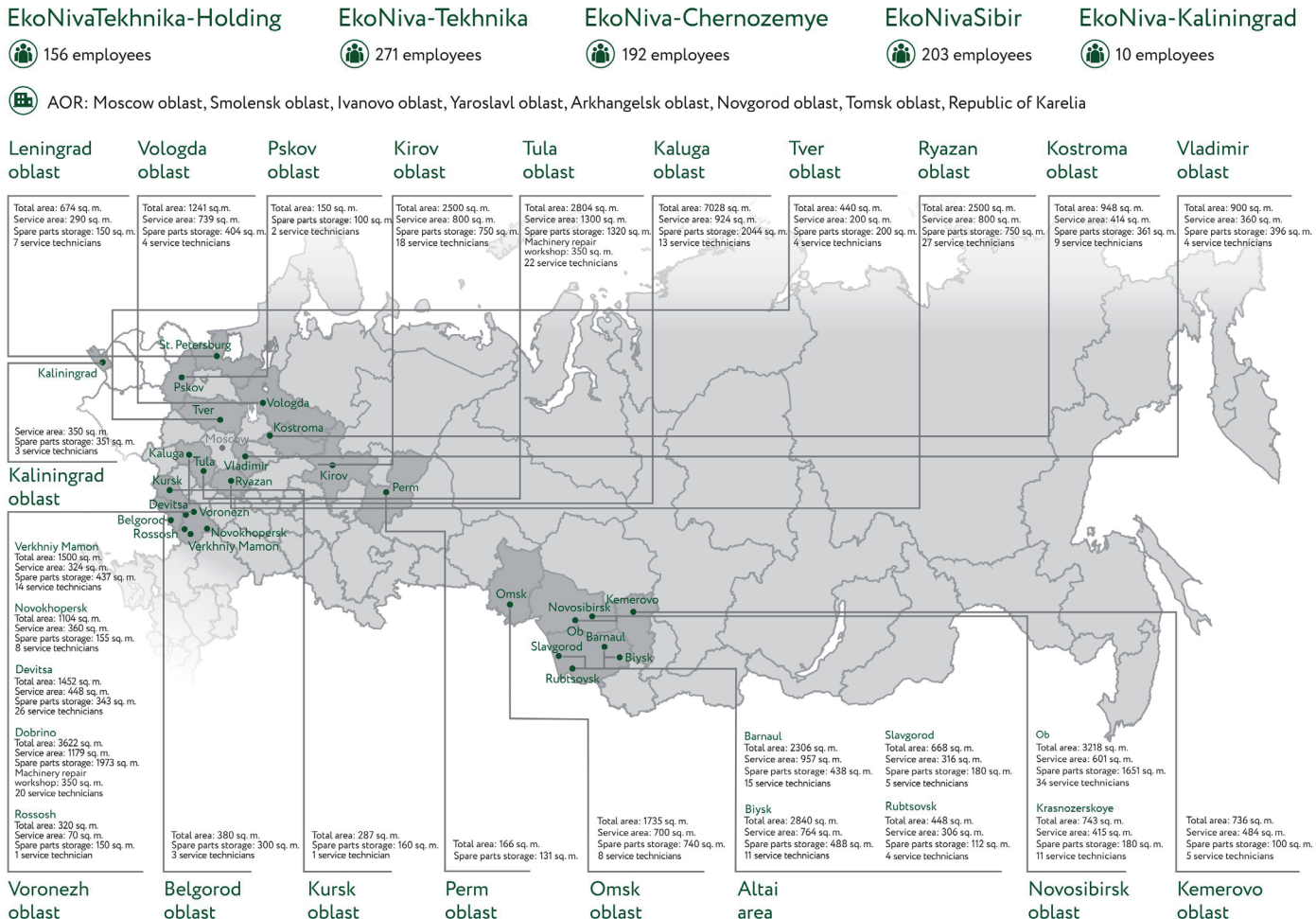
In the first half of the 2022/2023 financial year, the Ekotechnika Group generated sales revenues of EUR 88 million and earnings before interest and taxes (EBIT) of EUR 7.6 million.

The business activities of the Ekotechnika Group, herein after referred to as “Ekotechnika” or “the Group”, comprise trading of agricultural machinery, sale of spare parts and the provision of services, and also the sale of products and services in the field of "smart farming".

Since March 2022, the Group has also launched sales of road construction and municipal machinery and equipment (the brands UMG, Russia; MST, Turkey and LiuGong, China).

In addition, the Group continues to expand its product line. For example, in January 2023, the Group signed a dealership contract with the Russian manufacturer "First Experimental Design Bureau" for the sale of ultra-light aircraft, designed primarily for agricultural work (field treatment, fertilizer spraying, aero-seeding, control and monitoring of fields and pastures, etc.).

The Group’s output market is Russia, where Ekotechnika meanwhile employs 832 people at 27 locations in five regions of Central Russia, Voronezh, Siberia, North West and Altai. The Group's companies operate in the Russian market under the EkoNiva-Technika brand.



The product range includes agricultural equipment from leading manufacturers such as Grimme (Germany), Haybuster (USA), Poettinger (Austria), Fliegl (Germany), Gregoire Besson (France), Bednar (Czech Republic), Bressel (Germany), BVL (Germany), Einboeck (Austria). Important suppliers like John Deere (USA), JCB (UK), Väderstad (Sweden), and Geringhoff, however, have suspended deliveries to Russia as a result of the Russia-Ukraine conflict. Due to this Ekotechnika Group was forced to switch to other brands and suppliers. Apart from others, these include Basak (Turkey), ROC (Italy), Jiangsu (China), LOVOL (China), and NAGRO (Russia).

The range of road construction and municipal machinery and equipment that Ekotechnika started selling is represented by brands such as UMG (Russia), MST (Turkey) and LiuGong (China).

There is a growing demand for used tractors from Europe and the US, therefore Ekotechnika has started to sell used tractors more actively.

The Group's **Spare Parts** segment currently offers a comprehensive portfolio of spare parts at 27 locations. The spare parts warehouses are usually integrated into the company's service centers in strategic locations. They stock over 45,000 original spare parts from all brands of the machinery sector, which are transported directly and speedily to the customer's site by the company's fleet of service vehicles whenever required. The Group benefits in this business segment from the ever increasing demand for replacement parts. Gross profit margins in the spare parts business are much higher than those for new machinery, which is typical for this industry.

The Group's **Customer Service** offers not only the installation, commissioning and regular maintenance of agricultural machinery and road construction machinery and equipment, but also repairs in the event of technical defects (including engine overhauls, remote maintenance and diagnostics, rehabilitation of holes by surfacing and boring) and the replacement of wear parts.

Smart Farming is the Group's latest business segment.

The division has twelve employees who are exclusively responsible for the further development of the Smart Farming business. It will make the company fit for the digitization of agriculture and will help it leverage the opportunities arising in this market. State-of-the-art technologies such as N-sensors, drones, yield maps, satellites and soil scanners allow the soil to be analyzed in detail. The data obtained this way makes it possible to adapt both sowing and fertilization to specific soil types, which helps to save resources and to cut costs.

The Group provides clients with a service package called SmartEko. The SmartEko service package aims to introduce a differentiated approach to seeding, fertilizer application and the use of plant protection means. The package of services includes the following: technical audit, audit of technological maps (processing, fertilizers, seeding materials), creation of electronic borders of fields, field analysis (productivity zones from satellite images, slope maps, agrochemical analysis of soils), preparation of prescriptions for sowing/applying fertilizers, adjustment of machinery and equipment, phenological observations during the season, adjustment and calibration of yield mapping system, analysis of results with giving recommendations, cost effectiveness analysis for the farm.

2. ECONOMIC REPORT

2.1 Economic environment

The Group's operations are primarily located in the Russian Federation. Accordingly, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The future economic direction of the Russian Federation is heavily influenced by the Russia-Ukraine conflict and its impacts on the geopolitical and political environment, and the fiscal and monetary policies adopted by the government. Due to the fact that Russia produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to changes in world oil and gas prices.

Ongoing political tensions in the region, as well as international sanctions against Russia, and Russian counter-measures continue to have a negative impact on the Russian economy. The aggravation of the geopolitical situation has led to significant fluctuations in exchange rates and generally increased volatility in the financial and commodity markets. Sanctions and restrictions have been and continue to be imposed on a number of Russian entities, including the termination of access to the Euro and U.S. dollar markets, the SWIFT international system and many others. There has also been a price ceiling on Russian oil and gas supplies and an embargo on Russian refined products. There is no way to determine how long the increased volatility will continue and when the above financial indicators will stabilize. The effects of the current economic situation and the above measures are difficult to predict and current management expectations and estimates may differ from actual results.

Overall economic trend

According to the World Economic Outlook published by the International Monetary Fund (IMF) in April 2023, the outlook is uncertain again amid financial sector turmoil, high inflation, the Russia-Ukraine conflict, and three years of COVID.

The IMF expects the global growth rate to decrease from 3.4% in 2022 to 2.8% in 2023. For advanced economies a more pronounced slowdown is expected, with a decline from 2.7% in 2022 to 1.3% in 2023. In the group of emerging and developing economies, the gross domestic product (GDP) is expected to increase by 3.9% in 2023, after 4.0% in 2022. Russia's GDP is projected to increase by 0.7% in 2023, following a contraction of 2.1% in 2022.

Global overall inflation will decline from 8.7% in 2022 to 7.0% in 2023 on the back of lower commodity prices, but core inflation is likely to decline more slowly. In most cases, inflation is unlikely to return to target levels before 2025.¹

In the first half of the 2022/2023 financial year, the key interest rate of the Russian Central Bank remained at 7.5%.²

Inflation in Russia in the first half of the financial year 2022/2023 has fallen significantly from 12.6% in October 2022 to 3.5% in March 2023.³

The RUB/EUR exchange rate on 30 September 2022 was RUB 55.4064/EUR as, and RUB 83.7639/EUR at the end of March 2023. The average rate for the first six months of the 2022/2023 financial year was RUB 70.7963/EUR (six months of the 2021/22: 89.6727). The exchange rate reached its peak of RUB 83.7639/EUR on 31 March 2023, and its low of RUB 52.7379 /EUR on 31 October 2022 and closed at RUB 86.5119/EUR on 31 May 2023.⁴

The RUB/USD exchange rate was RUB 57.413/USD as on 30 September 2022 and RUB 77.0863/USD at the end of March 2023. The average exchange rate for the first half of the 2022/2023 financial year was RUB 67.5424/USD (six months 2021/2022: 79.2637). It peaked at RUB 77,2422 /USD on 21 March 2023 and fell to a low of RUB 55,2987 /USD on 1 October 2022 and closed at RUB 77.0863/USD on 31 May 2023.⁵

Russian agricultural and farming equipment market

According to the Ministry of Agriculture, Russia exported 38.1 million tons of grain in 2021/2022 agricultural year including 30.7 million tons of wheat. Russia may export 50-55 million tons of grain in the new agricultural year (1 July 2023 – 30 June 2024).⁶

¹ https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023?cid=ca-com-compd-pubs_belt

² https://www.cbr.ru/eng/hd_base/KeyRate/?UniDbQuery.Posted=True&UniDbQuery.From=01.10.2022&UniDbQuery.To=31.03.2023

³ <https://de.tradingeconomics.com/russia/inflation-cpi>

⁴ http://www.cbr.ru/eng/currency_base/dynamics/?UniDbQuery.Posted=True&UniDbQuery.so=1&UniDbQuery.mode=1&UniDbQuery.date_req1=&UniDbQuery.date_req2=&UniDbQuery.VAL_NM_RQ=R01239&UniDbQuery.From=01.10.2022&UniDbQuery.To=31.03.2023

⁵ http://www.cbr.ru/eng/currency_base/dynamics/?UniDbQuery.Posted=True&UniDbQuery.so=1&UniDbQuery.mode=1&UniDbQuery.date_req1=&UniDbQuery.date_req2=&UniDbQuery.VAL_NM_RQ=R01235&UniDbQuery.From=01.10.2022&UniDbQuery.To=31.03.2023

⁶ <https://tass.ru/ekonomika/17780545>

The International Grain Council (IGC), in its May review, raised the forecast of grain harvest in Russia this year to 125.5 million tons. Grain exports in the next agricultural year will amount to 53.6 million tons according to the IUC. Shipments for the current crop year are projected at 54.5 million tons. The wheat harvest estimate for the total crop has been raised to 83.6 million tons. The IGC expects wheat exports of 43.7 million tons in the new crop year. In the current season, shipments of wheat are forecast to amount to 45.1 million tons.⁷

From January to March 2023, the production of Russian agricultural machinery fell by 4.7% year-on-year in ruble terms to 64.7 billion rubles (including VAT), while exports rose by 3.9% to 5.3 billion rubles (without VAT).⁸

Systemic measures of state support contribute to solving the industry's problems. They will expand the opportunities for agribusiness to receive subsidies in several directions. In the current year of 2023, 445.8 billion rubles will be allocated for the implementation of state programs of the Ministry of Agriculture of Russia, and this amount is expected to be increased during the year. Including 59.9 billion rubles will be directed for the state program of comprehensive development of rural areas, 38.4 billion rubles for the program of effective use of agricultural land turnover and land reclamation development, 173.4 billion rubles will be allocated for stimulation of investment activity in the agroindustrial complex, including 157.9 billion rubles for preferential crediting (subsidies for new short-term loans of 16.5 billion rubles, 5 billion rubles for new investment loans, 136.4 billion rubles will be allocated to service obligations under previously concluded loan agreements)⁹ and 83.4 billion rubles for the development of industries and technical modernization of the agroindustrial complex as well as 41.4 billion rubles to support exports. 10 billion rubles are envisaged for subsidies to grain producers.¹⁰

Special measures of state support are still in effect for the renewal of the agricultural fleet, for example the "1432 Program" by the Ministry of Industry and Trade (in 2022 the program financing amounted to 8 billion rubles, in 2021 to 14 billion rubles).¹¹

Rosagroleasing programs remain a key tool of the Ministry of Agriculture. The implementation of concessional lending and preferential leasing mechanisms continues. Thus, in 2023 "Rosagroleasing" plans to buy and lease more than 13 thousand units of machinery (5 thousand of which have already been used in the fields) for more than 100 billion rubles. Rosagroleasing also launched two programs, which will help agrarians reduce financial pressure. The first program allows to purchase machinery at the price of 2022, the second provides a zero advance, increased term, the rate of no more than 6% per annum and deferred payment of principal debt until September 2024.¹² Russian farmers who have reduced purchases of machinery in 2023 due to its rise in price will be able to buy Russian and Belarusian-made tractors at reduced prices up to 20% of the current level on the most popular models by the end of the year. About 6 thousand machines fall under the plan.¹³

⁷ https://www.igc.int/ru/gmr_summary.aspx

⁸ <https://rosspetsmash.ru/rosspetsmash-v-smi/5040-proizvodstvo-selkhoztekhniki-v-rossii-v-yanvare-marte-snizilos-na-4-7>

⁹ <https://www.agroinvestor.ru/markets/news/39594-minselkhoz-opublikoval-plan-lgotnogo-kreditovaniya-na-2023-godu/>

¹⁰ <https://mcx.gov.ru/press-service/news/minselkhoz-usovershenstvuet-mekhanizmy-gospodderzhki-apk-v-2023-godu/>

¹¹ <https://agbztech.ru/news/rosspetsmash-sokrashchenie-programmy-1432-povliyalo-na-izmenenie-tsen-na-rossiyskuyu-selkhoztekhniku/>

¹² <https://www.rosagroleasing.ru/company/smi/photo/2422>

¹³ <https://www.interfax.ru/russia/902088>

2.2 Business performance

General performance of the Group

Ekotechnika's revenues decreased by 10% to EUR 88,076 thousand in the first half of 2022/2023 (six months 2021/2022: EUR 97,360 thousand). Adjusted for the average exchange rate, the total reduction is around 29%.

Revenue in the segment of new agricultural equipment decreased by 62% to EUR 22,100 thousand (six months 2021/2022: EUR 58,828 thousand). Adjusted for the average exchange rate, the decrease is around 70%. During the same period, the number of new tractors sold decreased by 76% to 45 units, compared with the first half of the previous fiscal year (190 tractors). 2 new combines were sold.

The Spare Parts segment grew by EUR 7,157 thousand (+21%) in the first half of 2022/2023 to EUR 41,667 thousand and is now the largest segment of the Group. However, adjusted for the exchange rate, revenue from the sale of spare parts decreased slightly by around 5%.

The Service segment showed a positive development with an increase in revenue by 54% to EUR 3,589 thousand (six months 2021/2022: EUR 2,335 thousand) – after adjusting for exchange rate effects the increase was around 21%. The service segment is the focus of the Group's efforts to improve efficiency. In the future, more attention will be paid to customer satisfaction in this segment.

Results of operation, net assets and financial position

a) Profit situation

In the first half of the 2022/2023 financial year, the Ekotechnika Group generated **total revenues** of EUR 88,076 thousand (six months 2021/2022: EUR 97,360 thousand) which is significantly lower than planned. The reasons for this are a significant slump in demand from Russian farmers for new machines due to various economic influences as well as a significant difficulty in the supply of spare parts as a result of the Russia-Ukraine conflict.

Revenue from sales of **new agricultural machinery** in the first half of the 2022/2023 fiscal year represents 25.1% of total revenue and reached EUR 22,100 thousand (six months 2021/2022: 60.4% or EUR 58,828 thousand). Adjusted for the average exchange rate, revenue of agricultural machinery dropped significantly by about 70%. During the reporting period, the number of new tractors sold decreased by 76% to 45 units, compared with the first half of the previous fiscal year (190 new tractors). Sales of new combines, on the contrary, increased to 2 units.

Revenue from sales of **used agricultural machinery** rose significantly to EUR 19,134 thousand and accounted for 21.7% of total revenue (six months 2021/2022: 1.3% or EUR 1,245 thousand). A total of 39 used tractors (six months 2021/2022: 5 used tractors) and 4 used combines (six months 2021/2022: 6 used combines) were sold in the first half of the 2022/2023 fiscal year.

The biggest share of revenue, around 47.3% or EUR 41,667 thousand, was generated by the **sale of spare parts, tires and lubricants**, which was higher than in the previous year (six months 2021/2022: about 35.4% or EUR 34,510 thousand). However, adjusted for the average exchange rate, sales of spare parts, tires and lubricants decreased around 5%.

Customer service revenue of EUR 3,589 thousand was higher than in the previous year (six months 2021/2022: EUR 2,335 thousand). Adjusted for the average exchange rate, the customer services business also showed a significant increase of 21%. The continued increase in revenues from customer services is in line with management's assessment that the service volume is one of the key competitive factors.

Revenue from the sale of **road construction and municipal machinery and equipment** in the first half of the 2022/2023 financial year amounted to EUR 432 thousand – 5 vehicles were sold.

Total purchase costs decreased by 19% to EUR 60,268 thousand in the first half of 2022/2023 (six months 2021/2022: EUR 73,956 thousand). Adjusted for the average exchange rate, the total reduction is around 36%.

The **purchase cost of new agricultural machinery and equipment** amounted to EUR 17,788 thousand and was lower than the previous year's figure of EUR 49,084 thousand (adjusted to the average exchange rate, the cost dropped significantly by around 71%). The **purchase cost of spare parts, tires and lubricants** totaled EUR 25,796 thousand, which was 10% more than in the previous year (EUR 23,483 thousand). Adjusted for the average exchange rate, the cost increased slightly by around 3%.

Despite the reduced revenue, at EUR 27,807 thousand, **gross profit** (sales less purchase costs) was 19% higher than in the same period of the previous year (six months 2021/2022: EUR 23,404 thousand). But adjusted for the average exchange rate, gross profit declined slightly by 6%.

Other operating income mainly includes reimbursements of warranty costs, marketing expenses, rental income and gains on property, plant and equipment and amounted to EUR 597 thousand in the period under review compared to EUR 1,464 thousand in the first half of the previous year. Other operating income decreased by 59% (adjusted for the average exchange rate, a decrease of approximately 68%). The decrease in operating income was primarily due to lower reimbursements for warranty and marketing expenses.

Payroll expenses rose significantly by 24% from EUR 8,300 thousand to EUR 10,318 thousand. Adjusted for the average exchange rate, payroll expenses declined slightly by 2%.

Depreciation and amortization rose by 29% from EUR 1,699 thousand to EUR 2,184 thousand. Adjusted for the average exchange rate, depreciation and amortization increased slightly (around +2%).

Other operating expenses decreased by 25% or EUR 2,804 thousand from EUR 11,203 thousand to EUR 8,399 thousand. Adjusted for the average exchange rate, other operating expenses declined significantly (around 41%). This is primarily due to the significant drop in exchange losses and warranty costs.

At EUR 9,807 thousand **EBITDA** (earnings before interest, taxes, depreciation and amortization) increased compared to the previous year (six months 2021/2022: EUR 5,599 thousand). Same applies to **earnings before interest and taxes** (EBIT), that amounted to EUR 7,623 thousand (six months 2021/2022: EUR 3,900 thousand).

The **net financial result** (financial expenses plus financial income) was EUR -2,500 thousand (six months 2021/2022: EUR -927 thousand).

Earnings before taxes (EBT) amounted to EUR 5,123 thousand (six months 2021/2022: EUR 2,973 thousand). After deduction of tax expenses of EUR 2,219 thousand (six months 2021/2022: EUR 1,402 thousand), **consolidated net income** for the first half of the 2022/2023 financial year stood at EUR 2,904 thousand in comparison with EUR 1,571 thousand consolidated net income in the previous year's period.

b) Financial position

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

The main instruments for managing relations with suppliers are bank guarantees and increasingly prepayments.

In the reporting period, operating cash flow before changes in working capital was EUR 12,576 thousand (six months 2021/2022: EUR 9,995 thousand).

The Group reported a negative cash flow in the amount of EUR 28,773 thousand (six months 2021/2022: EUR 6,430 thousand) due to an increase of inventory resulting from the build-up of stocks for the upcoming sales period. The increase in trade receivables and prepayments of EUR 13,275 thousand (namely, an increase in prepayments of EUR 15,480 thousand and a decrease in accounts receivable of EUR 2,205 thousand) also had a negative impact on cash flow (six months 2021/2022: increase of EUR 3,695 thousand). The cash outflow from operating activities thus amounted to EUR 30,674 thousand (six months 2021/2022 inflow of EUR 30,397 thousand). **The operational cash outflow** after taxes and interest paid comprised EUR 39,903 thousand (six months 2021/2022: inflow of EUR 28,468 thousand)).

Cash flow from investing activities amounted to EUR 3,105 thousand in the first half of the 2022/2023 financial year, compared to EUR -1,451 thousand in the previous year's period. This difference is mainly attributable to cash inflows of EUR 3,903 thousand in the first half of financial year 2022/2023 from the repayment of loans issued, compared to EUR 36 thousand in the first half of financial year 2021/2022.

Cash flow from financing activities amounted to EUR +34,935 thousand in the reporting period (six months 2021/2022: EUR -30,089 thousand).

As of 31 March 2023, cash and cash equivalents totaled EUR 1,694 thousand (as of 31 March 2022: EUR 3,684 thousand).

c) *Net assets position*

The currency exchange rate as of 31 March 2023 was RUB/EUR 83.7639, compared to RUB/EUR 55.4064 as of 30 September 2022, which means that the euro equivalent of the ruble declined by around 34% over the corresponding period.

The weakening of the ruble against the euro has an impact on the balance sheet values. If the ruble figures in the balance sheet for the period ended 31 March 2023 were converted into euros at the exchange rate

of 30 September 2022, the figures in the euro balance sheet would be approximately 34% higher than the figures now reported.

Total assets amounted to EUR 172,630 thousand as of 31 March 2023 (30 September 2022: EUR 202,667 thousand). Adjusted for the exchange rate effect of the weaker ruble, total assets would have increased to EUR 260,964 thousand (30 September 2022: EUR 202,667 thousand).

As of the reporting date **non-current assets** amounted to EUR 30,012 thousand (30 September 2022: EUR 45,465 thousand). Adjusted for the exchange rate effect of the weaker ruble, non-current assets remained with EUR 45,372 thousand roughly at the same level (30 September 2022: EUR 45,465 thousand).

Total current assets amounted to EUR 142,618 thousand as of 31 March 2023 (30 September 2022: EUR 157,202 thousand). Adjusted for the exchange rate effect of the weaker ruble, total current assets would have increased to EUR 215,611 thousand (30 September 2022: EUR 157,202 thousand).

Inventories increased by around 4% from EUR 60,588 thousand to EUR 63,151 thousand (adjusted for exchange rate effects: increase to EUR 95,472 by approximately 58%).

At EUR 25,667 thousand, short-term loan receivables declined by approximately 36% (adjusted for exchange rate effects: decline by approximately 3%) compared to the previous year (30 September 2022: EUR 39,819 thousand).

Income tax receivable increased to EUR 3,190 thousand (adjusted for exchange rate effects: increase to EUR 4,823 thousand) compared to the end of the financial year 2021/2022 (30 September 2022: EUR 679 thousand). The increase in income tax receivable is due to the specifics of Russian tax law and is in the nature of timing differences.

Other financial assets increased by 34% to EUR 2,954 thousand (adjusted for exchange rate effects: increase to EUR 4,466 thousand) compared to the previous year (30 September 2022: EUR 2,156 thousand).

Prepayments increased significantly by EUR 7,956 thousand from EUR 19,214 thousand as of 30 September 2022 to EUR 27,170 thousand as of 31 March 2023 (adjusted for exchange rate effects: increase by 114% to EUR 41,075 thousand). This increase was due to seasonality, as well as the fact that goods are ordered from suppliers on a 100% prepayment basis.

Other short-term assets decreased by EUR 1,630 thousand from EUR 2,336 thousand to EUR 706 thousand (adjusted for exchange rate effects: decrease to EUR 1,067 thousand) due to a decrease in VAT receivables, which is mainly seasonal.

In the reporting period, **consolidated equity** attributable to equity holders of the parent company Ekotechnika Group was EUR 74,037 thousand, a decrease of approximately 29% compared to the previous year, when it was EUR 104,171 thousand (adjusted for exchange rate effects: decrease of approximately 7%). This is due to a significant change in the currency translation reserve of EUR 33,034 thousand, which used to be a positive figure of EUR 11,711 thousand on 30 September 2022 and switched to the negative one equaling of EUR 21,323 thousand on 31 March 2023. Income for the period was EUR 2,900 thousand as of 31 March 2023.

The equity ratio was 42.9% as of 31 March 2022 (30 September 2022: 51.4%).

Total liabilities amounted to EUR 98,573 thousand – an increase by EUR 98 thousand (adjusted for exchange rate effects: increase to EUR 149,023 thousand) compared to 30 September 2022 (EUR 98,475 thousand).

Of this amount, EUR 2,116 thousand related to **non-current liabilities** (30 September 2022: EUR 3,097 thousand), which mainly comprise lease liabilities of EUR 1,763 thousand (30 September 2022: EUR 2,415 thousand). Taking into account the currency effect described above, this means that non-current liabilities denominated in roubles have increased by approximately 3% to EUR 3,199 thousand at the balance sheet date.

Current liabilities amounted to EUR 96,457 thousand as of 31 March 2023, approximately 1% higher than on 30 September 2022 (EUR 95,378 thousand). Adjusted for the effect of the exchange rate there was a significant increase by 53% to EUR 145,824 thousand. This is mainly due to an increase in short-term borrowings from EUR 53,347 thousand to EUR 65,961 thousand (adjusted for exchange rate effects: significant increase by 87% to EUR 99,720 thousand).

Current trade payables decreased from EUR 11,059 thousand to EUR 8,534 thousand (adjusted for exchange rate effects: increase by 17% to EUR 12,902 thousand). Advances received decreased from EUR 15,070 thousand to EUR 13,265 thousand (adjusted for exchange rate effects: increase by 33% to EUR 20,054 due to seasonal sales).

Other current liabilities decreased from EUR 3,861 thousand on 30 September 2022 to EUR 1,525 thousand on 31 March 2023. This is primarily due to a decrease in VAT liabilities from EUR 2,920 thousand to EUR 817 thousand as of the reporting date. The other items of current liabilities remained relatively stable.

3. OPPORTUNITY AND RISK REPORT

The main risks that could have an adverse effect on the Group's assets, liabilities and future cash flows include market risk including currency risk, interest rate risk, commodity price risk, logistics risk, falling demand, reduced solvency of customers, credit risk and liquidity risk. The Group applies a Risk Management Policy, which includes, among other things, regular procedures for identifying and assessing risks in the main business areas, as well as an assessment of the possible impact of identified risks. Based on the semi-annual results of the risk assessment, the Group's management may revise the existing approaches to managing each type of risks.

Detailed information on potential opportunities and risks is presented in the annual revenue sections for the 2021/2022 financial year.

4. FORECAST

Macroeconomic framework conditions

The outlook remains unclear amid turmoil in the financial sector, high inflation, and increased geopolitical tensions. The extent and duration of these developments remains uncertain and could affect the Group's financial position and results of operations.

The global economy is expected to slow this year before recovering next year. Growth will remain weak by historical standards as inflation struggles and the Russia-Ukraine conflict weighs on economic activity.

The IMF expects economic growth of 2.8% in 2023, and 3% in 2024. In advanced economies, the slowdown is expected to be particularly significant with a slight growth of 1.3% in 2023 and 1.4% in 2024. Transition and developing economies are projected to increase to 3.9% in 2023, to 4.2% in 2024, with Russia's growth rate at 0.7% in 2023 and 1.3% in 2024.

The overall global inflation rate is projected to fall to 7% in 2023. A return to the inflation target before 2025 seems unlikely in most cases.

In Russia, inflation is expected to fall to 5.5% by the end of 2023 and to 4% in 2024-2025.

Developments in the agricultural and farming equipment market

The International Grains Council (IGC) estimates that production of all grains (wheat and coarse grains) in 2022/2023 will fall 2% to 2,254 million tons due to a sharp decline in the corn crop. Total consumption is projected to decline by 1%, primarily due to weaker forage use, while stocks are projected to fall another 2% at the end of the season, primarily due to declines in corn. Cumulative trade is forecast at 411 million tons, slightly above average.

In 2023/2024, global cereal production is projected to recover to a record 2,294 million tons, including 783 million tons of wheat. As part of a general reversal of the previous season's trends, corn and sorghum yields are expected to increase, while wheat and barley production may fall. Against a backdrop of increased feed, food and industrial use, total consumption is projected to reach 2,302 million tons (+2%), leading to a further decline in reserves at the end of the season, to 580 million tons (-1%), potentially the lowest level in nine years. As wheat supplies decline, another drop in trade is forecast, to 408 million tons.¹⁴

According to the Ministry of Agriculture, now out of 430 thousand tractors working in the country's agriculture, almost 60% are made abroad, and out of 123 thousand combines 15% are also foreign-made. Therefore, most of the spare parts for these machines (over 60%) cannot be quickly replaced by domestic analogues. Against the background of spare parts shortage there will be an increased demand for repair services for agricultural machinery and its components. In the near future the shortage of spare parts for agricultural machinery will remain.

¹⁴https://www.igc.int/ru/gmr_summary.aspx#

Performance of the Ekotechnika Group

On 18 April 2023, Ekotechnika AG suspended its forecast for the current fiscal year. The reason for this was the significant drop in demand for new machines from Russian farmers due to various economic factors, as well as the continuing significant contingencies regarding the ability to supply spare parts as a result of the Russia-Ukraine conflict. Also because of the high volatility of the ruble exchange rate, the currency effect remains the main factor of uncertainty for the forecast. Therefore, the revenue and earnings development of Ekotechnika AG for the 2022/2023 financial year can still not be reliably predicted at present.

The Group's management believes that it is taking all necessary measures to support sustainability and development of the Group's business under the current circumstances. The future economic situation in the Russian Federation depends on external factors and measures taken by the Government.

Walldorf, 28 June 2023



Stefan Duerr
Chairman of the Executive Board



Bjoerne Drechsler
Member of the Executive Board



EKOTECHNIKA AG, Walldorf

Interim consolidated financial statements from 1 October 2022 to 31 March 2023 (unaudited)

- 20 Consolidated statement of financial position
- 22 Consolidated statement of comprehensive income
- 23 Consolidated cash flow statement
- 24 Consolidated statement of changes in shareholders' equity
- 26 Notes to the Group's interim financial statements

Ekotechnika AG, Walldorf

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023 (not audited)

ASSETS	Notes	03/31/2023 EUR'000	09/30/2022 EUR'000
Non-current assets :			
Intangible assets		148	148
Property, plant and equipment	13	28,962	43,830
Investment property		299	465
Long-term loans issued	15	20	57
Deferred tax assets	15	583	965
		30,012	45,465
Current assets:			
Inventories	14	63,151	60,588
Short-term loans issued	15	25,667	39,819
Trade receivables	15	18,086	27,978
Income tax receivable		3,190	679
Prepayments	15	27,170	19,214
Other financial assets	15	2,954	2,156
Other short-term assets	15	706	2,336
Cash and cash equivalents	16	1,694	4,432
		142,618	157,202
		172,630	202,667

LIABILITIES AND EQUITY	Notes	03/31/2023 EUR'000	09/30/2022 EUR'000
Equity attributable to shareholders of parent company			
Share capital	17	3,140	3,140
Additional paid in capital	17	6,830	6,830
Foreign currency translation reserve	17	(21,323)	11,711
Retained earnings		82,490	56,138
Income for the period		2,900	26,352
		74,037	104,171
Non-controlling interests		20	21
		74,057	104,192
Non-current liabilities:			
Long-term trade accounts payable		322	382
Long-term lease liabilities		1,763	2,415
Deferred tax liability		31	300
		2,116	3,097
Current liabilities:			
Provisions		994	1,503
Short-term borrowings	19	65,961	53,347
Trade accounts payable	19	8,534	11,059
Income tax payable		-	688
Advances received	19	13,265	15,070
Other financial liabilities	19	4,577	7,647
Short-term lease liabilities		1,601	2,203
Other short-term liabilities	19	1,525	3,861
		96,457	95,378
		172,630	202,667

Ekotechnika AG, Walldorf

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 OCTOBER 2022 UNTIL 31 MARCH 2023 (not audited)

	Notes	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
Revenues	5	88,075	97,360
Purchase cost of goods sold	6	(60,268)	(73,956)
Gross profit		27,807	23,404
Other operating income	7	597	1,464
Payroll expenses	8	(10,318)	(8,300)
Depreciation and amortization		(2,184)	(1,699)
Other operating expenses	9	(8,399)	(11,203)
(Loss)/Income from impairment of financial assets	15	120	234
		(20,184)	(19,504)
Operating profit		7,623	3,900
Financial income	10	1,053	960
Financial expenses	10	(3,553)	(1,887)
		(2,500)	(927)
Income before tax		5,123	2,973
Income tax expense	11	(2,219)	(1,402)
Income for the period		2,904	1,571
Attributable to:			
Parent company's shareholders		2,900	1,571
Non-controlling interests		4	-
Other comprehensive income/(loss) for the period			
<i>Items that may be classified subsequently to profit:</i>			
Exchange differences on translation of foreign operations, net of tax		(33,039)	(2,450)
Attributable to:			
Parent company's shareholders		(33,034)	(2,448)
Non-controlling interests		(5)	(2)
Comprehensive income/(loss) for the period		(30,135)	(879)
Attributable to:			
Parent company's shareholders		(30,138)	(877)
Non-controlling interests		(1)	(2)
Earnings per share (basic and diluted)		in EUR	in EUR
Shares Series A	18	1.18	0.64
Shares Series B	18	0.68	0.37

Ekotechnika AG, Walldorf

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 OCTOBER 2022 UNTIL 31 MARCH 2023 (not audited)

	Notes	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
OPERATING ACTIVITIES			
Income for the period		2,904	1,571
Amortization and depreciation of non-current assets		2,184	1,699
Gain on disposal of property, plant and equipment		(87)	(272)
Net foreign exchange losses, net		1,195	5,010
Interest expense	10	3,247	1,366
Interest expense on extended accounts payable	10	36	218
Interest income	10	(1,053)	(960)
Income taxes recognized in profit or loss	11	2,219	1,402
Impairment of financial assets		(120)	(234)
Other non-cash items		2,051	195
Operating cash flows before changes in working capital, provisions, income taxes and interests paid		12,576	9,995
Change in inventories		(28,773)	(6,430)
Change in trade receivables and prepayments		(13,275)	(3,695)
Change in other financial and short-term assets		(504)	3,703
Change in trade payables and advances received		1,735	25,325
Change in other financial and short-term liabilities		(2,433)	1,499
Cash flows before income taxes and interest paid		(30,674)	30,397
Income taxes paid		(6,298)	(798)
Interest paid		(2,940)	(1,548)
Interest received		9	417
Net cash generated/(used) from operating activities		(39,903)	28,468
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,152	897
Acquisition of property, plant and equipment		(1,515)	(2,194)
Acquisition of intangible assets		(174)	(146)
Issuance of loans		(261)	(44)
Proceeds from settlement of loans issued		3,903	36
Net cash used in investing activities		3,105	(1,451)
FINANCING ACTIVITIES			
Proceeds from borrowings		79,415	19,752
Repayment of borrowings		(43,010)	(48,735)
Payment of finance lease liabilities		(1,470)	(1,106)
Net cash flows from financing activities		34,935	(30,089)
Net increase in cash and cash equivalents		(1,863)	(3,072)
Cash and cash equivalents at the beginning of the period		4,432	5,536
Effect of exchange rate fluctuations on cash and cash equivalents		(875)	1,220
Cash and cash equivalents at the end of the period		1,694	3,684

Ekotechnika AG, Walldorf

CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 OCTOBER 2022 UNTIL 31 MARCH 2023 (not audited)

EUR'000	Share capital	Additional paid in capital	Foreign currency translation reserve	Retained earnings
as of 1 October 2021	3,140	6,830	(21,274)	41,940
Reclassifications	-	-	-	14,198
Income for the period	-	-	-	-
Other comprehensive income/(loss)	-	-	(2,448)	-
Total comprehensive income/(loss)	-	-	(2,448)	-
as of 31 March 2022	3,140	6,830	(23,722)	56,138
as of 1 October 2022	3,140	6,830	11,711	56,138
Reclassifications	-	-	-	26,352
Income for the period	-	-	-	-
Other comprehensive income/(loss)	-	-	(33,034)	-
Total comprehensive income/(loss)	-	-	(33,034)	-
as of 31 March 2023	3,140	6,830	(21,323)	82,490

	Net profit/(loss)	Non-controlling interests	Total equity
	14,198	13	44,847
	(14,198)	-	-
	1,571	-	1,571
	-	(2)	(2,450)
	1,571	(2)	(879)
	1,571	11	43,968
	26,352	21	104,192
	(26,352)	-	-
	2,900	4	2,904
	-	(5)	(33,039)
	2,900	(1)	(30,135)
	2,900	20	74,057

Ekotechnika AG, Walldorf

NOTES TO THE GROUP'S INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 OCTOBER 2022 TO 31 MARCH 2023

1. GENERAL INFORMATION

The consolidated interim financial statements for the six months ended 31 March 2023 were authorized for issue in accordance with a resolution of the company's Executive Board on 28 June 2023.

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

The corporation is domiciled in the Federal Republic of Germany and its subsidiaries are domiciled in the Russian Federation. The parent company has its main business offices at Johann-Jakob-Astor-Str. 49, 69190 Walldorf, Germany.

The Group is engaged in the supply and service of agricultural, road-building, and municipal equipment.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING METHODS

Basis for the preparation of the financial statements

The interim consolidated financial statements for the six months ended 31 March 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim consolidated financial statements do not contain all the information and disclosures required for the annual financial statements and should therefore be read in conjunction with the audited consolidated financial statements as of 30 September 2022.

The consolidated interim financial statements are prepared in euros. Unless otherwise indicated, all figures are rounded to the nearest thousand (EUR thousand).

The Group's interim consolidated financial statements as of 31 March 2023 were not audited or reviewed by a German public auditor.

New accounting regulations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2022, except for the introduction of new standards and interpretations effective from 1 October 2022.

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

- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021)
- Interest rate benchmark (IBOR) reform - phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021)

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted. These amendments are not expected to have any material impact on the Group when adopted:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023)
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)
- Classification of Liabilities as Current and Non-Current – Amendments to IAS 1 (issued January 23, 2020 and effective for annual periods beginning on or after January 1, 2022).

- Classification of Liabilities as Current and Non-Current - Moving Forward the Effective Date - Amendments to IAS 1 (issued July 15, 2020 and effective for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued February 12, 2021 and effective for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 8: "Determining Accounting Estimates" (issued February 12, 2021 and effective for annual periods beginning on or after January 1, 2023).
- Deferred tax on assets and liabilities arising from the same transaction – Amendments to IAS 12 (issued May 7, 2021, effective for annual periods beginning on or after January 1, 2023).
- A transition option for insurers applying IFRS 17 - Amendments to IFRS 17 (issued December 9, 2021 and effective for annual periods beginning on or after January 1, 2023).
- Sale and leaseback lease obligations – Amendments to IFRS 16 (issued September 22, 2022 and effective for annual periods beginning on or after January 1, 2024).
- Non-current Commitments with Conditions – Amendments to IAS 1 (issued October 31, 2022 and effective for annual periods beginning on or after January 1, 2024).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

3. SEASONAL INFLUENCES ON BUSINESS ACTIVITY

Due to the seasonal character of the company's business activities, the individual quarters of a financial year are characterized by different effects. Between 60% and 70% of all revenues are generated from April to September. This seasonality can lead to considerable fluctuations in the result from one quarter to another.

4. GROUP STRUCTURE

On 31 March 2023, the Group structure consisted of the parent company and five foreign companies in which Ekotechnika AG directly or indirectly holds the majority of capital and voting rights.

5. REVENUES

Revenues comprise the following:

	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
Sale of agricultural spare parts, tires and lubricants	41,667	34,510
Sale of agricultural machinery and equipment	22,100	58,828
Sale of trade-in machinery	19,134	1,245
Revenue from rendering of services	3,589	2,335
Sale from precision farming equipment	950	442
Sale of construction and road equipment	432	-
Sale of forestry machinery	132	-
Sale of forestry spare parts	71	-
	88,075	97,360

The significant decrease of revenue from sale of new machinery is partly compensated by a further increase from the sale of spare parts and the 15-fold increase of used machinery sales.

6. COST OF GOODS AND SERVICES SOLD

Cost of goods and services sold comprise the following:

	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
Cost of agricultural spare parts, tires and lubricants	25,796	23,483
Cost of agricultural machinery and equipment	17,788	49,084
Cost of trade-in machinery	15,421	1,088
Cost of precision farming equipment	631	301
Cost of construction and road equipment	432	-
Cost of forestry machinery	131	-
Cost of forestry spare parts	69	-
	60,268	73,956

7. OTHER OPERATING INCOME

The other operating income is constituted as follows:

	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
Reimbursement of warranty costs	153	831
Rent income	145	24
Reimbursement of marketing expenses	56	128
Other income	243	481
	597	1,464

Other income consists of profit on sale of property plant equipment, income from materials surplus, commissions as well as compensation for agents, contractual penalties income, Insurance reimbursement and other sales.

8. PAYROLL EXPENSES

Payroll expenses break down as follows:

	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
Wages and salaries	4,828	3,561
Bonuses	3,802	3,422
Social contributions	1,688	1,317
	10,318	8,300

9. OTHER OPERATING EXPENSES

The other operating expenses comprise the following:

	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
FOREX loss	1,195	5,010
Expenses for transport vehicles	1,285	869
Travel and representation expenses	1,141	734
Expenses for premises	777	475
Cost of workshops	675	382
Audit, consulting and legal fees	465	574
Transportation expenses	443	576
Marketing and advertising expenses	414	390
Change in warranty provision	339	636
Office expenses	328	535
Other taxes	291	196
Bank charges	197	123
Other expenses	849	704
	8,399	11,203

The most significant item among the other operating expenses is the forex loss in the amount of EUR 1,195 thousand which is due to the devaluation of the ruble as a consequence of the uncertainty on the market due to the geopolitical situation. While on 30 September 2022 the ruble stood at RUR 55.4064/EUR it increased (means, devalued) to RUR 83.7639/EUR on 31 March 2023. This affected mainly the trade payables to machinery suppliers in the balance sheet, which have to be reflected at the exchange rate as per the balance sheet date.

Other expenses mainly comprise shortages, communication expenses, contractual penalties loss, goods for resale other and personnel other expenses.

10. FINANCIAL INCOME / FINANCIAL EXPENSES

Financial income comprises the following:

	10/01/2022-03/31/2023 EUR'000	10/01/2021-03/31/2022 EUR'000
Interest income	1,053	960
	1,053	960

Financial expenses comprise the following:

	10/01/2022-03/31/2023 EUR'000	10/01/2021-03/31/2022 EUR'000
Interest expenses	3,247	1,366
Bank charges	208	255
Interests on delay of payment to suppliers	36	218
Other financial expenses	62	48
	3,553	1,887

The increase in interest expense is related to the significant increase in borrowings from banks.

11. INCOME TAX EXPENSE

Income tax expense is constituted as follows:

	10/01/2022-03/31/2023 EUR'000	10/01/2021-03/31/2022 EUR'000
Current tax expense		
Income tax expense	2,451	969
	2,451	969
Deferred tax benefit / expense		
Origination and reversal of temporary differences	(232)	433
Change in tax rate	-	-
	2,219	1,402

A tax rate of 20% applies for Russian subsidiaries. This tax rate was applied when calculating deferred tax assets and liabilities. A tax rate of 25% was applied for the German companies.

12. SEGMENT REPORTING

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 March 2023 and 2022, respectively.

	Central region	Black-Soil region	Siberian region	All other	Elimination and adjustments	Consolidated
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Six months ended 31 March 2023						
Revenue	51,310	31,864	28,831	12,319	(36,249)	88,075
<i>Sales of goods for resale - third parties</i>	33,205	28,158	23,926	1,136	(1,939)	84,486
<i>Sales (all) - Group companies</i>	16,688	3,047	3,360	11,183	(34,278)	-
<i>Revenue from rendering of services</i>	1,417	659	1,545	-	(32)	3,589
Purchase cost of goods sold	(38,599)	(23,587)	(21,087)	(12,045)	35,050	(60,268)
Gross profit	12,711	8,277	7,744	274	(1,199)	27,807
Other operating income	447	230	324	6,513	(6,917)	597
Payroll expenses	(3,079)	(1,863)	(2,326)	(3,050)	-	(10,318)
Depreciation, amortization and impairment	(1,010)	(392)	(562)	(258)	38	(2,184)
Other operating expenses	(5,504)	(3,602)	(4,058)	(2,104)	6,869	(8,399)
Income from impairment of financial assets	48	78	30	(36)	-	120
Results from operating activities	3,613	2,728	1,152	1,339	(1,209)	7,623

	Central region	Black Soil region	Siberian region	All others	Elimination and adjustments	Consolidated
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Six months ended 31 March 2022						
Revenue	43,520	29,122	33,445	262	(8,989)	97,360
<i>Sales of goods for resale - third parties</i>	41,014	26,407	31,497	-	(3,893)	95,025
<i>Sales (all) - Group companies</i>	1,547	2,109	1,125	262	(5,043)	-
<i>Revenue from rendering of services</i>	959	606	823	-	(53)	2,335
Purchase cost of goods sold	(33,302)	(22,303)	(24,929)	(260)	6,838	(73,956)
Gross profit	10,218	6,819	8,516	2	(2,151)	23,404
Other operating income	578	255	442	5,799	(5,610)	1,464
Payroll expenses	(2,051)	(1,113)	(1,634)	(3,571)	69	(8,300)
Depreciation, amortization and impairment	(749)	(306)	(443)	(206)	5	(1,699)
Other operating expenses	(6,094)	(4,098)	(5,369)	(1,692)	6,050	(11,203)
Income from impairment of financial assets	74	81	110	(40)	9	234
Results from operating activities	1,976	1,638	1,622	292	(1,628)	3,900

	10/01/2022- 03/31/2023 EUR'000	10/01/2021- 03/31/2022 EUR'000
Result from operating activity	7,623	3,900
Financial income	1,053	960
Financial expenses	(3,553)	(1,887)
	5,123	2,973
Income tax expense	(2,219)	(1,402)
Income for the period	2,904	1,571

13. PROPERTY, PLANT AND EQUIPMENT

The decrease in property, plant and equipment by EUR 14,868 thousand predominantly resulted from fluctuation of currency rate. The change in property, plant and equipment should be considered net of exchange rate effects. After this adjustment property, plant and equipment amounted to EUR 43,785 thousand and thus remained almost stable compared to 30 September 2022 (EUR 43,830 thousand). During the reporting period, the Group acquired property, plant and equipment including lease amounting to EUR 3,111 thousand and disposed property, plant and equipment including lease in the amount of EUR 1,863 thousand.

14. INVENTORIES

The increase in inventories from EUR 60,588 thousand to EUR 63,151 thousand is predominantly due to seasonality as the stock was built up before the peak season. The change in inventories of EUR 2,563 thousand should be considered net of exchange rate effects. After these inventories show an increase of EUR 34,884 thousand. It mainly results from the increased stock of agricultural machinery by EUR 12,654 thousand, used agricultural machinery by EUR 9,895 thousand as well as from the increased stock of spare parts, precision farming, tires and lubricants by EUR 12,227 thousand and other inventories by EUR 108 thousand.

During the six months ended 31 March 2023, EUR 1,883 thousand were recognized as an expense within cost of sales for inventories carried at net realizable value (six months 2022: EUR 392 thousand expenses).

15. RECEIVABLES AND OTHER ASSETS

Trade receivables decreased significantly by EUR 9,892 thousand compared to the start of the financial year. Adjusted for exchange rate effects, this decrease was not significant. After forex adjustment of trade receivables, the decrease amounted EUR 635 thousand.

The income from the impairment of financial assets based on the expected credit losses of EUR 120 thousand (six months 2022: EUR 234 thousand income) is recognized in a separate line in the statement of comprehensive income in accordance with IFRS 9.

The short-term loans issued decreased by EUR 14,152 thousand from EUR 39,819 thousand on 30 September 2022 to EUR 25,667 thousand on 31 March 2023. This was again due to exchange rate fluctuations. After adjustment for those fluctuations, the loans issued decreased by EUR 1,015 thousand. The short-term loans issued are mainly loans issued to related parties. The long-term loans issued consist of loans issued to employees.

Other short-term assets decreased by EUR 1,630 thousand from EUR 2,336 thousand to EUR 706 thousand. After adjustment for exchange rate fluctuations, other short-term assets decreased by EUR 1,268 thousand due to a decrease in VAT receivables.

Prepayments increased significantly by EUR 7,956 thousand from EUR 19,214 thousand on 30 September 2022 to EUR 27,170 thousand on 31 March 2023. After adjustment for exchange rate fluctuations, prepayments increased by EUR 21,862 thousand. This increase was due to seasonality, as well as the fact that goods are ordered from suppliers on a 100% prepayment basis.

Other financial assets increased by EUR 798 thousand from EUR 2,156 thousand on 30 September 2022 to EUR 2,954 thousand on 31 March 2023. After adjustment for exchange rate fluctuations, increased by EUR 2,310 thousand.

16. CASH AND CASH EQUIVALENTS

This balance sheet item includes cash in bank accounts and on hand.

17. EQUITY CAPITAL

Share capital and additional paid-in capital remain stable in the amount of EUR 3,140 thousand and EUR 6,830 thousand, respectively. The foreign currency translation reserve represents foreign currency translation differences related to net investments in Russian subsidiaries and translation from the functional currency of Russian subsidiaries into the reporting currency of the Group. The foreign currency translation reserve is also affected by exchange differences arising from translation into euros of the ruble-denominated financial statements of Russian subsidiaries used for the presentation of the consolidated financial statements. As of 31 March 2023, it amounted to EUR -21,323 thousand (as of 30 September 2022: EUR +11,711 thousand). The reason for this development is the significant volatility of the exchange rate.

18. EARNINGS PER SHARE (EPS)

The Group has two types of shares:

- Shares Series A are only the shares that were created due to the swap of the corporate bond into equity. Shares Series A are eligible to receive a preferred dividend in case the company decides to pay any dividends.
- Shares Series B are the ones that existed before the debt-to-equity swap plus those which were created due to capital increase against cash contribution.

If there is a dividend:

- **1. Step:**
26,47% of total dividend are given to Series A shareholders only
- **2. Step:**
the remaining amount is given to all Series A/B shareholders proportionally

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

	10/01/2022-03/31/2023	10/01/2021-03/31/2022
Income for the period, EUR'000	2,900	1,571
Weighted average number of shares	3,140,000	3,140,000
Shares Series A	1,539,000	1,539,000
Shares Series B	1,601,000	1,601,000
Earnings per share (basic and diluted) in EUR		
Shares Series A	1.18	0.64
Shares Series B	0.68	0.37

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

19. LIABILITIES

Borrowings comprise the following:

	03/31/2023 EUR'000	09/30/2022 EUR'000
Less than one year (current)	65,961	53,347
thereof secured bank loans	42,084	25,591
thereof unsecured bank loans	23,877	27,756
thereof non-bank loans	-	-
Between one and five years (non-current)	-	-
	65,961	53,347

Borrowings increased significantly by EUR 12,614 thousand After adjustment for exchange rate fluctuations, borrowings increased by EUR 46,373 thousand.

Trade payables decreased from EUR 11,059 thousand as 30 September 2022 to EUR 8,534 thousand as at 31 March 2023. However, after exchange rate adjustments, trade payables increased to EUR 12,902 thousand. (Increase by EUR 1,843 thousand). This increase is mainly explained by the build-up of the stock.

Advances received decreased from EUR 15,070 thousand to EUR 13,265 thousand. After exchange rate adjustments, the advances received increased to EUR 20,054 thousand, due to seasonal effects.

Other financial liabilities decreased slightly from EUR 7,647 thousand as at 30 September 2022 to EUR 4,577 thousand as at 31 March 2023.

The decreased in other short-term liabilities is attributable to a decrease in VAT payable and other taxes payable from EUR 3,861 thousand as at 30 September 2022 to EUR 1,585 thousand as at 31 March 2023.

20. BUSINESS ACTIVITIES WITH RELATED PARTIES

Beginning on 1 March 2013, Ekosem-Agrar AG can exercise significant influence through its main shareholder Stefan Duerr, thus making Ekosem-Agrar AG the main related party of Ekotechnika AG.

The members of the management in key positions are the Executive Board members of Ekotechnika AG.

Operating activities

In the course of the reporting period, Group companies conducted the following transactions with related companies and persons not belonging to the Group:

Entities under common control	10/01/2022-03/31/2023 EUR'000	10/01/2021-03/31/2022 EUR'000
Sale of spare parts, tires and lubricants	3,989	2,849
Sale of agricultural machinery and equipment	335	11
Revenue from rendering of services	163	115
Sale from precision farming equipment	45	1
Other income	48	32
Purchase of goods and other services	(1,086)	(1,584)

In the first six months of 2023, provisions were made against credit losses in the amount of EUR 39 thousand.

The transactions with key management personnel were in the following amounts:

	10/01/2022-03/31/2023 EUR'000	10/01/2021-03/31/2022 EUR'000
Remuneration	700	400
Other expenses	3	-
Sale of agricultural machinery and equipment	23	-

Remuneration for key management personnel consists of monthly salary and bonuses. Remuneration included in expenses amounted to EUR 700 thousand (six months 2022: EUR 400 thousand). Contributions to the State Pension Fund and medical and social insurance funds from remuneration of key management personnel included in expenses amounted to EUR 135 thousand (six months 2022: EUR 120 thousand).

Receivables and payables from and to related companies and persons

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

		Trade receivables, other financial assets and other short-term assets	Trade accounts payable, other financial liabilities and other short-term liabilities
		EUR'000	EUR'000
Entities under common control	03/31/2023	12,573	1,083
	09/30/2022	24,797	881
Associates	03/31/2023	2	5
	09/30/2022	2	9
Key management personnel	03/31/2023	41	321
	09/30/2022	30	316
Total	03/31/2023	14,616	1,409
	09/30/2022	24,829	1,206

Financing and investing activities

The Group companies conducted the following financing transactions with related companies and persons not belonging to the Group during the financial year.

		Long-term loans granted	Short-term loans granted
		EUR'000	EUR'000
Entities under common control	03/31/2023	-	25,001
	09/30/2022	-	39,272
Parent company	03/31/2023	-	-
	09/30/2022	-	-
Key management personnel	03/31/2023	-	-
	09/30/2022	-	-
Total	03/31/2023	-	25,001
	09/30/2022	-	39,272

		Interest income	Interest expenses
		EUR'000	EUR'000
Entities under common control	10/01/2022-03/31/2023	1,030	7
	10/01/2021-03/31/2022	827	-
Parent company	10/01/2022-03/31/2023	11	-
	10/01/2021-03/31/2022	10	-
Key management personnel	10/01/2022-03/31/2023	-	-
	10/01/2021-03/31/2022	-	-
Total	10/01/2022-03/31/2023	1,041	7
	10/01/2021-03/31/2022	837	-

		Long-term borrowings	Short-term borrowings
		EUR'000	EUR'000
Entities under common control	03/31/2023	-	138
	09/30/2022	-	-
Parent company	03/31/2023	-	-
	09/30/2022	-	-
Key management personnel	03/31/2023	-	-
	09/30/2022	-	-
Total	03/31/2023	-	138
	09/30/2022	-	-

21. OTHER INFORMATION

The average headcount in the Group during the reporting period was 795 employees (six months 2022: 747).

Of these, 283 (six months 2022: 263) worked in the sales department, 330 (six months 2022: 308) in customer service, and 182 (six months 2022: 176) in administration.

Walldorf, 28 June 2023



Stefan Duerr
Chairman of the Executive Board



Bjoerne Drechsler
Member of the Executive Board

22. RELEASE

The Group interim financial statements of Ekotechnika AG for the period from 1 October 2022 to 31 March 2023 were approved for publication by the Executive Board on 28 June 2023.

EKOTECHNIKA

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