SOYTEX LLC

Financial Statements and
Independent Auditors' Report

For the year ended 31 December 2021

Contents

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INDEPENDENT AUDITORS' REPORT

To the owners and management of SOYTEX LLC

Opinion

We have audited financial statements of SOYTEX LLC (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 17 of the financial statements, which describes the impact of current events in Ukraine on the Company's supply chain. These events or conditions, as stated in Note 17, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The comparative figures (as of 31 December 2020) provided in the financial statements of SOYTEX LLC as of 31 December 2021, have not been audited.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decision of users taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism through the audit. We also:

- Identify and assess risks of material misstatements of the 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company's ability to continue as 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 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 Company to cease to continue as going concern.
- Evaluate overall presentation, structure and content if the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among and 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.

The engagement partner responsible for the results presented in the auditor's report:

თ. დევდარიანი

Tamar Devdariani (Reg. # SARAS-A-552459)

Tbilisi, Georgia

June 3, 2022

SOYTEX LLC

Statement of Comprehensive Income

For the year ended 31 December 2021

(In Georgian Lari)

	Note	2021	2020
Revenue	4	22,142,319	9,643,703
Cost of sales	5	(20,482,193)	(8,689,464)
Gross profit		**1,660,126**	**954,239**
Selling expenses	6	(1,507,530)	(475,400)
General and administrative expenses	7	(97,081)	(32,604)
Operating profit		**55,515**	**446,235**
Finance expense, net	8	(189,530)	(71,923)
FX gain/loss		301,483	(313,661)
Other non-operating income/expenses		-	(18,786)
Profit before income tax expense		**167,468**	**41,865**
Income tax expense		-	-
Profit after income tax expense		**167,468**	**41,865**
Other comprehensive income		-	-
Total comprehensive income		**167,468**	**41,865**

The financial statements were approved by management on June 3, 2022

Giorgi Adamia
Director

Ioseb Gulordava
Chief Accountant

The notes on pages 9-16 form an integral part of these financial statements. The Independent Auditors' Report is on page 3-4.

SOYTEX LLC

Statement of Financial Position

As at 31 December 2021

(In Georgian Lari)

	Note	2021	2020
Assets			
Current assets			
Inventories	9	1,306,225	1,365,170
Trade and other receivables	10	84,762	48,759
Prepayments	11	527,076	2,189,503
Cash and cash equivalents	12	1,367,690	758,282
Total assets		**3,285,753**	**4,361,714**
Liabilities			
Current liabilities			
Borrowings	13	1,948,512	2,678,784
Received advances and other liabilities	14	961,117	1,474,274
Total liabilities		**2,909,629**	**4,153,058**
Equity			
Retained earnings		376,124	208,656
Total Equity		**376,124**	**208,656**
Total Equity and liabilities		**3,285,753**	**4,361,714**

The financial statements were approved by management on June 3, 2022

Giorgi Adamia

Director

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Chief Accountant

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SOYTEX LLC

Statement of Changes in Equity

For the year ended 31 December 2021

(In Georgian Lari)

	Retained earnings	Total
Balance as at 31 December 2019	**166,791**	**166,791**
Profit for the year	41,865	**41,865**
Balance as at 31 December 2020	**208,656**	**208,656**
Profit for the year	167,468	**167,468**
Balance as at 31 December 2021	**376,124**	**376,124**

The financial statements were approved by management on June 3, 2022

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Director

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Chief Accountant

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SOYTEX LLC

Statement of Cash Flows

For the year ended 31 December 2021

(In Georgian Lari)

	Note	2021	2020
Cash flows from operating activities			
Profit for the year		167,468	41,865
Adjustments for:			
FX gain/loss		(374,079)	313,661
Finance expense, net	8	189,530	71,923
Cash flows from operating activities before changes in working capital		**(17,081)**	**427,449**
Changes in:			
Inventories		58,945	(1,364,609)
Trade and other receivables		88,896	(104,103)
Prepayments		1,662,427	(1,759,071)
Received advances and other liabilities		(513,157)	1,391,053
Cash flows from/(used in) operations before income taxes paid		**1,280,030**	**(1,409,281)**
Income tax paid		-	-
Net cash from/(used in) operating activities		**1,280,030**	**(1,409,281)**
Cash flows from investing activities			
Interest received on deposits	8	4,674	2,460
Net cash (used in)/from investing activities		**4,674**	**2,460**
Cash flows from financing activities			
Proceeds from borrowings		-	2,116,135
Repayment of borrowings		(432,849)	-
Interest paid on borrowings	8	(194,204)	(74,382)
Net cash (used in)/from financing activities		**(627,053)**	**2,041,753**
Net increase in cash and cash equivalents		**657,651**	**634,932**
Cash and cash equivalents at 1 January	12	**758,282**	**152,827**
Exchange (losses)/gains on cash and cash equivalents		(48,243)	(29,477)
Cash and cash equivalents at 31 December		**1,367,690**	**758,282**

The financial statements were approved by management on June 3, 2022

Giorgi Adamia
Director

Ioseb Gulordava
Chief Accountant

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1. General Information

SOYTEX (the Company) is a limited liability company incorporated and domiciled in Georgia under the laws and regulations of Georgia on 19 November 2014. The registered address is N1 Shota Rustaveli Avenue, Tbilisi, Georgia.

The Company's founder and 100% shareholder is Limited Liability Company SOYTEX, HE 385764 /Cyprus (the Parent Company) which is the international agro-industrial group of companies with its headquarter in Paphos (Cyprus), which has been operating since 1995. The group of companies Soytex LLC has separate divisions in Tashkent (Uzbekistan), Baku (Azerbaijan), Tbilisi (Georgia), Kiev (Ukraine) and Bursa (Turkey), which employs more than 150 employees.

The main activity of the Company is the import of soybean meal from Ukraine in Georgia and sale in both the local market and for re-export in Azerbaijan, Uzbekistan, Tajikistan and Turkmenistan.

2. Basis of Preparation and Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and are consistent with the previous period. The financial statements have been prepared on the historical cost basis and incorporate the principal policies set out below.

These financial statements are presented in Georgian Lari (GEL), national currency of Georgia, as management believes that this currency is more useful for users of these financial statements and best reflects the economic substance of underlying events and transactions of the Company.

Basis of Measurement

The measurement basis used is the historical cost basis, except if otherwise stated in the accounting policies below. The financial statements of previous year were presented according to IFRS for SMEs.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its business for the foreseeable future. The Company operates in a profit, and management believes that the Company will continue to operate on profit.

The world, including Georgia, has been challenged by the ongoing military activity in Ukraine. In the current situation, the company has made an assessment of the future perspective (see Note 17). The management of the company believes that it has the resources and conditions to be able to maintain business continuity.

Presentation currency

The functional currency of the Company is national currency of Georgia – Georgian Lari (GEL). Transactions in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction determined by National Bank of Georgia. Foreign currency monetary items at the reporting date are translated using the closing rate determined by National Bank of Georgia. All exchange differences arising on settlement are recognized in profit or loss.

The principal rate of exchange used for translating foreign currency monetary balances were as follows:

	31 December 2021	31 December 2020
1 USD/GEL	3.10	3.28
1 EUR/GEL	3.50	4.02

Average interest rate for the periods is following:

	2021	2020
1 USD/GEL	3.22	3.11
1 EUR/GEL	3.81	3.55

2. Basis of Preparation and Accounting Policies (Continue)

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Measurement

Financial Instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If, however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

Financial Assets

Trade receivables

Most sales are made based on normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Liabilities

Trade payables

Trade payables are obligations based on normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into presentation currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at cost less impairment. The company has borrowed (short-term) funds from the parent.

Derecognition

A financial liability is derecognised 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or the realise the asset and settle the liability simultaneously.

2. Basis of Preparation and Accounting Policies (Continue)

Income Tax

On 13 May 2016 the Government of Georgia enacted the changes in the Tax Code of Georgia whereby companies (other than banks, credit unions, insurance companies, microfinance organizations and pawn shops) do not have to pay income tax on their profit earned since 1 January 2017, until that profit is distributed or deemed distributed in a form of dividend. 15 % income tax is payable on gross up value (i.e., net dividends shall be grossed up by withholding tax 5%, if applicable, and divided by 0.85) at the moment of the dividend payment to individuals or to non-resident legal entities. Dividends paid to resident legal entities from the profits earned since 1 January 2017 are tax exempted.

Dividends on earnings accumulated during the period from 1 January 2008 to 1 January 2017 is subject to income tax on grossed up value, reduced by respective tax credit calculated as a share of corporate income tax declared and paid on taxable profits vs total net profits for the same period multiplied to the dividend to be distributed. However, tax credit amount should not exceed the actual income tax imposed on dividend distribution.

Income tax arising from distribution of dividends is accounted for as an income tax expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid.

In addition to the distribution of dividends, the tax is still payable on expenses or other payments incurred not related to economic activities, free delivery of assets or services and representation costs that exceed the maximum amount determined by the Tax Code of Georgia. All advances paid to entities registered in jurisdictions having preferential tax regime and other certain transactions with such entities as well as loans granted to individuals or non-residents are immediately taxable. Such taxes along with other taxes, net of tax credits claimed on assets or services received in exchange for the advances paid to entities registered in jurisdictions having preferential tax regime or recovery of loans granted to individuals or non-residents, are recorded under 'Taxes other than on income' within operating expenses.

Deferred income tax is no more applicable for financial statement, considering the fact that it can't be used based on new Tax Code of Georgia.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition, all other prepayments classified as current. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on current accounts in national currency and cash on current accounts in foreign currency, which are subject to an insignificant risk of changes in value.

2. Basis of Preparation and Accounting Policies (Continue)

Borrowing Funds

Borrowing funds directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company has borrowing funds from parent company for financing its operating activities.

Revenue

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

Revenue is recognized when all of the following criteria have been satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Provisions and contingencies

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event; it is probable that the Company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that effect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Tax legislation

Georgian tax legislation is subject to varying interpretations.

Related party transactions

In the normal course of business, the Company enters into transactions with its related parties. IFRS for SMEs (Section 11) requires initial recognition of financial instruments based on the transaction price. Judgment is applied in determining if transactions are priced at market or non-market prices, where there is no active market for such transactions. The basis for judgment is pricing for similar types of transactions with unrelated parties.

4. Revenue

	2021	2020
Revenue from export sales	13,165,624	1,117,659
Revenue from local sales	8,975,573	8,525,365
Other revenue	1,122	679
Total revenue	**22,142,319**	**9,643,703**

5. Cost of Sales

	2021	2020
Cost of soybean meal sold on export	(11,983,784)	(1,076,267)
Cost of soybean meal sold on local market	(8,398,862)	(7,594,918)
Actual soybean meal losses	(99,547)	(18,279)
Total cost of sales	**(20,482,193)**	**(8,689,464)**

6. Selling Expenses

	2021	2020
Transportation expenses	(846,518)	(168,974)
Shipping & handling expenses	(661,012)	(306,426)
Total selling expenses	**(1,507,530)**	**(475,400)**

7. General and Administrative Expenses

	2021	2020
Consulting and professional service costs	(49,527)	(922)
Salaries expenses	(38,302)	(25,457)
Bank fees	(3,452)	(3,548)
Office expenses	(3,228)	-
Fuel expenses	(2,342)	(1,880)
Other	(230)	(797)
Total general and administrative expenses	**(97,081)**	**(32,604)**

8. Finance Expense, Net

	2021	2020
Interest income on bank accounts	4,674	2,460
Financial expense on borrowings	(194,204)	(74,383)
Total finance expense, net	**(189,530)**	**(71,923)**

9. Inventories

	2021	2020
Soybean meal for local market	367,370	1,365,170
Soybean meal for export	938,855	-
Total Inventories	**1,306,225**	**1,365,170**

10. Trade and Other Receivables

	2021	2020
Trade receivables	13,440	25,187
Tax asset	71,322	23,572
Total trade and other receivables	**84,762**	**48,759**

11. Prepayments

	2021	2020
Prepayments to suppliers	526,843	2,083,918
Prepayments to transportation companies	-	105,424
Other prepayments	233	161
Total prepayments	**527,076**	**2,189,503**

12. Cash and Cash Equivalents

	2021	2020
Cash at bank		
In GEL	121	132
In USD	-	-
In EUR	252,874	-
	252,995	**132**
Short-term deposits		
In USD	1,113,266	745,789
In GEL	1,429	12,361
Total cash and cash equivalents	**1,367,690**	**758,282**

13. Borrowings

Loans from parent company:	**Currency**	**Start date**	**Maturity date**	**Interest rate**	**2021**	**2020**
Loan agreement 09\2020						
Tranche 1	EUR	16-Sep-2020	31-Dec-2022	7%	1,051,200	1,206,990
Tranche 2	EUR	17-Nov-2020	31-Dec-2022	7%	238,272	273,584
Tranche 3	EUR	20-Nov-2020	31-Dec-2022	7%	287,328	329,911
Loan agreement 12/2019						
Tranche 1	USD	14-Sep-2020	31-Dec-2022	7%	46,464	868,299
Tranche 2	USD	12-Jan-2021	31-Dec-2022	7%	325,248	-
Total borrowings					**1,948,512**	**2,678,784**

14. Received advances and other liabilities

	2021	2020
Received advances from customers	960,244	1,421,188
Other payables	873	53,086
Total received advances and other payables	**961,117**	**1,474,274**

15. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

As at and for the year ended 31 December 2021, the outstanding balances and transactions with related parties were as follows:

Statement of financial position	**Parent company**	**Entities under common control**
Received advances	-	284,979
Borrowings	1,948,512	-

Statement of comprehensive Income	**Parent company**	**Entities under common control**
Revenue	-	9,271,373
General and administrative expenses	39,871	-

As at 31 December 2020, the outstanding balances with related parties were as follows:

Statement of financial position	**Parent company**	**Entities under common control**
Received advances	-	1,421,188
Borrowings	2,678,784	-

Key management compensation. Key management includes Director. Key management compensation for 2021 and 2020 was 18,994 Gel and 20,656 Gel, respectively.

16. Contingent Liabilities

The company deals with lawsuits and claims in the ordinary course of business. Management believes that maximum liabilities arising from lawsuits and claims will not have a material impact on its financial position or future operations.

17. Events After Reporting Period

a) On 24 February 2022, Russian troops started invading Ukraine. The opening military attack has led, and continues to lead, to significant damage to infrastructure and disruption to economic activity in Ukraine. Due to the fact, that the Company is fully supplied from Ukraine, the Company has significant business interruption, arising from supply chain disruption. It is difficult to predict, when the Company will be able to resume trading operations with Ukrainian suppliers, therefore, the company has concentrated to find alternative ways to continue its operations, such as import bone meal powder from Belarus. On 29 April, 2022 the Company has signed contract with amount of 500,000 USD. The Company has made first import on 18 May, 2022 with amount of 19,300 USD.

b) The borrowing balances from parent company as of December 31, 2021, was fully repaid in 2022.