

HEMIAK INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 December 2020

HEMIAK INVESTMENTS LIMITED

FINANCIAL STATEMENTS

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HEMIAK INVESTMENTS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Confitrust Limited
Company Secretary:	Confida Secretarial Limited
Independent Auditors:	Baker Tilly Klitou and Partners (Limassol) Limited Certified Public Accountant and Registered Auditor 163 Leontiou Street Clerimos Building, 1st-2nd Floors 3022 Limassol Cyprus
Registered office:	16-18 Zinas Kanther Street Agia Triada 3035 Limassol Cyprus

Independent Auditor's Report

To the Members of Hemiak Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Hemiak Investments Limited (the "Company"), which are presented in pages 4 to 15 and comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Hemiak Investments Limited as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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 statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

To the Members of Hemiak Investments Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Christodoulos Loulloupis
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou and Partners (Limassol) Limited
Certified Public Accountant and Registered Auditor

Limassol, 15 January 2021

HEMIAK INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

31 December 2020

	Note	2020 US\$	2019 US\$
Administration expenses	8	(18.876)	(105.535)
Other expenses	9	-	(3.570)
Operating loss		(18.876)	(109.105)
Net finance (costs)/income	10	(5.817)	7.268.299
(Loss)/profit before tax		(24.693)	7.159.194
Tax	11	-	-
Net (loss)/profit for the year		(24.693)	7.159.194
Other comprehensive income		-	-
Total comprehensive income for the year		(24.693)	7.159.194

The notes on pages 8 to 15 form an integral part of these financial statements.

HEMIAK INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2020

	Note	2020 US\$	2019 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	12	<u>272.548.838</u>	272.548.838
		<u>272.548.838</u>	<u>272.548.838</u>
Current assets			
Trade and other receivables	13	101.923	122.416
Cash and cash equivalents	14	-	870
		<u>101.923</u>	<u>123.286</u>
Total assets		<u>272.650.761</u>	<u>272.672.124</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	2.236	2.236
Share premium		265.504.744	265.504.744
Retained earnings		<u>7.134.501</u>	<u>7.159.194</u>
Total equity		<u>272.641.481</u>	<u>272.666.174</u>
Current liabilities			
Trade and other payables	16	<u>9.280</u>	5.950
		<u>9.280</u>	<u>5.950</u>
Total equity and liabilities		<u>272.650.761</u>	<u>272.672.124</u>

On 15 January 2021 the Board of Directors of Hemiak Investments Limited authorised these financial statements for issue.

CONFITRUST LIMITED


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Confitrust Limited
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

HEMIAK INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2020

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Net profit for the year		-	-	7.159.194	7.159.194
Issue of share capital	15	2.236	265.504.744	-	265.506.980
Balance at 31 December 2019/ 1 January 2020		2.236	265.504.744	7.159.194	272.666.174
Net loss for the year		-	-	(24.693)	(24.693)
Balance at 31 December 2020		2.236	265.504.744	7.134.501	272.641.481

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and GHS contribution at 1.7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 8 to 15 form an integral part of these financial statements.

HEMIAK INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

31 December 2020

	Note	2020 US\$	2019 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(24.693)	7.159.194
Adjustments for:			
Foreign exchange profit		(8.457)	(7.276.306)
Interest income	10	(34)	-
		(33.184)	(117.112)
Changes in working capital:			
Decrease in trade and other receivables		20.493	112.032
Increase in trade and other payables		9.410	5.950
Cash (used in)/generated from operations		(3.281)	870
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		34	-
Net cash generated from investing activities		34	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange profit		2.377	-
Net cash generated from financing activities		2.377	-
Net (decrease)/increase in cash and cash equivalents		(870)	870
Cash and cash equivalents at beginning of the year		870	-
Cash and cash equivalents at end of the year	14	-	870

The notes on pages 8 to 15 form an integral part of these financial statements.

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. Incorporation and principal activities

Country of incorporation

The Company Hemiak Investments Limited (the "Company") was incorporated in Cyprus on 9 November 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's parent, MHP SE, a Company registered in Cyprus produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements can be obtained from its registered office at 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Financial instruments

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.2 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

7. Critical accounting estimates and judgments (continued)

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

8. Administration expenses

	2020	2019
	US\$	US\$
Municipality taxes	-	166
Registrar of Companies annual levy	379	399
Subscriptions and contributions	2.719	3.866
Auditor's remuneration	2.847	2.674
Legal fees	6.908	9.272
Other professional fees	-	477
Consultancy fees	-	88.512
Miscellaneous expenses	-	169
Services provided	6.023	-
	18.876	105.535

9. Other expenses

	2020	2019
	US\$	US\$
Formation expenses	-	3.570
	-	3.570

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

10. Finance income/(costs)

	2020 US\$	2019 US\$
Interest income	34	-
Foreign exchange transaction profit	8.457	7.276.306
Finance income	8.491	7.276.306
Sundry finance expenses	(14.308)	(8.007)
Finance costs	(14.308)	(8.007)
Net finance (costs)/income	(5.817)	7.268.299

11. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2020 US\$	2019 US\$
(Loss)/profit before tax	(24.693)	7.159.194
Tax calculated at the applicable tax rates	(3.087)	894.899
Effect of different tax rates in other countries	-	14.402
Tax effect of expenses not deductible for tax purposes	4.010	-
Tax effect of allowances and income not subject to tax	(1.057)	(909.538)
Tax effect of tax loss for the year	134	237
Tax charge	-	-

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 30 November 2020, the balance of tax losses which is available for offset against future taxable profits amounts to €2.564 for which no deferred tax asset is recognised in the statement of financial position.

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

12. Investments in subsidiaries

	2020	2019
	US\$	US\$
Balance at 1 January	272.548.838	-
Additions	-	272.548.838
Balance at 31 December	<u>272.548.838</u>	<u>272.548.838</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>	2020	2019
				US\$	US\$
Peruthina Ptuj d.d.	Slovenia	Poultry breeding, feed production, poultry and meat products, retail and services	100	<u>272.548.838</u>	<u>272.548.838</u>
				<u>272.548.838</u>	<u>272.548.838</u>

13. Trade and other receivables

	2020	2019
	US\$	US\$
Receivables from parent company (Note 17.1)	101.923	119.687
Deposits and prepayments	-	2.729
	<u>101.923</u>	<u>122.416</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

14. Cash and cash equivalents

Cash deposits are analysed as follows:

	2020	2019
	US\$	US\$
Cash at bank and in hand	-	870
	<u>-</u>	<u>870</u>

15. Share capital

	2020	2020	2019	2019
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	<u>5.000</u>	<u>5.000</u>
		US\$		US\$
Issued and fully paid				
Balance at 1 January	2.000	2.236	-	-
Issue of shares	-	-	2.000	2.236
Balance at 31 December	<u>2.000</u>	<u>2.236</u>	<u>2.000</u>	<u>2.236</u>

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

16. Trade and other payables

	2020	2019
	US\$	US\$
Trade payables	6.432	3.275
Accruals	2.848	2.675
	<u>9.280</u>	<u>5.950</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

17. Related party transactions

The Company is controlled by MHP SE , registered in Cyprus, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

17.1 Receivables from related parties

Name	Nature of transactions	2020	2019
		US\$	US\$
MHP SE	Finance	101.923	119.687
		<u>101.923</u>	<u>119.687</u>

The receivable from parent company is interest free and repayable on demand.

18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

19. Commitments

The Company had no capital or other commitments as at 31 December 2020.

20. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 30 November 2020.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position.

HEMIAK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

20. Events after the reporting period (continued)

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 3