



**2020 BOARD'S REPORT**

**AGROGENERATION GROUP AND AGROGENERATION S.A.**



Paris, 29 April 2021

Dear Shareholders,

We have called you to the Annual General Meeting in accordance with the provisions of the law and Articles of Association of our Company, in particular to report to you on the activity and results of the AgroGeneration Group and of AgroGeneration S.A. during the financial year ended December 31, 2020 and to submit the financial statements for said financial year and the consolidated financial statements of the Group for your approval.

Your Statutory Auditors, BDO Paris Audit & Advisory and FIDAG, will provide you in their reports with all information regarding the regularity of the financial statements presented to you.

All the corporate documents, accounts, reports and other related documents have been communicated or made available to you under the conditions and within the time limits provided by legal and regulatory provisions.

The Board of Directors



## TABLE OF CONTENT

<b>PART 1 – MANAGEMENT REPORT .....</b>	<b>6</b>
<b>1. ACTIVITY AND RESULTS OF THE GROUP DURING 2020 FISCAL YEAR AND OUTLOOKS.....</b>	<b>6</b>
1.1. Activity .....	6
1.2. Key Events .....	6
1.2.1. Geo-political and economic situation in Ukraine .....	6
1.2.2. Impact on COVID 19 on the Group’s operations .....	8
1.2.3. Weather conditions over 2019-20 agricultural season.....	9
1.2.4. Litigation with EHGO/ORNANE .....	9
1.3. Group’s results and consolidated financial statements .....	10
1.3.1. Presentation and valuation methods.....	10
1.3.2. Presentation of key results.....	10
1.4. Exposure to risks.....	10
1.5. Financial situation and results analysis .....	11
1.5.1. Summary of consolidated financial statements.....	11
1.5.2. Earnings .....	13
1.5.3. Financial structure .....	14
1.6. Progress and challenges .....	15
1.7. Research and development .....	15
1.8. Foreseeable developments and outlook .....	15
1.9. Significant events occurred since 31 December 2020.....	16
1.9.1. Impact on COVID 19 on the Group’s operations .....	16
<b>2. GROUP’ S PERIMETER.....</b>	<b>17</b>
2.1. Group’s companies .....	17
2.2. Acquisitions and disposals of investments .....	17



<b>3.</b>	<b>STATUTORY ANNUAL ACCOUNTS AND RESULT ALLOCATION .....</b>	<b>18</b>
<b>3.1.</b>	<b>Review of annual accounts of AgroGeneration S.A. ....</b>	<b>18</b>
<b>3.1.1.</b>	<b>Presentation rules and evaluation methods.....</b>	<b>18</b>
<b>3.1.2.</b>	<b>Turnover and results .....</b>	<b>18</b>
<b>3.1.3.</b>	<b>Shareholders' equity .....</b>	<b>18</b>
<b>3.1.4.</b>	<b>Payment deadlines.....</b>	<b>18</b>
•	<b>Supplier payment terms .....</b>	<b>19</b>
•	<b>Customers payment terms .....</b>	<b>19</b>
<b>3.1.5.</b>	<b>Loans of less than 3-years concluded by AgroGeneration S.A. ....</b>	<b>20</b>
<b>3.2.</b>	<b>Proposed allocation of the result.....</b>	<b>20</b>
<b>3.3.</b>	<b>Non-deductible expenses .....</b>	<b>20</b>
<b>3.4.</b>	<b>Amount of dividends distributed over the past three fiscal years eligible to the 40% rebate and non-eligible to this rebate .....</b>	<b>20</b>
<b>3.5.</b>	<b>Five-year financial summary.....</b>	<b>20</b>
<b>4.</b>	<b>FREE SHARES, STOCK-OPTIONS, STOCK SUBSCRIPTION WARRANTS, BSPCE (STOCK OPTIONS) AND OSRANE .....</b>	<b>21</b>
<b>5.</b>	<b>DISCLOSURE OF INFORMATION REGARDING TRADING IN SECURITIES BY EXECUTIVES OR BOARD MEMBERS OR ASSIMILATED .....</b>	<b>21</b>
<b>6.</b>	<b>INFORMATION ON THE SHARE CAPITAL OF AGROGENERATION S.A. ....</b>	<b>21</b>
<b>6.1.</b>	<b>Shareholding structure.....</b>	<b>22</b>
<b>6.2.</b>	<b>Information regarding the transactions made by the Company on its share capital.....</b>	<b>22</b>
<b>6.2.1.</b>	<b>Employee participation in the capital .....</b>	<b>22</b>
<b>6.3.</b>	<b>Stock price .....</b>	<b>22</b>
<b>6.4.</b>	<b>Branches.....</b>	<b>22</b>
<b>7.</b>	<b>INFORMATIONS ON ENVIRONMENTAL IMPACTS AND SOCIAL PROGRAMS ...</b>	<b>23</b>
<b>7.1.</b>	<b>Protection of the environment .....</b>	<b>23</b>
<b>7.2.</b>	<b>Social programs .....</b>	<b>23</b>



<b>8. INJUNCTIONS OR FINES AS A RESULT OF ANTI-COMPETITIVE PRACTICES.....</b>	<b>24</b>
<b>PART 2 – CORPORATE GOVERNANCE REPORT .....</b>	<b>25</b>
<b>1. Agreements referred to in article L. 225-37-4 paragraph 2 of the French Commercial code .....</b>	<b>25</b>
<b>1.1. Regulated agreements duly authorized throughout the financial year .....</b>	<b>25</b>
<b>1.2. Regulated agreements approved in the past financial years and pursued during the current financial year .....</b>	<b>26</b>
<b>1.3. Regulated agreements authorized since the end of the financial year .....</b>	<b>28</b>
<b>1.4. Agreements entered into between the subsidiaries of the Company and the shareholders and/or executives of the Company .....</b>	<b>28</b>
<b>2. GOVERNANCE .....</b>	<b>29</b>
<b>2.1. Composition of the Board of Directors during the past financial year .....</b>	<b>29</b>
<b>2.1. Personal information regarding the members of the Managing Director .....</b>	<b>30</b>
<b>2.2. Personal information regarding the members of the Board of Directors.....</b>	<b>31</b>
<b>2.3. List of other directorships and positions held by the members of the board of directors .....</b>	<b>35</b>
<b>2.4. Remuneration of the Members of the Board of Directors and Executive Management .....</b>	<b>37</b>
<b>2.4.1. Remuneration of the Members of the Board of Directors .....</b>	<b>37</b>
<b>2.4.2. Remuneration of the Executive Management .....</b>	<b>37</b>
<b>2.5. Authorization to increase the share capital.....</b>	<b>38</b>
<b>APPENDIX 1 – LIST OF CONSOLIDATED COMPANIES.....</b>	<b>39</b>
<b>APPENDIX 2 - TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS .....</b>	<b>40</b>
<b>APPENDIX 3 – SUMMARY TABLE OF THE VALID AUTHORIZATIONS GRANTED BY THE GENERAL MEETING .....</b>	<b>41</b>



## PART 1 – MANAGEMENT REPORT

### 1. ACTIVITY AND RESULTS OF THE GROUP DURING 2020 FISCAL YEAR AND OUTLOOKS

#### 1.1. Activity

Founded in 2007, AgroGeneration is a large-scale producer of grain and oilseed. Following its merger with Harmelia, AgroGeneration today is ranked amongst some of the largest agricultural firms in Ukraine. The Company's core business is grains and oil commodity crop farming, operating near 60,000 hectares of high quality agricultural lands in the East of Ukraine.

Listed on the Euronext Growth Paris market since March 2010, the Company is controlled by SBF IV: the investment fund, managed by SigmaBleyzer Investment Group, which has more than 25 years of experience in the private equity sector in Eastern Europe.

At the end of 2020 AgroGeneration employs approximately 800 employees, out of which approximately 200 seasonal workers. The Group has a capacity of up to 200,000 tons of production per annum on average and over 140,000 tons of storage.

Around the long-term lease of land, the Group has developed a semi-intensive agricultural practice model, with controlled use of inputs, the search for first choice fertilisers and seeds and high-performing machinery. AgroGeneration markets the production directly on the Ukrainian market and exports to top-tier buyers.

In 2020, the Group operated in Kharkiv region in Ukraine with 6 farms, an operational centre in Kharkiv and a central office in Kyiv.

The Company's registered office in Paris has been transferred from the 3, rue de la Pompe, 75116 Paris to the 19, Boulevard Malesherbes, 75008 Paris on October, 2020.

#### 1.2. Key Events

##### 1.2.1. *Geo-political and economic situation in Ukraine*

In 2020, the Ukrainian Government carried on with its comprehensive structural reform agenda aiming at the removal of the existing imbalances in the economy, public finance and governance, and the improvement of the investment climate. Until February 2020, the Ukrainian economy was in a robust macroeconomic state thanks to the successful implementation of a reform program, with declining public debt, falling inflation and positive



growth forecasts. But the Covid-19 outbreak and associated lockdown measures resulted in a sharp economic downturn.

Declining nominal GDP and Covid-19-related fiscal stimulus widened the fiscal deficit, reaching -5.6% GDP in 2020 (from -1.8% in 2019) and projected to amount -3.8% GDP in 2021 and -3% GDP in 2022 (according to IMF). Public debt increased significantly, from 50.1% GDP in 2019 to 65.7% GDP in 2020, and is expected to stay high in 2021 (64.3% GDP) and 2022 (61.8% GDP) (IMF). During 2020, the hryvnya lost -16% vs the USD, but inflation declined to 3.2% in 2020 (from 7.9% in 2019) due to the easing of energy and food prices. Inflation is expected to increase again to 6% in 2021 and 5.7% in 2022. As a result, after contracting by 4.6% in 2020, the Ukrainian economy is expected to return to GDP growth of about 4% in the medium term according to NBU's forecasts (National Bank of Ukraine).

In 2020, Ukraine started to adopt new land market reform. At the end of March 2020, the Verkhovna Rada (equivalent of the Parliament in Ukraine) approved the new law regarding the sale of agricultural land and opening of the land market. The reform envisages that the moratorium for land sale will be removed starting from the second half of 2021 (a moratorium on farmland sales in Ukraine has been in place since 2001 and affected close to 70% of the territory and 16% of the Ukraine's population, which could not freely dispose of their farmland plots). The opening of the land market is scheduled for July 1st, 2021. Under the new law the sale of land in one hand in the first two years after the start of the land reform is limited to 100 hectares, and only individuals who are Ukrainian citizens will be eligible to buy land until January 1st, 2024. Only after January 1st, 2024 Ukrainian legal entities will be allowed to buy land at a concentration of no more than 10,000 ha. The ban on sale of state and municipal agricultural land remains in force. Admission of foreigners to the purchase of land on the territory of Ukraine will be possible only after the relevant decision is taken through a national referendum. It is expected that the new land market reform will boost economic growth by as much as 3% p.a. and substantially increase the value of the economy.

The farmlands operated by AgroGeneration are outside the zone of conflict. The process of harvesting, storage and sales was not impacted in the Kharkiv oblast, where the risk in the escalation of military conflict is very limited. As of December 31, 2020, the carrying value of the Group's assets located in the Kharkiv oblast was €49.3 million. Sowings of the Group in 2020 in Kharkiv oblast represented around 56k ha.



### ***1.2.2. Impact on COVID 19 on the Group's operations***

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including France and Ukraine. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic. In addition, Ukraine declared a state of emergency on March 25, 2020. Currently Ukraine is under an adaptive quarantine until April 30, 2021 which means that most of the restrictions have been lifted, but in the areas with high infection rate all quarantine restrictions are to be maintained. Ukraine remains among the countries in Europe most severely affected by the COVID-19 pandemic in health terms. By the end of 2020, Ukraine had adopted a National COVID-19 Vaccination Roadmap, and a vaccination campaign started in February 2021. Vaccinations are currently ongoing and Ukraine makes efforts to secure sufficient vaccine supplies to cover the country's needs.

It is anticipated that the pandemic's impacts will continue for some time. There has been no immediate negative impact to AgroGeneration's operations, although this could change depending on the future impact of the virus.

The company is currently observing best practices in its operations, including observing social distancing, providing proper sanitizing, etc. Company employees are working from home as much as possible. Travel has been virtually eliminated so that employees may observe stay in place orders and quarantines, with those in field operations observing all sanitary norms during the crisis.

Future potential impacts may include disruptions or restrictions on our employees' ability to work, especially when it is time to collect crops in the fields, the logistical issues of transporting the crops to silos and then on to ports/points of export, the ability to receive key inputs, and potential disruptions imposed by governing bodies to contain the virus or protect its citizens. Although there has been no material impact on these operations as of yet, that could change as the course of the pandemic unfolds.

The Covid-19 pandemic may also have future impacts on the financial statements. Should the situation worsen, the company could potentially see an impact on future revenues, costs of inputs, timing of inputs (and thus a change in yields), lower world crop prices, and storage costs. These and other factors could influence the cash flow of the company and the balance sheet. A prolonged outbreak could strain the financing to the company that is currently in





place. To date, there has been no change in the company's profitability position and management does not see any immediate material change to the company's business operations.

Despite the outbreak, the company continues to meet all its obligations. Management will continue to closely monitor the situation and assess the need for any future additional measures as the situation develops.

### ***1.2.3. Weather conditions over 2019-20 agricultural season***

The year 2020 was a fourth difficult year for AgroGeneration on the back of weather hardships.

Unfavorable weather conditions had a negative impact on the Group's sunflower yield compared to the previous year. In total for this 2020 harvest, the Group collected more than 51,000 tons of sunflower with an average yield of 1.8 tons/ha (vs 2.0 tons/ha in 2019). Due to a lower than expected sunflower crop in Ukraine, market prices have shown an upward trend, which, combined with market prices have trended upward and with good wheat sales expectations, have compensated for the reduced production volumes.

### ***1.2.1. Litigation with EHGO/ORNANE***

AgroGeneration signed a financing agreement with the European High Growth Opportunities Securitization Fund, managed by Alpha Blue Ocean, on June 6, 2018 for the issuance of bonds redeemable in new or existing shares (ORNANE) for a maximum nominal value of €20 million.

Drawdowns totaling €4 million were made under this agreement before the program was suspended by the Company in November 2018.

In February 2019, without prior service of formal notice, European High Growth Opportunities sent an email notification of default under the issuance agreement requesting termination of the agreement and redemption, in cash, of all ORNANE bonds issued and not converted, for a total amount of €1.9 million.

AgroGeneration considered this request to be totally unjustified. European High Growth Opportunities alleges that the contractual provisions of the ORNANE issuance agreement were not met. AgroGeneration strongly contests the alleged default and considers that it was acting within its rights.

Accordingly, AgroGeneration decided to contest the request for early repayment of the ORNANE bonds in cash before the Paris Commercial Court. In response, European High



Growth Opportunities decided to sue AgroGeneration in order to obtain payment of the alleged debt.

The cases have been remanded to the courts several times in 2020 and are still pending. No judgment was pronounced as of the date of disclosure of these financial statements. The related risks are covered by a provision booked in the Group accounts as of December 31, 2020 (see Note 20 of Consolidated financial statements for the period ended December 31, 2020) based on weighted risk scenario.

### **1.3. Group's results and consolidated financial statements**

#### **1.3.1. Presentation and valuation methods**

The consolidated financial statements were prepared in compliance with IFRS standards as currently adopted in the European Union.

#### **1.3.2. Presentation of key results**

The key items of the consolidated financial statements were as follows :

- production of c.a. 169,150 tons of grain and oilseed in 2020;
- revenue of €39.1 million;
- net profit of €2.6 million given an operating profit of €11.2 million and a financial loss of €9.2 million;
- shareholders' equity of €34.7 million;
- net debt, given available cash of €4.6 million (€0.3 million of deposits), of €25.1 million (incl. IFRS 16).

### **1.4. Exposure to risks**

The main risks and uncertainties facing the Group are:

- climatic and phytopathogenic risk that can affect the level of harvests and the quality of products;
- risk on the fluctuation of the price of agricultural commodities which directly impacts the level of turnover;
- political and economic risks that continues to be high;
- legal and tax risks related to Ukrainian system that is still being developed;

- foreign exchange risk with a significant potential impact in case of depreciation of the hryvnia against the dollar and the Euro on the financial results;
- liquidity risk associated with the recent turmoil in Ukraine which led to significant tension and weakened sources of foreign investment and the ability of the local banking system to offer attractive interest rates;
- counterparty risk related to the absence of a secured prior guarantee group policy;
- risk of repatriation of capital invested in Ukrainian and Cypriot subsidiaries related to changes in the political environment.

## 1.5. Financial situation and results analysis

### 1.5.1. Summary of consolidated financial statements

#### Financial indicators

(in € thousands)	2019	2020
<b>Revenue</b>	<b>30,591</b>	<b>39,146</b>
Biological assets and finished goods (change in fair value)	(1,986) <sup>(1)</sup>	10,044 <sup>(1)</sup>
Cost of sales	(30,567)	(32,722)
<b>Gross profit</b>	<b>(1,962)</b>	<b>16,468</b>
Selling, general and administrative expenses	(8,962) <sup>(1)</sup>	(4,876) <sup>(1)</sup>
Other income and expenses	(8,942)	(370)
<b>Operating profit</b>	<b>(19,866)</b>	<b>11,222</b>
Net financial income (expense)	2,054	(9,174)
Tax	450	600
<b>Net profit (loss) from continued operations</b>	<b>(17,362)</b>	<b>2,648</b>
Net profit (loss) from discontinued operations	(10,288)	-
<b>Net profit (loss)</b>	<b>(27,650)</b>	<b>2,648</b>

(in € thousands)	2019	2020
<b>EBITDA</b> <sup>(3)</sup>	(1,184)	19,558
<b>Equity</b>	27,898	34,711
<b>Net debt</b> <sup>(4)</sup>	35,628	25,053
<b>Net debt excl. IFRS16</b>	16,697	10,969

(1) In 2020, reclassification of selected items from G&A expenses (related to farms and production expenses by nature) into production costs was conducted. Total amount of expenses reclassified came to c.a. €1.4 million in 2019 and c.a. €1.2 million in 2020. Consequently, a restatement was applied to the amount of the Group's change in fair value of BA and FG and selling, general and administrative expenses. As of December 31, 2019, it is necessary to read the change in fair value of BA and FG as €(1,986)K compared to €(610)K previously indicated, and selling, general and administrative expenses as €(8,962)K compared to €(10,338)K previously indicated. For 2020, above described restated P&L items represent comparable €1,188K amount. For more details, please refer to the Note 5 of Consolidated financial statements for the period ended December 31, 2020

(2) EBITDA = earnings before interest, tax, depreciation, amortization, provision, net gain or loss on fixed asset divestiture and impairment of non-current assets and additional non-contractual portion of lease commitments

(3) Total borrowings minus available cash and term deposits pledged as security for repayment of bank debt and additional debt related to additional non-contractual portion of lease commitments

## Production and revenue

In 2020, AgroGeneration produced around 169,150 tons of grain and oilseed (vs. 170,600 tons in 2019) over a cultivated area of circa 56,000 ha. The slight decrease in total volume yoy is mainly explained by the new crop mix adopted by management in 2020 with a focus on wheat and sunflower and minor areas engaged under other crops. Most other crops (corn, soy, peas, chickpea) were substituted with sunflower sowings in 2020.

At the same time, the 2020 wheat harvest was successful for AgroGeneration with over 114K tons produced in net weight, with an average yield of 4.4 tons/ha. This exceeds last year's result by 10% while outperforming the Ukrainian average yield by over 18%. Dry weather in summer resulted in good quality wheat.

Dry weather conditions, which lasted from mid-summer through autumn with rare occasional rains, on the other hand, negatively affected yields of the Group's sunflower compared to the prior year. Overall, the Group collected over 51K tons of sunflower in 2020 with an average net yield of 1.8 tons/ha (vs 2.0 tons/ha in 2019).

### Comparison of gross yields (state statistics as of December, 2020):

Crops	AGG vs. Ukraine
Wheat	+18.4%
Sunflower	-4.9%

AgroGeneration posted 2020 revenues of €39.1 million, up €8.5 million from €30.6 million in 2019, primarily resulting from the sale of 175.7K tons (+14.8k tons vs 2019) of crops from 2019 inventories and the 2020 harvest, which were sold with significantly improved crop prices. Sales break down as follows:

- €29.1 million corresponds to revenue from the sale of c.a. 131,300 tons produced in 2020, a 14,800 tons increase versus 2019 mainly due to an increase in the sales of winter wheat. The difference between tonnage produced and sold of around 37,800 tons corresponds to production stored by the Company for its own needs (seeds) and to inventory (mainly sunflower) to be sold in 2021;
- €9.2 million from the sale of 2019 inventory (44,310 tons);
- €0.8 million from other products and services (storage, drying).



The export share in the Company's revenues (including sales of inventories from prior year production) decreased to 33% (versus 60% in 2019). Such a decline was attributed to the favorable local crop prices, leading the Group's management to focus on the local (Ukrainian) market. Excluding crops not eligible for export (sunflower), the proportion would be 43%.

### **1.5.2. Earnings**

Gross result from operations substantially improved from the loss of €(2.0) million in 2019 to the profit of €16.5 million in 2020, a €18.5 million improvement. This increase can be broken down as follows:

- €7.0 million related to the effect of a price increase for both wheat (+12%/ton yoy) and sunflower (+39%/ton yoy) following global market trends;
- €7.1 million change in the fair value of biological assets and finished goods between the two year-ends representing a combined effect of commodity price increases and cost optimization as well as a crop mix revision towards higher-margin crops in 2020 vs 2019;
- €3.1 million associated with the decreased production cost of crops sold, resulting from optimized use of fertilisers and crop protection products, as well as cheaper seed material (for wheat -17%/ha yoy, for sunflower -13%/ha yoy);
- €1.3 million effect from forex and other activities.

Selling, general and administrative expenses significantly decreased by 47.5%, or by €4.1 million, from €9.0 million in 2019 to €4.9 million in 2020, mostly attributed to the following:

- €1.9 million reduction in administrative expenses associated with 2020 cost saving initiatives, in particular optimization of headcount structure and head office rent expenses, audit, legal and listing costs, and other administrative expenses;
- €1.4 million reduction in selling expenses mostly driven by a decline in export volumes and by a decrease in transport tariffs;
- €0.8 million attributed to one off-costs of 2019 related to farm disposal.



Due to both good production performance supported by increased commodity crop prices and a significant reduction in selling and administrative expenses described above, EBITDA reached a significantly improved €19.5 million vs €(1.2) million in 2019.

Net other expenses of €(0.4) million in 2020 refer mainly to the impairment of fixed assets during revaluation as of December 31, 2020. The comparative 2019 amount was €8.9 million, which was mostly attributable to the depreciation of goodwill of €(7.7) million (non-cash effect), caused by the decrease in the economies of scale for the new scope of Group's operations and €(1.4) million of net result on disposal of fixed assets, which occurred in 2019. Consequently, operating profit reached €11.2 million compared to €(19.9) million in 2019, i.e. an increase of €31.1 million.

Net financial expense stood at €(9.2) million versus net financial income of €2.0 million in 2019. The decline of €11.2 million is primarily attributed to the variances in net foreign currency losses (c.a. €13.1 million negative effect) driven by the significant depreciation of the Ukrainian hryvnia in 2020. Despite the latter, excluding any forex impact, the Group substantially reduced its financial expenses (by c.a. €1.9 million vs 2019) on the back of significant debt burden reduction.

Overall, the Group achieved net profit from operations amounting to €2.6 million versus a net loss of €(17.4) million in 2019.

### ***1.5.3. Financial structure***

During the financial year, equity has increased from €27.9 million to €34.7 million. This improvement despite the currency translation differences of €(4.2 million) has been driven by an achieved net profit of €2.6 million and by the revaluation of assets (appraised by an independent expert) for €8.4 million.

Net operating cash flow totalled €13.8 million. This cash flow enabled the company to cover capital expenditures, repayment of borrowings, and interest paid during the year. At year-end, cash and cash equivalents amounted to €4.6 million.

The Group substantially decreased the amount of its net debt: from €35.6 million as of the end of 2019 to €25.1 million as of the end of 2020. Excluding IFRS 16, net debt came to €11.0



million as of the end of 2020 versus €16.7 million in 2019 (-34% yoy). The net debt ratio improved to 32% of equity.

AgroGeneration now benefits from a balanced and sound financial structure and management plans to continue to gradually reduce its debt so as to cut interest expenses further.

### **1.6. Progress and challenges**

In 2020, after conducted in 2019 divesting from a number of production farms located in central and Western Ukraine, the management of AgroGeneration was focused on measures to recover and optimize operational and financial performance of the Company. The year 2020 crop mix was revised towards less cost-intensive crops, downsizing the use of fertilizers. Implementation of cost optimization initiatives announced by the management at the end of 2019 significantly added to the replenishment of AgroGeneration's year-end returns. Among the major cost-cutting measures implemented during 2020 were: head office cost optimization, including changes to the management team of the Company, followed by a reduction in salary costs and related taxes; optimization of audit fees through the change of the statutory auditor; reduction of office rent through the relocation of the head offices in France and in Ukraine; and optimization of legal, listing, and accounting costs by renegotiating terms with the according partners. Administrative cost saving initiatives are still ongoing with their full effect to be visible in 2021YE. The Group has considerably improved its economic fundamentals with equity strengthened and debt significantly reduced.

Reflecting those improvements and the higher quality of AgroGeneration's creditworthiness, the financing of the 2021 harvest was fully secured sooner than last year. This includes both Alfa Bank external financing and internally generated operating cash flows, avoiding the necessity to conclude pre-payment trade agreements.

### **1.7. Research and development**

In 2020 the Group did not perform any research and development activities.

### **1.8. Foreseeable developments and outlook**

2020 marked a genuine return to operating profitability for AgroGeneration. With these strong results, AgroGeneration is well positioned to sustain this performance. The new 2021 crop year has made a good start. Out of c.a. 56,000 hectares of land farmed this year, 28,000



hectares have already been sown with winter wheat under favorable weather conditions so far.

For the 2021 production season, AgroGeneration plans to follow the adopted in 2020 production strategy with its main focus on wheat and sunflower, with only some small areas engaged under other crops (considering additional diversification and agronomical feasibility).

To sustain operating results in 2021, the Group plans to continue cost structure improvement via:

- *Completion of cost cutting measures announced in late 2019-early 2020.* Entire effect from implemented cost savings in the head office of the Group is to be reflected in the 2021 year-end result. In addition, the Company will continue cost optimization on farms level (incl. optimization of the use of machinery and farms' infrastructure, revision of 3rd party services fees, etc.).
- *Optimizing expenditure:* already achieved significant improvements in Group's performance in 2020, leading to lower financing requirements. The Group has secured the financing for this year's season with its usual bank partner (Alfa Bank) and without arranging pre-payment agreements.

The positive start to the 2021 season coupled with continued cost savings are expected to result in the continued turnaround of the company.

## **1.9. Significant events occurred since 31 December 2020**

### **1.9.1. Impact on COVID 19 on the Group's operations**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including France and Ukraine. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic. In addition, Ukraine declared a state of emergency on March 25, 2020. It is anticipated that the pandemic's impacts will continue for some time. There has been no immediate negative impact to AgroGeneration's operations, although this could change depending on the future impact of the virus.

The Company is currently observing best practices in its operations, including observing social distancing, providing proper sanitizing, etc. Company employees are working from home as





much as possible. Travel has been virtually eliminated so that employees may observe stay in place orders and quarantines, with those in field operations observing all sanitary norms during the crisis.

Future potential impacts may include disruptions or restrictions on our employees' ability to work, especially when it is time to collect crops in the fields, the logistical issues of transporting the crops to silos and then on to ports/points of export, the ability to receive key inputs, and potential disruptions imposed by governing bodies to contain the virus or protect its citizens. Despite the outbreak, the company continues to meet all its obligations. Management will continue to closely monitor the situation and assess the need for any future additional measures as the situation develops.

## **2. GROUP' S PERIMETER**

### **2.1. Group's companies**

The consolidated companies at December 31, 2020, as well as the direct or indirect interests held by AgroGeneration S.A. in these entities, are shown in a table in **Appendix 1**.

### **2.2. Acquisitions and disposals of investments**

During financial year 2020, the Group did not make any divestment or acquisition.

AgroGeneration continued optimization of the Group's legal structure through 2020. Number of Cypriot legal entities has been reduced from 5 to 2 by the 2020 year-end. Holding of the Ukrainian legal entities has been concentrated on Harmelia Investments Limited, AgroGeneration SA and Marrimore Holdings Ltd by June 30, 2020. In the second half 2020 AgroGeneration transferred the Group's control over the service operating companies, namely 3 Cypriot companies : Azent Limited Company, Wellaxo Investments Limited, Zeanovi Limited and 1 Ukrainian service operating company Agro Dom Plus to the third party Buyer. This reorganization resulted in the restructuring of the Group' tax liabilities. The income tax and related payables by the 3 disposed Cypriot companies has been effectively replaced by the Group payable to the third party Buyer and Agro Dom Plus as a third party.



### **3. STATUTORY ANNUAL ACCOUNTS AND RESULT ALLOCATION**

#### **3.1. Review of annual accounts of AgroGeneration S.A.**

##### ***3.1.1. Presentation rules and evaluation methods***

The presentation rules and valuation methods used to draw up the annual financial statements comply with the French regulations in force and no change has occurred compared to previous years.

Based on the new regulation ANC 2015-05, foreign exchange results can be accounted as operating income or financial result. Consequently forex gains or losses on trade customers or suppliers are accounted in operating result.

##### ***3.1.2. Turnover and results***

The turnover of AgroGeneration S.A. amounts to € 1.6 million, decreased by 91 % compared to a turnover in 2019 (€18.9 million), due to fact that since 2020 all new crop export contracts are concluded directly between Ukrainian farms and customers and not via AgroGeneration SA.

The operating result is a loss of € -0.3 million vs. a loss of €-1.0 million in 2019.

The net financial result is a loss of € -2.2 million compared to a loss of €-63.9 million in 2019. The significant loss in 2019 was mainly due to an impairment provision of € 67.9 million for all of its equity investments as December 2020.

The net result is a loss of € -2.2 million compared to a loss of €-71.6 million in 2019.

##### ***3.1.3. Shareholders' equity***

Equity amounted to €21.4 million compared to €23.7 million in 2019, i.e. a decrease of €2.3 million.

##### ***3.1.4. Payment deadlines***

In accordance with the article L.441-6-1 of the French Commercial Code, please find below information on the payment terms of suppliers and customers. All amounts come from the balance sheet and therefore include VAT, except for abroad where there is no VAT.

- **Supplier payment terms**

At December 31, 2020, the balance of accounts payable and related accounts (excluding advances received) amounted to € 2,483,748, broken down as follows :

- French Third-Party Suppliers: € 66,477
- Foreign Third-Party Suppliers: € 200,941
- Group Supplier: € 2,067,736
- Supplier - Invoices not received: € 148,594

The payment dates of accounts payable presented concern French and foreign third-party suppliers, as well as intra-group suppliers.

	Not yet due	<30 days	<60 days	<90 days	>90 says	Total**	%*
<b>payments by due date</b>							
31/12/2020	0	0	40 800	58 601	2 235 154	<b>2 335 154</b>	103
Number of invoices	0	0	2	1	20	<b>23</b>	

\* Compared to the total amount of purchases for the year.

IC Trade payables in the amount 764 158 were formed during crops purchases from Ukrainian farms in 2019 and have been settled in January 2021.

\*\* Does not include balance of "Supplier - Invoices not received"

As a reminder in the previous years :

	Not yet due	<30 days	<60 days	<90 days	>90 days	Total	%*
31/12/2019	430 935	494 835	308 506	225 631	114 677	<b>1 574 585</b>	9
31/12/2018	1 214 521	1 578 477	1 280 957	272 599	13 442	<b>4 359 995</b>	17

- **Customers payment terms**

At 31 December 2020, the balance of accounts receivable amounted to €2,270,778, broken as follows:

- French third-party customers : €0

- Foreign third-party customers : €0
- Group customers : €2,270,778
- Group customers – not yet been invoiced : €0

The payment dates of accounts receivables concern French and foreign third-party customers, as well as intra-group customers.

	Not yet due	<30 days	<60 days	<90 days	>90 days	Total**	%*
31/12/2020	0	0	0	0	2 270 778	<b>2 270 778</b>	139
Number of invoices	0	0	0	0	6	<b>6</b>	0

\* Compared to the total amount of sales for the year

Receivable in the amount of 2 120 778 was formed by the end of 2018 and represents mainly receivable from its subsidiary AGU under License agreement.

\*\* Does not include balance of "Group customers – not yet been invoiced"

### **3.1.5. Loans of less than 3-years concluded by AgroGeneration S.A.**

No loans of less than three years have been concluded by AgroGeneration S.A. in accordance with Article L. 511-6 of the Monetary and Financial Code.

### **3.2. Proposed allocation of the result**

The result of the financial year ended at 31 December 2020 was a net loss of €-2,184,816, which we propose to allocate to the retained earnings account.

### **3.3. Non-deductible expenses**

No reinstatement in the calculation basis of corporation tax has been made under Article 39-4 of the French Tax Code (excess or non-deductible depreciation).

### **3.4. Amount of dividends distributed over the past three fiscal years eligible to the 40% rebate and non-eligible to this rebate**

AgroGeneration S.A. did not distribute any dividends or income eligible for the 40% rebate for the previous three financial years.

### **3.5. Five-year financial summary**

In accordance with the provisions of Article R. 225-102 of the French Commercial Code, a table is attached to this report (**Appendix 2**) showing our company's results for each of the last five financial years.

#### **4. FREE SHARES, STOCK-OPTIONS, STOCK SUBSCRIPTION WARRANTS, BSPCE (STOCK OPTIONS) AND OSRANE**

As a result, as at December 31, 2020, the number of outstanding instruments and the number of shares potentially issuable following the exercise of these instruments are presented below:

Instruments	Number of instruments	Number of potential additional shares
Stock Options	462 500	462 500
KONKUR Warrants	1 379 487	2 519 544
BSA (European High Growth)	4 123 781	4 123 781
ORNANE	190	6 333 333
Total		<b>13 439 158</b>

During financial year 2020, AgroGeneration S.A. did not grant any stock options to corporate officers.

As of December 31, 2020, there were 190 ORNANES which have not been converted by EHGO at their respective maturity (July, August and November 2019). From the legal point of view, considering the maturity date of the ORNANES in 2019 and that no request of the conversion has been made by EHGO, the 190 non-converted ORNANES could not be converted anymore and are extinguished. Nevertheless, as of December 31, 2020, the undertakings from the side of the Company to issue 6 333 333 shares based on 190 ORNANES (based on the average price per share of €0.30 which corresponds for the floor price) at the maturity date into share could not be excluded. The litigation related to ORNANES is further detailed in Section 1.2.1.

#### **5. DISCLOSURE OF INFORMATION REGARDING TRADING IN SECURITIES BY EXECUTIVES OR BOARD MEMBERS OR ASSIMILATED**

In accordance with Article 223-26 of the General Regulations of the Financial Markets Authority (AMF), there were no operations that has to be declared to the AMF.

#### **6. INFORMATION ON THE SHARE CAPITAL OF AGROGENERATION S.A.**

At December 31, 2020, the share capital amounts to €11 079 319.35. It is divided into

221 586 387 ordinary shares with a par value of €0.05.

## 6.1. Shareholding structure

In accordance with Article L. 233-13 of the Commercial Code, we hereby inform you of the identity of the shareholders directly or indirectly holding more than 5%, 10%, 15%, 20%, 25%, 33,33%, 50%, 66,66%, 90% or 95% of the share capital or voting rights at General Meetings, as well the identity of other shareholders:

Shareholders	At 31/12/2020	
	Number of shares	%VR and capital
Konkur Investments Ltd	126 084 106	56.90%
GreenAlliance/Gravitation	7 190 409	3.25%
Float *	88 311 872	39.85%
Total	221 586 387	100.00%

\* Public ownership corresponds to the free float and the portion held by certain former employees and owned by AgroGeneration S.A. (See Section 6.2.1).

The key shareholders of AgroGeneration S.A. are as follows :

- **Konkur Investments Limited** is owned at 80% by a wholly owned subsidiary of the investment fund SigmaBleyzer Southeast European Fund IV, CV. The fund is managed by SigmaBleyzer Investment Group LLC, the general partner, which is controlled at 100% by Michael Bleyzer, Lev Bleyzer and Valery Dema.
- Charles Beigbeder holds 90% of the capital of the company **Gravitation** which holds 100% of the capital of the company **GreenAlliance**.

## 6.2. Information regarding the transactions made by the Company on its share capital

### 6.2.1. Employee participation in the capital

In accordance with the provisions of Article L. 225-102 of the Commercial Code, we inform you that as of December 31, 2020, there are no shares held by employees.

## 6.3. Stock price

At the end of the financial year, the AgroGeneration S.A. share price was €0.10.

## 6.4. Branches

At the date hereof, AgroGeneration S.A has no branch.



## **7. INFORMATIONS ON ENVIRONMENTAL IMPACTS AND SOCIAL PROGRAMS**

### **7.1. Protection of the environment**

The farmland operated by AgroGeneration is part of Ukraine's natural heritage and must be managed in a respectful and reasoned manner. In this respect, the sustainable environment is a concept taken into account at the highest level of the Company's management. In defining its environmental management policy, the Company relies on the provisions of Ukrainian environmental legislation and other regulations and strictly complies with all government regulations relating to environmental protection.

At the same time, implementing its philosophy of promoting innovation and technology, AgroGeneration is committed to preserving the environment with state-of-the-art equipment, innovative technology and cutting-edge farming methods. In order to minimise erosion and to preserve soil moisture and nutrients, the Company directs its investments towards the choice of modern farm machinery within the framework of reduced tillage practices. All equipment has fuel consumption detectors and GPS navigation systems, which not only reduces energy consumption, tracks vehicle movements and achieves high precision planting, but also controls emissions of dangerous gases.

### **7.2. Social programs**

In line with its commitment to social responsibility, AgroGeneration supports disadvantaged structures such as orphanages, hospitals, schools and retired populations. Thanks to its diversified activities, the Company distinguishes itself by improving the living conditions of the villages in the regions where it is present, and in particular in the Kharkhiv oblast, which faces population displacements from the Lugansk and Donetsk oblasts. The essential aspect is the creation of jobs for local residents. This aspect has all the more impact as posts are created in rural areas, where unemployment is a particularly difficult issue. In addition, the Company pays special attention to Ukrainian children, the future of the country. It thus supervises several schools in the areas where the group's subsidiaries are located. AgroGeneration invests in infrastructures such as schools and young football teams, finances the purchase of new sports equipment and provides other types of assistance as needed. The Company also



invests in the great tradition of summer camps for young people and sends gifts at the end of the year to children.

#### **8. INJUNCTIONS OR FINES AS A RESULT OF ANTI-COMPETITIVE PRACTICES**

We inform you that AgroGeneration S.A. has not been subject to any injunction or financial penalty for anti-competitive practices during financial year 2020.

\*

\* \*





## PART 2 – CORPORATE GOVERNANCE REPORT

### 1. Agreements referred to in article L. 225-37-4 paragraph 2 of the French Commercial code

This section will present:

- The regulated agreements referred to in article L. 225-38 of the French Commercial code have been entered into during the financial year ended 31 December 2020 and duly authorized by your Board of directors throughout the financial year **(1.1)**,
- The other regulated agreements which have been entered into in the past financial years, have been continued **(1.2)**,
- The other regulated agreements which have been authorized since the end of the financial year **(1.3)**,
- The agreements entered into between the subsidiaries of the Company and the shareholders and/or executives of the Company **(1.4)**.


These regulated agreements referred in subsection 1.1, 1.2 and 1.3 are discussed in the special report of the auditors.

#### 1.1. Regulated agreements duly authorized throughout the financial year

The following agreements, referred to in article L. 225-38 of the French Commercial code have been entered into throughout the financial year:

- ***Settlement agreement between John Shmorhun and AgroGeneration SA and Harmelia Investments Limited:*** On 31 March 2020, the Board of Directors authorised the signature of a transactional agreement between the Company, Mr John Shmorhun and Harmelia Investments Ltd relating to the termination of Mr John Shmorhun's functions within the group. The agreement provides, in exchange of the resignation of Mr. John Shmorhun (i) an immediate payment of USD 150,000 by Harmelia and (ii) an additional earn out payment of a maximum amount of USD 144,360 by Harmelia if AgroGeneration sells two farms within 12 months or if the majority shareholder, Konkur Investments Limited, sells its interest in AgroGeneration (without any obligation on the part of AgroGeneration or Konkur Investments Limited to make such sales).

The Board of Directors considered that the conclusion of this agreement was justified



by the absence of financial burden for AgroGeneration.

At the date of the management report, considering that no event has taken place, we can consider that the Company's commitments under this agreement have ended.

## **1.2. Regulated agreements approved in the past financial years and pursued during the current financial year**

The following agreements, authorized by the Board of directors of AgroGeneration S.A., have been pursued throughout the financial year:

- ***Revolving loan entered into with Konkur Investments Limited and SigmaBleyzer Investment Group LLC for a maximum amount of € 2 900 000***: the Board of directors authorized on March 31<sup>st</sup> 2017 the conclusion of a revolving loan, dated April 1<sup>st</sup> 2017, to the benefit of AgroGeneration S.A., for a maximum amount of € 2 900 000, which can be drawn down in several times for a maximum amount of € 1 450 000 for each drawing on the 1<sup>st</sup> of April and the 1<sup>st</sup> of October of each year. Every drawing will have a maximum maturity of one (1) year and an interest rate of 12%. This interest rate may be reviewed in the case there is a movement of the market, after an approval given by the Board of directors.
- ***Amendment n°2 to the Revolving loan entered into with Konkur Investments Limited and SigmaBleyzer Investment Group LLC for a maximum amount of € 2 900 000***: the Board of directors authorized on March 31<sup>st</sup> 2017 the conclusion of a revolving loan, dated April 1<sup>st</sup> 2017, to the benefit of AgroGeneration S.A., for a maximum amount of € 2 900 000, which can be drawn down in several times for a maximum amount of € 1 450 000 for each drawing on the 1<sup>st</sup> of April and the 1<sup>st</sup> of October of each year. Every drawing will have a maximum maturity of one (1) year and an interest rate of 12%. This interest rate may be reviewed in the case there is a movement of the market, after an approval given by the Board of directors.

The Board of directors also authorized on July 3<sup>rd</sup> 2017 the modification of the terms and conditions of this loan, in particular to include SigmaBleyzer Investment Group LLC as an additional lender.

This one-year agreement was not renewed but was amended on March 28, 2018 by the Board of Directors to extend the maturity date of the two drawings within the framework Revolving loan agreement of one (1) year.



This agreement has been amended to modify the maturity date. The reimbursement of the two drawings of a respective amount, in principal, of € 752,190 and € 1,433,744.

This agreement was the subject of a forth amendment, authorized by the Board of Directors, in order to modify the maturity dates of this loan.

- ***Loan entered into with Konkur Investments Limited for a maximum amount of € 1,433,744:*** On March 28, 2018, the Board of Directors authorized the conclusion of a loan by Konkur Investments Limited for the benefit of AgroGeneration SA for a maximum amount of € 1,433,744 for a period of one (1) year, interest rate of 12%. On April 3, 2018, the Company made a drawing of € 1,433,744.

This agreement has been amended to modify the maturity date.

- ***Loan entered into with Konkur Investments Limited for a maximum amount of € 1,433,744:*** On September 13, 2018, the Board of Directors authorized the conclusion of a loan by Konkur Investments Limited for the benefit of AgroGeneration SA for a maximum amount of € 1,433,744 for a period of one (1) year, interest rate of 12%. On October 1, 2018, the company made a draw of € 1,433,744.

This agreement has been amended to modify the maturity date.

- ***Loan from Konkur Investments Limited for a maximum amount of € 1 433 744:*** the Board of directors authorized on March 14, 2019 the conclusion dated March 15, 2019 of a loan by Konkur Investments Limited to the benefit of AgroGeneration S.A., for a maximum amount of €1 433 744 and for a period of six months, with an interest rate of 12%.

On 1 April 2019, Agrogeneration drew down €1,433,744.

The Board of directors considered the conclusion of this agreement to be justified by the forthcoming financial deadlines of the Company.

- ***Amendment n°3 to the Revolving Loan from Konkur Limited and SigmaBleyzer Investment Group LLC for a maximum amount of € 2 900 000:*** the Board of Directors authorized on March 14, 2018 the conclusion dated March 15, 2019 of a new amendment to the revolving loan entered into between Konkur Investments Limited, SigmaBleyzer Investment Group LLC and AgroGeneration S.A., for a maximum amount of € 2 900 000.



The aim of this amendment is to extend the maturity date of the two drawings realized under the aforementioned one (1) year revolving loan. The first drawing, with a principal amount of €752 190 and the second drawing, with a principal amount of €1 433 744, shall now be repaid on October 2<sup>nd</sup> 2019 (from previously April 1, 2019 for the first one and October 2, 2018 for the second one).

The Board of directors considered the conclusion of the amendment to be justified by the forthcoming financial deadlines of the Company.

- ***Amendment No. 4 to the revolving loan agreement between the Company and Konkur Investments Limited and SigmaBleyzer Investment Group LLC***

On October 4, 2019, the Board of Directors authorized the conclusion of a global amendment to all contracts concluded between Konkur Investments Limited, SigmaBleyzer Investment Group LLC and AgroGeneration S.A., for a total amount of €6,214,513.

The purpose of this amendment is to modify the maturity date of these loans in order to (i) suspend their due date, (ii) make them repayable at any time subject to a prior period of (5) days and (iii) modify the qualification of these loans as a global shareholder loan.

The Board of Directors considered that the conclusion of this new amendment was justified by the Company's future financial maturities.

As of the date hereof, the principal amount outstanding under these agreements amounts to €6,214,513.

The Board of directors considered that the conclusion of this agreement and its amendment were justified by the forthcoming financial deadlines of the Company.

### **1.3. Regulated agreements authorized since the end of the financial year**

Since the end of the 2020 financial year, no agreements have been authorized by the Board of directors of AgroGeneration S.A.

### **1.4. Agreements entered into between the subsidiaries of the Company and the shareholders and/or executives of the Company**

The following agreements, referred to in article L. 225-37-4 paragraph 2 of the French

Commercial code, have been entered into during the 2020 financial year:

- **Rent agreements between Ukrainian subsidiaries (Registr, AGG UA, DON, BUR) and Techno-Iron LLC:** the rent agreements on the rent of office premises in Kharkiv, dated December 01, 2018 has been concluded between Register LLC (Registr), AgroGeneration Ukraine LLC (AGG UA), APK Dontets LLC (DON), Burlukskoje PC (BUR) and Techno-Iron LLC (the company controlled by SigmaBleyzer Group). The invoices amount for the 2020 financial year rises up to €276,612 without taxes.

## 2. GOVERNANCE

We remind you that under the provisions of article L. 225-51-1 of the Commercial Code, the Board of Directors has opted to separate the functions of Chairman of the Board of Directors and Managing Director, Mr. Michael Bleyzer acting as Chairman of the Board of Directors and Mr. John Shmorhun (until March 31, 2020) and Mr. Sergiy Bulavin (as of March 31, 2020) acting as Managing Director.

### 2.1. Composition of the Board of Directors and of the executive management during the past financial year

Term of office	Surname and first name / company name	Date of first appointment	End of the term of office
Chairman of the Board of Directors – Member of the Board of Directors	Mr. Michael Bleyzer	Ordinary General Meeting of 11/10/2013	As Chairman until the ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024 As Director until the ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024
Managing Director – Member of the Board of Directors	Mr. John Shmorhun	Ordinary General Meeting of 11/10/2013	As Director until the ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024 <b>Mr. John Shmorhun resigned from his position of the Managing Director during the fiscal year 2020</b>
Member of the Board of Directors	Mr. Lev Bleyzer	Ordinary General Meeting of 11/10/2013	Ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024

Term of office	Surname and first name / company name	Date of first appointment	End of the term of office
	Mr. Valery Dema	Ordinary General Meeting of 11/10/2013	Ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024
	Mr. Neal Warren Sigda	Ordinary General Meeting of 11/10/2013	Ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024
	Mr. Guillaume James	Ordinary General Meeting of 11/07/2014	Ordinary General Meeting to approve the accounts for the financial year ending 31/12/2024
	Mr. Xavier Regnault	Ordinary General Meeting of 26/06/2018	Ordinary General Meeting to approve the accounts for the financial year ending 31/12/2023
<b>Managing Director</b>	Mr. Sergiy Bulavin	Board of directors of 31/03/2020	Unlimited

## 2.2. Personal information regarding the Managing Director

### Sergiy Bulavin – Managing Director of AgroGeneration



Sergiy Bulavin began his career in 1995 at SigmaBleyzer, a US-based private equity firm and current majority shareholder of AgroGeneration. He held a number of operational and senior management positions covering several Eastern European countries (Ukraine, Bulgaria, Romania and Kazakhstan) before taking up a position as Vice President assigned to the Ukraine Agricultural Project.

In 2010, he joined Harmelia as First Vice President, and after the 2013 merger with AgroGeneration, became Senior Vice President of AgroGeneration. Since March 2020, he became Managing Director of the Group.

### 2.3. Personnel information regarding the members of the Board of Directors

#### **Michael Bleyzer – Chairman of the Board of Directors**



Michael Bleyzer is the founder of SigmaBleyzer (established in 1994), one of Eastern Europe's largest and most experienced private equity investors, and the developer of its business model, which blends the best of Western business practices with extensive regional experience in former Soviet bloc countries.

Born in Kharkiv, Ukraine, Mr. Bleyzer was raised and educated in the Soviet Union, graduating from the Kharkiv Institute of Radioelectronics with a Master of Science in digital electronics and quantum physics. His career took him to Russia, Ukraine, Uzbekistan and Turkmenistan, before he came to the U.S. in 1978 where he became an American citizen. Mr. Bleyzer then embarked on a career in finance and management, which lasted over 15 years at Exxon and Ernst & Young included a variety of operational, management and executive positions in Texas, Louisiana and Europe.

Mr. Bleyzer has appeared on CNBC as an expert on emerging markets investment and frequently speaks at investment conferences around the world. Mr. Bleyzer has served on the Board of Directors of the Houston Holocaust Museum, the Texas Emerging Technology Fund Advisory Committee, Thunderbird Private Equity Center Executive Advisory Board, the Thunderbird Global Council, and the Advisory Board of the Emerging Markets Private Equity Association (EMPEA).

Since October 2013, Mr. Bleyzer serves as Chairman of the Board of Directors of AgroGeneration.

### **Lev Bleyzer – Member of the Board of Directors**



Lev Bleyzer is a founding Partner of SigmaBleyzer and is responsible for everyday operations at the company. Mr. Bleyzer was born in the former Soviet Union and attended Kharkiv Engineering Economics Institute. He immigrated to the United States in 1981 and graduated from the University of Houston with a degree in management in 1987.

During college, he worked for a wine wholesale company, where he became one of the top salesmen in Houston. After graduation, Mr. Bleyzer was accepted into the management program of a national retail company where he worked for four years as sales manager until he joined Sigma Ventures Inc. in 1994.

Mr. Bleyzer is a member of the Board of Directors of numerous companies located throughout Eastern Europe. In his capacity as Board Member, he is responsible for the financial and operational aspects of each business.

Since October 2013, Lev Bleyzer sits at the Board of Directors of AgroGeneration. He is also Chairman of the Remuneration Committee and member of the Audit committee.

### **Valery Dema – Member of the Board of Directors**



Valery Dema founded Sigma Financial Industrial Group in 1989 and served as its General Director. In 1994, Sigma Financial Industrial Group brought under the control of Sigma Venture Inc, date on which he became vice-chermain. He is currently responsible for New Business Development in SigmaBleyzer.

Mr. Dema graduated from the Kharkiv Aviation Institute in 1985. His post-graduate studies include three years of economics at the Kharkiv Engineering Economics Institute, one year of management at Cologne University in Germany and three years of law at the Kharkiv Institute of Jurisprudence.

Since October 2013, Valery Dema sits at the Board of Directors of AgroGeneration.





**Neal Warren Sigda – Member of the Board of Directors**



Neal Sigda is a Partner at SigmaBleyzer, serving as a member of the Investment Committee and the Chairman of the Internal Portfolio Review Board. From 1995 to 1997, Mr. Sigda spent most of his time in Kaliningrad, Russia as well as in St. Petersburg, where he was the Director of Finance for a joint venture.

Prior to that, he spent several years in the publishing industry. Mr. Sigda holds a bachelor's degree from Cornell University and a Master of International Management from Thunderbird, the American Graduate School of International Management (with a specialization in finance).

As Partner at SigmaBleyzer, Mr. Sigda has helped build or manage various areas of the business. This includes serving or having served on several Boards of Directors, heading up SigmaBleyzer Equities Research Group, monitoring investors' relation and leading the Deal Team.

Since October 2013, Mr. Sigda serves as a member of the Board of Directors of AgroGeneration. He is also a Chairman of the Audit Committee and member of the Remuneration Committee.

**John Shmorhun – Member of the Board of Directors**



John Shmorhun is a former DuPont executive that has worked in Ukraine and Russia for more than 18 years managing DuPont's agricultural businesses in the region. As Director, he was in charge of operations in Russia, Ukraine, and the CIS countries for eight years.

Prior to that appointment, he started-up DuPont Ukraine, where he served as the General Director in charge of DuPont's agrochemical business from 2003 to 2008. He served as a Navy pilot for 10 years prior to joining DuPont. Mr. Shmorhun has served on many boards, including the American Chamber of Commerce in Russia, DuPont Khimprom CJSC, and DuPont Russian Coatings CJSC. He holds an MBA from the International Management Institute in Geneva and a BS in Mechanical Engineering from the US Naval Academy. Since 2010, John Shmorhun has



been employed as the President of Harmelia, a portfolio company of SigmaBleyzer. From 2013 till March 2020, Mr. Shmorhun has served as the CEO at AgroGeneration.

### **Guillaume James – Member of the Board of Directors**



Guillaume James graduated from Panthéon Assas University in 1999. He holds a degree of Master in Law. Between 2000 and 2002 Mr. James served as a Jurist at Self Trade (online broker).

Between 2002 and 2010 he held a position of Director of Corporate Affairs at Poweo (First Independent French Electricity and Gas Supplier).

Since 2008, Mr. James serves as a Director at Gravitation. Since 2014, Guillaume James sits at the Board of Directors of AgroGeneration. He is also a member of the Remuneration Committee.

### **Xavier Regnaud - Member of the Board of Directors**



Xavier Regnaud is an agronomist and geneticist, graduated from the Executive MBA of HEC Paris and Babson College in Innovation and Entrepreneurship.

From 1990 to 1994, Xavier Regnaud was the chief of agricultural food products innovation market of the group Limagrain.

From 1995 to 2008, he successively held the positions of General Director of Fidesco then of the Entrepreneurs Network (financing of SMEs with a high potential), where he was at the initiative of the creation of an investment fund for innovative companies.

From 2008 to the present, he was the President and Vice President of IHD (Health) and Momagri (Agricultural Rating Agency).

Xavier Regnaud serves as a member of AgroGeneration's Board of Directors since 2017.

## 2.4. List of other directorships and positions held by the corporate officers

Name and surname of the director	Mandates and positions held within the Group during the financial year ended and during the last five financial years	Offices and positions held outside the Group during the last five financial years
<b>Michael Bleyzer</b>	<u>Mandates and functions during the past financial year:</u> <ul style="list-style-type: none"> <li>- Chairman of the Board of Directors</li> </ul>	<u>Mandates and functions during the year ended:</u> <ul style="list-style-type: none"> <li>- CEO, member of the Investment Committee and founding partner of SigmaBleyzer</li> </ul> <u>Mandates and functions held during the last five financial years:</u> <ul style="list-style-type: none"> <li>- Texas Emerging Technology Fund: advisory committee</li> <li>- Thunderbird: World committee</li> <li>- Thunderbird Private Equity Center: Executive and Advisory Committee</li> <li>- Emerging Markets Private Equity Association (EMPEA): Executive Committee</li> <li>- Houston Museum of Holocaust: Board Member</li> </ul>
<b>John Shmorhun</b>	<u>Mandates and functions during the past financial year:</u> <ul style="list-style-type: none"> <li>- CEO (until March, 2020)</li> <li>- Member of the Board of Directors</li> <li>- CEO and Member of the Board of Directors of Harmelia</li> </ul>	None.
<b>Valery Dema</b>	<u>Mandates and functions during the past financial year:</u> <ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> </ul>	<u>Mandates and functions during the year ended:</u> <ul style="list-style-type: none"> <li>- HASK-Flex (Ukraine): member of the Board of Directors</li> </ul>
<b>Lev Bleyzer</b>	<u>Mandates and functions during the past financial year:</u> <ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> </ul>	<u>Mandates and functions during the year ended</u> <ul style="list-style-type: none"> <li>- CEO, member of the Investment Committee and funding partner of SigmaBleyzer</li> <li>- Member of the Board of Directors of UKRN I New Capital Growth Co Limited (Cyprus)</li> <li>- Member of the Board of Directors of UKRN II New Capital Growth Co Limited (Cyprus)</li> <li>- Member of the Board of Directors of UKRN III New Capital Growth Co Limited (Cyprus)</li> <li>- Member of the Board of Directors of Volia Limited (Cyprus)</li> <li>- Member of the Board of Directors of OISIW Limited (Cyprus)</li> <li>- Member of the Board of Directors of Elandia Holding Limited (Cyprus)</li> <li>- Member of the Board of Directors of Giacintoco Holding Limited (Cyprus)</li> <li>- Member of the Board of Directors of Braeside Limited (Cyprus)</li> <li>- Member of the Board of Directors of SBF IV Cyprus Limited (Cyprus)</li> </ul>



		<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Ostrella Limited (Cyprus)</li> <li>- Member of the Board of Directors of Konkur Investments Limited (Cyprus)</li> <li>- Member of the Board of Directors of Iviza Investments Limited (Cyprus)</li> <li>- Member of the Board of Directors of Bonza Bay Investments Limited (Cyprus)</li> <li>- Member of the Board of Directors of Ungeni Investments Limited (Cyprus)</li> <li>- Member of the Board of Directors of SigmaBleyzer Southeast European Fund IV CV (Holland)</li> <li>- Member of the Board of Directors of SBF Southeast European Holdings BV (Holland)</li> <li>- Director of SigmaBleyzer Investment Group LLC (USA)</li> <li>- Director of SBT GP VI LLC (USA)</li> <li>- Director of SBT Investment VI LLC (USA)</li> <li>- Director of SIGMA UGF-IV LLC (USA)</li> <li>- Vice-President of Sigma Ventures Inc (USA)</li> <li>- Vice-President of Sigma Advisors Inc (USA)</li> <li>- Member of the Board of Directors of Poltava Conditer (Ukraine)</li> <li>- Member of the Board of Directors of Sigma Cayman III LTD (Cayman)</li> </ul> <p><u>Mandates and functions held during the last five financial years:</u></p> <ul style="list-style-type: none"> <li>- Member of the Board of Directors of Aquorn Holding Limited (Cyprus)</li> <li>- Member of the Board of Directors of Wellaxo Investments Limited (Cyprus)</li> <li>- Member of the Board of Directors of SBV IV Dairy BV (Holland)</li> <li>- Member of the Board of Directors of Sumatra LTD (Ukraine)</li> <li>- Member of the Board of Directors of Covalact</li> </ul>
<b>Neal Sigda</b>	<p><u>Mandates and functions during the past financial year:</u></p> <ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> </ul>	<p><u>Mandates and functions during the year ended:</u></p> <ul style="list-style-type: none"> <li>- President of the Internal Portfolio Review Board of SigmaBleyzer</li> <li>- Member of the Investment Committee and partner of SigmaBleyzer</li> </ul>
<b>Guillaume James</b>	<p><u>Mandates and functions during the year ended:</u></p> <ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> </ul>	<p><u>Mandates and functions during the year ended:</u></p> <ul style="list-style-type: none"> <li>- CEO of DreamJet Participations SAS</li> <li>- Vice CEO of Gravitation SAS</li> <li>- Member of the monitoring Board of Audacia SAS</li> <li>- President of GCM Corporate SAS</li> </ul>
<b>Xavier Regnault</b>	<p><u>Mandates and functions during the year ended:</u></p>	<p><u>Mandates and functions during the year ended:</u></p> <ul style="list-style-type: none"> <li>- Blainville Executive Conseil : President</li> </ul>

	- Member of the Board of Directors	<u>Mandates and functions held during the last five financial years:</u> - Innovative Health Diagnostics :President (till 2013) - R2BC : director (till 2015)
<b>Mr. Sergiy Bulavin</b>	<u>Mandates and functions during the year ended:</u> - CEO (from March, 2020)	<u>Mandates and functions during the year ended:</u> - SigmaBleyzer: Non Executive Vice President / Advisor - Ukrainian Corporate Governance Academy: CEO (till April, 2020) - NST Group: Member of Advisory Board

## 2.5. Remuneration of the Members of the Board of Directors and Executive Management

### 2.5.1. Remuneration of the Members of the Board of Directors

By decision dated January 4<sup>th</sup>, 2021 the Board, decided:


- not to allocate attendance fees to Board members in respect of the second half of fiscal year 2020. Consequently, for the fiscal year 2020, the total amount of attendance fees equals to 10,000 euros as decided by the Board;
- to suspend any future allocation of attendance fees by the Board from now until the Board considered that the Group has better performance.

### 2.5.2. Remuneration of the Executive Management

The remuneration of the Managing Director is determined by the Board of Directors after consulting the Compensation Committee on the basis of financial criteria, and stands as follows:

#### For John Shmorhun

- At 31 December 2020 (from January 1<sup>st</sup>, 2020 to March 31<sup>st</sup>,2020):
  - Fixed annual remuneration of €76,000.
- At 31 December 2019 :
  - Fixed annual remuneration of €310 000;
  - Company apartment and travel fee expenses.



John Shmorhun resigned from his duties of the CEO on March 31, 2020. The Group signed the Settlement agreement with John Shmorhun. For the terms of this agreement please refer to paragraph 1.1 (*Regulated Agreements*) authorized throughout the financial year.

**For Sergiy Bulavin**

- At 31 December 2020 (as from March 31<sup>st</sup>, 2020):
  - Fixed annual remuneration of €56,800.

Following the replacement of the new Managing Director, the annual remuneration has been reduced to €75,000 per year.

**2.6. Authorization to increase the share capital**

In accordance with Article L. 225-37-4, paragraph 3 of the Commercial Code, you will find attached in **Appendix 3** a summary table of the valid delegations granted by the general shareholders' meeting and the Board of Directors in the area of capital increases.

\*\*\*

Done in Paris, 29 April 2021

Board of Directors

AgroGeneration S.A.

## APPENDIX 1 – LIST OF CONSOLIDATED COMPANIES

At 31 December 2020, AgroGeneration held the following subsidiaries:

All companies are fully consolidated.

#	Name	Conso name	Registered office	Activity	December 31, 2020 % of interest
1	AgroGeneration	AgroGenerati on	Paris - France	Group Holding	Consolidating entity
2	Marrimore Holdings Ltd	Marrimore	Nicosia - Cyprus	Holding company	100%
3	Harmelia Investments Limited	Harmelia	Nicosia - Cyprus	Holding company	100%
4	Zeanovi Limited (2)	Zeanovi	Nicosia - Cyprus	Holding company	0%
5	Wellaxo Investments Limited (2)	Wellaxo	Nicosia - Cyprus	Holding company	0%
6	Azent Limited Company (2)	Azent	Nicosia - Cyprus	Holding company	0%
7	UCD Ukraine (1)	UCD UA	Kiev - Ukraine	Service operating company	0%
8	AgroGeneration Ukraine LLC	AGG UA	Kiev - Ukraine	Service operating company	100%
9	Agrofuel Ukraine (1)	Agrofuel	Kiev - Ukraine	Trading company	0%
10	APK Donets LLC	DON	Kharkiv - Ukraine	Agricultural producer	100%
11	Burlukskoje PC	BUR	Kharkiv - Ukraine	Agricultural producer	100%
12	AF Barvenkovskaya LLC	BAR	Kharkiv - Ukraine	Agricultural producer	100%
13	AF Podoljevskaja LLC	POD	Kharkiv - Ukraine	Agricultural producer	100%
14	AF Ukraina Nova LLC	UNA	Kharkiv - Ukraine	Agricultural producer	100%
15	Lan LLC	LAN	Kharkiv - Ukraine	Agricultural producer	100%
16	Agro Dom Plus (2)	AgroDom	Kharkiv - Ukraine	Service operating company	0%
17	Register LLC	Registr	Kharkiv - Ukraine	Service operating company	100%
18	Tornado Agro-holding PC	Tornado	Kharkiv - Ukraine	Service operating company	100%

1) In February-March 2020, UCD Ukraine (UCD UA) and Agrofuel Ukraine (Agrofuel) have been merged with AgroGeneration Ukraine LLC (AGG UA) and ceased to exist as separate legal entities

2) In October 2020, Azent Limited Company, Wellaxo Investments Limited, Zeanovi Limited and Agro Dom Plus were sold

## APPENDIX 2 - TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS

(Article R. 225-102 of the Commercial Code)

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
<b>Financial position at the end of the year</b>					
Share capital	5,008.972.40	5,060,590	5,345,383	11,079,319.35	11,079,319.35
Number of shares issued	100,173,448	101,211,804	106,907,660	221,586,387	221,586,387
Maximum number of shares to be created:					
- by conversion of bonds	122,726,448	117,284,400	121,421,899	6,333,333	6,333,333
- by subscription right	5,088,917	4,793,917	8,067,698	7,911,158	7,105,825
<b>Overall result of actual operations</b>					
Turnover (before tax)	19,532,000	28,133,635	27,110,995	18,862,432	1,629,337
Net result before tax, depreciation and provisions	(3,004,662)	(2,253,500)	(4,986,923)	(3,446,645)	(720,660)
Tax burden	-				
Net result after tax, depreciation and provisions	(21,482,000)	(15,654,480)	(28,903,443)	(71,615,995)	(2,184,816)
Amount of profits distributed					
<b>Result of operations reduced to a single share</b>					
Result after tax, but before depreciation and provisions	- 0	- 0	-	-	
Result after tax, depreciation and provisions	- 0	- 0	-	-	
Dividends paid to each share					
<b>Staff</b>					
Average workforce	2	2	2	2	1
Amount of the payroll	194,387	164,766	205,510	182,251	73,594
Amounts paid in social benefits (social security, works)	90,806	89,845	78,993	82,715	30,405



### **APPENDIX 3 – SUMMARY TABLE OF THE VALID AUTHORIZATIONS GRANTED BY THE GENERAL MEETING**

(Article L. 225-37-4, 3° of the French Commercial Code)

<b>Number</b>	<b>Concerned delegations</b>	<b>Date of the General Meeting granting the authorization</b>	<b>Duration of the authorization</b>	<b>Implementation</b>
<b>1</b>	Authorization granted to the Board of Directors for the purpose of buying, holding or transferring Company's shares that the Company holds or might hold due to repurchases made in accordance with article L. 225-109 of the French Commercial Code, within the limit of 10% of the share capital.	26 June 2020 5 <sup>th</sup> resolution	18 months	Delegation not used in 2020
<b>2</b>	Authorization granted to the Board of Directors for the purpose of decreasing the share capital by cancelling treasury shares that the Company may hold in accordance with article L. 225-109 of the French Commercial Code, within the limit of 10% of the share capital ascertained at the moment of the cancellation decision.	26 June 2020 6 <sup>th</sup> resolution	18 months	Delegation not used in 2020