



**2019 BOARD'S REPORT**

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



Paris, 30 April 2020

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, 2019 and to submit the financial statements for said financial year and the consolidated financial statements of the Group for your approval.

Your Statutory Auditors, Ernst & Young et Autres and Finexsi-Audit, 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



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## PART 1 – MANAGEMENT REPORT

### 1. ACTIVITY AND RESULTS OF THE GROUP DURING 2019 FISCAL YEAR AND OUTLOOKS

#### 1.1. Activity

Established in 2007, AgroGeneration is an international producer of grains and oilseeds. Following the merger with Harmelia in late 2013, the Group has become one of the top five agricultural producers in Ukraine with over 110 000 hectares controlled and aims, by leasing agricultural land with high potential, to meet the food challenge of tomorrow, linked to the doubling of global consumption by 2050.

Listed on the Euronext Growth Paris market since March 2010, the Company is controlled by SBF IV: the investment fund, managed by SigmaBleyzer Investment Company, which has more than 20 years of experience in the private equity sector in Eastern Europe.

At the end of 2019 AgroGeneration employs approximately 600 employees, out of which approximately 30 seasonal workers. The Group has a capacity of 170 000 tons of production per annum on average and up to 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 2019, the Group operated in 2 regions in Ukraine (Lviv and Kharkiv) with 7 farms, an operational centre in Kharkiv and a central office in Kyiv. After disposal of the farm in Lviv region in December 2019, the Group is operating only in Kharkiv region with 6 farms. The company's registered office is in Paris.

#### 1.2. Key Events

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

In 2019, 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. Stabilisation of the Ukrainian economy in the near future and continued support of international financial institutions



depend on the success of the actions undertaken by authorities to move forward the reformed agenda.

After an economic downturn in 2014 and 2015, the Ukrainian economy continued its recovery posting a growth of 3.3% in 2019 for the fourth year in a row. Hryvnia which lost 2/3 of its value in 2014-2016, after stabilization in 2018, significantly appreciated in 2019 (average exchange rate UAH/€ of 28.7 in 2019 vs 32.1 in 2018). The inflation reduced as compared to 2018 (9.8%) and equalled to 4.1% as of the end of 2019.

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, 2019, the carrying value of the Group's assets located in the Kharkiv oblast was €53.3 million. Sowings of the Group in 2019 in Kharkiv oblast represented around 56k ha.

### ***1.2.2. Weather conditions over 2018-19 agricultural season***

2019 was a third difficult year for AgroGeneration on the back of weather hardships.

Wheat despite the hard weather conditions demonstrated better yields than last year, (though still lower than in the normal years). At the same time, the persisting drought in the East of Ukraine, in the second half of the summer and early autumn negatively impacted yields of the Group's late crops, which resulted in the yields below the Ukrainian farming sector average.

### ***1.2.3. Disposal of farms***

During the first months of the 2019 financial year, the company finalized the sale of activities in the Zhytomyr (AFT and VLY) and Ternopil (AJU and VZL) regions to Western Ukraine. The group has also decided to divest its activities in the Sumy region (AGZ and AGZ APK) and in the Lviv region (VKD).

Thus, the Group sold 49,000 hectares of cultivated land, or 47% of the cultivated land before sale (105,000 hectares), for a total price of \$40 million, which includes leasehold rights and biological assets. 100% of this amount has already been received by the Group by the end of the year 2019.



#### **1.2.4. Litigation with EGHO/ORNANE**

AgroGeneration signed a financing agreement with the European High Growth Opportunities Securitization Fund 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.

No judgment was pronounced on the date of disclosure of these financial statements.

### **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 171k tons of grain and oilseed in 2019;
- revenue of €31 million;



- net loss of €-27.7 million given an operating loss of €-19.9 million and a financial gain of €2.1 million;
- shareholders' equity of €27.9 million;
- net debt, given available cash of €2 million (+€0.3 million of deposits), of €35.6 million.

#### **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)	2018 Published <sup>(5)</sup>	2018 Pro-forma <sup>(4)</sup>	2019 Published
<b>Revenue</b>	<b>41,007</b>	<b>27,789</b>	<b>30,591</b>
Biological assets and finished goods (change in fair value)	9,819	4,917	(610)
Cost of sales	(39,561)	(26,229)	(30,567)
<b>Gross profit</b>	<b>11,265</b>	<b>6,477</b>	<b>(586)</b>
Selling, general and administrative expenses	(9,602)	(7,962)	(10,338)
Other income and expenses	(180)	(191)	(8,942)
<b>Operating profit</b>	<b>1,483</b>	<b>(1,676)</b>	<b>(19,866)</b>
Net financial income (expense)	( 7,795)	(6,828)	2,054
Tax	56	56	450
<b>Net profit (loss) from continued operations</b>	<b>(6,256)</b>	<b>(8,448)</b>	<b>(17,362)</b>
Net profit (loss) from discontinued operations	(4,379)	(2,187)	(10,288)
<b>Net profit (loss)</b>	<b>(10,635)</b>	<b>(10,635)</b>	<b>(27,650)</b>

(in € thousands)	2018 <sup>(5)</sup>	2018 Pro-forma <sup>(4)</sup>	2019 Published
<b>EBITDA <sup>(1)</sup></b>	10,167	5,648	(1,184)
<b>Equity</b>	48,214 <sup>(5)</sup>	48,214 <sup>(5)</sup>	27,898
<b>Net debt <sup>(2)</sup></b>	62,155	57,725	35,628
<b>Net debt excl. IFRS16</b>	41,895	41,990	16,697
<b>Structural debt <sup>(3)</sup></b>	2,264	2,264	0

(1) 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** - see appendix I for detail

(2) 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** - see appendix I for detail

(3) Principal amount of loan granted by EBRD plus amount of capitalized future interest on OSRANES - see appendix I for detail

(4) The pro-forma information for 2018 is presented based on the basis of the new scope of the Group (new scope following sales of farms carried out over 2019).

(5) The group has noted an error in the 2018 financial statements related to the estimate of the value of the net assets sold (on the farms of Ternopil, Zytomyr, and Sumy) and the associated goodwill, under the application of IFRS 5. Consequently, a correction was made to the amount of the Group's shareholders' equity and net profit/(loss) of discontinued operations. At December 31, 2018, it was necessary to read the equity as €48,214,000 compared to €50,328,000 previously indicated, and net profit/(loss) of discontinued operations as €(4,379,000) compared to €(2,265,000) previously indicated. For more details please refer to the Note 5 of Consolidated financial statements as of and for the period ended December 31, 2019.



### Production and revenue

In 2019, the current scope of operations of AgroGeneration produced around 170,600 tons of grain and oilseed (vs. 161 000 tons in 2018 pro-forma) over a cultivated area of circa 56,000 ha. The increase in production is driven by improved production volumes of wheat, which despite the difficult weather conditions demonstrated better yields than last year (though still lower than in normal years).

At the same time, the persisting drought in the East of Ukraine, in the second half of the summer and early autumn negatively impacted yields of the Group's late crops, which resulted in yields below the Ukrainian farming sector average both for early and late crops.

**Comparison of gross yields** (state statistics as of December, 2019):

Crops	AGG vs. Ukraine
Wheat	-0.4%
Sunflower	-15.5%
Corn	-8.5%

AgroGeneration posted 2019 revenues of €30.6 million (continued operations), up €2.8 million from €27.8 million in 2018 pro-forma, primarily resulting from the sale of the previous year's inventories and increased production in 2019. It breaks down as follows:

- €20.4 million corresponds to revenue from the sale of 116,550 tons produced in 2019, a 13,000 tons increase versus 2018 pro-forma sales mainly due to increase in sales of wheat. The difference between tonnage produced and sold corresponds to production stored by the company for its own needs and to inventory of around 45,000 tons, similar to 44,000 tons the previous year (pro-forma);
- €9,2 million from the sale of the previous year's inventory;
- €1,1 million from other products and services (storage, drying).

The export share of continued operations (including inventories from prior year production) increased to 60% of sales (versus 53% last year pro-forma). Excluding crops not eligible for export (sunflower), the proportion would be 76%.

Revenues on discontinued farmland amounted to €15.0 million.



### 1.5.2. Earnings

Gross profit from continued operations decreased from €6.5 million in 2018 pro-forma to €(0.6) million in 2019, a €7.1 million decline. This decrease can be broken down as follows:

- €2.2 million total effect from increase in volume of crops sold represents :
  - €4.6 million due to increase in wheat sales mainly thanks to improvement in yield compared to poor 2018 performance (though still lower than in normal years) and;
  - €(2.4) million negative effect in other early (other than wheat) and late crops due to decline in production due to unfavourable weather conditions;
- €(1.4) million related to the effect of a price decrease for both early and late crops following global market tendencies ;
- €(2.6) million associated with the increased costs of production, resulting from more intensive use of fertilisers related to crop mix, but hindered by adverse weather conditions, and annual inflation of costs ;
- €(3.2) million in change in the fair value of biological assets and finished goods representing a combined effect of decline in yields and prices in addition to cost inflation ;
- €(2,1) million forex reflecting increase of UAH-denominated expenses when presented in euro.

Selling, general and administrative expenses increased by €2.4 million from 2018 pro-forma, from €8 million up to €10.3 million in 2019, mostly attributed to one off-costs of €(1) million related to farm disposal and an increase in selling expenses €(1.2) million mostly driven by an increase in transport tariffs. The Group undertook a number of initiatives to reduce overheads and administrative costs which will give substantial improvements in 2020-2021. EBITDA totalled €(1.2) million vs €5.6 million in 2018 pro-forma. Excluding forex effects in gross profit, EBITDA would be slightly positive.

Net other income and expenses increased by €(8.9) million from 2018 pro-forma, 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) million of net result on disposal of fixed assets.



Consequently, operating profit amounted to €(19.9) million compared to €(1.7) million in 2018 pro-forma i.e. a decrease of €18.2 million.

Net financial income stood at €2.1 million versus €(6.8) million in 2018 pro-forma. The decrease of €(8.9) million is primarily attributed to the variances in net foreign currency gains driven by the significant appreciation of the Ukrainian hryvnya in 2019.

Overall, the Group net loss from continued operations amounted to €(17.4) million in 2019 versus €(8.4) million in 2018 pro-forma.

Results from discontinued operations totalled a loss of €(10.3) million versus €(2.2) million in 2018 pro-forma. The variation is mostly attributable to the net result of the sale of farm assets of €(4.9) million and loss making activity of the farm in Western Ukraine sold in the second half of 2019. This net result is impacted by €(19) million of non-cash items such as currency translation differences and allocated goodwill.

### **1.5.3. Financial structure**

As a result of full redemption of OSRANE (as of 1<sup>st</sup> of April 2019) the structural debt stood at zero as of December 31, 2019.

With the net proceeds from the disposal of the farmlands AgroGeneration has repaid for €37.7 million of borrowings, thus greatly improving its balance sheet.

The Group then substantially decreased the amount of its net debt: from €42 million (or €58 million including IFRS 16 related lease liabilities (both contractual and non-contractual) as of the end of 2018 pro-forma to close to €17 million (or €35.6 million including IFRS 16 related lease liabilities (both contractual and non-contractual) as of the end of 2019.

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

2019 was a transition year for the Group, as the Company significantly optimized its scope of operations through divesting from a number of production farms located in central and Western Ukraine with total cultivated area of over 50k ha. Moreover 2019 financial performance was hit by the negative impact of unfavourable weather conditions combined with a decline in commodity prices. Thus, the management of AgroGeneration is focused on measures to recover operational and financial performance of the Company. The Group undertook a number of initiatives to reduce overheads and administrative costs. 2020 crop mix was revised towards less cost-intensive crops, downsizing the use of fertilizers. The



Group is constantly working on optimization of its debt portfolio and on ways to decrease cost of debt financing.

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

In 2019 the Group did not perform any research and development activities.

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

The new 2020 crop year has made a good start, across a surface area of around 56,000 ha and thanks to more favorable weather. AgroGeneration has cultivated 26,000 ha of winter crops (primarily winter wheat) and plans to cultivate 29,700 ha of spring crops.

For the 2020 production season, the Group has reviewed the crop mix by prioritizing less cost-intensive crops, mainly comprising wheat and sunflower, and reducing the use of fertilizers and related expenses. These crops are more resistant to drought than soybean and corn, which are more exposed to weather contingencies. To forestall the impact of another drought, this year the Group also plans to introduce a two-field crop mix.

The Group will also reuse machinery and equipment from the disposed farms in order to minimize capital expenditure.

Lastly, to optimize operating results in 2020, the Group plans to improve cost structure by:

- *Cutting administrative costs.* The Group plans to cut administrative costs by around 30% (office cost reduction and headcount cost optimization) ;
- *Optimizing expenditure:* optimized scope of operations leads to lower financing requirements. The Group is secured financing for this year's season with its usual bank partners and is currently arranging pre-payment agreements.

The positive start to the 2020 season coupled with the cost savings initiatives are expected to lead to an improvement in 2020 results. The Company will continue these strategic measures in 2021, focusing on reducing both administrative and production costs in order to reach an optimum level.

### **1.9. Significant events occurred since 31 December 2019**



### ***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 these 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.



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

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

The consolidated companies at December 31, 2019, 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 2019 financial year, the company finalized the sale of investments in the Zhytomyr (AFT and VLY), -Ternopil (AJU and VZL), Sumy region (AGZ and AGZ APK) and in the Lviv region (VKD).

## **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 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 €18.9 million, decreased by 30% compared to a turnover in 2018 (€27.1 million), due to decrease in export sales of the Group resulted by the decrease scope of operations.

The operating result is a loss of €-1 million vs. a loss of €-0.2 million in 2018.

The net financial result is a loss of €-63.9 million compared to a loss of €-27.7 million in 2018. This loss is mainly due to an impairment provision of €67.9 million for all of its equity investments (compared to €23.6 million at December 31, 2018). The amount of the impairment represents the difference between the value in use and the historical value of



the financial assets in the subsidiaries. For more information, please refer to note 3.2 (b) of the annual accounts of AgroGeneration S.A.

The exceptional income of €5.3 million relates to the proceeds from sales of investments in AJU and AGZ it is netted of by exceptional loss of €-6.5 million mostly represented by the cost of investments in AJU and AGE as well as €-6.4 million of exceptional expenses related to the write-off of intra-group debt as a result of the sales of farms and intra-group restructuring

The net result is a loss of €-71.6 million compared to a loss of €-28.9 million in 2018.

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

Equity amounted to €23.7 million compared to €36.1 million in 2018, i.e. a decrease of €12.4 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, 2019, the balance of accounts payable and related accounts (excluding advances received) amounted to €2,058,124, broken down as follows:

- French Third-Party Suppliers: €53,420
- Foreign Third-Party Suppliers: €134,729
- Group Supplier: €1,386,436
- Supplier - Invoices not received: €483,540

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 days	Total**	%*
<b>payments by due date</b>							
31/12/2019	430 935	494 835	308 506	225 631	114 677	<b>1 574 585</b>	9
Number of invoices	12	7	7	4	21	<b>51</b>	

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

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

As a reminder :

	Not yet due	<30 days	<60 days	<90 days	>90 days	Total	%*
31/12/2018	1 214 521	1 578 477	1 280 957	272 599	13 442	<b>4 359 995</b>	17
31/12/2017	53 566	1 800 888	1 417 345	2 372 581	798 229	<b>6 442 608</b>	24

- **Customers payment terms**

At 31 December 2019, the balance of accounts receivable amounted to €2,479,577 (it excludes prepayment received of €3,545,843), broken as follows:

- French third-party customers : €0
- Foreign third-party customers : €0
- Group customers : €2,479,577
- 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**	%*
31/12/2019	0	0	0	0	2 479 577	<b>2 479 577</b>	12
Number of invoices	0	0	0	0	5	<b>5</b>	

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

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

### **3.1.5. Loans of less than 2-years concluded by AgroGeneration S.A.**

No loans of less than two 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 2019 was a net loss of €71 615 995 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, 2019, 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	1 267 833	1 267 833
KONKUR Warrants	1 379 487	2 519 544
ORNANE (European High Growth)*	190*	6 333 333*
BSA (European High Growth)	4 123 781	4 123 781
Total		<b>14 244 491</b>

\* As of December 31, 2019 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 that maturity date of the ORNANE and that no request of the conversion has been made, the 190 non-converted ORNANES could not be converted anymore and are extinguished. De-facto the liability from the side of the company to convert 190 ORNANES (based on the average price per share of €0.30 which corresponds for the floor price) into share is still existing as of December 31, 2019.

During financial year 2019, AgroGeneration S.A. did not grant any stock options to corporate officers.

On April 1, 2019, in accordance with the terms of the issuance agreement, all outstanding OSRANES, ie 583,621 OSRANES, were reimbursed at their maturity date by the allocation of 112,055,232 ordinary shares (of which 111,645,396 new and 409,836 existing shares). During the first quarter 2019, EHGO (European High Growth Opportunities Securitization Fund) converted 91 ORNANE resulting in the issuance of 3,033,331 new shares and a conversion compensation of €0,8 million.

As of December 31, 2019 there were 190 ORNANES which have not been converted by EHGO at their respective maturity (July, August and November 2019).

## 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, 2019, 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 31/12/2019	
	Number of shares	%VR and capital
Konkur Investments Ltd	126 084 106	56.90%
GreenAlliance/Gravitation	7 315 609	3.30%
Float *	88 186 672	39.80%
<b>Total</b>	<b>221 586 387</b>	<b>100.00%</b>

\* 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. Liquidity contract and self controlled shares**

Since July 23, 2015, AgroGeneration S.A. has set up, through a specialised financial intermediary, a liquidity agreement covering transactions on the AgroGeneration S.A. share on the Euronext Growth market. This contract complies with the AFEI Code of Ethics approved by the AMF by decision of March 21, 2011. To be in compliance with the decision of AMF 2018-01 of July 02, 2018 this contract has been on the February 28, 2019.

In December 2019 AgroGeneration terminated the contract.

In 2019 till December 2019 in the application of the liquidity contract, 1 600 000 securities were purchased at the average price of € 0,108 and 1 700 000 securities were sold at the average price of € 0,107.

At the date of liquidity contract termination the Group the recuperated 686 411 shares valued at € 40k (€ 0,058 / share) and €21k of the cash.

## **6.3. 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, 2019, there are no shares held employees.

## **6.4. Stock price**

At the end of the financial year, the AgroGeneration S.A. share price was €0.058

## **6.5. 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 2019.

\*

\* \*

## 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 2019 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:

- ***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, Agrogenation 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.

As of the date hereof, the amount of the outstanding amount under this contract is € 1,913,281.

- **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 € 6,214,512.

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 €6,214,512.

The Board of directors considered that the conclusion of this agreement and its amendment



were justified by the forthcoming financial deadlines of the Company.

## 1.2. 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 2019 financial year:

- **Service agreement entered into with SigmaBleyzer Investment Group LLC:** the Board of directors authorized on December 18, 2016 the conclusion of a consulting contract with SigmaBleyzer Investment Group LLC, for 12 months, in exchange of a monthly remuneration of €22 500, plus the reimbursement of any reasonable travel expenses, on presentation of invoices and after an approval of the Managing Director of the Company. This agreement started from January 1, 2017 and was terminated as of December 31, 2019. The invoiced amount, as for the 2019 financial year, rose up to €307 790 without taxes.

This agreement has been terminated on December 31, 2019.

- **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 (see Section 1.1). The reimbursement of the two drawings of a respective amount, in principal, of €479,537 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 (see **Section 1.3**).

- ***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 (see Section 1.1).

- ***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 (see Section 1.1).



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

Since the end of the 2019 financial year, the following agreements have been authorized by the Board of directors of AgroGeneration S.A.:

- **Settlement agreement between John Shmorhun and AgroGeneration SA and Harmelia Investments Limited:** On the 31<sup>st</sup> of 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, against the resignation of Mr. John Shmorhun, for the payment by Harmelia of (i) an immediate payment of USD 150,000 and (ii) an additional earn out maximum amount of USD 144,360 plus EUR 180,000 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.

### 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 2019 financial year:

- **Consulting agreement between Cordial Investment & Consulting Limited and Harmelia Investments Limited:** a consulting agreement, dated November 28, 2013, has been concluded between Cordial Investment & Consulting Limited and Harmelia Investments Limited. Mr Pierre Danon, vice-president of the Board of directors, is the majority shareholder of Cordial Investment & Consulting Limited. The invoiced amount, as for the 2019 financial year, rises up to €69 585 without taxes. The contract has been terminated on the 30<sup>th</sup> of June 2019.
- **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 2019 financial year rises up to €298 709 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 acting as Managing Director (resigned from his duties of Managing Director on the 31<sup>st</sup> of March 2020). Mr. Pierre Danon is the Vice-Chairman of the Board of Directors (resigned from his duties on the June 30, 2019).

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

Term of office	Surname and first name / company name	Date of first appointment	End of the term of office
<b>Chairman of the Board of Directors</b> – <b>Member of the Board of Directors</b>	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
<b>Vice-Chairman of the Board of Directors</b> – <b>Member of the Board of Directors</b>	Mr. Pierre Danon	Ordinary General Meeting of 11/10/2013	As Vice-Chairman until the ordinary General Meeting to approve the accounts for the financial year ending 31/12/2018  As Director until the ordinary General Meeting to approve the accounts for the financial year ending 31/12/2018  <b>M. Pierre Danon resigned during the fiscal year 2019 and is no longer a member of the Board of directors</b>
<b>Member of the Board of Directors</b>	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>



Term of office	Surname and first name / company name	Date of first appointment	End of the term of office
<b>Member of the Board of Directors during the past financial year</b>	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
	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

## 2.1. Personal information regarding the Managing Director

### Sergiy Bulavin – New 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.

## 2.2. Personal 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.

### **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 served as the CEO at 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.

### **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 Regnaut - Member of the Board of Directors



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

### 2.3. List of other directorships and positions held by the members of the board of directors

Name and surname of the director	Mandats et fonctions exercés au sein du groupe au cours de l'exercice clos et au cours des cinq derniers exercices sociaux	Mandats et fonctions exercés en dehors du groupe au cours des cinq derniers exercices sociaux
<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</li> <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 and Member of the Board of Directors of Harmelia</li> </ul> <u>Mandates and functions held during the last five financial years:</u> Void



<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 Aquorn Holding 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 Wellaxo Investments 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> <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>- Member of the Board of Directors of SBV IV Dairy BV (Holland)</li> <li>- Member of the Board of Directors of SigmaBleyzer Investment Group LLC (United-State)</li> <li>- Member of the Board of Directors of SBT GP VI LLC (United-State)</li> </ul>

		<ul style="list-style-type: none"> <li>- Member of the Board of Directors of SBT Investment VI LLC (United-State)</li> <li>- Member of the Board of Directors of SIGMA UGF-IV LLC (United-State)</li> <li>- Vice-Chairman of Sigma Ventures Inc (United-State)</li> <li>- Vice-Chairman of Sigma Advisors Inc (United-State)</li> <li>- Member of the Board of Directors of Poltavaa Condited (Ukraine)</li> <li>- Member of the Board of Directors of Sumatra LTD (Ukraine)</li> <li>- Member of the Board of Directors of Covalact</li> <li>- Member of the Board of Directors of Sigma Cayman III LTD (Cayman)</li> </ul>
<b>Neal Sigda</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>- 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>	<u>Mandates and functions during the year ended:</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 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 GCMI Corporate SAS</li> </ul>
<b>Xavier Regnault</b>	<u>Mandates and functions during the year ended:</u> <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> </ul>	<u>Mandates and functions held during the last five financial years:</u> <ul style="list-style-type: none"> <li>- Innovative Health Diagnostics :President (till 2013)</li> <li>- R2BC : director (till 2015)</li> </ul>

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

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

The general meeting of shareholders of AgroGeneration S.A. for the year 2019 has allocated to Guillaume James and Xavier Regnaut attendance fees of € 10,000 per year each.

### 2.4.2. 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:



- At 31 December 2019 :
  - Fixed annual remuneration of €310 000;
  - Company apartment and travel fee expenses;
- At 31 December 2018 :
  - Fixed annual remuneration of €302 000;
  - Variable remuneration of USD50 000 for financial year 2017 as approved by the Board of Directors;
  - 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 1.3 (*Regulated Agreements*) authorized since the end of the financial year.

## 2.5. 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.

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Done in Paris, 30 april 2020

Board of Directors

AgroGeneration S.A.

## APPENDIX 1 – LIST OF CONSOLIDATED COMPANIES

At 31 December 2019, AgroGeneration held the following subsidiaries:

All companies are fully consolidated.

#	Name	Conso name	Registered office	Activity	December 31, 2019
					% 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	Zeanovi	Nicosia - Cyprus	Holding company	100%
5	Wellaxo Investments Limited	Wellaxo	Nicosia - Cyprus	Holding company	100%
6	Azent Limited Company	Azent	Nicosia - Cyprus	Holding company	100%
7	UCD Ukraine (1)	UCD UA	Kiev - Ukraine	Service operating company	100%
8	AgroGeneration Ukraine LLC	AGG UA	Kiev - Ukraine	Service operating company	100%
9	Agrofuel Ukraine (1)	Agrofuel	Kiev - Ukraine	Trading company	100%
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	FG Podoljevskaja	POD	Kharkiv - Ukraine	Service operating company	100%
15	AF Ukraina Nova LLC	UNA	Kharkiv - Ukraine	Agricultural producer	100%
16	Lan LLC	LAN	Kharkiv - Ukraine	Agricultural producer	100%
17	Agro Dom Plus	AgroDom	Kharkiv - Ukraine	Service operating company	100%
18	Register LLC	Registr	Kharkiv - Ukraine	Service operating company	100%
19	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.

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

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

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
<b>Financial position at the end of the year</b>					
Share capital	4,925,469.40	5,008.972.40	5,060,590	5 345 383	11 079 319
Number of shares issued	98,509,388	100,173,448	101,211,804	106 907 660	221 586 387
Maximum number of shares to be created:					
- by conversion of bonds	129,126,960	122,726,448	117,284,400	121 421 899	6 333 333
- by subscription right	4,793,917	5,088,917	4,793,917	8 067 698	7 911 158
<b>Overall result of actual operations</b>					
Turnover (before tax)	19,678,059	19,532,000	28 133 635	27 110 995	18 862 432
Net result before tax, depreciation and provisions	(7,395,124)	(3,004,662)	(2 253 500)	(4 986 923)	(3 446 645)
Tax burden	-	-			
Net result after tax, depreciation and provisions	(43,766,977)	(21,482,000)	(15 654 480)	(28 903 443)	(71 615 995)
Amount of profits distributed					
<b>Result of operations reduced to a single share</b>					
Result after tax, but before depreciation and provisions	- 0	- 0	- 0	-	-
Result after tax, depreciation and provisions	- 0	- 0	- 0	-	-
Dividends paid to each share					
<b>Staff</b>					
Average workforce	2	2	2	2	2
Amount of the payroll	383,107	194,387	164 766	205 510	182 251
Amounts paid in social benefits (social security, works)	109,097	90,806	89 845	78 993	82 715

### **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.	27 June 2019 12 <sup>th</sup> resolution	18 months	Delegation not used in 2019
<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 holds 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.	27 June 2019 13 <sup>th</sup> resolution	18 months	Delegation not used in 2019