

2020

ANNUAL REPORT

for the year ended
31 December 2020



ASTARTA Holding N.V.



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LETTER TO SHAREHOLDERS

Dear Shareholders,

At the time of writing this letter the world is hopeful that the humanity is winning its long fight against the global pandemic thanks to unprecedented co-operation between scientists, doctors, governments, businesses, and ordinary people. 2020 was the year for everyone to contribute to the common goal of saving lives, jobs, and stability for communities in extremely uncertain environment.

ASTARTA had to rise to the challenge at the height of the pandemic as global and national lockdowns coincided with sowing of crops in spring 2020. While reporting our interim results, we re-iterated “business as usual” to our stakeholders, but few could glimpse the massive transformation we went through to preserve stability of our operations:

- Our top agenda of health and wellbeing of employees was extended to cover their family members and wider communities in the regions of our operations. ASTARTA’s financial resources and procurement capabilities were promptly used to purchase and deliver medical equipment, and other necessary supplies to local hospitals.
- Our office staff were provided with hard- and software to enable working remotely, while plant and machinery operating personnel were provided with necessary training, sanitising and social distancing measures to ensure safe working conditions.
- Amid high uncertainty we continued investing into modern agricultural machinery and secured timely procurement of all key inputs for crop production. We deepened relationships with business partners which grow and supply us with sugar beets and soybeans, among other crops, for processing at our plants.
- We completed optimisation of the sugar producing assets by concentrating production at core sugar mills and divesting non-core assets to free up internal resources to better manage our production and logistics costs at the main sugar plants.
- Our balance sheet was strengthened by paying down majority of bank debt to regain flexibility on the direction of future capital allocation.

I cannot underline enough the importance of industry-wide co-operation which was crucial for sustainability of agricultural activities during one of the most difficult years. The unfolding pandemic coincided with the extreme farming weather conditions not seen in the Ukraine for decades. Ukraine-wide harvest was severely hit for every major crop last year. My sincere gratitude goes to all our employees, clients, suppliers, and off-takers with whom we have successfully navigated those challenges in 2020.

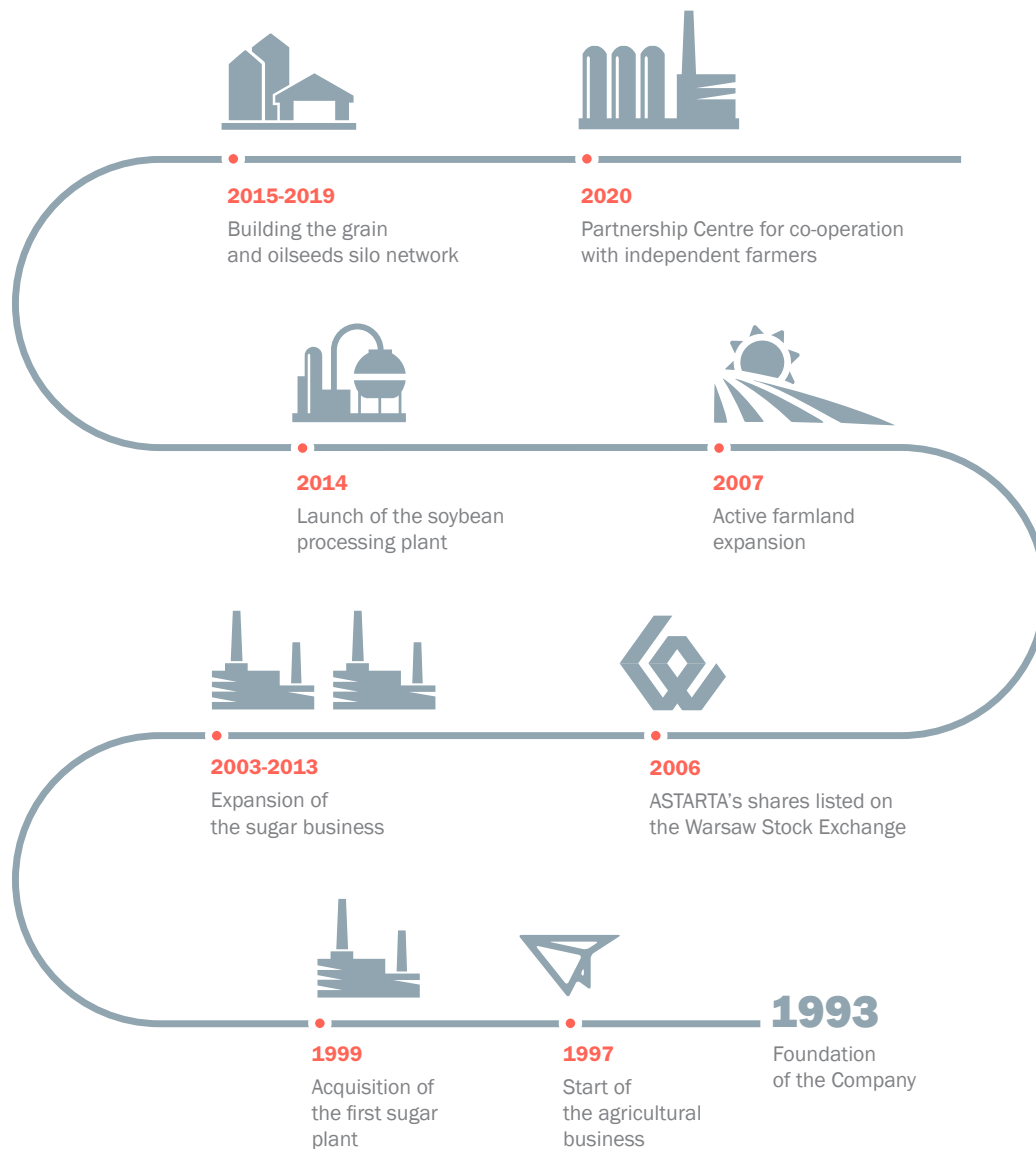
Now, we back at spring – the time of hope and nature awakening. Our team is out sowing the seeds for the new harvest, using the most advanced machinery purchased within our five-year modernisation programme. We are determined to make the new 2021/22 agricultural season a success for ASTARTA, our stakeholders and Ukraine.



Yours sincerely,
Viktor Ivanchyk
Founder and CEO



ASTARTA'S HISTORY

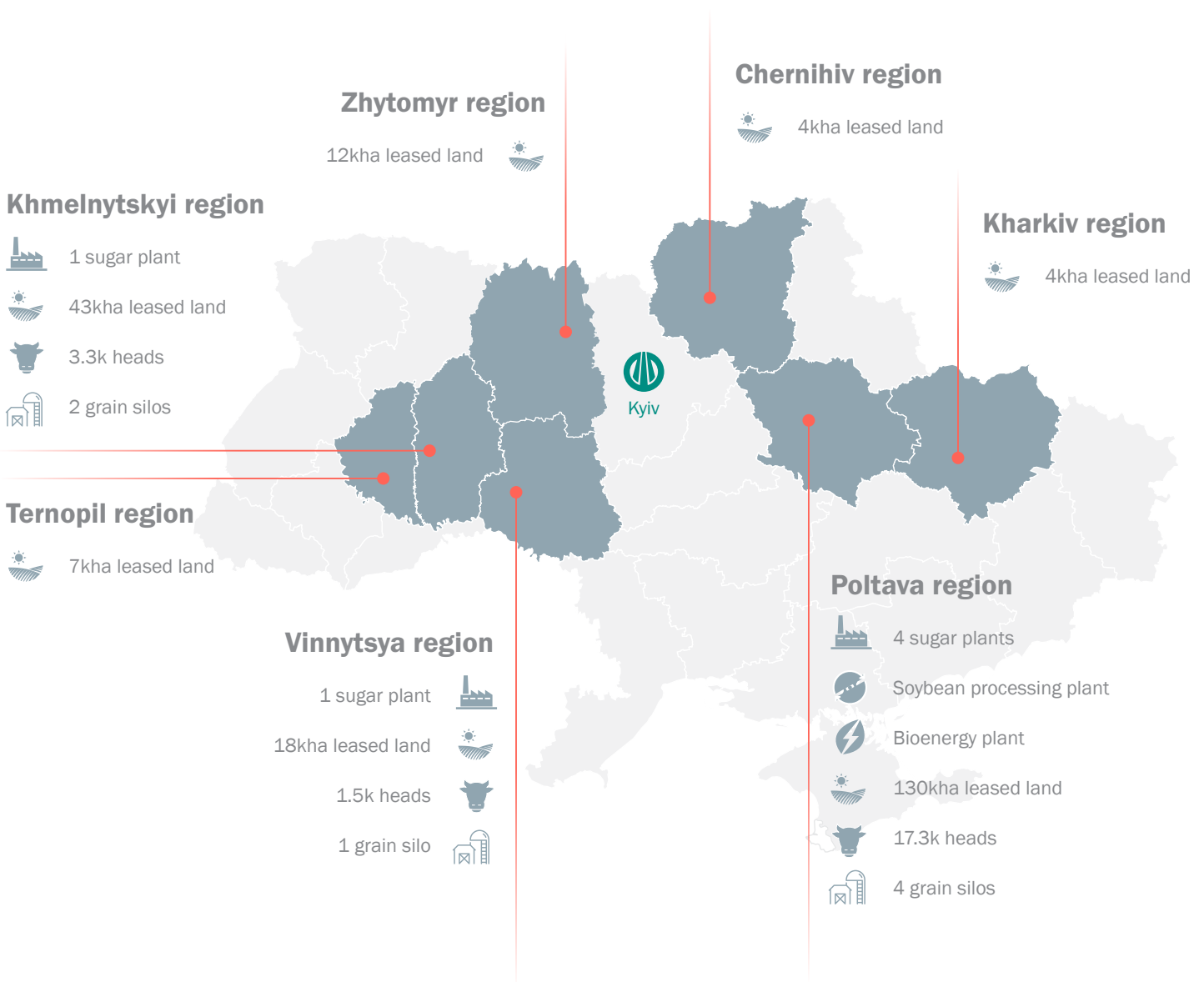


ASTARTA is one of the largest vertically integrated agro-industrial holdings in Ukraine. ASTARTA's main activities include grain and oilseeds production, sugar production from sugar beets, soybean crushing, milk production, as well as grain and oilseeds storage and handling services.

Since 1993, the Company has proven to be a reliable and trustworthy partner and supplier, committed to best international standards in terms of quality, innovation, and sustainability.

Integrity, transparency, and strengths of its human capital has also been among ASTARTA's key priorities. The Company has established stable long-term business relationships with leaders of the Ukrainian food processing and confectionary industry. A growing part of its production is also being exported through international agricultural traders to more than 30 countries.

ASTARTA'S MAP OF OPERATIONS

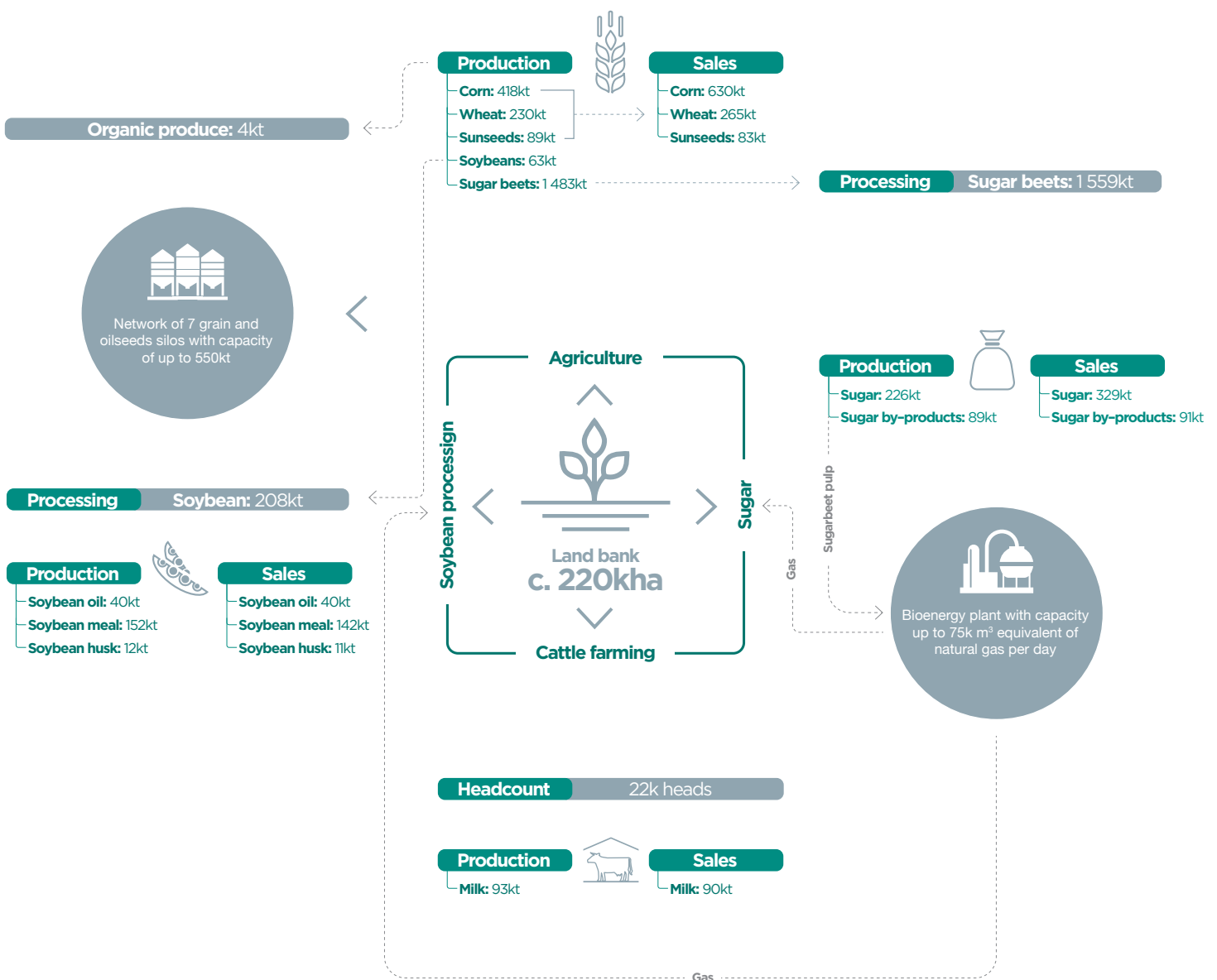


Note 1: Data as of the end of March 2021.

Note 2: Hereinafter differences between totals and sums of the parts are possible due to rounding



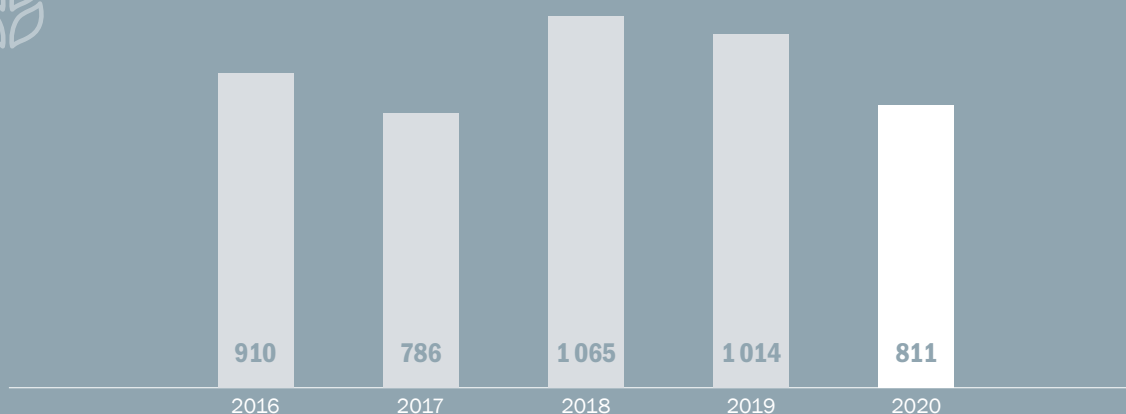
VALUE CHAIN



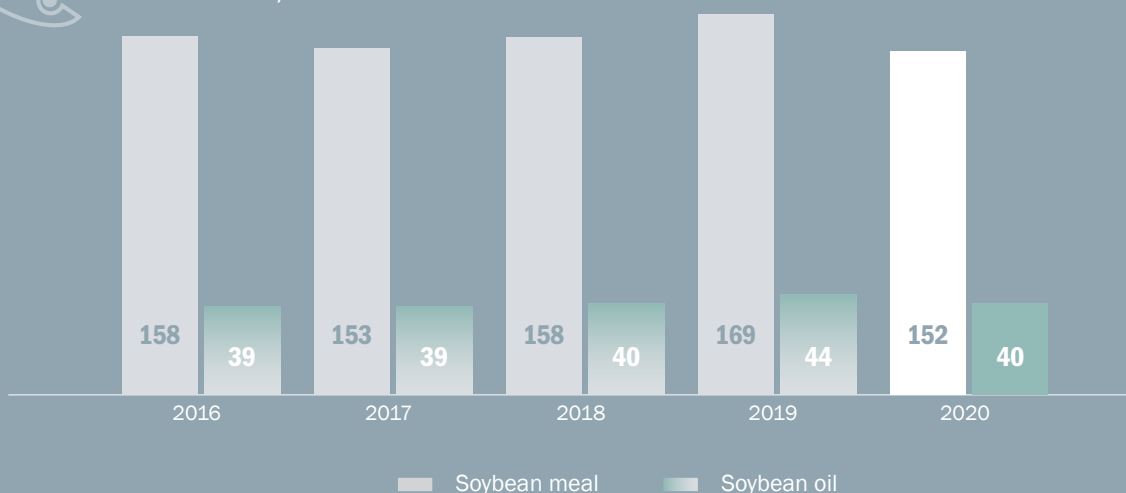
KEY OPERATIONAL RESULTS



GRAIN AND OILSEEDS PRODUCTION, kt

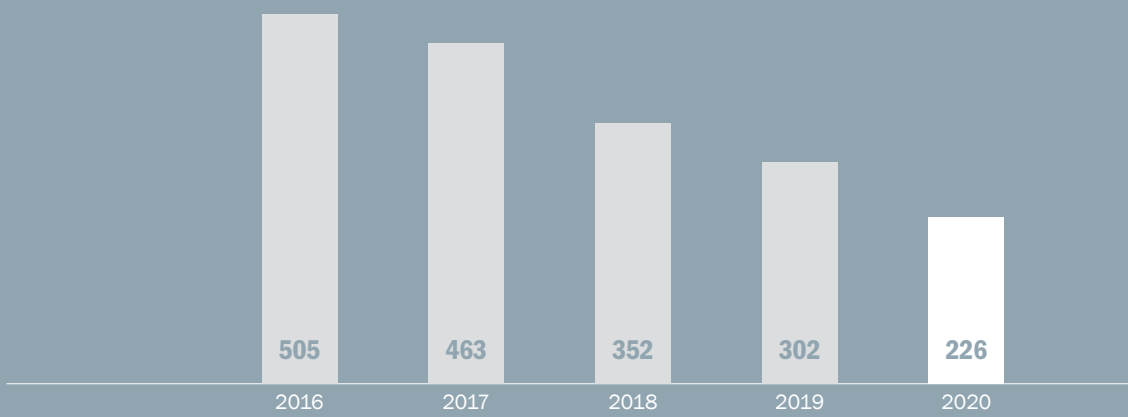


SOYBEAN MEAL AND OIL PRODUCTION, kt

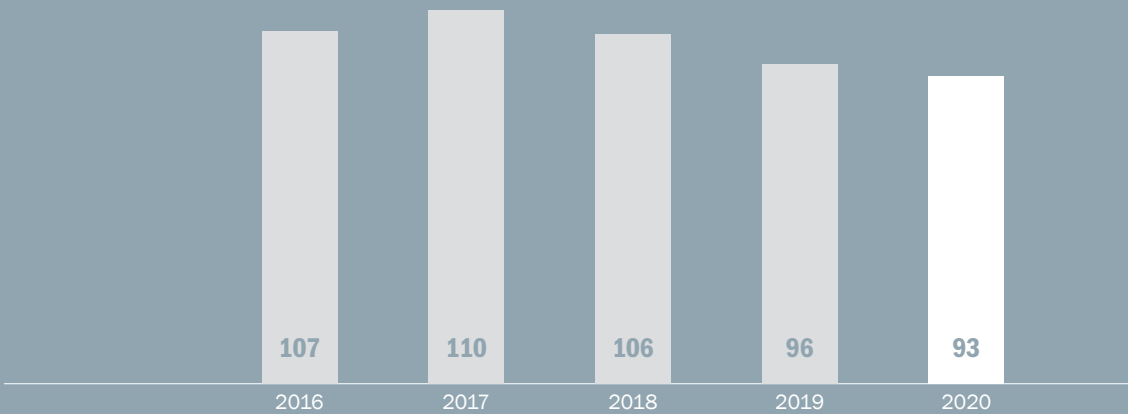




SUGAR PRODUCTION, kt

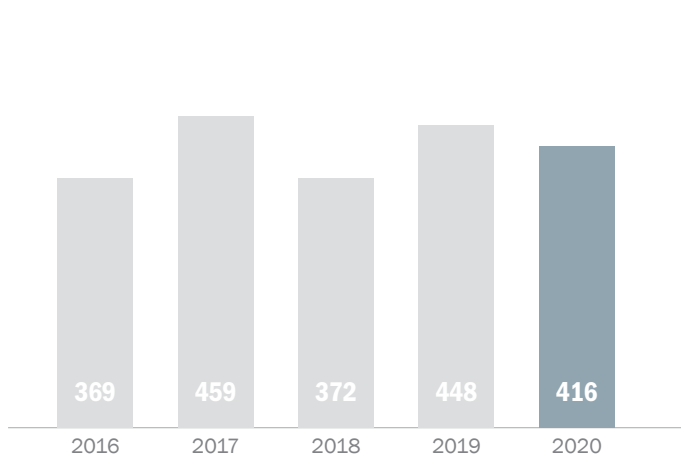


MILK PRODUCTION, kt

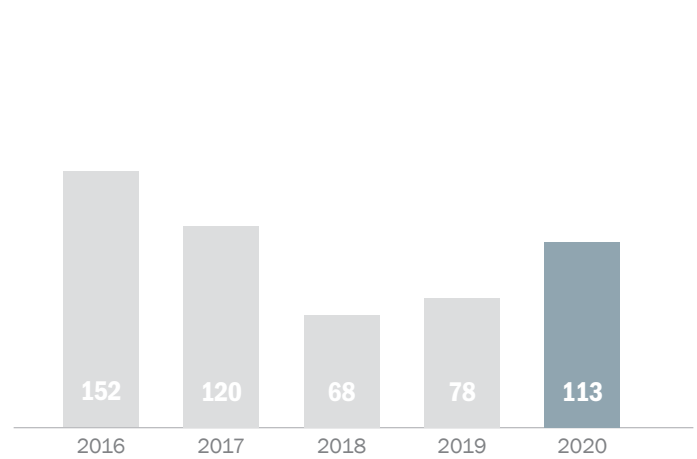


KEY FINANCIAL RESULTS

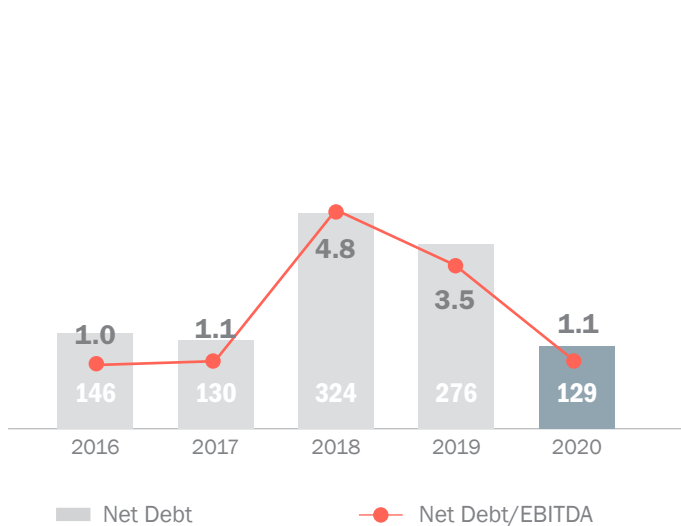
REVENUES, EURm



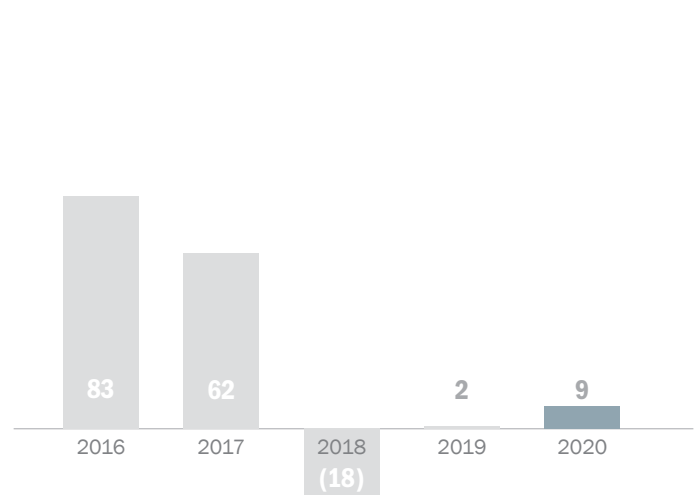
EBITDA, EURm*



NET DEBT, EURm, NET DEBT TO EBITDA, X*



NET PROFIT, EURm



* 2016-2017 data is before IFRS16



SELECTED FINANCIAL DATA

SUMMARY P&L

EURk	2019	2020
Revenues, including	448 006	415 630
Agriculture	205 712	175 137
Sugar production	116 893	126 973
Soybean processing	82 718	75 157
Cattle farming	34 603	33 167
Cost of sales, including	(399 751)	(348 182)
Effect of FV remeasurement of AP	(55 283)	(43 314)
Changes in FV of BA and AP*	43 208	54 084
Gross profit	91 463	121 532
Gross profit margin	20%	29%
EBIT	14 796	56 278
Depreciation & Amortisation	62 571	55 510
EBITDA, including	77 923	113 421
Agriculture	53 335	80 190
Sugar production	2 314	21 522
Soybean processing	7 385	7 446
Cattle farming	15 610	8 748
EBITDA margin	17%	27%
Interest expense on lease liability	(22 635)	(22 162)
Other finance costs	(16 639)	(10 421)
Forex gain/loss	24 899	(17 134)
Net profit	1 691	8 611
Net profit margin	0.4%	2%

*FV – Fair Value, BA – Biological Assets, AP – Agricultural Produce

ASTARTA's consolidated revenues amounted to EUR416m in 2020, 7% down y-o-y, on lower sales volumes of grains and soybean products.

Revenues in the Agricultural segment declined by 15% to EUR175m, 42% of the total consolidated revenues. Revenues in the Sugar segment increased by 9% y-o-y to EUR127m.

The Soybean Processing and the Cattle Farming segments generated EUR75m and EUR33m of revenues, correspondingly, vis-à-vis EUR83m and EUR35m in 2019.

Exports contributed EUR209m, or half of the consolidated revenues.

Gross profit increased by 33% y-o-y to EUR122m as Cost of sales reduction by 13% y-o-y to EUR348m offset the revenue decline.

Accordingly, EBITDA grew by 46% y-o-y to EUR113m.

SUMMARY BALANCE SHEET

EURk	2019	2020
Right-of-use asset (mainly land)	142 035	94 178
Biological assets (non-current)	30 011	23 917
PP&E and other	300 193	199 053
Inventories, including RMI*	193 681	107 482
Biological assets (current)	16 109	21 452
AR and other	64 206	42 826
Cash and equivalents	13 033	22 448
Total assets	759 268	511 356
Equity	438 755	337 326
Long-term loans	591	35 078
Lease liability (mainly land)	103 391	72 600
Other	10 930	5 935
Non-current liabilities	114 912	113 613
Short-term debt and similar	148 811	18 008
Current lease liability (mainly land)	36 073	25 864
Other	20 717	16 545
Current liabilities	205 601	60 417
Total equity and liabilities	759 268	511 356
EBITDA LTM	77 923	113 421
Lease liability (mainly land)	139 464	98 464
RMI*	142 500	74 074
Net debt total	275 833	129 102
ND total/EBITDA (x)	3.5	1.1
Adjusted net debt = (ND-RMI)	133 333	55 028
Adj ND/EBITDA (x)	1.7	0.5
Solvency ratio**	0.6	0.7

*RMI = Finished Goods

** Solvency ratio = Total equity/Total assets

Net debt reduced from EUR276m to EUR129m on back of repayment of bank debt and land lease liabilities corresponding to Net debt/EBITDA of 1.1x at the end of 2020.



SUMMARY CASH FLOWS

EURk	2019	2020
Pre-tax income	822	9 209
Depreciation & Amortisation	62 571	55 510
Financial interest expenses, net	16 940	10 433
Interest on lease liability	22 635	22 162
Changes in FV of BA and AP*	(43 208)	(54 084)
Forex (gain)/loss	(24 899)	17 134
Income taxes paid	(1 491)	(2 346)
Working capital changes	137 977	97 641
Other	1 242	3 684
Operating cash flows	172 589	159 343
Investing cash flows	(21 966)	(13 634)
Debt proceeds	81 169	81 720
Debt repayment	(180 905)	(169 430)
Finance interest paid	(17 101)	(8 292)
Land lease repayment	(36 278)	(34 055)
Other	(776)	-
Financing cash flows	(153 891)	(130 057)

*FV – Fair Value, BA – Biological Assets, AP – Agricultural Produce

ASTARTA reported Operating cash flows of EUR159m versus EUR173m in 2019. Operating cash flows before Working capital changes increased from EUR35m to EUR62m (excluding IAS41 – EUR116m versus EUR78m).

CAPEX tightly controlled at maintenance levels of EUR14m in 2020 versus EUR22m in 2019.

These measures allowed the Company to pay down a further EUR88m of bank debt on a Cash flow basis.

The background of the page is a photograph of an industrial facility, possibly a refinery or chemical plant. It features a large, multi-story building with a grid of windows on the left, and a tall, complex metal structure with ladders and platforms on the right. A large cylindrical tank is visible in the lower right. The entire image is overlaid with a semi-transparent teal color.

REPORT ON OPERATIONS



AGRICULTURE

42%

Share in consolidated revenues

EUR 175m

Segment revenues

80%

Export sales (by value)

Sales volumes of key crops and realized prices

	2019	2019	2020	2020
	kt	EUR/t	kt	EUR/t
Wheat	266	151	265	169
Corn	714	154	630	150
Sunseeds	103	294	83	325

Revenues totalled EUR175m in 2020 versus EUR206m in 2019 on lower sales volumes of corn due to lower harvest in 2020.

Exports accounted for 80% of the Agriculture segment revenues in 2020.

Gross profit margin increased from 25% to 41% on costs reduction offsetting the revenue decline.

EBITDA increased from EUR53m in 2019 to EUR80m in 2020.

Grain and oilseeds harvest was severely hit by unfavourable weather in 2020. The prolonged drought in the Eastern and

Central regions of Ukraine and spring frosts in the West resulted in a 20% y-o-y drop in grain and oilseed harvest to 811kt.

Corn remained a key crop at 418kt, down by 28% y-o-y on lower yield of 6.9 t/ha. Wheat harvest totalled 230kt (down by 10% y-o-y).

Production of oilseeds totalled 156kt (down by 9%) with sunflower and soybean yields at 2.2 t/ha (down by 24% y-o-y) and 2.3 t/ha (down by 8% y-o-y), correspondingly. Sugar beet output totalled c.1.5mt (down by 11% y-o-y) with yields of 43 t/ha compared to 47 t/ha in 2019.

ASTARTA continued to modernise its agricultural machinery fleet by replacing old units with new ones allowing for significant savings on time, human resources, fuel, maintenance and personnel costs.

Among technologies that were introduced and successfully tested in 2020 are those that aimed at differentiated sowing and fertilizers application as well as monitoring of crops through use of satellites and drones.

The Company established a Partnership Centre to foster a comprehensive and sustainable cooperation with independent farmers in the regions of its operations to increase procurement of sugar beets, soybeans and grains.

In 2020 one of the ASTARTA's subsidiaries obtained a status of organic producer. The conversion process into organic farming took three years and resulted in the first harvest of 3.5kt of winter wheat, soybeans, buckwheat and other organic crops.

Output of key crops, gross

kt	2019	2020
Corn	581	418
Wheat	256	230
Sunseeds	90	89
Soybeans	81	63
Rapeseeds	-	4
Sugar beets	1 657	1 483

ASTARTA yields vs average Ukrainian

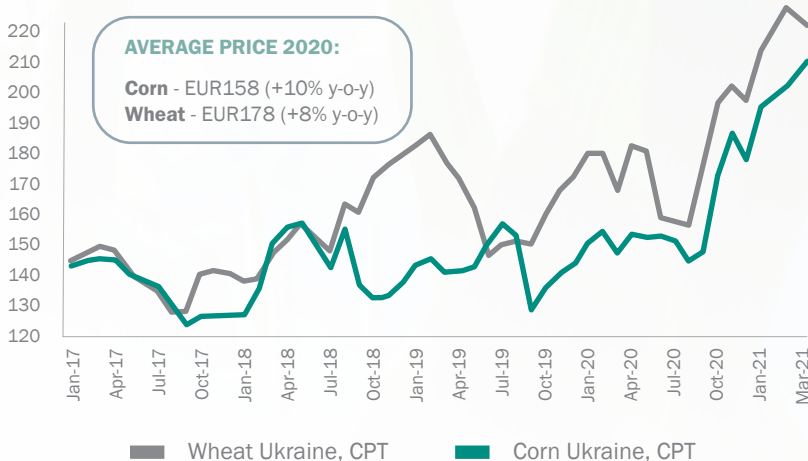
t/ha	2019		2020	
	AST	UKR	AST	UKR
Corn	8.7	7.2	6.9	5.6
Wheat	5.1	4.2	4.8	3.8
Sunseeds	2.9	2.6	2.2	2.1
Soybeans	2.5	2.3	2.3	2.1
Rapeseeds	-	2.6	2.6	2.2
Sugar beets	47	46	43	42

Financial results

EURk	2019	2020
Revenues, including	205 712	175 137
Corn	109 973	94 439
Wheat	40 250	44 726
Sunseeds	30 221	26 913
Cost of sales, including	(188 847)	(155 787)
Land lease depreciation	(19 929)	(17 740)
Changes in FV of BA & AP*	34 259	52 721
Gross profit	51 124	72 071
Gross profit margin	25%	41%
G&A expenses	(13 965)	(12 772)
S&D expenses	(27 626)	(18 129)
Other operating expenses	(1 016)	(2 882)
EBIT	8 517	38 288
EBITDA	53 335	80 190
EBITDA margin	26%	46%
Interest on lease liability	(21 682)	(20 132)
CAPEX	(21 284)	(10 182)
Cash outflow on land lease liability	(33 829)	(31 494)

*FV - Fair Value, BA - Biological Assets, AP - Agricultural Produce

GRAINS PRICE PERFORMANCE, EUR/t



Source: APK-inform

2020 was very volatile with key crops prices sliding to their lows in the beginning of the year and reaching multi-year highs by the end of the 2020 and advancing further in 2021.

Unfavourable weather conditions in key producing countries as well as in Ukraine raised concerns about global corn supply volumes and together with high global demand, namely from China, resulted in corn prices surge. According to USDA, global corn ending stocks are projected to decline by 6% in the 20/21 season pushing the stock-to-use ratio down to 25%.

Despite strong global wheat Supply & Demand forecast with higher y-o-y stocks, wheat prices went along with corn reflecting strong wheat demand from big importers and deterioration of harvest forecasts in several key producers such as the EU and Argentina as well as planned export restrictions in Russia.

Land reform - key stages

Market participants	July 1, 2021 - December 31, 2023	From January 1, 2024
Individuals with Ukrainian citizenship	Right to purchase up to 100 ha Cannot purchase land on behalf of legal entities	Right to purchase up to 10 000 ha (incl. indirect ownership through legal entities)
Ukrainian legal entities	Not allowed to purchase land Granted preemptive right to purchase land if the latter is cultivated by the same legal entity after January 1, 2024 Land mortgage holders - banks only	Right to purchase up to 10 000 ha Only citizens of Ukraine can be among founders of a legal entity which owns land
Foreign individuals or legal entities	Not allowed to purchase farmland until a confirmatory vote in a referendum	

SUGAR

31%

Share in consolidated revenues

EUR 127 m

Segment revenues

9%

Export sales of sugar and by-products (by value)

Sales volumes of sugar and sugar by-products and realized prices

	2019	2020
Sugar, kt	301	329
Sugar by-products*, kt	127	91
Sugar prices, EUR/t	345	351

*Granulated sugar beet pulp and molasses

Production

	2019	2020
Sugar production, kt	302	226
Sugar beet processed, kt	1 950	1 559
Own sugar beet, %	80%	86%

Revenues increased by 9% y-o-y to EUR127m on back of 2% y-o-y higher price and 9% y-o-y higher sugar sales volumes in 2020.

Exports declined by 29% y-o-y to EUR5m as local prices were more favourable compared to global ones.

Gross margin increased from 8% in 2019 to 22% in 2020 due to reduction in cost of sales (excluding sugar by-products) per tonne of sugar sold by 13% from EUR329 in 2019 to EUR285 in 2020. This resulted in a multiple EBITDA surge to EUR22m in 2020.

In 2020 ASTARTA retained its leading position in the Ukrainian sugar market with a 20% share.

Due to lower sugar beet harvest the amount of sugar beet processed was down from 2.0mt in 2019 to 1.6mt in 2020 with the corresponding sugar output down by 25% y-o-y to 226kt.

The Company continued asset optimisation by reducing the number of running sugar plants from 6 to 5 in the 2020 sugar beet processing season.

"A" grade quality sugar output increased from 96% in 2019 to 99% of total in 2020. The share of sugar with turbidity of up to 20 units increased from 22% to 31%, correspondingly.

ASTARTA kept its operational focus on reduction of losses as well as preservation of the quality of sugar beet during transportation.

According to the National Association of Sugar Producers there were 1.15mt of sugar produced in Ukraine (down by 22% y-o-y) with 33 sugar plants running in the 2020 production season.

The sugar beet harvest decline from 10.2mt in 2019 to 9.2mt in 2020 came as a result of reduction in sugar beet area (down by 2% y-o-y from 221) reflecting subdued international and local prices for several years as well as a decline in the sugar beet yield from 46 in 2019 to 42 in 2020 and sugar content from 15% in 2019 to 13% in 2020 due to adverse weather conditions.



Financial results

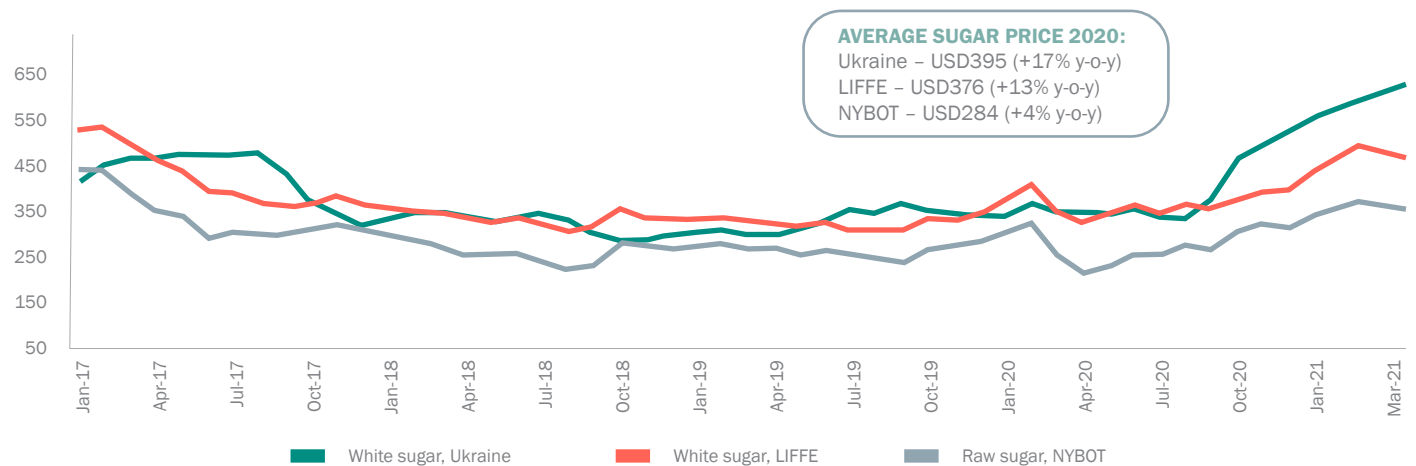
Supported by later start of the sugar beet processing season and lower stocks, the local sugar prices started to grow in September 2020 and the trend continued through 2021.

Global prices climbed 13% y-o-y to USD376 as unfavourable weather conditions in the top exporting country (Brazil) and lower output in Thailand and the EU led to deterioration of global production expectations.

On back of more attractive local pricing environment versus the global one exports from Ukraine declined by 36% y-o-y to 151kt in 2020.

EURk	2019	2020
Revenues	116 893	126 973
Cost of sales	(107 637)	(98 728)
Gross profit	9 256	28 245
Gross profit margin	8%	22%
G&A expenses	(6 349)	(6 118)
S&D expenses	(11 707)	(7 315)
Other operating expenses	(594)	(2 708)
EBIT	(9 394)	12 104
EBITDA	2 314	21 522
EBITDA margin	2%	17%
CAPEX	(1 184)	(1 622)

GLOBAL SUGAR PRICES, USD/t



Source: Bloomberg

SOYBEAN PROCESSING

18%

Share in consolidated revenues

EUR 75_m

Segment revenues

76%

Export sales of soybean products (by value)

Revenues totalled EUR75m, 9% down y-o-y due to lower sales volumes. ASTARTA crushed 208kt of soybeans in 2020, down by 10% y-o-y. Share of exports reduced from 89% to 76% in 2020 reflecting more attractive local prices versus international ones.

Gross margin went down from 16% to 15% in 2020 due to higher cost of sales.

EBITDA was flat at EUR7.4m.

Responding to unfavourable regulatory changes for soybean exports in 2018 the Ukrainian farmers reduced area under soybeans from 1.6m ha in 2019 to 1.3m ha in 2020. These changes were reversed in 2020 allowing for possible future expansion of the soybean acreage.

Strong demand from overseas consumers of soybeans coupled with lower harvest lead to price rally by 29% y-o-y to EUR332: yields down by 9% y-o-y to 2.1 t/ha and harvest down by 33% to 3.7mt in 2020 compared to 2019.

Sales volumes of soybean products and realized prices

	2019	2019	2020	2020
	kt	EUR/t	kt	EUR/t
Soybean meal	167	323	142	338
Soybean oil	46	598	40	651

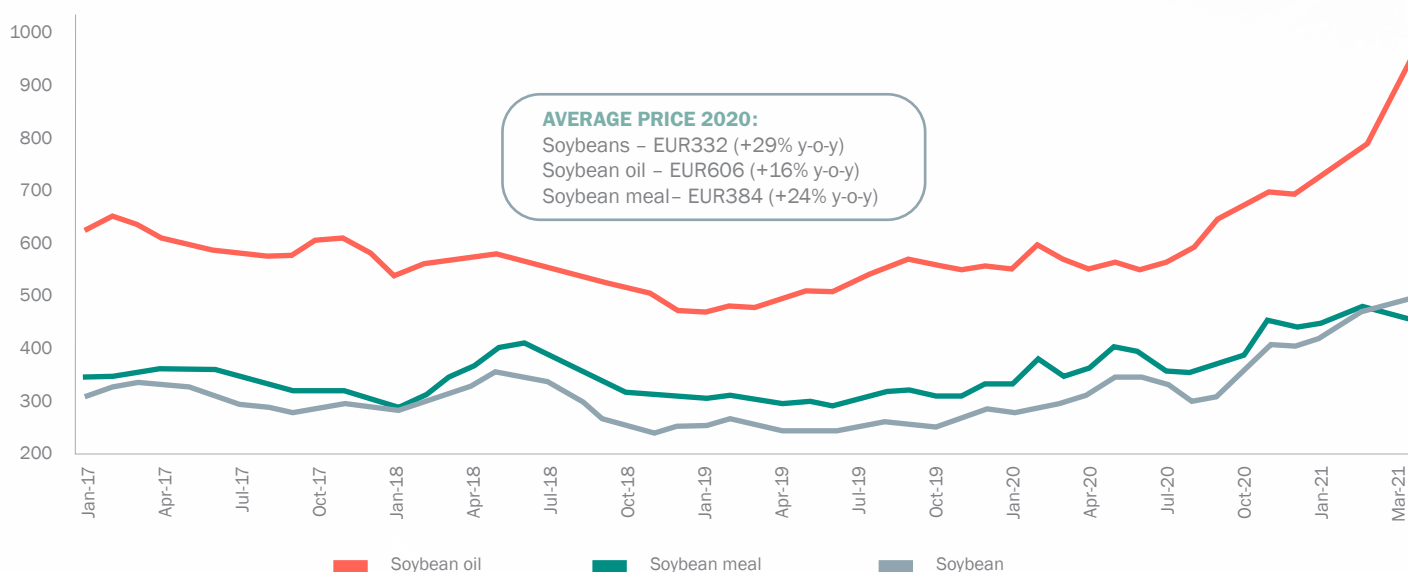
Production

kt	2019	2020
Soybeans processed	231	208
Soybean meal	169	152
Soybean oil	44	40

Financial results

EURk	2019	2020
Revenues, including	82 718	75 157
Soybean meal	54 025	47 872
Soybean oil	27 444	25 999
Cost of sales	(69 536)	(64 060)
Gross profit	13 182	11 097
Gross profit margin	16%	15%
G&A expenses	(564)	(636)
S&D expenses	(6 185)	(4 326)
Other operating expenses	(577)	(246)
EBIT	5 856	5 889
EBITDA	7 385	7 446
EBITDA margin	9%	10%
CAPEX	(496)	(481)

UKRAINIAN PRICES FOR SOYBEAN PRODUCTS AND SOYBEAN, EUR/t



Source: APK-inform

CATTLE FARMING

8%

Share in consolidated revenues

EUR 33_m

Segment revenues

100%

Domestic sales

Revenues declined by 4% y-o-y to EUR33m in 2020 amid 4% y-o-y lower milk sales volumes.

Gross margin declined from 46% to 29% in 2020 due to lower fair value of biological assets and agricultural produce.

EBITDA margin decreased from 45% to 26% in 2020.

Productivity increased from 20.1 to 21.4kg of milk per day per cow in 2020 amid further technological improvements in animal feed and herd optimization.

Milk production down by 4% y-o-y to 93kt vis-à-vis average cattle herd reduction by 8% y-o-y to 22k heads.

According to the State Statistics Service, Ukraine's total headcount of cows declined to 1.7m heads (down by 5% y-o-y) in 2020, resulting in milk output reduction to 9.3mt (down by 4% y-o-y).

Sales volumes of milk and realized prices

	2019	2020
Milk sales, kt	94	90
Milk price, EUR/t	326	330

Production

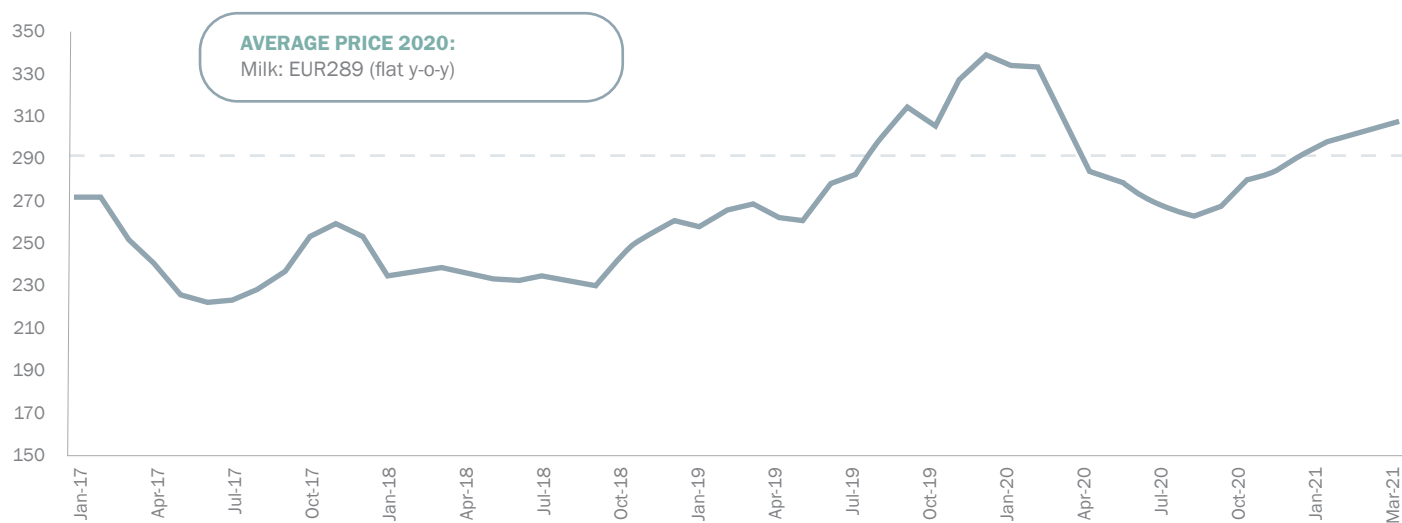
	2019	2020
Milk production, kt	96	93
Herd, k heads	24	22
Milk yield, kg/day	20.1	21.4



Financial results

EURk	2019	2020
Revenues	34 603	33 167
Cost of revenues	(27 692)	(25 015)
BA revaluation	8 949	1 363
Gross profit	15 860	9 515
Gross profit margin	46%	29%
G&A expenses	(1 511)	(1 575)
S&D expenses	(655)	(485)
Other operating income/(expense)	304	(16)
EBIT	13 998	7 439
EBITDA	15 610	8 748
EBITDA margin	45%	26%
CAPEX	(354)	(465)

UKRAINIAN PREMIUM QUALITY MILK PRICE, EUR/t



Source: Infagro

MANAGING COVID-19 RELATED RISKS

By the beginning of 2020, the COVID-19 pandemic reached every country globally and prompted introduction of measures aimed at containing further outbreak. Ukraine also implemented different measures to protect people and support businesses. The Government of Ukraine introduced quarantine measures on a country-wide basis regulating its strictness depending on the epidemiological situation. A host of economic and fiscal supporting stimulus were launched to overcome the consequences of the pandemic.

ASTARTA's operations had not been materially affected by the COVID-19 pandemic due to the outdoor nature of its agricultural operations and prompt management response aimed at mitigating the impact in line with the guidelines issued by the Government of Ukraine to guarantee the safety of its employees and to preserve continuity of business operations.



1. Personnel

- Intensive communication and education campaign on COVID-19 related risks to promote prevention among employees.
- Mandating working from home for office-based employees and providing them with all necessary remote working equipment.
- Active promotion of personal hygiene and distribution of cleaning and sanitising substances for use by employees and application to equipment and common areas.
- Extensive reporting and monitoring of absenteeism at the workplace due to illness or self-isolation.
- As a result, sick leave absences did not exceed usual seasonal levels.

2. Operations

- The Company replaced field equipment with machinery which allows for significant savings on human resources and maintenance at agricultural operations.
- In 2020 ASTARTA introduced enhanced monitoring of suppliers and off-takers and a more frequent review of counterparty limits.

3. Finances

- The Company kept close contact with its lending banks, with majority of them having financed its business for many years.
- Investments were limited to maintenance CAPEX only since 2019.

At the same time ASTARTA initiated considerable support programme for medical institutions in the regions of its business presence and allocated UAH27.4m (EUR0.9m) for purchase of medical equipment, namely: lung ventilators, oxygen concentrators, pulse oximeters, testing systems, patient monitors, defibrillators, etc.

Overall, the Company provided support to 36 hospitals and 222 medical and obstetric outlets in seven regions of Ukraine and kept a constant contact with the medical staff to monitor situation with coronavirus spread. The Company joined the Kyiv Volunteer Headquarters initiative and donated UAH1.0m (EUR0.03m) to provide doctors with personal protective equipment. In addition, 3,000 people from vulnerable groups in rural areas where the Company operates, received food packages. The Company's support extended not only to its employees but to land lease partners and their families.



SHAREHOLDERS AND SHARE PRICE PERFORMANCE

ASTARTA is a public company, the shares of which have been admitted for trading on the Warsaw Stock Exchange since August 17, 2006.

As of the end of 2020 there were two main shareholders: the family of Viktor Ivanchyk (the CEO), who owned 39.6% of

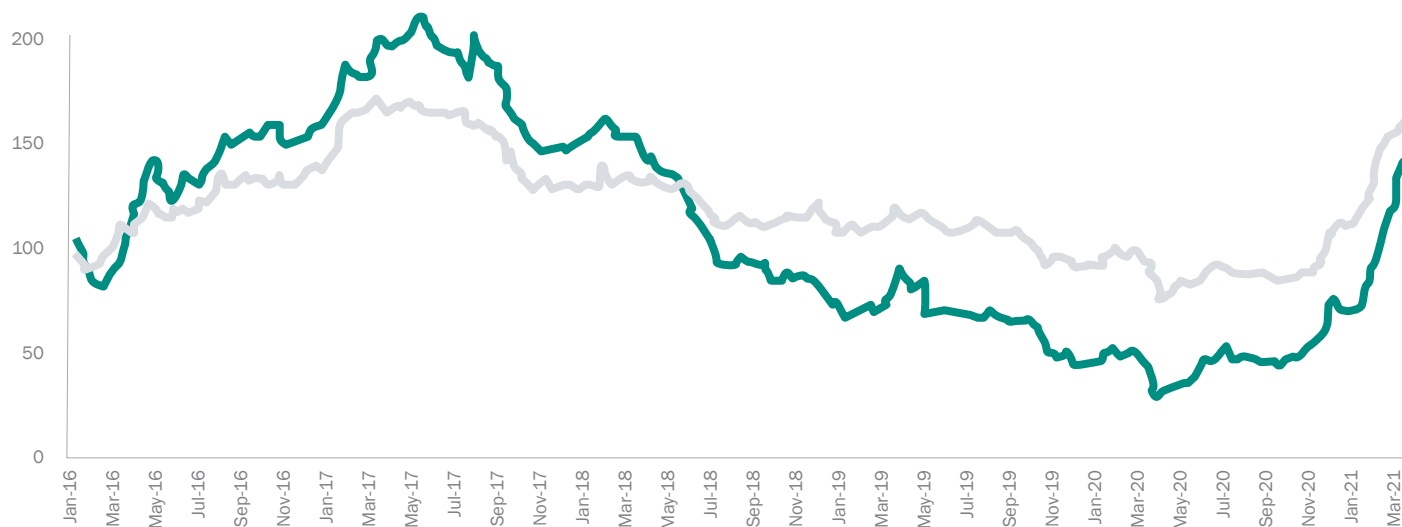
total shares outstanding through Albacon Ventures Limited, and Fairfax Financial Holdings Ltd, which owned 29.9%. The rest of the outstanding shares are owned mainly by Polish pension funds and EU and US investment companies, such as Aviva OFE (3.9%), Aviva Group (3.0%), Kopernik (2.6%), Heptagon Cap (1.8%),

OFE PZU (1.5%), MetLife (1.2%), NN Investment Partners TFI SA (1.0%). As of the end of the year the Company also held 2.8% in treasury shares.

	2016	2017	2018	2019	2020
Opening price (PLN per share)	35	55	52	24	16
Highest trading price (PLN per share)	55	72	58	33	27
Lowest trading price (PLN per share)	28	46	23	15	10
Closing price (PLN per share)	54	51	23	16	26
Closing price (EUR per share)	12	12	5	4	6
Market capitalisation as of 31 December, PLNk	1 351 250	1 287 250	575 000	400 000	655 000
Market capitalisation as of 31 December, EURk	305 436	308 626	133 721	94 025	143 121

ASTARTA AND WIG-UKRAINE PERFORMANCE

(FACTOR = 100 AS OF 01 JANUARY 2016)



Source: Bloomberg

■ ASTARTA ■ WIGUKR

SUSTAINABILITY

The world's population is expected to continue growing at a swift rate resulting in further increase in production and consumption of goods and putting further pressure on planet's resources and biodiversity as well as causing changes in ecosystem that humanity exists in. The effects of climate change became obvious and can be observed in increased heat, droughts, floodings, insects' outbreak, etc. Thus, concept of sustainable business aimed at preserving ecological and social equilibrium is a key element in achieving a sustainable planet with friendly ecosystem.

Agriculture, as a food producing branch, on the one hand plays a key role in provision of the people daily rations, and on the other hand puts significant pressure on natural resources and the environment as well



In 2020 ASTARTA was ranked by Sustainalytics, a global leader in environmental, social and governance (ESG) research and ratings. The rating agency conducted a fundamental assessment of ASTARTA's performance in the ESG area. According to the results of the assessment, the ESG risk rating score constituted 32.6, which corresponds to the 3rd position among 89 companies, ranked by the agency in the agriculture subindustry.

as impacts local communities. Thus, as a sizeable agro-industrial business, ASTARTA pursues sustainable agricultural practices aimed at climate change mitigation,

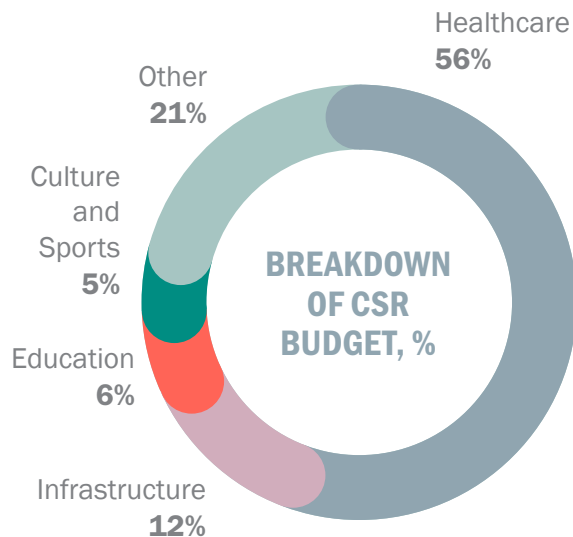
environmental and social protection in the regions of its presence.

CORPORATE SOCIAL RESPONSIBILITY

ASTARTA has a remarkable history of community involvement because of open and transparent communication with local communities being one of the priorities of the Company's development.

In 2020 ASTARTA's social responsibility focus moved to pandemic response and became one of its fundamental tasks. The Company has invested in local community initiatives UAH49.3m (EUR1.6m).

- Healthcare
- Other
- Infrastructure
- Education
- Culture and Sports











Since 2008 ASTARTA has been a participant of the UN Global Compact initiative. An integral part of the business is to uphold 10 principles of the UN Global Compact on Human Rights, Labour Relations, the Environment and the fight against corruption. ASTARTA adopts and shares the UN's 2030 Agenda for Sustainable Development with 17 goals and contributes to its achievement. The Sustainability goals closely connected with the Company's mission and values which are aimed at building strong Ukraine and strengthen its credibility in the world, unlocking and multiplying the potential of the land and people and inspiring the society with exemplary business conduct, based on the principles of fair partnership, ethics and development.



CSR ACHIEVEMENTS 2020

FIELD	PROJECT DESCRIPTION
 HEALTHCARE	<p>258 medical institutions received support 11 healthcare projects completed</p>
 EDUCATION	<p>Educational and other essential supplies to 68 schools and 29 children nurseries 1,503 children were provided with a free transportation and meals 7,254 children participated in extra curriculum educational projects</p>
 CHARITY	<p>590 people received a non-refundable financial aid</p>
 INFRASTRUCTURE	<p>To ensure road safety, the Company repairs public roads (interregional and national) and roads inside villages through social investments and involvement of local communities. 25km of roads inside villages repaired 88.5km of public roads repaired 8 streets were lit 14 water pipes/wells installed and repaired 76,005 people received support in the form of development and improvement of their personal land plots</p>
 CULTURE	<p>33 cultural buildings, 1 library and 8 monuments were repaired 295 participants of creative teams received support</p>
 SPORT	<p>5 teams and 135 participants received support to prepare for various tournaments 3 sports grounds were built 3 competitions were supported</p>

ASTARTA ALSO CONTINUED 5 ONGOING SOCIAL PROJECTS SWITCHING TO AN ONLINE FORMAT DURING THE PANDEMIC

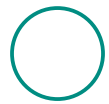


ASTARTA started the programme in 2018 to introduce students to modern agriculture and its professions.

RESULTS

- issued a school textbook and methodological recommendation;
- covered **25** schools from **5** Ukrainian regions;
- **350** children took a course in “My Future in Agro”;
- trained **25** teachers from the Ukrainian Agrarian Lyceum in the town of Uman;
- **19** children took part in a scientific project;
- **14** scientific works completed.





**IT
education**

In 2017 ASTARTA, in partnership with BrainBasket Foundation and Miratex company, initiated an ambitious educational project “IT Education in Rural Areas” to promote IT education to children and adults in rural areas.

RESULTS

- **3** schools in **7** regions took part in the project;
- **900** children received training in SCRATCH programming and ROBOTOTECH;
- **600** adults completed techno literacy course;
- **350** children took part in IT competition;
- **40** IT projects developed.



RESULTS

- **480** participants;
- **107** concepts designed;
- **43** projects selected and implemented.



**“Uprise!”
Project**

The project started in 2018 and is aimed at encouraging rural youth to engage in life of their communities using leadership skills, project thinking and experience of undertaking personal projects.





In May 2020 ASTARTA, together with the public organization International Environmental Security, implemented an online project “Eco-education in Communities”. The programme was aimed at engaging younger generation in solving problems of environmental safety and environmental education.

RESULTS

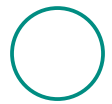
- **15** participants;
- **15** short films with recommendations calling to practice nature preserving consumption.



RESULTS

- complex diagnostics of the Volochysk Community;
- identification of problems and growth points;
- development and implementation of SMART-ideas.

The project was fostered in partnership with the Embassy of Switzerland and consulting company Deloitte in Ukraine. The authorities of the Volochysk Community began transformation and development of their community in close cooperation with expert partners in the field of self-government, economic analysis and sustainable development.



HUMAN RIGHTS

ASTARTA is guided by its Human Rights Policy, which is based on best international practices defined in the Global Declaration of Human Rights and UN Global Compact. The policy is available and promoted at all production units of the Company via information boards and HR departments. The Code of Corporate Ethics also defines the basic principles of a Company's culture: openness, tolerance, respect of each individual.

In 2020 the Company's Human Right Policy was introduced to 4,258 employees, 56 of its employees have undergone in-depth specialised training programme on protection of human rights and prevention of discrimination. Educational resources on the topic have also been distributed through the corporate knowledge base, including recommendations on preventing and counteraction of discrimination, links to video courses and training materials were published at the corporate resources. The training also addressed issues of gender equality, ethics, prevention of harassment and abuse. Testing was conducted at the end of training.

ASTARTA respects human rights and does not discriminate on political, religious, ethnical, gender, sexual or other grounds. The Company provides equal opportunities in employment, professional and personal growth to all employees.

ASTARTA respects the rights of employees to freedom of gathering and collective bargaining. The Company has collective agreements in place which support its policies and regulates relationships with its workforce. In 2020 100% of employees were unionised.

The Company guarantees safety at workplace. Corresponding Corporate Integrated Management System was implemented, mandatory component of which is employee's health care and occupational safety. 100% of production facilities were assessed internally for occupational health and safety risks.

The Ukrainian law prohibits the use of child and forced labour. No person under the age of 18 works at the production units and there are no cases of forced labour at ASTARTA. The Company treats these issues as a matter of principle and strictly adheres to the rules of the law.

When making economic decisions, the Company always considers and assesses potential risks to human rights. Potential cases of human rights violations can be reported to local management team via dedicated hotline. The procedure for handling complaints and appeals, described in the Stakeholder Engagement Plan, also provides procedures for potential complains.

ASTARTA performs a regular internal audit to verify compliance with the Human Rights Policy. The internal audit confirmed that there were no violations of human rights at the Company's business units in 2020.

The policy is also shared by contractors and subcontractors who work with the Company. Monitoring of potential use of forced and child labour is also included into the Sustainable Development Questionnaire for suppliers, which is filled out by them and submitted as part of procurement tenders by ASTARTA.



ANTI-CORRUPTION

Compliance with relevant anti-corruption laws is an important element of the Company's business activity. ASTARTA is committed to conduct all activities with integrity and does not tolerate breach of anti-bribery and anti-corruption (ABC) procedures.

ASTARTA's approach to governance is based on:

- Security Policy adopted in 2018. The Policy specifies a common vision and approach to security, anti-corruption, fraud, abuse and other unlawful acts based on principles of complexity, timeliness, continuity;
- ABC Policy adopted in 2020 that defines goals, tasks, principles and directions of the Company's anti-corruption activities.

In 2020 about 15,000 counterparties were analysed for risk exposure and adherence to anti-corruption procedures by the Security Department. Employees of the security department studied anti-corruption practices under the framework of various security conferences, seminars, workshops.

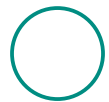
WHISTLEBLOWING

ASTARTA runs an in-house whistleblowing facility which enables anyone to report concerns about conduct that is contrary to the Company's values and business ethics.

During 2020, 139 alerts were received via this hotline system, covering a broad spectrum of concerns, including land lease agreements, lease payments, offers for potential cooperation, reports on possible misconducts, violation of ethics.

All issues were carefully considered, resolved, and the complaining parties were provided with comprehensive responses.





PERSONNEL

The Company's relations with its employees are guided by corresponding legislation and internal policies such as the Human Rights Policy and the Social Policy.

The Social Policy is aimed at creating motivation and favourable working conditions for the Company's employees. The Policy also defines benefits to enable comfortable working condition and stimuluses, such as:

- financial incentives;
- additional holidays;
- partial compensation of cost of holiday trips for children of the employees;
- assistance in improving housing conditions.

There are also additional benefits related to covering costs of medical treatments for COVID-19 and a choice of medical insurance or wellness programme for the head office employees.

In 2020 ASTARTA was recognised as one of the best employers in Ukraine. According to Ukrainian business magazine "Focus" ASTARTA was recognised as the best employer in the Ukrainian agricultural sector. The Company was highly rated for working conditions, preservation of jobs, students' involvement etc. Another business magazine "Delo" recognised ASTARTA among five best employers in Ukraine considering excellent reputation, social responsibility, personnel development.

ASTARTA conducts its business nationwide, thus hiring people in different regions of Ukraine. As of the end of 2020, ASTARTA employed 5,027 employees, down by 8% y-o-y, due to optimisation of sugar assets and personnel. 99% of employees were part of the collective agreement.

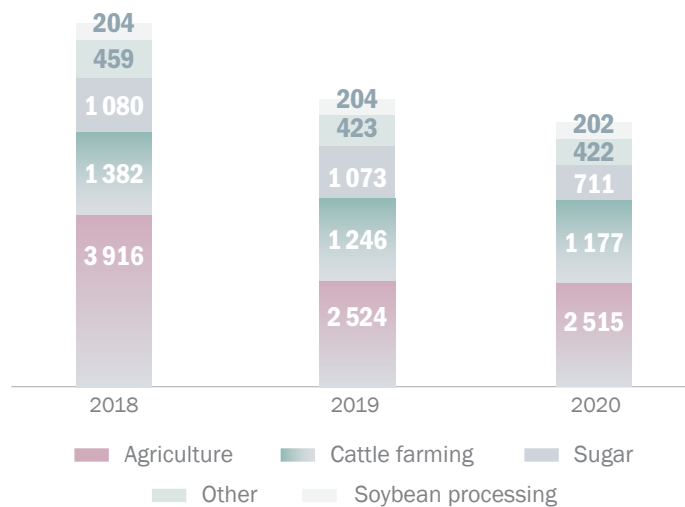
The level of staff turnover cannot be measured precisely due to the specifics of the business - i.e. each business segment has different start and end dates, as well as different use of seasonal workforce.

14% of the total employees or 710 people were up to 30 years old, 55% or 2,760 people were 30-50 years old and 31% or 1,557 were over 50 years old in 2020. The most labour-intensive segment was the Agricultural segment with 50% of the total employees or 2,515 people. Female personnel accounted for 36% of total employees or 1,816 people. The gender gap is due to the nature of agricultural operations. In 2020 85% or 4,250 employees were permanent workers compared to 83% or 4,566 employees in 2019. The ratio of the basic salary and remuneration

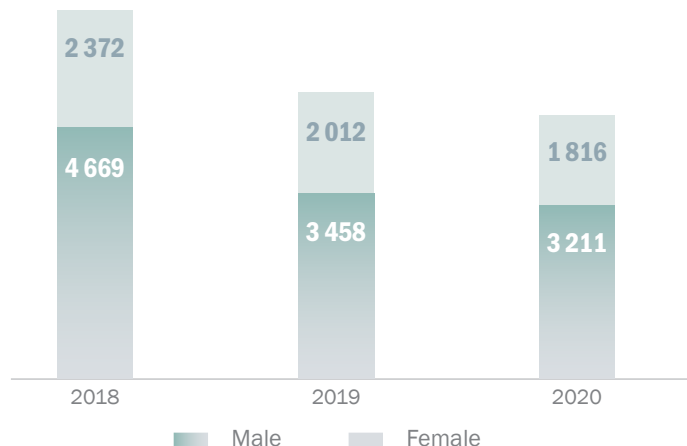
of women to men improved and was almost equal in 2020.

ASTARTA respects the right of the employees to parental leave which is secured in corresponding legislation and internal policies of the Company. In 2020 202 employees were on parental leave, 199 of which were females. 59 employees (58 females) discontinued parental leave, out of which 18 returned to work (17 females) and 41 resigned (41 females).

NUMBER OF EMPLOYEES BY THE SEGMENT AS OF YE20



PERSONNEL GENDER STRUCTURE



ASTARTA also actively involves its employees in promoting sustainable business practices. In 2020 the next stage in-house operational efficiency programme (Lean philosophy based) was implemented with the following key achievements:

1) System for collecting of employees' ideas was spread Company-wide. The key goal of the system is to provide a clearly structured process for managing employees' initiatives on improvement of efficiency of business processes and safety of operations. As a result, 814 ideas were submitted. 267 ideas (33%) concerned improving working conditions, 140 ideas (17%) addressed safety issues, 132 ideas (16%) concerned labour productivity, 54 ideas (7%) were directed on energy efficiency etc.

Remuneration of employees for submission and implementation of ideas amounted to UAH0.7m (EURO.02m) in 2020. Each ASTARTA's subsidiary has a dedicated employee managing the idea collection process as a project task.

2) Five process improvement projects were implemented in 2020 using Six Sigma methodology. The project resulted in UAH6.9m (EURO.2m) savings mainly due to improvements in sugar production operations.

EMPLOYEE INVOLVEMENT

814 ideas were introduced. The economic effect from implementation of new ideas was estimated as UAH7.5m (EURO.2m) in 2020.





TRAINING

ASTARTA pays a lot of attention to professional development of its employees and implements different projects to help unlock and realize their potential. To this end, the Company initiated Mentoring programmes for the team building and retention “staff reserve” programme, “internal experts programme” to facilitate implementation of ideas etc.

In 2020 4,791 employees were trained (4,489 employees in 2019) representing 74% of the average annual number of employees (one employee can participate in several trainings). The trainings covered employees from all business segments. Top training areas were the following:

- professional training – 2,594 employees;
- development of personal and managerial competencies (including prevention of discrimination and human rights abuses) - 622 employees;
- labour protection and fire safety – 1,301 employees;
- product quality assurance – 217 employees;
- environmental protection – 57 employees.

Additionally, there were participants among the Company’s employees who took part in other internal educational programmes and 13 webinars on in-house operational efficiency programme (lean philosophy based).



Annual weighted average number of training hours per employee in 2020 was 12 hours, including: managers – 16 hours; specialists – 12 hours; workers – 25 hours. Total spending for trainings amounted to EURO.1m in 2020, a 41% reduction was due to pandemic restrictions, thus considerable number of trainings was provided using internal resources.

Annual average number of training hours per employee by gender was: male – 19 hours, female – 13 hours.

OCCUPATIONAL SAFETY

ASTARTA takes care of employees' health protection and safety and is guided by respective legislation and internal standards on occupational safety. Despite the strictness of the occupational safety procedures one fatal incident took place in the Agricultural segment in 2020. There were also two non-fatal accidents in the Sugar segment with one light and one moderate consequences for the health of the employees. The management of the Company worked hard to investigate the circumstances leading to the accidents and how similar situations can be prevented in the future. No other accidents involving employees being injured happened during the reporting period.

To be proactive in preventing the risks of accidents and improve the safety of the employees the Company implements best practices including trainings and technical measures.

Considering that ASTARTA's business units are located in different regions of Ukraine the Company is required to provide transportation between its subsidiaries for the employees. Thus, the Company pays special attention to the traffic safety and keeps improving relevant internal procedures.

In 2020, the Company within the traffic safety undertook the following measures:

1. Establishment of the Road Safety Service of ASTARTA;
2. Introduction of the Road Traffic Safety Management Systems in accordance with international standards;

IMPLEMENTATION OF BEST PRACTICES IN 2020 IN CERTAIN BUSINESS UNITS OF THE COMPANY:

- installation of a canopy and additional technological platforms at points of the grain delivery for railway transport, to reduce risks for workers during working at altitude and to prevent injuries during the movement of railway cars;
- installation of sound and light alarms, which automatically notify workers about the operation of shunting devices and the movement of railway transport within the loading points;
- installation of six flexible tanks for storage of mineral fertilizers;
- installation of fencing on the conveyor of limestone and coal in the gas-limestone shop;
- mark-up of the areas with increased safety risks.

3. Design of the Annual Communication Programme on road safety;

4. Introduction of dedicated data collection on road traffic accidents and performance indicators «Vehicle Collision Frequency Rate» (VCFR-D);

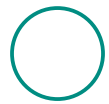
5. Distribution of special training materials on road traffic safety and provision of issue-related trainings to relevant employees;

6. Introduction of the system for risk assessment and incidents analysis;

7. Conducting defensive driving training.

Workplace safety data

	2018	2019	2020
Fatal Injury Frequency Rate (FIFR)	-	0.1	0.1
Lost Time Injury Frequency Rate (LTIFR)	0.5	0.4	0.2
Lost Day Rate (LDR)	54.8	55.3	6.0



ENERGY

Management of ASTARTA is convinced that the sustainable approach to natural resources use has more dimensions than just an economic. It also applies to social and ecological impact on personnel and communities in the areas of operations.

The Company's policy is based on continuous improvement of its management of issues in the areas of environmental protection, labour protection, safety, energy consumption and safety of the products. These elements are part of the corporate integrated management system. The Energy Efficiency Programme was developed to improve energy use and reduce resource consumption at ASTARTA's production subsidiaries.

Processing of agricultural crops such as sugar beets and soybeans is an energy-intensive process with direct impact on environment. Management targets reduction of gas and electricity consumption as an important element of business sustainability. The Sugar segment is the biggest consumer of the energy among the Company's business segments. In 2020 the average natural gas consumption per tonne of sugar beets processed increased by 4% to 23.5 m³. The growth of gas consumption in 2020 came from a higher sugar content in sugar beets processed at key sugar plants implying higher energy intensive processing. At the same time, the total natural gas consumption decreased by 16% y-o-y to 44m m³ due to reduction in the number of sugar plants in operation.



In 2020 ASTARTA was awarded for leadership in the energy management according to the results of "Energy Management Leadership Awards" by Clean Energy Ministerial – a global forum which brings together representatives of Ministries of Energy from different countries, European Commission and UNIDO



Consumption of electricity per tonne of sugar beet processed reduced by 9% y-o-y to 20 kWt/h per tonne of sugar beets. Total electricity consumption by all sugar mills declined by 18% y-o-y to 43m kWt/h amid reduction in the number of running sugar plants. Consumption of electricity in the Agricultural and Cattle Farming segments decreased by 19% y-o-y to 20m kWt/h reflecting cattle farms optimisation. The reduction in soybean processing volumes led to lower electricity consumption in the Soybean Processing segment by 13% y-o-y to 10m kWt/h.

The Agriculture segment is the main consumer of diesel which is mainly used by agricultural machinery. In 2020 the consumption of diesel fuel amounted to 72kg/ha of farmland (down by 3% y-o-y).

In 2020 the total energy consumption by the key business segments of the Company (as measured according to national technical standards) equalled 3,242k GJ (down by 11% y-o-y) of which 145k GJ (down by 17% y-o-y) was energy from renewable sources.

EMISSIONS AND ACTING ON CLIMATE CHANGE

According to United Nations Emissions Gap Report during the decade since 2010 global greenhouse gas (GHG) emissions grew by 1.4% per year on average including land use change. In 2020 GHG emissions are estimated to decrease due to the COVID-19 crisis. At the same time this reduction is expected to be short run followed by a comeback in the amount of emissions in the coming years. It is vital for each country and business to contribute to the reduction of GHG emissions and, thereby, lower impact on the climate change.

Today global climate change leads to unpredictable and severe weather events which have enormous impact on business activities. In 2020 the extreme farming weather conditions, not seen in the Ukraine for decades, resulted in reduction of crops yields and in decline of grain production volumes.

In 2020 ASTARTA introduced a Corporate Standard on monitoring of GHG emissions generated by the Company. The Standard includes the methodology for calculation of GHG from stationary and mobile sources which is based on protocol calculation tools & Global Warming Potential values.

On January 1, 2021, the Law №377-IX on the Principles of monitoring, reporting and verification of greenhouse gas emissions came into force in Ukraine according to the Directive 2003/87/EC. According to law, ASTARTA will report GHGs emissions generated by its sugar plants and the soybean processing plant. ASTARTA developed the corporate standard “GHGs monitoring and accounting” which determines the main principles of Scope 1 reporting. As agriculture generates three main types of gases that are dangerous to climate: nitrous oxide, methane and carbon dioxide, ASTARTA also committed to measure GHGs in its agricultural activities.



ASTARTA's management understands the importance of taking actions against climate change and support sustainable approach. The Company has determined the main principles of climate actions in the Policy on Climate change, GHGs emissions and Energy efficiency, such as:

- Compliance with national regulations and international standards (the IFC Performance Standards, EBRD Performance Requirements, the Montreal Protocol, the Paris agreement, the Global goals);
- Efficient use of resources and energy;
- Risk assessment and mitigation;
- Prohibition of usage of ozone-depleting substances.

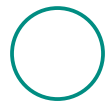
The biggest contributor of GHG emissions among ASTARTA's business segments is sugar production with 37% of the total, or 108kt in CO₂ equivalent, down by 22% y-o-y reflecting lower production volumes. In 2020 the Company started to calculate GHG emissions from livestock's enteric fermentation and manure storage in the Cattle farming. The segment's share in total 2020 GHG emissions was 37%, or 107kt in CO₂ equivalent. Share of the Agriculture segment (including silos) was 23% or 67kt in CO₂ equivalent, down by 35% y-o-y on back of lower production volumes. Soybean processing segment contribution was minor, compared to other

segments, with 4% share in total GHG emissions or 11kt in CO₂ equivalent. In 2020 ASTARTA included emissions from use of biogas in total emissions generated by the Soybean processing segment.

Total GHG emissions generated by key segments of the Company constituted 293kt in CO₂ equivalent in 2020^[1].



[1] No comparative data to 2019 because cattle farming measurement was introduced in 2020.



WATER WITHDRAWAL AND DISCHARGE

Sugar beet processing requires significant amount of water which is used for sugar beets cleaning as well as for cooling at sugar plants' power stations. In 2020 water withdrawal by the Sugar segment constituted 1.4m³ (down by 24% y-o-y) while water discharge totalled 1.3m³ (down by 18% y-o-y).

Sugar plants have different categories of water used in the process of sugar beet processing. I-st category water is technical water from water reservoir, II-d category water is clean water used for cleaning sugar beets and their transportation along the conveyor belt. III-d category water is wastewater that contains sludge from the technological process. The latter category of water is not returned to the cycle and is discharged to the absorption fields which are located nearby the sugar plants and are designed for biologic treatment of wastewater.

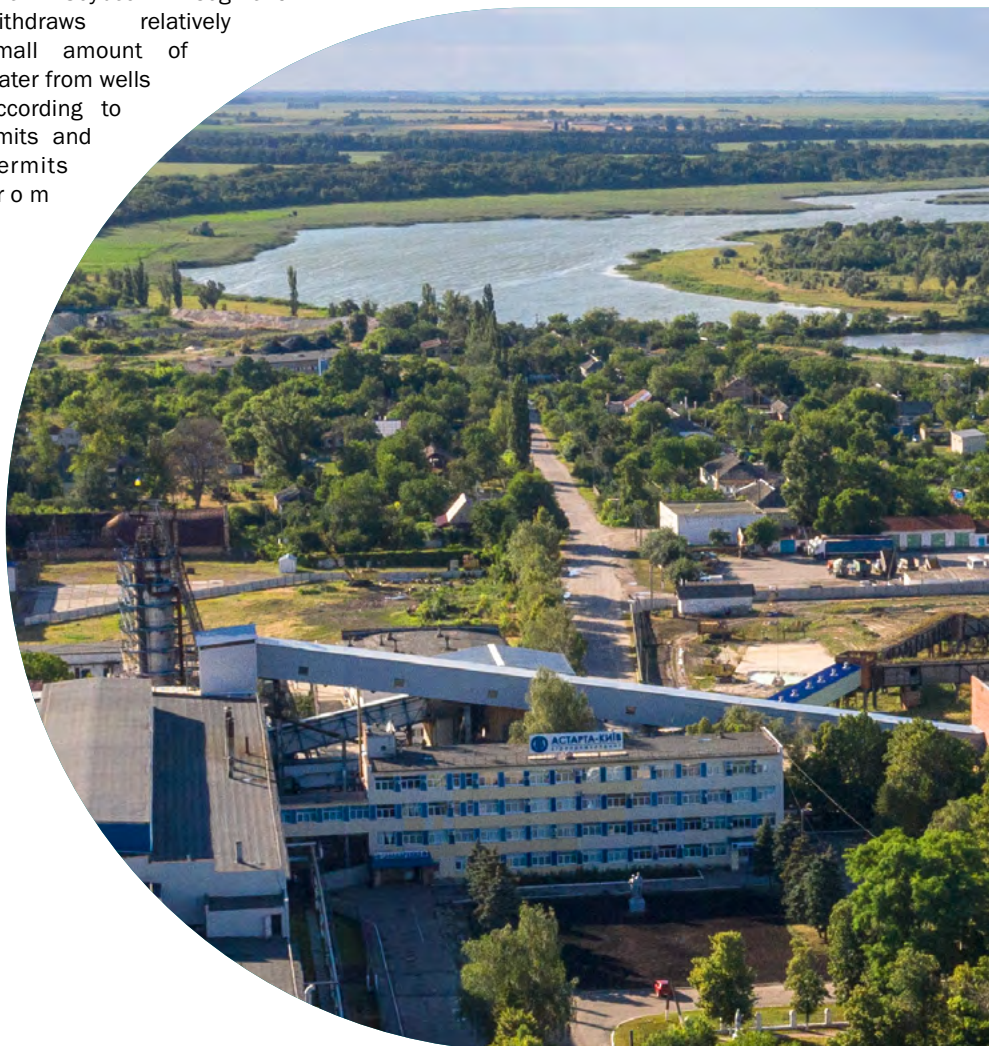
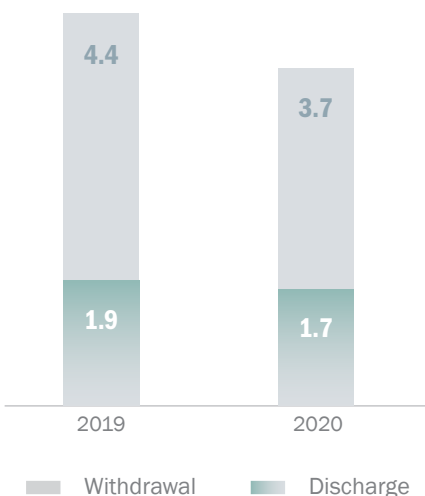
ASTARTA's agricultural and cattle farming operations withdraw water mainly for watering the animals and during the application of plants protecting agents. In 2020 water withdrawal by these two segments constituted 2.2m³ (down by 11% y-o-y) while water discharge totalled 0.4m³ (down by 18% y-o-y). Water is withdrawn from wells according to limits and permits from local authorities. The discharged water is mainly wastewater that is collected in special reservoirs for further discharging and treatment by special organisations.

The Soybean segment withdraws relatively small amount of water from wells according to limits and permits from

local authorities. Wastewater is discharged to the absorption fields which are located nearby and are designed for biologic treatment of wastewater. In 2020, the soybean processing operations withdrew 0.15m³ (up by 47% y-o-y) and discharged 0.05m³ (up by 34% y-o-y) of water.

To control the quality of wastewater that is discharged ASTARTA conducts its quality analysis on a quarterly basis.

Water withdrawal and discharge by key segments of the Company, m³



WASTE

The Company's subsidiaries generate mainly non-hazardous waste such as pulp, chuff, defecate, limestone screening, slaked lime and quicklime, coke screening, sugar rolls, manure etc.

The amount of hazardous waste is negligible and mainly includes fluorescent lamps, battery packs, used oils, residue from the use of pesticides and agricultural machinery etc. To dispose the hazardous waste, ASTARTA cooperates with companies that are reputable, and licensed by relevant authorities to handle such waste. ASTARTA receives regular updates from the state authorities regarding the list of licensees.

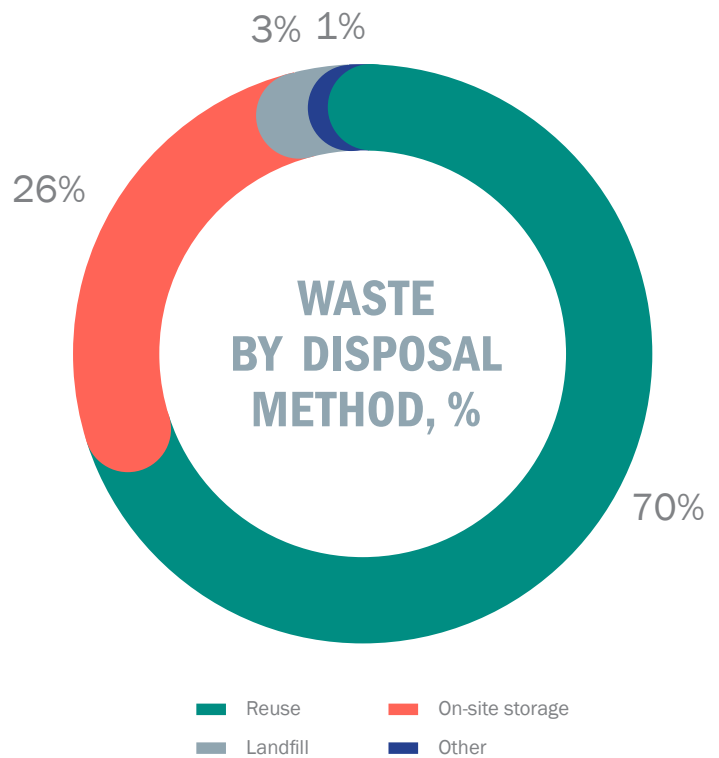
Sugar beets processing results in by-products such as sugar beet pulp and molasses. Molasses is sold as is, while sugar beet pulp is partially turned into a valuable product and sold, and partially is utilised. Sugar plants are equipped with facilities for sugar beet pulp granulation. Granulated sugar beet pulp is mostly exported (90% in 2020). Remaining sugar beet pulp is either sold to local farmers or used internally in the Cattle Farming segment as an animal feed.

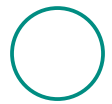
Waste in the Agricultural segment consists mainly of residue after harvesting of agricultural crops. Those are left in the fields to preserve the quality of soil as well as used in cattle farming as a bedding material for cows.

The key element of waste in the Cattle Farming is manure which is used as a fertilizer on the fields of the Company.

Soybean meal and oil are the key products in soybean crushing. The by-product of the crushing process is husk which is sold to third parties. Therefore, the volume of waste generated in this process is minor.

Total amount of waste, excluding by-products, generated by the Company constituted 677kt, down by 32% y-o-y due to lower output in all business segments in 2020.





ANIMAL WELFARE

ASTARTA seeks raising its standards and practices of animal welfare through investments and operational improvements. The Company improves animal keeping conditions by refurbishing premises, enhancing lighting and ventilation, usage of rubber mattresses for safe movement and comfortable rest of animals, etc.

An important contribution to improving animal welfare is the optimization of animal feeding: procurement of high quality and nutritious feed, tailored diets, compliance with animal feeding technology and ensuring sufficient quantity and quality of feed and water.

One of the important aspects of maintaining animal welfare is the high quality and timely veterinary care, as well as the humane treatment of animals at all stages of their life.

In general, ASTARTA focuses on compliance with the principles of animal welfare stated in the Animal Welfare Policy adopted in 2020. The Policy refers to local and international laws and highlights the basic principles of animal welfare and the respective goals set by the Company.

In 2020 the Company introduced digital control of the animal feeding process. The ProFeed feeding system, aimed at comprehensive feeding control and results analysis, has been introduced at eight cattle farms (out of 40). The system enables control over the mix of ingredients according to specified rations as well as timing of feeding.



MATERIAL RISKS AND MITIGATION

RISK	IMPACT	MITIGATION
COUNTRY RISK	Political instability could negatively affect the country's economic situation, reduce investment attractiveness and complicate business operations	<ul style="list-style-type: none"> • Strong business model • Expansion of export sales
REGULATORY RISK	The business may be affected by changes in fiscal, tax or other restrictive mechanisms	<ul style="list-style-type: none"> • Compliance and monitoring of regulatory environment • Participation in industry associations in order to represent the interests of the Company
CLIMATE RISK	Unfavourable weather conditions could have a negative impact on crops and direct implications for the per-unit cost of production	<ul style="list-style-type: none"> • Location of the Group's business units in different climatic zones of Ukraine to ensure the geographical diversification of the risk • Professional management and the use of advanced technologies • Diversified portfolio of products • Modern agronomic solutions
PERSONNEL RISK	Lack of experienced staff could potentially impact the business.	<ul style="list-style-type: none"> • Several educational projects initiated by the Company to encourage young people to choose profession in agriculture and promote attractiveness of the industry for prospective employees • Internship for students with a prospective job placement • Professional training and development programmes
MANUFACTURING RISK	Deterioration of product quality may negatively affect the Company's reputation and customer relationships	<ul style="list-style-type: none"> • Modernisation programmes • Quality management and certification



RISK	IMPACT	MITIGATION
LOGISTICS AND STORAGE	Logistical challenges may negatively affect relations with clients and disturb the optimal functioning of business processes	<ul style="list-style-type: none">• Own network of grain and oilseeds silos• Own railway fleet
IT RISK/ CYBER RISK	Data loss or dissemination may have a negative impact on the financial position and reputation of the Company	<ul style="list-style-type: none">• Implementation of the information security and cyber-risk management systems, Business Continuity Planning (BCP)• Cloud storage systems, systems of independent servers and backup systems
TECHNICAL RISK	The use of outdated technologies may carry risk of productivity loss	<ul style="list-style-type: none">• In-house control systems• Improvement of the existing production processes and technologies• R&D solutions
LAND ASSETS RISK	Opening of the farmland market for sale can motivate some landowners to sell their land plots instead of rolling over land lease agreements	<ul style="list-style-type: none">• Increase the share of long-term land lease agreements (up to 49 years)• Monitoring of legislation on how the land sale mechanisms and regulations would work
VOLATILITY OF GLOBAL PRICES	Volatility of global prices for grains, oilseeds, sugar, milk and soybean products may affect operating results and profitability	<ul style="list-style-type: none">• Diversified portfolio of products• Balanced portfolio of customers• Flexible sales policy
VOLATILITY OF GAS, FUEL AND ENERGY PRICES	Volatility of raw material prices could affect the operating results and profitability	<ul style="list-style-type: none">• Strategic long-term cooperation with suppliers and a diversified supplier base• Energy saving programmes

RISK	IMPACT	MITIGATION
CREDIT RISK	Non-fulfilment of financial obligations by counterparties may adversely affect the Company's financial position.	<ul style="list-style-type: none"> • Risk management policies and counterparty risk assessment systems • Regular analysis, verification and monitoring of counterparties
LIQUIDITY RISK	The Company's inability to meet its financial obligations in a timely manner may have a negative impact on the financial results	<ul style="list-style-type: none"> • Strategic and financial assessment of the Company's current performance and quick response to deviations from set targets
INTEREST RATE RISK	Changes in interest rates may affect the financial performance	<ul style="list-style-type: none"> • A financing strategy aimed at utilising opportunities to fix interest rates. For more details, please refer to the corresponding notes in the consolidated financial statements
CURRENCY RISK	High volatility of the Ukrainian hryvnia and exchange rate fluctuations may negatively affect the business.	<ul style="list-style-type: none"> • Balanced sales strategy ensuring sufficient export sales • Matching the timing of export sales with the purchase of inputs denominated in foreign currencies • Locking in purchasing and sales prices
INVESTMENT RISK	The Company's inability to proceed and finish planned investments due to lack of financial resources	<ul style="list-style-type: none"> • Prioritisation of investment projects and steady pace of maintenance CAPEX • Search of alternative sources of financial resources
CORRUPTION RISK	The inability to manage the corruption risk may damage Company's reputation and impact financial results	<ul style="list-style-type: none"> • Strict adherence to the Anti-corruption policy • Robust internal audit to identify any discrepancies in the application of the Anti-corruption policy in business processes



RISK	IMPACT	MITIGATION
TRANSITION RISK	Due to changes in global climate, energy policies and a shift to low-carbon technologies the Company may face higher prices for inputs and change in demand for the Company's products	<ul style="list-style-type: none">• Implementation of energy efficient and low-carbon technologies in the Company's production processes
GREENHOUSE GAS (GHG) RISK	Introduction of legislation in the environmental sphere aimed at reduction of GHG can result in additional taxes and/or fines from the Government	<ul style="list-style-type: none">• Strict control over GHG emissions and implementation of programmes aimed at their reduction
WATER SCARCITY RISK	Lack of water can negatively affect business operations	<ul style="list-style-type: none">• Improvements in production processes aimed at reduction of water use
REPUTATIONAL RISK	Inappropriate actions of the partners, management or employees can threaten the good name of the Company resulting in reputation impairment	<ul style="list-style-type: none">• Open and proactive communication policy• Appropriate response and contingency plans
LEGAL AND COMPLIANCE RISKS	Incompliance with applicable legislation can expose the business to legal penalties and material losses	<ul style="list-style-type: none">• Adherence to relevant compliance procedures, regular management of risks by compliance committee

The mitigation factors in response to risks identified reflect the management's risk appetite.

OUTLOOK AND KEY CHALLENGES

In 2020 ASTARTA, as any other business, operated in the new environment created by the global pandemic under various restrictions and lockdowns imposed by governments. To adapt to a new reality ASTARTA implemented multiple measures to mitigate its impact, to guarantee the safety of its employees and to preserve continuity of its operations. Due to these measures the Company's operations have not been materially affected by the COVID pandemic.

However, the Company faced other challenges apart from those related to the pandemic. Subdued international and local sugar prices and adverse weather conditions led to the reduction in sugar and crops' output. Lower Ukrainian soybean harvest resulted in higher prices and lower volumes crushed locally.

During this difficult year ASTARTA retained its leading position in the local sugar market with 226kt of sugar produced (down by 25% y-o-y) corresponding to a 20% share. The Company was also one of

the largest Ukrainian farmland operators and agricultural producers and harvested 811kt of grains and oilseeds (down by 20% y-o-y). Its soybean processing plant was the second largest Ukrainian crusher by volume processed (208kt, down by 10% y-o-y).

In 2021 the Company will continue to focus on profitability of its operations and conservative financing policy. Its financing and investment goals include:

- Active working capital management and CAPEX at maintenance levels while weather poses challenges for agricultural activities;
- Maintaining low financial leverage;
- Wide ranging cost cutting measures to reduce fixed and variable costs across the board.

Among the key challenges that could potentially affect ASTARTA's business activities in 2021: growing global protectionism and governments' restrictions related to the COVID pandemic, local and international markets turbulence, labor migration from Ukraine, legislative changes and climate change.

In the long-term, based on the principles of sustainable development, ASTARTA aims at building a high-tech innovative company with a globally identifiable brand and an impeccable reputation that is attractive for shareholders and partners, creating products of the highest quality for the most demanding consumers.





AGRICULTURE

KEY ACHIEVEMENTS



ASTARTA is ranked among Ukraine's Top 5 agricultural businesses with a total farmland used for grain and oilseeds growing as well as for cattle farming of c. 220kha. The Company is the largest sugar beet grower with 1.5mt harvest in 2020, as well as large-scale row crop grower (corn, wheat, sunflower and soybeans) with crops yields typically higher than the average Ukrainian ones. In-house storage & handling facilities with capacity 550kt satisfy all internal needs for keeping the harvest as well as leave ample room for third party services.

ASTARTA launched a pilot organic crop project by dedicating c. 2kha of farmland to growing organic produce with the first harvest of 3.5kt in 2020.

The Company continues to modernise its agriculture machinery fleet in strategic partnership with John Deere. Management focuses on technological improvements in fertilizer and plant protection application (differentiated sowing and fertilizer application, ¾ of farmed land covered by daily remote monitoring of crops).

OUTLOOK

In 2021, ASTARTA's management focus in the Agriculture segment is on the following:

- Continued optimisation of land resources by rolling over or terminating lease contracts depending on quality of assets.
- Enhancing management through an integrated IT solution – AgriChain.
- Further fixed costs reduction.
- Growth of specialty crops such as rapeseeds or sunseeds for High Oleic oil.
- Further improvements in the crops growing technologies, including precision farming and irrigation.
- Leveraging off ample storage capacity and developing partnerships with independent farmers to expand scale of forward and spot trading activities, among others.

SUGAR

KEY ACHIEVEMENTS



ASTARTA preserved leadership position locally with a market share of 20% in 2020 according to Ukrugar.

The Company managed to sustain high quality of sugar despite adverse weather conditions and suboptimal sugar beet harvest: high quality sugar production at 99% of total in 2020, compared to 96% in 2019. Share of sugar with turbidity up to 20 units increased from 22% to 31% in 2020.

As an industry leader, ASTARTA certified its production (ISO, FSSC) to preserve key relationships with reputable clients such as Coca-Cola, Mondelez, Pepsi, Danone (c. 1/5 of total by volume).

OUTLOOK

ASTARTA intends to concentrate production at its core five sugar plants to better manage supply logistics and production costs. Until sugar price demonstrates a steady recovery, the Company is not planning to increase sugar beet planting area.

Board of Directors of Astarta Holding N.V.

7 April 2021

Amsterdam, the Netherlands

Mr. V.Ivanchyk (signed) _____

Mr. H.A. Dahl (signed) _____

Mr. V.Gladky (signed) _____

Mr. M.M.L.J. van Campen (signed) _____

Mr. G. Mettetal (signed) _____

Mr. H. Arslan (signed) _____

The background image shows a large industrial facility, possibly a refinery or chemical plant. It features a prominent blue building with two small square windows. To the left, there is a complex structure of blue metal scaffolding and walkways. In the foreground, there are several large, cylindrical storage tanks with a grid-like pattern of vertical supports. The entire scene is overlaid with a semi-transparent blue filter, and the text 'CORPORATE GOVERNANCE REPORT' is centered in white, bold, sans-serif font.

CORPORATE GOVERNANCE REPORT



1. GENERAL

ASTARTA Holding N.V. (hereinafter referred to as “ASTARTA” or “Company”) was incorporated as a public limited liability company (naamloze vennootschap) under Dutch law on 9 June 2006.

The Company is registered in the commercial register of the Chamber of Commerce and Industry for Amsterdam under number 34248891.

ASTARTA's statutory seat is in Amsterdam, the Netherlands. The Company's registration address is Jan van Goyenkade 8, 1075 HP, Amsterdam, the Netherlands. The Company's operations are located in Ukraine with trading companies registered in Cyprus and Switzerland.

The Articles of Association (statuten) were executed on 9 June 2006 and amended on 05 June 2018.

ASTARTA's share capital is divided in ordinary shares with a par value of one cent (EURO.01) each, all of the same class and kind; there are no shares issued with special rights or privileges attached to them. There are no restrictions imposed by the Company to transfer shares or certificates.

ASTARTA is pleased to present the corporate governance report of the Company for the 2020 financial year.

2. BOARD OF DIRECTORS

A) Appointment and composition of the Board of Directors

The Company has a one-tier system of management that means that managing and supervisory duties are joined in the Board of Directors. Appointment and/or dismissal and/or suspension of the members of the Board of Directors is the prerogative power of the General Meeting of Shareholders. The General Meeting of Shareholders is authorised to determine the number of Directors.

The Board of Directors of the Company consists of six members: two Executive Directors A, one Executive Director B, and three Non-Executive Directors C.

Directors A and Director B perform management duties and they are responsible for operational activity of the Company when the Non-Executive Directors have the supervisory obligations and shall bring specific expertise on activity of Executive Directors. Besides that two Non-Executive Directors – Mr. Dahl and Mr. Mettetal, are independent from the Company, shareholders of the Company and the other Directors. One of the Executive Directors – Mr. Van Campen – is also independent.

In accordance with Act on Management and Supervision large companies are required to have balanced composition on their boards. The act indicates that a management board, supervisory board or, in a one-tier board, board of directors are deemed to have a balanced gender distribution. ASTARTA has a one-tier board consisting only of men. Effective corporate governance is very much dependent on the skills and experience of members of the Board, Executive and Non-Executive Directors as members of the Board of ASTARTA are selected only based on qualifications, abilities (including reputation and integrity) but not gender. If the Company has a vacancy at the Board of Directors, it will take into account the requirement in respect of gender balance and try to engage women to join the Board of Directors.

The members of the Board of Directors shall be appointed for a maximum period of four years. Reappointment is possible on each occasion for a maximum period of four years, whereby the Non-Executive Directors may be reappointed once for another four-year period. The Non-Executive Directors may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. The profiles of the Board Members and re-appointment schedule can be found on pages 51-58.

The composition, duties and other issues of the Board of Directors of the Company are regulated by the Rules of the Board of Directors adopted in accordance with article 15 paragraph 10 of the Company's Articles of Association, Best Practice Provision II (and III) of the Dutch Corporate Governance Code* (as defined hereafter) applicable at the time and Best Practice of GPW-listed Companies (as defined hereafter). The Rules of the Board of Directors are applied and interpreted with reference to the Dutch Corporate Governance Code and the WSE Corporate Governance Rules. It can be viewed on the Company's website (www.astartaholding.com).

* Dutch Corporate Governance Code is available at www.mccg.nl



The Board of Directors of ASTARTA consists of Mr. Viktor Ivanchyk and Mr. Viktor Gladky, as the Executive Directors A, Mr. Marcus Van Campen, as the Executive Director B, Mr. Howard Dahl, Mr. Gilles Mettetal and Mr. Huseyin Arslan as the Non-Executive Directors C.

On 29 May 2020, the General Meeting of Shareholders authorised the Board to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued and paid in share capital and to limit or to cancel any existing pre-emptive rights in connection therewith, all for a period of one year starting this day and for the avoidance of doubt, ending but not including May 29, 2021, which authorization may not be withdrawn, provided that the Board takes such resolutions with unanimous votes of all members of the Board, was accepted and the resolution was taken with a majority of votes. Authorization of the Board of directors dated 2020 to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued was not executed.

B) Representation

The Company is represented by the Board of Directors, however the Board may entrust the Executive Director A acting jointly with Executive Director B with operational management of Company and Non-Executive Directors will supervise the policy and the fulfilment of the duties by Executive Directors.

The Board of Directors is also authorised to grant power of attorney to represent the Company to one official with general or limited power of representation. Nevertheless, such official shall meet requirements of having no conflict of interest and with due observance of the limitations imposed on his or her powers. The Board of Directors determines the titles of such officials.

In 2020 the Board of Directors authorised Mr. Viktor Gladky on several occasions, acting individually, to conclude agreements and to determine their conditions after general approval of transactions by the Board of Directors.

On 29 May 2020 the General Meeting of Shareholders resolved to appoint Mr. Valeriy Sokolenko, the Executive Director of LLC Firm “Astarta-Kyiv”, as the person that will be temporarily charged with the management of the Company when all Directors are absent or unable to act. Such appointment is in accordance with Article 19 of the Articles of Association. In 2020 there were no cases of absence or inability to act of all Directors.

C) The Directors

The Company has a profile for its Directors, which indicates the size and composition of the Board of Directors, the activities and expertise and background of the Directors.

The Board of Directors is formed by the following persons:



VIKTOR IVANCHYK

(born in 1956)

Executive Director A, Chief Executive Officer, Ukrainian national

Mr. Viktor Ivanchyk serves as an Executive Director A with the Company and as the Chief Executive Officer since the Company's incorporation.

Prior to founding Astarta-Kyiv in 1993, he worked for the Kyiv Aviation Industrial Association (KIAP0) and then served at the State service. In 1993 he founded Astarta-Kyiv, which he has been the General Director of since then.

In 2005 he became a Deputy Chairman of the Counsel of the National Association of Sugar Producers of Ukraine "Ukrsugar" and, in 2007, a member of the Presidium of Ukrainian Agrarian Confederation.

He graduated from the Kharkiv Aviation Institute named after N. E. Zhukovsky (1979) and from the French Business School in Toulouse (1994). In 2007 he completed a Senior Executive MBA Programme from the International Management Institute (IMI Kyiv).

Shares owned in the Company (as of 31 December 2020): 9,893,398 shares in the Company held through a Cypriot holding company named Albacon Ventures Ltd.



HOWARD DAHL

(born in 1949)

Non-Executive Director C, Chairman of the Board of Directors, US citizen

Mr. Howard Dahl was appointed as a Non-Executive Director C with the Company and the Chairman of the Board of Directors on 17 March 2017.

From 1987 till 2016 Mr. Howard Dahl was the member of Board for several organizations, such as, North Dakota Council for the Arts, University of North Dakota Foundation, North Dakota Trade Office, Federal Reserve Bank of Minneapolis, Trinity International University. At present time Mr. Howard Dahl serves the positions in the Amity Technology LLC, Ethics and Public Policy Center and, The Trinity Forum, Washington DC, Stoneridge Software, LongWater Opportunities, and the Center for Innovation Foundation (University of North Dakota).

Mr. Howard Dahl graduated from the University of North Dakota B.S., University of Florida and Trinity Evangelical Divinity School M.A.

Shares owned in the Company (as of 31 December 2020): 6,717.



VIKTOR GLADKY

(born in 1963)

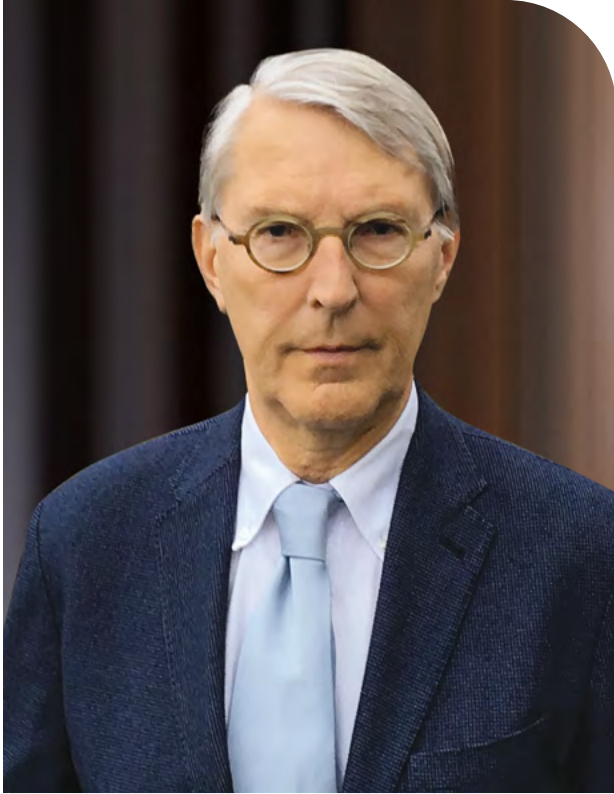
Executive Director A, Chief Financial Officer, Ukrainian national

Mr. Viktor Gladky joined ASTARTA in 2012 and has been serving as an Executive Director A with the Company since 2014.

Prior to joining ASTARTA, Mr. Gladky worked at the National Bank of Ukraine (NBU) and was the Member of the Board of several state and commercial banks, including the State Export-Import Bank of Ukraine and Citi (Ukraine).

In 1985 Viktor Gladky graduated from the Kyiv State Shevchenko University with a degree in international economics.

Shares owned in the Company (as of 31 December 2020): 9,724



MARC VAN CAMPEN

(born in 1944)

Executive Director B, Chief Corporate Officer, Dutch national

Mr. Marc van Campen serves as an Executive Director B with the Company since its incorporation.

Prior to joining ASTARTA, Mr. Van Campen served in several positions with Océ Van der Grinten N.V. and most recently, until 2002, as a general counsel of NBM-Amstelland N.V. a Dutch company listed on the Amsterdam Stock Exchange and at that time one of the largest companies in the Netherlands in the field of construction and project development.

Mr. van Campen has, in the previous seven years, been Director at Montferland Beheer BV at Schoonhoven (NL), Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy, Director of International Internet Investments Coöperatief U.A. at Amsterdam and Director of Global Worth Poland Real Estate N.V. at Amsterdam.

Mr. van Campen is still holding the positions in the following entities: Salvatore Ferragamo SpA and International Internet Investments Coöperatief U.A.

He graduated with a master's in law from the University of Nijmegen in 1968.

Shares owned in the Company: 0.



GILLES METTETAL

(born in 1961)

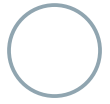
Non-Executive Director C, French national

Mr. Gilles Mettetal has more than 30 years of international experience in financing agriculture, agribusiness and real estate corporate sectors. He has led and managed more than 600 transactions with EUR7bn of financing, and conducted key transactions with corporates, banks, investment funds and government and public institutions in over 40 countries.

Until June 2017 Mr. Mettetal was Director of the Agribusiness and Property and Tourism teams at the European Bank for Reconstruction and Development and also the Managing Director (interim) for the Corporate Sector. He has held various positions as a non-executive director both for multinational and local enterprises, such as Danone Industrial, Lu Polska, Kraft Bolchevik, Bonduelle Kuban, Agrokor and Axereal PEC. Today, he is also a member of the Supervisory Board of Nibulon and Chairman of the Investment Committee of Diligent Capital Partners. He also serves as a senior agribusiness expert for the United Nations Food and Agriculture Organization, the African and the Asian Development Banks. He has knowledge of English, French and Spanish languages.

In 1983, Gilles Mettetal graduated from the Ecole Nationale Supérieure Agronomique de Montpellier: Diplôme d'Ingénieur Agronome.

Shares owned in the Company: 0.



HUSEYIN ARSLAN

(born in 1962)

Non-Executive Director C, Canadian citizen

Mr. Huseyin Arslan has 30 years of international experience in global pulses and staple foods business. He presided as the President of AGT's Arbel Group subsidiaries in Turkey for 21 years. Mr. Arslan was one of the founding shareholders of Saskcan, where he has served as a director or trustee since 2008 and Executive Chairman of the Board since 2009. He also served as a director of AGT subsidiary, Durum Gida Sanayi ve Ticaret A.Ş. ("Durum") and other companies in Turkey.

Mr. Arslan holds a Bachelor of Science in Electronics Engineering from Middle East Technical University in Turkey.

In 2015, Mr. Arslan was a President of the Global Pulse Confederation, as well as held positions in the Mersin Trade Commodity Exchange Council. Currently the president of Mediterranean grain pulses and oily seeds Exporters Union in Turkey.

Shares owned in the Company: 0.

The Resignation Schedule for Members of the Board of Directors has been drawn up in accordance with article 6.2 of the Rules of the Board of Directors. It can be viewed on the Company's website (www.astartaholding.com)

This schedule is completed, considering that a member of the Board of Directors will be appointed or reappointed for four-year terms, whereby the Non-Executive Directors may be reappointed once for another four-year period and then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years.

The Resignation Schedule is as follows:

Name	Date of first appointment as director	Date of (possible) reappointment	Max. term
VIKTOR IVANCHYK	June 2006	May/June 2022	Not Applicable
VIKTOR GLADKY	June 2014	May/June 2022	Not Applicable
MARC VAN CAMPEN	June 2006	May/June 2022	Not Applicable
HOWARD DAHL	March 2017	May/June 2021	May/June 2029
GILLES METTETAL	May 2018	May/June 2022	May/June 2030
HUSEYIN ARSLAN	May 2019	May/June 2023	May/June 2031

D) Shareholding by Directors and Insider Trading

The total number of the Company's ordinary shares held by the members of the Board of Directors as of 31 December 2020 was 9,909,839 amounting to approximately 39.64% of the issued and paid up share capital of the Company. The shareholding of the Directors has been notified to the AFM (Autoriteit Financiële Markten).

With respect to acquiring ownership interest of securities and transactions in securities by the Directors, the Company applies the Securities Rules of the Board of Directors.

With respect to acquiring shares in the Company's capital by the Directors and other people that are involved with the Company, the Company follows the provisions of the EU Market Abuse Directive and the Company's Insider Trading Rules that reflect the provisions of this Directive.

The Securities Rules of the Board of Directors and the Insider Trading Rules can be viewed on the Company's website (www.astartaholding.com)

In accordance with Article 2:98 of the Dutch Civil Code and article 10 of the Company's Articles of Association the Company may repurchase shares in set cases, but the number of shares, the manner and the price in which they may be acquired should be specified.

The General Meeting of Shareholders on 29 May 2020 (a) authorised the Board of Directors to continue repurchasing shares in the capital of the Company up to a maximum of 12,500,000 shares, being 50% of the currently issued and paid up share capital for a purchase price per share of up to PLN 125.00, and (b) to authorise that the repurchase shall take place through a broker in the open market and is for the purpose of meeting obligations arising from (i) debt financial instruments exchangeable for or convertible into equity instruments and/or (ii) employee share option programmes, or other allocations of shares to employees of the Company or of a group entity of the Company, and (c) to resolve that the authorization is valid for a period of eighteen months from 29 May 2020. Should the repurchased shares not (entirely) be used for its stock option plan, or for obligations arising from debt financial instruments exchangeable for or convertible into equity instruments, such repurchased shares may be sold again in the open market in accordance with Dutch law and the terms of the Company's insider trading policy.

As of 31 December 2020, the Company repurchased 689,898 shares.



E) Chairman of the Board of Directors and the Corporate Secretary

The Chairman of the Board of Directors is the person who determines the agenda for the Board of Directors' meetings, chairs the meetings and monitors the proper functioning of the Board of Directors and its committees.

Detailed information on competence of the Chairman of the Board of Directors can be viewed on the Company's website (www.astartaholding.com).

Mr. Howard Dahl held the position of the Chairman of the Board of Directors in 2020.

The Board of Directors is assisted by the corporate secretary responsible for ensuring that accurate and sufficient documentation exists to meet legal requirements, and to enable authorised persons to determine when, how, and by whom the business of the Board of Directors was conducted.

From 31 December 2018 Mrs. Liliia Timakina acts as the corporate secretary of the Company, her profile is available on the Company's website (www.astartaholding.com).

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors formed three committees to aid compliance with applicable corporate governance requirements with a view to financial transparency: the Audit committee, the Remuneration and a sustainability and Corporate Responsibility Committee. The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the General Meeting of Shareholders, Charters of the Committees are available on the Company website (www.astartaholding.com).

A) Audit Committee

The Audit Committee is responsible for reviewing annually and reassessing the adequacy of the rules governing the committee as established by the Board of Directors. The Audit Committee is charged with advising on and monitoring the activities of the Board of Directors with respect to inter alia, the integrity of the financial statements, the financing and finance related strategies and tax planning.

The Audit Committee consists of the Chairman – Mr. Mettetal, and one member – Mr. Van Campen.

To make the activity of the Committee more efficient employees of the Company may be invited to the meetings as well as external professionals for consultations.

Within 2020 financial year the Audit Committee inter alia discussed effectiveness of the risk-management and internal control systems functioning, held the meeting with external auditors and discussed the audit.

The Charter of the Rules governing the Audit Committee can be viewed on the Company's website (www.astartaholding.com).

B) Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors.

The Remuneration Committee proposes to the Board, and the Board submits to the General Meeting's approval, the remuneration policies for Executive Directors and other Directors and the individual remuneration package of each Director.

Within 2020 the members of the Remuneration Committee were Mr. Dahl (the Chairman) and Mr. Mettetal.

The Remuneration Committee may request the attendance of Executive Directors or any key employee of the Company. The members of the Remuneration Committee of the Company are qualified persons and before making some decisions or proposals take into account all factors which they deem necessary, including having regard to the remuneration trends in other companies similar to the Company in terms of size and/or complexity, results of fulfilment obligations by Directors, furthermore agreements concluded and projects realized within the year.

The Charter of the Rules governing the Remuneration Committee can be viewed on the Company's website (www.astartaholding.com).

C) Sustainability and Corporate Responsibility Committee

In 2020 the Sustainability and Corporate Responsibility Committee was established by the board of directors of Astarta Holding N.V.

The Sustainability and Corporate Responsibility Committee assists the Board of Directors in fulfilling its responsibility for oversight of relevant sustainability and corporate social responsibility policies, strategies and programmes of the Company.

The Sustainability and Corporate Responsibility Committee consists of the Chairman – Viktor Ivanchyk and two members – Howard Dahl and Gilles Mettetal.

The Charter of the Rules governing the sustainability and corporate responsibility committee can be viewed on the Company's website (www.astartaholding.com).

4. REMUNERATION POLICY

The Remuneration Policy indicates the principal objectives for the amount and structure of the remuneration of the members of the Board of Directors are that (i) qualified members can be retained and motivated; (ii) the smooth and effective management of the Company is ensured, and (iii) the remuneration package is aligned with shareholder's interests over both the short and long term. Individual-specific responsibilities are taken into consideration in respect of the determination and differentiation of the remuneration of the members of the Board of Directors.

The Company has committed itself to provide a total remuneration that is competitive, comparable to and consistent with the practice in the agri-industry on a comparable market and is reasonable in relation to the Company's operating results and size.

In 2020 the General Meeting of Shareholders adopted the amended and restated Remuneration Policy of the Company and unanimously voted in favour of the remuneration report for 2019 (advisory vote). The Remuneration Policy for the Board of Directors can be viewed on the Company's website (www.astartaholding.com).

5. SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEES MEETINGS IN 2020

The Company started its financial year from the discussion of the main operational and financial objectives, proposals in respect of strategy of the Company and corporate social responsibility matters.

Dates for the Board Meetings in 2020 were decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes were sent in advance to the Directors. The Chairman of the Board of Directors took all steps to ensure that the necessary time is allowed for an effective discussion of the items on the agenda during the meetings, and to take point of view from every Director who wished to put it forward. In order to make the meeting more effective the Company invited persons directly responsible for the areas related to the Board's agenda.



The Company has a one-tier structure where management and supervisory functions are joined in the Board of Directors. With evaluation purposes the Company encourages the Non-Executive Directors to hold meetings for discussing the management performance of the Executive Directors and Committee's activity without Executive Directors being present.

During 2020, the Non-Executive Directors held a meeting and concluded that the Board of Directors and individual Executive Directors showed satisfactory performance acting in their function as the management board.

The annual General Meetings of Shareholders of the Company were held in Amsterdam, the Netherlands on 29 May 2020.

Within the financial year 2020, the Board of Directors held: eight meetings via a conference call, on 20 March 2020, 09 April 2020, 18 May 2020, 28 May 2020, 29 May 2020, two meetings on 11 August 2020 and 07 November 2020.

Within the financial year 2020, the Audit Committee was held via conference call on 09 April 2020.

Within the financial year 2020, the Remuneration Committee was held via conference call on 29 May 2020 and 11 August 2020.

6. GOVERNANCE AND CONTROL

A) Dutch Corporate Governance Code

On 9 December 2003, a committee commissioned by the Dutch Government (Commissie Tabaksblat) published the Dutch corporate governance code, which was amended on 10 December 2008 and became effective on 1 January 2009 (the "Dutch Corporate Governance Code"). The Dutch Corporate Governance Code contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. Dutch companies, whose shares are listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not and to what extent they apply the provisions of the Dutch Corporate Governance Code. If a company does not apply the best practice provisions of the Dutch Corporate Governance Code, it must explain the reasons why it does not apply them. On 8 December 2016 the Dutch Corporate Governance Code Monitoring Committee has published the revised Dutch Corporate Governance Code (the Code). The Code has been revised at the request of the National Federation of Christian Trade Unions in the Netherlands (CNV), Eumedion, the Federation of Dutch Trade Unions (FNV), Euronext NV, the Association of Stockholders (VEB), the Association of Securities-Issuing Companies (VEUO) and the Confederation of Netherlands Industry and Employers (VNO-NCW). The most important change is the central role given to long-term value creation, and the introduction of 'culture' as a component of effective corporate governance. In addition, the Code has been updated in a number of other areas. The revised Code came into effect as from 1 January 2017.

B) WSE Corporate Governance Rules

The Polish principles of corporate governance are provided in "The Code of Best Practice for WSE Listed Companies" approved by the Resolution No. 12/1170/2007 of the Exchange Supervisory Board dated 4 July 2007. On 13 October 2015 the Code of Best Practice for WSE Listed Companies was amended by Resolution № 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board and new amendments took effect from 1 January 2016.

Amended principles of "The Code of Best Practice for WSE Listed Companies" are applicable to companies listed on the Warsaw Stock Exchange. The document is available on the website (www.astartaholding.com) in part "Corporate documents".

C) Application of the Corporate Governance Codes

The Company intends to comply with the Corporate Governance Codes inter alia by approval of the corporate governance documents.

The above-mentioned set of corporate governance documents includes:

1. By-laws of the General Meeting of Shareholders
2. Rules of the Board of Directors
3. Rules on external auditor independence and selection
4. Profile of the Board of Directors
5. Resignation Schedule for the Members of the Board of Directors
6. Remuneration Policy
7. Charter of the Rules governing the Audit Committee
8. Charter of the Rules governing the Remuneration Committee
9. Charter of the rules governing the sustainability and corporate responsibility committee
10. Profile and Tasks of the Compliance Officer
11. Securities Rules of the Board of Directors
12. Code of Conduct
13. Whistleblower Rules
14. Insider Trading Rules
15. Dividend Policy

All these documents are available on ASTARTA's corporate website (www.astartaholding.com).

D) Confirmations in relation to the Dutch Corporate Governance Code

There has not been conflict of interest situations between the Directors and the Company during financial year 2020. The Board of Directors would like to confirm that if there had been such situations, that it would have complied with best practice provisions II.3.2 and II.3.3 of the Dutch Corporate Governance Code, also in line with the documents mentioned under section C. This means that the Board of Directors would have been immediately informed of any such conflict of interest or potential conflict of interest being of material significance to the Company and/or to such Director, to the Non-Executive Directors and to other members of the Board of Directors. Any discussion or decision-making with regard to the conflicted transaction, including any decision to determine whether there is an actual conflict of interest, would have been taken without the conflicted Director being present. The same applies to best practice provisions III.6.1 through III.6.3 with respect to conflicts of interest in relation to the Non-Executive Directors, to the extent possible taking into account that the Company has a one-tier structure.

The Board of Directors also confirms that there has not been any conflict of interest situations between the Company and shareholders holding more than 10% of the shares in the Company's capital during the financial year 2020. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practice provision III.6.4 of the Dutch Corporate Governance Code, providing for agreement in such situations on terms that are customary in the sector concerned, with the prior approval of the Non-Executive Directors.



Anti-takeover measures are a precautionary strategy used to protect the company's autonomy and market competitiveness. Management of ASTARTA tries to consider appropriate measures to mitigate the main risks in connection with takeover.

In accordance with best practice IV.1.6 the resolutions to approve the policy of the management board (discharge of management board members from liability) and to approve the supervision exercised by the supervisory board (discharge of supervisory board members from liability) shall be voted on separately in the general meeting. By Laws of the General Meeting of Shareholders of Astarta Holding N.V. effective from 29 June 2007 set the list of issues which the agenda of the General Meeting of Shareholders shall contain.

7. INTERNAL CONTROL

General

The Board of Directors is responsible for the system of internal risk management and controls, and for reviewing their operational effectiveness.

Internal risk management and control systems are designed to identify significant risks and to assist in managing those risks that could prevent the Company from achieving its objectives. The systems however cannot provide absolute assurance against material misstatements, errors, noncompliance, fraud, or violations of laws and regulations. Besides, any internal risk management and control systems cannot provide total assurance of achievement objectives.

Since all key business operations are located in Ukraine, the risk management and internal control framework mentioned below describes corresponding elements of such control at the level of the Ukrainian company – ASTARTA (unless stipulated otherwise), which is established under and acting within Ukrainian legislation.

Control Systems

The internal risk management and control systems have two principal organizational forms:

- (i) a structural and functional form, including regulations for functional collaboration of departments both horizontally (job descriptions, charters of subsidiaries, rules of agreements, adjustment, regulations etc.) and vertically (rules of budgeting and planning, financial and economic analysis, and control etc.) and
- (ii) a direct control form.

With respect to (i), the control elements provide for functioning of overall control, which foresees, among other things, the following:

1) Control over the whole stage of business planning (budgeting)

Preliminary control over relative processes is executed over ASTARTA vertically, starting from designation of ASTARTA's objectives and tasks for the planning period and ending with adoption by the management of subsidiaries, prepared and coordinated with all participants following verification concerning conformity with objectives.

Current control over business plans (budgets) is executed firstly by comparing actual budgets with adopted plans in order to control fixed deviations and prevent adverse forthcoming for particular subsidiaries and ASTARTA as a whole. All deviations are analysed in order to reveal the reasons for deviating and the measures to be taken in order to eliminate these deviations.

2) Control over revenues and expenses

Control over revenues and expenses of the subsidiaries of ASTARTA as well as over crediting and withdrawal of funds of these subsidiaries is executed by way of elaboration on regulations regarding budgeting and elaboration of the budget of ASTARTA's subsidiaries. This has become more effective in the context of functional processes in 2020.

The Budget Committee functions in order to improve efficiency of control over revenues and expenses of subsidiaries, which holds meetings on a regular basis to approve budgets and control over budgeting in ASTARTA and its subsidiaries.

3) Control over sales of subsidiaries of the Group

ASTARTA provides for centralized sales of the Group's core products. This occurs via negotiations with consumers, drafting schedules of dispatching and sending them to subsidiaries. Control over sales is established in a way of control over execution of the dispatching schedules by the subsidiaries as well as cooperating with the consumers.

4) Control over purchasing and logistic functions of the Group

ASTARTA provides centralization of purchasing and logistic functions. In addition, the most tenders of purchasing are executed centrally with further control of compliance. It provides for effective and productive operational results. Functional departments undertake measures for automation of purchasing in order to make the processes more efficient.

5) Control over investment decisions

ASTARTA has been developing procedures for formalizing investment decisions. The Investment Committee functions to improve efficiency of the investment-making process and to minimize risks associated with wrong investment decisions. Regulations of investment processes are being improved to decrease risks when implementing projects. The Company's internal control system encompasses thorough due diligence of companies, which it regards as a potential investment candidate.

6) Control over financial and tangible assets

ASTARTA provides for centralized and automated control over accounts receivable in subsidiaries. It helps to increase essentially the financial liquidity system of the Group and the effectiveness of use of financial resources. In addition, ASTARTA exercises centralized control over the retirement of basic assets and effectiveness of their utilization.

7) Policy of economic security

This policy is realized by a well-established system within the economic security service, which is a vertically integrated chain of security departments at the level of ASTARTA and its operational subsidiaries. The Company has created a monitoring system for preventing conflicts of interest and fraud. ASTARTA has also improved regulations of IT security.

8) Whistleblowing facility

In accordance with recommendations of an external consulting company, ASTARTA maintains a whistleblowing facility. Everyone who works in the Company or with ASTARTA can communicate with the Security Department by telephone, post, e-mail, or the Company's website and leave information about suspected fraud or other violations. This information may be left anonymously if the contacting person decides so.

9) Compliance Committee

At the level of LLC Firm "Astarta-Kyiv" the Compliance committee has been functioning for the second year and in 2020 consists of four members, in particular:

- Director on legal affairs (Chairman).
- Chief financial officer.
- Executive director.
- HR Director.



The compliance committee supports the Board of Directors with its responsibility in assuring and managing compliance. Under the scope of the compliance committee mainly fall the following fields of expertise such as (i) competition law, (ii) anti-bribery, (iii) fraud, (iv) environmental protection, (v) data protection, (vi) human rights and (vii) governmental relations. The compliance committee systematically identifies material compliance risks in the abovementioned fields, assists in assurance of compliance with laws and regulations, monitors compliance and report findings and recommendations to the Board of Directors. In 2020, the key focus area were competition law, human rights protection and data protection. In this respect, the numerous trainings were provided on compliance related topics to the dedicated audiences.

10) Monitoring of the effectiveness of code of conduct

The Code of Conduct sets out the standards of conduct expected of all ASTARTA employees in their business endeavors. Compliance with these is an essential element in ensuring ASTARTA`s continued business success and is identified as an ethnical, legal and regulatory risk to Astarta.

The compliance officer is responsible for oversight of the Code of Conduct, ensuring that it remains fit for purpose and is appropriately applied. It maintains close scrutiny of the mechanisms for implementing the Code of Conduct. This is vital as compliance is essential to promote and protect ASTARTA`s values and standards, and hence the good reputation of the group.

11) Focus on the risk of fraud

The primary responsibility for the prevention and detection of fraud lies with the Board of Directors.

As a part of process of identifying fraud risks, the Company evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Forensic specialists evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

At the same time, in order to prevent abuse in prices formation for the sale of products in the company, there is a Pricing Committee, which analyses the trends of price changes in world markets and compares them with the prices used by the Company in the sale of products.

The Company also has an electronic procurement system that ensures competitive procedures while selecting product suppliers. All procurements starting from 5 thousand dollars by value shall be processed by this electronic procurement system and approved by the Tender Committee.

In addition, the Company performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for ASTARTA. The Company identified provisions of those laws and regulations, generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements, such as the financial reporting framework and tax and pension laws and regulations.

As in all audits, the Company addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. The audit procedures to respond to the assessed risks include, amongst others, that the Company evaluated the design and the implementation of internal controls that mitigate fraud risks, retrospective review of the previous year`s estimates and incorporated elements of unpredictability in audit. In addition, the Company assessed matters reported on the ASTARTA`s whistleblowing procedures and management`s investigation of such matters.

ASTARTA continues to develop automation of the different internal control functions.

The department of accounting and taxes develops uniform accounting policies for all ASTARTA`s subsidiaries, exercises control over the subsidiaries periodically, and examines compliance of the subsidiaries with the accounting standards and policies in place.

The Internal Audit Department plays an important role in the internal control system assessment and its activities are designed to add value and improve the operations of ASTARTA and its subsidiaries. It helps the Company to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance. An internal audit function aims to enhance and defend the Company`s organizational value by providing risk-based and objective assurance, advice, and insight.

In connection with the abovementioned, ASTARTA is aware that some functions of its internal risk management and control systems need to be reviewed, evaluated, and improved. The Company believes that it takes adequate and appropriate steps to strengthen internal risk management and control systems regularly.

Deficiencies

Over the period covered by this annual report, the Company had not identified any control issues that could be classified as a material weakness or having a material impact on the operational and financial results. The Company had, however, identified some needs for control improvement as outlined below.

The first group of issues is related to the IT system and control improvement, including issues of usage of the system as well as a means of control. ASTARTA strengthened its IT department in order to use IT as a measure of control for efficiency improvement and a cooperation tool with the security department, department of procurement, financial department, operating departments, internal audit department, and other subdivisions.

The second group relates to insufficient formalization and optimization of processes of financial and management accounting. In order to resolve these issues, ASTARTA initiated the analysis to enable:

(i) standardisation and improvement of the financial accounting system and its compliance with IFRS as adopted by the European Union and part 9 of book 2 of the Dutch Civil Code, as well as

(ii) formalisation of management accounting aimed at control of the fulfilment of designated tasks in the process of business planning.

According to specific regulations, ASTARTA can also verify and improve system of internal control over financial reports. The Company's external auditors are obligated to consider internal control over financial reporting as a basis for designing their auditing procedures for the purpose of expressing their opinion on the consolidated financial statements. In addition, ASTARTA has discussed own assessment of control and risk management framework with external auditors.

The Board of Directors believes that the Company's internal risk management and control systems have not led to any major problems or material errors in the 2020 financial reporting of the Company. The Board of Directors has the data and opinion that the Company's risk management and control systems provide reliable and honest financial reports with a reasonable level of assurance that it will not contain material inaccuracies.



8. DEVIATION FROM THE DUTCH CORPORATE GOVERNANCE CODE AND THE CODE OF BEST PRACTISE FOR WSE LISTED COMPANIES

As the Company is incorporated under the laws of the Netherlands, apart from applying the Code of Best Practice for WSE Listed Companies, the Company complies with the Dutch Corporate Governance Code by applying principles and best practice provisions that are applicable, or by explaining why the Company deviates from them. The Company complies with both Dutch Corporate Governance Code and Warsaw Stock Exchange Corporate Governance Rules.

Since the WSE Corporate Governance Rules are similar to the rules provided under the Dutch Corporate Governance Code, a majority of the principles and best practice provisions of the Dutch Corporate Governance Code are being complied with. Since the first General Meeting of Shareholders held after the listing of the Company's shares on the Warsaw Stock Exchange, all the internal documents and regulations concerning the corporate governance rules of the Company were adopted and amended from time to time.

The Company currently does not apply the following provisions of the Dutch Corporate Governance Code:

Best practice provision 2.1.6: Accountability about diversity

The company has a one-tier board consisting only of men. If the Company has a vacancy at the Board of Directors, it will take into account the requirement in respect of gender diversity and try to engage women to join the Board of Directors.

In more details, the diversity policy of the Company is described in clause I-III of this section.

Best practice provision 2.3.2.: establishment of committees

The Company has a one-tier structure with only three Non-executive directors and is therefore not obliged to have committees. However, the Company has a remuneration committee, an audit committee and a sustainability and Corporate Responsibility Committee.

Best practice provision 5.1.4: one-tier management structure

In accordance with this provision, the committees referred to in best practice provision 2.3.2 should be comprised exclusively of Non-Executive directors. Since the Company has only three Non-Executive Directors, the executive directors are also committee members.

Best practice provision 5.1.1: one-tier management structure

In accordance with this best practice provision, the majority of members of the management board shall be non-executive directors and shall meet the independence requirements stipulated in the best practice provisions 2.17 and 2.18 of the Dutch Corporate Governance Code. As for the Company, it has three Non-Executive Directors out of six Directors; three members of the Board of Directors are independent. The reason for this is to keep the Board of Directors as small and simple as possible. To apply the best provision 5.1.1 would mean that the Board of Directors should be comprised of nine persons; since Mr. Dahl and Mr. Mettetal are independent non-executive directors, three additional independent non-executive directors would be required. This is not considered to be in the best interests of the Company and would rather complicate matters.

As for "The Code of Best Practice for WSE Listed Companies" the Company does not apply the following:

I. Disclosure Policy, Investor Communications

I.Z.1.15. information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website.

The Company does not have Diversity policy, as the separate document, however since 2007 year the Company has adopted Rules of the Board of Directors, which include Profile of the Board of Directors, Resignation schedule for members of the Board of Directors and other documents regulating the Board of Directors' composition, decision making process, working method, allocation of powers and general functioning. Corporate documents of the Company don't contain the information with respect to gender or age requirements to members of the Board of Directors as the main principles in engagement of Directors are their qualifications, experience and compliance with the independence criteria and principles of their past and current activity in other companies. The Company has consistently applied a policy whereby governing and managerial positions are filled by competent, creative individuals possessing the necessary experience and education.

II. Management Board, Supervisory Board

II.Z.3. At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4. and II.Z.4. Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members.

Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.

There is only one governing body in the Company, the Board of Directors comprising both Executive and Non-Executive Directors, which fulfils the duties respectively, both of a Polish-style management board and supervisory board. According to the Articles of Association (Article 12.3), at least half of the Non-Executive Directors have to be independent and if the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights, then the Board of Directors should have at least two independent Non-Executive Directors.

Pursuant to the Articles of Association such independent Non-Executive Director may therefore not be:

- a. an officer, employee or agent of the Company;
- b. a director, officer, employee or agent of any affiliated company or enterprise;
- c. a shareholder holding at least ten per cent (10%) of shares in the Company;
- d. a director – or a representative in some other way – of a legal entity holding at least ten percent (10%) of shares in the Company, unless the entity is a group company.

Currently there are two independent Non-Executive Directors in the Board of Directors. The Company believes that due to its single board structure, it is not necessary to appoint more independent Non-Executives Directors. The present composition of the Board of Directors allows protecting properly interests of both minority and majority shareholders and ensures the transparency in functioning. However, if the Company considers that protection of shareholders' interests is not sufficient, another independent member of the Board of Directors will be immediately recommended to be appointed.

II.Z.5. Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.



The Company has a one-tier board structure, managerial and supervisory duties are joined by the Board of Directors consisting of Executive and Non-Executive Directors. Non-Executive Directors perform supervising duties. Subject to Rules of the Board of Directors, at least fifty per cent (50%) of the total number of Non-Executive Directors shall be independent in the meaning provided in the Articles of Association of the Company. If the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights at the General Meeting, then the Board of Directors shall consist of at least two independent Non-Executive Directors. At this stage, there are no shareholders holding more than fifty per cent (50%), however the Company has three independent Non-Executive Directors. The information with respect to profile of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report. II.Z.10.2. a report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board.

The Company has a one-tier board structure, there are Executive and Non-Executive Directors in the Board of Directors of the Company. The information in respect of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report.

III. General Meeting, Shareholder Relations

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting;
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

The corporate documents of the Company provide that all the meetings take place where the company's registered office is situated, in the municipality Haarlemmermeer (Shiphol) or any other place within the Netherlands agreed upon by the Board of Directors. In a meeting held elsewhere, valid resolutions can only be taken if the entire issued capital is represented. The Company however supports its shareholders to exercise their voting rights by authorizing the company's proxies who are bound by instruction or a third party.

9. REMUNERATION REPORT

Background

This remuneration report was drawn up in accordance with requirements of the EU Directive on the encouragement of long-term shareholder engagement (SRD II) and Art. 2:135b of the Dutch Civil Code.

Astarta Holding N.V. has since its incorporation in 2006 gained success in development of its mechanisms of management and adopted many corporate documents improving the activity of the Company, recommended itself as the reliable partner and without any doubt it is the result of proactive work of Directors of the Company. Thus, the Company is interested to remunerate the Directors in such way that they may expect to receive in accordance with trends of the market, taking into account the achieved annual result of Astarta Holding Group (hereinafter ASTARTA) and of course individual achievements, namely contribution of each Director in development of the Company.

Gross profit increased by 33% y-o-y to EUR122m due to lower cost of sales and higher prices used in remeasurement of agricultural produce. EBITDA increased from EUR78m in 2019 to EUR113m in 2020 with higher contribution from the Sugar, Agriculture and Soybean Processing segments.

In 2020 ASTARTA continued to modernise its agricultural machinery fleet by replacing old units which positively affected operating costs. Besides, ASTARTA introduced and successfully tested new technologies such as differentiated sowing and fertilizers application as well as crop control using satellites and drones. Also, ASTARTA established a Partnership Centre to foster comprehensive and sustainable cooperation with independent farmers in the regions of ASTARTA's operations and to increase procurement of sugar beets, soybeans and grains. In the reported financial year one of ASTARTA's subsidiaries obtained a status of the organic producer. The conversion process into organic farming took three years and resulted in the first harvest of 3.5kt of winter wheat, soybeans, buckwheat and other organic crops.

The remuneration of the Directors of the Company is also influenced by market trends. Global sugar prices increased by 13% y-o-y to USD376 as unfavourable weather conditions in the top exporting country (Brazil) and lower output in Thailand and the EU led to deterioration of global production expectations. The local sugar prices started to grow in September 2020 due to later start of the sugar beet processing season and lower stocks. According to the National Association of Sugar Producers of Ukraine 33 sugar plants produced 1.15mt of sugar (down by 22% y-o-y) in the 2020 production season. ASTARTA retained its leading position in the Ukrainian sugar market with a 20% share and continued asset optimisation by reducing the number of running sugar plants from 6 to 5 in the 2020 sugar beet processing season.

During 2019 and 2020 there were no changes in the composition of the Directors of the Company.

The Directors of the Company are remunerated according to the Remuneration Policy adopted on 29 May 2020. The Company shall not make any payments as remuneration to the members of the Board of Directors, whether annual payments, periodical payments/rewards, payments payable on a certain term, entitlements to profits, bonuses or pension payments, whether in cash or in kind, other than in accordance with the Remuneration Policy.

As previously reported the Company is a holding company with all production assets situated in Ukraine. Considering this fact, the Executive Directors A shall be involved in the operational process in Ukraine, therefore the operational management of the Company is carried out at the sub-holding level – by the management of LLC Firm “Astarta-Kyiv”. Thus, the Company defines management remuneration - (i) for directors who do not take part in the operational management (the Executive Directors B and the Non-Executive Directors), and (ii) for directors who take part in the operational management (the Executive Directors A).

Total remuneration

The Remuneration Policy seeks to enable members of the Board of Directors to receive market competitive levels of remuneration. To this end, the Company uses principles regarding total remuneration that are competitive, comparable to and consistent with the practice in the agricultural industry on a comparable market, as well as being reasonable relation to the Company's operating results.

Members of the Board of Directors who do not take part in a day-to-day operational activity of the Company can receive remuneration in the form of an annual fixed remuneration and are not entitled to any variable performance-related remuneration.

Those members of the Board of Directors (Executive Directors A) who take part in a day-to-day operational activity of the Company, can receive a remuneration package consisting of an annual fixed and variable remuneration. The Remuneration Committee performs scenario analysis to assess the impact that different performance levels will have on the total remuneration of the Executive Directors A in amount of variable part.



Annual fixed remuneration

Annual fixed remuneration is set in the Remuneration Policy range by the Board of Directors upon proposal of the Remuneration Committee. Annual fixed remuneration is usually reviewed annually, without any commitment to increase, after adoption of the annual accounts.

On 29 May 2020, in accordance with Remuneration Policy dated 29 May 2020 year, the Board of Directors approved and ratified the remuneration of the Chairman of the Board at EUR75,000 per year, Non-executive director at EUR40,000 per year, Chief Corporate Officer (Executive Director B) at EUR40,000 per year for financial year 2020.

The Executive Directors A shall be remunerated by its subsidiary LLC Firm "Astarta-Kyiv". Thus, the Board of Directors approved the following recommended fixed remuneration of Executive Directors A for 2020: Mr. Ivanchyk, CEO – equivalent of EUR360,000 and Mr. Gladky, CFO – equivalent of EUR240,000.

The abovementioned resolutions were approved based on the Remuneration Policy, the results of examination of the consolidated financial statements as at and for the year 2019 approved by the General Meeting of Shareholders and the General Meeting's favorable advisory vote on the Remuneration Report 2019 as well as upon the Remuneration Committee's proposals dated 29 May 2020.

Remuneration of the Executive and Non-Executive Directors for reported financial years

all in EURk

Director's name	Position	Financial year	Fixed remuneration		Variable remuneration		Total remuneration	Proportion of fixed and variable remuneration
			Base salary	Reimbursable expenses	One-year variable*	Multi-year variable**		
Viktor Ivanchyk	Executive Director A (Chief Executive Officer)	2020	360	-	-	-	360	100% / 0%
		2019	352	-	-	-	352	100% / 0%
Viktor Gladky	Executive Director A (Chief Financial Officer)	2020	240	-	-	-	240	100% / 0%
		2019	277	-	-	-	277	100% / 0%
Marc van Campen	Executive Director B (Chief Corporate Officer)	2020	40	-	-	-	40	100% / 0%
		2019	40	-	-	-	40	100% / 0%
Howard A. Dahl	Non-Executive Director (Chairman of the Board of Directors)	2020	75	-	-	-	75	100% / 0%
		2019	75	5	-	-	80	100% / 0%
Gilles Mettetal	Non-Executive Director	2020	40	-	-	-	40	100% / 0%
		2019	40	4	-	-	44	100% / 0%
Arslan Huseyin	Non-Executive Director	2020	40	-	-	-	40	100% / 0%
		2019	40	-	-	-	40	100% / 0%

* The one-year variable remuneration consists of the annual bonus which is recognised as an expense in the year that the Board of Directors decides that the bonus will be paid based on the performance in the previous financial year

** The multi-year variable remuneration relates to the performance of LTI targets

Variable remuneration

As the Company is public, it is essential that the Company can attract and retain qualified officers to the Board of Directors. Equally, their performance should be focused on achieving those strategic aims which promote the business of ASTARTA, safeguard and create sustainable long-term value through the achievements of operating goals. Therefore, annual remuneration of the Executive Directors A who take part in a day-to-day operational activity of the Company should reflect performance of ASTARTA. The total value of remuneration that can be earned rises with the level of performance that is delivered. For this purpose, the Company includes a variable part into the annual remuneration of Executive Directors A. The Company expects that variable compensation will represent between 0% and 80% (depending on whether relevant goals are

achieved) of total remuneration of the Executive Directors A. The remuneration structure serves as a motivation for Executive Directors A to achieve high results in development of the business that are in line with the long-term interests of the Company and its shareholders.

According to the Remuneration Policy variable remuneration of the Executive Directors A is affected by short-term (STI) and long-term incentives (LTI). The STI is designed to give focus to a range of strategically important annual objectives for a one-year performance period. Collectively, these objectives are targeted to deliver a level of performance which is in line with operational plans, that are vital to create value in the long term. They do not incentivize undue risk-taking or other behaviours which are contrary to the Company’s interests. Under the STI, Executive directors A are granted opportunities to earn cash bonuses based on the level of achievement of Net profit and EBITDA metrics for the applicable annual performance period. Measures will normally be weighted as 50% for Net profit and 50% for EBITDA. These metrics are used or defined in the Company’s annual report and annual remuneration report, subject to minor adjustments if required, in order to provide an appropriate indicator of management’s performance. On 11 August 2020 the Board of Directors acting based on advice of the Remuneration Committee set the following performance ranges for the financial year 2020: (i) up to 150% of fixed remuneration, pay-out will be made if Net profit is no less than EUR7m and EBITDA is no less than EUR115m; (ii) intermediate percentage payments will be made if Net profit is no less than EUR0m and EBITDA is no less than EUR95m; (iii) no pay-outs will be made if Net profit is less than EUR0m and EBITDA is less EUR95m. Correlation between the performance ranges and variable remuneration of the Executive Directors A based on the STI in the reported financial year is presented in the table below. The STI is paid in cash when performance over the previous year has been assessed, at which time the conditional grant is vested. A decision regarding the STI payment will be made by the Board of Directors based on recommendations of the Remuneration Committee in the respective meeting in 2021.

Performance of the Executive Directors A on STI targets in reported financial year

Director’s name	Position	Metric	Relative Weighing	Information on performance targets		
				a) Minimum target / threshold b) Corresponding award	a) Maximum target / threshold b) Corresponding award	a) Measured performance b) Actual award outcome
Viktor Ivanchyk	Executive Director (Chief Executive Officer)	Net profit	50%	a) less than EUR0k b) 0%	a) not less than EUR7,000k b) 150%	a) EUR8,611k b) 150%
		EBITDA	50%	a) less than EUR95,000k b) 0%	a) not less than EUR115,000k b) 150%	a) EUR113,421k b) 138%*
Viktor Gladky	Executive Director (Chief Financial Officer)	Net profit	50%	a) less than EUR0k b) 0%	a) not less than EUR7,000k b) 150%	a) EUR8,611k b) 150%
		EBITDA	50%	a) less than EUR95,000k b) 0%	a) not less than EUR115,000k b) 150%	a) EUR113,421k b) 138%*

*Actual award outcome was calculated as: $(EUR113,421k - EUR95,000k) / (EUR115,000k - EUR95,000k) * (150\% - 0\%) = 138\%$



The Company's LTI is designed to give focus to the strategic priorities that will contribute to building sustainable long-term value creation. By making awards in equity of the Company, alignment is created between the Board of Directors and shareholders. The long-term performance is stimulated through the opportunity for the members of the Board of Directors, namely Executive Directors A, to get shares following achievement of key ROE (Return on Equity) goal which is measured for a three-year period. Such incentive is a subject to prior approval of the Board acting on the recommendation of the Remuneration Committee. The Board of Directors acting on the recommendation of the Remuneration Committee determined average ROE in the amount of 7% as a LTI target for performance period 2020-2022. Award pay-outs range from 0% to 200% of the target number of shares. According to the Remuneration Policy maximum amount of remuneration related to the STI and LTI targets is 80% of the total remuneration. It is expressed in proportion as fixed part to variable part 1:4 or, in other words, variable compensation amounts 4 fixed parts. As the STI part cannot exceed 150% of the fixed remuneration the ceiling for the LTI part is calculated in the following way: $(4 - 1.5) = 2.5$ fixed parts or 250% of fixed remuneration. Thus, the maximum number of performance-related shares (200% of the target number of shares) is determined by dividing of the amount of the LTI remuneration (250% of fixed salary) by the actual share price. Once the performance period has ended, the Remuneration Committee assesses the extent to which the targets have been met and what part of the shares should vest. The number of shares to vest is adjusted for dividends that have been paid to shareholders over the three-year performance period. Executive Directors A are vested with the performance-related shares only from the treasury shares without any additional issue. In total, the performance share plan covers five financial years, as any vested shares must be retained by the relevant Directors for a further two financial years.

Number of performance-related shares

	Plan	Performance period	Offer date	Vesting Date	End of holding period	Share balance at January 1, 2020	Vested in 2020	Share balance at December 31, 2020
Viktor Ivanchyk Executive Director A (Chief Executive Officer)	LTI 2020-2022	2020-2022	May 2020*	May 2023	May 2025	-	-	-
Viktor Gladky Executive Director A (Chief Financial Officer)	LTI 2020-2022	2020-2022	May 2020*	May 2023	May 2025	-	-	-

* As at 31 December 2020 potential maximum LTI awards amounted to 250% of fixed remuneration or to EUR900 thousands and EUR600 thousands for Viktor Ivanchyk and Viktor Gladky respectively

The Company believes that the goals for the STI and LTI described above contribute to the achievement of the Company's strategic and long-term goals, and the Company's long-term viability as a business, by allowing the Company to attract high-caliber executives who share the Company's long-term goals and values.

Comparative information on the remuneration and the Company performance over the last five financial years

In compliance with point (b), paragraph 1 of Article 9b of the EU Directive on long-term shareholder engagement and Art. 2:135b of the Dutch Civil Code ASTARTA presents below: the annual change of remuneration of Executive Directors A, the performance of the Company and the average remuneration on a full-time equivalent basis of the Company's employees over at least five most recent financial years.

Annual change	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	Information regarding 2020, EURk
Total remuneration of Executive Directors A						
Viktor Ivanchyk, Chief Executive Officer	46%	31%	-1%	-50%	2%	360
Viktor Gladky, Chief Financial Officer	32%	43%	-10%	-51%	-13%	240
Total remuneration of Executive Director B						
Marc van Campen, Chief Corporate Officer	0%	14%	9%	-8%	0%	40
Total remuneration of Non - Executive Directors						
Howard A. Dahl, Chairman of the Board of Directors	n.a.	n.a.	7%	-11%	-6%	75
Gilles Mettetal, Non-Executive Director	n.a.	n.a.	n.a.	-3%	-9%	40
Arslan Huseyin, Non-Executive Director	n.a.	n.a.	n.a.	n.a.	0%	40
Company performance						
Net profit	418%	-25%	-130%	109%	409%	8 611
EBITDA	16%	-21%	-47%	23%	46%	113 421
Average remuneration on a full-time equivalent basis of employees						
Employees of the Company *	0%	0%	0%	0%	0%	-
Employees of ASTARTA	12%	42%	12%	19%	9%	6.5

* Employees of the Company are only Directors.



Pay ratio

The pay ratio compares the total remuneration of the CEO against the average remuneration of ASTARTA's employees, calculated as an average of all employees as of December 31, 2020. In respect of 2020, the ratio is 55.4 (2019: 58.7). The pay ratio change in the reported financial year was caused by the increase of the average remuneration of full-time employees by 9%. At the same time total remuneration of the CEO increased by 2%.

Loans and guarantees

The company does not grant loans, advance payments or guarantees to members of the Board of Directors or any family member of such persons.

Remuneration Policy

The Board of Directors has evaluated the Remuneration Policy. It has considered the input from stakeholders and the requirements of the engagement EU Directive on the encouragement of long-term shareholder engagement (SRD II) and in accordance with Art. 2:135b of the Dutch Civil Code. As a result, new Policy was approved at the AGM dated 29 May 2020. It became effective from 1 January 2020 (retroactively). The Policy must be resubmitted to the general meeting of shareholders for approval at the 2024 annual general meeting of shareholders.

10. REPORT OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Board of Directors, Mr. Dahl, Mr. Mettetal and Mr. Arslan have performed the following actions and duties in their role as Non-Executive Directors in 2020.

The Non-Executive Directors are charged with supervising the policy, strategy and fulfilment of duties of the Executive Directors A and the Executive Director B, and the general affairs of the Company.

Mr. Dahl, Mr. Mettetal and Mr. Arslan can be considered independent within the meaning of Best Practice Provision III.2.2 of the Dutch Corporate Governance Code.

In carrying out their task, they participated in the Board meetings mentioned in paragraph 5 above and advised the Board of Directors on their management activities. Besides this, Mr. Dahl is the Chairman of the Remuneration Committee, and Mr. Mettetal is the member of the Remuneration Committee and the Chairman of the Audit Committee.

In the 2020 financial year Mr. Dahl and Mr. Mettetal held meetings during which the main items discussed were – the remuneration of the members of the Board of Directors, the KPIs for Executive directors A, payment of bonuses and the Remuneration Policy of the Company.

As for Mr. Mettetal, as the Chairman of the Audit Committee, he held one meeting with Mr. Van Campen and provided the Board of Directors with notification in this respect.

There were no irregularities in the 2020 financial year that required intervention by the Non-Executive Directors.

REPRESENTATIONS OF THE BOARD OF DIRECTORS

A. Representation of the Board of Directors on the Compliance of Annual Financial Statements

The Board of Directors hereby represents, to the best of its knowledge, that the statutory financial statements of the Company and its consolidated subsidiaries for the year ended 31 December 2020 are prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, liabilities, financial position and the result of the Company and its consolidated subsidiaries, and that the report of the Board of Directors for the year ended 31 December 2020 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2020 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2020, including a description of the key risks that the Company is confronted with.

B. Representation of the Board of Directors on Appointment of an Entity Qualified to Audit Annual Financial Statements

The Board of Directors hereby represents that PricewaterhouseCoopers Accountants N.V. which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2020, has been appointed in accordance with the applicable laws and that this entity and the accountants performing the audit met the conditions necessary to issue an impartial and independent report on the audit in accordance with the applicable provisions of law.

C. Representation of the Board of Directors Relating to the System of Internal Control

The System of internal controls maintains internal control framework, the compliance and includes updates regarding the emergence of new risks. Internal audit provides comfort to the Board of Directors that our system of internal controls – as designed and represented by the management is adequate and effective. In the Company view the system of internal controls, focused on the financial reporting, functioned effectively over the past year. There are no indications that the system of internal controls will not function effectively in 2021.

We routinely work towards continuous improvement of our processes and procedures regarding financial reporting. In line with the best practice provision 1.4.3 of the Dutch Code, the Board of Directors is of the opinion that:

- The report provides sufficient insights into any failings in the effectiveness of the system of internal controls;
- This system provides reasonable assurance that the financial reporting does not contain material inaccuracies;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- The report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the report preparation.

D. Representation on other matters

On April 5, the Antimonopoly Committee of Ukraine (the AMCU) publicly announced the initiation of an investigation against the Group and other sugar producer due to increase of market prices for sugar. The Company has – as of the date of these financial statements - not been formally notified of the investigation nor its exact scope. As always, management will cooperate with the investigation and is confident that they will be able to explain their pricing strategy in light of the market dynamics. Based on this, there is no reason to account for a (contingent) liability as per 31 December 2020.



Board of Directors of Astarta Holding N.V.

7 April 2021

Amsterdam, the Netherlands

Mr. V.Ivanchyk (signed)

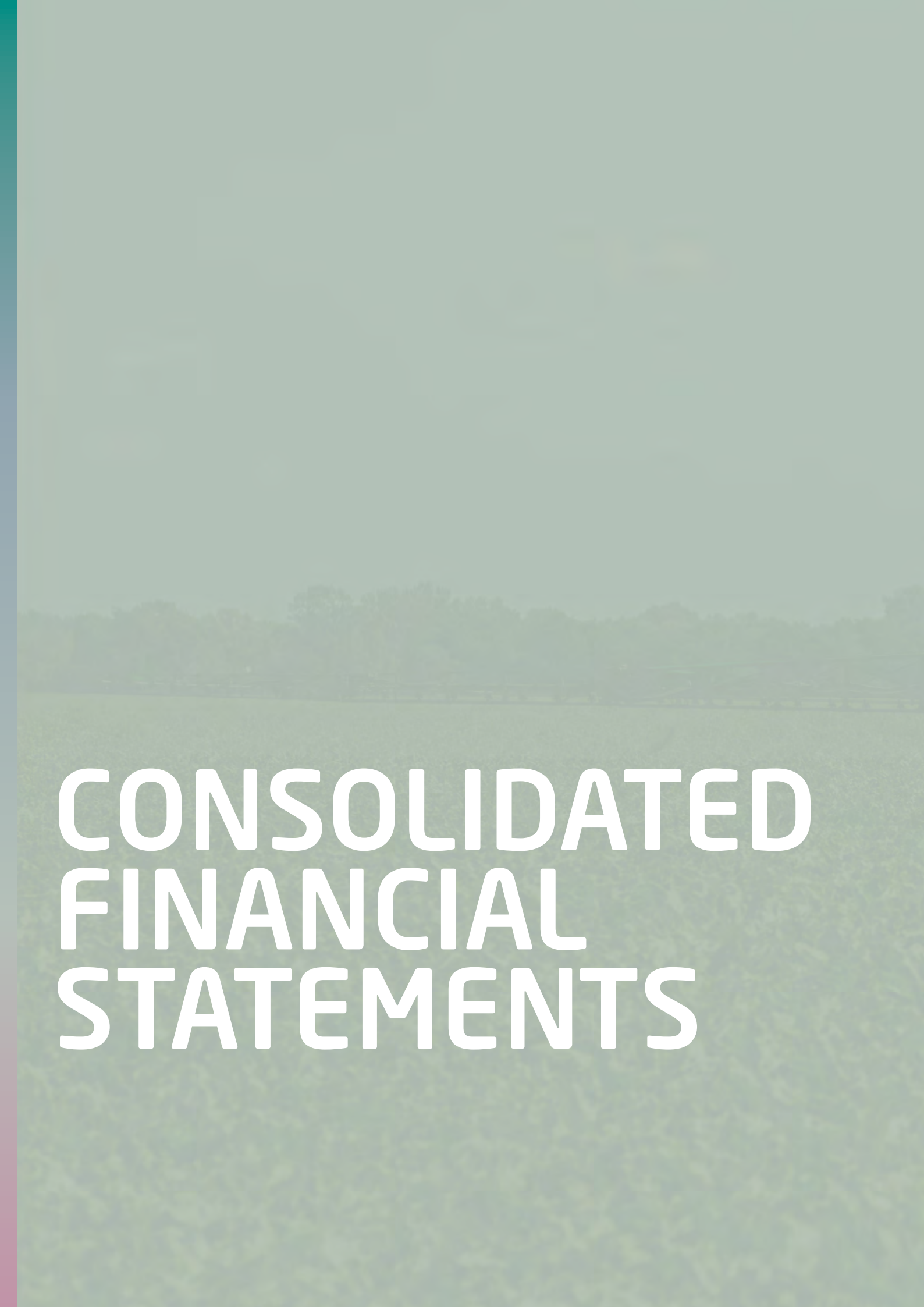
Mr. H.A. Dahl (signed)

Mr. V.Gladky (signed)

Mr. M.M.L.J. van Campen (signed)

Mr. G. Mettetal (signed)

Mr. H. Arslan (signed)



CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

<i>(in thousands of Ukrainian hryvnias)</i>	<i>Notes</i>	31 December 2020	31 December 2019	31 December 2018
ASSETS				
Non-current assets				
Property, plant and equipment	4	6 780 822	7 779 761	8 438 768
Right-of-use assets	5	3 271 712	3 752 857	3 501 109
Investment property		84 103	70 690	74 285
Intangible assets		35 872	35 378	33 826
Biological assets	6	830 893	792 939	541 182
Value added tax		-	-	221 811
Long-term receivables and prepayments	8	6 510	20 767	6 621
Deferred tax assets	19	7 732	25 095	-
Total non-current assets		11 017 644	12 477 487	12 817 602
Current assets				
Inventories	7	3 733 947	5 117 473	7 450 931
Biological assets	6	745 222	425 624	507 540
Trade accounts receivable	8	466 513	607 870	699 045
Other accounts receivable and prepayments	8	853 779	1 032 787	1 711 526
Current income tax		9 730	12 551	8 877
Short-term cash deposits		4 986	18 318	9 013
Cash and cash equivalents	9	774 831	326 046	418 882
Non-current assets held for sale	2	157 727	43 283	-
Total current assets		6 746 735	7 583 952	10 805 814
Total assets		17 764 379	20 061 439	23 623 416
EQUITY AND LIABILITIES				
Equity				
	10			
Share capital		1 663	1 663	1 663
Additional paid-in capital		369 798	369 798	369 798
Retained earnings		9 066 354	8 349 380	7 757 949
Revaluation surplus		1 926 064	2 482 363	3 072 159
Treasury shares		(119 260)	(119 260)	(119 260)
Currency translation reserve		474 036	508 868	519 416
Total equity		11 718 655	11 592 812	11 601 725
Non-current liabilities				
Loans and borrowings	11	1 218 613	15 608	17 586
Net assets attributable to non-controlling participants		24 586	24 909	41 967
Other long-term liabilities		4 094	4 093	2 410
Lease liability	5	2 522 108	2 731 803	2 505 532
Deferred tax liabilities	19	177 495	259 791	393 118
Total non-current liabilities		3 946 896	3 036 204	2 960 613
Current liabilities				
Loans and borrowings	11	-	3 874 935	7 217 528
Current portion of long-term loans and borrowings	11	625 581	56 943	160 035
Trade accounts payable		149 949	158 145	216 354
Current portion of lease liability	5	898 493	953 127	800 629
Current income tax		25 762	45 886	50 199
Other liabilities and accounts payable	12	315 043	343 387	616 333
Liabilities classified as held for sale		84 000	-	-
Total current liabilities		2 098 828	5 432 423	9 061 078
Total equity and liabilities		17 764 379	20 061 439	23 623 416

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

<i>(in thousands of Euros)</i>	<i>Notes</i>	31 December 2020	31 December 2019	31 December 2018
ASSETS				
Non-current assets				
Property, plant and equipment	4	195 189	294 442	266 089
Right-of-use assets	5	94 178	142 035	110 396
Investment property		2 421	2 675	2 342
Intangible assets		1 033	1 340	1 067
Biological assets	6	23 917	30 011	17 064
Value added tax		-	-	6 994
Long-term receivables and prepayments	8	187	786	209
Deferred tax assets	19	223	950	-
Total non-current assets		317 148	472 239	404 161
Current assets				
Inventories	7	107 482	193 681	234 939
Biological assets	6	21 452	16 109	16 004
Trade accounts receivable	8	13 429	23 007	22 042
Other accounts receivable and prepayments	8	24 577	39 086	53 968
Current income tax		280	475	280
Short-term cash deposits		144	693	284
Cash and cash equivalents	9	22 304	12 340	13 208
Non-current assets held for sale	2	4 540	1 638	-
Total current assets		194 208	287 029	340 725
Total assets		511 356	759 268	744 886
EQUITY AND LIABILITIES				
Equity				
	10			
Share capital		250	250	250
Additional paid-in capital		55 638	55 638	55 638
Retained earnings		521 311	492 290	465 473
Revaluation surplus		87 251	112 451	138 861
Treasury shares		(5 527)	(5 527)	(5 527)
Currency translation reserve		(321 597)	(216 347)	(288 873)
Total equity		337 326	438 755	365 822
Non-current liabilities				
Loans and borrowings	11	35 078	591	554
Net assets attributable to non-controlling participants		708	943	1 323
Other long-term liabilities		118	155	76
Lease liability	5	72 600	103 391	79 004
Deferred tax liabilities	19	5 109	9 832	12 396
Total non-current liabilities		113 613	114 912	93 353
Current liabilities				
Loans and borrowings	11	-	146 656	227 581
Current portion of long-term loans and borrowings	11	18 008	2 155	5 046
Trade accounts payable		4 316	5 985	6 823
Current portion of lease liability	5	25 864	36 073	25 245
Current income tax		742	1 736	1 583
Other liabilities and accounts payable	12	9 069	12 996	19 433
Liabilities classified as held for sale		2 418	-	-
Total current liabilities		60 417	205 601	285 711
Total equity and liabilities		511 356	759 268	744 886

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(in thousands of Ukrainian hryvnias)</i>	Notes	2020	2019
Revenues	13	12 927 064	12 980 155
Cost of revenues	14	(10 846 636)	(11 588 237)
Changes in fair value of biological assets and agricultural produce	6	1 664 254	1 227 501
Gross profit		3 744 682	2 619 419
Other operating income		49 297	67 603
General and administrative expense	15	(700 304)	(681 180)
Selling and distribution expense	16	(951 472)	(1 344 480)
Other operating expense	17	(359 455)	(225 506)
Impairment of property, plant and equipment	4	(55 034)	(16 096)
Profit from operations		1 727 714	419 760
Interest expense on lease liability	18	(673 189)	(655 074)
Other finance costs	18	(334 267)	(519 650)
Foreign currency exchange (loss)/gain		(527 750)	717 862
Finance income	18	10 754	34 914
Other income		81 569	10 015
Profit before tax		284 831	7 827
Income tax (charge)/credit	19	(18 433)	27 709
Net profit		266 398	35 536
Net profit attributable to:			
Equity holders of the parent company		266 398	35 536
Weighted average basic and diluted shares outstanding (in thousands of shares)		24 310	24 310
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Ukrainian hryvnias)		10,96	1,46

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.



CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(in thousands of Euros)</i>	<i>Notes</i>	2020	2019
Revenues	13	415 630	448 006
Cost of revenues	14	(348 182)	(399 751)
Changes in fair value of biological assets and agricultural produce	6	54 084	43 208
Gross profit		121 532	91 463
Other operating income		1 600	2 235
General and administrative expense	15	(22 795)	(23 617)
Selling and distribution expense	16	(30 884)	(47 021)
Other operating expense	17	(11 542)	(7 708)
Impairment of property, plant and equipment	4	(1 633)	(556)
Profit from operations		56 278	14 796
Interest expense on lease liability	18	(22 162)	(22 635)
Other finance costs	18	(10 767)	(17 837)
Foreign currency exchange (loss)/gain		(17 134)	24 899
Finance income	18	346	1 198
Other income		2 648	401
Profit before tax		9 209	822
Income tax (charge)/credit	19	(598)	869
Net profit		8 611	1 691
Net profit attributable to:			
Equity holders of the parent company		8 611	1 691
Weighted average basic and diluted shares outstanding (in thousands of shares)		24 310	24 310
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Euros)		0,35	0,07

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(in thousands of Ukrainian hryvnias)</i>	2020	2019
Profit for the period	266 398	35 536
Other comprehensive loss		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Translation difference	(34 832)	(10 548)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(34 832)	(10 548)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Decrease of revaluation reserve	(119 041)	(41 343)
Income tax effect	13318	7 442
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(105 723)	(33 901)
Total other comprehensive loss	(140 555)	(44 449)
Total comprehensive income/(loss)	125 843	(8 913)
Attributable to:		
Equity holders of the parent	125 843	(8 913)
Total comprehensive income/(loss) for the year	125 843	(8 913)

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(in thousands of Euros)</i>	2020	2019
Profit for the period	8 611	1 691
Other comprehensive loss		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Translation difference	(105 250)	72 526
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(105 250)	72 526
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Decrease of revaluation reserve	(5173)	(1 565)
Income tax effect	383	281
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(4 790)	(1 284)
Total other comprehensive (loss)/income	(110 040)	71 242
Total comprehensive (loss)/income	(101 429)	72 933
Attributable to:		
Equity holders of the parent	(101 429)	72 933
Total comprehensive (loss)/income for the year	(101 429)	72 933

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(in thousands of Ukrainian hryvnias)</i>	Notes	2020	2019
Operating activities			
Profit before tax		284 831	7 827
<i>Adjustments for:</i>			
Depreciation and amortization	4,5	1 709 791	1 810 848
Allowance for trade and other accounts receivable	8	23 727	-
Loss/(gain) on disposal of property, plant and equipment	17	27 257	(3 059)
Write down of inventories	17	-	38 615
VAT written off	17	18 821	25 061
Interest income	18	(7 227)	(24 518)
Other finance income	18	(3 527)	(10 396)
Interest expense	18	234 775	487 371
Other finance costs	18	99 854	41 049
Interest expense on lease liability	5,18	673 189	655 074
Impairment of property, plant and equipment		55 034	16 096
Changes in fair value of biological assets and agricultural produce		(1 664 254)	(1 227 501)
Recovery of assets previously written off		(5 488)	(32 828)
Net profit attributable to non-controlling participants in limited liability company subsidiaries	18	(362)	(8 770)
Foreign exchange loss/(gain)		527 750	(717 862)
<i>Working capital adjustments:</i>			
Decrease in inventories		2 625 323	3 357 353
(Increase)/decrease in trade and other receivables		407 860	1 087 557
Decrease in biological assets due to other changes		70 393	58 321
Decrease in trade and other payables		(92 208)	(510 141)
Income taxes paid		(72 275)	(43 137)
Cash flows provided by operating activities		4 913 264	5 006 960
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(457 115)	(691 143)
Proceeds from disposal of property, plant and equipment		17 255	40 023
Interest received	17	7 227	24 518
Cash deposits placement		(4 987)	(16 694)
Cash deposits withdrawal		17 750	7 765
Cash flows used in investing activities		(419 870)	(635 531)
Financing activities			
Proceeds from loans and borrowings	11	2 517 098	2 349 066
Repayment of loans and borrowings	11	(5 225 025)	(5 235 503)
Payment of lease liabilities	5	(375 739)	(394 836)
Payment of interest on lease liabilities	5	(673 189)	(655 074)
Acquisition of the share attributable to non-controlling participants		-	(22 451)
Interest paid		(252 923)	(494 919)
Cash flows used in financing activities		(4 009 778)	(4 453 717)
Net increase/(decrease) in cash and cash equivalents		483 616	(82 288)
Cash and cash equivalents as at 1 January		326 046	418 882
Currency translation difference		(34 831)	(10 548)
Cash and cash equivalents as at 31 December		774 831	326 046

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(In thousands of Euros)</i>	Notes	2020	2019
Operating activities			
Profit before tax		9 209	822
<i>Adjustments for:</i>			
Depreciation and amortization	4,5	55 510	62 571
Allowance for trade and other accounts receivable	8	762	-
Loss/(gain) on disposal of property, plant and equipment	17	875	(105)
Write down of inventories	17	-	1 320
VAT written off	17	604	857
Interest income	18	(233)	(841)
Other finance income	18	(113)	(357)
Interest expense	18	7 562	16 729
Other finance costs	18	3 217	1 409
Interest expense on lease liability	5,18	22 162	22 635
Impairment of property, plant and equipment		1 633	556
Changes in fair value of biological assets and agricultural produce		(54 084)	(43 208)
Recovery of assets previously written off		(178)	(1 085)
Net profit attributable to non-controlling participants in limited liability company subsidiaries	18	(12)	(301)
Foreign exchange loss/(gain)		17 134	(24 899)
<i>Working capital adjustments:</i>			
Decrease in inventories		85 234	116 009
(Increase)/decrease in trade and other receivables		13 116	37 579
Decrease in biological assets due to other changes		2 285	2 015
Decrease in trade and other payables		(2 994)	(17 626)
Income taxes paid		(2 346)	(1 491)
Cash flows provided by operating activities		159 343	172 589
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(14 841)	(23 881)
Proceeds from disposal of property, plant and equipment		560	1 383
Interest received	17	233	841
Cash deposits placement		(162)	(577)
Cash deposits withdrawal		576	268
Cash flows used in investing activities		(13 634)	(21 966)
Financing activities			
Proceeds from loans and borrowings	11	81 720	81 169
Repayment of loans and borrowings	11	(169 430)	(180 905)
Payment of lease liabilities	5	(11 893)	(13 643)
Payment of interest on lease liabilities	5	(22 162)	(22 635)
Acquisition of the share attributable to non-controlling participants		-	(776)
Interest paid		(8 292)	(17 101)
Cash flows used in financing activities		(130 057)	(153 891)
Net increase/(decrease) in cash and cash equivalents		15 652	(3 268)
Cash and cash equivalents as at 1 January		12 340	13 208
Currency translation difference		(5 688)	2 400
Cash and cash equivalents as at 31 December		22 304	12 340

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Attributable to equity holders of the parent company

<i>(in thousands of Ukrainian hryvnias)</i>	Share capital	Additional paid-in capital
As at 31 December 2018	1 663	369 798
Net profit	-	-
Decrease of revaluation reserve, net of tax	-	-
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-
Translation difference	-	-
Total other comprehensive loss, net of tax	-	-
Total comprehensive income/(loss)	-	-
Realisation of revaluation surplus, net of tax	-	-
As at 31 December 2019	1 663	369 798
Net profit	-	-
Decrease of revaluation reserve, net of tax	-	-
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-
Translation difference	-	-
Total other comprehensive loss, net of tax	-	-
Total comprehensive income	-	-
Realisation of revaluation surplus, net of tax	-	-
As at 31 December 2020	1 663	369 798

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.



Retained earnings	Revaluation surplus	Treasury shares	Currency translation reserve	Total equity
7 757 949	3 072 159	(119 260)	519 416	11 601 725
35 536	-	-	-	35 536
-	(33 943)	-	-	(33 943)
-	42	-	-	42
-	-	-	(10 548)	(10 548)
-	(33 901)	-	(10 548)	(44 449)
35 536	(33 901)	-	(10 548)	(8 913)
555 895	(555 895)	-	-	-
8 349 380	2 482 363	(119 260)	508 868	11 592 812
266 398	-	-	-	266 398
-	(105 684)	-	-	(105 684)
-	(39)	-	-	(39)
-	-	-	(34 832)	(34 832)
-	(105 723)	-	(34 832)	(140 555)
266 398	(105 723)	-	(34 832)	125 843
450 576	(450 576)	-	-	-
9 066 354	1 926 064	(119 260)	474 036	11 718 655

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Attributable to equity holders of the parent company

<i>(in thousands of Euros)</i>	Share capital	Additional paid-in capital
As at 31 December 2018	250	55 638
Net profit	-	-
Decrease of revaluation reserve, net of tax	-	-
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-
Translation difference	-	-
Total other comprehensive income, net of tax	-	-
Total comprehensive income/(loss)	-	-
Realisation of revaluation surplus, net of tax	-	-
As at 31 December 2019	250	55 638
Net profit	-	-
Decrease of revaluation reserve, net of tax	-	-
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-
Translation difference	-	-
Total other comprehensive income, net of tax	-	-
Total comprehensive loss	-	-
Realisation of revaluation surplus, net of tax	-	-
As at 31 December 2020	250	55 638

The notes on pages 92 to 163 are an integral part of these consolidated financial statements.



Retained earnings	Revaluation surplus	Treasury shares	Currency translation reserve	Total equity
465 473	138 861	(5 527)	(288 873)	365 822
1 691	-	-	-	1 691
-	(1 285)	-	-	(1 285)
-	1	-	-	1
-	-	-	72 526	72 526
-	(1 284)	-	72 526	71 242
1 691	(1 284)	-	72 526	72 933
25 126	(25 126)	-	-	-
492 290	112 451	(5 527)	(216 347)	438 755
8 611	-	-	-	8 611
-	(4 789)	-	-	(4 789)
-	(1)	-	-	(1)
-	-	-	(105 250)	(105 250)
-	(4 790)	-	(105 250)	(110 040)
8 611	(4 790)	-	(105 250)	(101 429)
20 410	(20 410)	-	-	-
521 311	87 251	(5 527)	(321 597)	337 326

1. BACKGROUND

Organisation and operations

These consolidated financial statements are prepared by ASTARTA Holding N.V. (the “Company”), a Dutch public company incorporated in Amsterdam, the Netherlands, on 9 June 2006 under the Dutch law.

The Company’s legal address is Jan van Goyenkade 8, 1075 HP Amsterdam, the Netherlands.

On 4 July 2006 the shareholders of the Company contributed their shares in the Cyprus based company Ancor Investments Ltd to ASTARTA Holding N.V. After the contribution, ASTARTA Holding N.V. owns 100% of share capital of Ancor Investment Ltd.

Ancor Investments Ltd owns 99.99% of the capital of LLC “Firm “Astarta-Kyiv” (Astarta-Kyiv) registered in Ukraine, which in turn controls a number of subsidiaries in Ukraine (hereinafter the Company and its subsidiaries are collectively referred to as the “Group”).

On 16 August 2006 the Company’s shares were admitted for trading on the Warsaw Stock Exchange. The first quotation of the shares on the Warsaw Stock Exchange took place on 17 August 2006.

The Group specializes in sugar production, crop growing, soybean processing and cattle farming. The croplands, sugar and soybean processing plants and cattle operations are mainly located in the Poltava, Vinnytsia, Khmelnytsky, Chernihiv, Cherkasy and Kharkiv oblasts (administrative regions) of Ukraine. The Group’s business is vertically integrated because sugar is produced primarily using own-grown sugar beet.

The number of employees were presented as follows:

	2020	2019
operating personnel	3 718	3 986
administrative personnel	1 005	1 119
sales personnel	270	325
non-operating personnel	31	40
Total number of employees	5 024	5 470

(a) Ukrainian business environment

In 2020, the Ukrainian economy underwent contraction due to COVID-19 pandemic with real GDP decline of around 4% (2019: growth at 3%), modest annual inflation of 5% (2019: 4%), and weakening of the national currency by 4% to USD and 6% to EUR compared to previous year averages. Economic activity in 4Q2020 demonstrated recovery in real GDP. The main driver was growth in household consumption due to the shortening and postponement of the latest lockdown to January 2021 which is the period of seasonally lower business activity.

Sound fiscal and monetary management, including efforts to keep current public expenditures under control, helped reducing inflation in 2020. Strong remittances and inflows of foreign capital into the domestic bond market helped lowering the current account deficit and support international reserves.

Ukraine remains vulnerable to external shocks and commodity price cycles due to its reliance on commodity exports.

Starting from March 2020, the National Bank of Ukraine (“NBU”) gradually decreased the discount rate for the first time in the last two years from 18% in April 2019 to 6% in June 2020, which is the historical minimum since the independence of Ukraine. In March 2021, the NBU raised the refinancing rate to 6.5%.

Further economic growth depends, to a large extent, upon success of the Ukrainian government in realization of planned reforms and recovery strategy, cooperation with the International Monetary Fund (“IMF”). In June 2020 the IMF approved a new 18-month USD 5 billion stand-by arrangement to the country with the immediate disbursement of USD 2 billion, which should finance budget expenditures to mitigate the negative effects of COVID-19 pandemic and quarantine restrictions. In addition, it should boost the international reserves this year, despite making significant repayments on external public debt.

In 2021, Ukraine faces significant public debt repayments, which will require mobilising substantial domestic and external financing in an increasingly challenging financing environment for emerging markets.

The events which led to the annexation of Crimea by the Russian Federation in February 2014 and the conflict in the East of Ukraine which started in spring 2014 has not been resolved to date. The relationship between Ukraine and the Russian Federation has remained strained.

Ukraine had local elections in October 2020. Despite certain improvements in 2020, the ongoing political and economic uncertainties are difficult to predict but they significantly affect the Ukrainian economy and the Company’s business.



2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and in accordance with the Title 9, Book 2 of the Netherlands Civil Code. The consolidated financial statements were authorized by the Board of Directors on 9 April 2020.

(b) Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes the Group will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Group's EBITDA and financial position for the previous two years were affected by the economic environment and downturn on the sugar markets caused by depressed sugar prices. As a result, several financial and non-financial covenants included into the conditions for the Group's loans and borrowings were in breach.

During 2020, all the financial institutions with whom Astarta was in breach of covenants provided waivers covering 31 December 2020. Also, three out of five banks agreed to amend contractual arrangements by revising certain covenant ratios going forward, so that for the subsequent periods Astarta would not be in the breach anymore. The key amendment relates to the replacement of the debt service coverage ratio with the EBITDA to finance charges ratio, which the Group is in the capacity to meet going forward. Such a willingness of the financial institutions to revise terms for Astarta stems from the facts that:

- Astarta is a borrower with a good reputation supported by a sound history of contractual payments;
- The Group operates in an industry attractive for investors (agriculture is one of the key drivers and foreign currency generators for the Ukrainian economy).

During 2020, due to the solid liquidity position the Group further repaid UAH 5,225,025 thousand (EUR 169,430 thousand). The total loan balance outstanding as at 31 December 2020 is equal to UAH 1,844,194 thousand (EUR 53,086 thousand), 2019: UAH 3,947,486 thousand (EUR 149,402 thousand) and is spread among 10 different financial institutions. Management considers it is important to maintain external financing with a relatively wide range of financial institutions in order to build a sound credit history and ensure fast access to the financial resources at favourable financial terms.

As at 31 December 2020 management also prepared the forecast of covenants up until and covering Q1 2022. Based on this, management expects that the Group will be able to meet the covenants for the upcoming 12 months from the date of these financial statements with considerable headroom for the contracted ratios. In management's view, the sustainability of headroom will be ensured through the reduced level of external debt as well as further improvement of operating market conditions given the second year of a sugar deficit in the global and local markets and higher sugar prices that will positively affect 2021 financial results given the current stocks of sugar.

Furthermore, Astarta's operations had not been materially affected by the COVID-19 pandemic due to the outdoor nature of its agricultural operations and prompt management response aimed at mitigating the impact in line with the guidelines issued by the Government of Ukraine to guarantee the safety of its employees and to preserve continuity of business operations.

Based on these factors, management has a reasonable expectation that the Group has adequate resources to manage the business in the upcoming 12 months from the date of these financial statements. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

Based on these and other steps the Group is taking management concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



As at 31 December 2020 Astarta Holding N.V. owns shares, directly and indirectly, in a number of subsidiaries and an associate with the following percentage of ownership:

Name Subsidiaries:	Activity	Place of business	31 December 2020	31 December 2019
			% of ownership	% of ownership
Ancor Investments Ltd	Trade and investment activities	Cyprus, Nicosia	100,00%	100,00%
LLC Firm "Astarta-Kyiv"	Asset management	Ukraine, Kyiv	99,99%	99,99%
LLC "APO "Tsukrovyk Poltavshchyny"	Sugar production	Ukraine, Shyshaky region	99,73%	99,73%
LLC "Agricultural company "Dovzhenko"	Agricultural	Ukraine, Shyshaky region	99,99%	99,99%
LLC "Shyshaki combined forage factory"	Fodder production	Ukraine, Shyshaky region	90,57%	90,57%
LLC "Agricultural company "Dobrobut"	Agricultural	Ukraine, Kozelschyna region	99,99%	99,99%
LLC "Agricultural company "Musievske"	Agricultural	Ukraine, Khorol region	99,99%	99,99%
LLC "Globinskiy processing factory"	Soybean processing	Ukraine, Globyne	99,99%	99,99%
LLC "Investment company "Poltavazernoproduct"	Agricultural	Ukraine, Globyne	99,99%	99,99%
LLC "List-Ruchky"	Agricultural	Ukraine, Hadiach region	74,99%	74,99%
LLC "Agropromgaz"	Trade	Ukraine, Kyiv	99,97%	99,97%
LLC "Khmilnitske"	Agricultural	Ukraine, Khmilnyk region	99,99%	99,99%
LLC "Volochnysk-Agro"	Agricultural	Ukraine, Volochnysk region	99,99%	99,99%
LLC "Kobelyatskiy combined forage factory" **	Fodder production	Ukraine, Kobeliaky region	0,00%	98,60%
LLC "Agricultural company "Astarta Prykhorollia"	Agricultural	Ukraine, Khorol region	99,99%	99,99%
LLC "Agricultural company "Lan" *	Agricultural	Ukraine, Kobeliaky region	99,99%	99,99%
LLC "Nika"	Agricultural	Ukraine, Chutove region	99,99%	99,99%
LLC "Zhytnytsya Podillya"	Agricultural	Ukraine, Krasyliv region	97,00%	97,00%
LLC "Astarta Service" ***	Research and development	Ukraine, Shyshaky region	99,99%	99,99%
LLC "Agrosvit Savyntsi"	Agricultural	Ukraine, Balakliia region	99,99%	99,99%
ALC "Novoivanivskiy sugar plant"	Sugar production	Ukraine, Kolomak region	95,10%	95,10%
LLC "Investpromgaz" ****	Trade	Ukraine, Kyiv	0,00%	99,99%
LLC "Tsukragromprom"	Trade	Ukraine, Kyiv	99,99%	99,99%
LLC "Zerno-Agrotrade"	Trade	Ukraine, Kyiv	99,99%	99,99%
LLC "Novoorzhytskiy sugar plant"	Sugar production	Ukraine, Orzhytsia region	99,99%	99,99%
LLC "APK Savynska" *****	Sugar production	Ukraine, Balakliia region	0,00%	99,99%
LLC "Kochubeyivske" *	Trade	Ukraine, Dykanka region	0,00%	59,71%
LLC "Globinskiy bioenergetichnyi complex"	Sugar production	Ukraine, Globyne	99,99%	99,99%
PE "TMG"	Agricultural	Ukraine, Valky region	99,99%	99,99%
LLC "Eco Energy"	Agricultural	Ukraine, Chernihiv region	99,99%	99,99%
ALLC «Liaschivka»	Agricultural	Ukraine, Chornobai region	99,99%	99,99%
LLC "Agri Chain"	Research and development	Ukraine, Kyiv	99,99%	99,99%
ALC "Narkevitskiy sugar plant"	Sugar production	Ukraine, Volochnysk region	99,99%	99,99%
PJSC "Ukrainian Agro-Insurance Company"	Insurance	Ukraine, Cherkasy	99,99%	99,99%
Astarta Trading GmbH	Trade	Switzerland, Zug	100,00%	100,00%
LLC "Pochayna-Office"	Asset management	Ukraine, Kyiv	99,99%	99,99%

* LLC "Kochubeyivske" as at 31 December 2020 was liquidated. LLC "Agricultural company "Lan" as at 31 December 2020 was under liquidation.

** As at 31 December 2020, LLC "Kobelyatskiy combined forage factory" was under liquidation, and their assets were transferred to LLC "Zerno-Agrotrade".

*** In February 2020, LLC "Astarta-Selektsiya" changed its legal name to LLC "Astarta Service".

**** In July 2020 the Group disposed 100% shares in LLC "Investpromgaz" for consideration received of UAH 55 thousand or EUR 2 thousand. The excess of consideration received over the net assets disposed amounting to UAH 23,139 thousand or EUR 711 thousand is recognised in the income statement as a gain on disposal of subsidiaries.

***** In November 2020 the Group disposed 100% shares in LLC "APK Savynska" for consideration received of UAH 29,925 thousand or EUR 890 thousand. The excess of consideration received over the net assets disposed amounting to UAH 2,832 thousand or EUR 84 thousand is recognised in the income statement as a gain on disposal of subsidiaries.

All subsidiaries, except for Ancor Investments Ltd and Astarta Trading GmbH, are incorporated in Ukraine. Ancor Investments Ltd is incorporated in Cyprus, Astarta Trading GmbH is incorporated in Switzerland.

Non-current assets held for sale

In December 2020, management committed to sell ALC “Novoivanivskiy sugar plant”, which constitutes a part of the Sugar production segment and ALLC “Lyaschivka”, which constitutes a part of the Agriculture segment. As at 31 December 2020, management had also plans to sell LLC “Agrosvit Savyntsi”, which constitutes a part of the Agriculture segment.

Efforts to sell these assets have been started during the financial year 2020 and accordingly, these facilities are presented as disposal groups held for sale as at 31 December 2020. At the date of issue of these consolidated financial statements the sales have been completed.

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2020:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
ALC “Novoivanivskiy sugar plant”	49 493	320 499	1 425	12 130
ALLC “Lyaschivka”	63 821	124 205	1 837	4 701
LLC “Agrosvit Savyntsi”	44 413	45 412	1 278	1 719
Non-current assets held for sale	157 727	490 116	4 540	18 550

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
ALC “Novoivanivskiy sugar plant”	15 066	130 849	434	4 952
ALLC “Lyaschivka”	43 643	42 877	1 256	1 623
LLC “Agrosvit Savyntsi”	25 291	25 451	728	963
Liabilities classified as held for sale	84 000	199 177	2 418	7 538

Impairment losses for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recognised against income statement in amount of UAH 47,159 thousand (EUR 1,400 thousand) related to ALC “Novoivanivskiy sugar plant”, no impairment has been recognized in relation to sale of ALLC “Lyaschivka” and LLC “Agrosvit Savyntsi” respectively.

The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the disposal group. The amount of realisation of revaluation surplus, net of tax, of the disposal group amounted to UAH 71,996 thousand, nil and nil (EUR 3,129 thousand, nil and nil) related to ALC “Novoivanivskiy sugar plant”, ALLC “Lyaschivka” and LLC “Agrosvit Savyntsi” respectively.

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquire. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in income statement.



(e) Basis of accounting

The consolidated financial statements are prepared on a historical cost basis, except for buildings and machines and equipment classified as property, plant and equipment accounted under revaluation model, biological assets at fair value less estimated costs to sell and agricultural produce stated at cost which is determined as fair value less estimated costs to sell at the point of harvest.

(f) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associate are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

(g) Net assets attributable to non-controlling participants in limited liability companies

Substantially all of the Group's subsidiaries are Ukrainian limited liability companies. Under Ukrainian law, a participant in a limited liability company may unilaterally withdraw from the company. In such case, the company is obliged to pay the withdrawing participant's share of the net assets of the company not later than in 12 months from the date of the withdrawal. Since the non-controlling participants in limited liability companies did not announce about their intentions to withdraw their interest, their interest was recognized as a non-current liability. Limited liability company non-controlling interest share in the net profit/loss is recorded as a finance expense.

(h) Functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the separate financial statements of each entity are measured using that functional currency. The functional currency of the Company and its Swiss and Cypriot subsidiaries is Euro (EUR). The operating subsidiaries registered in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency.

The consolidated financial statements are presented in UAH, which is primary presentation currency, and all values are rounded to the nearest thousand, except when otherwise indicated. For the benefit of certain users, the Group also presents all numerical information in EUR. The translation of UAH denominated assets and liabilities into EUR in these consolidated financial statements does not necessarily mean that the Group could realize or settle in EUR the reported values of these assets and liabilities. Likewise, it does not necessarily mean that the Group could return or distribute the reported EUR value retained earnings to its shareholders. For the purposes of presenting financial information in EUR, assets and liabilities of the Ukrainian subsidiaries are translated from UAH to EUR using the official closing rates at each reporting date. Income and expense items are translated at the average exchange rates for the quarter, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Disclosure line items are translated using annual weighted average official exchange rate. For translation of UAH figures into EUR figures for the cash flow statement the Group uses average UAH/EUR exchange rate. For the purposes of presenting financial information in UAH, assets and liabilities of the subsidiaries for which functional currency in EUR are translated from EUR to UAH using the official closing rates at each reporting date and income and expenses are translated at the official spot rates at the date of transaction.

Translation differences arising, if any, are recognized in other comprehensive income and accumulated in the Currency translation reserve.

The principal Ukrainian Hryvnia ("UAH") exchange rates used in the preparation of the consolidated financial statements are as follows:

Currency	Average reporting period rate		Reporting date rate	
	2020	2019	31 December 2020	31 December 2019
EUR	30.80	28.94	34.74	26.42
USD	26.96	25.83	28.28	23.69

The average exchange rates for each period are calculated as the arithmetic mean of the exchange rates for all trading days during this period. The sources of exchange rates are the official rates set by the National Bank of Ukraine.

All foreign exchange gain or loss that occurs on revaluation of monetary balances, presented in foreign currencies, is presented as a separate line in the Consolidated Income Statement.

(i) Critical accounting estimates and judgements in applying accounting policies

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital risk management Note 10
- Sensitivity analyses disclosures
 - fair value of biological assets Note 6
 - impairment of property, plant and equipment Note 4

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

In the process of applying the Group's accounting policies, management has made the following estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment of property, plant and equipment

The Group and its subsidiaries are required to perform impairment tests for their assets or cash-generating units when there is indication that an asset or a cash-generating unit ("CGU") may be impaired. As at 31 December 2020 impairment test was performed.

For the purpose of impairment testing, the Group identified four cash-generating units (CGUs): sugar, agricultural, soybean processing and cattle. One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit. Within the Group's identified cash-generating units a significant proportion of their output is input to another cash-generating unit. Therefore, judgement is needed in determining a cash-generating unit.

Impairment testing is performed based on value-in-use calculation using the cash flow projection not exceeding the five-year period. Cash flow projection is based on the next year budget approved by the Group's Budget Committee, comprising CFO, CEO, COO, Commercial Director and Production Director of the Group and for the subsequent years - on the extrapolated forecasts based on the consumer price index and sugar price forecasts of World Bank.

The most recent detailed calculations of impairment for all segments were performed as of 31 December 2020, key assumptions made and reasonably possible changes in these assumptions are disclosed in Note 4. Judgement is required to determine principal assumptions made and the impact on the aggregate value-in-use calculation.

Fair value of biological assets

Due to the absence of an active market, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined rate based on WACC with asset specific adjustments. The fair value of biological assets is determined by the Group's own agricultural, sales and financial reporting experts based on production technological cards for each type of biological assets, next year budget approved by the Group's Budget Committee and future market prices and economic outlooks. Key estimates and assumptions involved in valuation apart of discount rate are yield, prices for output to be harvested and remaining production costs for crops and milk yield, milk and meat prices for cows of and their sensitivities are disclosed in Note 6. Fair valuation is made in accordance with IFRS 13 Fair Value Measurement.

The Group's business by nature is highly susceptible to weather conditions during planting and harvesting time as well as during the time when crops are growing. Unexpected changes in weather conditions can impact the costs of production and the yields of crops, used in estimating the fair value of the biological assets, and ultimately have a significant impact on the Group's financial results. The Group continuously monitors forecasts and is taking necessary actions to minimise impact.



Fair value of agricultural produce

Management estimates the fair value of agricultural produce by reference to quoted prices in an active market. Fair valuation is made in accordance with IFRS 13 Fair Value Measurement. In addition, costs to sell at the point of harvest are estimated and deducted from the fair value. The fair value less costs to sell becomes the carrying value of inventories at the date of harvesting. A 10% increase or decrease in crops prices at 31 December 2020 would result in an increase or decrease in agriculture produce of UAH 105,495 thousand (EUR 3,037 thousand) (31 December 2019: UAH 144,663 thousand (EUR 5,475 thousand)). Potential increase or decrease in crops price determined at the point of harvest for crops sold during the year does not impact the Group's operating profit.

Lease liabilities

Management uses some estimates for land lease liabilities calculation:

- lease rate;
- discount rate;
- lease term.

The Group includes into lease payments used in measurement of land lease liability total amount of actual variable lease payments that comprise lease rate that vary to reflect changes in market rent rates. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use assets. A 10% increase or decrease in lease payments at 31 December 2020 would result in an increase or decrease in lease liabilities of UAH 342,060 thousand (EUR 9,846 thousand), (31 December 2019: UAH 368,493 thousand (EUR 13,946 thousand)).

The lease payments are discounted using the incremental borrowing rate since the interest rate implicit in the lease could not be determined. A 10% increase or decrease in discount rate at 31 December 2020 would result in an decrease or increase in lease liabilities of UAH 187,763 thousand (EUR 5,405 thousand), (31 December 2019: UAH 205,177 thousand (EUR 7,765 thousand)).

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the land lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension option is considered exercisable by the Group and is included in measurement of assets and liabilities arising from warehouse and office premises lease and lease term for office premises considered as 15 years and for warehouses as 3 years as at each reporting date. For land lease the Group considered extension option as not exercisable given long-term period of contracts best represents reasonably certain period of lease supported by the past history of termination of the lease agreements and expected pattern of use for the land leases.

Depreciation

Management estimates are necessary to identify the useful lives of property, plant and equipment. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2020 would be to increase it by UAH 119,349 thousand (EUR 3,436 thousand), (31 December 2019: UAH 123,682 thousand UAH (EUR 4,274 thousand) or decrease it by UAH 90,503 thousand (EUR 2,605 thousand), (31 December 2019: UAH 108,722 thousand (EUR 3,757 thousand)).

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are applied in the preparation of the consolidated financial statements

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each entity at the official foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Foreign exchange differences arising on translation are recognized in the income statement.

(b) Property, plant and equipment

(i) Owned assets

Buildings and constructions held for production, selling and distribution or administrative purposes, machinery and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and constructions, machinery and equipment are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. At the date of the revaluation accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. The revaluations are carried out by independent appraisers.

A revaluation increase on property is recognized directly in other comprehensive income, except to the extent that it reverses a previous impairment recognized in the income statement. A impairment of property is recognized in the income statement, except to the extent that it reverses a previous revaluation increase recognized directly in equity.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Upon disposal, any revaluation reserve relating to the buildings, and machinery and equipment being sold is transferred to retained earnings.

Vehicles and other items of property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. The cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The cost of self-constructed assets includes the cost of material, direct labour and an appropriate portion of production overheads.

Construction is a tripartite building that does not have a roof, a foundation or a wall. Constructions are mainly used in agriculture and sugar production and are presented by hangars, silos, stockpile sites and grain dryings.

Not installed equipment comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction.

The gain or loss arising on a sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The effect of any changes from previous estimates is accounted for as a change in the accounting estimate.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalized and the carrying amount of the component replaced is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the income statement as expenses as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets.

Depreciation commences when the item of property, plant and equipment is available for use. Land, assets under construction and Not installed equipment are not depreciated.

The estimated initial useful lives are as follows:

Buildings	50 years
Constructions	50 years
Machinery and equipment	20 years
Vehicles	10 years
Other property, plant and equipment	5 years



(c) Investment property

Investment property is initially and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation of investment property is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets.

Investment property consists of buildings. The estimated useful life is 50 years.

(d) Intangible assets, other than goodwill

Intangible assets, which are acquired by the Group and which have finite useful lives, consist mainly from computer software.

Software is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement in the expense category consistent with the function of intangible asset on a straight-line basis over the estimated useful lives, normally 4 years.

The amortization period and the amortization method for intangible asset with a finite useful life are reviewed at least at each year end.

(e) Leases

The Group is a party to lease contracts as a lessee for, among others:

- land plots;
- building for office space and warehouses;
- equipment.

Leases are recognized, measured and presented in line with IFRS 16 Leases.

The Group recognizes assets and liabilities for all leases applying exceptions listed in the standard from 1 January 2018. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2018.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	1 to 49
Buildings	1 to 15
Machinery	1 to 5
Motor vehicles	1 to 3

The lease term determined by the Group comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate as of the commencement date of the contract. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured subsequently at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate and when there is a change in the Group's assessment of whether it will exercise extension or termination option.

Each lease payment is allocated between the liability and interest expense on lease liability. Interest expense on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group has applied the cost model to right-of-use assets. The right-of-use assets is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The lease payments exclude variable elements which are dependent on internal and external factors such as e.g. energy usage, motor-hours limits etc. Such variable lease payments are not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and other lease that have a term of 12 months or less and leases of low-value assets. Payments associated with short-term leases of other assets are recognised on a straight-line basis as an expense in profit or loss.

(f) Biological assets

The Group classifies livestock (primarily cattle) and unharvested crops as biological assets. Biological assets are carried at their fair value less estimated costs to sell, except when the fair value cannot be measured reliably. If fair value cannot be measured reliably, biological assets are carried at cost less accumulated depreciation and accumulated impairment losses. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Gain (loss) from changes in fair value of biological assets is included in the income statement line "Changes in fair value of biological assets and agricultural produce". The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets.

(g) Agricultural produce

The Group classifies harvested crops as agricultural produce. Agricultural produce is carried in the statement of financial position at lower of cost (equal to fair value at the point of harvest less cost to sell, which is considered to be the cost at that date) or net realisable value. A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in the income statement line "Changes in fair value of biological assets and agricultural produce".

(h) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Fair value at initial recognition is best evidenced by the transaction price.

Financial assets – classification and subsequent measurement – business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.



Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified as:

- Amortised cost (AC);
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL).

Financial assets subsequently measured at amortised cost

After initial recognition such financial assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. After the initial recognition, an expected credit loss (“ECL”) allowance is recognised for financial assets measured at AC, resulting in an immediate accounting loss. Financial assets of the Group that are subject to expected credit loss model are represented by trade and other accounts receivable, short-term cash deposits and cash and cash equivalents. The Group measures ECL and recognises net impairment losses on financial assets at each reporting date.

The Group does not have financial assets subsequently measured at FVOCI and at FVTPL as at 31 December 2020 and 31 December 2019.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(i) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(j) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials and finished goods at the agricultural and sugar production facilities is determined using the weighted average method including costs incurred in bringing them to their existing location and condition, such as transportation.

Work in progress and finished goods include the cost of raw materials, labour and manufacturing overheads allocated proportionately to the stage of completion of the finished goods.

Investments into future crops represent fertilizers and land cultivation to prepare for the subsequent growing season. After seeding the cost of field preparation is recognized as biological assets held at fair value less cost to sell.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity date of three months or less and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses. For details refer to Note 3(h).

(l) Cash deposits

Cash deposits are held for the investment activities. For the purpose of the consolidated statement of cash flows, short-term deposits are included in the investing activities.

(m) Non-current assets classified as held for sale

Non-current assets are classified in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.



(n) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(o) Impairment

(i) Financial assets

The Group measures ECL and recognises net impairment losses on financial assets at each reporting date. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- it is probable that the borrower will enter bankruptcy.

(ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventories, carried at cost less accumulated depreciation are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit and loss. Impairment losses are recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2 (i)
- Property, plant and equipment Note 4

(iii) Reversal of impairment of non-financial assets

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may be decreased and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Earnings per share

Earnings per share are calculated by dividing net profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

(q) Additional paid-in capital

The additional paid-in capital reserve relates to the excess of proceeds from the issuance of shares above the nominal value.

(r) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements denominated in functional currencies to presentation currencies. Currency translation difference is recognised in other comprehensive income.

(s) Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any differences between cost and redemption value being recognized in the income statement over the period of the borrowings using effective interest rate method.

When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognized immediately in the income statement.

(t) Trade accounts payable

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

(u) Taxes**Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised in other comprehensive income is recognised in the statement of other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Group's income was subject to taxation in Ukraine, Cyprus, Switzerland and the Netherlands. In 2020, Ukrainian corporate income tax was levied at a rate of 18%. 21 subsidiaries of the Group are subject to CPT in Ukraine for the year ended 31 December 2020 (2019 – 20 subsidiaries).

In 2020, the tax rates in Cyprus and the Netherlands were 12.5% and 25% (2019: 12,5% and 25%), respectively. For Switzerland subsidiary tax rate is 14,6% (2019: 14,6%).

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Fixed agricultural tax

In accordance with Tax Code of Ukraine, agricultural companies engaged in the production, processing and sale of agricultural products might choose to be registered as payers of fixed agricultural tax (FAT), provided that their sales of agricultural goods of their own production accounted for more than 75% of their gross revenues for the preceding year.

Fixed agricultural tax is paid in lieu of corporate income tax, land tax, duties for special use of water objects, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents. The amount of fixed agricultural tax payable is calculated as a percentage of the deemed value of all land plots (determined by the state) leased or owned by a taxpayer. Fixed agricultural tax is expensed as incurred.

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

(v) Accounting for government grants

The Ukrainian legislation provides for a number of different grants and tax benefits for companies involved in agricultural operations. There are grants and benefits established by Verkhovna Rada (the Parliament) as well as by the Ministry of Agrarian Policy, the Ministry of Finance, the State Committee of Water Industry, the customs authorities and local district administrations.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognised as income on a systematic basis over the periods that the related costs, which they are intended to compensate, are expensed. To the extent the conditions attached to the grants are not met at the reporting date, the received funds are recorded in the Group's consolidated financial statements as deferred income.

Government grants related to crop production and cattle farming

In 2019-2020 the biggest share of budget subsidies was allocated for livestock support: 1 500 UAH per cow head payment for corporate enterprises per one cow.

According to the Law of Ukraine On Agricultural Support, all agricultural producers that apply for the subsidy must be included in the State Registry of Budget Subsidy Recipients. An agricultural producer is defined as a farm or a company that derived 75 percent of its sales over the last 12 reporting periods (months) from sales of agricultural products.

The list of subsidized agricultural products of the Group includes: sugar beet, milk and meat.

Partial compensation for finance costs and other subsidies

The Group is entitled to receive reimbursement from various government programs for the cost of agricultural machinery manufactured in Ukraine and fertilizers produced in Ukraine. Agricultural producers are required to meet certain conditions to qualify for these subsidies. Because interest and other subsidies are payable only when the governmental budget allows, they are recognized on a cash basis, and are reflected in other operating income.

(w) Revenue

Revenue is income arising in the course of the Group's ordinary activities. Revenue from sales of goods is recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from contracts with customers is recognised in the amount of transaction price net of discounts, returns and value added taxes, export duties, other similar mandatory payments. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Generally sales are made with a credit term, which is consistent with the market practice and consequently trade receivables are classified as current assets. A receivable is recognised when the goods are delivered or dispatched based on delivery terms as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due (Note 8).

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. Contract liabilities are included in trade and other payables line item as advances from customers (Note 12).

(x) Interest income

For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

(y) Expenses

Expenses are accounted for on an accrual basis.

(z) Finance cost and income

Finance costs comprise interest expenses on loans and borrowings and foreign exchange difference. All interest and other costs incurred in connection with borrowings are expensed using the effective interest method.

Finance income comprises mostly interest income on bank deposits. Interest income is recognized using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group does not apply IAS 23 Borrowing Costs to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset measured (will be measured) at fair value:

- biological asset within the scope of IAS 41 Agriculture;
- inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

(aa) Offsetting

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

(ab) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, etc., have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to ordinary shareholders are included in financing activities. Dividends received are classified as investing activities. Interest paid is included in financing activities. Interest received is included in investing activities. Payments on lease liabilities – interest and principal part are included to finance activity.

(ac) New and amended standards and interpretations adopted

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

- COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020.
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).



(ad) New and amended standards and interpretations not yet adopted

The Group has not adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2020:

Effective for annual period beginning on or after in EU

International Financial Reporting Standards ("IFRS")

- | | |
|-------------------------------|----------------|
| ▪ IFRS 17 Insurance Contracts | 1 January 2021 |
|-------------------------------|----------------|

Amendments to existing standards and interpretations

- | | |
|---|------------------|
| ▪ Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022) | not yet endorsed |
| ▪ Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). | not yet endorsed |
| ▪ Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022). | not yet endorsed |
| ▪ Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). | not yet endorsed |
| ▪ Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). | 1 January 2021 |

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment in 2020 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of valuation 1 January 2020	1 892 856	2 588 863	4 117 014	139 222	168 213	148 786	9 054 954
Additions	-	-	-	-	-	412 297	412 297
Disposals	(29 306)	(25 183)	(104 239)	(3 023)	(4 256)	-	(166 007)
Impairment	(11 147)	(17 966)	(25 921)	-	-	-	(55 034)
Decrease in revaluation reserve	(73 902)	(12 864)	(32 275)	-	-	-	(119 041)
Elimination of depreciation	(8 892)	(10 729)	(53 720)	-	-	-	(73 341)
Transfer from not installed equipment	26 165	41 773	322 634	49 630	13 619	(453 821)	-
Transfer to non-current assets held for sale	(24 259)	(10 536)	(11 014)	(1 418)	(1 538)	(680)	(49 445)
Transfer to/from lease	-	-	69 626	3 662	40	-	73 328
Transfer to Investment property	-	-	-	-	-	(15 339)	(15 339)
31 December 2020	1 771 515	2 553 358	4 282 105	188 073	176 078	91 243	9 062 372
Accumulated depreciation 1 January 2020	128 765	171 880	796 613	78 786	99 149	-	1 275 193
Depreciation charge	107 639	145 710	811 426	24 877	27 865	-	1 117 517
Disposals	(4 321)	(9 425)	(33 667)	(2 473)	(3 889)	-	(53 775)
Decrease due to elimination of depreciation	(8 892)	(10 729)	(53 720)	-	-	-	(73 341)
Decrease due to transfer to non-current assets held for sale	(1 826)	(1 262)	(1 105)	(1 094)	(1 409)	-	(6 696)
Change due to transfer to/from lease	-	-	19 270	3 342	40	-	22 652
31 December 2020	221 365	296 174	1 538 817	103 438	121 756	-	2 281 550
Net book value 31 December 2020	1 550 150	2 257 184	2 743 288	84 635	54 322	91 243	6 780 822



<i>(in thousands of Euros)</i>	Buildings	Constructions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of valuation 1 January 2020	71 639	97 981	155 818	5 269	6 366	5 632	342 705
Additions	-	-	-	-	-	13 386	13 386
Disposals	(951)	(818)	(3 384)	(98)	(138)	-	(5 389)
Impairment	(331)	(533)	(769)	-	-	-	(1 633)
Decrease in revaluation reserve	(3 211)	(559)	(1 403)	-	-	-	(5 173)
Elimination of depreciation	(256)	(309)	(1 546)	-	-	-	(2 111)
Transfer from not installed equipment	849	1 356	10 475	1 611	442	(14 733)	-
Transfer to non-current assets held for sale	(698)	(303)	(317)	(41)	(44)	(20)	(1 423)
Transfer to/from lease	-	-	2 260	119	1	-	2 380
Currency translation difference	(16 047)	(23 315)	(37 870)	(1 446)	(1 560)	(1 141)	(81 379)
Transfer to Investment property	-	-	-	-	-	(498)	(498)
31 December 2020	50 994	73 500	123 264	5 414	5 067	2 626	260 865
Accumulated depreciation 1 January 2020	4 873	6 505	30 150	2 982	3 753	-	48 263
Depreciation charge	3 495	4 731	26 344	808	905	-	36 283
Disposals	(140)	(306)	(1 093)	(80)	(126)	-	(1 745)
Decrease due to elimination of depreciation	(256)	(309)	(1 546)	-	-	-	(2 111)
Decrease due to transfer to non-current assets held for sale	(53)	(36)	(32)	(31)	(41)	-	(193)
Change due to transfer to/from lease	-	-	626	109	1	-	736
Currency translation difference	(1 547)	(2 059)	(10 153)	(811)	(987)	-	(15 557)
31 December 2020	6 372	8 526	44 296	2 977	3 505	-	65 676
Net book value 31 December 2020	44 622	64 974	78 968	2 437	1 562	2 626	195 189

The movements of property, plant and equipment in 2019 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of valuation 1 January 2019	1 868 098	2 057 083	3 723 336	133 337	161 659	634 105	8 577 618
Additions	-	-	-	-	-	682 562	682 562
Disposals	(9 199)	(11 314)	(50 015)	(3 070)	(3 847)	-	(77 445)
Impairment	(1 257)	(6 114)	(8 627)	-	(98)	-	(16 096)
Decrease in revaluation reserve	(11 700)	(12 319)	(17 324)	-	-	-	(41 343)
Elimination of depreciation	(1 000)	(14 927)	(13 443)	(277)	(615)	-	(30 262)
Transfer from Not installed equipment	56 720	591 251	502 678	6 028	11 204	(1 167 881)	-
Transfer to non-current assets held for sale	(8 806)	(14 797)	(19 591)	-	(90)	-	(43 284)
Transfer to/from lease	-	-	-	3 204	-	-	3 204
31 December 2019	1 892 856	2 588 863	4 117 014	139 222	168 213	148 786	9 054 954
Accumulated depreciation January 2019	-	-	-	62 691	76 159	-	138 850
Depreciation charge	131 244	187 735	818 640	17 292	27 057	-	1 181 968
Disposals	(1 479)	(928)	(8 584)	(2 609)	(3 452)	-	(17 052)
Decrease due to elimination of depreciation	(1 000)	(14 927)	(13 443)	(277)	(615)	-	(30 262)
Change due to transfer to/from lease	-	-	-	1 689	-	-	1 689
31 December 2019	128 765	171 880	796 613	78 786	99 149	-	1 275 193
Net book value 31 December 2019	1 764 091	2 416 983	3 320 401	60 436	69 064	148 786	7 779 761



<i>(in thousands of Euros)</i>	Buildings	Constructions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of valuation 1 January 2019	58 904	64 863	117 403	4 204	5 097	19 997	270 468
Additions	-	-	-	-	-	23 584	23 584
Disposals	(318)	(391)	(1 728)	(106)	(133)	-	(2 676)
Impairment	(48)	(231)	(273)	-	(4)	-	(556)
Decrease in revaluation reserve	(443)	(466)	(656)	-	-	-	(1 565)
Elimination of depreciation	(38)	(565)	(509)	(10)	(23)	-	(1 145)
Transfer from not installed equipment	1 960	20 430	17 369	208	387	(40 354)	-
Transfer to non-current assets held for sale	(333)	(560)	(741)	-	(3)	-	(1 637)
Transfer to/from lease	-	-	-	111	-	-	111
Currency translation difference	11 955	14 901	24 953	862	1 045	2 405	56 121
31 December 2019	71 639	97 981	155 818	5 269	6 366	5 632	342 705
Accumulated depreciation 1 January 2019	-	-	-	1 978	2 401	-	4 379
Depreciation charge	4 535	6 487	28 287	597	935	-	40 841
Disposals	(51)	(32)	(297)	(90)	(119)	-	(589)
Decrease due to elimination of depreciation	(38)	(565)	(509)	(10)	(23)	-	(1 145)
Change due to transfer to/from lease	-	-	-	58	-	-	58
Currency translation difference	427	615	2 669	449	559	-	4 719
31 December 2019	4 873	6 505	30 150	2 982	3 753	-	48 263
Net book value 31 December 2019	66 766	91 476	125 668	2 287	2 613	5 632	294 442

Impairment test – Assumptions and their sensitivity

The key assumptions used for impairment testing are: discount rates, selling prices and cost of production. Discount rates were estimated based on weighted average cost of capital and comprised:

- Sugar CGU: 17.8% p.a. for five year period and 12.4% in the terminal period;
- Agricultural CGU: 17.9% p.a. for five year period and 12.5% in the terminal period;
- Soybean processing CGU: 17.8% p.a. for five year period and 12.4% in the terminal period;
- Cattle CGU: 17.9% p.a. for five year period and 12.5% in the terminal period.

The discount rates in the terminal period are real discount rates (i.e. excluding the impact of inflation).

Production volume was estimated based on current production level according to the annual budget approved by senior management. Potential increase in land, crop yields, number of cows or milk yields is not taken into account. Cost of production was estimated based on budgeted costs for next year inflated by expected level of inflation, taking into account higher or lower inflation levels for costs directly or indirectly pegged to USD or specific indexes. When determining selling prices the Group analysed available forecasts for export and domestic markets, including forecasted supply and demand and legislative restrictions on export sales. The following selling prices were used:

- Wheat – UAH 4,788 – UAH 5,789 per ton (EUR 169 – EUR 170)
- Corn – UAH 4,304 – UAH 5,208 per ton (EUR 152 – EUR 153)
- Soybeans – UAH 12,541 – UAH 15,248 per ton (EUR 443 – EUR 448)
- Soybean oil – UAH 27,224 – UAH 33,685 per ton (EUR 931 – EUR 990)
- Milk – UAH 11,387 – UAH 14,474 per ton (EUR 390 – EUR 425)
- Sugar – UAH 13,750 – UAH 16,936 per ton (EUR 530 – EUR 535)

For each CGU the identified recoverable determined with value-in-use model amount exceeded its carrying value as at 31 December 2020. The sensitivity analysis disclosed below consider impact reasonably possible changes in key assumptions on carrying value of property, plant and equipment at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change on carrying value of property, plant and equipment of as it is unlikely that changes in assumptions would occur in isolation of one another. For soybean processing possible changes in the key assumptions as described above do not cause the carrying value to exceed the value-in-use.

Decrease in carrying value of property, plant and equipment and respective impairment and/or decrease of revaluation reverse:

	<i>(in thousands of Ukrainian hryvnias)</i>				<i>(in thousands of Euros)</i>			
	<i>Sugar</i>	<i>Agriculture</i>	<i>Cattle</i>	<i>Soybean processing</i>	<i>Sugar</i>	<i>Agriculture</i>	<i>Cattle</i>	<i>Soybean processing</i>
Increase in discount rate by 1%	-	-	46 308	-	-	-	1 333	-
Decrease in price by 10%	675 033	1 221 829	312 814	619 499	19 431	35 171	9 005	17 833
Increase in cost by 10%	106 724	-	312 814	619 499	3 072	-	9 005	17 833

Impairment test conducted as at 31 December 2020 indicated that in the sugar segment recoverable amount is UAH 2,549,632 thousand or EUR 73,393 thousand and exceeds its total carrying amount by UAH 912,992 thousand or EUR 26,281 thousand, in the cattle segment recoverable amount is UAH 1,200,130 thousand or EUR 34,546 thousand and exceeds its total carrying amount by UAH 54,910 thousand or EUR 1,581 thousand, and the soybean-processing segment recoverable amount is UAH 854,094 thousand or EUR 24,586 thousand and exceeds its total carrying amount by UAH 232,775 thousand or EUR 6,701 thousand, and agricultural segment has a significant headroom.

Impairment of individual items of property, plant and equipment

As a result of individual impairment as at 31 December 2020 the impairment loss of UAH 174,075 thousand (EUR 5,011 thousand) was recognised out of which UAH 55,034 thousand (EUR 1,584 thousand) was recognized in statement of profit and loss and UAH 119,041 thousand (EUR 3,427 thousand) in other comprehensive income.

Other matters

As at 31 December 2020, the carrying amount of property, plant and equipment that would have been included in the consolidated financial statements had the buildings been carried at cost less any accumulated depreciation and any accumulated impairment losses is UAH 760,108 thousand or EUR 21,880 thousand (2019: UAH 841,978 thousand or EUR 31,867 thousand), machinery and equipment is UAH 2,090,596 thousand or EUR 60,179 thousand (2019: 2,265,119 thousand or EUR 85,729 thousand) and construction is UAH 1,779,820 thousand or EUR 51,233 thousand (2019: UAH 1,878,804 thousand or EUR 71,108 thousand).

In 2020 revaluation surplus of UAH 455,566 thousand or EUR 20,637 thousand (2019: UAH 586,568 thousand or EUR 26,513 thousand) was reclassified from revaluation reserve to retained earnings because it was realized through depreciation or disposal of the revalued items of property, plant and equipment.

The most recent valuation of the Group’s buildings, constructions, machinery and equipment was performed as at 31 December 2018 by an independent appraiser in accordance with International Valuation Standards. Most buildings and some machinery and equipment were valued using the market approach, which is within level 3 of the fair value hierarchy. Other items of buildings, machinery and equipment and constructions were valued using depreciated replacement cost approach, which is within level 3 of the fair value hierarchy.

For carrying values of property, plant and equipment pledged to secure bank loans refer to Note 11.



5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

(i) Amounts recognised in the consolidated statement of financial position

The balance sheet shows the following amounts relating to leases:

<i>(in thousands of Ukrainian hryvnias)</i>	31 December 2020	31 December 2019
Right-of-use assets		
Land	3 061 307	3 488 418
Office premises	194 267	170 447
Agriculture equipment	13 632	81 159
Warehouse	2 506	12 833
	3 271 712	3 752 857
Lease liabilities		
Non-current	2 522 108	2 731 803
Current portion	898 493	953 127
	3 420 601	3 684 930

<i>(in thousands of Euros)</i>	31 December 2020	31 December 2019
Right-of-use assets		
Land	88 122	132 027
Office premises	5 592	6 451
Agriculture equipment	392	3 072
Warehouse	72	485
	94 178	142 035
Lease liabilities		
Non-current	72 600	103 391
Current portion	25 864	36 073
	98 464	139 464

Movements for the right-of-use assets during the 2020 financial year were the following:

<i>(in thousands of Ukrainian hryvnias)</i>	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 31 December 2019	4 452 345	172 377	94 000	15 046	4 733 768
Accumulated depreciation	(963 927)	(1 930)	(12 841)	(2 213)	(980 911)
Net book value as at 31 December 2019	3 488 418	170 447	81 159	12 833	3 752 857
Additions to the right-of-use assets	231 984	36 394	4 401	6 722	279 501
Depreciation	(545 881)	(12 442)	(7 990)	(9 981)	(576 294)
Reclassification to non-current assets held for sale	(75 231)	-	-	-	(75 231)
Other changes	(82)	(132)	(5 453)	595	(5 072)
Disposals ⁽¹⁾	(37 901)	-	(58 485)	(7 663)	(104 049)
Cost of the right-of-use assets	(205 701)	-	(79 316)	(18 826)	(303 843)
Accumulated depreciation	167 800	-	20 831	11 163	199 794
Cost as at 31 December 2020	4 378 511	208 770	13 632	2 976	4 603 889
Accumulated depreciation	(1 317 204)	(14 503)	-	(470)	(1 332 177)
Net book value as at 31 December 2020	3 061 307	194 267	13 632	2 506	3 271 712

<i>(in thousands of Euros)</i>	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 31 December 2019	168 509	6 524	3 558	569	179 160
Accumulated depreciation	(36 482)	(73)	(486)	(84)	(37 125)
Net book value as at 31 December 2019	132 027	6 451	3 072	485	142 035
Additions to the right-of-use assets	7 532	1 182	143	218	9 075
Depreciation	(17 740)	(405)	(260)	(324)	(18 729)
Reclassification to non-current assets held for sale	(2 166)	-	-	-	(2 166)
Other changes	(3)	(4)	(177)	19	(165)
Currency translation differences	(30 298)	(1 632)	(487)	(77)	(32 494)
Disposals ⁽¹⁾	(1 230)	-	(1 899)	(249)	(3 378)
Cost of the right-of-use assets	(6 678)	-	(2 575)	(611)	(9 864)
Accumulated depreciation	5 448	-	676	362	6 486
Cost as at 31 December 2020	126 038	6 009	392	86	132 525
Accumulated depreciation	(37 916)	(417)	-	(14)	(38 347)
Net book value as at 31 December 2020	88 122	5 592	392	72	94 178



Movements for the right-of-use assets during the 2019 financial year were the following:

<i>(in thousands of Ukrainian hryvnias)</i>	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 31 December 2018	3 714 501	139 373	91 372	32 309	3 977 555
Accumulated depreciation	(445 622)	(19 625)	(3 590)	(7 609)	(476 446)
Net book value as at 31 December 2018	3 268 879	119 748	87 782	24 700	3 501 109
Additions to the right-of-use assets	802 854	70 553	5 842	3 396	882 645
Depreciation	(576 767)	(19 854)	(11 493)	(11 092)	(619 206)
Other changes	(262)	-	(972)	7 076	5 842
Disposals ⁽¹⁾	(6 286)	-	-	(11 247)	(17 533)
<i>Cost of the right-of-use assets</i>	<i>(64 951)</i>	<i>-</i>	<i>(3 214)</i>	<i>(11 012)</i>	<i>(79 177)</i>
<i>Accumulated depreciation</i>	<i>58 665</i>	<i>-</i>	<i>3 214</i>	<i>(235)</i>	<i>61 644</i>
Cost as at 31 December 2019	4 452 345	172 377	94 000	15 046	4 733 768
Accumulated depreciation	(963 927)	(1 930)	(12 841)	(2 213)	(980 911)
Net book value as at 31 December 2019	3 488 418	170 447	81 159	12 833	3 752 857

<i>(in thousands of Euros)</i>	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 31 December 2018	117 124	4 395	2 881	1 019	125 419
Accumulated depreciation	(14 051)	(619)	(113)	(240)	(15 023)
Net book value as at 31 December 2018	103 073	3 776	2 768	779	110 396
Additions to the right-of-use assets	27 741	2 438	202	117	30 498
Depreciation	(19 929)	(686)	(397)	(383)	(21 395)
Other changes	(9)	-	(34)	245	202
Currency translation differences	21 368	923	533	116	22 940
Disposals ⁽¹⁾	(217)	-	-	(389)	(606)
<i>Cost of the right-of-use assets</i>	<i>(2 244)</i>	<i>-</i>	<i>(111)</i>	<i>(381)</i>	<i>(2 736)</i>
<i>Accumulated depreciation</i>	<i>2 027</i>	<i>-</i>	<i>111</i>	<i>(8)</i>	<i>2 130</i>
Cost as at 31 December 2019	168 509	6 524	3 558	569	179 160
Accumulated depreciation	(36 482)	(73)	(486)	(84)	(37 125)
Net book value as at 31 December 2019	132 027	6 451	3 072	485	142 035

⁽¹⁾ For the year ended 31 December 2020 and 2019 the line item Disposal presented result of cost and accumulated depreciation set off due to expiration or early termination of land lease agreement in 2020 and 2019 respectively.

Movements for the lease liabilities during the 2020 financial year were the following:

<i>(in thousands of Ukrainian hryvnias)</i>	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 31 December 2019	2 569 703	144 903	12 775	4 422	2 731 803
Current portion of lease liabilities at 31 December 2019	896 230	27 264	18 130	11 503	953 127
Total liabilities as at 31 December 2019	3 465 933	172 167	30 905	15 925	3 684 930
Additions to the lease liabilities	253 816	36 394	3 585	6 764	300 559
Interest expense on lease liability	631 878	33 734	5 230	2 347	673 189
Payment of lease liabilities	(337 771)	(481)	(25 344)	(12 143)	(375 739)
Payment of interest on lease liabilities	(631 878)	(33 734)	(5 230)	(2 347)	(673 189)
Disposals	(105 555)	-	-	(7 438)	(112 993)
Reclassification to liabilities classified as assets held for sale	(78 627)	-	-	-	(78 627)
Other changes	(243)	2 798	-	(84)	2 471
Non-current lease liabilities at 31 December 2020	2 342 535	175 110	3 466	997	2 522 108
Current portion of lease liabilities at 31 December 2020	855 018	35 768	5 680	2 027	898 493
Total liabilities as at 31 December 2020	3 197 553	210 878	9 146	3 024	3 420 601

<i>(in thousands of Euro)</i>	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 31 December 2019	97 257	5 484	483	167	103 391
Current portion of lease liabilities at 31 December 2019	33 920	1 032	686	435	36 073
Total liabilities as at 31 December 2019	131 177	6 516	1 169	602	139 464
Additions to the lease liabilities	8 240	1 182	116	220	9 758
Interest expense on lease liability	20 802	1 111	172	77	22 162
Payment of lease liabilities	(10 692)	(15)	(802)	(384)	(11 893)
Payment of interest on lease liabilities	(20 802)	(1 111)	(172)	(77)	(22 162)
Disposals	(3 427)	-	-	(241)	(3 668)
Reclassification to liabilities classified as assets held for sale	(2 263)	-	-	-	(2 263)
Other changes	(8)	91	-	(3)	80
Currency translation differences	(30 984)	(1 704)	(219)	(107)	(33 014)
Non-current lease liabilities at 31 December 2020	67 431	5 040	100	29	72 600
Current portion of lease liabilities at 31 December 2020	24 612	1 030	164	58	25 864
Total liabilities as at 31 December 2020	92 043	6 070	264	87	98 464



Movements for the lease liabilities during the 2019 financial year were the following:

<i>(in thousands of Ukrainian hryvnias)</i>	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 31 December 2018	2 350 870	108 341	31 282	15 039	2 505 532
Current portion of lease liabilities at 31 December 2018	737 868	31 826	18 462	12 473	800 629
Total liabilities as at 31 December 2018	3 088 738	140 167	49 744	27 512	3 306 161
Additions to the lease liabilities	729 511	59 742	-	3 396	792 649
Interest expense on lease liability	640 157	4 896	5 905	4 116	655 074
Payment of lease liabilities	(338 844)	(27 188)	(18 839)	(9 965)	(394 836)
Payment of interest on lease liabilities	(640 157)	(4 896)	(5 905)	(4 116)	(655 074)
Disposals	(13 132)	-	-	(4 739)	(17 871)
Other changes	(340)	(554)	-	(279)	(1 173)
Non-current lease liabilities at 31 December 2019	2 569 703	144 903	12 775	4 422	2 731 803
Current portion of lease liabilities at 31 December 2019	896 230	27 264	18 130	11 503	953 127
Total liabilities as at 31 December 2019	3 465 933	172 167	30 905	15 925	3 684 930

<i>(in thousands of Euro)</i>	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 31 December 2018	74 128	3 416	986	474	79 004
Current portion of lease liabilities at 31 December 2018	23 266	1 004	582	393	25 245
Total liabilities as at 31 December 2018	97 394	4 420	1 568	867	104 249
Additions to the lease liabilities	25 207	2 064	-	117	27 388
Interest expense on lease liability	22 120	169	204	142	22 635
Payment of lease liabilities	(11 709)	(939)	(651)	(344)	(13 643)
Payment of interest on lease liabilities	(22 120)	(169)	(204)	(142)	(22 635)
Disposals	(454)	-	-	(164)	(618)
Other changes	(12)	(19)	-	(10)	(41)
Currency translation differences	20 751	990	252	136	22 129
Non-current lease liabilities at 31 December 2019	97 257	5 484	483	167	103 391
Current portion of lease liabilities at 31 December 2019	33 920	1 032	686	435	36 073
Total liabilities as at 31 December 2019	131 177	6 516	1 169	602	139 464

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Depreciation charge of right-of-use assets				
Land	545 881	576 767	17 740	19 929
Office premises	12 442	19 854	405	686
Agriculture equipment	7 990	11 493	260	397
Warehouse	9 981	11 092	324	383
	576 294	619 206	18 729	21 395
Interest expense on lease liabilities (cost of disposal included)	673 189	655 074	22 162	22 635
Expenses relating to short-term leases (included in operating expense)	16 399	11 023	533	388
Expenses relating to variable lease payments not included in the measurement of lease liabilities (included in operating expenses)	54 717	36 719	1 778	1 293

The total cash outflow for leases for 2020 was UAH 1,048,928 thousand or EUR 34,055 thousand (2019: UAH 1,049,910 thousand or EUR 36,278 thousand) and are classified as finance activities in the consolidated statement of cash flows, including cash outflow for land lease in amount of UAH 969,649 thousand or EUR 31,494 thousand (2019: 979,001 thousand or EUR 33,829 thousand) and are classified as finance activities in the consolidated statement of cash flows.

(iii) The group's leasing activities

The Group leases land, office premises and warehouses for operating activities. Land lease contracts are typically made for fixed periods of 1 to 49 years. Warehouse lease contracts are typically made for fixed periods less than 12 months, management considers usage period for some warehouses of 3 years, other premises are used by the Group for current storage of finished goods and the Group has no intentions to extend the lease. Lease payment associated with short-term lease are recognized as an expense as occurred. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes.

6. BIOLOGICAL ASSETS

Biological assets consist of current biological assets (crops) and non-current biological assets (livestock).

Livestock include cattle and other livestock. Cattle consist of dairy livestock with an average yearly lactation period of nine months, immature cattle and cattle intended for sale. Other livestock mainly represent pigs, horses and sheep. The valuation of the biological assets is within level 3 of the fair value hierarchy.

The following inputs and assumptions were made to determine the fair value of biological assets:

- revenue from the crops sales is projected based on the expected volume of harvested grains and oilseeds. For dairy cattle revenue is projected based on the expected milk produced during their productive life after the reporting date and expected volume of meat at the date of slaughter
- the average productive life of a cow is determined based on internal statistical information
- prices for grains, oilseeds, milk and meat are obtained from market resources as at the end of the reporting period
- production and costs to sell are projected based on actual operating costs
- the growth in sales prices as well as in production expenses and costs to sell is assumed to be in line with forecasted consumer price index in Ukraine
- a pre-tax discount rate is applied in determining fair value of biological assets. The discount rate is based on the market rate at the reporting date.

The key assumptions represent management's assessment of future trends in agriculture and cattle farming business and are based on both external and internal sources of data.



The significant inputs used in the fair value measurement of the crops are as follows:

- Discount rate (16.1%) (2019: 18.6%)
- Yields of crops on average (5.6 tonnes per hectare for winter wheat, 3.0 tons per hectare for rapeseeds) (2019: 5.4 tonnes per hectare for winter wheat)
- Prices of crops (UAH 4,788 per tonne for winter wheat, UAH 11,900 per ton for rapeseeds) (2019: UAH 4,056 per tonne for winter wheat)

The significant inputs used in the fair value measurement of the cattle are as follows:

- Discount rate (18%) (2019: 20%)
- Milk prices (UAH 10.76 per litre) (2019: UAH 9.45 per litre)
- Meat prices (UAH 29.98 per kilogram) (2019: UAH 24.20 per kilogram)
- Milk yield per day (21.54 litres per day) (2019: 20.3 litres per day)

Significant increases or decreases in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. An increase in discount rate leads to a decrease in fair value, whereas increase in prices and yields leads to increase in fair values.

As at 31 December biological assets comprise the following groups:

<i>(in thousands of Ukrainian hryvnias)</i>	31 December 2020		31 December 2019	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	21 966	830 718	23 266	792 603
Other livestock		175		336
		830 893		792 939
Current biological assets				
Crops:	Hectares		Hectares	
Winter wheat	46 530	620 770	47 678	425 624
Rapeseeds	7 244	124 452	-	-
	53 774	745 222	47 678	425 624
Total biological assets		1 576 115		1 218 563

<i>(in thousands of Euros)</i>	31 December 2020		31 December 2019	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	21 966	23 912	23 266	29 998
Other livestock		5		13
		23 917		30 011
Current biological assets				
Crops:	Hectares		Hectares	
Winter wheat	46 530	17 869	47 678	16 109
Rapeseeds	7 244	3 583	-	-
	53 774	21 452	47 678	16 109
Total biological assets		45 369		46 120

The information about the output of agricultural products during the period, natural losses were not deducted:

<i>(in tonnes)</i>	2020	2019
Sugar beet	1 483 366	1 656 981
Corn	417 659	581 480
Winter wheat	230 039	256 324
Milk	92 579	96 416
Sunflower	89 396	90 068
Soy	62 780	81 489
Barley	5 713	4 820

The following table represents the changes during the years ended 31 December in the carrying amounts of non-current and current biological assets:

<i>(in thousands of Ukrainian hryvnias)</i>	Non-current livestock	Crops	Total
As at 1 January 2019	541 182	507 540	1 048 722
Investments into livestock and future crops	231 795	3 973 373	4 205 168
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	254 247	973 254	1 227 501
Sales	(234 285)	-	(234 285)
Decrease due to harvest	-	(5 028 543)	(5 028 543)
As at 31 December 2019	792 939	425 624	1 218 563
Investments into livestock and future crops	168 092	3 400 395	3 568 487
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	41 956	1 622 298	1 664 254
Sales	(172 094)	-	(172 094)
Decrease due to harvest	-	(4 703 095)	(4 703 095)
As at 31 December 2020	830 893	745 222	1 576 115

<i>(in thousands of Euros)</i>	Non-current livestock	Crops	Total
As at 1 January 2019	17 064	16 004	33 068
Investments into livestock and future crops	7 996	137 067	145 063
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	8 949	34 259	43 208
Sales	(8 082)	-	(8 082)
Decrease due to harvest	-	(173 466)	(173 466)
Currency translation difference	4 084	2 245	6 329
As at 31 December 2019	30 011	16 109	46 120
Investments into livestock and future crops	5 396	109 154	114 550
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	1 363	52 721	54 084
Sales	(5 524)	-	(5 524)
Decrease due to harvest	-	(150 972)	(150 972)
Currency translation difference	(7 329)	(5 560)	(12 889)
As at 31 December 2020	23 917	21 452	45 369



Changes in key assumptions used to estimate biological assets fair value would have the following effect on the fair value biological assets and on earnings per share:

	2020			
	Biological assets (thousands of Ukrainian hryvnias)	Biological assets (thousands of Euros)	Earnings per share (Ukrainian hryvnias) (Euros)	
10% increase in price for milk	220 885	6 358	9,1	0,26
10% decrease in prices for milk	(220 885)	(6 358)	(9,1)	(0,26)
10% increase in price for meat	16 861	485	0,7	0,02
10% decrease in price for meat	(16 861)	(485)	(0,7)	(0,02)
10% increase in milk yield	65 795	1 894	2,7	0,08
10% decrease in milk yield	(65 795)	(1 894)	(2,7)	(0,08)
10% increase in prices for crops	129 542	3 729	5,3	0,15
10% decrease in prices for crops	(129 542)	(3 729)	(5,3)	(0,15)
10% increase in yield for crops	129 542	3 729	5,3	0,15
10% decrease in yield for crops	(129 542)	(3 729)	(5,3)	(0,15)
10% increase in production costs until harvest	(58 419)	(1 682)	(2,4)	(0,07)
10% decrease in production costs until harvest	58 419	1 682	2,4	0,07
5% increase in annual consumer price index	261 375	7 524	10,8	0,31
5% decrease in annual consumer price index	(237 949)	(7 524)	(9,8)	(0,31)
1% increase in discount rate	(21 320)	(614)	(0,9)	(0,03)
1% decrease in discount rate	21 715	614	0,9	0,03

	2019			
	Biological assets (thousands of Ukrainian hryvnias)	Biological assets (thousands of Euros)	Earnings per share (Ukrainian hryvnias) (Euros)	
10% increase in price for milk	194 909	7 377	8,0	0,30
10% decrease in prices for milk	(194 909)	(7 377)	(8,0)	(0,30)
10% increase in price for meat	15 444	585	0,6	0,02
10% decrease in price for meat	(15 444)	(585)	(0,6)	(0,02)
10% increase in milk yield	64 522	2 442	2,6	0,10
10% decrease in milk yield	(64 522)	(2 442)	(2,6)	(0,10)
10% increase in prices for crops	81 994	3 103	3,4	0,13
10% decrease in prices for crops	(81 994)	(3 103)	(3,4)	(0,13)
10% increase in yield for crops	81 994	3 103	3,4	0,13
10% decrease in yield for crops	(81 994)	(3 103)	(3,4)	(0,13)
10% increase in production costs until harvest	(43 198)	(1 635)	(1,8)	(0,07)
10% decrease in production costs until harvest	43 198	1 635	1,8	0,07
5% increase in annual consumer price index	257 766	9 756	10,6	0,40
5% decrease in annual consumer price index	(232 453)	(9 756)	(9,5)	(0,40)
1% increase in discount rate	(17 566)	(665)	(0,7)	(0,03)
1% decrease in discount rate	18 026	665	0,7	0,03

The sensitivity analyses above have been determined as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the fair value of biological assets as it is unlikely that changes in assumptions would occur in isolation of one another.

For financial risk management regarding biological assets refer to section Material risk factors and threats to the Group of the Directors' report.

7. INVENTORIES

Inventories as at 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Finished goods:				
Agricultural produce	1 064 968	1 529 653	30 656	57 893
Sugar products	1 255 243	2 091 348	36 133	79 152
Soybean processing	251 890	142 602	7 251	5 397
Cattle farming	1 191	1 525	34	58
	2 573 292	3 765 128	74 074	142 500
Raw materials and consumables for:				
Sugar production	38 670	49 275	1 113	1 865
Agricultural produce	139 070	149 113	4 003	5 644
Consumables for joint utilization	38 017	90 998	1 094	3 444
Cattle farming	183 663	148 442	5 287	5 618
Other production	12 831	14 322	368	542
	412 251	452 150	11 865	17 113
Investments into future crops	748 404	900 195	21 543	34 068
	3 733 947	5 117 473	107 482	193 681

During 2020 UAH 69,956 thousand (EUR 2,246 thousand), during 2019 - UAH 38,615 thousand (EUR 1,320 thousand) was recognized as an expense for inventories carried at net realizable value.

For carrying value of inventories pledged to secure bank loans refer to Note 11.



8. TRADE AND OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

Trade and other accounts receivable, and prepayments as at 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Long-term receivables and prepayments				
Advances to suppliers	6 395	7 089	184	268
Other long-term receivables	115	13 678	3	518
	6 510	20 767	187	786
Current accounts receivable and prepayments				
Trade receivables	518 139	678 744	14 915	25 689
Less credit loss allowance	(51 626)	(70 874)	(1 486)	(2 682)
	466 513	607 870	13 429	23 007
Prepayments and other non-financial assets:				
VAT recoverable and prepaid	705 500	922 433	20 308	34 912
Advances to suppliers	192 975	146 954	5 555	5 562
Less allowance	(94 655)	(65 695)	(2 725)	(2 486)
	803 820	1 003 692	23 138	37 988
Other financial assets:				
Government bonds	43 488	12 827	1 252	485
Other receivables	10 265	18 386	296	693
Less credit loss allowance	(3 794)	(2 118)	(109)	(80)
	49 959	29 095	1 439	1 098
	853 779	1 032 787	24 577	39 086
	1 320 292	1 640 657	38 006	62 093

During the year ended 31 December 2020 the Group received VAT budget refund in cash amounting to UAH 680,644 thousand or EUR 22,098 thousand (2019: UAH 1,657,741 thousand or EUR 57,281 thousand).

For carrying value of trade accounts receivable pledged to secure bank loans refer to Note 11.

Changes in credit loss allowances for trade and other accounts receivable during the year ended 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Balance as at 1 January	72 992	101 226	2 762	3 193
Charge in income statement	(13 632)	(28 234)	(442)	(976)
Amounts written off	(3 919)	-	(127)	-
Reclassification to non-current assets held for sale	(21)	-	(1)	-
Currency translation difference	-	-	(597)	545
Balance as at 31 December	55 420	72 992	1 595	2 762

Changes in allowances for advances to suppliers during the year ended 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Balance as at 1 January	65 695	65 083	2 486	2 052
Charge in income statement	37 359	612	1 212	21
Amounts written off	(3 609)	-	(117)	-
Reclassification to non-current assets held for sale	(4 790)	-	(155)	-
Currency translation difference	-	-	(701)	413
Balance as at 31 December	94 655	65 695	2 725	2 486

The ageing of trade receivables at the reporting date is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Gross	Lifetime ECL	Gross	Lifetime ECL
	2020	2020	2019	2019
Not past due	352 771	(4 308)	477 842	(20 955)
Past due 1-30 days	113 331	(1 135)	114 215	(1 169)
Past due 31-120 days	5 721	(118)	35 316	(428)
Past due 121-365 days	1 316	(1 065)	3 264	(215)
More than one year	45 000	(45 000)	48 107	(48 107)
	518 139	(51 626)	678 744	(70 874)

<i>(in thousands of Euros)</i>	Gross	Lifetime ECL	Gross	Lifetime ECL
	2020	2020	2019	2019
Not past due	10 155	(124)	18 084	(793)
Past due 1-30 days	3 262	(33)	4 323	(44)
Past due 31-120 days	165	(3)	1 337	(16)
Past due 121-365 days	38	(31)	124	(8)
More than one year	1 295	(1 295)	1 821	(1 821)
	14 915	(1 486)	25 689	(2 682)

Trade receivables that are past due relate to customers with no recent history of significant indebtedness or default and hence management believes collection is probable.

The ageing of other receivables at the reporting date is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Gross	Lifetime ECL	Gross	Lifetime ECL
	2020	2020	2019	2019
Not past due	5 762	(54)	15 582	(23)
Past due 1-30 days	21	-	87	(77)
Past due 31-120 days	205	(17)	441	(12)
Past due 121-365 days	572	(18)	369	(99)
More than one year	3 705	(3 705)	1 907	(1 907)
	10 265	(3 794)	18 386	(2 118)

<i>(in thousands of Euros)</i>	Gross	Lifetime ECL	Gross	Lifetime ECL
	2020	2020	2019	2019
Not past due	166	(1)	587	(1)
Past due 1-30 days	1	-	3	(3)
Past due 31-120 days	6	-	17	-
Past due 121-365 days	16	(1)	14	(4)
More than one year	107	(107)	72	(72)
	296	(109)	693	(80)



9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash in banks in USD	397 770	166 368	11 450	6 297
Cash in banks in UAH	371 645	145 091	10 698	5 491
Cash in banks in PLN	3 746	3 171	108	120
Cash in banks in EUR	1 196	8 795	34	333
Cash in banks in CHF	176	684	5	26
Total cash in banks	774 533	324 109	22 295	12 267
Cash on hand in UAH	298	613	9	23
Cash in transit in USD	-	1 324	-	50
Total cash and equivalents	774 831	326 046	22 304	12 340

As at 31 December 2020 and 31 December 2019, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2020 weighted average interest of current accounts and overnight deposits denominated in USD is 0.00% p.a., in UAH – up to 6.00% p.a. (31 December 2019: USD – 0.12% p.a., UAH – 11.16% p.a.).

The identified impairment loss arising on short-term cash deposits and cash and cash equivalents was immaterial as at 31 December 2020 and 31 December 2019.

10. EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01. All shares have equal voting rights. The number of authorized shares as at 31 December 2020 is 30,000 thousand (2019: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2019: 25,000 thousand).

Shareholders structure as at 31 December is as follows:

	2020	2019
Astarta Holding N.V.		
Ivanchyk family	39,57%	38,39%
Fairfax Financial Holdings LTD and its subsidiaries	29,91%	28,98%
Other shareholders	30,52%	32,63%
	100,00%	100,00%

The earnings and weighted average number of ordinary shares used in calculation of earnings per share are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Net profit attributable to equity holders of the company	266 398	35 536	8 611	1 691
Weighted average basic and diluted shares outstanding (in thousands of shares)	24 310	24 310	24 310	24 310
Earnings per share attributable to shareholders of the company	10,96	1,46	0,35	0,07

Capital risk management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors seeks to maintain a balance between levels of borrowings and the capital position. The Group's capital management policy is to hold sufficient capital to cover the statutory requirements, including any additional amounts required by the regulator.

In order to achieve the overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants, in the absence of waivers from the bank, would permit the bank to immediately call loans and borrowings.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The objective is to maintain gearing ratio below 60%. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (including current and non-current portion as shown in the consolidated statement of financial position) less cash, cash equivalents and short-term deposits. Total capital is calculated by adding net debt to equity.

As at 31 December 2020, the gearing ratio was 28% compared to 39% a year before. The decrease in gearing ratio is attributable to decrease in net debt. The gearing ratios at 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Total borrowings (note 5, 12)	5 264 795	7 632 416	151 550	288 866
Less cash, cash equivalents and short-term deposits	(779 817)	(344 364)	(22 448)	(13 033)
Net debt	4 484 978	7 288 052	129 102	275 833
Total equity	11 718 655	11 592 812	337 326	438 755
Total capital	16 203 633	18 880 864	466 428	714 588
Gearing ratio	28%	39%	28%	39%

There were no changes in the approach to capital management during the reporting period.

Dividend policy

The Company's policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity.

The dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the General Meeting of Shareholders by recommendation of the Board of Directors and after taking into account various factors including business prospects, future earnings, cash requirements, financial position, expansion plans and requirements of Dutch law. In addition, payment of future dividends may be made only if shareholders' equity exceeds the sum of the paid-in share capital plus the reserves required to be maintained by law and by the Articles of Association. All shares carry equal dividend rights.

Treasury shares

As at 31 December 2020, the Group had 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand) (2019: 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand)).



11. LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to Note 21 for more information on exposure to interest rate, foreign currency risk and information on financial risk management. Loans and borrowings as at 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Long-term loans and borrowings:				
Bank loans	1 230 697	15 608	35 426	591
Transaction costs	(12 084)	-	(348)	-
	1 218 613	15 608	35 078	591
Current portion of long-term loans and borrowings:				
Bank loans	535 026	14 939	15 401	565
Borrowings from non-financial institutions	98 937	42 161	2 848	1 596
Transaction costs	(8 382)	(157)	(241)	(6)
	625 581	56 943	18 008	2 155
Short-term loans and borrowings:				
Bank loans	-	3 893 957	-	147 376
Transaction costs	-	(19 022)	-	(720)
	-	3 874 935	-	146 656
	1 844 194	3 947 486	53 086	149 402

The following table summarises borrowings as of 31 December:

Currency	WAIR ¹	<i>(in thousands of Ukrainian hryvnias)</i> 2020	<i>(in thousands of Euros)</i> 2020
Long-term loans and current portion of long-term loans and borrowings:			
USD	6,56%	1 839 452	52 949
Interest payable		25 208	726
Transaction costs		(20 466)	(589)
Total long-term loans and borrowings		1 844 194	53 086
Total loans and borrowings		1 844 194	53 086

Currency	WAIR ¹	<i>(in thousands of Ukrainian hryvnias)</i> 2019	<i>(in thousands of Euros)</i> 2019
Short-term loans and borrowings and on demand:			
USD	7,18%	3 618 588	136 954
UAH	16,92%	218 838	8 282
Interest payable		56 531	2 140
Transaction costs		(19 022)	(720)
Total short-term loans and borrowings		3 874 935	146 656

Long-term loans and current portion of long-term loans and borrowings:			
EUR	4,83%	14 809	560
USD	4,92%	57 295	2 169
Interest payable		604	23
Transaction costs		(157)	(6)
Total long-term borrowings		72 551	2 746
Total loans and borrowings		3 947 486	149 402

¹ WAIR represents the weighted average interest rate on outstanding borrowings.

As of 31 December the Group's total bank borrowings are repayable as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Total current portion repayable in one year or on demand	535 026	3 908 896	15 401	147 941
Transaction costs	(8 382)	(19 179)	(241)	(726)
Borrowings from non-financial institutions	98 937	42 161	2 848	1 596
	625 581	3 931 878	18 008	148 811
Due in the second year	369 027	843	10 623	32
Transaction costs	(5 617)	-	(162)	-
	363 410	843	10 461	32
Due thereafter	861 670	14 765	24 803	559
Transaction costs	(6 467)	-	(186)	-
	855 203	14 765	24 617	559
	1 844 194	3 947 486	53 086	149 402

As at 31 December 2020, the Group had a USD denominated loan from the entity under control of the same controlling shareholder of UAH 98,937 thousand (2019: UAH 42,161 thousand) or EUR 3 million (2019: EUR 1,596 thousand) bearing an interest of 4,5% p.a.

During 2020, all the financial institutions, where Group was in breach of covenants in the past, either provided waivers covering 31 December 2020 or agreed to amend contractual arrangements by revising certain covenant ratios and therefore all loans are classified according to their contractual maturity. The Group is foreseeing to be compliant with all covenants going forward. At 31 December 2019 the Group reclassified part of long-term loans due to deviation from certain financial covenants mostly due to lower prices for sugar and commodity prices. According to the terms of respective loan agreements, the lenders may at their option declare all or any portion of the loan and accrued interest payable on demand. As a consequence, long-term borrowings of UAH 2,762,108 thousand (EUR 104,538 thousand), including current portion of long-term borrowings amounting to UAH 801,177 thousand (EUR 30,322 thousand), were reclassified to short-term borrowings as at 31 December 2019.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

<i>(in thousands of Ukrainian hryvnias)</i>	Bank loans	Borrowings from non-financial institutions	Total
Balance as at 31 December 2019	3 905 325	42 161	3 947 486
Changes from financing cash flows			
Proceeds from loans and borrowings	2 467 615	49 483	2 517 098
Repayment of loans and borrowings	(5 210 548)	(8 112)	(5 218 660)
Interest paid	(252 045)	(3 363)	(255 408)
Total changes from financing cash flows	(2 994 978)	38 008	(2 956 970)
The effect of changes in foreign exchange rates	604 115	14 788	618 903
Other changes related to liability			
Interest expense	230 795	3 980	234 775
Total liability-related other changes	230 795	3 980	234 775
Balance as at 31 December 2020	1 745 257	98 937	1 844 194



<i>(in thousands of Euros)</i>	Bank loans	Borrowings from non-financial institutions	Total
Balance as at 31 December 2019	147 806	1 596	149 402
Changes from financing cash flows			
Proceeds from loans and borrowings	80 113	1 607	81 720
Repayment of loans and borrowings	(169 167)	(263)	(169 430)
Interest paid	(8 183)	(109)	(8 292)
Total changes from financing cash flows	(97 237)	1 235	(96 002)
The effect of changes in foreign exchange rates	19 613	480	20 093
Other changes related to liability			
Interest expense	7 434	128	7 562
Total liability-related other changes	7 434	128	7 562
Currency translation differences	(27 378)	(591)	(27 969)
Balance as at 31 December 2020	50 238	2 848	53 086

<i>(in thousands of Ukrainian hryvnias)</i>	Bank loans	Borrowings from non-financial institutions	Total
Balance as at 31 December 2018	7 303 856	91 293	7 395 149
Changes from financing cash flows			
Proceeds from loans and borrowings	2 349 066	-	2 349 066
Repayment of loans and borrowings	(5 193 971)	(41 532)	(5 235 503)
Interest paid	(491 826)	(3 093)	(494 919)
Total changes from financing cash flows	(3 336 731)	(44 625)	(3 381 356)
The effect of changes in foreign exchange rates	(546 634)	(7 044)	(553 678)
Other changes related to liability			
Interest expense	484 834	2 537	487 371
Total liability-related other changes	484 834	2 537	487 371
Balance as at 31 December 2019	3 905 325	42 161	3 947 486

<i>(in thousands of Euros)</i>	Bank loans	Borrowings from non-financial institutions	Total
Balance as at 31 December 2018	230 302	2 879	233 181
Changes from financing cash flows			
Proceeds from loans and borrowings	81 169	-	81 169
Repayment of loans and borrowings	(179 470)	(1 435)	(180 905)
Interest paid	(16 994)	(107)	(17 101)
Total changes from financing cash flows	(115 295)	(1 542)	(116 837)
The effect of changes in foreign exchange rates	(18 960)	(244)	(19 204)
Other changes related to liability			
Interest expense	16 642	87	16 729
Total liability-related other changes	16 642	87	16 729
Currency translation differences	35 117	416	35 533
Balance as at 31 December 2019	147 806	1 596	149 402

Bank loans are secured as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Property, plant and equipment (Note 4)	3 151 109	3 909 463	90 707	147 962
Inventories (Note 7)	546 344	2 078 392	15 727	78 661
Rights of claim on future cash proceeds from sale contracts	-	286 801	-	10 855
	3 697 453	6 274 656	106 434	237 478

12. OTHER LIABILITIES AND ACCOUNTS PAYABLE

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Other liabilities:				
Advances received from customers	80 704	117 587	2 323	4 450
VAT payable	42 955	63 777	1 236	2 414
	123 659	181 364	3 559	6 864
Other accounts payable:				
Accrual for unused vacations	64 736	56 185	1 863	2 126
Other taxes and charges payable	33 204	37 636	956	1 424
Salaries payable	19 463	21 112	560	799
Payable to non-controlling participants	-	13 069	-	495
Social insurance payable	4 190	9 777	121	370
Accounts payable for property, plant and equipment	15 961	2 698	459	102
Other payables	53 830	21 546	1 551	816
	191 384	162 023	5 510	6 132
	315 043	343 387	9 069	12 996



13. REVENUES

Revenues for the years ended 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Sugar production	3 949 165	3 386 755	126 973	116 893
Crops	5 447 162	5 960 118	175 137	205 712
Soybean processing products	2 337 570	2 396 606	75 157	82 718
Cattle farming	1 031 557	1 002 562	33 167	34 603
Other sales	161 610	234 114	5 196	8 080
	12 927 064	12 980 155	415 630	448 006

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines. In 2020, 50% of revenue is generated from sales to customers in Ukraine (2019: 44%).

14. COST OF REVENUES

Cost of revenues for the years ended 31 December by product is as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Sugar production	3 075 602	3 120 239	98 728	107 637
Crops	4 853 108	5 474 417	155 787	188 847
Soybean processing products	1 995 615	2 015 762	64 060	69 536
Cattle farming	779 261	802 760	25 015	27 692
Other sales	143 050	175 059	4 592	6 039
	10 846 636	11 588 237	348 182	399 751

The Group's costs include, inter alia, the following expenses:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Raw materials	6 210 562	6 563 934	199 362	226 431
Depreciation and amortization costs	1 558 235	1 607 150	50 020	55 441
Employee benefits expenses	1 030 828	1 021 821	33 090	35 249
Gain from agriculture produce remeasurement	1 349 313	1 602 567	43 314	55 283

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Salary and related charges	440 425	434 299	14 336	15 057
Professional services	89 168	73 145	2 902	2 536
Depreciation	73 298	99 627	2 386	3 454
Fuel and other materials	15 213	19 323	495	670
Taxes other than corporate income tax	10 984	10 561	358	366
Other	71 216	44 225	2 318	1 534
	700 304	681 180	22 795	23 617

16. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the years ended 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Transportation	518 424	833 956	16 828	29 166
Storage and logistics	248 117	268 361	8 054	9 385
Salary and related charges	96 592	103 713	3 135	3 627
Fuel and other materials	22 147	29 797	719	1 042
Depreciation	22 309	50 647	724	1 771
Professional services	18 702	23 824	607	835
Customs duties and services	6 103	9 586	198	335
Other	19 078	24 596	619	860
	951 472	1 344 480	30 884	47 021



17. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December are as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Penalties paid	128 389	2 716	4 123	93
Charity and social expenses	53 670	44 520	1 723	1 522
Depreciation	55 949	53 424	1 797	1 826
Loss on disposal of property, plant and equipment	27 257	-	875	-
Other salary and related charges	24 682	29 713	793	1 016
Allowance for trade and other accounts receivable	23 727	-	762	-
VAT written off	18 821	25 061	604	857
Write down of inventories	-	38 615	-	1 320
Other	26 960	31 457	865	1 074
	359 455	225 506	11 542	7 708

Penalties for the year ended 31 December 2020 predominantly comprise of fines for sugar and sunflower sales contracts early termination.

18. FINANCE COSTS AND INCOME

Finance (costs) income for the years ended 31 December is as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Finance costs				
Interest expense				
Bank loans	(230 795)	(484 834)	(7 434)	(16 642)
Borrowings from non-financial institutions	(3 980)	(2 537)	(128)	(87)
Net profit attributable to non-controlling interests of limited liability company subsidiaries	362	8 770	12	301
Interest expense on lease liability	(673 189)	(655 074)	(22 162)	(22 635)
Other finance costs	(99 854)	(41 049)	(3 217)	(1 409)
Total finance costs	(1 007 456)	(1 174 724)	(32 929)	(40 472)
Finance income				
Interest income	7 227	24 518	233	841
Other finance income	3 527	10 396	113	357
Total finance income	10 754	34 914	346	1 198

19. INCOME TAX EXPENSE

In 2020, 11 subsidiaries elected to pay fixed agricultural tax in lieu of other taxes (2019: 13 companies). Fixed agricultural tax expense is included to cost of revenues. The remaining companies were subject to the Ukrainian corporate income tax at 18% rate, Dutch corporate income tax rate of 25% and Cypriot income tax rate of 12.5%, Swiss income tax rate of 11%.

As at 31 December 2020 the Group has not recognised deferred tax asset of UAH 173,046 thousand or EUR 4,981 thousand (2019: UAH 162,819 thousand or EUR 6,162 thousand) in respect of tax losses carried forward originating on Ukrainian subsidiaries because realization of this asset is uncertain. There is no expiration period for these tax losses.

As at 31 December 2020 the Group did not recognize deferred tax asset relating to tax losses of UAH 200,447 thousand or EUR 5,770 thousand and in 2019 UAH 129,560 thousand or EUR 4,904 thousand originated at Astarta Holding N.V. since realization of this asset is uncertain. Tax losses are available for 9 year period according to Dutch tax law and expire thereafter. In 2020 cumulative carried forward tax losses in amount UAH 32,268 thousand or EUR 929 thousand are expired for utilization (2019: UAH 9,627 thousand or EUR 364 thousand).

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Current tax expenses	(63 623)	(130 713)	(2 065)	(4 607)
Deferred tax benefit	45 190	158 422	1 467	5 476
	(18 433)	27 709	(598)	869

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Profit before tax	284 831	7 827	9 209	822
including:				
Profit attributable to companies not subject to income tax	616 281	161 932	19 970	6 147
Loss attributable to companies subject to income tax	(331 450)	(154 105)	(10 761)	(5 325)
Loss before tax	(331 450)	(154 105)	(10 761)	(5 325)
Income tax benefit at statutory rate of 18%	59 661	27 739	1 937	958
Effects of different tax rates in other countries	20 942	(17 925)	680	(619)
Non-taxable (expense)/income	(61 255)	20 154	(1 989)	608
Previously unrecognised tax benefit that is used to reduce tax expense	31 334	26 893	1 017	929
Unrecognised tax loss of current year	(63 304)	(29 152)	(2 055)	(1 007)
Derecognition of deferred tax asset due to changes in status of subsidiary	(5 811)	-	(188)	-
Income tax (expense)/benefit	(18 433)	27 709	(598)	869



Movements in temporary differences during the years ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31 December 2019	Recognized in OCI	Recognized in income statement	As at 31 December 2020
Deferred tax assets				
Property, plant and equipment	9 499	-	3 834	13 333
Inventories	6 749	-	(4 630)	2 119
Trade and other accounts receivable and prepayments	30 083	-	(20 073)	10 010
Offset of deferred tax assets and deferred tax liabilities	(21 236)	-	3 506	(17 730)
Total deferred tax assets	25 095	-	(17 363)	7 732
Deferred tax liabilities				
Property, plant and equipment	(273 098)	19 743	58 130	(195 225)
Intangible assets	(945)	-	945	-
Loans and borrowings	(6 409)	-	6 409	-
Trade and other accounts payable	(575)	-	575	-
Offset of deferred tax assets and deferred tax liabilities	21 236	-	(3 506)	17 730
Total deferred tax liabilities	(259 791)	19 743	62 553	(177 495)

<i>(in thousands of Euros)</i>	As at 31 December 2019	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2020
Deferred tax assets					
Property, plant and equipment	359	-	124	(99)	384
Inventories	255	-	(150)	(44)	61
Trade and other accounts receivable and prepayments	1 139	-	(652)	(199)	288
Offset of deferred tax assets and deferred tax liabilities	(803)	-	114	179	(510)
Total deferred tax assets	950	-	(564)	(163)	223
Deferred tax liabilities					
Property, plant and equipment	(10 334)	641	1 887	2 186	(5 620)
Intangible assets	(36)	-	31	5	-
Loans and borrowings	(243)	-	208	35	-
Trade and other accounts payable	(22)	-	19	3	-
Offset of deferred tax assets and deferred tax liabilities	803	-	(114)	(178)	511
Total deferred tax liabilities	(9 832)	641	2 031	2 051	(5 109)

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31 December 2018	Recognized in OCI	Recognized in income statement	As at 31 December 2019
Deferred tax assets				
Property, plant and equipment	-	-	9 499	9 499
Inventories	6 212	-	537	6 749
Trade and other accounts receivable and prepayments	21 726	-	8 357	30 083
Offset of deferred tax assets and deferred tax liabilities	(27 938)	-	6 702	(21 236)
Total deferred tax assets	-	-	25 095	25 095
Deferred tax liabilities				
Property, plant and equipment	(415 567)	-	142 469	(273 098)
Intangible assets	-	-	(945)	(945)
Loans and borrowings	(5 489)	-	(920)	(6 409)
Trade and other accounts payable	-	-	(575)	(575)
Offset of deferred tax assets and deferred tax liabilities	27 938	-	(6 702)	21 236
Total deferred tax liabilities	(393 118)	-	133 327	(259 791)

<i>(in thousands of Euros)</i>	As at 31 December 2018	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2019
Deferred tax assets					
Property, plant and equipment	-	-	328	31	359
Inventories	196	-	19	40	255
Trade and other accounts receivable and prepayments	685	-	289	165	1 139
Offset of deferred tax assets and deferred tax liabilities	(881)	-	232	(154)	(803)
Total deferred tax assets	-	-	868	82	950
Deferred tax liabilities					
Property, plant and equipment	(13 104)	-	4 925	(2 155)	(10 334)
Intangible assets	-	-	(33)	(3)	(36)
Loans and borrowings	(173)	-	(32)	(38)	(243)
Trade and other accounts payable	-	-	(20)	(2)	(22)
Offset of deferred tax assets and deferred tax liabilities	881	-	(232)	154	803
Total deferred tax liabilities	(12 396)	-	4 608	(2 044)	(9 832)



20. SEGMENT REPORTING

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

At 31 December 2020 and 2019, the group is organized into four main operating/reportable segments:

- production and wholesale distribution of sugar (sugar production)
- growing and selling grain and oilseeds crops (agriculture)
- dairy cattle farming (cattle farming)
- soybean processing

Other Group operations mainly comprise the production and sales of fodder and gas. Neither of these constitutes a separately reportable operating segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker that makes strategic decisions is the Board of Director. Operating profit and net profit are main measures of segment profit or loss that Group uses to evaluate performance and make decisions about the allocation of resources. The reported measures are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the financial statements.

Revenues from external customers are derived primarily from the sales of sugar, crops, soybean processing and cattle farming products and are measured in a manner consistent with that in the income statement. Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The amounts provided to the Board of Directors with respect of total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. The amounts of total liabilities are measured in a manner consistent with that of the consolidated financial statements. Liabilities are allocated based on the operations of the segment.

All unallocated items relate to overall Group's operational activity and may not be allocated to the identified reporting segments.

Items which are not disclosed separately in segment income and expenses are as follows: other operating income, general and administrative expenses, selling and distribution expenses, other operating expenses and income tax.

Unallocated assets mainly represent assets relating to corporate function, assets jointly used by segments and certain financial assets. Liabilities not allocated to segments are items related to corporate functions and certain financial liabilities.

The segment information for the years ended 31 December is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Sugar production		Agriculture	
	2020	2019	2020	2019
Revenues from external customers	3 949 165	3 386 755	5 447 162	5 960 118
Inter-segment revenues	-	-	2 231 882	2 169 531
Cost of revenues	(3 075 602)	(3 120 239)	(4 853 108)	(5 474 417)
Inter-segment cost of revenues	(1 247 229)	(1 275 312)	-	-
Changes in fair value of biological assets and agricultural produce	-	-	1 622 298	973 254
Gross profit	873 563	266 516	2 216 352	1 458 955
General and administrative expense	(187 967)	(183 111)	(392 372)	(402 788)
Selling and distribution expense	(225 368)	(334 730)	(558 509)	(789 903)
Other operating (expense) income	(84 166)	(17 308)	(90 615)	(28 451)
Impairment of property, plant and equipment	-	-	-	-
Profit (loss) from operations	376 062	(268 633)	1 174 856	237 813
Interest expense on lease liability	(23 904)	(22 355)	(611 538)	(627 493)
Foreign currency exchange (loss) gain	(182 834)	283 177	(336 702)	339 690
Interest expense	(66 847)	(208 870)	(157 542)	(218 136)
Interest income	-	-	-	-
Other expense	-	-	-	-
Profit (loss) before tax	102 477	(216 681)	69 074	(268 126)
Taxation	-	-	-	-
Net profit (loss)	102 477	(216 681)	69 074	(268 126)
Consolidated total assets	3 429 229	4 828 890	10 281 635	11 735 736
Consolidated total liabilities	468 192	1 707 638	4 868 776	5 740 737
Other segment information:				
Depreciation and amortisation	290 077	338 833	1 290 644	1 297 046
Impairment loss and reversal, net	-	-	-	-
Additions to non-current assets:				
Property, plant and equipment	49 947	33 940	311 222	615 278
Intangible assets	5	326	2 409	687
Right-of-use asset	583	18 080	242 997	793 693



Cattle farming		Soybean processing		Unallocated		Total	
2020	2019	2020	2019	2020	2019	2020	2019
1 031 557	1 002 562	2 337 570	2 396 606	161 610	234 114	12 927 064	12 980 155
-	-	-	-	-	-	2 231 882	2 169 531
(779 261)	(802 760)	(1 995 615)	(2 015 762)	(143 050)	(175 059)	(10 846 636)	(11 588 237)
(455 446)	(446 813)	(529 207)	(447 406)	-	-	(2 231 882)	(2 169 531)
41 956	254 247	-	-	-	-	1 664 254	1 227 501
294 252	454 049	341 955	380 844	18 560	59 055	3 744 682	2 619 419
(48 397)	(43 585)	(19 526)	(16 278)	(52 042)	(35 418)	(700 304)	(681 180)
(14 940)	(18 739)	(133 281)	(176 845)	(19 374)	(24 263)	(951 472)	(1 344 480)
(550)	9 374	(7 647)	(16 894)	(127 180)	(104 624)	(310 158)	(157 903)
-	-	-	-	(55 034)	(16 096)	(55 034)	(16 096)
230 365	401 099	181 501	170 827	(235 070)	(121 346)	1 727 714	419 760
-	-	-	-	(37 747)	(5 226)	(673 189)	(655 074)
-	-	(31 123)	93 355	22 909	1 640	(527 750)	717 862
-	-	(7 914)	(55 309)	(2 472)	(5 056)	(234 775)	(487 371)
-	-	-	-	7 227	24 518	7 227	24 518
-	-	-	-	(14 396)	(11 868)	(14 396)	(11 868)
230 365	401 099	142 464	208 873	(259 549)	(117 338)	284 831	7 827
-	-	-	-	(18 433)	27 709	(18 433)	27 709
230 365	401 099	142 464	208 873	(277 982)	(89 629)	266 398	35 536
1 365 511	1 353 041	1 153 375	1 092 885	1 534 629	1 050 887	17 764 379	20 061 439
4 020	1 600	103 592	450 774	601 144	567 878	6 045 724	8 468 627
40 312	46 658	47 960	44 245	40 798	84 066	1 709 791	1 810 848
-	-	-	-	(55 034)	(16 096)	(55 034)	(16 096)
14 329	10 218	14 702	14 063	6 078	12 267	396 278	685 766
-	20	108	279	3 780	6 549	6 302	7 861
-	-	-	-	35 921	70 872	279 501	882 645

The segment information for the years ended 31 December is as follows:

<i>(in thousands of Euros)</i>	Sugar production		Agriculture	
	2020	2019	2020	2019
Revenues from external customers	126 973	116 893	175 137	205 712
Inter-segment revenues	-	-	71 759	74 880
Cost of revenues	(98 728)	(107 637)	(155 787)	(188 847)
Inter-segment cost of revenues	(40 101)	(44 016)	-	-
Changes in fair value of biological assets and agricultural produce	-	-	52 721	34 259
Gross profit	28 245	9 256	72 071	51 124
General and administrative expense	(6 118)	(6 349)	(12 772)	(13 965)
Selling and distribution expense	(7 315)	(11 707)	(18 129)	(27 626)
Other operating (expense) income	(2 708)	(594)	(2 882)	(1 016)
Impairment of property, plant and equipment	-	-	-	-
Profit (loss) from operations	12 104	(9 394)	38 288	8 517
Interest expense on lease liability	(787)	(772)	(20 132)	(21 682)
Foreign currency exchange (loss) gain	(5 936)	9 822	(10 931)	11 782
Interest expense	(2 153)	(7 169)	(5 074)	(7 488)
Interest income	-	-	-	-
Other expense	-	-	-	-
Profit (loss) before tax	3 228	(7 513)	2 151	(8 871)
Taxation	-	-	-	-
Net profit (loss)	3 228	(7 513)	2 151	(8 871)
Consolidated total assets	98 712	182 760	295 963	444 165
Consolidated total liabilities	13 477	64 629	140 151	217 271
Other segment information:				
Depreciation and amortisation	9 418	11 708	41 902	44 818
Impairment loss and reversal, net	-	-	-	-
Additions to non-current assets:				
Property, plant and equipment	1 622	1 173	10 104	21 260
Intangible assets	-	11	78	24
Right-of-use asset	19	625	7 890	27 425



Cattle farming		Soybean processing		Unallocated		Total	
2020	2019	2020	2019	2020	2019	2020	2019
33 167	34 603	75 157	82 718	5 196	8 080	415 630	448 006
-	-	-	-	-	-	71 759	74 880
(25 015)	(27 692)	(64 060)	(69 536)	(4 592)	(6 039)	(348 182)	(399 751)
(14 643)	(15 422)	(17 015)	(15 442)	-	-	(71 759)	(74 880)
1 363	8 949	-	-	-	-	54 084	43 208
9 515	15 860	11 097	13 182	604	2 041	121 532	91 463
(1 575)	(1 511)	(636)	(564)	(1 694)	(1 228)	(22 795)	(23 617)
(485)	(655)	(4 326)	(6 185)	(629)	(848)	(30 884)	(47 021)
(16)	304	(246)	(577)	(4 090)	(3 590)	(9 942)	(5 473)
-	-	-	-	(1 633)	(556)	(1 633)	(556)
7 439	13 998	5 889	5 856	(7 442)	(4 181)	56 278	14 796
-	-	-	-	(1 243)	(181)	(22 162)	(22 635)
-	-	(1 010)	3 238	743	57	(17 134)	24 899
-	-	(255)	(1 898)	(80)	(174)	(7 562)	(16 729)
-	-	-	-	233	841	233	841
-	-	-	-	(444)	(350)	(444)	(350)
7 439	13 998	4 624	7 196	(8 233)	(3 988)	9 209	822
-	-	-	-	(598)	869	(598)	869
7 439	13 998	4 624	7 196	(8 831)	(3 119)	8 611	1 691
39 307	51 209	33 201	41 363	44 173	39 771	511 356	759 268
116	61	2 982	17 061	17 304	21 491	174 030	320 513
1 309	1 612	1 557	1 529	1 324	2 904	55 510	62 571
-	-	-	-	(1 633)	(556)	(1 633)	(556)
465	353	477	486	200	423	12 868	23 695
-	1	4	10	123	226	205	272
-	-	-	-	1 166	2 448	9 075	30 498

Geographic information:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Revenue from external customers				
Ukraine	6 417 480	5 654 680	206 334	195 170
Europe	5 467 136	4 402 024	175 779	151 934
incl. Switzerland	3 251 898	2 364 803	104 555	81 620
Asia	880 975	2 126 718	28 325	73 403
Australia and Oceania	141 511	520 213	4 550	17 955
Other	19 962	276 520	642	9 544
	12 927 064	12 980 155	415 630	448 006

21. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about exposure to each of these risks and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade accounts receivable

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management established a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The review includes external ratings, where available, and in some cases bank references.

Majority of customers have been transacting with the Group for over three years, and no losses are expected from non-performance by these counterparties. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to wholesale customers. Customers that are graded as «high risk» are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of management. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance that represents its estimate of lifetime expected credit losses in respect of trade and other receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to current and macroeconomic information on macroeconomic factors affecting the ability of the customers to settle the receivables.



Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- it is probable that the borrower will enter bankruptcy.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2020 and 2019 no guarantees are outstanding.

Credit quality of financial assets

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit quality of receivables is analysed based on provision matrix or can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Counterparties without external credit rating				
Group A	338 977	350 697	9 758	13 273
Group B	13 794	127 145	397	4 811
Gross carrying amount	352 771	477 842	10 155	18 084
Loss allowance	(4 308)	(20 955)	(124)	(793)
Carrying amount - Counterparties without external credit rating	348 463	456 887	10 031	17 291
Past due trade receivables				
Gross carrying amount	165 368	200 902	4 760	7 605
Loss allowance	(47 318)	(49 919)	(1 362)	(1 889)
Carrying amount - Past due trade receivables	118 050	150 983	3 398	5 716
	466 513	607 870	13 429	23 007

Group A represents existing customers (more than one year) which did not breach payment terms. Group B represents new customers (less than one year) for whom there is no recent history of defaults.

Past due trade receivables are mostly due from counterparties without external credit rating.

The information about the exposure to credit risk and ECL for trade and other receivables as at 31 December 2020 provided in Note 8.

In the year ended 31 December 2020 approximately 13% of revenues (2019: 12%) are derived from two customers. Trade receivables from these customers as at 31 December 2020 equal to UAH 30,986 thousand or EUR 892 thousand (2019: receivables from UAH 39 thousand or EUR 1 thousand).

The credit quality of cash deposits by external credit rating:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Banks with external credit rating (Moody's):				
Short-term deposits				
NP	2 036	9 818	59	372
Banks without external credit rating:				
Group A	2 950	8 500	85	321
	4 986	18 318	144	693

The credit quality of cash and cash equivalents assessed by reference to external credit ratings:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
P-1	105 201	157 059	3 028	5 944
NP	229 024	27 936	6 593	1 057
Banks without external credit rating:				
Group A	436 562	135 942	12 566	5 146
Group B	3 746	3 172	108	120
Cash in transit	-	1 324	-	50
Cash on hand	298	613	9	23
	774 831	326 046	22 304	12 340

Group A represents Ukrainian banks. Group B represents non-Ukrainian banks. No external ratings in respect of financial instruments available-for-sale, promissory notes available-for-sale and other accounts receivable are available.

The Group keeps cash and deposits mostly in Ukrainian banks, which are subsidiaries of reputable foreign banks. In 2020 the Group continued to work with the same banks as in 2019.

The geographic location of the Group's customers is presented in the table below:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Trade receivables neither past due nor impaired				
Ukraine	321 908	247 865	9 266	9 380
Switzerland	13 928	32 459	401	1 228
Asia	3 545	35 745	102	1 353
EU	9 082	140 818	262	5 330
Past due trade receivables	118 050	150 983	3 398	5 716
	466 513	607 870	13 429	23 007

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including future interest payments). Trade and other payables included in the table below exclude advances received from customers.

**31 December 2020**

<i>(in thousands of Ukrainian hryvnias)</i>	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	1 844 194	2 067 215	721 030	425 438	892 287	28 460
Lease liability	3 420 601	7 303 811	888 134	907 041	2 383 273	3 125 363
Trade and other accounts payable	388 382	388 382	384 288	2 165	1 929	-
Net assets attributable to non-controlling participants in limited liability companies	24 586	24 586	-	24 586	-	-
	5 677 763	9 783 994	1 993 452	1 359 230	3 277 489	3 153 823

31 December 2020

<i>(in thousands of Euros)</i>	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	53 086	59 505	20 755	12 246	25 685	819
Lease liability	98 464	210 245	25 566	26 110	68 604	89 965
Trade and other accounts payable	11 180	11 180	11 062	62	56	-
Net assets attributable to non-controlling participants in limited liability companies	708	708	-	708	-	-
	163 438	281 638	57 383	39 126	94 345	90 784

31 December 2019

<i>(in thousands of Ukrainian hryvnias)</i>	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	3 947 486	4 423 567	4 147 861	120 879	152 858	1 969
Lease liability	3 684 930	8 222 421	926 827	947 806	2 587 466	3 760 322
Trade and other accounts payable	388 038	388 038	383 945	2 164	1 929	-
Net assets attributable to non-controlling participants in limited liability companies	24 909	24 909	-	24 909	-	-
	8 045 363	13 058 935	5 458 633	1 095 758	2 742 253	3 762 291

31 December 2019

<i>(in thousands of Euros)</i>	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	149 402	167 420	156 985	4 575	5 785	75
Lease liability	139 464	311 195	35 078	35 871	97 928	142 318
Trade and other accounts payable	14 686	14 686	14 531	82	73	-
Net assets attributable to non-controlling participants in limited liability companies	943	943	-	943	-	-
	304 495	494 244	206 594	41 471	103 786	142 393

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Ukrainian hryvnia. The currencies in which these transactions primarily are denominated are U.S. dollars and EUR. In order to hedge exposure to foreign currency risk, management attempts to balance the amount of payments in foreign currencies including debt repayments with inflows of currencies from exports sales.

The exposure to foreign currency risk is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2020		2019	
	EUR	USD	EUR	USD
Trade accounts receivable	1 262	66 681	2 750	241 891
Short-term deposits	222	-	166	2 652
Cash and cash equivalents	1 196	397 770	8 795	167 693
Bank loans	-	(1 864 660)	(14 845)	(3 731 228)
Trade accounts payable	(93)	(2 684)	(71)	(53 090)
Other liabilities and accounts payable	(100)	(236)	(2 117)	(2 009)
Net exposure	2 487	(1 403 129)	(5 322)	(3 374 091)

<i>(in thousands of Euros)</i>	2020		2019	
	EUR	USD	EUR	USD
Trade accounts receivable	36	1 919	104	9 155
Short-term deposits	6	-	6	100
Cash and cash equivalents	34	11 450	333	6 347
Bank loans	-	(53 675)	(562)	(141 217)
Trade accounts payable	(3)	(77)	(3)	(2 009)
Other liabilities and accounts payable	(3)	(7)	(80)	(76)
Net exposure	70	(40 390)	(202)	(127 700)

A weakening of the Ukrainian hryvnia against the following currencies as at 31 December would have decreased pre-tax profit as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

pre-tax profit	<i>(Effect in thousands of Ukrainian hryvnias)</i>		<i>(Effect in thousands of Euros)</i>	
	2020	2019	2020	2019
Weakening of UAH, %	10%	10%	10%	10%
EUR	249	(532)	7	(20)

pre-tax profit	<i>(Effect in thousands of Ukrainian hryvnias)</i>		<i>(Effect in thousands of Euros)</i>	
	2020	2019	2020	2019
Weakening of UAH, %	10%	10%	10%	10%
USD	(140 313)	(337 409)	(4 039)	(12 770)

As stated under Note 2 (h) the consolidated financial statements are presented in UAH. For the benefit of certain users, the Group also presents all numerical information in EUR. A weakening of the Ukrainian hryvnia against the EUR by 10% as at 31 December 2020 would have increased total equity by UAH 204 thousand or EUR 6 thousand (31 December 2019: decreased by UAH 436 thousand or EUR 17 thousand). A weakening of the Ukrainian hryvnia against the USD by 10% as at 31 December 2020 would have decreased total equity by UAH 115,057 thousand or EUR 3,312 thousand (31 December 2019: UAH 276,675 thousand or EUR 10,471 thousand).

Strengthening of the Ukrainian hryvnia against the above currencies as at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

During the year ended 31 December 2020 the Ukrainian Hryvnia depreciated against the EUR and USD by 31.48% and 19.37% respectively (2019: appreciated against the EUR and USD by 16.69% and 14.45%). As a result, during the year ended 31 December 2020 the Group recognized net foreign exchange losses in the amount of UAH 527,750 thousand (2019: foreign exchange gain in the amount of UAH 717,862 thousand) in the consolidated income statement.



Interest rate risk

Changes in interest rates impact primarily borrowings by changing either their fair value (fixed rate debt) or future cash flows (variable rate debt).

At 31 December the interest rate profile of interest bearing financial instruments is as follows:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Fixed rate instruments				
Financial liabilities	(1 326 313)	(3 392 370)	(38 178)	(128 392)
Variable rate instruments				
Financial liabilities	(492 673)	(497 981)	(14 182)	(18 847)

The floating interest rates reflect the real market price for the facility utilized by the company which is often based on London interbank offered rate for loans nominated in US dollars. Taking into account possible growth of interest rates based on London interbank offered rate in the future periods Management attempts to mitigate the interest rates risks by negotiating with banking institutions the introduction of the corresponding hedging mechanisms. Currently the Group does not use any cash flow hedges.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model.

Sensitivity of the Group's profit before tax to a reasonably possible change in interest rates, with all other variables held constant, through the impact on variable rate instruments, is as follows:

		<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
		2020	2019	2020	2019
Euribor	1,00%	-	148	-	6
Euribor	-1,00%	-	(148)	-	(6)
Libor	1,00%	4 927	4 832	142	183
Libor	-1,00%	(4 927)	(4 832)	(142)	(183)

Other market price risk

The Group does not enter into commodity contracts other than to meet expected usage and sale requirements; such contracts are not settled net.

Agricultural risk

The agricultural business of the Group is exposed to significant risks associated with outbreaks of livestock diseases and loss of the crop as a result of unfavourable weather conditions. Epidemiological surveillance system adopted by the Group minimizes the risks associated with the disease of cattle. The loss of harvests is minimized at the expense of reseeding damaged winter crops by spring crops and partial harvest insurance.

Fair values of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. This fair value is within level 1 of fair value hierarchy. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models and are within level 2 or 3 of fair value hierarchy.

As at 31 December 2020 and 2019, the carrying value of the Group's financial instruments approximates their fair values.

22. TAX AND LEGAL MATTERS

The Group's operations are concentrated in Ukraine. Ukrainian legislation and regulations regarding taxation and other operational matters continue to evolve as a result of an economy in transition. Legislation and regulations are not always clearly written and their interpretation is subject to the opinions of local, regional and national authorities, and other governmental bodies. Instances of inconsistent opinions are not unusual.

Companies of the Group have significant controlled operations which are governed by transfer pricing rules. Such operations include export trade operations of agricultural products, as well as interest expenses and royalty. Specified operations are conducted both with related parties - non-residents, and third parties from low-taxing jurisdiction. In connection with absence of common methodology of transfer pricing in Ukraine, as well as judiciary practice in the sphere of the transfer pricing, there are risks that the approaches of tax authorities in the valuation of controlled operations will be different from approaches applied by the companies of the Group. If the tax authorities establish failure to comply with these rules, they may demand transfer pricing adjustments. If substantial transfer pricing adjustments were upheld by the relevant Ukrainian authorities or courts and implemented, the Group's financial results could be adversely affected; however, the potential amount could not be estimated reliably. Given risks can be implemented during seven years from the date of submission of the appropriate income tax returns.

According to Ukrainian legislation land lease agreements should be registered by state authorities. As at 31 December 2020 and 31 December 2019 the Group has a number of land lease agreements in respect of which registration procedure was not finalised. This includes both lease agreements that are not temporarily registered due to lengthy procedure of registration and which will not be registered at all. Therefore in respect of these agreements the risk of collusion by rivals and/or lessors to cancel the right of the Group to lease the land plots area according to these agreements exists. Total area leased according to not registered agreements as at 31 December 2020 comprised 9 thousand hectares which approximate 4% of total land lease area of the Group and right-of-use assets and lease liability recognised in respect of these agreements as at 31 December 2020 comprised UAH 98,454 thousand or EUR 2,834 thousand and UAH 99,425 thousand or EUR 2,862 thousand respectively (31 December 2019: UAH 120,281 thousand or EUR 4,552 thousand and UAH 124,408 thousand or EUR 4,709 thousand).

The Group's operations and financial position will continue to be affected by Ukrainian political developments including the application of existing and future legislation and tax regulations. Management believes that the Group has complied with all regulations and paid or accrued all taxes that are applicable. In the ordinary course of business, the Group is subject to various legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of the Group's operations. Where the risk of outflow of resources is probable, the Group has accrued liabilities based on management's best estimate.

23. RELATED PARTY TRANSACTIONS

The Group enters into transactions with related parties in the ordinary course of business. Related parties comprise the Group's the shareholders, companies that are under control of the Group's shareholders, key management personnel and their close family members and companies that are controlled or significantly influenced by shareholders. Prices for related party transactions are determined on an market basis.

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2020 as well as balances with related parties as at 31 December 2020:

<i>(In thousands of Ukrainian hryvnias)</i>	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under control of one of the shareholders with significant influence over the Group	1 485	40 716	5 951	104 129
	1 485	40 716	5 951	104 129

<i>(In thousands of Euros)</i>	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under control of one of the shareholders with significant influence over the Group	48	1 322	171	2 997
	48	1 322	171	2 997

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2019 as well as balances with related parties as at 31 December 2019:

<i>(In thousands of Ukrainian hryvnias)</i>	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under control of one of the shareholders with significant influence over the Group	4 845	44 123	6 442	46 255
	4 845	44 123	6 442	46 255



<i>(in thousands of Euros)</i>	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under control of one of the shareholders with significant influence over the Group	167	1 525	244	1 751
	167	1 525	244	1 751

Other transactions

As at 31 December 2020, the Group had a USD denominated loan from the entity under control of the same controlling shareholder of UAH 98,937 thousand (2019: UAH 42,161 thousand) or EUR 2,828 thousand (2019: EUR 1,596 thousand) bearing an interest of 4.5% p.a.

The Group rents an office premises from related party under control of the shareholder with significant influence over the Group and has accounted these lease agreements according IFRS 16. As at 31 December 2020, the Group had the lease liability in amount of UAH 210 878 thousand or EUR 6,070 thousand and respective right-of-use asset in amount of UAH 194,267 thousand or EUR 5,592 thousand (2019: UAH 172,167 thousand or EUR 6,516 thousand and UAH 170,447 thousand or EUR 6,451 thousand respectively) (Note 5). In 2020 the Group recognized depreciation charge of right-of-use asset in amount of UAH 12,442 thousand or EUR 405 thousand as General and administrative expenses (2019: UAH 19,854 thousand or EUR 686 thousand) (Note 5 and Note 15). In 2020 the interest expense is charged in amount of UAH 33,734 thousand or EUR 1,111 thousand (2019: UAH 4,896 thousand or EUR 169 thousand) (Note 5 and Note 18).

Management remuneration

The total remuneration of executive and non-executive Board members is specified below:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Viktor Ivanchyk	11 123	10 185	361	352
Viktor Gladky	7 402	8 024	240	277
Marc van Campen	1 166	1 191	40	40
Howard Dahl	2 206	2 213	75	75
Gilles Mettetal	1 166	1 191	40	40
Arslan Huseyin	1 170	1 116	40	40
	24 233	23 920	796	824

Remuneration of key management for the year ended 31 December 2020 is UAH 24,233 thousand or EUR 796 thousand (2019: UAH 23,920 thousand or EUR 824 thousand). Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group (totalling six persons). Executive Directors who take part in a day-to-day operational activity of the Company, are entitled to a remuneration package consisting of an annual fixed and variable remuneration. Variable remuneration comprises long-term incentives based on share option plan. Expense on this plan relating to 2020 is insignificant for accrual. There were no bonuses paid for Mr.Ivanchyk and Mr. Gladky in 2019 and 2020.

24. EVENTS SUBSEQUENT TO THE REPORTING DATE

In February 2021 the Group disposed 95% shares in ALC “Novoivanivskiy sugar plant” for consideration received of UAH 28,500 thousand or EUR 837 thousand.

In February 2021 the Group has transferred control over 100% shares in LLC “Lyaschivka” for consideration of USD 3,368 thousand (approximate amount of UAH 95,238 thousand or EUR 2,747 thousand). The consideration is received partly. The transaction will be completed till the end of September 2021.

In March 2021 the Group disposed 100% shares in LLC “Agrosvit Savyntsi” for consideration received of UAH 63,845 thousand or EUR 1,927 thousand.

On April 5, the Antimonopoly Committee of Ukraine (the AMCU) publicly announced the initiation of an investigation against the Group and other sugar producer due to increase of market prices for sugar. The Company has – as of the date of these financial statements - not been formally notified of the investigation nor its exact scope. As always, management will cooperate with the investigation and is confident that they will be able to explain their pricing strategy in light of the market dynamics. Based on this, there is no reason to account for a (contingent) liability as per 31 December 2020.



COMPANY FINANCIAL STATEMENTS



COMPANY BALANCE SHEET AS AT 31 DECEMBER 2020

(before appropriation of the result)

<i>(in thousands of Ukrainian hryvnias)</i>		31 December 2020	31 December 2019
Assets			
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	3	11 520 750	11 439 708
Accounts receivable from subsidiary		4 006	4 681
		11 524 756	11 444 389
Current assets			
Receivables			
Loan granted to subsidiary	4	158 195	139 176
Other accounts receivable and prepayments	5	25 901	566
Cash and cash equivalents	6	10 307	10 231
		194 403	149 973
Total assets		11 719 159	11 594 362
Equity and liabilities			
Equity			
Called-up share capital	7	1 663	1 663
Share premium		369 798	369 798
Revaluation reserve		2 641 315	2 950 868
Other reserve		520 161	482 892
Retained earnings		7 919 320	7 726 037
Unappropriated profits		266 398	61 554
Total equity		11 718 655	11 592 812
Current liabilities			
Other liabilities	8	504	1 550
		504	1 550
Total equity and liabilities		11 719 159	11 594 362

The balance sheet is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 157 to 164.



COMPANY BALANCE SHEET AS AT 31 DECEMBER 2020

(before appropriation of the result)

<i>(in thousands of Euros)</i>		31 December 2020	31 December 2019
Assets			
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	3	331 629	432 960
Accounts receivable from subsidiary		115	178
		331 744	433 138
Current assets			
Receivables			
Loan granted to subsidiary	4	4 554	5 267
Other accounts receivable and prepayments	5	745	22
Cash and cash equivalents	6	297	387
		5 596	5 676
Total assets		337 340	438 814
Equity and liabilities			
Equity			
Called-up share capital	7	250	250
Share premium		55 638	55 638
Revaluation reserve		144 991	162 180
Other reserve		(320 099)	(217 245)
Retained earnings		447 935	435 342
Unappropriated profits		8 611	2 590
Total equity		337 326	438 755
Current liabilities			
Other liabilities	8	14	59
		14	59
Total equity and liabilities		337 340	438 814

The balance sheet is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 157 to 164.

COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

<i>(in thousands of Ukrainian hryvnias)</i>	2020	2019
Dividend income	-	-
Interest income related parties	9	8 885
Royalty income	10	28 854
Operating income	29 076	37 739
Impairment on participations	-	-
Interest expense related parties	-	-
Other operating expense	(15 061)	(13 978)
Operating expense	(15 061)	(13 978)
Operating profit	14 015	23 761
Other finance income and expense	(14 015)	2 257
(Loss) / profit before taxation	-	26 018
Income tax expense	-	-
Share in profit/loss of participations	266 398	35 536
Profit after taxation	266 398	61 554

<i>(in thousands of Euros)</i>	2020	2019
Dividend income	-	-
Interest income related parties	9	307
Royalty income	10	997
Operating income	944	1 304
Impairment on participations	-	-
Interest expense related parties	-	-
Other operating expense	(489)	(483)
Operating expense	(489)	(483)
Operating profit	455	821
Other finance income and expense	(455)	78
(Loss) / profit before taxation	-	899
Income tax expense	-	-
Share in profit/loss of participations	8 611	1 691
Profit after taxation	8 611	2 590

The profit and loss account is to be read in conjunction with the notes to and forming part of the company statements set out on pages 157 to 164.



NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL

ASTARTA Holding N.V. (the Company) is a Dutch public company with limited liability, incorporated in Amsterdam on 9 June 2006, registered with the Chamber of Commerce of the Netherlands number 34.24.88.91. The Company acts as a holding company for a number of entities operating in the agricultural sector in Ukraine.

These financial statements are prepared in accordance with Section 9, Book 2 of the Netherlands Civil Code.

Information on the use of financial instruments and on related risks for the Group has been provided under note 21 of the consolidated financial statements.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in Article 362-8 of Book 2 Section 9 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company's financial statements are the same as those applied for the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

Basis of recognition of participations in subsidiaries

Investments in subsidiaries are valued using the equity method, determined applying the IFRS accounting policies as described in the consolidated financial statements. The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

3. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2020 and 2019 the Company owns 100% of the shares of Ancor Investments Ltd, a subsidiary based in Cyprus. These shares were received in July 2006 in exchange for a contribution-in-kind transaction.

In August 2017 the Company has incorporated Astarta Trading GmbH, a subsidiary based in Switzerland with share capital of CHF 20,000. The Company owns 100% of the shares of Astarta Trading GmbH, all shares are fully paid.

The movements in the valuation of this investment may be summarised as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	2020	2019
Balance as at 1 January	11 439 708	11 449 318
Incorporation of new subsidiary	-	-
Net income	266 398	35 536
Decrease in reserves	(222 625)	(8 622)
Other movements	-	-
Translation differences	37 269	(36 524)
Balance as at 31 December	11 520 750	11 439 708

<i>(in thousands of Euros)</i>	2020	2019
Balance as at 1 January	432 960	361 016
Incorporation of new subsidiary	-	-
Net income	8 611	1 691
Decrease in reserves	(7 088)	(1 375)
Other movements	-	-
Translation differences	(102 854)	71 628
Balance as at 31 December	331 629	432 960

For a list of subsidiaries, joint ventures and associate refer to note 2 of the consolidated financial statements.

4. LOAN GRANTED TO SUBSIDIARY

The terms and repayment schedule for loan granted are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Nominal interest rate	Year of maturity	31 December 2020	31 December 2019
Loans granted to subsidiary in USD	2%	2020	-	12 591
Loans granted to subsidiary in USD	5%	2021	158 195	126 585
			158 195	139 176

<i>(in thousands of Euros)</i>	Nominal interest rate	Year of maturity	31 December 2020	31 December 2019
Loans granted to subsidiary in USD	2%	2020	-	477
Loans granted to subsidiary in USD	5%	2021	4 554	4 791
			4 554	5 267

As at 31 December 2020 the Company granted a loan to its subsidiaries of UAH 141,373 thousand (USD 5,000 thousand) (2019: UAH 130,985 thousand or USD 5,530 thousand). The loans are unsecured and bears interest of 5% p.a.

Fair value of the loans approximates its carrying value.

5. OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

Other accounts receivable and prepayments as at 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	31 December 2020	31 December 2019
Other financial assets:		
Other accounts receivable	25 164	-
Prepayments and other non-financial assets:		
Prepayments	737	566
	25 901	566

<i>(in thousands of Euros)</i>	31 December 2020	31 December 2019
Other financial assets:		
Other accounts receivable	724	-
Prepayments and other non-financial assets:		
Prepayments	21	22
	745	22

Other accounts receivable presented by a royalty income receivables for granting a non-exclusive license to use a trade and services mark to its subsidiaries for 2020 in amount UAH 25 164 thousand or EUR 724 thousand (2019: nil). These balances primarily are denominated in U.S. dollars.



Fair value of royalty income receivables approximates its carrying value. The carrying amount of these receivables are not impaired represents the maximum credit exposure. Other accounts receivables are not impaired and not past due

6. CASH

As at 31 December 2020, amount of cash is UAH 10,307 thousand (EUR 297 thousand) (2019: UAH 10,231 thousand or EUR 387 thousand). There is no restricted cash.

7. EQUITY

The authorized share capital as at 31 December 2020 and 2019 amounts to EUR 300,000 and consists of 30,000,000 ordinary shares with a nominal value of EUR 0.01 each. As at 31 December 2020, 25,000,000 shares are issued and fully paid. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total number of shares held by executive and non-executive Board members, and third parties is specified below:

	2020	2019
Astarta Holding N.V.		
Ivanchyk family	39,57%	38,39%
Fairfax Financial Holdings LTD and its subsidiaries	29,91%	28,98%
Other shareholders	30,52%	32,63%
	100,00%	100,00%

In 2020 and 2019 there were no pledged shares. For movements in equity refer to the consolidated statement of changes in equity.

With respect to the total equity, not all reserves are available for distribution to the shareholders. The restricted reserves, which are not available for distribution to the shareholders, include the following:

- the accumulated gain on revaluation of property, plant and equipment of UAH 1,926,064 thousand (EUR 87,251 thousand) (2019: UAH 2,482,363 thousand or EUR 112,451 thousand) presented within revaluation reserve caption in the balance sheet;
- the accumulated gain on revaluation of biological assets of UAH 715,251 thousand (EUR 57,740 thousand) (2019: UAH 468,505 thousand or EUR 49,729 thousand) presented within revaluation reserve caption in the balance sheet;
- the accumulated gain from currency translation adjustment of UAH 520,161 thousand (loss of EUR 320,099 thousand) (2019: gain of UAH 482,892 thousand or loss of EUR 217,245 thousand) presented within other reserve caption in the balance sheet.

As at 31 December 2020, the Group had 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand) (2019: 689,898 of treasury shares with total cost of UAH 119,260 thousand or EUR 5,527 thousand). Par value of each share is EUR 0.01.

In the balance sheet the treasury shares are presented as a deduction from the retained earnings.

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of UAH 266,398 thousand (EUR 8,611 thousand) to retained earnings.

The movements in shareholders' equity are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Issued share capital		Share premium	Revaluation reserve	Other reserves	Retained earnings	Unappropriated profits	Total
	Ordinary shares	Preference shares						
At 1 January 2019	1 663	-	369 798	3 334 310	519 416	7 943 658	(567 120)	11 601 725
Net result for the year	-	-	-	-	-	-	61 554	61 554
Exchange rate differences	-	-	-	-	(36 524)	-	-	(36 524)
Remeasurements	-	-	-	(33 943)	-	-	-	(33 943)
Reclassification to profit or loss	-	-	-	(349 499)	-	349 499	-	-
	-	-	-	(383 442)	(36 524)	349 499	61 554	(8 913)
<i>Transactions with shareholders</i>								
Appropriation of the result of preceding year	-	-	-	-	-	(567 120)	567 120	-
Total movements	-	-	-	(383 442)	(36 524)	(217 621)	628 674	(8 913)
At 31 December 2019	1 663	-	369 798	2 950 868	482 892	7 726 037	61 554	11 592 812
Net result for the year	-	-	-	-	-	-	266 398	266 398
Exchange rate differences	-	-	-	-	37 269	-	-	37 269
Remeasurements	-	-	-	(177 824)	-	-	-	(177 824)
Reclassification to profit or loss	-	-	-	(131 729)	-	131 729	-	-
	-	-	-	(309 553)	37 269	131 729	266 398	125 843
<i>Transactions with shareholders</i>								
Appropriation of the result of preceding year	-	-	-	-	-	61 554	(61 554)	-
Total movements	-	-	-	(309 553)	37 269	193 283	204 844	125 843
At 31 December 2020	1 663	-	369 798	2 641 315	520 161	7 919 320	266 398	11 718 655



<i>(in thousands of Euros)</i>	Issued share capital		Share premium	Revaluation reserve	Other reserves	Retained earnings	Unappropriated profits	Total
	Ordinary shares	Preference shares						
At 1 January 2019	250	-	55 638	181 460	(288 873)	434 692	(17 345)	365 822
Net result for the year	-	-	-	-	-	-	2 590	2 590
Exchange rate differences	-	-	-	-	71 628	-	-	71 628
Remeasurements	-	-	-	(1 285)	-	-	-	(1 285)
Reclassification to profit or loss	-	-	-	(17 995)	-	17 995	-	-
	-	-	-	(19 280)	71 628	17 995	2 590	72 933
<i>Transactions with shareholders</i>								
Appropriation of the result of preceding year	-	-	-	-	-	(17 345)	17 345	-
Total movements	-	-	-	(19 280)	71 628	650	19 935	72 933
At 31 December 2019	250	-	55 638	162 180	(217 245)	435 342	2 590	438 755
Net result for the year	-	-	-	-	-	-	8 611	8 611
Exchange rate differences	-	-	-	-	(102 854)	-	-	(102 854)
Remeasurements	-	-	-	(7 186)	-	-	-	(7 186)
Reclassification to profit or loss	-	-	-	(10 003)	-	10 003	-	-
	-	-	-	(17 189)	(102 854)	10 003	8 611	(101 429)
<i>Transactions with shareholders</i>								
Appropriation of the result of preceding year	-	-	-	-	-	2 590	(2 590)	-
Total movements	-	-	-	(17 189)	(102 854)	12 593	6 021	(101 429)
At 31 December 2020	250	-	55 638	144 991	(320 099)	447 935	8 611	337 326

8. OTHER LIABILITIES

Other liabilities as at 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	31 December 2020	31 December 2019
Other liabilities	504	1 550
	504	1 550

<i>(in thousands of Euros)</i>	31 December 2020	31 December 2019
Other liabilities	14	59
	14	59

9. INTEREST INCOME RELATED PARTIES

The Company's interest income is presented by interest income received for loans granted to subsidiaries for 2020 in amount of UAH 6,745 thousand (EUR 219 thousand) (2019: UAH 8,885 thousand or EUR 307 thousand).

10. ROYALTY INCOME

The Company's royalty income is presented by a royalty income received for granting a non-exclusive license to use a trade and services mark to its subsidiaries for 2020 in amount UAH 22,331 thousand (EUR 725 thousand) (2019: UAH 28,854 thousand or EUR 997 thousand).

11. INCOME TAXES

The Company is subject to Dutch corporate income tax at 25% rate. The effective tax rate is nil for 2020 and 2019.

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are UAH 215 million (EUR 6.2 million) as of 31 December 2020 (2019: UAH 130 million or EUR 4.9 million). In 2020 nil of cumulative carried forward tax losses are used due to loss in 2020 (2019: UAH 26 million or EUR 0.9 million is used against 2019 profit). In 2020 no cumulative carried forward tax losses expired for utilization (2019: UAH 10 million or EUR 364 thousand). No deferred tax asset has been recognized due to insufficient future taxable income.

12. NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

The Company has no employees other than directors. Hence, it did not pay any wages and related social security contributions.

13. COMMITMENTS

As at 31 December 2020 and as at 31 December 2019 there were no pledged shares.

As at December 2020 the Company has guaranteed repayment of certain loan agreements incurred by Group subsidiaries in amount of UAH 7,264 million (EUR 209 million) (2019: UAH 8,152 million or EUR 309 million). Such loans are included as liabilities in the consolidated financial statements.



14. DIRECTORS

The Company is managed by the Board of Directors which consists of six members: three Executive Directors and three Non-Executive Directors. The composition of the Board of Directors is as follows:

Viktor Ivanchyk	Chief Executive Officer
Victor Gladky	Chief Financial Officer
Marc van Campen	Chief Corporate Officer
Howard Dahl	Chairman of the Board, Non-Executive Director
Gilles Mettetal	Vice Chairman of the Board, Non-Executive Director
Arslan Huseyin	Non-Executive Director

The total remuneration of executive and non-executive Board members is specified below:

	<i>(in thousands of Ukrainian hryvnias)</i>		<i>(in thousands of Euros)</i>	
	2020	2019	2020	2019
Remuneration of executive Board members				
Viktor Ivanchyk	11 123	10 185	361	352
Viktor Gladky	7 402	8 024	240	277
Marc van Campen	1 166	1 191	40	40
Total remuneration of executive Board members	19 691	19 400	641	669
Remuneration of non-executive Board members				
Howard Dahl	2 206	2 213	75	75
Gilles Mettetal	1 166	1 191	40	40
Arslan Huseyin	1 170	1 116	40	40
Total remuneration of non-executive Board members	4 542	4 520	155	155
Total remuneration of Board members	24 233	23 920	796	824

Remuneration of the Company's Directors for the year ended 31 December 2020 is UAH 24,233 thousand or EUR 796 thousand (2019: UAH 23,920 thousand or EUR 824 thousand). Mr. Arslan Huseyin was acting as Non-Executive Director from 17 May 2019. In 2020 no bonuses were accrued for Mr.Ivanchyk (2019: nil). Executive Directors who take part in a day-to-day operational activity of the Company, are entitled to a remuneration package consisting of an annual fixed and variable remuneration. Variable remuneration comprises long-term incentives based on share option plan. Expense on this plan relating to 2020 is insignificant for accrual. There were no bonuses paid for Mr.Ivanchyk and Mr. Gladky in 2019 and 2020.

The amount due from the Company's Directors as at 31 December 2020 is nil (31 December 2019 is nil).

15. AUDIT FEES

The following audit fees relate to the audit of 2020 and 2019 financial statements, regardless of whether the work was performed during the financial year.

2020	<i>(in thousands of Ukrainian hryvnias)</i>			<i>(in thousands of Euros)</i>		
	PWC - Ukraine	PWC - Netherlands	Total Networks	PWC - Ukraine	PWC - Netherlands	Total Networks
Audit of the financial statements	6 263	2 988	9 251	203	97	300
Other audit services	3 611	-	3 611	117	-	117
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	9 874	2 988	12 862	320	97	417

2019	<i>(in thousands of Ukrainian hryvnias)</i>			<i>(in thousands of Euros)</i>		
	PWC - Ukraine	PWC - Netherlands	Total Networks	PWC - Ukraine	PWC - Netherlands	Total Networks
Audit of the financial statements	5 664	2 677	8 341	196	93	289
Other audit services	3 545	-	3 545	122	-	122
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	9 209	2 677	11 886	318	93	411

Other audit services include fees related to the audit of standalone financial statements of Ukrainian subsidiaries.

16. EVENTS SUBSEQUENT TO THE REPORTING DATE

For events subsequent to the reporting date refer to note 24 of the consolidated financial statements.

7 April 2021

Amsterdam, the Netherlands

The Board of Directors

Mr. V.Ivanchyk (signed)

Mr. H.A. Dahl (signed)

Mr. V.Gladky (signed)

Mr. M.M.L.J. van Campen (signed)

Mr. G. Mettetal (signed)

Mr. H. Arslan (signed)



OTHER INFORMATION

Profit allocation and distribution in accordance with articles of association

The corporate Articles of Association lay down the following conditions regarding the appropriation of profit (summary):

Article 24

1. The profits shall be at the disposal of the General Meeting.
2. The Company can only make profit distributions to the extent its equity exceeds the paid and called up capital plus reserves which must be maintained pursuant to the law.
3. Dividend payments may be made only after adoption of the annual accounts which show that such payments are permitted. Dividends shall be payable immediately after they have been declared, unless the General Meeting should fix a different date when adopting the relevant resolution. Shareholders' claims vis-à-vis the Company in respect of the payment of a dividend shall lapse after a period of five years from the point at which they are made payable.
4. With due observance of the provisions of paragraph 2 and provided that the requirements of paragraph 2 are fulfilled as evidenced by the interim balance sheet as mentioned in article 2:105, paragraph 4 Dutch Civil Code (Burgerlijk Wetboek), the General Meeting may adopt a resolution to distribute an interim dividend or to make distributions from a reserve which need not be maintained by law.

Within eight days of the day the payment was announced, the Company must deposit such interim balance sheet with the Trade Register where the Company is registered. If the General Meeting adopts a resolution to that effect, distributions may be made otherwise than in cash.



Independent auditor's report

To: the general meeting and the board of directors of Astarta Holding N.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of Astarta Holding N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Astarta Holding N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Astarta Holding N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company profit and loss account for the year then ended;
- the notes to the company financial statements, comprising the summary of principal accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

PPF5SRP662D6-403225232-30

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Astarta Holding N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

Astarta Holding N.V. is a vertically integrated agro-industrial holding incorporated in Amsterdam, the Netherlands. The Group specializes in sugar production, crop growing, soybean processing and cattle farming. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2(i) of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment assessment of property, plant and equipment in the sugar segment and valuation of biological assets, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

Other areas of focus, that were not considered as key audit matters, were related to the impact of COVID-19, valuation of inventory and the use of the going concern assumption. In 2020, we continued to focus on the Group's ability to comply with financial covenants at the balance sheet date and over a period of the next twelve months after the date of the auditor's report as well as followed up on the past challenges of the Group to comply with the debt covenants. Due to the improved liquidity position in 2020 as well as partial renegotiation of covenant requirements with lenders by means of reset of certain ratios as of the balance sheet date and, in some instances, amendments to contractual terms going forward, this matter no longer constituted a key audit matter. In addition, lease accounting under IFRS 16 'Leases' was no longer considered a key audit matter in the current year, which is further explained in the section 'Key audit matters' of this report.



We considered the impact of the global COVID-19 pandemic on our audit approach, including our scoping, materiality and risk assessment. The global COVID-19 pandemic and related government restriction measures had limited impact on the financial performance of Astarta N.V. given the positive cash flows from operations. We also considered the risk of fraud inherent to increased remote working. In terms of the execution of our audit, we considered the impact of the travel and other restrictions on the review and supervision of our teams. Our teams worked remotely, supported by video meetings and PwC's digital tooling. We increased the frequency of communication between the teams and the board of directors. While maintaining compliance with local health regulations, we performed sufficient physical checks of inventory and documents.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of an agricultural company. We also included experts and specialists in the areas of information technology, tax and valuation in our team. We also involved subject matter experts in our assessment of fraud risk factors.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: UAH 129.2 million (EUR 4.2 million)

Audit scope

- We conducted audit work over nineteen components and covered all significant components of the Group
- Site visits were conducted in Ukraine
- Because of the centralised structure, the entire Group was audited by one engagement team
- Audit coverage: 98% of consolidated revenue, 93% of consolidated total assets and 93% of consolidated profit before tax.

Key audit matters

- Impairment of property, plant and equipment in the sugar segment
- Valuation of biological assets

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.



Overall group materiality	UAH 129.2 million (EUR 4.2 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of revenue.
Rationale for benchmark applied	<p>We used revenue as the primary benchmark, based on our analysis of the common information needs of users of the financial statements. Although the profit of the business is still considered as one of the key performance measures of the Group by management, at this stage revenue is the most objective benchmark taking into consideration the developments in the economic environment of the Group over the recent years as well as the cyclical nature of the agricultural industry. Revenue is the least affected by accounting estimates and is relatively stable.</p> <p>On this basis, we believe that revenue is an important metric for the financial performance of the Company.</p> <p>Profit before tax was not considered as an appropriate benchmark as it was highly volatile over the recent years considering turbulence of market prices for agricultural products which are also used as input for valuation of biological assets that impact the operating income. At the same time, operating and non-operating costs are not impacted to the same extent by the market sugar prices but are significantly affected by the impairment of property, plant and equipment as well as exchange rate fluctuations.</p>
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between UAH 32.3 million (EUR 1 million) and UAH 129.2 million (EUR 4.2 million).

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above UAH 12.9 million (EUR 0.42 million) (2019: UAH 12.98 million (EUR 0.45 million)) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Astarta Holding N.V. is the parent company of a group of entities operating primarily in Ukraine, Switzerland and Cyprus. The financial information of this group is included in the consolidated financial statements of Astarta Holding N.V., refer to the Note 2(c) to the consolidated financial statements for the detailed Group structure.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level.



The group audit includes seven components in Ukraine, Switzerland and Cyprus, which were subjected to audits of their complete financial information, as those components are individually financially significant to the Group. Additionally, we selected twelve components for specified audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

<i>Revenue</i>	98%
<i>Total assets</i>	93%
<i>Profit before tax</i>	93%

None of the remaining components represented more than 1% of total group revenue or 2.5% of total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatement within those components.

The Group's operating activities are primarily located in Ukraine. The Group accounting function is centralized in Kyiv and the Group is primarily managed as a single operating unit with multiple operating segments. The Group uses a centralized IT system for its business processes and final reporting, including consolidation. Therefore, all of the audit work was performed by the Group engagement team including the audit of the Group's consolidation and financial statements disclosures.

By performing the procedures above, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the consolidated financial statements.

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

We assess and respond to the risk of fraud and risk of non-compliance with laws and regulations in the context of our audit of the financial statements. In this context and with reference to the sections on responsibilities in this report, our objectives in relation to fraud are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, because of the characteristics of fraud, particularly those involving sophisticated and carefully organised schemes to conceal it, such as forgery, deliberate failure to record transactions and collusion, our audit might not detect instances of material fraud.



In respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the one-tier board of directors that consists of three executive directors and three non-executive directors who perform the oversight function. We refer to section 7 of the corporate governance report where the board of directors included their fraud risk assessment.

Our risk assessment

We obtained an understanding of the entity and its environment, including the entity's internal controls. We made enquiries of internal audit, the audit committee and the board of directors. In addition, we considered other external and internal information, e.g. publicly available media resources, report from the Group whistleblowing facility, etc. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Fraud risk factors are events or conditions, which indicate an incentive or pressure, an opportunity, or an attitude or rationalisation to commit fraud. Together with our subject matter experts we evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. Given the territories the Group operates in, we considered the risk of bribery and corruption taking into account the corruption perception index of the countries of operation and updated our understanding of the internal controls that the Group has in place to address and manage this risk. We additionally performed background checks on a sample of supplier relationships.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the Group. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as the financial reporting framework and tax.

Our response to the risks identified

We performed the following audit procedures to respond to the assessed risks:

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures, which include journal entry testing and evaluating accounting estimates for bias.

In particular, our procedures consisted of data analysis of high-risk journal entries, assessment of whistleblower hotline process, evaluation of key estimates and judgements made by Astarta Holding N.V. (including retrospective reviews of prior year's estimates against actual outcomes) and testing the classification and capitalization of expenses. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information. We also incorporated an element of unpredictability in our audit.



We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud.

With respect to the risk of fraud in revenue our audit procedures included, among others, an evaluation of the methodology and accounting policy used by the Group for determining the revenue, accompanied by inspection of selected revenue transactions to supporting evidence based on certain qualitative and quantitative criteria.

We refer to the key audit matters in the next paragraph of this report, which are all examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

In addition, we obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements. As to the other laws and regulations, we inquired with the board of directors and those in charge with governance as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

The following key audit matters reported in 2019 are not included in 2020:

- ‘Assumption used to calculate right of use assets and lease liabilities at initial recognition and upon subsequent measurement’ – the revised management approach to measurement of lease assets and liabilities applied to correct the errors resulting from an early adoption of IFRS 16 Leases in the Group’s 2018 EU-IFRS financial statements was assessed in prior year. Measurement of lease assets and liabilities at the initial adoption of the new standard required significant auditor attention in 2019.
- ‘Use of the going concern assumption’ – given the fact that the Group obtained all the requested waivers before 31 December 2020 and was compliant with financial covenants set by the lenders as at the balance sheet date, improved key financial performance indicators due to favourable developments in the economic and operational environment (including limited impact of COVID-19 measures), sufficient liquidity resources available as well as positive outlook for the next twelve months after the date of the auditor’s report.



On this basis as well as based on the knowledge of the client and related industry accumulated since prior year over the management's ability to plan and negotiate with the creditors, we concluded that the use of the going concern assumption requires less auditor's judgement as compared to prior year.

Key audit matter

Our audit work and observations

Impairment of property, plant and equipment in the sugar segment

Refer to Notes 2(i) and 4 to the consolidated financial statements for related disclosures

Over 2020 prices of sugar on the Ukrainian domestic market were increasing compared to a downward trend prevailing during several preceding years. However, the observed increase was not sufficient to bring the sugar segment to its full recovery during 2020. Therefore, significant risk in respect of impairment of property, plant and equipment in the sugar segment was defined in our audit plan at the inception of the audit. The sugar segment is historically the most susceptible for impairment given the market developments.

The Group performs an impairment assessment on an annual basis as required by IAS 36 Impairment of Assets. The assessment process is highly judgemental and is based on the assumptions that are affected by discount rate, selling prices, cost of production and other components of cash flow forecast.

The Group assessed the recoverable amount of property, plant and equipment using value in use based on expected discounted cash flows technique. These cash flows were based on the next year budget approved by the Group's Budget Committee, comprising of the CFO, CEO, COO, Commercial Director and Production Director of the Group and for the subsequent years on the extrapolated forecasts based on the consumer price index and sugar price forecasts of World Bank.

Taking into account the significant sensitivity of the property, plant and equipment balances in the sugar segment related to the change in key assumptions and significant management judgement involved, we considered this a key audit matter.

We evaluated the assumptions and methodologies used in the annual impairment test as prepared by the Company. Our audit procedures included back testing of the quality of budgeting process and assessment of management's ability to make a reliable estimation.

Further, we have challenged management on key assumptions applied to which the outcome of the impairment test is the most sensitive, i.e. the discount rates, selling prices and cost of production.

Primarily, we compared the assumptions to the ones included in the latest budget, internal forecasts and strategic management plans approved by the Budget Committee. Further, we compared these assumptions to historic performance of the Group, where considered relevant. We also corroborated these key assumptions by comparison to the global market data and recent local economic developments in the sugar segment.

We have made use of valuation experts as part of our audit to assist us in evaluating the methodology applied by the Group, discount rates used and whether those are in line with the general valuation standards and industry practices.

We verified the mathematical accuracy of the calculations, overall reasonableness of the outcome of the impairment test and the adequacy of the Group's disclosures in Note 4 to the consolidated financial statements.

We found the Group's estimates and judgements used in the impairment assessment to be supported by the available evidence and have not noted material exceptions.



Key audit matter

Our audit work and observations

Valuation of biological assets

Refer to Notes 2(i) and 6 to the consolidated financial statements for related disclosures

The Group measures biological assets (crops and livestock) at fair value less costs to sell in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. The Group has current biological assets, comprised of winter crops of UAH 621 million (EUR 18 million) and rapeseeds of UAH 124 million (EUR 3.5 million) as well as non-current biological assets, mainly consisting of cattle UAH 831 million (EUR 24 million).

The Group assesses the fair value less cost to sell of its biological assets based on the discounted cash flow technique. This valuation is significant to our audit because the assessment process is complex and judgmental.

The key assumptions used in the preparation of future cash flow (see Note 6 to the consolidated financial statements) are:

- expected yields;
- prices;
- discount rates.

Due to the absence of an active market it is based on unobservable data from its internal agricultural, sales and financial reporting experts who accumulate this information based on prior years' performance and publicly available resources, i.e. market analysts' forecasts and industry expert reports, therefore inherently susceptible to the risk of material misstatement.

Therefore, we consider valuation of biological assets to be a key audit matter.

Among other audit procedures, we performed an evaluation of the Group's accounting policy and methodology for valuation of biological assets. We verified that the valuation methods used are in accordance with IAS 41, IFRS 13 and consistent with international valuation standards and industry norms.

We assessed the competence, capabilities and experience of the preparers of the valuation, and verified their qualifications.

We challenged management's assumptions with reference to historical data (yields) and, where applicable, external benchmarks (prices) and market data noting the assumptions used fell within an acceptable range.

Further, we compared those key assumptions to the ones used in the next year budget approved by the Budget Committee; and historical performance, where considered relevant, and evaluated rationale for any change.

We involved our valuation experts to evaluate the reasonableness and appropriateness of the discount rates.

We reviewed a sensitivity analysis of the significant assumptions to evaluate their impact on and adequacy of disclosures made relating to the fair value less costs to sell of biological assets.

We verified the mathematical accuracy of the valuation model and the adequacy of the Group's disclosures in Note 6 to the consolidated financial statements.

No material misstatements or exceptions were noted as a result of our audit procedures.



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information (the 'Other information') that consists of:

- letter to shareholders;
- Astarta's history;
- Astarta's map of operations;
- value chain;
- key operational results;
- key financial results;
- selected financial data;
- report on operations;
- corporate governance report, including remuneration report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Astarta Holding N.V. following the passing of a resolution by the shareholders at the annual meeting held on 2 August 2019. Our appointment has been renewed by the shareholders.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.



Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in Note 15 to the company financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The non-executive directors that are part of the one-tier board of directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 8 April 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.G.J. Gerritsen RA

Astarta Holding N.V. - PPPFSRP662D6-403225232-30



Appendix to our auditor's report on the financial statements 2020 of Astarta Holding N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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



In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.