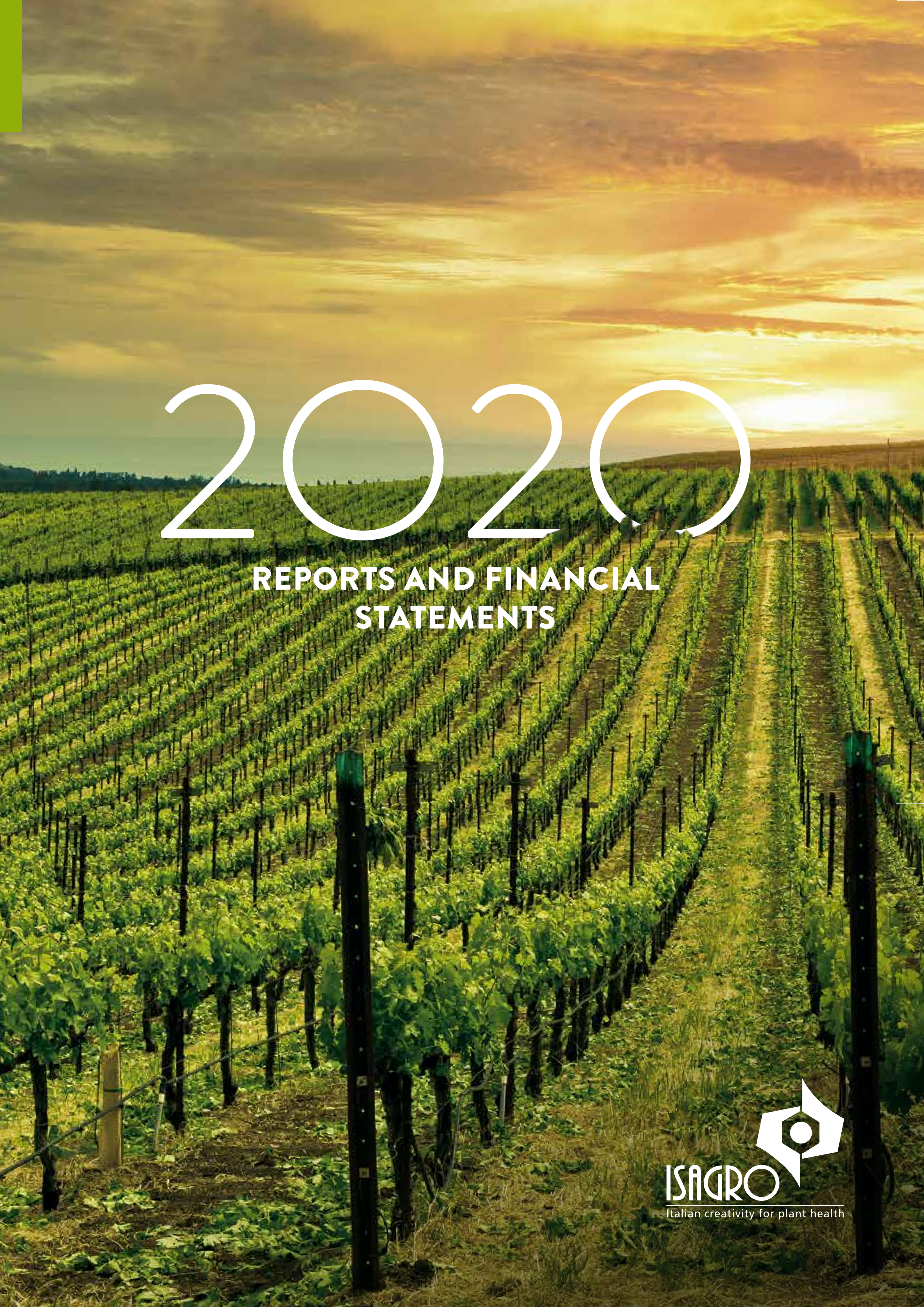

2020
REPORTS AND FINANCIAL STATEMENTS

ISAGRO
Italian creativity for plant health

REPORTS AND FINANCIAL STATEMENTS

2020

Isagro S.p.A.

A company directed and coordinated
by Holdisa S.r.l.

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GROUP STRUCTURE

December 2020

Direct distribution

Indirect distribution

100% ISAGRO **COLOMBIA**

100% ISAGRO **KENYA**

100% ISAGRO **ESPAÑA**

100% ISAGRO **ARGENTINA**

100% ISAGRO **SHANGHAI**

100% ISAGRO **BRAZIL**

100% ISAGRO **USA**

CUBA BRANCH

100% ISAGRO **VIETNAM**

ISAGRO

16.8%

of the Italian company Arterra Bioscience is owned by Isagro

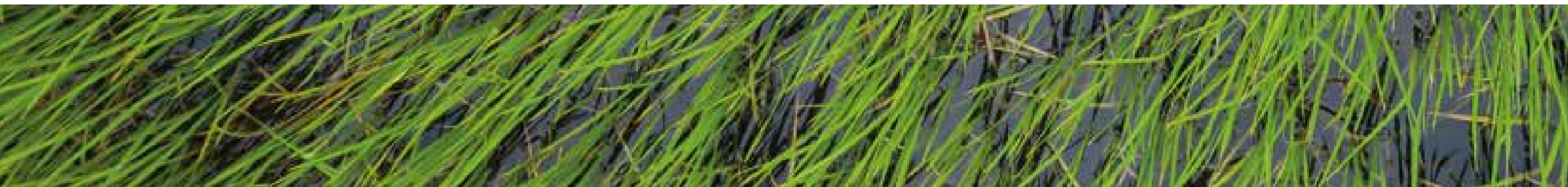
100%

of the Italian company Phoenix-Del is owned by Isagro

Isagro also operates in:

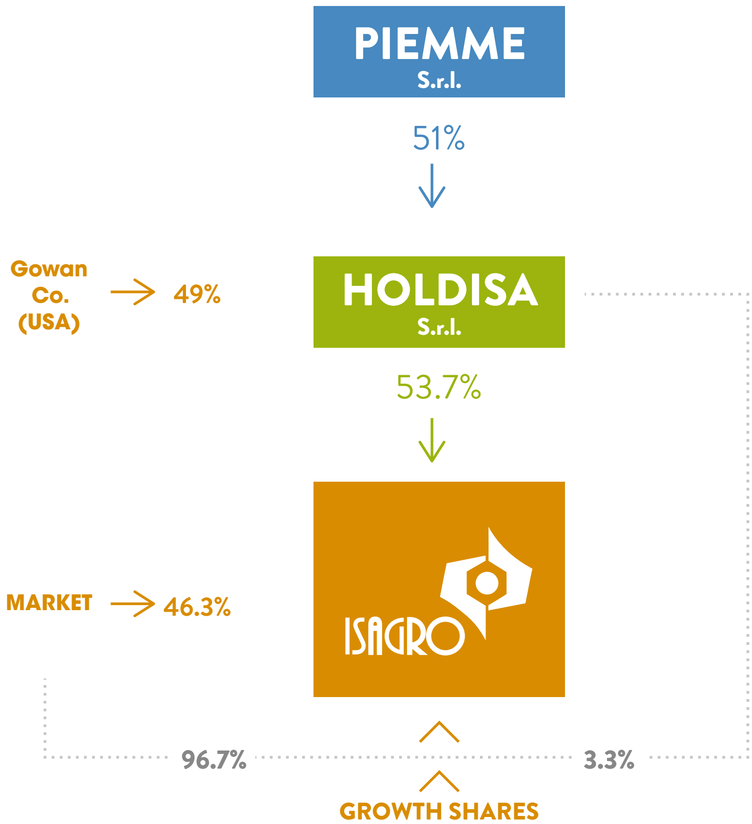
- **AUSTRALIA**
- **CHILE**
- **MEXICO**
- **SOUTH AFRICA**

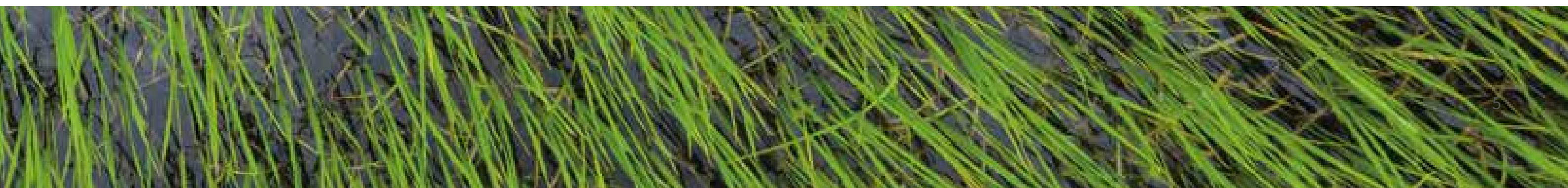
with locally registered companies



CONTROLLING STRUCTURE
OF ISAGRO S.p.A.

December 2020





BOARD OF DIRECTORS

Chairman and Chief Executive Officer

Giorgio Basile

Deputy Chair

Maurizio Basile

Directors

Riccardo Basile

Roberto Bonetti

Enrica Maria Ghia

Silvia Lazzeretti

Marcella Elvira Antonietta Logli

Giuseppe Persano Adorno

Erwin Paul Walter Rauhe

Angelo Zaccari

Margherita Zambon

BOARD OF STATUTORY AUDITORS

Chairman

Roberto Cassader

Statutory Auditors

Silvia Baroffio

Filippo Maria Cova

INDEPENDENT AUDITING FIRM

Deloitte & Touche S.p.A.

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2020 CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,
Starting in the second half of 2019 and throughout 2020, Isagro worked actively to implement its new business model, which is now operational if not yet fully complete, which calls for a specific focus on developing market positions and products/formulations relative to "Bio-Copper" (i.e. of organic/natural and copper origin, the latter falling in the category of inorganic chemicals), also through growth operations for external lines.
This redefinition of the business model:

- led to extraordinary operations which, on one hand, gave rise to valuable components and generated significant financial resources to support the Group's growth projects, through the sale of selected assets relative to organic chemistry and, on the other hand, saw the completion of the first Bio-Copper acquisition, relative to which the Group has the strategic intention and financial capacity to follow with others;
- was accompanied by the necessary measures of organizational and structural redefinition, in part already completed in 2020 and impart to be completed by the end of 2021, with "full year" effects to be seen in 2022.

The need to revise the business model was identified in the light of the experience had in recent years, which demonstrated Isagro's ability to invent new organic chemical products/molecules with excellent market potential but, at the same time, the Group's lack of an adequate "scale" to properly extract value from these inventions, in an external context that simultaneously was experiencing an increase in the cost/time necessary to develop new organic chemical products/molecules, accompanied by notable concentration in the industry of operators based on the discovery of these types of active ingredients. In this context, Isagro can more effectively create value for its stakeholders by concentrating its strategic development on the segment of products of biological origin (a growing market in which the average size of operators is much smaller than those in the organic chemical segment) and in the copper segment (an area in which Isagro already holds a solid market share, with a growth project already in progress), with the possibility to develop the existing portfolio of products and carry out selected acquisition transactions. Additionally, select organic chemical products will be kept in the portfolio identified with reference to integrated pest management and "cash cows".

Consistent with the redefinition of the business model as outlined above:

1. on December 27th, 2019 the sale of the then fully controlled Isagro (Asia) Agrochemicals Private Limited ("Isagro Asia") was completed, with around € 50 million obtained between the price paid at closing and the subsequent liquidation of the escrow fund between April and November 2020;
2. on October 2nd, 2020 the molecule Fluindapyr was sold to the North American company FMC Corporation, for € 55 million (against a book value for Isagro of around € 25 million at September 30th, 2020);
3. on October 14th, 2020 Phoenix-Del S.r.l. Was fully acquired, for a price at closing of € 3.1 million. The company works in the copper-based products segment with average annual turnover of around € 5 million, and is expected to provide significant industrial and commercial synergies in coming years.

In October, the above led to a notable change in Isagro's financial structure, with its Net Financial Position at December 31st,2020 positive at € 21.4 million (a figure already recognized net of € 4.2 million associated with accounting standard IFRS 16). Together with the Group's debt capacity for working capital, this figure represents a solid foundation for the growth process planned for Isagro. Additionally, the above operations further demonstrated that the book values identified for Isagro's assets, especially those for intellectual property, recognized at cost, significantly underestimate their real market value.

The Consolidated Financial Statements for your Group at December 31st, 2020 show, in the Income Statement, **Revenues** of € 110.3 million, compared to € 105.4 million in 2019, **Gross Operating Profit** ("**EBITDA**") of € 34.1 million (of which € 30.3 million linked to capital gains achieved with the sale of the Fluindapyr molecule in October 2020) compared to the negative € 2.6 million in 2019 and **Net profit (EBIT)** of € 16.2 million, compared to the loss of € 13.9 million recorded in 2019 (the latter equal to € -15.1 after excluding the net profit from the Discontinued Operations of just over € 1.1 million deriving from the sale of Isagro Asia on December 27th, 2019).

From an equity point of view, at December 31st, 2020, your Group has a **Net Financial Position** that is positive at € 21.4 million (compared to the Net Financial Position of € -34.4 million at December 31st, 2019), shown net of € 4.2 million due to application of accounting standard IFRS 16 - *Leases*, and a **debt/equity ratio** of -0.20. Excluding the component deriving from application of IFRS 16, the Net Financial Position at December 31st, 2020 is still positive at € 25.6 million, representing a **debt/equity ratio** of -0.24.
As already noted, this Net Financial Position is mainly due to the contribution provided by the sum paid for the molecule Fluindapyr in October 2020 and includes medium-term financing maturing after 12 months in the amount of € 4.1 million (compared to € 31.0 million at December 31st, 2019). **Own funds** total € 105.9 million, compared to € 91.0 million at December 31st, 2019, with the increase mainly due to combined effects of the change in EBITDA and the change in the translation reserve.

With reference to cash flows, your Group generated in 2020, excluding the effect of IFRS 16, a positive free cash flow of € 55.5 million, represented:
- € 51.9 million in net Consolidated Financial cash flows deriving (i) from the sale of the molecule Fluindapyr, for the price of € 55.0 million on October 2nd, 2020 and (ii) the acquisition of the company Phoenix-Del S.r.l. for the price of € 3.1 million on October 14th, 2020;
- € 3.6 million from cash flows deriving from the receipt of the escrow fund relative to the December 27th, 2019 sale of Isagro Asia;
- € 2.7 million from cash flows deriving from the decrease in net working capital;
- € -2.7 million from operating cash flow during the year.

The agrochemicals market saw only limited impacts from the Covid-19 pandemic which impacted the entirety of 2020, demonstrating its strong resilience. In fact, Kynetec, the global market research leader for the sector in which Isagro operates, estimates global market growth of around 1.5% at the manufacturer level. In terms of the main geographic areas in which Isagro operates, the 2020 market featured:
- in <u>Europe</u>, where the agricultural chain was not heavily affected by Covid-19, advances on purchases/demand for agrochemical to prevent procurement problems linked to production and logistics (concentrated in the first part of 2020), favorable weather conditions in Southern Europe and drought in Central and Northern Europe, with continued strengthening of the regulatory framework which led to an additional reduction in available active ingredients and led the market to look for new options in the *biosolutions* area;
- in <u>North America</u>, where the impact of Covid-19 on the supply chain was similar to Europe, notable recovery with respect to the 2019 season (concentrated in the first part of the year), thanks to favorable weather conditions which, after the heavy floods of 2019, made a positive contribution to growth in the fungicide sector, in particular. Additionally, subsidies from the US government combined with recovery in agricultural production improved profitability for local agricultural business with a positive impact on consumption of agrochemicals;
- in <u>South America</u>, heavy growth in demand led by an increase in cultivated land and significant pressure from disease, above all for corn and soy. The use of strategies aimed at reducing resistance to fungal diseases supported development of copper-based products throughout South America, with a trend showing continued growth. The pandemic had a limited impact on the continent but growth in demand for agrochemicals was partially compromised by depreciation of the local currencies. Sindiveg, the Brazilian association for agrochemical producers, reports growth in the Brazilian market of around 7% in terms of volumes and around 10% in terms of value in the local currency but a decrease in market value in US dollars of around 10%, given that price increases and changes in sales conditions were not sufficient to offset the effects of the significant depreciation of the Brazilian real with respect to the US dollar.

Revenues from agrochemicals and services, totaling € 110.3 million in 2020, rose by € 4.9 million with respect to 2019 (or by € 8 million if not considering the revenues from the M/L Agreements of 2019, which amounted to € 3.1 million) (+5%) with growth in all the main geographic areas with the exceptions of Central Europe, which was affected by regulatory problems which involved Tetraconazole-based compounds (due to the phase-out of the co-formulant *Chlorothalonil* at the beginning of 2020 and *Thiophanate-methyl* at the end of 2020) and Southeast Asia due to a change in the timing of merchandise delivery at the end of the year. The largest growth was seen in the Americas (above all in the United States and Brazil), as well as in the Middle East and Africa, led by the copper-based products market (above all the "Airone" range), in addition to Deltamethrin-based formulations and biostimulants. Note that in the United States a notable contribution to growth was provided by the customer Gowan USA (one of the Group's main customers and a related party), both for copper-based compounds, in part due to the postponing of end of 2019 orders to 2020, and for Tetraconazole-based compounds. In general terms, the increase in sales of copper-based products reflects the positive effect of the new registrations obtained globally in 2019. These new registrations made it possible to launch new copper-based formulations as well as scaling-up formulations launched in 2019, confirming the solidity of the development of *Bio-Copper* products/formulations and helping to offset, combined with greater sales of straight Tetraconazole-based products, the effects of the phase-out of compounds with the latter and *Chlorothalonil* and *Thiophanate-methyl* in 2020.

Finally, with reference to the Covid-19 pandemic, note that during the 12 months of 2020, the impact on the agrochemical market was limited and, also in coming financial years, the effects of the pandemic are not currently expected to have a significant impact on the Group, in contrast to that hypothesized in the initial months of the pandemic, when the information available was less complete than it is now.

EVOLUTION OF THE CROP PROTECTION PRODUCTS MARKET

Based on sector reports published by Kynetec, as stated the agrochemicals market has show notable resilience with respect to the Covid-19 pandemic that affected the entirety of 2020. In fact, the agriculture sector continued to be viewed as strategic and, consequently, most countries in the world excluded activities in this sector from the lockdown restrictions applied to other sectors.

Kynetec estimates global market growth at the manufacturer level of around 1.5%. The growth was well-distributed among the various geographic areas/segments (in particular in the fungicide segment, in which Isagro holds a significant position) and was mainly guided by (i) favorable weather conditions, after an especially negative 2019 in markets with intensive agriculture (United States, Canada and Australia), (ii) growth in land cultivated in Brazil, (iii) high disease pressure in many geographic areas, (iv) a favorable monsoon season in Asia, (v) the launch of a good number of high value added products and (vi) the measures to support agriculture adopted by governments throughout the world. The positive contribution made by the above factors was partially offset by the depreciation of local currencies in important markets, for example Brazil, and by a general strengthening of the Euro with respect to other currencies, with a negative impact on the value of the global agrochemical market, despite the growth registered in volumes and prices. Additionally, the Covid-19 pandemic created certain problems in the international distribution of goods, while also leading to advance orders for agrochemicals from national distributors with the aim of preventing possible stock issues due to predicted productive and/or logistics problems, which drove down the value of agricultural commodities (this latter aspect mainly concentrated in the first half of 2020). Fears about procurement problems were overcome in the second half of 2020, leading to constant and continuous recovery in the value of agricultural commodities and incentivising farmers to increase spending on agrochemical products.

With regard to the performance of specific markets, and again with reference to information provided by Kynetec, we note the following:

- **In Europe**, **the Middle East and Africa**, the agricultural supply chain saw little impact from Covid-19, ensuring a positive agrochemical sales season. In particular:
  - In **Europe**, the season saw advance purchases/demand for agrochemicals to prevent procurement problems linked to production and logistics (which, as noted, was concentrated in the first half of 2020). Northern and Central Europe, including the main markets of France and Germany, has a dry spring which limited the use of fungicides, Isagro's main sector, while in Southern Europe the moderate weather with sufficient rainfall supported consumption. The Covid-19 pandemic increased demand for "healthy" food and for integrated or organic food, providing a boost for Isagro's Biosolutions offerings. The regulatory climate in Europe, inspired by a restrictive interpretation of the principle of precaution, led to a further reduction in available active ingredients, which pushed the market to search for new options in the Biosolutions sector. In this context, Kynetec estimates market growth in agrochemicals in Europe of just under 1%, with a total value of around 13 billion dollars at the manufacturer level.
  - In **Africa and the Middle East**, the market saw limited impacts from the Covid-19 pandemic and featured good weather conditions which supported consumption of fungicides, above all in high value cultivation. In Turkey and the Middle East this positive effect was partially offset by depreciation in local currencies, which limited the spending capacity of farmers. The countries in these regions, which export heavily to Europe, are also subject to the same

regulatory restrictions in terms of the chemicals which can be used, and saw the same search for alternative solutions in the Biosolutions segment. Kynetec estimates that the agrochemicals market in Africa and the Middle East grew by around 1%, amounting to 2.2 billion at the manufacturer level.

- In **North America** the market saw a strong recovery with respect to the previous season (especially during the first part of the year), thanks to favorable weather conditions which, after the heavy floods of 2019, made a positive contribution to growth in the fungicide and herbicide segments.
  During the second half of the year prices of agricultural commodities rose, while the request for agrochemicals for certain crops fell with respect to the first part of the year (e.g. Cotton), due to (a) adverse weather conditions in the southern regions, (b) a delay in planting and (c) in the case of cotton, a drop in the demand for the fiber caused by the pandemic.
  In this framework and considering the entirety of 2020, subsidies from the US government combined with recovery in agricultural production improved profitability for local agricultural business with a positive impact on consumption of agrochemicals. Canada saw market trends similar to those in the United States, with a recovery in the agrochemicals market in historic levels due to more favorable weather trends. Kynetec estimates that the agrochemicals market in North America grew by around 3%, amounting to 9.5 billion dollars at the manufacturer level.
- In **South America**, the market saw heavy growth in demand led by an increase in cultivated land and significant pressure from disease, above all for corn and soy. In Brazil, unfavorable weather conditions with constant rain delayed initial planting during the second half and reduced expectations for returns on harvests. This led to a significant increase in the prices of agricultural commodities, which had already become attractive locally due to the depreciation of the real vs. the US dollar (around 18%), pushing farmers to increase their purchases of agrochemicals to protect and increase the quality/yield of their crops. An increase in demand for more innovative and higher added value agrochemicals was seen, as well as an increase in planting of corn and soy. Sindiveg, the national association of agrochemical manufacturers reported growth of around 7% in the Brazilian market in terms of volumes and of around 10% in terms of value in the local currency. However, the significant depreciation of the real relative to the US dollar led to a decrease in the market value in US dollars of around 10%, as the increase in price and changes in sales conditions were insufficient to offset the effects of the depreciation. In Argentina, the season was initially dry and then rainy, supporting consumption of fungicides. As in Brazil, the high value of the commodities, in part supported by depreciation of the local currency with respect to the US dollar, led to increased demand for agrochemicals. The use of strategies aimed at reducing resistance to fungal diseases supported development of copper-based products throughout South America, with a trend showing continued growth. The pandemic had a limited impact on the continent but growth in demand for agrochemicals was partially compromised by depreciation of the local currencies. This led to overall growth in the market of around 1.3% of its value in dollars, according to Kynetec.
- in **Asia**, the market trend was positive, although partially affected by negative impacts due to depreciation of the local currencies, supported (i) by the recovery of the Australian market after a dry season, (ii) a favorable monsoon season in India, (iii) the resilience of the agricultural supply chain in China after the pandemic and (iv) good weather conditions in Southeast Asia. In particular:
  - in **India**, support for agricultural from the authorities made it possible to limit negative impacts from Covid-19. Additionally, a satisfactory monsoon season supported the use of agrochemicals and crop yields;
  - in **China,** the market grew despite the pandemic and the flooding during the first half of the year. Disease pressure was significant during the season and cultivated land grew by around 700,000 hectares after 2 years of decline. Yields from industrial crops increased by 1% as a result of investments made in agriculture.

INCOME STATEMENT – SUMMARY DATA

Consolidated **revenues** in 2020 amounted to € 110.3 million, up by € 4.9 million compared to € 105.4 million in 2019 (+5%). This positive change is attributable to the combined effect of:

- greater Revenues from sales of Agrochemicals and Services for € 8.0 million (+8%), of which € 7.2 million relative to agrochemicals and € 0.8 million relative to services;
- an absence of Revenues from M/L Agreements (equal to € 3.1 million in 2019).

With reference to the change in Revenues from sales of Agrochemicals with respect to 2019, the higher level of turnover in 2020, as stated totaling € 7.2 million, is due to greater sales outside of Italy, mainly in the Americas and in the Middle East and Africa, especially in the bio-copper products segment, and to a lesser extent to sales of the insecticide Deltamethrin. These sales results were achieved in the context of the global Covid-19 health emergency, which is still under way. One problem involved transport of goods, due to problems associated with access to certain EU countries which had closed their borders (partially resolved by anticipating some second half deliveries in the first half) and to the availability of logistics services (partially mitigated by identifying new transport companies). Additionally, your Group did not see any special pressure in its particular product/customer segments in terms of lower sales. Instead, as noted, these actually grew with respect to the previous year.

With regard to the breakdown of revenues of only Agrochemical Products by geographic area, we can note that in 2020:

- sales in Italy accounted for approximately 15% of turnover (compared to 19% in 2019), for a total of € 16.1 million (down by € 2.8 million compared to 2019);
- sales in other European countries accounted for approximately 40% of turnover (compared to 46% in 2019), for a total of € 42.9 million (down by € 2.6 million compared to 2019);
- sales in the Americas accounted for approximately 28% of turnover (compared to 20% in 2019), for a total of € 29.5 million (up by € 9.4 million compared to 2019);
- sales in Asia accounted for approximately 6% of turnover (compared to 7% in 2019), for a total of € 6.7 million (down by € 0.6 million compared to 2019);
- sales in the Rest of the World accounted for approximately 11% of turnover (compared to 8% in 2018), for a total of € 11.3 million (up by € 3.2 million compared to 2019).

Recall that as of January 1st, 2018, following first time application of accounting standard IFRS 9 - Financial Instruments, Revenues include earnings and losses arising from hedging against exchange risk (domestic currency swaps) on sales in currency other than the Euro. It should also be recalled that, as explained in more detail below, Isagro's policy and procedures provide for the Company hedging the exchange rate risk (and in particular the risk associated with the US dollar) of the Parent Company Isagro S.p.A. prospective net exposure of the year freezing its exchange rate at the figure in the annual budget.

In relative terms, therefore, Isagro continues to be a strongly foreign-oriented group, with the percentage of agrochemical turnover during the period achieved outside Italy amounting to approximately 85%, up compared to the 81% in 2019.

(€ 000)	FY 2020		Change	FY 2019	
Italy	16,113	15.1%	*-14.7%*	18,880	19.0%
Rest of Europe	42,852	40.2%	*-5.9%*	45,522	45.8%
Americas	29,557	27.8%	*+46.9%*	20,122	20.3%
Asia	6,728	6.3%	*-7.3%*	7,261	7.3%
Rest of the World	11,307	10.6%	*+38.8%*	8,147	8.2%
Losses on DCSs	(58)	-0.1%	*-90.8%*	(630)	-0.6%
Agrochemicals subtotal	**106,499**	**100.0%**	***+7.2%***	**99,302**	**100.0%**
Other products and services	3,828		*-36.9%*	6,067	
Consolidated Revenues	**110,327**		***+4.7%***	**105,369**	

Table 1: Consolidated Revenues by Geographical Area

During 2020, the Isagro Group carried on its Research, Innovation & Development activity in line with the new business model, incurring total costs of € 7.9 million (compared to € 13.5 million in 2019) of which € 3.2 million capitalized (compared to capitalization of € 5.3 million in 2019), attributable to (a) the extraordinary defense of proprietary products, (b) development of new products/ formulations, (c) new registrations on a global basis and (d) completion of the development of the proprietary molecule Fluindapyr (an "SDHi"-class broad-spectrum fungicide), which as noted above, was sold to *FMC Corporation* on October 2nd, 2020. The 2020 Income Statement, therefore, saw € 3.4 million less in Research, Innovation & Development costs with respect to 2019.

(€ 000)	FY 2020	FY 2019	DIFFERENCES	
Revenues	**110,327**	**105,369**	**+4,958**	***+4.7%***
of which: from M/L Agreements*	***-***	***3,117***	***-3,117***	
Memo: Labor costs and provisions for bonuses	(22,597)	(25,735)	+3,138	
EBITDA before non-recurring income	**3,769**	**(2,618)**	**+6,387**	**NS**
% of Revenues	*3.4%*	*-2.5%*		
Non-recurring income*	30,331	-	+30,331	
EBITDA	**34,100**	**(2,618)**	**+36,718**	**N/S**
% of Revenues	*30.9%*	*-2.5%*		
Depreciation and amortization:				
- tangible assets	(2,430)	(2,622)	+192	
- intangible assets	(5,911)	(6,552)	+641	
- rights of use IFRS 16	(793)	(910)	+117	
- write-down of tangible and intangible assets	(1,044)	(1,034)	-10	
EBIT	**23,922**	**(13,736)**	**+37,658**	**N/S**
% of Revenues	*21.7%*	*-13.0%*		
Interest, fees and financial discounts	(990)	632	-1,622	
Losses on foreign exchange and derivatives	(716)	(569)	-147	
Revaluations of equity investments	-	191	-191	
Profit/(Loss) before taxes	**22,216**	**(13,482)**	**+35,698**	**N/S**
Current and deferred taxes	(6,267)	(1,568)	-4,699	
Profit of the Group from Continuing Operations	**15,949**	**(15,050)**	**+30,999**	**N/S**
Net profit/(loss) from Discontinued Operations	202	1,143	-941	
Net profit/(loss)	**16,151**	**(13,907)**	**+30,058**	**N/S**

Table 2: Consolidated Income Statement - Summary Data

**These figures contribute for the same amount to EBITDA, EBIT and Profit/(Loss) before taxes*

EBITDA before non-recurring income generated in 2020 came to € 3.8 million, up by € 6.4 million with respect to the negative value of € 2.6 million in 2019, with margins on Revenues consequently increasing from -2.5$ to 3.4%.
The increase in EBITDA with respect to 2019 was made possible by:

- greater sales margins on Agrochemicals and services for € 5.1 million, as a direct consequence of greater sales during the year and the release of a good portion of "inventory profit" deriving from the previous year;
- lower labor costs (salaries, wages, contributions, tax and associated fixed costs) of € 3.1 million, due to the 14 person reduction in staff at December 31st, 2020 with respect to the December 31st, 2019 at the Group level and, especially, with reference to the Parent Company Isagro S.p.A., with reference to both office personnel and to RID activities recognized in the Income Statement, as well as lower fixed costs for personnel (travel, cafeteria, etc.), in part due to the smart working methods established during the lockdown which continued, albeit partially, throughout the year.
- other improvements in operations for € 1.3 million, deriving from lower RID expenses recognized in the Income Statement, excluding labor costs, lower provisioning and lower fixed operating costs, again linked to RID.

which together more than counterbalanced:

- lower margins relative to Revenues from M/L Agreements for € 3.1 million (present in 2019 but absent in 2020).

Total **EBITDA** generated in 2020, including non-recurring items, came to € 34.1 million, an increase of € 36.7 million with respect to the negative € 2.6 million of 2019, due to the capital gains realized through the sale of the molecule Fluindapyr on October 2nd, 2020, as noted above.

Depreciation, amortization and impairment for the year amounted to € 10.2 million, down by € 0.9 million compared to € 11.1 million recorded at December 31st, 2019. This decrease can mainly be linked to (i) € 0.6 million for lower amortization of intangibles linked to capitalized RID projects, (ii) € 0.2 million for lower depreciation of property, plant and equipment and (iii) € 0.1 million for a decrease in the amount of depreciation of rights of use relative to the application of accounting standard IFRS 16 - *Leases*. Write-downs on assets, totaling € 1 million, was in line with the previous year and mainly represents the write-down on a basic Fluindapyr registration not sold to FMC, as well as write-downs carried out on certain organic chemical patents deemed no longer strategic for Isagro.

As a reflection of the items commented on above, your Group closed 2020 with **Operating profits** ("**EBIT**") of € 23.9 million, up by € 37.6 million with respect to the negative € 13.7 million recorded in 2019.

At financial operations level, in 2020 your Group recorded **Net financial charges** for a total € 1.7 million compared to the Net financial income of € 0.3 million in 2019, as a combined effect of:

- **Interest, fees and financial discounts** are negative at € 1.0 million in 2020, compared to a positive figure of € 0.6 million in 2019. Recall that the positive figure in 2019 included the € 2.1 million fair value assigned to the shares of Arterra Bioscience S.p.A. when they were listed on the AIM market in October 2019, entirely absent in 2020; combined financial charges and fees net of financial income excluding the previous item instead went from € 1.5 million in 2019 to the already stated amount of around € 1.0 million in 2020. The decrease in charges of € 0.5 million is mainly attributable to lower interest payable on amounts due to banks as a consequence of decrease debt exposure relative to the same with respect to 2019;
- **Losses on foreign exchange and derivatives** comes to € 0.7 million in 2020, compared to the loss of € 0.6 million in 2019, mainly linked to the Parent Company Isagro S.p.A. and due to (i) the depreciation of the US dollar and Brazilian real currencies, partially mitigated by hedges established by Isagro S.p.A. And (ii) the effect of depreciation of the Indian rupee (the currency used for the escrow fund of the Isagro Asia sale, partially collected during 2020). To that end, note that hedging led to a net gain of € 2.1 million, covering most of the negative changes generated by operations totaling around € 2.8 million. Recall that Isagro makes use of hedging tools solely with regards to operations, without any speculative aims;
- **Revaluations of equity investments** amounted to zero in 2020, compared to a positive € 0.2 million in 2019, with the change entirely associated with Arterra Bioscience S.p.A.

As stated above, the Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars. Consequently, the Parent Company Isagro S.p.A., in compliance with its "Financial Risk Management Policy" designed to "make safe" the exchange rate of the budget, arranges USD exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in US Dollars as the reference basis. With regard to the hedging transactions carried out by the Group, it should also be noted that these refer exclusively to operational transactions and are not in any way speculative.

Consolidated **Profit before taxes** was positive at € 22.2 million, up by € 35.7 million with respect to the loss of € 13.5 million seen in 2019.

At the level of fiscal management, **Current and deferred taxes** at December 31st, 2020 were € 6.3 million, up by € 4.7 million compared to the figure of € 1.6 million at December 31st, 2019, reflecting greater profit during the year. Note that the Parent Company Isagro S.p.A. Made use of all the deferred tax assets allocated for previous tax losses, totaling € 3.5 million, relative to taxable income which was higher than in 2019 due to the capital gains realized through the sale of the molecule Fluindapyr. Also recall that at December 31st, 2020 the Parent Company Isagro S.p.A. Has previous tax losses totaling around € 21.8 million, as well as the portion subject to "fiscal redemption" approved by the Isagro S.p.A. Board of Directors on March 16th, 2021 and equal to around € 2.0 million.

Net results from Discontinued Operations come to € 0.2 million and represent a contingent asset deriving from the excess amount of the provision allocated in 2020 for escrow fund established on December 27th, 2019 with GSBC India for price adjustments in the sale of Isagro Asia, after amounts were collected during that year net of certain consulting costs associated with the sale of Isagro Asia, but recognized for accounting purposes in 2020. The positive value of just over € 1.1 million in 2019 represented the net profit deriving from the sale of the former subsidiary Isagro Asia.

As a consequence of what is explained above, your Group ended 2020 with a **Net Profit** of € 16.2 million, up by € 30.1 million with respect to the loss of € 13.9 million in 2019.

BALANCE SHEET – SUMMARY DATA

From a financial point of view, consolidated **Net Invested Capital** at December 31st, 2020 amounted to € 84.5 million, down by € 40.9 million compared to € 125.4 million at December 31st, 2019.

Net fixed assets at December 31st, 2020 amounted to € 49.6 million, showing a significant decrease of € 32.3 million compared to the € 81.9 million of December 31st, 2019.

These increases are mainly due to the changes that took place in the items relating to:

- **Other intangible assets**, totaling € 21.1 million at December 31st, 2020, down sharply by € 26.3 million with respect to December 31st, 2019, mainly due to the combined effects of (i) the sale of the molecule Fluindapyr which had a book value of € 25.2 million, (ii) capitalized RID costs which were lower than amortization for the year and (iii) the completion of the Purchase Price Allocation process for Phoenix-Del S.r.l., which identified the Registrations item as the Primary Income Generating Asset (PIGA) for a value of € 1.6 million;

- **Other medium/long-term assets and liabilities**, amounting to a total of € 2.0 million at December 31st, 2020, down by € 5.2 million with respect to December 31st, 2019, substantially due to (i) dynamics in the reallocation of installments pursuant to M/L agreements due in the next 12 months to short-term assets and (ii) the use of deferred tax assets allocated for tax losses from previous years by the Parent Company Isagro for € 3.5 million;
- **Financial assets**, totaling € 3.1 million at December 31st, 2020, down by € 1.0 million with respect to December 31st, 2019, reflecting the measurement of the equity investments held in Arterra Bioscience S.p.A. by Isagro. Recall that as of October 28th, 2019, this item includes the stock market fair value of the equity investment totaling 16.8% of the Ordinary Shares of Arterra Bioscience, after these were listed on the AIM market managed by Borsa Italiana S.p.A. on the same date. For more information, please see the information in the Notes on the Consolidated Financial Statements at December 31st, 2019;
- **Tangible assets**, amounting to € 15.2 million as at December 31st, 2020, down by € 0.4 million compared to December 31st, 2019, due to reduced investments for the year net of relative depreciation;
- **IFRS 16 rights of use**, totaling € 4.1 million at December 31st, 2020, down by € 0.3 million with respect to December 31st, 2019;
- **Goodwill**, totaling € 4.2 million at December 31st, up by € 1.0 million with respect to December 31st, 2019, mainly due to completion of the Purchase Price Allocation process for Phoenix-Del S.r.l. which identified Goodwill as a residual item, assigning a value of € 1.2 million.

(€ 000)	Dec. 31st, 2020	Dec. 31st, 2019	Differences	
Net fixed assets	**49,622**	**81,945**	**-32,323**	**-39.4%**
of which:				
Goodwill and Other intangible assets	*25,244*	*50,535*	*-25,291*	
Tangible assets	*15,157*	*15,585*	*-428*	
Rights of use IFRS 16	*4,091*	*4,421*	*-330*	
Financial assets	*3,140*	*4,176*	*-1,036*	
Other m/l-term assets and liabilities	*1,990*	*7,228*	*-5,238*	
Net working capital	**39,218**	**41,937**	**-2,719**	**-6.5%**
of which:				
Inventories	*39,553*	*40,853*	*-1,300*	
Trade payables	*(24,206)*	*(26,143)*	*+1,937*	
Trade receivables	*23,871*	*27,227*	*-3,356*	
Other current assets and liabilities and current provisions	**(2,759)**	**3,409**	**-6,168**	**N/S**
Severance Indemnity Fund (SIF)	**(1,546)**	**(1,877)**	**+331**	**-17.6%**
Net invested capital	**84,535**	**125,414**	**-40,879**	**-32.6%**
Financial assets and liabilities held for sale	**-**	**-**	**-**	
Total	**84,535**	**125,414**	**-40,879**	**-32.6%**
Financed by:				
Equity	**105,912**	**91,020**	**+14,892**	**+16.4%**
Net Financial Position	**(21,377)**	**34,394**	**-55,771**	**N/S**
of which:				
M/L-term debts:	*4,111*	*30,984*	*-26,873*	*-86.7%*
Financial liabilities – IFRS 16	*4,242*	*4,522*	*-280*	
Debt/Equity Ratio	***(0.20)***	***0.38***		
Total	**84,535**	**125,414**	**-40,879**	**-32.6%**

Table 3: Consolidated Balance Sheet - Summary Data

Net working capital at December 31st, 2020 amounted to € 39.2 million, down by € 2.7 million compared to December 31st, 2019.
More specifically:

- **Inventories** at December 31st, 2020 decreased by € 1.3 million with respect to December 31st, 2019, mainly due to an increase in sales by Isagro Brasil, Isagro España and Isagro USA during the year, leading to consumption of the stock present at the end of 2019, as well as inventory write-downs by the US subsidiary totaling € 0.5 million;
- **Trade payables** at December 31st, 2020 decreased by € 1.9 million with respect to December 31st, 2019, mainly due to the cited decline in inventories, as well as due to a different schedule with respect to 2019 for the purchase/payment cycle;
- **Trade receivables** at December 31st, 2020 fell by € 3.3 million with respect to December 31st, 2019, with the change mainly attributable to the Parent Company Isagro S.p.A. as a result of both the effect of lower sales in the fourth quarter of 2020 with respect to the same period the previous year and the reallocation of the current portions of residual receivables relative to M/L Agreements, as well as greater cut-offs in December 2020 with respect to December 2019.

Other current assets and liabilities for the year at December 31st, 2020 amounted to € -0.6 million, down by € 5.8 million with respect to the € 5.2 million at December 31st, 2019, mainly due to the collection during the year of € 3.6 million associated with the escrow fund for the sale of Isagro Asia. **Current provisions** instead totaled € 2.2 million at December 31st, 2020, compared to the amount of € 1.8 million recorded on December 31st, 2019. Consequently, Other current assets and liabilities and Current provisions went from € 3.4 million at December 31st, 2019 to € -2.8 million at December 31st, 2020.
As far as the **Severance Indemnity Fund** is concerned, it was € 1.5 million at December 31st, 2020, down by € 0.4 million compared to the figure of € 1.9 million at December 31st, 2019. The decrease is consistent with the reduction in personnel during the reporting period. For further information, please see the section "Human Resources".
In terms of funding sources, consolidated **Own funds** at December 31st, 2020 totaled € 105.9 million, up by € 14.9 million with respect to the € 91.0 million recorded at December 31st, 2019, mainly due to the effect of (i) the changes in the net profit (loss) for the year, (ii) the decrease in the translation reserve mainly relative to the items of Isagro Colombia and Isagro Brasil, and (iii) the reduction in reserves relative to the Fair Value Through Other Comprehensive Income (FVTOCI) measurement of the shares held in the investee Arterra Bioscience S.p.A.

The consolidated **Net Financial position (NFP)** as at December 31st, 2020 hence was positive at € 21.4 million, down by € 55.8 million with respect to the negative NFP of € 34.4 million at December 31st, 2019.
This € 55.8 million decrease with respect to December 31st, 2019 is linked to:

- € 51.9 million in net Consolidated Financial cash flows deriving (i) from the sale of the molecule Fluindapyr, for the price of € 55.0 million on October 2nd, 2020 and (ii) the acquisition of the company Phoenix-Del S.r.l. for the price of € 3.1 million on October 14th, 2020;
- € 3.6 million from cash flows deriving from the receipt of the escrow fund relative to the December 27th, 2019 sale of Isagro Asia;
- € 2.7 million from cash flows deriving from the decrease in net working capital;
- € -2.7 million from operating cash flow during the year;
- € 0.3 million from the decrease in financial payables pursuant to IFRS 16.

Note that after receiving the sale price for Fluindapyr, the Parent Company Isagro S.p.A. repaid a large part of the existing medium/long-term loans in advance, with total financial payables for the Group at December 31st, 2020 prior to this payment amounting to € 8.7 million.
Lastly, in light of the above, the consolidated ***debt/equity*** ratio (i.e. the ratio between Net Financial Position and Own Funds) came to -0.20 at December 31st, 2020, again at the consolidated level (or to -0.24 net of the effect of IFRS 16) compared to the value of 0.38 recorded at December 31st, 2019.

CASH FLOWS – SUMMARY DATA

During the twelve months of 2020, your Group generated, excluding the effects of IFRS 16:

- negative operating cash flow of € 2.7 million (that is, excluding changes in NWC, the effects of the sale of Fluindapyr and the acquisition of Phoenix-Del S.r.l., as well as changes in the NFP linked to IFRS 16);
- cash flow from positive changes in NWC of € 2.7 million;
- cash flow deriving from the receipt of the escrow fund relative to the sale of Isagro Asia of € 3.6 million;
- cash flow from the sale of Fluindapyr for a positive € 55.0 million;
- cash flow from the acquisition of Phoenix-Del S.r.l. for a negative € 3.1 million,

thereby arriving at positive free cash flow for the year of € 55.5 million. considering this value together with the decline in IFRS 16 items, totaling € 0.3 million, the NFP at December 31st, 2020 is down by € 55.8 million with respect to the figure at December 31st, 2019.

(€ 000)	FY 2020	FY 2019
Net profit/(loss)	16,151	(13,907)
+ Depreciation, amortization and impairment	10,178	11,118
Gross Cash Flow	**26,329**	**(2,789)**
- Investments	(5,318)	(7,956)
± Other changes (excluding IFRS 16)*	(23,708)	12,703
Free Cash Flow, operating	**(2,697)**	**1,958**
Sale of Fluindapyr	55,000	-
Acquisition of Phoenix-Del S.r.l.	(3,100)	-
Sale of I/Asia (escrow fund)	3,569	-
Free Cash Flow before Δ NWC	**52,772**	**(4,467)**
Δ NWC	2,719	13,287
Free Cash Flow	**55,491**	**15,245**
Effect of IFRS 16**	280	(4,522)
Change in NFP	**55,771**	**10,723**

Table 4: Summary of Cash Flows

** Includes, among other things, the changes relative to receivables from M/L Agreements and to provisions for taxes*

*** Non-cash component*

MAIN FINANCIAL INDICATORS

The table below shows the key financial indicators of the Isagro Group.

	2020	2019
Average No. of shares outstanding* (000)	**37,968**	**37,860**
Basic earnings/(loss) per share* (€)	**0.43**	**(0.37)**
Equity per share* (€)	**2.79**	**2.40**
R.O.E.	**15.2%**	**-15.3%**
R.O.I.	**28.3%**	**-11.0%**
Net Financial Position / EBITDA	**(0.63)**	**(13.14)**

Table 5: Main Financial Indicators

**Excluding 865,057 treasury Growth Shares in 2019 and 756,933 treasury Growth Shares in 2020*

With reference to the main financial indicators, in 2020 there was profit per share of 0.43 compared to the loss per share in 2019 of 0.37. In the same way, there was an improvement in R.O.E. (Return On Equity), of 15.2%, compared to -15.3% in 2019, as well as improvement in R.O.I. (Return On Investment) went from -11.0% in 2019 to 28.3% at December 31st, 2020 due to the effect of an increase in operating profit and a decrease in net invested capital.

The ratio between the Net Financial Position and EBITDA also improved, going from -13.14 in 2019 to -0.63 at December 31st, 2020, as a result of the combined effect, on the one hand, of the increase in EBITDA (from the negative figure of € 2.6 million in 2019 to the positive figure of 34.1 in 2020) and, on the other hand, the presence of a NFP on the credit side at the end of 2020, compared to a NFP on the debit side at the end of 2019. The structures of financial covenants on a consolidated basis established for existing medium/long-term loan contracts were complied with at December 31st, 2020, as the Isagro Group had a positive Net Financial Position at the end of the year.

RESULTS OF THE PARENT COMPANY ISAGRO S.P.A.

In order to better represent the Group's financial performance and position as well as strategic results, it was deemed appropriate to present the main items relating to the Parent Company Isagro S.p.A. as well, which does not only provide coordination and strategic guidance, as the Group's holding company, but also acts as a research, production, marketing and sales center.

Therefore, with reference to the 2020 results of Isagro S.p.A., they are represented by:

- **Revenues** totaling € 92.2 million, down by € 2.5 million (-3%) with respect to the € 94.7 million recorded in 2019;
- positive **EBITDA** of € 29.5 million, up by € 32.7 million with respect to the negative € 3.2 million recorded in 2019, mainly reflecting the capital gains realized through the sale of the molecule Fluindapyr on October 2nd, 2020**;**
- **Net profit** of € 14.1 million compared to the profit of € 17.2 million seen in 2019, reflecting the above. Recall that the profits in 2019 were attributable to the effects of the sale of Isagro Asia on December 27th, 2019.

SALES DEVELOPMENT

During the fourth quarter of 2020, the Isagro sales organization saw additional progress with regards to the Isagro strategic structure, specifically development of business for the copper and biosolutions portfolios and strengthening of its sales presence in local areas.

In particular, activities were intensified to integrate the product range and customers coming from Phoenix-Del .r.l., acquired in October 2020, which has a significant presence in Italy in addition to promising future developments in Spain and France. This made it possible to strengthen its relationship with shared customers as well as to develop relationships with customers new to Isagro, and/or add the range of Phoenix-Del S.r.l. projects to existing users of Isagro products.

In terms of direct sales in Italy, during the third quarter of 2020 the new catalog was published which includes the full array of Isagro agrochemicals. This led to the organization of webinar events, which thanks to participation by third-party experts, some of whom came from the academic world, made it possible to better highlight the value provided by Isagro's offerings.

The fourth quarter also confirmed the general strengthening of market position in countries in which Isagro has a direct sales organization, as well as in Turkey, the Middle East and Africa.

RESEARCH, INNOVATION AND DEVELOPMENT ACTIVITIES

During 2020, Isagro incurred research, innovation & development costs totaling € 7.9 million, of which € 3.2 million were capitalized against investments for development, registration and the extraordinary protection of proprietary products worldwide. During 2019, these expenses amounted to € 13.5 million, of which € 5.3 million were capitalized.

During the lockdown period of 2020, Research and Development was reduced to a minimum to ensure compliance with anti-Covid-19 regulations. In addition to basic maintenance of the collection of pathogens and insects necessary for greenhouse tests, only certain in field experiments were continued which could not be deferred, to avoid losing an entire season. These included experimental tests to extend the *Trichoderma* label and for “residual testing” associated with registration defense.

A) RESEARCH AND INNOVATION

In line with the redefinition of Isagro’s business model, in 2020 research and innovation was focused on (i) continuing activities for new nutritional/biostimulant products (ii) finalizing efficacy tests to extend the Trichoderma brand and (iii) setting up assessment work for *Trichoderma by Isagro* formulations specifically intended to treat seeds, based on the strong request for this type of solution coming from the commercial sector. In particular:

- various formulations based on antagonist strains for *Trichoderma* were prepared and new testing methods were perfected to verify selectivity and efficacy of treated seeds in the greenhouse. After this, certain formulations were selected based on the greenhouse studies which were then transferred to in field experiments on cereals with fall planting, also in cooperation with major seed companies. The products generally showed a positive effect on the emergence of seedlings and tests are still in progress to confirm the efficacy of spring recovery. Experiments on *Trichoderma by Isagro* also continued to determine containment of significant agricultural diseases relative to which label extension is planned for the near future, including botrytis bunch rot, fusarium wilt and apple scab;
- greenhouse and in field experiments involving new research lines begun in response to marketing requests for the future Biosolutions portfolio: an innovative iron chelation to treat chlorosis, proprietary for Isagro, for treatments of both leaves and soil, and a polymer for soil application to make the use of irrigation water more efficient, as well as new formulations for the Isagrow line to

protect and improve the quality of fruit or to protect crops from abiotic stress, which are demonstrating positive properties in the field and are likely to soon be launched on the market;
- during September 2020 the Italy/Israel EndPoint industrial cooperation project was begun, financed by the Ministry for Foreign Affairs and International Cooperation (MAECI) to extract enzymes produced by *Trichoderma* by Isagro and study their activity in biocontrol of insecticides. Cooperative projects with the University of Insubria (prov. Varese) are confirming the ability of our *Trichoderma* strain to produce an enzyme; its bioinsecticide capacity (found in the literature) must be confirmed in lab and greenhouse assessments at the Renato Ugo Research Center and at the Migal Institute in Israel.

B) PRODUCT DEVELOPMENT

The main development activities carried out since the start of the year are highlighted below.

Biostimulants, microbiological products, pheromones

The monitoring activity related to the authorization processes, which are underway and aimed at supporting the business, continued. After the success of the new Ergostim XG + microelements on the Chinese market, with an ad hoc formulation, this new formulation is also being offered in other countries including Ecuador and Egypt, to overcome difficulties linked to obtaining registration for the active ingredients ATCA and TCA.

Preparatory activities continued to obtain authorization to sell the new Premio fertilizer above all in non-EU countries. In particular, for China, ad hoc formulations were developed containing Ca (calcium), in order to meet the local registration requirements, and registration for Premio + Ca (calcium formate) was obtained on June 12th, 2020.

A second formulation of Siapton was also perfected for China, which contains different microelements than the previous one, with the possibility of differentiating between offerings and extending the market. The relative registration file was presented to the competent authorities in December 2020.

Additionally, the possibility of proposing Goleador (Siapton nature) as a corroborant is being assessed, with in field testing. This product has features that improve plant resistance to harmful organisms (biotic agents) and protect plants from non-parasitic damage (abiotic agents).

Of the products with specific action on the soil, inoculum of mycorrhizal fungi that make use of the waste material of the Remedier production process, a line of new products was perfected under the Biocross label, included in the fertilizer register. Additionally, a new formulation with Trichoderma is being developed for seed treatment, in cooperation with major seed companies.

During 2020 files were sent to register Siapton in Uruguay, Mexico, China, Brazil, Belarus and Ecuador, while documentation to obtain authorization to sell the Ergostim product was submitted to authorities in Egypt, Uruguay and Brazil. Registration is expected to be received in 2021 for all these products.

With regards to pheromones, the request for definitive documents for Ecodian CT was received to register the product in Italy. The product controls the main lepidoptera which affect chestnut trees. Registration will be granted when the European Commission updates the lists of Eu-authorized pheromones. This is a simple administrative action which, however, is currently blocking release of the registration.

The process to renew the inclusion of pheromones in *Annex I* continues. After submitting the renewal dossier, and waiting for the end of the comment period, the request to submit new information was received and sent and authorization for these active ingredients, which was to expire in August 2020, was extended through August 2021 in Europe.

Further, the process to renew the inclusion of *Trichoderma asperellum* and *T. gamsii* in *Annex I* continues, with comments and documentation sent to the Rapporteur Member State (Sweden). The authorization of these active ingredients was extended in Europe until April 2020 with Regulation of January 31st, 2019 (2019/168). An additional 12 month extension is awaited.

In November 2019, the dossier was submitted for adversity extension (chocolate spot of pear trees) for Radix Soil in Italy following the phytoiatric emergency in the fruit areas in Emilia Romagna in recent years. Registration was obtained in February 2020 and allows for insertion of pear trees in the production guidelines. Experiments are also under way in Spain and Portugal, coordinated by the Novara Research Center, to support registration of the product in these countries.

Also note that the registration dossier was submitted to obtain an extension for use of Remedier on peach trees in Italy and to obtain initial registration in Canada and Mexico.

Fumigant

As regards the fumigant Dominus, the main activities were:

- obtaining equivalence at the federal level for three new Chinese and one new Indian sources of the technical active principle AITC for the United States and obtaining state registration for Florida;
- continuation of support activities for obtaining authorization to produce in India and export technical and formulated AITC;
- execution of certain toxicology and in field efficacy tests needed to obtain registration of the new AITC 20 formulation for the US.

Copper-based products

With reference to copper-based products, the main activities were as follows:

- follow-up of the re-registration processes (article 43) of formulations in Europe (19 formulations and 141 registrations);
- preparation of the program for residual tests in Central Europe (6 crops and 56 total tests), needed to maintain existing registrations;
- preparation of the program for residual tests in Southern Europe (7 crops and 39 total tests), needed to maintain existing registrations;
- preparation of the program for efficacy tests in Turkey (4 total tests), needed to maintain existing registrations;
- presentation of the registration dossier for Grifon SC to the authorities in Armenia;
- presentation of the registration dossier for Grifon SC to the authorities in North Macedonia;
- preparation of registration dossiers for technical copper oxychloride to support registrations of third-party companies in Libya, Egypt, the United Arab Emirates, Jordan, Albania, Guatemala and North Macedonia;
- presentation of the request for exceptional use of Coprantol Duo on sugar beets in Germany;
- presentation of the request for three new clones in Italy and three new clones in Spain;
- participation in the European Copper Task Force's follow-up for the renewal of Copper salts approval at European level;
- presentation of the registration dossier for Airone SC to the authorities in Kenya, Pakistan and Bolivia;
- the obtaining of 6 registrations for copper-based formulations in Italy (clones of the Airone formulation) and in Spain (clones of formulations based on the Bordeaux mixture).

Tetraconazole – a broad spectrum fungicide

After the dossier was sent to the EFSA and European Commission to renew approval of the active ingredient in the European Union and all member states, the final studies in progress were completed and the results submitted to the Rapporteur Member State (France).

While waiting initial feedback from the French authorities (a request for additional data was initially expected to be received by May 2020, which did not occur, likely because of Covid-19), work to assess the possibility of studying surface water monitoring continued, relative to which the contractor has already completed the first stage (identifying possible monitoring locations). Additionally, the report gathering environmental monitoring data for Tetraconazole was completed, accessing all the European Union databases. This report demonstrates that in the vast majority of cases concentrations of Tetrconazole in the environment are much lower than that forecast in the calculation models and are therefore undetectable.

Finally, note that six new registrations were received in the Czech Republic, Italy and Argentina.

Kiralaxyl® (or Benalaxyl-M, formerly IR6141) – active isomer fungicide of Benalaxyl

The development activity focused, inter alia, on the following projects:

- evaluation of the preparation and follow-up for the European review of the Fanti A formulation (article 43), following the registration obtained in various countries in the Southern Europe Zone (France, Portugal, Spain, Greece and Croatia) during 2019 and at the beginning of 2020;
- coordination with Gowan, the European licensee, for registration activities in support of development of the business of *Kiralaxyl*-based formulations in the European Union;
- Relative to renewal of the active ingredient in the European Union, for which submission is planned for July 2022, planning for supplementary studies to update the dossier has begun, in particular:
- residual tests with the aim of reducing the *Good agricultural practices* to two treatments, in line with agricultural practice and the suggestions of the FRAC (*Fungicide Resistance Action Committee)* to combat resistance;
- other studies intended to complete information provided about the behavior of the active ingredient in the ground and in water (degradation and mobility), as well as in plants;
- preliminary study to assess MRL (*Maximum Residue Levels*) in honey;

- obtaining two registrations in France identical to those already authorized, Fantic A.
- Notification activities were completed with regards to poison control centers, for formulations classified as harmful to humans. This was a large project (around 200 notifications in 27 EU countries), which is expected to make it possible to postpone to 2025 the assignment of a Unique Formula Identifier (UFI), a 16 digit code to be placed on the labels of products sold.

C) REGISTRATIONS OBTAINED

During 2020, 66 new authorizations for sales were obtained, including "clones", 17 of which for copper-based formulations. Among others, including those which were already partially indicate above, the following registrations were obtained: Fantic A (*Kiralaxyl+Oxychloride*) in Croatia, Premio (biostimulant) in Algeria and in China, Emerald (Tetraconazole) in Portugal, Airone SC (copper) in South Korea, Domark 125 (Tetraconazole) in Russia, Badge WG and Neoram WG in Bosnia and Herzegovina, Fly-Off (Deltamethrin) in Italy, Antal (Deltramethrin) and Goleador (biostimulant) in Greece, Dominus (fumigant) in Algeria, Airone WG (copper) in Palestine, Isacop (copper) in Rwanda, Galileo (Tetraconazole) in France.

SIGNIFICANT EVENTS IN 2020

A) 2018-2021 RETENTION AND INCENTIVE PLAN

With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29th, 2018, during 2020 182,500 Growth Shares were assigned.

B) LIQUIDATION OF ISAGRO POLAND

On January 13th, 2020, the liquidation process of Isagro Poland concluded. The closing process of the company, fully controlled by the Parent Company Isagro S.p.A., had been initiated on January 11th, 2019.

C) POSSIBLE IMPACTS OF THE HEALTH CRISIS

The recent global health crisis cause by Covid-19, declared a worldwide pandemic in March 2020 by the World Health Organization, with a lockdown during the initial stage in most advanced and developing economies, was initially judged to be likely to significant effects on industrial agriculture, and in particular on the agrochemical sector, depending on the duration of the crisis and the effectiveness of the monetary and fiscal policies implemented by the central banks and national governments.

As already reported in this Report, in the end the impact of the Covid-19 pandemic on the agrochemicals market in 2020 was limited.

Relative to the impacts of the pandemic, taking into consideration the continuation of the same well past 2021, in a situation in which monetary and fiscal policies are inadequate to support income and employment levels, there could be more widespread effects seen in the agrochemicals segment, with drops in the prices of agricultural commodities and consequent higher pressure on volumes and prices of agrochemical products, which at present have not yet been seen.

On the contrary, starting in the last part of 2020 a significant increase was seen in the prices of the main commodities (especially copper).

In 2020, Isagro plants were not subject to lockdown restrictions in that they fall under an Adeco code which classifies them as "strategic", pursuant to government provisions.

During the year, at all Isagro Group sites incentives for employees to work from home have been successful for all departments able to do so, thereby allowing for a significant reduction in staff presence at the office even before this was required by the relative government decrees, with notable effects in terms of increased productivity. These methods are still partially in use.

While at present this is not a factor, Isagro constantly and carefully monitors any issues associated with procurement difficulties which could lead to temporary closure of the production plants of certain suppliers (mainly foreign), as well as any possible delays in shipments/deliveries linked to the circulation of goods.

The final figures at December 31st, 2020 indicate that, with respect to the initial forecasts for 2020 that did not incorporate the possible aspects of Covid-19 and with respect to later analysis prepared internally by Isagro management (Group forecast with estimates through December 31st, 2020), the pandemic did not create any significant effects during 2020, either for economic results or financial projections (the latter in particular with reference to issues of amounts collected from customers and bank financing). Additionally, in part thanks to a 2019 which saw a significant decrease in sales due to de-stocking needs in particular linked to two major customers, 2020 saw an increase in turnover and margins with respect not only to the initial budget estimates (which as noted did not include the effects of Covid-19) but, more so, with respect to the maximum risk sensitivity scenarios hypothesized by management for 2020, which included worse input with respect to the consolidated 2020-2025 Business Plan approved by the Board of Directors on May 6th, 2020.

Looking instead to 2021, the currently available information does not allow for precise projections on the possible effects of the Covid-19 pandemic on this year, also due to the numerous variables involved that are outside of Isagro's control (demand for agricultural products, commodity prices, global GDP recovery trend, vaccine campaigns, monetary/fiscal policies, etc.). Again hypothesizing a situation in which the pandemic continues throughout 2021, while managed by governments in a more prudential manner than that seen during the initial stages of the infection in 2020, at present, also in the light of the vaccine plan current being implemented, Isagro does not see any risk of impacts on the revenues and margins forecast in the 2021 Budget and 2022-2025 Business Plan, approved by the Isagro Sp.A. Board of Directors on March 4, 2021. Additionally, at present it is not possible to make forecasts beyond 2021 given that, all other things being equal, much will depend on the result of the vaccine campaigns currently in course throughout the world.

Further, with reference to January-February 2021, no significant impacts were seen on sales, orders and amounts collected. Instead, all these indicators appear to suggest growth.

Note that in 2020 the Covid-19 pandemic involved greater fixed costs to purchase personal protective equipment (mainly masks, disinfectant gel and other safety devices) and for increased cleaning, for around € 245 thousand, and a benefit from the Unemployment Fund with reference to the Novara/Galliera Research Center and the Bussi plant of around € 270 thousand. Requests/receipts of subsidized loans and/or contributions were not seen, nor were any investments postponed.

D) NOVARA AND GALLIERA UNEMPLOYMENT BENEFITS

On March 23, 2020, after notification of the regional union organizations, the Unemployment Benefits Fund (CIGO) was activated for the Novara and Galliera Research Center due to the Covid-19 emergency, as established under the Decree Law of March 18th, 2020, for a total of 9 weeks, beginning on March 23, 2020 and ending on May 24th, 2020.

The reasons that made the recourse to the CIGO necessary are attributable to the health emergency relating to the spread of COVID-19, following the various Decrees issued by the Italian Prime Minister and regional orders, with which various restrictions were approved to limit the risk of infection, such as the suspension of activities not required for production.

Activities resumed normally on May 25th, 2020.

E) BUSSI UNEMPLOYMENT BENEFITS

On April 3rd, at Confindustria Chieti Pescara, the trade union agreement was signed on recourse to a period of suspension of production activities at the site in Bussi sul Tirino, with support from the CIGO (Cassa Integrazione Guadagni Ordinaria - Ordinary Redundancy Fund) for the COVID-19 emergency as envisaged by Decree Law of March 18, 2020, for a total of 9 weeks with activation from April 6th, 2020 and duration up to June 7th, 2020.

The reasons that made the recourse to the CIGO necessary are attributable to the health emergency relating to the spread of COVID-19, following the various Decrees issued by the Italian Prime Minister and regional orders, with which various restrictions were approved to limit the risk of infection, and for an issue associated with the procurement of raw materials.

Activities resumed normally on June 8th, 2020.

F) APRILIA UNEMPLOYMENT BENEFITS

On June 24th, 2020 a trade union agreement was signed with Unindustria Rome Frosinone Latina Rieta Viterbo to suspend production at the Aprilia plant for a set period, with support from the Unemployment Benefits Fund (CIGO) due to the Covid-19 emergency, as established under the Decree Law of March 18, 2020. The duration of the CIGO was set at 9 weeks, beginning on July 13th, 2020 with a return to activity planned for September 28th, 2020.

The reasons that made the recourse to the CIGO necessary are attributable to the health emergency relating

to the spread of COVID-19, following the various Decrees issued by the Italian Prime Minister and regional orders, with which various restrictions were approved to limit the risk of infection, and for an issue associated with a lack of work orders coming from third-party companies.
Note that activities resumed normally on September 21st, 2020, prior to the date initially forecast, after the confirmation of a work order to be delivered by October 31st, 2020.

G) APPROVAL OF 2019 FINANCIAL STATEMENTS AND EVALUATION OF THE INDEPENDENCE OF ISAGRO DIRECTOSR

On June 19th, 2020, the Shareholders' Meeting of the Parent Company Isagro S.p.A.:

- viewed the consolidated data and non-financial declaration relative to 2019 for the Isagro Group;
- approved the Isagro S.p.A. 2019 financial statements, accompanied by the Report on Operations, as approved by the Isagro Board of Directors on March 6, 2020 and disclosed to the market. Note that the profits for 2019, equal to € 17.2 million, are entirely attributable to capital gains realized through the sale of the subsidiary Isagro Asia. These profits were destined as follows: (i) to the legal reserve for € 0.9 million, (ii) to the unavailable reserve for *fair value* measurement of shares pursuant to article 6, paragraph 1, letter b) of Legislative Decree no. 38/2005, (iii) € 1.4 million to cover losses from previous financial years and (iv) € 12.2 million in retained earnings, to be recognized, pursuant to article 24 of the By-Laws, in a specific Shareholders' Equity reserve.

On the same day, the Shareholders' Meeting resolved to approve the first and second section of the Report on Remuneration and on Fees Paid, prepared pursuant to article 123-ter of Legislative Decree 58/1998, (Consolidated Law on Finance, TUF).
In addition, the Board of May 6th, 2020 assessed, pursuant to art. 3 of the Corporate Governance Code of listed companies, the necessary requisites of independence of Enrica Maria Ghia, Marcella Elvira Antonietta Logli, Giuseppe Persano Adorno, Erwin Paul Walter Rauhe and Angelo Zaccari, as independent directors.

H) AMOUNTS COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE

At the beginning of April 2020, Isagro S.p.A. and PI Industries reached an agreement on the release of the portion of the escrow fund established on December 27th, 2019 with HSBC India relative the price adjustments for the sale of Isagro Asia ("true-up adjustments"), based on which Isagro collected around € 1.7 million in the same month. Also in April, HSBC India paid Isagro S.p.A. an additional € 1.0 million pertaining to an initial tranche of local value-added tax ("GST") refunded to Isagro Asia by the Indian Revenue Service, which, in the same way, was subject to the escrow fund.
Further, in July, HSBC India paid Isagro S.p.A. another € 0.6 million relative to a second tranche of local value-added tax ("GST") and, in October, yet another € 0.1 million relative to another tranche of local value-added tax ("GST").

I) PHISHING FRAUD AGAINST ISAGRO ESPAÑA

In May 2020 the fully controlled subsidiary Isagro España was the victim of "phishing", which led the company to pay around € 870 thousand unnecessarily to a limited liability company with its registered office and current account in Hong Kong, without any involvement for the Parent Company. The Isagro Group promptly implemented a series of actions to recover the amounts, starting on the morning immediately after the fraud was identified, including making formal complaints to public safety authorities in Spain and Hong Kong and involving internationally respected attorneys in Italy, Spain and Hong Kong. After these actions, the current account to which the funds were transferred was initially "flagged" and shortly thereafter blocked by the legal and banking authorities of Hong Kong. At the same time, the Group took legal action in Hong Kong and on July 14th, 2020 the High Court of the Hong Kong Special Administrative Region issued a Final Judgment ordering repayment of the sums involved in the fraud to Isago, later confirmed with an executive order issued at the end of September.
The sums involved in the fraud were returned to the Spanish subsidiary on November 25th, 2020, minus ordinary associated bank fees.

J) SALE OF THE MOLECULE FLUINDAPYR

On October 2nd, 2020, after acceptance of the binding offer received from the North American FMC Corporation by the Board of Directors of Isagro S.p.A. on May 6th, 2020 and the signing of the Asset Purchase Agreement in July, the sale of the molecule Fluindapyr to the cited company was finalized, with simultaneous receipt of the Price, of € 55 million.

The sale of Fluindapyr, for which Isagro had recognized a book value of around € 25 million at September 30th, 2020, is a component of the process to redefine the Isagro business model, returning focus to copper-based and organic products, while keeping selected organic chemical assets in the portfolio relative to integrated crop management and cash-cows. The € 55 million which derived from the sale, to which can be added around € 50 million collected from the sale of Isagro Asia on December 27th, 2019, which combined led to a positive consolidated Net Financial Position at the end of 2020, will be used to finance growth projects for the Group, including for external lines.

K) ACQUISITION OF PHOENIX-DEL S.R.L.

On October 14th, 2020 the operation to acquire 100% of the share capital of Phoenix-Del S.r.l. was finalized, after the binding offer made by Isagro S.p.A. was accepted by the counterparty on 17 September. The value of the transaction was € 3.1 million, paid at the time of the Closing.

This initial acquisition made under Isagro's new business model, with an eye to growth in the copper-based fungicides and Biosolutions segments, also through external lines, will offer significant industrial and sales synergies.

In 2020, Phoenix-Del S.r.l. generated turnover of around € 4.8 million, EBITDA of around € 0.5 million and has a negative Net Financial Position of around € 0.3 million (of which € 510 thousand relative to an intercompany loan granted by Isagro S.p.A. in December).

L) APPROVAL OF AMENDMENTS TO THE ISAGRO BY-LAWS

On October 14th, 2020 the Extraordinary Shareholders' Meeting of the Parent Company Isagro S.p.A. approved, with the objective of simplifying the Company's governance:

- an amendment to articles 15, 20 and 25 of the Isagro By-Laws;
- the addition of the new article 28 to the Isagro By-Laws.

M) LIQUIDATION OF ISAGRO SINGAPORE

The procedure for putting into liquidation the company Isagro Singapore, fully controlled by Isagro S.p.A., was launched with effect from January 27th, 2020. Definitive closure of the company is expected to occur by April 2021.

EVENTS SUBSEQUENT TO DECEMBER 31ST, 2020

A) ADDITIONAL AMOUNT COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE

In January 2021, HSBC India paid Isagro S.p.A. an additional € 43 thousand relative to price adjustments for the sale price of Isagro Asia ("true-up adjustments").

B) 2018-2021 RETENTION AND INCENTIVE PLAN

With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29th, 2018, during the initial months of 2021 an additional 61,250 Growth Shares were assigned, for a total of 243,750 Growth Shares assigned.

C) RECLASSIFICATION OF FUMIGANT IN US

On February 2nd, 2021, the Environmental Protection Agency (EPA) provided notification that it had reclassified the Isagro Fumigant, transferring it from Biopesticides and Pollution Prevention Division (BPPD) to Registration Division (RD) and Pesticide Reevaluation Division (PRD), as a result of the chemical reclassification based on new information, which indicated that two criteria for classification as a biofumigant by the EPA were not met (minimum toxicity for the environment and humans and non-toxic mechanism of action).

D) ISAGRO RESEARCH CENTER NAMED FOR PROFESSOR RENATO UGO

On February 18th, 2021, in the context of a ceremony carried out at the Isagro Research Center in Novara, in full compliance with regulations to limit the Covid-19 pandemic, a plaque was unveiled dedicated to the memory of the professor Renato Ugo, who recently passed on. Additionally, from this point on, the Isagro Research Center will be named after this illustrious Italian scientist, who received the Gold Medal from the National Academy of Science.

E) ESEF FINANCIAL STATEMENTS - EXTENSION ON 2021 EFFICACY

The so-called "Transparency Directive" (Directive EC 2004/109) establishes a requirement to publish the entirety of the documents which make up the annual financial statements (draft financial statements, Consolidated Financial Statements, report on operations, CEO and Financial Reporting Manager certificate of compliance) prepared by listed

companies in a single digital format. To implement this provision, the European Commission Delegated Regulation 2018/815 (ESEF Regulation) established the requirement to prepare these annual financial statements in XHTML format, identifying certain information within the Consolidated Financial Statements with online XBRL specifications.
This new type of digital publication was to have become obligatory for annual financial reports containing financial statements for financial years beginning on or after January 1st, 2020 (see article 4, paragraph 7, Transparency Directive). For issuers with financial years corresponding with the calendar year, an issuer was to publish their annual financial report in the new format starting with those for the financial year going from January 1st, 2020 to December 31st, 2020.
In consideration of the difficulties experienced by businesses due to the crisis associated with the Covid-19 pandemic, the European Parliament and Council approved, in mid-February 2021, an amendment to the Transparency Directive, which allows members states to postpone the requirement to publish financial reports using the above single European format.
Domestically, Law 21 of February 26th, 2021, published in the Official Journal on March 1, 2021, to make use of the above extension, established that the provisions of the ESEF Regulation will apply to financial reports relative to financial years beginning as of January 1st, 2021. Therefore, financial reports for financial years ending on December 31st, 2020 do not need to be published in compliance with the provisions of the ESEF Regulation, other than on a voluntary basis. Isagro opted to make use of the extension.

D) BINDING AGREEMENT TO SELL PIEMME SHARES

On March 6, 2021 the Shareholders ("Sellers") of Piemme S.r.l., an indirect controlling shareholder of Isagro S.p.A., signed a binding agreement to sell all their shares of Piemme, equal to 99.9% of the share capital, to Gowan Company LLC a related party ("Gowan") (the "Operation").
Following the completion of the Operation, Gowan will hold all the share capital of Piemme, which olds 51% of the share capital of Holdisa S.r.l. ("Holdisa"), which in turn controls Isagro, holding 53.7% of the relative Ordinary Shares. The remaining 49% of Holdisa share capital was already held by Gowan. In the context of the Operation, Gowan will also acquire 1,737,596 Isagro Growth Shares owned by the Sellers, which represent 12.3% of outstanding Growth Shares. Holdisa in turn holds 3.3% of the Growth Shares. After the Operation is completed, Gowan will acquire control over Piemme and Holdisa and, consequently, will issue a mandatory public offer, pursuant to article 106 of Italian Legislative Decree 58/1998 and article 45 of CONSOB Regulation 11971/1999, to acquire all the Ordinary Shares of Isagro, which Holdisa is not yet the owner of ("MTO"). The shares relative to the MTO will also include Ordinary Shares deriving from the conversion of outstanding Growth Shares. Based on the Isagro By-Laws, the conversion of Growth Shares to Ordinary Shares, at a one-to-one ratio, will give rise to publication of the statement pursuant to article 102, paragraph 1, Legislative Decree 58/1998.
Completion of the Operation is subordinate to the following conditions precedent being met: (i) the receipt of any needed authorizations from relevant regulatory authorities for antitrust purposes and "golden power" regulations, (ii) the elimination of existing relationships between Isagro and its subsidiaries, on one hand, and any entity located in countries or regions (including Cuba) in which a US entity cannot conduct business pursuant to applicable regulations, on the other hand.
Subordinate to the verification or renunciation of the above conditions precedent, it is expected that the closing of the Operation will occur within the first half of 2021 and the MTO will be completed by the third quarter of 2021. The MTO price will be € 2.76 for each ordinary Isagro share (the "MTO Price"), which corresponds to the implicit value per Isagro share calculated on the basis of the fee to be paid by Gowan to the Sellers to acquire the Piemme shares and equal to a total of € 18,961,593. Piemme and Holdisa do not have other assets other than equity investments indicated. Therefore, the payments for the Piemme shares were determined on the basis of the value of Isagro, after deducting the net debt of Piemme and Holdisa pro-rata. The Operation values Isagro's equity at € 106.9 million.
With reference to the Ordinary Isagro Shares, the MTO Price represents a 118% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 143% premium with respect to the average official trading price during the last quarter and a 149% premium with respect to the average official trading price in the last six months. With reference to the Growth Shares, the MTO Price represents a 133% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 180% premium with respect to the average official trading price during the last quarter and a 203% premium with respect to the average official trading price in the last six months. The

objective of the Operation is to integrate Isagro within the Gowan Group as well as delisting the company.

E) MERGER BY INCORPORATION OF PHOENIX-DEL S.R.L. IN ISAGRO S.P.A.

On March 16th, 2021 the Isagro S.p.A. Board of Directors resolved to approve the project to merge the full subsidiary Phoenix-Del S.r.l. in Isagro S.p.A. with accounting and tax effects as of January 1st, 2021. Statutory effects will take effect, pursuant to article 2504-bis of the Civil Code, on the date the last entries of the merger by incorporation are made with the Business Registries of Padua and Milan. A parallel resolution was also made by the Board of Directors of Phoenix-Del S.r.l. on March 15th, 2021.

HUMAN RESOURCES

The actual workforce at December 31st, 2020 of the Isagro Group came to 329 employees, as summarized in the following table.

Number of employees	Dec. 31st, 2020	Dec. 31st, 2019	Difference
Executives	30	37	-7
Middle Managers	79	83	-4
White-collar workers*	139	153	-14
Blue-collar workers**	81	70	+11
Total	**329**	**343**	**-14**

Table 5: Number of Isagro employees

*includes the workers with special skill level
** Includes seasonal workers

The workforce at December 31st, 2020 has, therefore, decreased by 14 employees compared to 2019, mainly due to the effect of a number of voluntary departures and certain retirements after the changes made by pension reforms, declared multiple times.
Additionally, the decrease is mainly associated with the Parent Company Isagro S.p.A., where there was a reduction of 17 people during the year.
Note that the above data include workers with temporary contracts for seasonal work: with respect to these, the drop was more significant in the number of workers with permanent contracts, relative to the total balance and was partially counterbalanced by an increase in workers with temporary contracts.
Personnel from foreign branches did not see any significant changes and their organizations were similar to the year prior.

Also note the hiring on April 1st, 2020, after the retirement of the former country manager, of the new Country Manager for Isagro España, Nicolas Lindemann, who brought several years of sales experience in the Biosolutions sector to the Group.
In terms of the corporate organization and in the light of the new organizational design which includes the new business model, as identified at the beginning of this Report:

- the "*Research, Innovation & Regulatory*" department was created at the Corporate Level, incorporating research, experimentation, technical management and regulatory activities;
- the activities associated with "*Formulations, Technologies and Process Development*", together with those of *"Q&HSE"*, were transferred to the *Supply Chain* structure to optimize processes.

Relationships with unions were maintained through a constructive cooperation plan which made it possible to achieve excellent results in trade union relations and human resource management, even during the peak of the health emergency still in progress.

The main activities in Italy were:

- the preparation of Corporate Protocols for all Isagro offices and locations, in line with the National Protocol shared by the trade unions, to regulate the measures to combat and contain the spread of Covid-19;

- the signing on March 23rd, 2020 and April 3rd, 2020, respectively, of union agreements to suspend work with use of the Ordinary Unemployment Fund, Covid-19 emergency, at the Novara and Galliera Research Center (from March 23rd, 2020 to May 24th, 2020) and at the Bussi sul Tirino plant (from April 6th, 2020 to June 7th, 2020);
- the signing on June 24th, 2020 of the union agreement to suspend work at the Aprilia location, making use of the Ordinary Unemployment Fund, Covid-19 emergency, implemented as of July 13th and with the return to work occurring early. This event was originally set for September 28th, and actually occurred on September 21st, 2020;
- the sharing and definition of specific agreements on working hours, which adopt all flexibility opportunities offered by the National Labor Contracts and negotiations with trade unions;
- the definition of new multi-functional professional positions at the manufacturing sites.

The above made it possible to implement, especially at the manufacturing sites, the changes in working hours that had become necessary to guarantee various production requirements and optimize the overall corporate organization.

Also, with reference to the Group's foreign branches, smart working continued to be used throughout the health emergency, in compliance with the national protocols issued by the relative countries.

In September 2020 a meeting was held with the Secretaries of the national trade unions during which the mos recent extraordinary operations were analyzed, which at that time had not yet been completed (sale of Fluindapyr and acquisition of Phoenix-Del S.r.l.), as part of the process to change the business strategy.
The union coordination meeting at the national level was postponed to the first quarter of 2021.

SELECTION AND TRAINING

Consistent with that decided at the Group level to reduce and contain costs, in 2020 the annual training plan for all operating locations involved only obligatory training with regards to Quality, Safety and the Environment.
For 2020 and part of 2021, foreign language classes and managerial training were suspended. In terms of selection, the agreement at the Group level with the professional social network "LinkedIn" to recruit specialized professionals was terminated, as it was not deemed necessary at present.

CONSOLIDATED NON-FINANCIAL REPORT

Recall that as of 2020 Isagro is no longer required under law to prepare (and to have certified by its independent auditing firm) the Non-Financial Disclosure (NFD), pursuant to Italian Legislative Decree 254/16 in that it does not meet, again as of the year in question (after the sale of the subsidiary Isagro Asia in December 2019), one of the presuppositions for this obligation, that is the presence of at least 500 employees within the Group. Isagro will prepare the NFD on a voluntary basis, with the support of external consultants.

ORGANIZATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

The Board of Directors of Isagro S.p.A. approved, on September 5th, 2018, an updated version of the Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also "Model"), incorporating the most recent legislative changes on the subject and the changes made to the organizational structure.
On the same date, the Governing Body also approved the revised version of the Group's Code of Ethics, an integral part of the Model, to make existing rules of conduct and principle of behavior consistent with regulatory changes and with reference best practices.
In light of the legislative changes regarding corporate liability of entities which occurred during the year, Isagro is currently carrying out risk assessments, preparatory to the updating of the Model (and Group Code of Ethics), with the aim of including in these documents the new offenses introduced in the body of the Decree.
The task of monitoring the operations and compliance with the Model and arranging its updating was assigned to the Oversight Committee, in office until the approval of the Financial Statements at December 31st, 2020.

CORPORATE GOVERNANCE CODE AND REPORT

Isagro S.p.A. has adopted the Corporate Governance Code of listed companies as its point of reference for an effective corporate governance structure.
On January 31st, 2020, the Corporate Governance Committee defined a new version of the Corporate Governance Code, the contents of which were brought to the attention of the Board of Directors at the meeting on February 11th, 2020 and which was adopted by the Company through a resolution by the Board of Directors on March 16th, 2021.

The Company will apply the new version of the Code starting from the first financial year after December 31st, 2020, disclosing this to the market in the Corporate Governance Report published in 2022.
For a detailed description of the corporate governance structure, please refer to the Corporate Governance Report available at the registered office, on the company's website (www.isagro.com – Corporate Governance section) and on the website of Borsa Italiana (www.borsaitaliana.it).

LEGAL PROCEEDINGS

With reference to the other legal proceedings in progress, there are no significant updates to report with respect to that indicated on December 31st, 2019. For further details, please see relative section in the Explanatory Notes to the Consolidated Financial Statements of the Isagro Group.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, including intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and form part of the normal business of the Group companies. These transactions are carried out at arm's length, taking into account the characteristics of the goods and services traded.
As regards the economic and equity effects of relations with related parties, please see the information provided in the Explanatory Notes to this annual Report.

OBSERVATIONS ON THE FINANCIAL PROFILE AND THE GOING CONCERN ASSUMPTION

At December 31st, 2020, your Group had a solid and balanced financial structure, with a debt/equity ratio of -0.20 – equal to -0.24 without effect of IFRS 16 – (compared to the figure of 0.38 at December 31st, 2019), Own Funds of € 105.9 million (compared to the figure of € 91.0 million at December 31st, 2019) and current liquidity of more than € 32 million.
With an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule Fluindapyr the Parent Company Isagro S.p.A. began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020.
Isagro intends to guarantee repayment of residual medium/long term debt coming due in 2021 and its operating cash flow requirements during the period of transition to the new business model using the liquidity available at December 31st, 2020.
Finally, note that the measurement of compliance with equity/economic requirements (covenants) on a consolidated basis required for Isagro's financial debt (required contractually solely at the reporting date of annual Consolidated Financial Statements) demonstrates no issues in terms of respecting these requirements at December 31st, 2020, as the Isagro Group had a positive Net Financial Position at the end of the year.
With reference to the ongoing pandemic, the Group's management is continuing to monitor closely any impacts of the phenomenon in question on the most significant hypotheses and assumptions at the basis of the main estimates reflected in the financial statements, with particular reference to revenue recognition, the onset of impairment indicators on goodwill and intangible assets, in addition to changes in the liquidity situation, taking account of the uncertainty around the impact and duration of the effects attributable to the health emergency on the performance of the sector in which the Group operates, even if the Directors do not believe it will have significant impacts in this sector.
In any case, it should also be emphasized that uncertainties associated with the spread and duration of the pandemic which is still in progress and in consideration of the continued evolution of the problem, even if mitigated by vaccine plans under way in Italy and throughout the world, still make it complicated to foresee a clear and defined framework for its effects, including on both macro and micro economic activities. This adds a degree of complexity and uncertainty to the estimates made by management, whose assumptions and basic hypotheses may require revisiting and updating over the course of 2021, following changes in events which are not under its controls.
In the context of the assessment of the potential effects attributable to the spread of the coronavirus pandemic, the level of complexity and uncertainty of the estimates is unprecedented and unlike any other, involving potentially numerous aspects such as:

- the different levels of persistence and the extent of the infection in the various areas of Italy;
- the different schedules for evolution and the extent of the infection in various European countries and worldwide;
- the time frames for carrying out vaccine plans in various countries;
- the lack of concrete facts regarding the overall duration of the infection, and, above all, the associated containment measures;
- the particular difficulty of predicting the time frames and extent of recovery of "fully operational" national and global economies, both at macro and micro level, once the emergency is over.

Given the above, as indicated in the above section "Significant events in 2020 - possible impacts of the health crisis", Group management carried out several internal assessments in order to identify the areas in which the pandemic could potentially have the greatest impact on the Group, holding that the health crisis could not reasonably compromise the business as a going concern.

In light of the more detailed information available at December 31st, 2020, to hedge the liquidity risk, the following is noted:

- positive current account balances of the Parent Company Isagro S.p.A. total around € 30 million, while those of the Group amount to around € 34 million;
- there are unused short-term credit lines available to the Parent Company Isagro S.p.A. for over € 60 million (considering the maximum ceilings granted for the various types of financing), including self-liquidating lines, supplier advances, direct and indirect factoring and credit lines, while those for the Group total around € 64 million.

Based on the positive results in 2020, the cash and banking lines available at December 31st, 2020 and the prospective cash flow for 2021, together with that reported in the above section "Events subsequent to December 31st, 2019 – Possible impacts of the health crisis" and on the basis of the best currently available information, it is held that over the next 12 months there are no reasonable liquidity risks, i.e. risks pertaining to the capacity to repay the residual debt borne by the Group, thereby confirming that these Consolidated Financial Statements as at December 31st, 2020 were prepared on a going concern basis.

USE OF ESTIMATES

The preparation of the Consolidated Financial Statements requires estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates.

Particularly, the estimates are used in order to recognize the provisions for doubtful debts and inventory obsolescence, as well as depreciation and amortization, impairment losses, employee benefits, tax and other provisions. Also note that the Directors made a "significant judgment" when assessing the "accessory" performance obligations regarding the contract to sell the molecule Fluindapyr, but not in terms of determining the fair value of the same, in that these performance obligations, pursuant to accounting standard IFRS 15, were recognized in the 2020 Consolidated Financial Statements "at a point in time" on the closing date, as in the assumptions underlying the "fiscal realignment" pursuant to article 110, paragraph eight of Decree Law 104/2020. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

Estimates made by Directors also involved the Purchase Price Allocation process carried out with reference to the acquisition of Phoenix-Del S.r.l.

PROSPECTS

Isagro expects that the process of recovering and growing turnover begun in 2020 will continue in 2021. The NFP is expected to still be positive at the end of 2021, before any new growth operations regarding external lines, which are heavily pursued.

COMMENTS ON THE STOCK MARKET VALUE OF ISAGRO SHARES

With reference to the prices of Ordinary Shares and Growth Shares of Isagro on the "S.T.A.R." segment of the Stock Market managed by Borsa Italiana S.p.A., it should be highlighted that after the announcement of the Agreement between Gowan and Piemme (commented on in the section on Events subsequent to the end of the year):

1. the market value of Isagro came close to the theoretic value of the MTO;
2. the price difference between Ordinary and Growth Shares was canceled, in line with that supported for a long time by the Group.

Annex 1

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ 000)	FY 2020	FY 2019	Differences	
Revenues from sales and services	**110,327**	**105,369**	**+4,958**	***+4.7%***
Other revenues and income	1,629	2,151	-522	
Consumption of materials and external services	(86,311)	(86,661)	+350	
Changes in product inventories	1,340	3,338	-1,998	
Costs capitalized for internal work	1,500	1,192	+308	
Allowances and provisions	(2,119)	(2,272)	+153	
Labor costs	(21,651)	(24,942)	+3,291	
Bonus accruals	(946)	(793)	-153	
EBITDA before non-recurring income	**3,769**	**(2,618)**	**+6,387**	**N/S**
% of Revenues	*3.4%*	*-2.5%*		
Non-recurring income	30,331	-	+30,331	
EBITDA	**34,100**	**(2,618)**	**+36,718**	**NS**
% of Revenues	*30.9%*	*-2.5%*		
Depreciation and amortization:				
- tangible assets	(2,430)	(2,622)	+192	
- intangible assets	(5,911)	(6,552)	+641	
- rights of use IFRS 16	(793)	(910)	+117	
- write-down of tangible and intangible assets	(1,044)	(1,034)	-10	
EBIT	**23,922**	**(13,736)**	**+37,658**	**N/S**
% of Revenues	*21.7%*	*-13.0%*		
Interest, fees and financial discounts	(990)	632	-1,622	
Losses on foreign exchange and derivatives	(716)	(569)	-147	
Revaluations of equity investments	-	191	-191	
Profit/(Loss) before taxes	**22,216**	**(13,482)**	**+35,698**	**N/S**
Current and deferred taxes	(6,267)	(1,568)	-4,699	
Profit/(loss) from Continuing Operations	**15,949**	**(15,050)**	**+30,999**	**N/S**
Net profit/(loss) from Discontinued Operations	202	1,143	-941	
Net profit/(loss)	**16,151**	**(13,907)**	**+30,058**	**N/S**

Annex 2

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ 000)	Dec. 31st, 2020	Dec. 31st, 2019	Differences	
Net fixed assets				
Goodwill	4,181	3,148	+1,033	
Other intangible assets	21,063	47,387	*-26,324*	
Tangible assets	15,157	15,585	*-428*	
Rights of use IFRS 16	4,091	4,421	*-330*	
Financial assets	3,140	4,176	*-1,036*	
Other medium/long-term assets and liabilities	1,990	7,228	-5,238	
Total net fixed assets	**49,622**	**81,945**	**-32,323**	**-39.4%**
Net current assets				
Inventories	39,553	40,853	-1,300	
Trade receivables	23,871	27,227	-3,356	
Trade payables	(24,206)	(26,143)	+1,937	
Subtotal of Net Working Capital	***39,218***	***41,937***	***-2,719***	
Current provisions	(2,164)	(1,781)	-383	
Other current assets and liabilities	(595)	5,190	-5,785	
Subtotal of Other assets and liabilities	***(2,759)***	***3,409***	***-6,168***	
Total net current assets	**36,459**	**45,346**	**-8,887**	**-19.6%**
Invested capital	**86,081**	**127,291**	**-41,210**	**-32.4%**
Severance Indemnity Fund (SIF)	**(1,546)**	**(1,877)**	**+331**	**-17.6%**
Net invested capital	**84,535**	**125,414**	**-40,879**	**-32.6%**
Held-for-sale non-financial assets and liabilities	**-**	**-**	**-**	
Total	**84,535**	**125,414**	**-40,879**	**-32.6%**
financed by:				
Equity				
Capital stock	24,961	24,961	-	
Reserves and retained earnings	66,599	81,084	-14,485	
Translation reserve	(1,799)	(1,118)	-681	
Profit/(Loss) of the Group	16,151	(13,907)	+30,058	
Total equity	**105,912**	**91,020**	**+14,892**	**+16.4%**
Net Financial Position				
Medium/long term debts:				
- due to banks	2,319	28,615	-26,296	
- due to other lenders	814	1,133	-319	
- financial liabilities – IFRS 16	3,481	3,709	-228	
- other financial assets/(liabilities) and IRS and trading derivatives	(2,503)	(2,473)	-30	
Total medium/long-term debts	**4,111**	**30,984**	**-26,873**	**-86.7%**
Short-term debts:				
- due to banks	5,293	47,328	-42,035	
- due to other lenders	320	1,793	-1,473	
- financial liabilities – IFRS 16	761	813	-52	
- other financial assets/(liabilities) and IRS and trading derivatives	34	57	-23	
Total short-term debts	**6,408**	**49,991**	**-43,583**	**-87.2%**
Cash and cash equivalents/bank deposits	**(31,896)**	**(46,581)**	**+14,685**	**-31.5%**
Total Net Financial Position	**(21,377)**	**34,394**	**-55,771**	**-162.2%**
Net Financial Position assets held for sale	**-**	**-**	**-**	**-**
Total	**84,535**	**125,414**	**-40,879**	**-32.6%**

Annex 3

CONSOLIDATED CASH-FLOW STATEMENT

(€ 000)	Dec. 31st, 2020	Dec. 31st, 2019
Opening cash and cash equivalents (at January 1st)*	**46,581**	**17,919**
Operating activities		
Profit/(loss) from Continuing Operations	**15,949**	**(15,050)**
Net profit/(loss) from Discontinued Operations	**202**	**1,143**
- Depreciation of tangible assets	2,430	3,005
- Amortization of intangible assets	5,911	6,566
- Amortization of rights of use IFRS 16	1,035	1,449
- Write-downs of tangible and intangible assets	1,044	1,034
- Provisions to reserves (including severance indemnity fund)	1,510	1,351
- Provisions for the incentive and retention plan	91	242
Net capital gains on disposal of tangible and intangible assets*	(30,326)	(374)
- Net capital gains from sale of Discontinued Operations	-	(5,984)
- Fair value of equity investments in other companies	-	(2,147)
- Net interest expenses paid to financial institutes and leasing companies	1,111	1,539
- Financial losses/(gains) on derivatives	(2,184)	695
- Share of profit/(loss) of equity-accounted investees	-	(191)
- Income taxes from Continuing Operations	6,267	1,568
- Income taxes from Discontinued Operations	-	4,835
Cash flow from current operations	*3,040*	*(319)*
- (Increase)/decrease in trade receivables	3,675	(862)
- Increase in inventories	(115)	(2,140)
- Increase/(decrease) in trade payables	(1,932)	2,512
- Net change in other assets/liabilities	1,096	1,398
- Use of provisions (including severance indemnity fund)	(1,435)	(1,697)
- Net interest expenses due to financial institutions and leasing companies paid	(1,160)	(1,475)
- Cash flow from derivatives	2,583	(972)
- Income taxes paid	(538)	(5,538)
Cash-flow from/(for) operating activities	**5,214**	**(9,093)**
Investment activities		
- Investments in intangible assets	(3,297)	(5,680)
- Investments in tangible assets	(2,021)	(2,276)
- Net sale price on disposal of tangible and intangible assets**	54,913	641
- Net cash flow generated from sale of Discontinued Operations (net of cash and cash equivalents)	3,228	46,768
- Cash flow absorbed by business combinations	(2,822)	-
- Dividends collected from associated companies	-	66
- Cash flow from assets held for trading	-	799
Cash flow from investment activities	**50,001**	**40,318**
Financing activities		
- Contracting of non-current financial debt	162	16,242
- Repayment of non-current financial debt	(45,148)	(27,521)
- Repayment of liabilities for leases	(1,025)	(1,220)
- Contracting/(repayment) of current financial payables	(25,500)	10,146
- Purchase of treasury Growth Shares	-	(272)
Cash flow for financing activities	**(71,511)**	**(2,625)**
Change in translation difference	**1,611**	**62**
Cash flow for the period	**(14,685)**	**28,662**
Closing cash and cash equivalents (at December 31st)	**31,896**	**46,581**

**Capital gains associated with the sale of Fluindapyr total € 30,331 thousand.*

***The net sale price for Fluindapyr was € 54,907 thousand*

RECONCILIATION OF ISAGRO S.P.A.'S PROFIT/(LOSS) AND SHAREHOLDERS' EQUITY WITH THE CONSOLIDATED FIGURES

(€ 000)	2020		2019	
	Profit/Loss	Shareholders' Equity	Profit/Loss	Shareholders' Equity
Parent Isagro S.p.A.	14,146	107,485	17,162	93,917
Intragroup profits	1,333	(2,967)	919	(4,300)
Tax effect on intragroup profits	(683)	765	(31)	1,447
Profit/reserves of consolidated companies	2,155	2,428	(30,937)	1,074
Intragroup dividends	(800)	-	(1,020)	-
Exchange diff. arising on translation of foreign currency financial statements	-	(1,799)	-	(1,118)
Total Isagro Group	**16,151**	**105,912**	**(13,907)**	**91,020**
(Profit)/Loss attributable to non-controlling interests	-	-	-	-
Total Consolidated Financial Statements	**16,151**	**105,912**	**(13,907)**	**91,020**

EXPLANATORY NOTES ON THE ALTERNATIVE PERFORMANCE INDICATORS

In compliance with the ESMA recommendation on alternative performance indicators (ESMA/2015/1415), note that the reclassified statements presented in this Directors' Management Report contain certain differences in terminology used and in the degree of detail compared to the official statements presented in the following tables.
The reclassified Consolidated Income Statement, provided in Annex 1, introduces in particular the notion of **EBITDA**, which in the Consolidated Income Statement equates to the Gross Operating Profit.
The reclassified Balance Sheet, as provided in Annex 2, was prepared on the basis of items recognized in the corresponding sections of the Consolidated Balance Sheet, and introduces the following items:

- **Net fixed assets**, given by the difference between, on one hand, the aggregate of the items “Tangible assets”, “Intangible assets”, “Rights of use”, “Goodwill”, “Financial assets”, “Non-current receivables and other assets”, “Deferred tax assets”, and, on the other hand, the aggregate of the items “Deferred tax liabilities”, "Non-current provisions", and “Other non-current liabilities”;
- **Net current assets**, given by the difference between, on one hand, the aggregate of the items “Inventories”, “Trade receivables”, “Other current assets and receivables”, and “Tax receivables” and, on the other hand, the aggregate of “Trade payables”, “Current provisions”, “Tax payables” and “Other current liabilities and payables”;
- **Invested capital**, given by the algebraic sum of "Net fixed capital" and "Net working capital";
- **Net invested capital**, given by the algebraic sum of "Invested capital" and "Employee benefits - Severance indemnity fund".

With reference to the paragraph “Cash flows – summary data” of the present Report, we can note that:

- **Investments** corresponds to the “Cash flow from investment activities” indicated in the Cash-Flow Statement;
- **Net Working Capital (NWC)** is given by the sum of “Inventories”, “Trade receivables” and “Trade payables”;
- **Free cash flow (FCF)** is given by the difference in the item “Net financial position” in the reference periods considered in the analysis.

Lastly, in reference to the "Main indicators" section of this Report, it should be noted that:

- **Basic earnings per share:** calculated by dividing the consolidated "Net profit/(loss) for the year" by the average number of Isagro S.p.A. shares outstanding during the year, excluding treasury shares held by the issuer itself. The average number of outstanding shares, excluding treasury shares, during 2020, was 37,967,946;
- **Equity per share:** calculated by dividing "Equity" by the average number of shares outstanding of the issuer Isagro S.p.A., excluding treasury shares held by the issuer itself;
- **R.O.E.** (or **Return on Equity**) is the ratio of "Net profit/loss" to "Equity" at the reporting date;
- **R.O.I.** (or **Return on Investments**) is the ratio of “EBIT” and "Net invested capital";
- **Net financial position/EBITDA** is calculated by dividing the "Net financial position" at the reporting date by "EBITDA" for the period.

ATTESTATION UNDER THE TERMS OF ARTICLE 15 OF CONSOB REGULATION 20249/2017

Under the terms of Article 2.6.2, paragraph 15 of the Regulation on markets organized and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under Article 15, paragraphs a), b) and c) of CONSOB Regulation no. 20249/2017 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

ATTESTATION UNDER THE TERMS OF ARTICLE 16 OF CONSOB REGULATION 20249/2017

Under the terms of Article 2.6.2., paragraph 13 of the Regulation on Markets organized and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the Company’s shares are validly admitted to trading, as the inhibitory conditions pursuant to Article 16 of Consob Regulation no. 20249/2017 do not apply.

INFORMATION UNDER THE TERMS OF ARTICLES 70 AND 71 OF CONSOB REGULATION 11971/99 (ISSUERS REGULATION)

On September 25th, 2012, pursuant to Article 3 of Consob Resolution no. 18079 of January 20th, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the opt-out provision under Articles 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers’ Regulation. Therefore, Isagro utilized the option to opt out from the requirement to publish the disclosure documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

CERTIFICATION OF THE FINANCIAL REPORTING MANAGER

The Financial Reporting Manager, Mr. Ruggero Gambini, hereby certifies, pursuant to art.154-bis, paragraph 2 of the Consolidated Law on Finance, that the financial information in the Consolidated Financial Statements at December 31st, 2020 is consistent with the entries in the accounting books and records.

2

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Cash-Flow Statement
- Statement of Changes in Consolidated Shareholders' Equity

CONSOLIDATED BALANCE SHEET

(in thousands of Euro)	Notes	Dec. 31st, 2020	*of which related parties*	Dec. 31st, 2019	*of which related parties*
NON-CURRENT ASSETS					
Tangible assets	2	15,157	-	15,585	-
Intangible Assets	3	21,063	-	47,387	-
Rights of use	4	4,091	-	4,421	-
Goodwill	5	4,181	-	3,148	-
Equity investments in other companies	6	3,140	-	4,176	-
Non-current receivables and other assets	7	1,630	*963*	2,837	*1,907*
Financial receivables and other non-current financial assets	8	2,503	-	2,503	-
Financial assets - derivatives	15	-	-	6	-
Deferred tax assets	9	1,687	-	6,181	-
TOTAL NON-CURRENT ASSETS		**53,452**		**86,244**	
CURRENT ASSETS					
Inventories	10	39,553	-	40,853	-
Trade receivables	11	23,871	*1,856*	27,227	*2,669*
Other current assets and receivables	12	3,531	*784*	7,658	*473*
Tax receivables	13	385	-	1,205	-
Current financial receivables and other financial assets	14	43	-	-	-
Financial assets - derivatives	15	232	-	191	-
Cash and cash equivalents	16	31,896	-	46,581	-
TOTAL CURRENT ASSETS		**99,511**		**123,715**	
Non-current assets held for sale and Discontinued Operation		**-**		**-**	
TOTAL ASSETS		**152,963**		**209,959**	
SHAREHOLDERS' EQUITY					
Share capital		24,961		24,961	
Reserves		51,287		48,909	
Retained earnings and profit for the year		29,664		17,150	
Equity attributable to owners of the parent	17	**105,912**		**91,020**	
Equity attributable to non-controlling interests		**-**		**-**	
TOTAL SHAREHOLDERS' EQUITY		**105,912**		**91,020**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	18	6,614	-	33,457	-
Financial liabilities - derivatives	15	-	-	36	-
Employee Benefits - Severance indemnity fund	19	1,546	-	1,877	-
Deferred tax liabilities	9	520	-	660	-
Other non-current liabilities	20	807	-	1,130	-
TOTAL NON-CURRENT LIABILITIES		**9,487**		**37,160**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	18	6,374	-	49,934	-
Financial liabilities - derivatives	15	192	-	121	-
Trade payables	21	24,206	*678*	26,143	*246*
Current provisions	22	2,164	-	1,781	-
Tax payables	23	1,106	-	109	-
Other current liabilities and payables	24	3,522	-	3,691	-
TOTAL CURRENT LIABILITIES		**37,564**		**81,779**	
TOTAL LIABILITIES		**47,051**		**118,939**	
Liabilities related to the Discontinued Operation		**-**		**-**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY'		**152,963**		**209,959**	

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	2020	*of which related parties*	2019	*of which related parties*
Revenue from Contracts with Customers	26	110,327	*17,992*	105,369	11,565
Other operating revenues	27	31,960	*328*	2,151	*490*
of which Other non-recurring operating revenues	27A	*30,331*	-	-	-
Total revenues		**142,287**		**107,520**	
Raw materials and consumables used	28	(62,200)	*(402)*	(62,189)	*(323)*
Costs for services	29	(22,686)	*(484)*	(22,723)	-
Personnel costs	30	(22,597)	-	(25,735)	-
Write-downs/write-backs of trade receivables and other receivables	31	(578)	-	(686)	-
Other operating costs	32	(2,314)	*(5)*	(2,448)	*(4)*
Change in inventories of finished products and work in progress	33	688	-	2,451	-
Costs capitalized for internal work	34	1,500	-	1,192	-
EBITDA		**34,100**		**(2,618)**	
Depreciation and amortization:					
- Depreciation of tangible assets	35	(2,430)	-	(2,622)	-
- Amortization of intangible assets	35	(5,911)	-	(6,552)	-
- Amortization of rights of use	35	(793)	-	(910)	-
- Write-downs of tangible and intangible assets	36	(1,044)	-	(1,034)	-
Operating profit/(loss)		**23,922**		**(13,736)**	
Financial income	37	181	-	2,300	*23*
Borrowing Costs	37	(1,303)	-	(1,722)	-
Gains/(losses) on foreign exchange and financial derivatives	37	(584)	-	(515)	-
Profit/(loss) from associates		-	-	191	-
Profit/(Loss) before tax		**22,216**		**(13,482)**	
Income Taxes	38	(6,267)	-	(1,568)	-
Net profit/(loss) from Continuing Operations		**15,949**		(15,050)	
Net profit/(loss) from Discontinued Operations	39	202	-	1,143	-
Net profit/(loss)		**16,151**		**(13,907)**	
Attributable to:					
Owners of the Parent		**16,151**		**(13,907)**	
Non-controlling interests		**-**		**-**	
Earnings per share (in Euro):	41	**2020**		**2019**	
Earnings per share (basic = diluted)					
Ordinary Share		(0.425)		0.367	
Growth Share		(0.510)		0.367	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	Notes	2020	2019
Net profit/(loss)		**16,151**	**(13,907)**
Components that will be subsequently reclassified in the profit/(loss) for the year:			
Change in translation reserve (difference)		(681)	137
Net profit/(loss) on Cash Flow Hedging:			
- *Interest Rate Swaps*		75	6
- *Commodity futures*		113	82
- *Currency forwards*		821	(322)
		1,009	(234)
Income taxes (*)		(24)	(71)
		985	**(305)**
Net gain/(loss) on costs for hedging transactions:			
- *Currency forwards*		(612)	(24)
Income taxes (*)		36	80
		(576)	**56**
Total	16	**(272)**	**(112)**
Components that will not be reclassified in the profit/(loss) for the year:			
Profit/(loss) from equity investments measured at fair value through OCI		(1,036)	*1,311*
Actuarial profit/(loss) for defined benefit plans		10	(155)
Income taxes (*)		(52)	24
		(42)	**(131)**
Total	16		**1,180**
Other Comprehensive Income		**(1,350)**	**1,068**
Total Statement of Other Comprehensive Income		**14,801**	**(12,839)**
Attributable to:			
Owners of the Parent		**14,801**	**(12,839)**
Non-controlling interests		-	-

(*) Prudentially, the Parent Company Isagro S.p.A. did not recognize further deferred tax assets/liabilities during the year, recording only the use of balances earlier than December 31st, 2019.

CONSOLIDATED CASH-FLOW STATEMENT

(in thousands of Euro)	Notes	2020	2019
Cash and cash equivalents - opening balance	16	**46,581**	**17,919**
Operating activities			
Net profit/(loss) from Continuing Operations		15,949	(15,050)
Net profit/(loss) from Discontinued Operations		202	1,143
- Depreciation of tangible assets	2	2,430	3,005
- Amortization of intangible assets	3	5,911	6,566
- Amortization of rights of use	4	1,035	1,449
- Write-downs of tangible and intangible assets	36	1,044	1,034
- Provisions (including severance indemnity fund)	29,30,32	1,510	1,351
- Provisions for the incentive and retention plan	30	91	242
- Net capital gains on disposal of tangible and intangible assets	27,27A,33*	(30,326)	(374)
- Capital gain from sale of Discontinued Operations		-	(5,984)
- Fair value of equity investments in other companies		-	(2,147)
- Net interest expenses paid to financial institutes and leasing companies	37	1,111	1,539
- Financial losses from derivatives	37	(2,184)	695
- Share of profit/(loss) of equity-accounted investees		-	(191)
- Income taxes from Continuing Operations	38	6,267	1,568
- Income taxes from Discontinued Operations		-	4,835
Cash flow from current operations		**3,040**	**(319)**
- (Increase)/decrease in trade receivables	11(**)	3,675	(862)
- Increase in inventories	10(**)	(115)	(2,140)
- Increase/(decrease) in trade payables	21(**)	(1,932)	2,512
- Net change in other assets/liabilities		1,096	1,398
- Use of provisions (including severance indemnity fund)	19.22	(1,435)	(1,697)
- Net interest expenses due to financial institutions and leasing companies paid		(1,160)	(1,475)
- Cash flow from derivatives		2,583	(972)
- Income taxes paid		(538)	(5,538)
Cash-flow from/for operating activities		**5,214**	**(9,093)**
Investment activities			
- Investments in intangible assets	3	(3,297)	(5,680)
- Investments in tangible assets	2	(2,021)	(2,276)
- Sale price on disposal of tangible and intangible fixed assets	2,3***	54,913	641
- Cash flow generated from sale of Discontinued Operations (net of cash and cash equivalents)		3,228	46,768
- Cash flow absorbed by business combinations	1	(2,822)	-
- Dividends collected from associated companies		-	66
- Cash flow from/for assets held for trading		-	799
Cash flow from investment activities		**50,001**	**40,318**
Financing activities (****)			
- Contracting of non-current financial debt		162	16,242
- Repayment of non-current financial debt		(45,148)	(27,521)
- Repayment of financial liabilities for leases		(1,025)	(1,220)
- Contracting/(repayment) of current financial payables	18(**)	(25,500)	10,146
- Increase in financial receivables and tied deposits			-
- Purchase of treasury Growth Shares	17	-	(272)
Cash flow for financing activities		**(71,511)**	**(2,625)**
Change in translation difference		**1,611**	**62**
Cash flow for the period		**(14,685)**	**28,662**
Cash and cash equivalents - closing balance		**31,896**	**46,581**

(*) Capital gains associated with the sale of Fluindapyr total € 30,331 thousand.
(**) The net change in the item is different from that presented in the Explanatory Notes due to foreign exchange adjustments.
(***) The net sale price for Fluindapyr was € 54,907 thousand.
(****) The reconciliation statement required by Regulation (EU) 2017/1990, which amended the accounting standard IAS 7, was presented in note no. 18 to which you are referred.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY IN 2019

(in thousands of Euro)	Equity attributable to owners of the Parent										Equity attributable to non-controlling interests	Total shareholders' equity
		Reserves										
	Issued share capital	Share premium reserve	Translation (difference) reserve	Cash Flow Hedging reserve	Cost of hedging reserve	FVTOCI reserve	Other reserves	Total	Retained earnings for the year	Total		
Balance at Dec. 31st, 2018	24,961	44,910	(10,314)	(257)	298	-	9,988	44,625	25,244	94,830	-	94,830
Changes during the year:												
Loss for the year	-	-	-	-	-	-	-	-	(13,907)	(13,907)	-	(13,907)
Other Comprehensive Income	-	-	137	(305)	56	1,311	-	1,199	(131)	1,068	-	1,068
Total Statement of Other Comprehensive Income	-	-	137	(305)	56	1,311	-	1,199	(14,038)	(12,839)	-	(12,839)
Coverage of Parent Company's loss from financial year 2018	-	-	-	-	-	-	(5,944)	(5,944)	5,944	-	-	-
Purchase of treasury Growth Shares	-	-	-	-	-	-	(272)	(272)	-	(272)	-	(272)
- Incentive and retention plan	-	-	-	-	-	-	242	242	-	242	-	242
Other changes	-	-	9,059	-	-	-	-	9,059	-	9,059	-	9,059
Total changes during the year	-	-	9,196	(305)	56	1,311	(5,974)	4,284	(8,094)	(3,810)	-	(3,810)
Balance at Dec. 31st, 2019	24,961	44,910	(1,118)	(562)	354	1,311	4,014	48,909	17,150	91,020	-	91,020

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY IN 2020

(in thousands of Euro)	Equity attributable to owners of the Parent										Equity attributable to non-controlling interests	Total shareholders' equity
		Reserves										
	Issued share capital	Share premium reserve	Translation (difference) reserve	Cash Flow Hedging reserve	Cost of hedging reserve	FVTOCI reserve	Other reserves	Total	Retained earnings for the year	Total		
Balance at Dec. 31st, 2019	24,961	44,910	(1,118)	(562)	354	1,311	4,014	48,909	17,150	91,020	-	91,020
Changes during the year:												
Profit for the year	-	-	-	-	-	-	-	-	16,151	16,151	-	16,151
Other Comprehensive Income	-	-	(681)	985	(576)	(1,036)	-	(1,308)	(42)	(1,350)	-	(1,350)
Total Statement of Other Comprehensive Income	-	-	(681)	985	(576)	(1,036)	-	(1,308)	16,109	14,801	-	14,801
Allocation of the results of the Parent Company Isagro S.p.A. FY 2019	-	-	-	-	-	-	3,595	3,595	(3,595)	-	-	-
- Incentive and retention plan	-	-	-	-	-	-	91	91	-	91	-	91
Total changes during the year	-	-	(681)	985	(576)	(1,036)	3,686	2,378	12,514	14,892	-	14,892
Balance at Dec. 31st, 2020	24,961	44,910	(1,799)	423	(222)	275	7,700	51,287	29,664	105,912	-	105,912

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CONSOLIDATED EXPLANATORY NOTES

EXPLANATORY NOTES

GENERAL INFORMATION

Reporting entity
Isagro S.p.A. is a corporate body organized in accordance with the legal system of the Italian Republic. Isagro S.p.A. and its subsidiaries (hereinafter, the "Isagro Group") are active in the research, management of Intellectual Property rights, development, manufacturing, marketing and distribution of crop protection products. The Group's registered office is at Via Caldera 21, Milan, Italy.
Isagro S.p.A. is listed on the STAR segment of the Milan Stock Exchange.

Publication of the Consolidated Financial Statements
The publication of the Isagro Group's Consolidated Financial Statements as at December 31st, 2020 was authorized by the Board of Directors on March 16th, 2021.

Compliance with the IFRSs
The Isagro Group's Consolidated Financial Statements at December 31st, 2020 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of that date, and with the measures issued in implementation of art. 9 of Italian Legislative Decree no. 38/2005. The international accounting standards approved by the European Commission as of the date of preparation of the Consolidated Financial Statements are listed in Note 51, to which you are referred.

Basis of presentation
The Consolidated Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash-Flow Statement, the Statement of Changes in Shareholders' Equity, and the Explanatory Notes.
In particular:

- current and non-current assets and liabilities have been stated separately in the Balance Sheet. Current assets are those expected to be realized, sold or consumed during ordinary operations or within the twelve months after the end of the year; current liabilities are those for which settlement is expected as part of ordinary operations or within the twelve months following year end;
- in the Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortization and depreciation and impairments of tangible and intangible assets, the financial operations and income taxes and "EBIT", which includes all cost and revenue components except financial operations and income taxes;
- the indirect method is used for the Cash-Flow Statement. The average exchange rates for the period were used for translating the cash flows of foreign subsidiaries.

With reference to CONSOB Resolution no. 15519 of July 27th, 2006 on Financial Statements, special sections are included to illustrate significant related-party transactions, as well as, when occurring, any significant non-recurring transactions carried out in the ordinary course of business.
All amounts reported in the Financial Statements and the notes are presented in thousands of euro, unless otherwise indicated.
Finally, in December 2019 the Parent Company Isagro S.p.A. and the subsidiary Isagro España S.L. signed an agreement with the Indian companies PI Industries Limited and PI Life Science Research Limited to sell their respective equity investments in the Indian company Isagro (Asia) Agrochemicals Pvt. Ltd.; this operation is classified as a Discontinued Operation and the results are indicated separately in the comparative Income Statement at December 31st, 2019 with respect to Continuing Operations. The net profit/(loss) from Discontinued Operations in the current year also refers to this Discontinued Operation.

Covid-19 health emergency
In line with the directives found in *Public Statement "European common enforcement priorities for 2020 annual financial reports"*, issued by ESMA on October 28th, 2020 and the CONSOB Call for Attention 1/21 of February 16th, 2021, the subsequent paragraphs contain specific considerations for areas of the financial statements that could potentially be affected by Covid-19. In particular, with regards to the Isagro Group's Consolidated Financial Statements as at December 31st, 2020, specific areas have been identified with respect to individual IFRSs, summarized below:

- going concern (IAS 1), found in the section "Observations on the financial profile and the going concern" in the Report on Operations and in the "Going Concern" section of this document;
- financial instruments (IFRS 9), found in note 6 "Equity investments in other companies" and note 11 "Trade receivables";

- impairment of assets (IAS 36), found in note 3 "Intangible Assets" and note 5 "Goodwill";
- notes 28 "Raw materials and consumables used", 29 "Costs for services", 30 "Personnel costs" contain specific disclosures regarding "benefits" and the costs sustained because of the state of emergency linked to the Covid-19 pandemic.

Going concern

At December 31st, 2020, your Group had a solid and balanced financial structure, with a debt/equity ratio of -0.20 – equal to -0.24 without effect of IFRS 16 – (compared to the figure of 0.38 at December 31st, 2019), Own Funds of € 105.9 million (compared to the figure of € 91.0 million at December 31st, 2019) and current liquidity of more than € 32 million.

With an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule Fluindapyr the Parent Company Isagro S.p.A. began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020.

Isagro intends to guarantee repayment of residual medium/long term debt coming due in 2021 and its operating cash flow requirements during the period of transition to the new business model using the liquidity available at December 31st, 2020.

Finally, note that the measurement of compliance with equity/economic requirements (covenants) on a consolidated basis required for Isagro's financial debt (required contractually solely at the reporting date of annual Consolidated Financial Statements) demonstrates no issues in terms of respecting these requirements at December 31st, 2020, as the Isagro Group had a positive Net Financial Position at the end of the year.

With reference to the ongoing pandemic, the Group's management is continuing to monitor closely any impacts of the phenomenon in question on the most significant hypotheses and assumptions at the basis of the main estimates reflected in the financial statements, with particular reference to revenue recognition, the onset of impairment indicators on goodwill and intangible assets, in addition to changes in the liquidity situation, taking account of the uncertainty around the impact and duration of the effects attributable to the health emergency on the performance of the sector in which the Group operates, even if the Directors do not believe it will have significant impacts in this sector.

In any case, it should also be emphasized that uncertainties associated with the spread and duration of the pandemic which is still in progress and in consideration of the continued evolution of the problem, even if mitigated by vaccine plans under way in Italy and throughout the world, still make it complicated to foresee a clear and defined framework for its effects, including on both macro and micro economic activities. This adds a degree of complexity and uncertainty to the estimates made by management, whose assumptions and basic hypotheses may require revisiting and updating over the course of 2021, following changes in events which are not under its controls.

In the context of the assessment of the potential effects attributable to the spread of the coronavirus pandemic, the level of complexity and uncertainty of the estimates is unprecedented and unlike any other, involving potentially numerous aspects such as:

- the different levels of persistence and the extent of the infection in the various areas of Italy;
- the different schedules for evolution and the extent of the infection in various European countries and worldwide;
- the time frames for carrying out vaccine plans in various countries;
- the lack of concrete facts regarding the overall duration of the infection, and, above all, the associated containment measures;
- the particular difficulty of predicting the time frames and extent of recovery of "fully operational" national and global economies, both at macro and micro level, once the emergency is over.

Given the above, as indicated in the section "Significant events in 2020 - possible impacts of the health crisis" in the Report on Operations, Group management carried out several internal assessments in order to identify the areas in which the pandemic could potentially have the greatest impact on the Group, holding that the health crisis could not reasonably compromise the business as a going concern.

In light of the more detailed information available at December 31st, 2020, to hedge the liquidity risk, the following is noted:

- positive current account balances of the Parent Company Isagro S.p.A. total around € 30 million, while those of the Group amount to around € 34 million;
- there are unused short-term credit lines available to the Parent Company Isagro S.p.A. for over € 60 million (considering the maximum ceilings granted for the various types of financing), including self-liquidating lines, supplier advances, direct and indirect factoring and credit lines, while those for the Group total around € 64 million.

Based on the positive results in 2020, the cash and banking lines available at December 31st, 2020 and the prospective cash flow for 2021, together with that reported in the section "Events subsequent to December 31st, 2019 –

Possible impacts of the health crisis" in the Report on Operations and on the basis of the best currently available information, it is held that over the next 12 months there are no reasonable liquidity risks, i.e. risks pertaining to the capacity to repay the residual debt borne by the Group, thereby confirming that these Consolidated Financial Statements as at December 31st, 2020 were prepared on a going concern basis.

Segment Reporting

The Group's operating segments, in accordance with IFRS 8 - Operating Segments, are identified in the organizational geographical areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

ACCOUNTING POLICIES, BASIS OF CONSOLIDATION AND MEASUREMENT CRITERIA

The accounting standards, basis of consolidation and measurement criteria adopted in preparing the Financial Statements are consistent with those used for the previous year's statements, with the exception of what is explained in the following paragraph.

Accounting standards, amendments and interpretations applied as from January 1st, 2020

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the impact of new standards or interpretations on the Consolidated Financial Statements are indicated below. These standards were applied for the first time by the Group starting from January 1st, 2020:

- On November 29th, 2019, by means of Regulation no. 2075/2019, the European Commission endorsed the amendment to the "References to the Conceptual Framework in IFRS Standards".
  The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in the development of the IFRS standards. The document helps to guarantee that the standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information to investors, lenders, and other creditors. The Conceptual Framework assists companies in developing accounting standards when no IFRS applies to a given transaction and, more generally, helps interested parties to comprehend and interpret the standards. The adoption of this amendment had no effect on the Isagro Group's Consolidated Financial Statements.
- On January 15th, 2020, by means of Regulation no. 34/2020, the European Commission endorsed the amendment named "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform", which amends some of the requisites for application of hedge accounting, providing temporary derogations to them, in order to mitigate the impact deriving from the uncertainty of the IBOR reform (still ongoing) on future cash flows in the period preceding its completion. The amendment also requires that companies provide further information in the financial statements about their hedging relations that are directly affected by the uncertainties generated by the reform, and to which the aforementioned derogations are applied. The adoption of this amendment had no effect on the Isagro Group's Consolidated Financial Statements.
- On April 21st, 2020, with Regulation 551/2020, the European Commission endorsed the amendment to accounting standard IFRS 3- *Business Combinations,* which provides clarifications regarding the definition of business in terms of proper application of standard IFRS 3. Specifically, the amendment clarifies that, while a business usually produces an output, the presence of an output is not strictly necessary for identifying a business in the presence of an integrated set of activities/processes and assets. However, to meet the definition of business, an integrated set of activities/processes and assets must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced the term "ability to create outputs" with "ability to contribute to the creation of outputs" to clarify that a business can exist also without the presence of all the inputs and processes necessary to create an output. The amendment also introduced a test ("concentration test"), optional for the entity, to determine whether a set of activities/processes and assets acquired is not a business. If the test is positive, the set of activities/processes and assets acquired does not constitute a business, and the standard does not require additional checks. If the test is negative, the entity must perform further analysis on the activities/processes and assets acquired to identify the presence of a business. To this end, the amendment added numerous illustrative examples to the standard IFRS 3 in order to help to understand the practical application of the new definition of business in specific cases. The adoption of this amendment had no effect on the Isagro Group's Consolidated Financial Statements.
- On October 9th, 2020, by means of Regulation no. 1434/2020, the European Commission endorsed the amendment to IFRS 16 - *Leasing*. The amendment grants lessees the ability to recognize reductions in

rent linked to Covid-19 without having to make use of contract analysis to determine whether the IFRS 16 definition of a lease modification is respected. Therefore, lessees which make use of this right can recognize the effects of reductions in rent directly to the Income Statement as of the date the reduction takes effect. The adoption of this amendment had no effect on the Isagro Group's Consolidated Financial Statements.

New standards and interpretations adopted by the European Union but not yet in force

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the potential impact of new standards or interpretations on the Isagro Group's Consolidated Financial Statements are indicated below. These standards were not applied early.

- On December 15th, 2020, with Regulation 2097/2020, the European Commission endorsed the amendment to accounting standard IFRS 4 – *Insurance Contracts*, which makes it possible to extend the temporary exemption on application of IFRS 9 for insurance through to January 1st, 2023.
  The amendment takes effect on January 1st, 2021. The adoption of this standard will have no effect on the Isagro Group's Consolidated Financial Statements.
- On January 13th, 2021, with Regulation 25/2021, the European Commission endorsed the amendments to IAS 39 and IFRS 4, 7, 9 and 16, to consider the consequences of the effective replacement of the reference indexes used to determine existing interest rates with alternative reference rates. These amendments are effective for accounting periods beginning January 1st, 2021 or thereafter, but early application is permitted.
  The Directors do not expect any significant effects on the Consolidated Financial Statements of the Isagro Group.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process necessary for adoption of the amendments and standards described below.

- On October 31st, 2018, the IASB published the document "***Definition of Material (Amendments to IAS 1 and IAS 8)***" which introduced a change to the definition of "material" contained in the standards *IAS 1 – Presentation of Financial Statements* and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*. The aim of this amendment was to make the definition of "material" more specific and to introduce the concept of "obscured information" alongside the concepts of omitted or misstated information already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way that would have a similar effect on the primary reader as omitting or misstating the information. The amendments introduced by the document apply to all transactions subsequent to January 1st, 2020.
  The Directors do not expect any significant effects on the Consolidated Financial Statements of the Isagro Group following adoption of this standard.
- On January 23rd, 2020, the IASB published an amendment titled "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The document is intended to clarify how to classify payables and other short or long-term liabilities. The amendments take effect on January 1st, 2022 but the IASB has issued an exposure draft to postpone efficacy to January 1st, 2023. In any case early application is allowed. The Directors do not expect any significant effects on the Consolidated Financial Statements of the Group following adoption of this amendment.
- On May 14th, 2020 the IASB published the following amendments:
  - *Amendments to IFRS 3 Business Combinations:* the amendments serve to update the reference made in IFRS 3 to the revised version of the Conceptual Framework, without making any changes to the provisions of standard IFRS 3.
  - *Amendments to IAS 16 Property, Plant and Equipment:* the amendments have the aim, relative to the cost of tangible assets, of disallowing the deduction of amounts received from the sale of goods produced when testing the assets in question. These revenues from sales and the relative expenses will therefore be recognized in the Income Statement.
  - *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:* the amendment clarifies that when estimating the cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the measurement of the cost of a contract includes not only incremental costs (e.g. the cost of materials directly used in processing), but also all costs which the company cannot avoid due to stipulation of the contract (e.g. the portion of personnel expense and depreciation of machinery used to fulfill the contract).
  - *Annual Improvements 2018-2020:* amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, to IAS 41 Agriculture and to Illustrative Examples for IFRS 16 Leases.

  All these amendments take effect on January 1st, 2022. The Directors do not expect any significant effects on the Consolidated Financial Statements following adoption of these amendments.

Uncertainty in the use of estimates

Preparation of the Consolidated Financial Statements and the relative notes in application of the IFRS requires the management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities at the reporting date. Consequently, the results actually achieved could differ from these estimates.

In particular, the estimates are used in order to recognize provisions for doubtful debts and inventory obsolescence, depreciation and amortization, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

Also note that the Directors made a "significant judgment" when assessing the "accessory" performance obligations in the contract to sell Fluindapyr, but not in terms of determining the fair value of the same, as these performance obligations, in compliance with accounting standard IFRS 15, were recognized in the 2020 Isagro Group Consolidated Financial Statements "at a point in time" on the closing date (the relative conclusions are found in note 27A), as were the assumptions underlying the "fiscal realignment" pursuant to article 110, paragraph 8 of Decree Law 104/2020.

Estimates made by Directors also involved the Purchase Price Allocation process carried out with reference to the acquisition of Phoenix-Del S.r.l.

The main assumptions regarding the future and the main causes for uncertainty in the estimate at the closing date of the financial year that present a significant risk of giving rise to significant adjustments to the book values of the assets and liabilities by the following financial year are shown below.

Bad debt provision

Trade and other receivables are shown in the financial statements net of provisions for impairment losses, determined based on the principle of expected credit loss, according to which it is no longer necessary for an event of financial difficulty of the debtor to occur before recognizing in the financial statements the value of the expected losses. This model provides for the impairment test being performed considering the entire life of the receivable according to a forward-looking logic, which uses historical, current and also prospective data in the assessment process.

In particular, using the simplified approach provided for in IFRS 9, the Isagro Group constructed a "provision matrix" to identify the probabilities of default, which is based, for historical data, on the average credit losses of the last three years, to which is added a percentage of risk in order to take into account prospective (forward-looking) probabilities of default. This matrix is then applied to the aging of the receivables, constructed by maturity band and by geographical areas, at the reporting date, and it is updated every year. In addition, ad hoc analyses and specific estimates are performed to determine the expected losses of certain categories of receivables, including receivables in dispute and receivables deriving from M/L Agreements.

Note that the Covid-19 health crisis has not currently affected the aging for customers or, in the Directors' opinion, the prospective ability to recovery the same and, therefore, it was not held necessary to revise the above model and make any specific additional provisions linked to the health crisis. In fact, amounts collected continued regularly and no financial tensions were seen, nor is this expected to occur in 2021, as also confirmed by the trend of amounts collected in January and February, given that the Isagro Group operates in market segments and with customers who are especially solid.

Inventory write-down provision

The allowance for inventory obsolescence reflects management's estimate of impairment losses expected from the various Group companies, based on both historical experience and the expected trend in prices for agrochemical products during 2021, particularly for those products whose realizable value is linked to the commodity prices.

Intangible Assets and Goodwill: Impairment test

The Isagro Group carries out impairment testing at least annually, on preparing the Financial Statements at December 31st. As is described in greater detail below, impairment tests are performed on the assets pertaining to the CGUs being tested, including assets with indefinite useful life (goodwill) and intangible assets with finite useful life not yet available for use, as well as intangible assets already available for use and property, plant and equipment pertaining to the CGUs identified.

As explained in detail below, intangible assets not yet available for use essentially refer to registration expenses incurred for authorizations to sell formulations relating to the Group's major proprietary products (see Note 3).

As these assets are essentially registrations not yet obtained, the cash flows used for the purpose of calculating the recoverable values within the impairment test and reflected in the plan of the various Group companies, including subsequently in the consolidated 2021 Budget and 2022-2025 Business Plan (together, the "Consolidated Plan"), are those specifically and precisely defined for each project.

In defining the value in use for CGUs subject to impairment, the Isagro Group carried out its analysis on the basis of the aforementioned Consolidated Plan, approved by the Board of Directors on March 4th, 2021.

The reliability of the impairment test and, consequently, whether or not the amounts recognized as assets (including goodwill) for these items are confirmed is tied to realization of the forecasts of said Consolidated Plan, which, although it represents a forward-looking statement subject to uncertainty, is deemed reasonable and feasible by the Directors.
The Directors, as a result of the tests carried out, did not deem it necessary to recognize any further impairment losses pursuant to IAS 36, regarding the Group's major assets.
Impairment recognized in the financial statements (€ 1,044 thousand) refers to: i) € 509 thousand mainly to the impairment of the residual book value of a basic Fluindapyr registration not sold to FMC, ii) € 118 thousand for impairment of development and process know-how costs, after the decision to not implement in the production plants of the Parent Company Isagro S.p.A. the results of certain projects on new product formulation methods and iii) € 417 thousand for registration, label and patent dossiers no longer considered strategic for the Group after the change in the Isagro business model, as described in detail in the Report on Operations.
Regarding goodwill, it should be noted that about 33% of this item refers to the CGU “Isagro Colombia”, for which management has developed an additional impairment test to verify the recoverability of said goodwill. The considerations set out are described in Note 5.
Note that the calculation of the recoverable value of intangible assets available and not yet available for use, of goodwill, and of the relevant tangible assets, calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are highly erratic and fluctuating. In addition, the recoverability of these amounts is subject to the aforementioned Consolidated Plan and is affected also by uncontrollable external variables (in particular market conditions, weather conditions, the times necessary and the probabilities of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations for sale). Consequently, it cannot be excluded that the future trend in various factors, including developments in the challenging global economic and financial context, worsened by the current worldwide health crisis caused by COVID-19, which in any case are viewed as insignificant by Directors for both Isagro and the more general agrochemicals market and therefore not included in the Consolidated Plan, might lead to write-downs on these items in the Financial Statements. The Group's management will continuously monitor the circumstances and events that could bring about such a result.

Deferred tax assets

At December 31st, 2020, the Isagro Group’s financial statements indicate deferred tax assets relative to deductible temporary differences for € 1.7 million (against use by the Parent Company Isagro S.p.a. during the year of all the deferred tax assets allocated against previous tax losses for € 3.5 million). When recognizing and measuring the recoverability of these deferred tax assets, the Directors took into consideration the plans prepared by the companies of the Group and subsequently included in the Consolidated Plan approved by the Isagro Board of Directors on March 4th, 2021, which indicate income throughout the time frame of the Plan judged reasonably realizable by the Directors and of an amount to allow recovery of the deferred tax assets recognized in the financial statements.
However, it cannot entirely rule out that the occurrence of economic and/or financial crises, or the continuation of the Covid-19 health crisis, the effects of which, as stated, are held by the Directors to be insignificant for Isagro and the more general agrochemicals market, and are therefore not included in the Consolidated Plan, could affect the schedules and methods planned for recovering these financial statement items. The Group's management will continuously monitor the circumstances and events that could bring about such a result.

Fiscal realignment

The Directors of the Parent Company Isagro S.p.A. have decided to make use of realignment for the accounting figures in the separate financial statements, prepared using the international accounting standards, and the fiscal values, pursuant to article 110, paragraph eight, Decree Law 104/2020, for the following assets, for which the book value is in line with the balances found in these Consolidated Financial Statements: know-how (for € 332 thousand) and goodwill (for € 1,631 thousand). This led to a benefit in the Income Statement due to the release of deferred taxes relative to know-how and goodwill of around € 222 thousand (of which € 93 thousand relative to know-how and € 129 thousand relative to goodwill), and a cost for the substitute tax of € 59 thousand (with reference to realignment of goodwill, the Directors established that this accounting policy cannot lead to the recognition in the Income Statement of the future tax benefit connected to the liberation). Although the tax effect of this benefit applies as of the year in which the substitute tax is paid (i.e. 2021), this decision represents the Directors' decision to apply an alternative method to pay the taxes already in effect as at December 31st, 2020 and, therefore, is under the full control of the Directors.
While at present there are uncertainties expressed by the Revenues Agency regarding the possibility of change the

conditions to make use of fiscal realignment for intangible assets, the Directors hold that this is the most likely scenario, and in which the net impact on the Income Statement for the year is equal to proceeds of € 163 thousand.
The Directors believe that the distribution of unavailable reserves linked to the above realignment cannot currently be forecast and, therefore, did not recognize any effect on these from deferred taxes.

Consolidation scope
The consolidation scope includes the Financial Statements of at December 31st, 2020 of Isagro S.p.A. and its subsidiaries.
Pursuant to IFRS 10, companies are considered to be controlled if the Group simultaneously has the following three elements:
a. power over the company;
b. exposure or rights to variable returns deriving from its involvement in the investee;
c. the ability to use its power to influence the amount of such variable returns.

For a list of companies included in the scope of consolidation, reference should be made to Note 52.
Compared to the situation at December 31st, 2019 the following changes were seen in the scope of consolidation:
1. on January 13th, 2020, the process to liquidate the subsidiary Isagro Poland Sp. z o.o. was completed;
2. on October 14th, 2020, the operation by the Parent Company Isagro S.p.A. was completed to acquire 100% of the share capital of the Italian company Phoenix-Del S.r.l., with its registered office in via Venezia 9/A, 35131 – Padua. For more details about this operation, please see Note 1.

Translation of foreign currency financial statements
The presentation currency adopted by the Group is the Euro, which is also the functional currency of the Parent Company Isagro S.p.A.
At the end of the reporting period, the Financial Statements of foreign operations with a functional currency other than the Euro are translated into the presentation currency in accordance with the following procedures:
- assets and liabilities are translated using the exchange rate in force as at the reporting date;
- revenues and costs are translated at the average exchange rate for the reporting period;
- equity components are translated at historical exchange rates, maintaining the existing stratification (if any) of reserves.

Exchange differences arising on translation are recognized in the statement of Other Comprehensive Income and accumulated in a separate component of Shareholders' Equity (Translation reserve or difference) until disposal of the foreign operation.
The Financial Position and the economic result of a foreign company whose functional currency is the currency of a hyperinflationary economy are instead translated into Euro using the exchange rate in force at the reporting date. An economy is considered hyperinflationary when the cumulative inflation rate over a period of three years exceeds or comes close to 100%.

Hyperinflation in Argentina
In Argentina, following a long period of observation of inflation rates and other indicators, a unanimous consensus was reached on the existence of a hyperinflationary economy starting from July 1st, 2018. It follows that all companies operating in Argentina, starting from that date, are obliged to apply the accounting standard “IAS 29 – Financial Reporting in Hyperinflationary Economies” in preparing financial reports.

It is worth noting however that the effects deriving from application of the standard on the Group's results, taking into account the low economic and financial figures of the Argentinean subsidiary, proved to be completely negligible.

The exchange rates applied on translation of the Financial Statements of the companies included in the scope of consolidation are listed in the table below:

Currency	Exchange rate at Dec. 31st, 2020	Average exchange rate 2020	Exchange rate at Dec. 31st, 2019	Average exchange rate 2019
Australian Dollar	1.5896	1.6549	1.5995	1.6109
Singapore Dollar	1.6218	1.5742	1.5111	1.5273
US Dollar	1.2271	1.1422	1.1234	1.1195
Vietnamese Dong	28,331	26,534	26,033	26,003
Argentine Peso	103.2494	103.2494	67.2749	67.2749
Chilean Peso	872.52	903.14	844.86	786.89
Colombian Peso	4,202.34	4,217.06	3,688.66	3,674.52
Mexican Peso	24.416	24.5194	21.2202	21.5565
South African Rand	18.0219	18.7655	15.7773	16.1757
Brazilian Real	6.3735	5.8943	4.5157	4.4134
Chinese Renminbi (Yuan)	8.0225	7.8747	7.8205	7.7355
Indian Rupee	N/S	N/S	N/S	78.8361
Kenyan shilling	134.0171	121.7547	113.8986	114.2168
Polish Zloty	N/S	N/S	4.2568	4.2976

Earnings Per Share

Basic earnings per share are calculated by dividing profit or loss attributable to the Group by the weighted average number of shares outstanding during the year. For the purpose of calculating the diluted earnings per share, the weighted average number of shares is modified assuming that all convertible instruments are converted and all warrants are exercised, should these have been issued by the Parent Company.

Assets held for sale and Discontinued Operations

Non-current assets and disposal groups whose carrying amount will be recovered principally through a sale transaction rather than continuing use are presented separately from other assets and liabilities in the Balance Sheet. These assets are measured at the lower of carrying amount and fair value less costs to sell. Any subsequent impairment losses are recognized as a direct deduction from non-current assets through profit or loss. The corresponding amounts of the previous year are not reclassified.

A Discontinued Operation is a component of a company that either has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- or is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss of Discontinued Operations is disclosed separately in profit or loss. The corresponding amounts of the previous year are reclassified and presented separately in profit or loss for comparative purposes. Value adjustments on receivables from the selling price of the aforementioned discontinued assets are likewise recognized in the Income Statement; in the years subsequent to the sale, these value adjustments will be adjusted on the basis of changes in the estimates of enforceability.

Measurement criteria

The Consolidated Financial Statements have been prepared on a historical cost basis, except for some financial instruments, the measurement for which, pursuant to IFRS 9 and IFRS 13, was made at fair value, as described below. This value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction in the main (or most advantageous) market as at the measurement date, at current market conditions, regardless of whether that price is directly observable or is estimated using another measurement technique.

Business Combinations

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities as-

sumed by the Group, and the equity instruments issued by the acquirer in exchange for control of the company acquired. The transactions costs are recognized in the Income Statement at the time they are incurred.
Goodwill is measured as the excess of the aggregate of consideration transferred in the business combination, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the net liabilities assumed.
Any contingent consideration is measured at the acquisition-date fair value and recognized as part of the consideration transferred in the business combination for the purpose of measuring goodwill. Any subsequent changes in fair value, qualifying as adjustments made during the measurement period, are retrospectively included in goodwill. Changes in fair value qualifying as adjustments made during the measurement period are those resulting from new information about facts and circumstances that existed as of the acquisition date but obtained during the measurement period, which shall not exceed one year from the acquisition date.
In a business combination achieved in stages, the Group's previously held equity interest in the acquire is remeasured at fair value at the date control is acquired, and any resulting gain or loss is recognized in profit or loss. Any amounts resulting from the previously held equity interest, and recognized in Other Comprehensive Income, are reclassified to profit or loss as if the equity interest had been disposed of.

Tangible assets
Tangible assets items, which can be stated in the Financial Statements as assets if, and only if, it is probable that the future economic benefits associated with them will flow to the company and if their cost can be reliably determined, are recorded at historical cost and stated in the Financial Statements net of the related accumulated depreciation and any losses in value.
In detail, the cost of a tangible assets item, acquired from third parties or constructed on a time and material basis, includes directly attributable charges and all the costs necessary for bringing the assets onstream for the use for which they were acquired. If payment for the purchase of the asset is deferred beyond the normal credit terms, its cost is represented by the equivalent cash price.
The opening value of the asset is increased by the current value of any costs for the demolition and removal of the assets or restoration of the site where the asset is located, if a legal or implicit obligation in this sense exists. Therefore a liability will be recorded for a risk provision against this capitalized charge.
Maintenance and repair costs are not capitalized, but are recorded in the Income Statement in the period they pertain to.
Costs incurred after initial recognition – improvements, modernization and expansion costs, etc. – are recognized as assets if, and only if, it is probable that future economic benefits associated with them will flow to the company and they result in identifiable assets or if they concern expenditures aimed at extending the asset's useful life or increasing its productive capacity, or even improving the quality of the products obtained by the asset. If these expenses qualify as maintenance costs, they will be recognized in profit or loss as incurred.
Depreciation begins when the asset is available for use and is calculated on a straight-line basis with reference to the asset's estimated useful life. The useful life generally assigned to the various asset categories is as follows:

- buildings: from 19 to 30 years
- plant and machinery: from 10 to 11 years
- equipment: from 3 to 7 years
- other assets: from 5 to 6 years.

Land, which as a rule has an unlimited useful life, is not depreciated.
Spare parts and small items of equipment for maintenance are recognized as inventories and recorded at cost at the time they are used. Nevertheless, spare parts worth significant amounts and equipment provided which is available in stock (stand-by equipment) are recognized as fixed assets when they are expected to be used for more than one accounting period.
The book value of tangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If there is any indication that the asset may be impaired, and if the carrying amount is greater than the estimated recoverable amount, the asset or the cash-generating unit is written down to recoverable amount, which is the higher of fair value less costs to sell and value in use. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Impairment losses are recorded in the Income Statement under the item “Impairment of tangible and intangible assets”.

Intangible assets
Intangible assets, which can be capitalized only if they are identifiable assets which will generate future economic benefits, are initially recognized in the Financial Statements at purchase cost, increased by any additional charges and the direct costs necessary for preparing the asset for its use. However, assets acquired in a business combination are recognized at their acquisition-date fair value.

Assets generated internally, with the exception of development costs and expenses incurred in obtaining the authorizations to market agrochemical products, are not recorded as intangible assets. Development activities involve the conversion of research inventions and other knowledge in a well-defined plan for the production of new materials, products or processes.
The cost of an intangible asset created internally includes all the directly attributable costs necessary for creating, producing and preparing the asset so that it is able to operate in the manner agreed upon by company management. With regard to the capitalization of any financial charges associated with intangible assets, reference should be made to the description later in this report under the related measurement criterion.
After initial recognition, intangible assets are recorded in the Financial Statements at cost net of the total amortization charges, calculated on a straight-line basis with reference to the estimated useful life of the asset and the accumulated losses due to impairment. However, if an intangible asset has an unspecified useful life it is not amortized, but periodically subject to adequacy analysis for the purpose of stating any impairment.
The useful life generally assigned to the various categories of assets with finite useful life is as follows:

• concessions and licenses:	from 5 to 10 years
• authorizations for sale (registrations) of agrochemical products:	term of the concession
• product *know-how:*	15 years
• process *know-how:*	5 years
• costs of “extraordinary protection”:	5 years
• trademarks:	10 years
• patents:	term of the legal protection
• other assets (software):	5 years

Amortization commences when the assets are available for use, or when they are in a position and in the condition necessary in order to operate in the manner agreed upon by company management.

The book value of intangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If indication of this type exists, and in the event that the value exceeds the estimated realizable value, the assets are written down so as to reflect their realizable value. This value coincides with the net sales price of the assets or the value in use, whichever is the higher. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Impairment losses are recorded in the Income Statement under the item “Impairment of tangible and intangible assets”.
<u>Product research, development and registration costs</u>
Research costs for the ordinary protection of products and production processes, and the costs for innovative research, are recognized in the Income Statement in the period when they are incurred.
Development costs, recorded in the Financial Statements under intangible assets, refer to projects for the development of new proprietary products (active ingredients), new formulations and new production processes.
When the development project is concluded, and results in a process available for economic use, or in a product know-how, the related expenditure is reclassified to “product know-how” or “process know-how” and amortized on a straight-line basis over its estimated useful life, which shall not exceed 15 years. The conclusion of the development process of new proprietary products (active ingredients) coincides with obtainment of a statement of completeness (the "completeness check") from the competent authority and/or with obtainment of the first authorization to sell the formulation containing the active ingredient.
Product registration costs reflect internal and external costs incurred to obtain or renew the authorization from the different local authorities to market the products deriving from the development activities and /or to extend such authorizations to other crops or to other uses of the product. These costs are recognized as intangible assets under "assets under development" until an authorization to market is obtained, and they are then reclassified under "Registrations" and amortized based on the term of the concession, which may be for a maximum of ten years. Until the development activities, and/or the registration activities for any resulting products, are completed, the main projects underway will be tested for impairment at least annually, in accordance with the methods described in the Explanatory Notes, recognizing in profit or loss any excess in the carrying amount. These costs

also include the expenses for "extraordinary protection", incurred in order to increase the useful life, i.e. the marketing period, of products already existing in the market and thus capable of generating future economic benefits higher than the level of return originally attributed to the product underlying the development activity. These costs are normally amortized over a period of a minimum 5 years to a maximum 15 years, based on the estimated product lifecycle.

Goodwill

Goodwill acquired in a business combination is initially measured at the acquisition-date fair value of the consideration transferred and is allocated to the various CGUs identified at that date. After initial recognition, the goodwill is measured at cost, and decreased only by any accumulated losses in value. In fact, goodwill is not amortized, but impairment testing is performed at least annually. Any impairment is recognized in the Income Statement, according to the methods described in the Explanatory Notes.

Impairment of tangible assets, intangible assets and goodwill

At least annually, and each time the Consolidated Financial Statements for the year are drawn up, the Company reviews the book value of its tangible and intangible assets, and goodwill, to check whether there are any indications that these assets have sustained reductions in value. The recoverable value is identified as the fair value net of the sales costs or the value in use, whichever is higher, where the latter is calculated as the current value of the estimated cash flows referring to the asset or to the cash generating unit to which it belongs, discounted in consideration of a specific discounting rate, of the future cash flows referring to the asset, or to the cash generating unit to which it belongs. If the recoverable amount of an asset (or a cash generating unit) is lower than its book value, the latter is reduced to the lesser recoverable value. The impairment is immediately recognized in the Income Statement.

Afterwards, if the impairment of an asset ceases or is reduced, the book value of the asset, except for goodwill, is increased up to the new estimate of the recoverable value (which cannot exceed the value that would have been determined had no impairment loss been entered). Reversing of the impairment loss is immediately recognized in the Income Statement.

Based on what is set out above, the assets and cash generating units (CGUs) representing the smallest identifiable group of assets able to generate largely independent cash flows in were identified in the Financial Statements. Goodwill was unfailingly allocated to the cash generating units from which benefits connected with the business combinations that generated it are expected.

The CGUs were identified with the same criteria as last year.

A summary table is presented below showing the values of the tangible and intangible assets and the goodwill allocated to the individual CGUs identified by the Group's Management:

The Group also posted impairment of the CGU Isagro Colombia S.A.S. for a total of € 3,175 thousand, of which € 1,381 thousand relating to goodwill. Therefore, the

Cash Generating Units	Assets with a finite useful life			Assets with an indefinite useful life	Total
	Tangible assets	Intangible Assets: not yet available for use	Intangible Assets: already available for use	Goodwill	
Tetraconazole	4,184	132	3,179	209	7,704
Copper	5,688	890	4,701	2,110	13,389
Kiralaxyl (IR 6141)	1,318	1,419	4,043	-	6,780
Organic products	3,082	478	395	461	4,416
Pyrethroids	458	85	198	-	741
Fumigants	129	2,524	2,388	-	5,041
Total	**14,859**	**5,528**	**14,904**	**2,780**	**38,071**

Group subjected to impairment testing intangible assets and goodwill totaling € 24,603 thousand out of a total of € 25,244 thousand with about 97% coverage.
The process to assess the recoverability of the amounts recognized in the assets of the Consolidated Financial Statements by the Group's Management was carried out by determining the value in use.

Financial assets
At the moment of initial recognition, financial assets are entered at their fair value plus the costs directly attributable to their acquisition and are classified in one of the categories described below on the basis of the following elements:

- the Group's business model for the management of financial assets;
- the characteristics related to the contractual cash flows of the financial assets.

In particular, by "business model" is meant the method with which the asset is managed, that is, if it is held for the sole purpose of collecting the related contractual cash flows ("hold" model), or to resell ("sell" model), or both to collect the cash flows and to sell the asset ("hold and sell" model).
Financial assets measured at amortized cost
Financial assets are included in this category if both of the following conditions are met:

- they are held in the context of a "hold" business model, and
- the contractual terms provide for certain given cash flows represented only by payments of the principal and of the interest on the principal to be repaid.

These assets are subsequently measured using the effective interest method, that is applying the effective interest rate that represents the rate that exactly discounts the future payments or collections, estimated along the expected life of the financial asset, to its amortized cost. The gains or losses deriving from write-offs, changes or impairment of the financial asset are recognized in the Income Statement.
Financial assets measured at fair value recognized in "Other Comprehensive Income"
Financial assets are included in this category if both the following conditions are met:

- they are held in a "hold and sell" business model, and
- the contractual terms provide for certain given cash flows represented only by payments of the principal and of the interest on the principal to be repaid. The gain or loss deriving from measurement at fair value of these financial instruments must be recognized in "Other Comprehensive Income" (with the exception of gains or losses due to impairment and gains or losses on exchange rates that are recognized in the Income Statement), until the financial asset is derecognized or reclassified. The interest calculated applying the criterion of effective interest is recognized in the profit for the year.

Investments in equity instruments which are not held for trading can be included in this category at the time of their initial recognition. The gain or loss deriving from their measurement is recognized in "Other Comprehensive Income" and is not reclassified to the Income Statement when the financial asset is derecognized. The dividends related to these instruments are recognized in the Income Statement.
This context includes the investment in the company Arterra Bioscience S.p.A., an equity investment which, as of the end of financial year 2019 was recognized among "other investments" (for more information, please see note 6 below).
Financial assets measured at fair value recognized in profit (or loss) for the year
This category comprises financial assets not included in the previous ones, among which are financial assets held for trading ("sell" model) and investments in equity instruments for which the option was not taken to include them in the previous class. In particular, a financial instrument is considered "held for trading" if purchased for the purpose of selling it or re-buying it after a short time. Derivative financial instruments are also included in this category, unless they are designated as hedging instruments.
The gain or loss deriving from measurement at fair value of these financial assets is recognized in profit (or loss) for the year.
Impairment of financial assets
For financial assets included in the first two categories (with the sole exception of any equity instruments included in the category of assets measured at fair value) provisions are recognized to cover the losses. These are calculated on the basis of the expected credit loss (ECL) model, using information that is supportable, available without unreasonable expenses or efforts, which includes historical, current and prospective data. These losses are based on the difference between the contractually payable cash flows and the cash flows that the Company expects to receive, discounted at the original interest rate.
The estimate for the provisions to cover losses must correspond to the losses expected along the entire life of the receivable if the credit risk of the financial instrument has increased significantly after initial recognition. Otherwise, the measurement of the provisions must be based on the expected losses in the twelve months following the reporting date.

For trade receivables, a simplified approach is applied, as described in the paragraph "Trade and other receivables".

Treasury shares

Treasury shares are recognized at cost and are booked, at the time of purchase, as a reduction of Shareholders' Equity. The economic effects deriving from any subsequent sales are recognized directly in Shareholders' Equity.

Inventories

Inventories are measured at the lower between cost and the net estimated realizable value, represented by the normal estimated sales prices, net of finalization or selling costs.

The cost of inventories may not be recoverable if they are damaged, if they become obsolete or if their selling prices have decreased: in this case, inventories are written down to their net realizable value on the basis of an assessment made on a line-by-line basis and the amount of the write-down is recorded as a cost in the period it is made.

The cost of inventories includes purchase costs, conversion costs and other costs incurred in order for the inventories to reach their current location and conditions.

The method used for determining the cost of inventories is that of the weighted average cost, inclusive of opening inventories.

Trade and other receivables

Trade and other receivables are included in the category of "Financial assets measured at amortized cost", already illustrated in the paragraph "Financial assets", which contains a description of the related measurement criteria.

For initial recognition of short-term trade receivables, which do not contain a significant financial component, the fair value is measured based on the price related to the commercial transaction. For medium/long-term receivables, which instead contain a significant financial component, at the time of initial recognition, the fair value is determined discounting the expected cash flows at the effective interest rate.

Trade receivables are presented in the financial statements net of provisions for expected impairment losses, which are determined on the basis of a simplified approach that provides for the possibility of recognizing the expected losses along the life of the receivable without having to identify any changes in the credit risk of the debtor. A "provision matrix" was therefore constructed on the basis of past experience (that is on losses of previous periods), but opportunely adjusted to take into account additional and prospective risk factors, in order to include in the assessment the future probability of default of the debtor. This additional risk factor was determined taking into consideration, on the one hand, the aging of the receivables and, on the other hand, the geographical region of the debtor.

Cash and cash equivalents

Cash includes cash on hand as well as on-demand and short-term bank deposits, i.e. those with an original envisaged maturity of no more than three months.

Cash equivalents include temporary cash surpluses invested in financial instruments with higher returns compared to demand bank deposits (e.g. government securities) and which can be readily liquidated. They cannot include temporary investments in equity instruments due to the volatility and variability of their values.

Trade and other payables

Payables are measured at amortized cost and, at the time of initial recognition, are booked at their fair value.

For initial recognition of short-term trade payables, which do not contain a significant financial component, the fair value is measured based on the price related to the commercial transaction. For medium/long-term payables, which instead contain a significant financial component, at the time of initial recognition, the fair value is determined discounting the expected cash flows at the effective interest rate.

Financial liabilities

At the time of initial recognition, financial liabilities are booked at their fair value, net of the ancillary expenses directly related to their acquisition.

After initial recognition, financial liabilities are measured at amortized cost, using the effective interest method, unless they are financial liabilities held for trading, which are instead measured at fair value recognized in profit (or loss) for the year. This latter category includes derivative financial instruments that have not been designated as hedging instruments under the terms of the accounting standard IFRS 9.

Provisions for risks and charges

Provisions for risks and charges, which include liabilities whose timing and extent are unknown, are provided when:

- there is a current obligation (legal or implied) which is the result of a past event;
- it is probable that an outlay of resources will be necessary to meet the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recorded as a provision represents the best estimate of the outlay required for meeting the obligation existing as at the period end date. If the effect of the discounting back of the value of the cash is significant, the provisions are determined by discounting back the expected future cash flows at a pre-tax discount rate which represents the current market valuation of the cost of money in relation to time and, if appropriate, the specific risks of the liabilities. When discounting back is carried out, the increase in the provisions due to the passage of time is treated as a financial charge. Contingent liabilities, instead, are not recognized in the Financial Statements.
With reference to the provisions for "participation bonus and manager and director bonuses", the Group records this amount - in line with the previous year - in the item "Current provisions" since they are approved and finalized by the Shareholders' Meeting following approval of the Financial Statements.

Employee Benefits
Benefits after the termination of the employment relationship are established on the basis of plans which, in relation to their characteristics, are separated into defined-contribution plans and defined-benefit plans.
With regard to defined-contribution plans, the company's obligation is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at period end, less any amounts already paid.
In defined-benefit plans, the amount accounted for as a net liability (or asset) is determined using the actuarial technique of the “Projected Unit Credit Method” and is equal to: (a) the present value of the defined-benefit obligation at the reporting date; (b) plus any actuarial gains (less any actuarial losses); (c) less any social security costs relating to past work services not yet recorded; (d) less the fair value at the reporting date of the assets serving the plan (if any) beyond which the obligations must be directly discharged. The actuarial gains and losses coming from re-measurement of the assets and liabilities following the change in the financial actuarial and/or demographic assumptions, and the yield of the assets serving the plan (except for the amounts included in net interest), are recognized under "Other Comprehensive Income" and are directly reflected in the "Retained earnings" without subsequent reclassification to "Profit/(loss) for the year" items.
In defined benefit plans the cost recorded under the "Profit/(loss) for the year" is the same as the algebraic sum of the following elements: (a) social security costs relating to current employment services; (b) net interest deriving from the increase in the liability consequent to the passage of time; (c) social security costs relating to past employment services; (d) the effect of any reductions or discharges of the plan.
Until December 31st, 2006, the severance indemnity fund of Italian companies was considered as a defined-benefit plan. This was changed by Italian Law No. 296 of December 27th, 2006 (Finance Law 2007) and subsequent Decrees and Regulations that were issued in the first few months of 2007. In light of these changes, and in particular with reference to companies with at least 50 employees, this is now considered a defined-benefit plan only for the amounts which accrued until January 1st, 2007 (and which have not been settled on the reporting date), while after this date it is considered a defined-contribution plan.

Share-Based Payment
Under the terms of IFRS 2, personnel costs include the cost of any incentive plans with share-based payment. The cost of the incentive is determined based on the fair value of the attributable instruments and to the forecast of the number of shares that will effectively be assigned; the portion accruing to the year is determined *pro-rata temporis* along the vesting period, that is the period running from the attribution date (the “grant date”) and the assignment date and is recognized as counter-item to the Shareholders’ Equity reserves.
The fair value of the shares underlying the incentive plan is determined at the grant date, considering the forecasts regarding the achievement of any performance parameters associated with market conditions and is not subject to adjustment in subsequent financial years. When attainment of the benefit is also connected to conditions other than those of the market (for example seniority in service and non-market conditions of performance), the estimate related to these conditions is reflected by adjusting, along the vesting period, the number of shares expected to be effectively assigned.

Lease contracts
Lease contracts, which in exchange for a fee grant the right to control the use of a specific asset for a period of time, at the start date imply recognition by the lessor of an asset (right of use) and of a financial liability for an amount equal to the current value of the payments due for the use of the asset. Given that in the majority of lease agreements signed, there is no implicit interest rate, in determining the discounting rate the starting point was the risk-free rate of each country where the contracts

were signed, with maturities commensurate to the term of the various contracts, to which was added a spread expressing the credit risk of the contracting company.
The right of use is depreciated systematically at the shorter between the lease term and the residual life of the underlying asset. If the lease contract transfers ownership of the related asset or the cost of the right of use reflects the company's intention to exercise the purchase option, the related right of use is depreciated along the entire useful life of the asset. The depreciation starts from the beginning of the lease.
Following the initial recognition, the financial liability for the lease is increased through recognition in the Income Statement of the interest accruing during the period and decreased on the basis of the payments made.
The Group recalculates the value of the financial liability for the lease (and adjusts the value of the corresponding right of use) if:

- the duration of the lease changes or there is a change in the assessment of the exercise of the subscription right; in this case, the liability for the lease is redetermined by discounting the new payments of the lease at the revised discounting rate:
- the value of the lease payments changes following changes in the indexes or rates; in these cases, the lease liability is redetermined by discounting the new lease payments at the initial discounting rate (unless the payments due as per the lease contract change following fluctuation in interest rates, in which case a revised discounting rate must be used);
- a lease contract has been amended or the amendment does not fall under one of the cases for the separate recognition of the lease contract. In these cases, the lease liability is redetermined by discounting the new lease payments at the revised interest rate.

For short-term leases, i.e. of a duration no longer than 12 months, and for low-value assets, i.e. those in which the value of the underlying assets does not exceed € 5,000, the option was taken to recognize the payments due to the Income Statement on a straight-line basis.

Conversion of foreign currency balances
Foreign currency transactions are initially recognized using the exchange rate which is applicable on the transaction date. Exchange differences arising during the period, when foreign currency receivables are collected and payables paid, are recognized in profit or loss.
At the end of the accounting period, the monetary assets and liabilities denominated in foreign currency - comprising cash on hand and assets and liabilities to be received or paid in fixed and determinable cash amounts - are converted into the reporting currency using the exchange rate in force as at the period end date, with recognition of any exchange difference generated in the Income Statement.
Non-monetary items expressed in foreign currency are converted into the reporting currency using the exchange rate in force as at the transaction date, or the original historic exchange rate. Non-monetary elements recorded at fair value are converted using the exchange rate in force as at the date this value was determined.
The functional currencies adopted by the various companies of the Isagro Group correspond to the currencies of the countries where the registered offices of such companies are located.

Revenues
Revenues are recognized at the time, or gradually as, the entity fulfills the obligation to perform for customers, transferring to them the goods or services promised, and are booked for an amount that reflects the consideration to which the entity believes it has a right in exchange for transferring the goods or services to the customer.
The goods or services promised are considered transferred when, or gradually as, the customer acquires control over them. Control over the goods or services means the ability to decide the use of the goods or services and the ability to substantially draw all the remaining benefits from them. Transfer of control over goods or services may occur at a certain time or over a period of time.
In determining the price of the transaction, the amount of the consideration is adjusted to take into account the effects of the time value of money if the payment terms agreed offer the entity or the customer a significant benefit. This adjustment is not made if the Group expects that the time gap between the time of transfer of the goods or services and the time of payment will not exceed one year.
If the consideration promised in the contract with the customer includes a variable amount (for example quantity bonuses, discounts, incentives or other similar elements), the entity must estimate the amount of the consideration to which it will have the right in exchange for transferring the goods or services promised to the customer.
Sale of goods
Revenues deriving from the sale of goods are recognized when control of the goods is transferred to the customer. In order to determine whether the transfer has taken place, it is necessary to assess whether the customer has

acquired ownership of the goods, whether possession has been transferred, whether the customer is already required at that time to pay for the goods, and whether the customer has the right to the significant risks and benefits of ownership of the goods. Specifically, for sales of agrochemical products and raw materials, the revenues can be recognized at the time of shipment or at the time the goods are delivered to the customer.

Provision of services

Revenues related to the provision of services are recognized at the time, or gradually as, the entity fulfills the obligation to perform in for the customer. When the obligation is fulfilled over time, the entity recognizes the revenues gradually while the service is being performed, assessing its progress towards complete fulfillment of the obligation to perform.

The adequate methods for assessing progress include methods based on outputs and methods based on inputs. For toll manufacturing, revenues are recognized based on the ratio between quantities produced and total quantities to be produced.

Concessions of licenses

A license confers on the customer rights over the entity's intellectual property. For the purposes of recognizing revenues related to concession of licenses, it is necessary to determine whether the license is transferred to the customer on a specific date or over a period of time. To this end, it is necessary to determine whether the customer is given one or the other of the following rights:

- right of access to the entity's intellectual property, as it exists over the period of the license; or
- right of use of the entity's intellectual property, as it exists at the time the license is granted.

The entity's promise to grant a license is by nature a promise to grant the right of access to its intellectual property if the following conditions are met:

- the contract prescribes that the entity must carry out activities that will have a significant impact on the intellectual property over which the customer claims rights;
- the rights granted by the license expose the customer directly to the positive or negative consequences of the entity's activities, and
- these activities do not simultaneously determine the transfer of the goods or services to the client.

In this case, the entity accounts for the revenue related to concession of the license as an obligation to be fulfilled over time. If instead these criteria are not met, the entity's promise is by nature a promise to grant the right to use the intellectual property as it exists at the time it is granted to the customer, who may decide on the use of the license and substantially draw all the remaining benefits from it at the time the license is transferred to it. The promise to confer the right to use the intellectual property, in this latter case, is considered an obligation to be fulfilled at a specific date with consequent recognition of the revenue related to the action of granting the license.

Interest

Interest is recorded on an accrual basis, using the effective interest rate method.

Royalties

These are recorded on an accrual basis, in accordance with the provisions of the related agreement.

Dividends

These are recorded when the right to receive the payment arises.

Government grants

Government grants are recorded at fair value when reasonable certainty exists that they will be received and that all the conditions referring to them have been satisfied.

When the grants are linked to cost components (for example operating grants) they are recorded under the item "Other operating revenues" but spread out systematically over several accounting periods so that the revenues are proportional to the costs which they are intended to offset.

When, on the contrary, grants are linked to assets (for instance, grants for plant or grants for intangible assets being developed) they are deducted directly from the book value of such assets and are thus recognized, during the useful life of the asset to be amortized, in the Income Statement as income, by directly decreasing the amortizing cost.

Borrowing Costs

Financial charges directly attributable to the acquisition, construction or production of tangible and intangible assets which take a substantial period of time to get ready for their intended use, are capitalized as part of the cost of the assets.

All other financial charges are recognized as costs accrued in the year when they are incurred.

Costs for the purchase of goods and the provision of services

These are recorded in the Income Statement on an accrual basis and involve decreases in economic benefits, in the form of outgoing cash flows or the reduction in value of assets or the incurring of liabilities.

Income taxes (current taxes, deferred tax assets and liabilities)

Current taxes are calculated on the basis of a realistic forecast of the tax liabilities to be paid, in accordance with tax legislation in force in the individual countries and are stated in the item "Tax payables" net of the advances paid.

If the advances paid and any credits from previous accounting periods are greater than the taxes payable, the net receivable due from the tax authorities is recorded under the item “Tax receivables”.

The Group recognizes deferred tax assets and liabilities for temporary differences between the carrying amount of assets and liabilities in the Balance Sheet and their tax bases, as well as for any difference in the carrying amount of assets and liabilities arising on consolidation adjustments.

Specifically, a deferred tax liability is recorded for all taxable temporary differences, save when such liability derives from the original recognition of the goodwill. This liability is stated in the Financial Statements under the item “Deferred tax liabilities”. Conversely, a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is also recorded in the presence of tax losses or tax credits carried forward, to the extent that it is probable that sufficient future assessable income will be available. This asset is stated in the Financial Statements under "Deferred tax assets".

The value to be stated in the Financial Statements for deferred tax assets is reviewed at the end of each accounting period and is reduced to the extent that it is no longer probable that sufficient income for tax purposes will be available in the future for this tax credit to be used.

Deferred tax assets and liabilities must be calculated using the tax rates which are expected to be applicable in the period when the asset will be generated or the liability discharged, on the basis of current tax rates or those effectively in force at reporting date.

Current and deferred taxes are recorded in the Income Statement as a charge or as income for the period. However, current and deferred taxes must be debited or credited directly in Shareholders' Equity or in the Statement of Comprehensive Income if they relate to items recorded directly in these items.

Derecognition of a financial asset

A financial asset is derecognized when the Group no longer has control over the contractual rights associated with the asset. This normally occurs when the rights specified in the contract are exercised, when they expire, or when they are transferred to third parties. Consequently, when it emerges that the Group has retained control over the contractual rights associated with the asset, the latter cannot be removed from the Balance Sheet. This essentially takes place:

- when the transferor has the right or the obligation to repurchase the transferred asset;
- when the transferor essentially maintains all the risks and benefits;
- when the transferor provides guarantees for all the risks relating to the transferred asset.

Conversely, if the transferee has the ability to obtain the rewards of the transferred asset, or is free to sell or utilize the entire fair value of the transferred asset, the transferor shall remove the asset from its Balance Sheet.

In the event of a transfer, the difference between the book value of the transferred assets and the sum total of the payments received and any previous adjustment which reflects the fair value of that asset, which has been accumulated under Shareholders' Equity, is included in the Income Statement for the period.

It should be noted that in relation to the factoring of non-recourse trade receivables, under some contracts the maximum default risk assumed by the factor is governed by the so-called credit ceiling. Appropriate effectiveness tests are therefore conducted on these transactions to verify that the risks and rewards have been substantially transferred.

Derivative instruments and hedge accounting

Derivatives are measured at fair value, which IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. This value is calculated with reference to the public quoted price of the instrument. When a quoted market price is not available, reference is made to the current market value of other instruments that are substantially identical or appropriate measurement techniques that consider a premium for counterparty risk are used. These techniques are described in the Explanatory Notes, in the paragraph on derivatives.

A financial instrument can be acquired for trading purposes or hedging purposes.

The gains or losses on valuation related to derivatives purchased for trading purposes are recognized in the Income Statement in profit/(loss) for the year, while the derivatives purchased for hedging purposes are recognized according to hedge accounting, the objective of which is to present in the financial statements the effect of the entity’s risk management activities that use financial instruments to manage the exposures deriving from particular risks that could affect the profit for the year. For hedge accounting purposes only assets, liabilities, irrevocable commitments and highly probable planned transactions involving a party external to the entity that prepares the financial statements can be designated as hedged items. If a derivative financial instrument is purchased for hedging and not trading purposes but does not have the requirements described below to be accounted for according to hedge accounting, it is accounted for according to the rules established for financial instruments held for trading, with recognition of the related gains or losses in the separate Income Statement.

For the entity to be able to use hedge accounting, at the start of hedging there must be formal documentation that describes the hedging relationship, the corporate risk management goals and the strategy followed to put the hedging in place. In particular, the documentation must include identification of the hedging instrument, the hedged item, the nature of the risk hedged and how the entity will assess whether the hedging relationship meets the effectiveness requirements of the hedging. These requirements are met if:

- there is a financial relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over the changes in value resulting from the financial relationship;
- The hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the entity effectively hedges and the amount of the hedging instrument that the entity uses effectively to hedge this quantity of hedged item.

There are three types of hedging relationships:

- fair value hedges: hedging of the exposure against changes in the fair value of the recognized asset or liability or unrecognized irrevocable commitment, or a component of this item, which pertains a particular risk and could affect the profit for the year;
- cash flow hedges: hedging of the exposure against the variability of cash flows pertaining to a particular risk associated with all the assets or liabilities recognized, or a component of them, or to a highly probable planned transaction that could affect the profit for the year;
- hedges of a Net Investment in a Foreign Operation, as defined by IAS 21.

Given that the Isagro Group only makes cash flow hedging transactions, only the accounting methods related to this category are illustrated below.

Cash flow hedging

In cash flow hedging, the effective part of the gains or losses of the hedging instrument is recognized in "Other Comprehensive Income", going into a specific shareholders' equity reserve, while the ineffective part is recognized in the income statement in profit for the year. The Shareholders' Equity reserve is then adjusted to the lower between the gains (or losses) accumulated on the hedging instrument and the accumulated change in the fair value of the hedged item since the start of the hedging.

The amounts accumulated in the cash flow hedging reserve must then be accounted for based on the nature of the underlying transaction being hedged. In fact, if the hedged transaction subsequently entails the recognition of a non-financial asset or liability, the reserve is derecognized, recognizing as a counter-item a higher or lower initial value of the asset or liability recognized, while, in all other cases, the amount of the reserve must be reclassified in the profit/(loss) for the year as a reclassification adjustment in the same year the expected cash flows hedged influence the profit for the year.

Finally, if the hedging relationship ceases and no future hedged cash flows are expected, the amount of the reserve must be reclassified to profit/(loss) for the year as a reclassification adjustment.

INFORMATION ON THE BALANCE SHEET

1. Business Combinations

On October 14th, 2020, the Parent Company Isagro S.p.A. acquired 100% of the Italian company Phoenix-Del S.r.l., which sells copper-based agrochemicals in Italy and Europe, for a contractually defined price of € 3.6 million. On the closing date € 3.1 million was paid while the remaining € 0.5 million will be paid, without any interest, by March 31st, 2023, subordinate to the achievement of established sales objectives between 2021 and 2022 which, at present and based on the Consolidated Plan, are unlikely to be achieved.

The contract also establishes that for twelve months after the date of the contract, the sellers provide suitable guarantees in relation to any damages/losses/costs which Phoenix-Del S.r.l. may suffer exclusively and directly due to events occurring or deeds stipulated prior to the date the contract is executed or if discrepancies in that declared are found. Therefore, guaranteeing the above, the sellers deposited the sum of € 0.3 million in an escrow account.

The strategic objectives behind the acquisition of Phoenix-Del S.r.l. can be summarized as follows:

- focusing the Isagro Group on the copper-based fungicide and Biosolutions segments, in line with the cited change in the business model;
- strengthening the Isagro Group's position in the copper-based products market, in which the Group already holds a global leadership position;
- further enhance the Group's presence on the Italian market, thanks to "tribasic copper" products;
- obtaining industrial and commercial synergies.

Given that the company was acquired at the end of the year, it was included in the Consolidated Financial Statements as of December 31st, 2020, therefore consolidating

solely the balance sheet, as the operations of the company between the acquisition date and the end of the year were not deemed significant.
With reference to the acquisition, recall that based on accounting standard IFRS 3 the cost of the business combination must be allocated to the assets, liabilities and intangible assets not recognized in the financial statements of the acquired company, within the limits of their fair value. What remains after this allocation must be recognized as goodwill.
As of December 31st, 2020, the process of allocating the costs of the business combination can be considered complete.
The values allocated were the following:

- intangible assets (Registrations), for which the fair value at December 31st, 2020 (which "conventionally" represents, as stated, the closing date and, consequently, the date of initial consolidation of the company) is higher than its book value by € 1,592 thousand, leading to deferred tax liabilities of € 444 thousand;
- inventories, for which the fair value at December 31st, 2020 (which "conventionally" represents, as stated, the closing date and, consequently, the date of initial consolidation of the company) is higher than its book value by € 26 thousand, leading to deferred tax liabilities of € 7 thousand.

After the above, the residual difference of € 1,224 thousand was allocated to goodwill.
The reasons underlying the goodwill generated through the acquisition can essentially be traced to the presence of industrial synergies, thanks to the use of already existing Group structures which replace services purchased from third parties as well as the acquisition of new customers, above all in the area of direct sales.

Finally, note that the acquisition involved accessory costs totaling € 37 thousand, which were recognized in the Income Statement for the year under the item "Costs for services".
The table below provides details on the assets and liabilities of Phoenix-Del S.r.l. included in the Group's Consolidated Financial Statements as at December 31st, 2020, and a breakdown of the goodwill calculated as of that date:

	Fair value (amounts in €/000)
Tangible assets	3
Intangible Assets	1916
of which Registrations 1,592	
Rights of use	51
Non-current receivables	6
Deferred tax assets	3
Total non-current assets	**1,979**
Inventories	55
of which Raw materials 26	
Trade receivables	1,198
Other current assets	1
Other current financial assets	43
Cash and cash equivalents	278
Total current assets	**1,575**
TOTAL ASSETS - (A)	**3,554**
Non-current financial liabilities	31
Deferred tax liabilities*	451
Total non-current liabilities	**482**
Current financial liabilities	614
Trade payables	514
Tax payables	48
Other current liabilities	20
Total current liabilities	**1,196**
TOTAL LIABILITIES - (B)	**1,678**
Fee for acquisition - (C)	3,100
Net assets acquired (D) = (A) - (B)	1,876
Goodwill (C) - (D)	**1,224**
Fee paid on date of acquisition - (E)	3,100
Cash held by subsidiary - (F)	(278)
Cash flow for acquisition (E) + (F)	**2,822**

** refers entirely to the tax effect pursuant to the Purchase Price Allocation*

In addition, note that Phoenix-Del S.r.l. reported profits of € 170 thousand for the year.

2. Tangible assets – 15,157

The breakdown and summary changes in tangible assets are described in the following tables:

Breakdown	Dec. 31st, 2019			Change	Dec. 31st, 2020		
	Historical cost	Amortization	Book value		Historical cost	Amortization	Book value
Land	1,053	-	1,053	-	1,053	-	1,053
Buildings:							
- owned assets	16,962	(11,121)	5,841	(5)	17,687	(11,851)	5,836
	16,962	(11,121)	5,841	(5)	17,687	(11,851)	5,836
Plant and machinery:							
- owned assets	34,606	(28,755)	5,851	1,272	37,037	(29,914)	7,123
- grants capital	(357)	357	-	-	(357)	357	-
	34,249	(28,398)	5,851	1,272	36,680	(29,557)	7,123
Equipment:							
- owned assets	5,551	(4,979)	572	(186)	5,558	(5,172)	386
	5,551	(4,979)	572	(186)	5,558	(5,172)	386
Other assets:							
- furniture and fittings	1,202	(1,022)	180	(28)	1,198	(1,046)	152
- motor vehicles	104	(55)	49	(16)	84	(51)	33
- data processors	3,361	(2,887)	474	(150)	3,299	(2,975)	324
	4,667	(3,964)	703	(194)	4,581	(4,072)	509
Fixed assets under development and payments on account							
- owned assets	1,565	-	1,565	(1,315)	250	-	250
	1,565	-	1,565	(1,315)	250	-	250
Total	**64,047**	**(48,462)**	**15,585**	**(428)**	**65,809**	**(50,652)**	**15,157**

Changes for the period	Translation differences (hist. cost)	Purchases	Reclassi-fications (hist. cost)	Business Combina-tions	Disposals	Translation difference (deprec. prov.)	Depreci-ation and amortiza-tion	Use of deprec. prov.	Reclassi-fications (deprec. prov.)	Total change
Land	-	-	-	-	-	-	-	-	-	-
Buildings:										
- owned assets	(2)	168	559	-	-	-	(730)	-	-	(5)
	(2)	168	559	-	-	-	(730)	-	-	(5)
Plant and machinery:										
- owned assets	-	1,569	969	-	(107)	-	(1,260)	101	-	1,272
	-	1,569	969	-	(107)	-	(1,260)	101	-	1,272
Equipment:										
- owned assets	(1)	7	7	-	(6)	1	(200)	6	-	(186)
	(1)	7	7	-	(6)	1	(200)	6	-	(186)
Other assets:										
- furniture and fittings	(11)	4	5	-	(2)	11	(37)	2	-	(28)
- motor vehicles	(9)	-	-	-	(11)	3	(7)	8	-	(16)
- data processors	(14)	48	-	3	(99)	11	(196)	97	-	(150)
	(34)	52	5	3	(112)	25	(240)	107	-	(194)
Fixed assets under development and payments on account										
- owned assets	-	225	(1,540)	-	-	-	-	-	-	(1,315)
	-	225	(1,540)	-	-	-	-	-	-	(1,315)
Total	**(37)**	**2,021**	**-**	**3**	**(225)**	**26**	**(2,430)**	**214**	**-**	**(428)**

The main changes during the year refer to:

- the completion at the Parent Company Isagro S.p.A. Adria plant of an investment to acquire a new rotating filter for the production of technical oxychlorides. This investment, already seen at December 31st, 2019 under included for € 172 thousand under the item "assets under development" led to an increase in the historical cost of "plant and machinery" of € 652 thousand;
- the completion, again at the Adria production site, of a new packaging line; this investment led to a € 227 thousand increase in the historical cost of the item "plant and machinery"; at December 31st, 2019, this investment was recognized among "assets under development" for € 53 thousand;
- the completion, also at the Adria production site, of an investment to acquire a new mill to produce paste products; the investment of € 286 thousand, already entirely included at December 31st, 2019 under the item "assets under development", was reclassified to "plant and machinery" during the year, after successful commissioning;
- completion of investments to increase plant efficiency and the level of safety of the Adria and Aprilia production sites of the Parent Company; the conclusion of these projects led to an increase in the historic cost of the item "buildings" for € 679 thousand and of the item "plant and machinery" for € 951 thousand; at December 31st, 2019 these investments were posted under "assets under development" for € 860 thousand;
- the disposal, at the Adria plant, of obsolete plant and equipment no longer available for use; this disposal led to a decrease of € 107 thousand in the historical cost for "plant and machinery" and the recognition of capital losses in the amount of € 6 thousand.

No endogenous and exogenous impairment indicators were identified during the year, as also confirmed by the results of the impairment tests carried out which also include the tangible assets which can be allocated to the specific CGUs.

The table below provides summary figures for the land and buildings owned by the Parent Company Isagro S.p.A., which accounts for all the Group's significant land and buildings:

Location	Type	Total surface square meters	Indoor surface square meters
Municipality of Adria (RO)	Plant - copper-based products	146,965	13,398
Municipality of Aprilia (LT)	Plant - formulations	130,823	29,789
Municipality of Bussi sul Tirino (PE)	Plant - tetraconazole	3,110	1,000
Municipality of Novara (NO)	Plant - organic products	1,634	745
Municipality of Novara (NO)	Building - labs, greenhouses, offices	6,677	3,490
Municipality of San Pietro in Casale (BO)	Rural area "Cantalupo"	43,611	-
Municipality of Galliera (BO)	Rural area "Cantalupo"	96,389	500

3. Intangible assets – 21,063

The breakdown and summary changes in intangible assets during the year are described in the following tables:

Breakdown	Dec. 31st, 2019			Change	Dec. 31st, 2020		
	Historical cost	Amortization	Book value		Historical cost	Amortization	Book value
Product development costs:							
- SDHi (Fluindapyr)	3	-	3	(3)	-	-	-
- new formulations	2,019	-	2,019	(1,660)	359	-	359
	2,022	-	2,022	(1,663)	359	-	359
Process development costs	42	-	42	(42)	-	-	-
Product know-how:							
- SDHi (Fluindapyr)	22,020	(122)	21,898	(21,898)	-	-	-
- fungicide IR 6141	10,196	(9,010)	1,186	(679)	10,196	(9,689)	507
- insecticides and fungicides	1,207	(565)	642	(231)	1,207	(796)	411
- Remedier	773	(707)	66	(52)	773	(759)	14
- biostimulants and fumigants	2,743	(777)	1,966	(174)	2,743	(951)	1,792
	36,939	(11,181)	25,758	(23,034)	14,919	(12,195)	2,724
Process know-how	601	(359)	242	(198)	374	(330)	44
Extraordinary protection	6,313	(3,151)	3,162	466	9,458	(5,830)	3,628
Patents, licenses, trademarks and registrations	26,930	(17,551)	9,379	(737)	28,132	(19,490)	8,642
Other:							
- software	1,013	(492)	521	(86)	1,137	(702)	435
	1,013	(492)	521	(86)	1,137	(702)	435
Fixed assets under development and payments on account							
- registrations	6,216	-	6,216	(1,047)	5,169	-	5,169
- other assets under development	45	-	45	17	62	-	62
	6,261	-	6,261	(1,030)	5,231	-	5,231
Total	**80,121**	**(32,734)**	**47,387**	**(26,324)**	**59,610**	**(38,547)**	**21,063**

Changes for the period	Translation difference	Acquisitions / capitalizations	Business Combinations	Reclassifications and other changes	Depreciation and amortization / Impairment (*)	Sales	Total change
Product development costs:							
- SDHi (Fluindapyr)	-	122	-	-	-	(125)	(3)
- new formulations	1	263	-	-	-	(1,924)	(1,660)
	1	385	-	-	-	(2,049)	(1,663)
Process development costs	-	25	-	-	(67)	-	(42)
Product know-how:							
- SDHi (Fluindapyr)	-	-	-	-	(489)	(21,409)	(21,898)
- fungicide IR 6141	-	-	-	-	(679)	-	(679)
- insecticides and fungicides	-	-	-	-	(231)	-	(231)
- Remedier	-	-	-	-	(52)	-	(52)
- biostimulants and fumigants	-	-	-	-	(174)	-	(174)
	-	-	-	-	(1,625)	(21,409)	(23,034)
Process know-how		-		-	(185)	-	(186)
Extraordinary protection		1,790	324	-	184	14	198
Patents, licenses, trademarks and registrations	(6)	182	1,592	596	(2,712)	(389)	(737)
Other:							
- software	-	124	-	-	(210)	-	(86)
	-	124	-	-	(210)	-	(86)
Fixed assets under development and payments on account:							
- registrations	-	773	-	(596)	(509)	(715)	(1,047)
- other assets under development	(1)	18	-	-	-	-	17
	(1)	791	-	(596)	(509)	(715)	(1,030)
Total	**(6)**	**3,297**	**1916**	**-**	**(6,955)**	**(24,576)**	**(26,324)**

(*) made up of € 5,911 thousand regarding amortization and € 1,044 thousand regarding write-downs

The Group's intangible assets include "assets not yet available for use" for a total value of € 5,590 thousand, which comprise:

- € 359 thousand in development costs incurred for launching the development phase of new formulations of agrochemical products;
- € 5,231 thousand for "Assets under development" which mainly refer to registration costs incurred to obtain authorization to sell formulations of the Group's main proprietary products in various countries.

It should be noted how, during the year, the obtainment of new authorizations to sell led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortization period, for an amount equal to € 596 thousand.

As already indicated in the Report on Operations, on October 2nd, 2020 the Parent Company Isagro S.p.A. sold the Swiss company FMC Agricultural Products International A.G. (a company in the FMC Group), for € 55,000 thousand (paid in entirety on the closing date), the know-how, brands, patents and registration dossiers relative to the fungicide known as Fluindapyr, in the SDHi class, for which a co-development agreement had been signed with the same company in 2012. For more details about this operation, please see Note 27A.

"Extraordinary protection", amounting to € 3,628 thousand, refers to costs incurred by the Group to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU regulations. In particular, the increase for the period, equal to € 1,790 thousand, refers essentially to the activities and studies requested by the European Union to renew *Kiralaxyl* (IR6141) in *Annex 1*.

The item "Patents, licenses, trademarks and registrations" includes € 1,592 thousand relative to "Registrations", following the definitive Purchase Price Allocation process for Phoenix-Del S.r.l., as better specified in note 1, in which more information can be found. These "Registrations" will be amortized over a five-year period, starting in 2021.

During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed; critical issues emerged with reference to certain assets that proved to be either no longer usable or uneconomical to use for the Group. Consequently, pursuant to IAS 38, costs were entirely written down sustained in relation to investments in i) registration dossiers, patents and brands deemed no longer of interest for the Group, for € 417 thousand, ii) development and know-how costs for processes, for € 118 thousand, as well as costs relative to authorizations for sale still to be obtained for a total of € 509 thousand.

The residual value of the item "patents, licenses, trademarks, registrations and similar rights", amounting to € 8,642 thousand, comprises:

- registrations of agrochemicals 8,247
- trademarks, patents and licenses 395.

Impairment test

According to the provisions of IAS 36, the Isagro Group conducts at least annual impairment tests, while preparing the Financial Statements at December 31st, on the Group's assets allocated to the Cash Generating Units (CGUs) of reference, in the case that the individual assets do not produce independent incoming cash flows.

In particular, the recoverability of the products in development and registrations that are being obtained is checked, since these are Group intangible assets not yet available for use.

It should be noted that also the total carrying amounts of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with "finite useful life", are tested for impairment at least annually, as they are closely related to assets not yet available for use and cannot therefore be measured independently. If the product assessed is part of a CGU, to which a portion of the Group's goodwill has been allocated, recoverability analysis is extended to the entire CGU. Therefore, relative to the molecules "Copper", "Biological and biostimulant products" and "Tetraconazole", please see that found in note 5.

The following table highlights the value of the intangible assets grouped according to all of the above:

	ASSETS WITH A FINITE USEFUL LIFE		
	Assets not yet available for use	Assets already available for use	Total book value
Research and Development Activities:			
- *Kiralaxyl* (IR6141)	1,419	4,043	5,462
- Tetraconazole	132	3,179	3,311
- Organic and biostimulant products	478	395	873
- Copper	890	4,701	5,591
- SDHi (Fluindapyr)	-	-	-
- Pyrethroids	85	198	283
- Fumigants	2,524	2,388	4,912
- Others	-	134	134
	5,528	15,038	20,566
Other intangible assets:			
- Commercial relations	-	-	-
- Software	62	435	497
- Trademarks and licenses	-	-	-
	62	435	497
Total	**5,590**	**15,473**	**21,063**

The impairment test was performed by comparing the carrying amount of each CGU with its recoverable amount, derived from the determination of value in use.
In particular, with reference to the molecules "*Kiralaxyl* (IR 6141)", "Fumigants", and "Pyrethroids", the value in use was calculated using the "Discounted Cash Flow" model which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
The main hypotheses made in the estimate of the value in use, for the purposes of calculating the related recoverable value of the above molecules, are indicated below.

Business assumptions
The analysis was carried out on the basis of the 2021 Budget and 2022-2025 Business Plan (defined above as the "Consolidated Plan"), approved on May 4th, 2021 by the Board of Directors of Isagro. This Consolidated Plan is based on assumptions held by management to be reasonably achievable, except for impacts linked to external variables out of their control, including market conditions, weather, the time necessary and probability of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations for sale. Again recall that the cash flows forecast in the Consolidated Plan, with reference to the current Covid-19 health crisis, do not include possible input worsened by the pandemic, given that these effects are held by the Directors to be insignificant for Isagro.
Of the assumptions at the basis of the impairment tests carried out, the compound average growth rates (CAGR) of the turnover and the EBITDA are shown below, with reference to the clear periods used in the test for each of the CGUs in question.

	Kiralaxyl (IR 6141)	Pyrethroids	Fumigants
- Revenues	29%	8%	7%
- EBITDA	43%	9%	11%

Time scale considered
To estimate expected cash flows from various products, an explicit time horizon of 5 years was used (corresponding to the time horizon of the Consolidated Plan).
At the end of this time horizon, the perpetuity method (Gordon Growth Model) was used to calculate the terminal value, using a normalized cash flow calculated on the basis of the following main assumptions:

- EBITDA equal to that of the last year of the Consolidated Plan, 2025;
- amortization/depreciation equal to investments, estimated using a normalized value;
- zero change in current assets, in consideration of zero growth.

The Growth rate considered when calculating the terminal value is zero.

Economic-financial parameters
The main reference parameters are indicated below:

	Kiralaxyl (IR 6141)	Pyrethroids	Fumigants
- Financial structure (NFP/ Total sources)	0.16	0.16	0.16
- WACC	8.8%	8.8%	9.4%

Estimated WACC
The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of Debt
For the cost of debt before taxes, reference was made to the sum of the average of Interest Rate Swaps at twenty-four months, and to the current cost of existing credit lines.

Cost of Equity
The Capital Asset Pricing Model was used to calculate the cost of equity.
The main assumptions underlying the application of this model are:

	Kiralaxyl (IR 6141)	Pyrethroids	Fumigants
- levered Beta equal to	0.97	0.97	0.97
- risk-free rate	2.2%	2.2%	2.2%
- market risk premium	6.5%	6.5%	6.5%
- a size and additional risk premium equal to	1.9%	1.9%	2.6%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate and, in particular, an unconditional

adjusted approach to neutralize the expansive monetary policies of central banks, with the following hypotheses:
Risk-free rate: taken as equal to the weighted average of returns on government securities in countries in which the Isagro Group operates; in particular the average effective gross return in the last twenty four months prior the reference state was used for 10 year government securities in all non-Euro countries in which the Group operates, while for Eurozone countries, normalized rates were estimated using the the monetary policies implemented by the central banks; these rates were calculated starting from a risk free rate for a mature economy, specifically the US, corrected to take into account the inflation for the specific country and with the addition of a risk premium for each individual market, using the CDS for the specific country, net of the United States (average value over the last twenty four months);
Levered beta: estimated on the basis of the average unlevered beta of the panel of comparable listed companies;
Market risk premium: calculated as the weighted average of the Market Risk Premiums of the countries where the Isagro Group operates, considering revenues as the weighting factor;
Size and additional risk premium: the size premium was estimated to consider the smaller size of the Isagro Group relative to the comparable companies included when calculating the beta in terms of revenues, to which was added an additional risk premium of certain CGUs in order to express the specific risk profile of various projects/ molecules in relation to the different degrees of uncertainty of the expected cash flows or stage of progress of the registration.
The cost of own funds is therefore equal to 10.4% for "*Kiralaxyl* (IR 6141)" and for "Pyrethroids" and 11.0% for "Fumigants".

Weight of equity and debt
With reference to the weight of own funds and others' funds (debt), the market structure for listed companies in the sector was considered.

WACC
Based on the above assumptions, the following rates were determined:

	***Kiralaxyl* (IR 6141)**	**Pyrethroids**	**Fumigants**
- WACC	8.8%	8.8%	9.4%

Compared to the WACCs used in the previous year, there was no substantial variation observed.

Main results
According to the impairment tests performed, approved by the Board of Directors of Isagro on March 16th, 2021, the Directors have found no impairment loss and therefore deemed that no write-down was necessary.

Sensitivity analysis
As required by IAS 36 and by the O.I.V. guidelines on impairment test, the Group conducted sensitivity analysis on the recoverable value of the above molecules, analyzing the effect of a change in the discount rate used to discount the expected cash flows, together with the sensitivity analysis conducted on the EBITDA. This analysis was performed to examine the effects of a potentially volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement the Business Plan, or the lengthening of registration times or weather variables, could alter the impairment test results.
Specifically, the sensitivity analysis carried out on the molecules in question, maintaining the main hypotheses underlying the Consolidated Plan and varying the WACC and the EBITDA, showed no particular issues, tending to confirm the soundness of the test results, although with the uncertainty deriving from the dependence of the forward-looking data on the previously mentioned external factors.
The calculation of the break-even WACC is shown below, alongside the reduction in terms of percentage of the EBITDA value for the aforementioned molecules.

	% EBITDA	**WACC**
Kiralaxyl (IR 6141)	-6.4%	9.6%
Fumigants	-39.6%	15.9%
Pyrethroids	-84.2%	93.3%

4. Rights of use – 4,091

The breakdown and summary changes in rights of use during the year are described in the following table:

Breakdown	Dec. 31st, 2019			Change	Dec. 31st, 2020		
	Historical cost	Amortization	Book value		Historical cost	Amortization	Book value
Rights of use:							
Land	212	(8)	204	(2)	212	(10)	202
Buildings	4,357	(797)	3560	(285)	4,538	(1,263)	3,275
Vehicles	974	(453)	521	(185)	1,100	(764)	336
Equipment	248	(112)	136	142	469	(191)	278
Total	**5,791**	**(1,370)**	**4,421**	**(330)**	**6,319**	**(2,228)**	**4,091**

Changes for the period	Acquisition	Early repayments	Other changes	Depreciation and amortization	Translation difference	Business Combinations	Total change
Rights of use:							
Land	-	-	-	(2)	-	-	(2)
Buildings	153	-	5	(466)	(28)	51	(285)
Vehicles	288	(25)	-	(443)	(5)	-	(185)
Equipment	289	(23)	-	(124)	-	-	142
Total	**730**	**(48)**	**5**	**(1,035)**	**(33)**	**51**	**(330)**

The item includes, pursuant to the accounting standard *IFRS 16 – Leases*, the residual value of the rights of use of the assets held by the Group through operating and financial leases. The right of use of the assets, comprised of the initial value of the liability deriving from the lease contract, is recognized in the financial statements net of the amortization and depreciation calculated systematically at the lease term or the residual life of the underlying asset, whichever is lower.
The item "Land" refers to the residual value of the right of use, for a period of 99 years starting from 2005, by the Parent Company Isagro S.p.A., of an area located in the municipality of Bussi sul Tirino (PE) owned by the company Solvay Solexis S.p.A. in addition to the right to occupy, for a period of 84 years starting from 2019, an additional area facing the one described previously.
The item "Buildings" refers for € 3,029 thousand to the right of use of offices and related outbuildings of the headquarters of the Parent Company Isagro S.p.A. This value was calculated for a duration of twelve years, including the option to renew the contract.
Lastly, the depreciation of the vehicles granted for business and personal use to the Group employees, equal to € 242 thousand, was classified in the Income Statement to the item "Personnel costs".
Also note that despite the continuation of the Covid-19 health crisis, the Isagro Group has not renegotiated any contractually established rent amounts.

5. Goodwill – 4,181

The breakdown and the changes in this item compared with the previous year are shown in the following table.

CGU description	Value at Dec. 31st, 2019	Changes in the year					Change at Dec. 31st, 2020
		Translation difference	Acquisitions/ sales	Business Combinations	Write-downs	Total change	
- "Copper"	886	-	-	1,224	-	1,224	2,110
- "Organic products"	461	-	-	-	-	-	461
- "Tetraconazole"	209	-	-	-	-	-	209
- Isagro Colombia S.A.S.	1,572	(191)	-	-	-	(191)	1,381
- "Other"	20	-	-	-	-	-	20
Total	**3,148**	**(191)**	**-**	**1,224**	**-**	**1,033**	**4,181**

The € 1,033 thousand increase in the item is substantially due to the "Copper" CGU and refers to goodwill deriving from the change in the scope of consolidation following acquisition of Phoenix-Del S.r.l., which distributes copper-based products in Italy and Europe. For details on this acquisition, please see that found under note 1.
Goodwill, acquired in business combinations, was allocated to the Cash Generating Units (CGUs) listed and described in the table below:

- "Copper"	the CGU refers to the business of copper-based products, their production at the Adria (RO) plant and their worldwide distribution
- "Organic products"	the CGU refers to the business of biological products, their production at the Novara plant and their worldwide distribution
- "Tetraconazole"	the CGU refers to the business of the fungicide Tetraconazole
- Isagro Colombia S.A.S.	the CGU refers to crop protection product marketing activities in Colombia and in South America

In compliance with international accounting standards, goodwill is not amortized but rather subjected to annual impairment tests, calculated by comparing the book value of the unit to which the goodwill was allocated to the recoverable value. In particular, with reference to goodwill associated with the "Copper", Tetraconazole", "Organic and biostimulant products" and "Isagro Colombia S.A.S.", the value in use was calculated using the "Discounted Cash Flow" model which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
To these CGUs, in addition to the value of goodwill and other assets already in use, the values of the related intangible assets not yet available for use were also allocated; for more information, please see the table found under note 3.
The Group performed the impairment test by comparing the carrying amount of each CGU with its recoverable amount, derived from the determination of value in use.
The main parameters used in measuring the recoverable amount of the goodwill associated with the main CGUs (and the relative tangible and intangible assets) are shown below.

Business assumptions

The analysis was carried out on the basis of the 2021 Budget and 2022-2025 Business Plan (defined above as the "Consolidated Plan"), approved on May 4th, 2021 by the Board of Directors of Isagro. This Consolidated Plan is based on assumptions held by management to be reasonably achievable, except for impacts linked to external variables out of their control, including market conditions, weather, the time necessary and probability of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations for sale. Again recall that the cash flows forecast in the Consolidated Plan, with reference to the current Covid-19 health crisis, do not include possible input worsened by the pandemic, given that these effects are held by the Directors to be insignificant for Isagro.

Of the assumptions at the basis of the impairment tests carried out, the compound average growth rates (CAGR) of the turnover and the EBITDA are shown below, with reference to the clear periods used in the test for each of the CGUs in question.

	Copper	Tetraconazole	Organic and biostimulant products	Isagro Colombia S.A.S.
- Revenues	6%	-7%	16%	6%
- EBITDA	25%	-17%	36%	13%

Time scale considered

To estimate expected cash flows from various products, an explicit time horizon of 5 years was used (corresponding to the time horizon of the Consolidated Plan).

At the end of this explicit time horizon, the perpetuity method (Gordon Growth Model) was used to calculate the terminal value, using a normalized cash flow calculated based on the following main assumptions:

- EBITDA equal to that of the last year of the Consolidated Plan, 2025;
- amortization/depreciation equal to investments, estimated using a normalized value;
- zero change in current assets, in consideration of zero growth.

The Growth rate considered when calculating the terminal value is zero.

Economic-financial parameters

The main reference parameters are indicated below:

	Isagro Colombia S.A.S.	Copper – Tetraconazole – Organic and biostimulant products
Financial structure (NFP/Total sources)	0.16	0.16
WACC	10.6%	8.8%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

	Isagro Colombia S.A.S.	Copper – Tetraconazole – Organic and biostimulant products
Cost of debt	0.9%	1%
Cost of equity	12.5%	10.4%

Cost of Debt

For the cost of debt before taxes, reference was made to the sum of the average of Interest Rate Swaps at twenty-four months, and to the current cost of existing credit lines.

Cost of Equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

	Isagro Colombia S.A.S.	Copper – Tetraconazole – Organic and biostimulant products
Levered Beta	0.96	0.97
Risk-free rate	2.7%	2.2%
Market risk premium	8.2%	6.5%
Additional risk premium	1.9%	1.9%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate and, in particular, an unconditional adjusted approach to neutralize the expansive monetary policies of central banks, with the following hypotheses:

Risk-free rate: assumed to be equal to the weighted average of the returns of government securities in countries in which the Isagro Group operates. In particular, the average effective gross return in the last twenty four months prior the reference state was used for 10 year government securities in all non-Euro countries in which the Group operates, while for Eurozone countries, normalized rates were estimated using the the monetary policies implemented by the central banks; these rates were calculated starting from a risk free rate for a mature economy, specifically the US, corrected to take into account the inflation for the specific country and with the addition of a risk premium for each individual market, using the CDS for the specific country, net of the United States (average value over the last twenty four months). For Colombia, in the absence of a sufficiently liquid government security, the figure for Eurozone countries was used (the risk-free rate was determined starting with the gross effective average return of the last twenty four months at the reference date for US government securities, corrected to take into account the inflation of Colombia and increased by a premium for the risk of each market using the differential between the Credit Default Spread for Colombia and that of the United States);

Levered beta: estimated on the basis of the average unlevered beta of the panel of comparable listed companies;

Market risk premium: calculated as the weighted average of the Market Risk Premiums of the countries where the Isagro Group operates, considering revenues as the weighting factor. In relation to Colombia, reference was made to a specific Market Risk Premium for the country;

Size and additional risk premium: the size premium was estimated to consider the smaller size of the Isagro Group relative to the comparable companies included when calculating the beta in terms of revenues, to which was added an additional risk premium for certain CGUs to express the specific risk profile of various projects/molecules in relation to the different degrees of uncertainty of the expected cash flows or stage of progress of the registration. In relation to Colombia, given that it does not manufacture molecules/products, but solely distributes them, size and additional risk premiums were used equal to those for the rest of the Group.

WACC

Based on the above assumptions, the following rates were determined:

	Isagro Colombia S.A.S.	Copper – Tetraconazole – Organic and biostimulant products
WACC	10.6%	8.8%

Compared to the WACCs used in the previous year, there was no substantial variation observed.

Main results

Based on the impairment tests performed, approved by the Board of Directors of Isagro on March 16th, 2021, the Directors have found no impairment loss and therefore deemed that no write-down was necessary.

Sensitivity analysis

As required by IAS 36 and the impairment guidelines issued by the OIV, the Group carried out sensitivity analysis on the recoverable value of the above CGUs, analyzing the effect of a change in the discount rate used to discount expected cash flows, together with sensitivity analysis on net sales. This analysis was performed to examine the effects of a potentially higher volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.

In particular, the sensitivity analysis performed maintaining the assumptions underlying the 2021 Budget and the 2022-2025 Business Plan and changing the WACC and "net sales" did not reveal any critical issues, tending to confirm the soundness of the test results.

The calculation of the break-even WACC is reported below, together with the reduction in percentage terms of the EBITDA value for the CGUs subject to impairment tests.

	% net sales	Break-even WACC
Copper	-44.6%	19.4%
Tetraconazole	-34.7%	20.9%
Organic and biostimulant products	-62.9%	34.6%
Isagro Colombia S.A.S.	-2.3%	12.7%

6. Equity investments in other companies – 3,140

Breakdown	Value at Dec. 31st, 2019	Changes over the period					Value at Dec. 31st, 2020
		Acquisitions (Disposals) Increases (Decreases)	Revaluations	Reclassifications	Fair value adjustment	Total change	
Equity investments in other companies:							
- Arterra Bioscience S.r.l.	4,176	-	-	-	(1,036)	(1,036)	3,140
Total	**4,176**	**-**	**-**	**-**	**(1,036)**	**(1,036)**	**3,140**

The item corresponds to the fair value at December 31st, 2020 of the equity investment in Arterra Bioscience S.p.A. held by the Parent Company Isagro S.p.A., corresponding to 16.8% of share capital.
The decrease in the fair value with respect to December 31st, 2019 was recognized within "Other Comprehensive Income"; in fact, the Directors of the Parent Company Isagro S.p.A., in compliance with paragraph 5.7.5 of IFRS 9, chose to present the fair value change of the security in "Other Comprehensive Income".
In addition, in consideration of the ongoing COVID-19 emergency and its potential repercussions on the fair value of the Arterra security, at March 12th, 2021, the Arterra share listing came to € 3.32 and, consequently, the fair value of the shares was equal to € 3,658 thousand, with a decrease compared to the fair value at December 31st, 2020 of € 518 thousand.

7. Non-current receivables and other assets – 1,630

Breakdown	Book values Dec. 31st, 2019	Increases / Decreases	Book values Dec. 31st, 2020
Non-current receivables and other assets:			
- guarantee deposits	73	3	76
- know-how usage licenses	2,764	(1,210)	1,554
Total	**2,837**	**(1,207)**	**1,630**

The item "know-how usage licenses" refers:

- for € 963 thousand to the present value of the non-current portion of the receivable relating to the upfront payment granted to the Parent Company Isagro S.p.A. by the British company Gowan Crop Protection Limited (related party), definitively and non-repeatably, following the signing, in November 2016, of an agreement for the exclusive granting of the right to develop, register, produce, and market, in Europe, mixtures based on the Parent Company Isagro S.p.A. proprietary active ingredient *Kiralaxyl*. The contract states that the price agreed of € 5,250 thousand, the present value of which was calculated discounting to the present the expected cash flows at a rate agreed by the parties of 2%, must be paid, together with the interest accrued, in six annual installments, of which the first of € 500 thousand was received in December 2017, the second of € 750 thousand was received in November 2018, the third of € 1,000 thousand was received in November 2019 and the fourth of € 1,000 thousand was received in November 2020, while the remaining two installments of € 1,000 thousand each are scheduled to be paid on November 30th in 2021 and 2022.
  The current portion of the present value of the receivable, equal to € 982 thousand, was recognized under "trade receivables";
- for € 500 thousand to the non-current portion of the receivable related to the upfront payment of a total € 2,500 thousand paid to the Parent Company Isagro S.p.A. by the Spanish company AQL Agroquim-

icos de Levante S.A., definitively and non-repeatably, following the signing, in March 2019, of an agreement for, among other things, the granting of the exclusive right to use the data related to the Parent Company Isagro S.p.A.'s proprietary fumigant *Allyl Isothiocyanate*, for the development and obtainment of registrations as well as for the production and marketing of products and/or compounds in a number of countries; the contract states that the price agreed must be paid as follows:

- € 1,500 thousand in four installments of € 375 thousand each in the months of April, June, September, and November 2019, which have all been paid;
- € 1,000 thousand in four annual installments of € 250 thousand each starting from November 20th, 2020 and on which interest accrues at the EURIBOR 12-month rate + 2% spread, for which the first was received in November 2020.

The current portion of the receivable, equal to € 276 thousand, was recognized under "trade receivables" and refers to the portion due in November 2021, inclusive of the related interest;

- for € 91 thousand to the non-current portion of the present value of the receivable related to the upfront payment of a total € 200 thousand, of which € 20 thousand already paid in January 2017, € 40 thousand received in March 2020 and € 20 thousand collected in December 2020, and discounted using the Euribor 3-month rate + 2.71%, paid to the Parent Company Isagro S.p.A. by the American company Suterra LLC definitively and non-repeatably following the signing of an agreement, with a duration of eleven years starting from January 1st, 2017, for the granting of the right to use the data related to the insecticide Deltametrina, an Isagro proprietary active ingredient, for the production of its own products intended to attract and eliminate insects, which will be marketed in the European Union, Morocco, Israel, Tunisia, Lebanon, Mexico, Argentina, Australia, and South Africa. This agreement also states that the Parent Company must provide Suterra with the active ingredient necessary for the production of its own product throughout the entire duration of the contract.The contract stated that the residual payment was to be made as of the time the initial registration of a Suterra formulation with an Isagro active ingredient was obtained, in annual installments of € 20 thousand each on December 1st of each year. The current portion of the receivable, equal to € 20 thousand, was recognized under "trade receivables".

The item "guarantee deposits" includes € 5 thousand relative to medium/long-term security deposits made by the subsidiary Phoenix-Del S.r.l.

8. Financial receivables and other current financial assets – 2,503

The item refers to a medium/long-term tied current account on which interest accrues at a rate of 0.001% per year, which the Parent Company Isagro S.p.A. opened at UniCredit S.p.A. This deposit, which will expire on June 27th, 2023 was established as a pledge in favor of the credit institution following the concession, by the latter, of a guarantee for a total of € 7,586 thousand requested by the company Arysta LifeScience Inc. (now UPL North America, Inc.) under a M/L Agreement, for which more details can be found in the financial statements as at December 31st, 2019.

9. Deferred tax assets and liabilities – 1,167

Deferred tax assets – 1,687

Deferred tax liabilities – 520

Breakdown	Book values Dec. 31st, 2019	Changes in the year					Book values Dec. 31st, 2020
		Provision	Use	Other changes	Business Combinations	Total change	
Deferred tax assets	6,181	165	(4,254)	(408)	3	(4,494)	1,687
Deferred tax liabilities	(660)	-	284	307	(451)	140	(520)
Total	**5,521**	**165**	**(3,970)**	**(101)**	**(448)**	**(4,354)**	**1,167**

The temporary differences between the tax base and statutory profit that led to the recognition of deferred tax assets and liabilities are shown in the table below:

Temporary differences	Deferred tax assets/ liabilities Dec. 31st, 2019		Transfers to Income Statement			Change in equity	Business Combinations	Deferred tax assets/ liabilities Dec. 31st, 2020	
	Taxable base	Taxation	Provision	Use	Other changes	Translation difference and other changes		Taxable base	Taxation
Deferred tax assets									
- tax losses	14,505	3,475	-	(3,474)	2	-	-	9	3
- allocations to taxed provisions	2,851	762	92	(105)	(13)	(113)	3	2,240	626
- grants related to R&D	90	26	-	(14)	-	-	-	38	12
- intragroup profits	5,251	1,444	66	(612)	(63)	(1)	-	3,308	834
- other	1,789	474	7	(49)	(142)	(78)	-	826	212
Total deferred tax assets	24,486	6,181	165	(4,254)	(216)	(192)	3	6,421	1,687
Deferred tax liabilities									
- amortization/depreciation for tax purposes	1,850	567		(226)	(223)	(49)	-	248	69
- fair value of assets from business combinations	-	-	-	-	-	-	451	1,618	451
- other	361	93	-	(58)	-	(35)	-	-	-
Total deferred tax liabilities	2,211	660	-	(284)	(223)	(84)	451	1,866	520
Total	**22,275**	**5,521**	**165**	**(3,970)**	**7**	**(108)**	**(448)**	**4,555**	**1,167**

The item "deferred tax assets" includes € 834 thousand relative to the tax effects of the elimination of infragroup profits and € 623 thousand relative to taxed provisions for risks and charges.
During financial year 2020, the Parent Company Isagro S.p.A. used all deferred tax assets relative to tax losses in previous years, totaling € 3,472 thousand, against taxable IRES income realized during the year. With reference to deferred tax assets, the column "Other changes" refers for € 142 thousand to the write-down of deferred tax assets judged non-recoverable by the Directors of the Parent Company Isagro S.p.A. during the explicit period of that company's Plan. With reference to deferred tax liabilities, the column "Other changes" includes the reversal to the Income Statement of the residual amount of deferred tax liabilities recognized on the differences between statutory values and tax values for certain intangible assets and goodwill, after the decision by the Parent Company Intangible assets to make use of the so-called "fiscal realignment" regulations (pursuant to article 110, Decree Law 104/2020). Deferred tax liabilities indicated under the column "Business Combinations" refer to the fiscal effect deriving from the Purchase Price Allocation for the subsidiary Phoenix-Del S.r.l.

When recognizing and measuring the recoverability of these deferred tax assets, the Directors took into consideration the plans of the companies of the Group subsequently included in the Consolidated Plan approved by the Isagro Board of Directors on March 4th, 2021, which indicate income throughout the time frame of the Plan judged reasonably realizable by the Directors and of an amount to allow recovery of the deferred tax assets still recognized in the financial statements.
However, it cannot entirely ruled out that the occurrence of economic and/or financial crises, or the continuation of the Covid-19 health crisis, the effects of which, as stated, are held by the Directors to be insignificant for Isagro and are therefore not included in the Consolidated Plan, could affect the schedules and methods planned for recovering these financial statement items. The Group's management will continuously monitor the circumstances and events that could bring about such a result.
It is also disclosed that at December 31st, 2020 there are unrecognized deferred tax assets relating to tax losses for the year and for previous years, for a total value of € 7,173 thousand, of which € 1,939 thousand (against total residual tax losses of € 7,618 thousand at December 31st, 2020) relative to the subsidiary Isagro USA, Inc. and € 5,234 thousand (relative to total residual tax losses of € 21,809 thousand at December 31st, 2020) relating to the Parent Company Isagro S.p.A.. Deferred tax assets and liabilities amount respectively to € 1,133 thousand and € 355 thousand which on the basis of the Company Plan are likely to be reserved beyond the next year.

10. Inventories – 39,553

Breakdown	Book values Dec. 31st, 2019	Changes in the year						Book values Dec. 31st, 2020
		Increases/ decreases	Write-downs/ alloc. to write-down provision stock	Translation difference and other changes	Use of inventory write-down provision	Business Combinations	Total change	
Raw and ancillary materials and consumables	12,366	(758)	(330)	(14)	127	55	(920)	11,446
Finished products and goods	28,254	833	(652)	(1,429)	507	-	(741)	**27,513**
Payments on account	233	388	-	(27)	-	-	361	594
Total	**40,853**	**463**	**(982)**	**(1,470)**	**634**	**55**	**(1,300)**	**39,553**

The value of inventories, before provisioning and uses of the write-down provisions and the change in the translation differences, is substantially in line with the amount the previous year.
The column "Business Combinations" includes the value of raw material inventories for the subsidiary Phoenix-Del S.r.l., measured at fair value in accordance with accounting standard IFRS 3.
The column "Translation differences and other changes" essentially includes effects deriving from depreciation of the Brazilian Real and the Colombian Peso with respect to the Euro. Inventories as at December 31st, 2019 include goods, for a value of € 388 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of obligations set out in the "Licence, development, distribution and supply" agreement that the Parent Company Isagro S.p.A. concluded with Arysta LifeScience Corporation in 2013. It should be noted that, in keeping with what is contractually provided for, during

2020 the Parent Company Isagro S.p.A. transferred all of the aforementioned stock to Italy.
Inventories are net of the allowance for inventory obsolescence amounting to € 2,412 thousand, related to goods either obsolete or to be re-processed. The provision recorded increases totaling € 982 thousand and utilization amounting to € 634 thousand during the year.

11. Trade receivables – 23,871

Breakdown	Book values Dec. 31st, 2019	Changes in the year						Book values Dec. 31st, 2020
		Increases/ decreases	Translation differences of the write-down provisions	Write-downs/ alloc. to write-down provisions	Use of the write-down provisions	Business Combinations	Total change	
Trade receivables	32,469	(3,827)	-	(329)	-	1,215	(2,941)	29,528
- bad debt provision	(4,563)	-	49	(578)	223	(17)	(323)	**(4,886)**
- bad debt provision def. int.	(679)	-	-	(198)	106	-	(92)	(771)
Total	**27,227**	**(3,827)**	**49**	**(1,105)**	**329**	**1,198**	**(3,356)**	**23,871**

The decrease in trade receivables, despite the achievement of higher turnover with respect to the previous year, is due to the higher value of trade receivables relative to the Parent Company Isagro S.p.A. at December 31st, 2019 after the high concentration of product sales during the last quarter of the previous year.
The item "Business Combinations" refers to the fair value of trade receivables for the subsidiary Phoenix-Del S.r.l..
The change in the trade receivables was also influenced by the non-recourse sale operations, falling due beyond the reporting date, carried out by the Parent Company Isagro S.p.A.; as a matter of fact, these operations involved receivables for € 3,209 thousand, a decrease on the € 13,165 thousand falling due beyond December 31st, 2019.
Trade receivables include the current portions of non-current receivables related to M/L Agreement for a total of € 1,592 thousand (€ 1,606 thousand at December 31st, 2019).
The item "allocations to the bad debt provision", equal to € 578 thousand, essentially involved:

- € 300 thousand for the Parent Company Isagro S.p.A.; this provision was necessary following a worsening in the payment profile of a number of customers, which led to movement of the relative receivables to overdue categories with higher risk;
- € 208 thousand for the subsidiary Isagro Colombia S.A.S. and € 48 thousand for the subsidiary Isagro Brasil, following both a worsening in the payment profile of a number of customers, which led to movement of the relative receivables to overdue categories with higher risk and a worsening in the default rate for the Americas.

With reference to the effects of the Covid-19 health crisis on receivables, note that the Isagro Group has not seen any significant delays in the collection of amounts with respect to the originally established due dates for its customers (net of the above), as also confirmed by the amounts received between January and February of 2021. Interest on arrears was recognized for delays in payment from customers. A € 771 thousand provision was made for these receivables. As regards the total trade receivables due from related parties, please refer to Note 44. Here below is the breakdown of trade receivables by geographical area based on the customer's location:

• Italy	3,619
• Other European countries	5,894
• Central Asia and Oceania	782
• Americas	12,583
• Far East	2,174
• Middle East	2,312
• Africa	2,164
Total	29,528

The average contractual maturity of trade receivables is the following:

- Italy: 138 days (156 days at December 31st, 2019)
- Foreign countries: 77 days (84 days at December 31st, 2019)

Of the trade receivables presented in the financial statements there are no receivables due beyond 12 months.
The table below shows the analysis of trade receivables past due but not impaired at the consolidated reporting date:

Breakdown	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
At December 31st, 2020	19,808	1,489	817	72	705	980	**23,871**
At December 31st, 2019	22,828	2,416	321	231	179	1,252	**27,227**

Of the trade receivables “not yet due”, there are € 35 thousand in receivables with commercial conditions that were renegotiated and which otherwise would have been included among the “receivables past due but not impaired” in the “< 30 days” band.

12. Other current assets and receivables– 3,531

Breakdown	Book values Dec. 31st, 2019	Increases / Decreases	Book values Dec. 31st, 2020
Other assets and receivables:			
- grants	27	(27)	-
- advance payments to suppliers and debtors	323	(183)	140
- employees	76	(26)	50
- due from tax authorities for VAT and other taxes	979	35	1,014
- receivables for "guaranteed minimum margins"	467	300	767
- escrow account	5,886	(5,468)	418
- others and prepaid expenses	2,231	(758)	1,473
	9,989	(6,127)	3,862
- bad debt provision	(2,331)	2,000	(331)
Total	**7,658**	**(4,127)**	**3,531**

The reduction in the item compared to the previous year is essentially attributable to:

- € 3,569 thousand for the collection during the year of part of the residual amount relative to the price to sell the equity investment in the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. on December 27th, 2019, deposited in an escrow account by the Indian company PI Industries Limited, for which more details can be found in the Consolidated Financial Statements at December 31st, 2019; also note that during the year the Parent Company Isagro S.p.A. used the bad debt provision for a total of € 2,000 thousand, of which i) € 1,531 thousand against a reduction in the final price for the above sale, deriving from a true-up adjustment mechanism and ii) € 176 thousand against lower amounts collected relative to the partial fulfillment of one of the contractually established performance obligations. The residual amount of the provision, equal to € 293 thousand, was released as excess and recognized in the Income Statement in the item “Profit/(loss) from Discontinued Operations”, given that the risk associated with performance obligations for which it had been established no longer existed. The residual amount of the receivable refers to performance obligations which will be met during financial year 2021;
- € 183 thousand for lower advances paid to suppliers, in particular for research services, in part due to the change in the Isagro Group's business model, described above;

- € 27 thousand due to collection of the grant disbursed by the Ministry for Economic Development following access to benefits from the Technology Innovation Fund (TIF) for the Parent Company Isagro S.p.A.'s project, "Use of bio-IT platforms to identify agrochemicals".
- The item "due from tax authorities for VAT and other taxes" essentially refers to the VAT credit pertaining to the Parent Company Isagro S.p.A..

The item "receivables for guaranteed minimum margins" refers to the estimate of the amount that the British company Gowan Crop Protection Ltd (related party) must pay to the Parent Company Isagro S.p.A. following the failure to achieve the sales margins required by contract for the products based on *Kiralaxyl*, an Isagro proprietary fungicide, of which the British company became an exclusive distributor in the European market on the basis of an M/L Agreement signed in 2016.

The item "other" essentially refers to: i) € 173 thousand for receivables due from investees for task forces to access data offered by the Parent Company Isagro S.p.A. ii) € 132 thousand for recovery of research and development costs sustained by the Parent Company Isagro S.p.A. relative to the American FMC Corporation, based on a co-development agreement between the two companies relative to the molecule Fluindapyr – SDHi, iii) € 27 thousand to recover costs sustained by the Parent Company Isagro S.p.A. in Brazil relative to Arysta LifeScience (now UPL do Brasil), based on a distribution agreement signed in 2017 and iv) € 44 thousand for recovery by the Parent Company Isagro S.p.A. of costs sustained relative to a metabolite relative to Syngenta Crop Protection. Prepaid expenses, amounting to € 611 thousand, are also included in this item.

These receivables are due within the next year.

The table below, which does not include prepaid expenses, shows the analysis of other receivables past due but not impaired at the reporting date:

Breakdown	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
At December 31st, 2020	1,787	604	-	13	-	516	**2,920**
At December 31st, 2019	2,776	3,981	-	476	-	20	**7,253**

13. Tax receivables – 385

Breakdown	Book values Dec. 31st, 2019	Increases / Decreases	Book values Dec. 31st, 2020
Tax receivables:			
- direct taxes	1,205	(820)	385
Total	**1,205**	**(820)**	**385**

The decrease in the item with respect to the previous year is essentially due the Parent Company Isagro S.p.A.'s use of both advance taxes paid in previous years (€ 240 thousand) and of a portion of the tax credit known as "*A.C.E. Aiuto alla crescita economica-Aid for economic growth*" (€ 472 thousand) reducing the payable for current taxes (IRES and IRAP) pertaining to the year.

The accounting item refers essentially to the credits for direct taxes of the Parent Company Isagro S.p.A. (€ 352 thousand), of which € 165 thousand relative to a receivable due from Indian tax authorities; this latter receivable corresponds to excess withholdings paid in 2019 and calculated based on the price to sell the equity investment on the closing date. This was found to be in excess as the final price was subject to a true-up adjustment which involved a reduction of the same in 2020, as noted. The Directors consider collection of this receivable to be probable.

14. Financial receivables and other current financial assets – 43

The item refers to the fair value of two unit-linked policies signed by the subsidiary Phoenix-Del S.r.l. issued by CreditRas Vita S.p.A. Each premium paid is invested in units of

the “CREDITRAS E STRATEGIA 50 Fund”, which has the objective of revaluing capital on the basis of the reference time horizon, through investment in a combination of monetary instruments, bonds and stocks, mainly in the markets of Europe, North America and the Pacific.
In consideration of the ESMA circular of October 28th, 2020, regarding the implications of the Covid-19 emergency on the annual financial statements of issuers of securities traded on regulated markets and its possible repercussions on the fair value of financial assets, note that these policies have “guaranteed returns” and hence are not subject to significant fluctuations in fair value.

15. Financial assets and liabilities for derivatives – 40
Current financial assets – 232
Current financial liabilities – (192)
The values of the financial assets and liabilities for derivatives coincide with their fair value, which accounting standard IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. Since a quoted price for the type of financial instruments the Group uses is not available, suitable measurement techniques based on the discounting of expected cash flows in connection with ownership of the derivatives were used. Such measurement particularly required the inclusion of an adjustment factor for so-called default risk, referring to the counterparty for the financial assets and the credit risk of the Group for the financial liabilities (so-called own credit risk).
The following tables disclose the types of derivative contracts in being at December 31st, 2020.

Description of derivatives	Book values Dec. 31st, 2019	Increases/ decreases	Book values Dec. 31st, 2020
Non-current financial assets:			
- interest rate	6	(6)	-
	6	(6)	-
Current financial assets:			
- exchange rate	152	(89)	63
- interest rate	4	(4)	-
- *commodity*	35	134	169
	191	41	232
Non-current financial liabilities:			
- interest rate	(36)	36	-
	(36)	36	-
Current financial liabilities:			
- exchange rate	(60)	(99)	(159)
- interest rate	(48)	48	-
- *commodity*	(13)	(20)	(33)
	(121)	(71)	(192)
Total	**40**	**-**	**40**

Description of derivatives	Fair value at Dec. 31st, 2020
"Cash flow hedging" derivatives:	
- exchange rate	(18)
- commodity (copper)	136
	118
Trading derivatives:	
- *exchange rate*	(78)
	(78)
Total	**40**

During the second half, the Parent Company Isagro S.p.A. eliminated all the interest rate swap contracts signed in previous years to cover fluctuations in interest rates, after the early repayment of the medium-term loans correlated with the same. This led to the reclassification in the Income Statement of the residual shareholders’ equity reserve linked to these contracts, and the consequent recognition of financial expense of € 95 thousand.
Cash flow hedging derivatives in place as of the reporting date refer to:
- a hedge relative to the risk of a change in the exchange rates for the Euro/US dollar, Euro/Brazilian Real and Euro/Indian Rupee, related to sales of goods and services in other currencies, established through the signing of forward and non-deliverable forward contracts. As the hedging relationship is maintained until collection of the trade receivable related to the sale in

question, the economic effects of these derivatives are in part recognized as an adjustment of revenues and in part among “Gains/(losses) on foreign exchange and financial derivatives”. The characteristics of these instruments are described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency / 000)	Fair value (Euro/000)
Forward - Sale	USD/EUR	1.23	(15,600)	(56)
Forward – Sale	BRL/EUR	6.3	(20,809)	31
Forward - Acquisto	BRL/EUR	6.4	7,007	7
Total				**(18)**

- hedging of the risk of fluctuation of the purchase price of the raw material “copper”, through future purchases of copper by means of commodity swaps, which are entered into at the time a sales order for copper-based products is acquired for which a future purchase of the raw material “copper” will be made. The hedges created are recognized adjusting the purchases item and then proportionally distributed between the cost of sold products and the final inventories on the basis of the quantities consumed. The characteristics of these instruments are described in the table below:

Contract type	Quantity hedged (tonnes)	*Strike price (Euro)*	Notional value (Euro/000)	Fair value (Euro/000)
Commodity swap - purchase	597	6,161	3,671	136
Total	**597**		**3,671**	**136**

As established under the international accounting standards, the portion of gain or loss related to the measurement of these derivatives regarding hedged transactions not yet carried out was recognized among Other Comprehensive Income and will subsequently be booked to the Income Statement in keeping with the hedged item.
The effects on the Separate Income Statement and on the Statement of Comprehensive Income (OCI) of the hedging transactions described above are summarized, under the terms of IFRS 7, in the table below:

	Change in the fair value of the hedging instrument recognized in O.C.I. *(Cash Flow Hedging)*	Cost of hedging recognized in O.C.I.	Amount reclassified from the hedging reserve (Cash Flow Hedging) to the Separate Income Statement in the following accounting items			Amount reclassified from the reserve for cost of the hedging to the Separate Income Statement in the following accounting items		
			Revenues	Purchases	Financial components	Revenues	Purchases	Financial components
Cash flow hedging:								
- highly probably operations for sales and purchases of raw materials and/or products in currency	4,471	(2,031)	(85)	-	(3,565)	143	-	1,276
- copper purchases	218	-	-	(105)	-	-	-	-
- floating-rate loans	(57)	-	-	-	132	-	-	-

"Trading" derivatives refer to transactions that do not meet international accounting standard requirements for the application of hedge accounting. These derivatives regard futures contracts on currencies related to forward purchases of American dollars, described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward – Purchase	USD/COP	3,575.95	1,174	(78)
Total				**(78)**

The measurement techniques used to calculate the fair value of derivative contracts are explained below:

- Foreign exchange rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates at the reporting date and the contractual forward exchange rates; discounting was calculated on the basis of the zero-coupon curve at December 31st, 2020, appropriately adjusted to consider the premium connected with the default risk;
- Copper: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange (L.M.E.) and the contractually agreed fixed price; discounting was calculated on the basis of the zero-coupon curve at December 31st, 2020, opportunely adjusted to consider the premium connected with the default risk;

Information required by IFRS 7 and IFRS 13 is included under Note 42.

16. Cash and cash equivalents – 31,896

Breakdown	Book values Dec. 31st, 2019	Increases / decreases	Business Combinations	Book values Dec. 31st, 2020
Bank deposits:				
- demand deposits	46,571	(15,493)	278	31,356
- term bank deposits	-	19	-	19
	46,571	(15,474)	278	31,375
Cash equivalents	-	510	-	510
Cash on hand	10	1	-	11
Total	**46,581**	**(14,963)**	**278**	**31,896**

Cash and cash equivalents (bank deposits, cash equivalents and cash on hand) at December 31st, 2020 respectively refer to the Parent Company Isagro S.p.A. for € 27,862 thousand and the subsidiaries for € 4,034 thousand.

It should be noted that cash and cash equivalents for the Parent Company Isagro S.p.A. increased by € 55,000 thousand during the last quarter of 2020 after the receipt of the fee paid by the Swiss company FMC Agricultural Products International A.G. (a company in the FMC Group) for Fluindapyr. For more details please see note 27A. Part of this amount was used by the Parent Company Isagro S.p.A. to repay in advance certain medium/long-term loans, as indicated in note 18 in which more details can be found, while € 3,100 thousand was used to acquire a 100% stake in Phoenix-Del S.r.l., as described in note 1.

The loans repaid in advance include that granted by Banca del Mezzogiorno which, due to an internal technical error and after repayment, charged the Parent Company Isagro S.p.A. for a loan payment that was erroneously classified as due (based on the initial repayment plan) in the amount of € 510 thousand. The Parent Company Isagro S.p.A. immediately noted this error to the lending institution which, in the first few days of January 2021 saw to complete reimbursement. For this reason, this amount was recognized under the item "Cash equivalents".

Demand deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits of the Group at December 31st, 2020 was 0.04% per year.

We can note that for the purposes of the Cash-Flow Statement, the item "cash and cash equivalents" coincides with the respective item in the Balance Sheet.

17. Equity attributable to owners of the parent – 105,912

The breakdown of and changes in equity attributable to owners of the parent are explained in the "Consolidated Statement of Changes in Shareholders' Equity in 2020".

The share capital of the Parent Company Isagro S.p.A. amounted to € 24,961 thousand at December 31st, 2020, fully subscribed and paid up, and comprised 24,549,960 Ordinary Shares and 14,174,919 "Growth Shares", which are included in a new class of special shares whose characteristics are described below.

The item "Reserves", amounting to € 51,287 thousand, comprises:

• Share premium reserve	44,910
• Cash flow hedging reserve	423
• Cost of hedging reserve	(222)
• Reserve for shares measured at FVTOCI	275
• Translation difference of the Continuing Operations	(1,799)
• Other reserves:	
◦ merger surplus	1,079
◦ legal reserve	4,538
◦ unavailable reserve for fair value measurement of shares	2,737
◦ treasury shares	(986)
◦ top manager retention plan	332
	7,700
• **Total**	**51,287**

The "share premium reserve" is recognized net of the costs incurred by the Parent Company Isagro S.p.A. in relation to the share capital increase operations carried out in previous years. These costs, net of the tax effect of € 1,228 thousand, amounted to € 2,356 thousand.

The changes in the item "Cash flow hedging reserve" are illustrated below. This item contains the amount recognized in the Statement of Comprehensive Income of gains and losses related to cash flow hedging transactions, deriving from interest rate swap, commodity future and currency forward contracts (see Note 15). The accumulated gains and losses are then released to the Income Statement when the hedged transaction has an impact on the Group's Income Statement:

Cash flow hedging reserve	*Interest*	*Commodities*	*Currency*	Total
Amount at December 31st, 2019	(57)	23	(528)	(562)
Gains/(Losses) generated during the year	(57)	218	4,471	4,632
(Gains)/Losses reclassified to Income Statement	132	(105)	(3,650)	(3,623)
Tax effect	(18)	-	(6)	(24)
Amount at December 31st, 2020	**-**	**136**	**287**	**423**

The "Cost of hedging" reserve includes the effects of the change in the fair value of the forward element of "currency forward" contracts following the decision of the Parent Company Isagro S.p.A. to designate as hedging instrument only the change in the spot element of the forward contract, excluding from it therefore the forward element. However, this latter regards a hedged item related to a certain operation/transaction because, in relation to the type of hedging put in place to manage exchange rate risk, the nature of the hedged item is an operation for which the forward element is classified as a cost. Also in this case, the gains and losses accumulated in the reserve are then released to the Income Statement when the hedged transaction has an impact on the Company's Income Statement. The table below shows the changes in the reserve during the year:

"Cost of hedging" reserve	
Amount at December 31st, 2019	354
Losses generated during the year	(2,031)
Losses reclassified to Income Statement	1,419
Tax effect	36
Amount at December 31st, 2020	**(222)**

The reserve for "shares measured at FVTOCI", totaling € 275 thousand, includes the fair value measurement of the shares of Arterra Bioscience S.p.A. after the decision made by the Parent Company Isagro S.p.A., in compliance with the provisions of paragraph 5.7.5 of IFRS 9, to recognize among "Other Comprehensive Income" the difference in value deriving from the fair value measurement of the security with respect to the value assigned to the same on the pricing date; prudentially, in relation to this change in the reserve, no deferred tax effects were allocated.

The negative change in the "translation difference" can essentially be attributed to the depreciation of the Colombian Peso and Brazilian Real with respect to the Euro.

The item "legal reserve" increased by € 858 thousand with respect to December 31st, 2019, after destination of 5% of the profits from financial year 2019 relative to the Parent Company Isagro S.p.A.

The item "reserve for unavailable shares measured at fair value" includes proceeds determined in 2019 as the difference between the carrying value on the date of the IPO for the shares of Arterra Bioscience S.p.A. held by the Parent Company Isagro S.p.A. and the fair value of the same, calculated using the placement price. For a description of the operation to list Arterra Bioscience S.p.A. please see that found in the Consolidated Financial Statements for 2019.

Relative to the item “Treasury shares”, note that during the first half of 2020 182,500 treasury Growth Shares were assigned (acquired on the market at an average value of € 1.25 each) to top managers of the Parent Company Isagro S.p.A., beneficiaries of the “Long term incentive and retention plan” (described in note 30), after the first of the objectives established under the plan regarding continuous employment was achieved on December 31st, 2019. Hence, at December 31st, 2020 the Parent Company Isagro S.p.A. held 707,500 treasury Growth Shares.
The cost of these incentives, of € 91 thousand for financial year 2020, was recognized under the item “Personnel costs” with a balancing entry in the Shareholders’ Equity reserve “Top managers retention plan”. The item “Treasury shares” also includes € 84 thousand relating to the capital loss made in 2018 and recognized directly among the Shareholders’ Equity reserves, following the sale of 50,000 Ordinary Treasury Shares.
It should be noted that after the decision by the Directors of the Parent Company Isagro S.p.A. to make use of the so-called “fiscal realignment” regulations *(*pursuant to article 110, Decree Law 104/2020), they proposed that the Shareholders Meeting, at the time the 2020 financial statements are approved, allocate a portion relative to an existing reserve to a reserve for suspended taxes in the amount of € 1,904 thousand, corresponding to the value of the realigned goodwill and intangible asset (€ 1,963 thousand) net of the relative substitute tax (€ 59 thousand).

Characteristics of “Growth Shares”

The rights and characteristics of the “Growth Shares” issued by the Parent Company Isagro S.p.A. are summarized below. These shares were admitted to trading on the STAR segment of the Electronic Stock Market of Borsa Italiana, where the Company's Ordinary Shares are also listed.

No voting rights

Pursuant to article 7 of the Company's Articles of Associations, the “Growth Shares” are without voting rights in Shareholders' Meetings, while, pursuant to article 14 of the Company's Articles of Association, they have a voting right in the special Shareholders' Meetings for owners of “Growth Shares”, pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the “Growth Shares” must be approved by the aforesaid special Shareholders' Meeting.

Privilege in the profit distribution

Pursuant to article 24 of the Company's Articles of Association, net profit resulting from the Financial Statements, duly approved by the Shareholders' Meeting, after deducting 5% for the legal reserve, until reaching the threshold set by law, will be distributed according to decisions made by the Shareholders' Meeting. “Growth Shares" have a privilege on profit distribution decided by the Shareholders' Meeting, for amounts available as from the year ended December 31st, 2014. The division, in fact, must be made so that each “Growth Share” has a total dividend increased by 20% with respect to the dividend assigned to Ordinary Shares. In the event of distribution of any other reserves, “Growth Shares” will have the same rights as Ordinary Shares.

Conversion into Ordinary Shares

All "Growth Shares" are automatically converted into Ordinary Shares, with a one-to-one ratio, if Piemme S.r.l., which currently heads the Isagro Group's chain of control, directly or indirectly reduces its interest to below 50%, or if one or more parties are required to launch a mandatory public offer, to which the holders of Growth Shares can then subscribe as a result of their shares being converted into Ordinary Shares with voting rights. For more information, please see that found in the section “Events subsequent to December 31st, 2020” in the Report on Operations. Moreover, “Growth Shares” will be converted in the event a voluntary offer is called for which the offeror who, at the close of the offer, would exceed the 30% limit set out by law, is not obliged to call for a subsequent offer, and when the holding Holdisa S.r.l. subscribed to this offer with a number of Ordinary Shares sufficient to reduce its equity investment to below 50%.

18. Current and non-current financial payables – 12,988

Current financial payables – 6,374

Non-current financial payables – 6,614

The following table illustrates changes in current and non-current financial payables:

Breakdown	Book values Dec. 31st, 2019	Increases / Decreases	Business Combinations	Book values Dec. 31st, 2020
Current financial payables:				
- banks	47,328	(42,119)	84	5,293
- other lenders	1,793	(1,983)	510	320
- leasing	813	(72)	20	761
	49,934	(44,174)	614	6,374
Non-current financial payables:				
- banks	28,615	(26,296)	-	2,319
- other lenders	1,133	(319)	-	814
- *leasing*	3,709	(259)	31	3,481
	33,457	(26,874)	31	6,614
Total	**83,391**	**(71,048)**	**645**	**12,988**

With respect to the previous year, the item presents a decrease of € 71,048, essentially due to:

- € 36,761 thousand: the early repayment of certain medium/long-term loans obtained in previous years by the Parent Company Isagro S.p.A.; these repayments were made possible due to the collection by Isagro S.p.A. of the fee to sell the fungicide Fluindapyr in the final quarter of 2020, as described above;
- € 8,720 thousand: repayment of medium/long-term loans granted to the Parent Company Isagro S.p.A. which matured during the year;
- € 20,174 thousand: repayment of short-term loans and credit lines by the Parent Company Isagro S.p.A., which were in existence the previous financial year;
- € 1,476 thousand: repayment of payables due to factoring companies in relation to reverse factoring transactions implemented the previous year.

The column “Business Combinations” includes the fair value of payables due to banks, due to other lenders and for leases relative to the subsidiary Phoenix-Del S.r.l.

Current payables due to banks, other lenders and leases as at December 31st, 2020 include the current portion of medium/long term loans, amounting to € 5,458 thousand.

The table below shows the composition of Consolidated Financial payables broken down by type of relationship.

Breakdown	Amount	effective average interest rate %	Maturity
- current account overdraft	4	21.81%	on request
- import financing	817	1.93%	on request
- export financing	0	0.00%	on request
- accounts receivable financing	12	0.00%	on invoice due date
- stand-by and revocable lines of credit	419	1.44%	on request
- other medium/long-term loans	7,494	1.20%	(*)
- *leasing*	4,242	3.01%	
Total	**12,988**		

(*) the characteristics of the other medium/long-term loans are described below

The average interest rate on shout-term bank loan- (in Euro, US Dollars and Colombian Pesos), with the exception of leases, is 1.29%.

The characteristics of the main medium/long-term loans granted to the Parent Company Isagro S.p.A. are summarized in the following table. The balances of the residual debt at December 31st, 2020 include both the short-term portions of the loans described, included in the Financial Statements under current financial liabilities, and the accrued interest. Note that at December 31st, 2020 the other companies in the Isagro Group do not have any medium/long-term financing.

Amounts in thousands of euro

Existing loans at December 31st, 2019	
Loan granted by Banco Popolare with a duration of 4 years, repayable in half-yearly payments starting from 2017.	250
Loan granted by UBI Banca with a duration of 99 months, repayable in half-yearly payments starting from 2021.	240
Subsidized loan granted by Cassa Depositi e Prestiti in relation to the research project "Use of bio-IT platforms to identify new agrochemical products", with a duration of 99 months, repayable in half-yearly payments starting from 2017.	1,134
Loan granted by Banca Monte dei Paschi di Siena with a duration of 5 years, repayable in half-yearly payments starting from 2019 and requiring compliance with covenants.	3,120
Subsidized loan granted by Banca del Mezzogiorno – Mediocredito Centrale in relation to the first S.A.L. (Stage of Progress Report) of the research project entitled "Defending agricultural production against abiotic stresses (drought, salinity, heat, cold) using products of natural origin", with a duration of 8 years, repayable in six-monthly installments starting from 2019.	150
Loan granted by Iccrea BancaImpresa with a duration of 4 years, repayable in half-yearly payments starting from 2018 and requiring compliance with covenants	2,438
Loans granted in 2020	
Subsidized loan granted by Banca del Mezzogiorno – Mediocredito Centrale in relation to the second S.A.L. (Stage of Progress Report) of the research project entitled "Defending agricultural production against abiotic stresses (drought, salinity, heat, cold) using products of natural origin", with a duration of 7 years, repayable in six-monthly installments starting from 2020.	162

During 2020, the Parent Company Isagro S.p.A. obtained new medium/long-term loans from banks for a total of € 162 thousand.
The covenants to be complied with for a number of the aforementioned loans are described later in this report.
The main events, whose occurrence gives the financing institution the right to withdraw from the agreement, are as follows:

Loan granted by Banco Popolare (already existing at Monday, December 31st, 2019):

- the Parent Company Isagro S.p.A. is subject to legal proceedings, protests, seizure of bank assets or enforcement orders, confiscation of assets, registration of legal or judicial distraints for amounts exceeding € 250 thousand which, in the bank's judgment, may prejudice the security of the credit;
- the Parent Company Isagro S.p.A. is subject to bankruptcy proceedings, is placed in liquidation, its assets are transferred to creditors;
- the Parent Company Isagro S.p.A. changes its form, there are changes in the share capital or issues of bonds, there are changes of the shareholders who currently have indirect control of the Company, such as to negatively affect the capital, corporate, financial or economic situation in such a way as jeopardize payment of the lender's receivables;
- the Parent Company Isagro S.p.A. fails to punctually pay all or part of any amount due as a result of the loan and/or of the interest and related accessories;
- the Parent Company Isagro S.p.A. does not allocate the loan for the purposes for which it was granted.

Subsidized loan granted by Cassa Depositi e Prestiti and Loan granted by UBI Banca (already existing at Monday, December 31st, 2019):

- the Parent Company Isagro S.p.A. fails, even if only partially and at the prescribed due date, to pay any amount for a period exceeding 180 days;
- the Parent Company Isagro S.p.A. has not produced the technical and accounting documentation attesting to the activities carried out for each work progress report (stato avanzamento lavori), according to the forms and procedures prescribed by the facilitating law, by the decree and by the circular;
- the Parent Company Isagro S.p.A. carries out or participates in mergers, splits or any kind of company restructuring, or carries out extraordinary transactions on its own capital or is subjected to changes of its corporate structure or of its shareholders which entail a decrease of the shareholders' equity declared for the purposes of granting the loan or of its ability to repay the loan;
- the subsidy is fully revoked;
- the Parent Company Isagro S.p.A. i) is subjected to bankruptcy proceedings, ii) all or part of its assets have become subjected to attachments or to proceedings having a similar effect, iii) has initiated actions to renegotiate its own obligations relating to financial debt date or to delay compliance therewith, has reached out of court agreements with its own creditors or has been granted an extension to the fulfillment of the obligations relating to financial debt or the enforcement of guarantees provided in order to guarantee compliance or application of suspension of payments;
- the Shareholders' Equity declared by the Parent Company Isagro S.p.A. at the time the loan was granted decreases substantially as a result of disposals;
- the Parent Company Isagro S.p.A. fails to comply with obligations deriving from other loan agreements and/or financial payables of any kind.

Loan granted by Banca Monte dei Paschi di Siena (already existing at Monday, December 31st, 2019):

- the Parent Company Isagro S.p.A. does not fully pay one loan repayment installment;
- the Parent Company Isagro S.p.A. does not fulfill the obligations associated with the loan contract;
- the Parent Company Isagro S.p.A. is subject to protests, seizure of bank assets or enforcement orders or judicial distraints or carries out any act that decreases its amount of equity, cash flow or income.
- the Parent Company Isagro S.p.A. fails to punctually pay all or part of any amount due as a result of the loan and/or of the interest and related accessories;
- the Parent Company Isagro S.p.A. or another company of the Isagro Group is subject to enforcement orders or seizure of bank assets, becomes subject to a legal order to pay, bankruptcy and/or injunction proceedings, protests or other detrimental events that diminish the company's financial and economic position by amounts exceeding € 250 thousand;
- The Parent Company Isagro S.p.A. or one of its subsidiaries, associates or parents fails to pay one of its financial debts of more than € 100 thousand on the due date.

In addition:

the Parent Company Isagro S.p.A. may not, except with written consent from the lender, i) modify its corporate purpose so as to determine a substantial change in the business activity; ii) transfer its registered office abroad; iii) give as guarantees, only in relation to loans granted by banks and financial institutions after this loan agreement is signed, its registered property and securities, whilst guarantees may be given, with written consent from the lender, in favor of its customers and suppliers for transactions that come within the scope of the Parent Company Isagro S.p.A.'s core business, including Licensing activity; iv) grant rights of preemption in repayment of the principal; v) perform actions that lead to a change in corporate control or merger, demerger and spin-off operations, and other operations concerning the majority of the capital, it being understood that transfers of shares among members of the Basile family will not be considered loss of indirect control of the same, and therefore will not be relevant for the purposes of the present clause; vi) distribute dividends and capital reserves or make investments of any kind of an amount such as to entail non-observance of both the covenants; vii) activate a voluntary liquidation procedure.

Loan granted by Iccrea BancaImpresa S.p.A. (existing at December 31st, 2019):

- the Parent Company Isagro S.p.A. becomes insolvent or is made party to any arrangement procedure and/or to procedures also of an out-of-court nature with closely analogous effects;
- the Parent Company Isagro S.p.A. does not make in full and on time the payment when due of any amount payable, unless this is remedied within 15 days from the due date;
- the Parent Company Isagro S.p.A. suspends, interrupts or substantially changes the current business activity;
- a non-fulfillment occurs for more than € 500 thousand that entails, or may entail, the acceleration clause taking effect or may trigger a request for early repayment, also following termination, withdrawal or other things for receivables other than those deriving from the loan contract;
- changes or events occur that modify the current legal, capital, financial, or economic situation of the Parent Company Isagro S.p.A. and that have a substantially prejudicial effect;
- lawsuits, litigation, disputes, or arbitration, administrative or judicial procedures in general, of any kind and with any public or private counterparty, are launched in relation to Isagro S.p.A. and may have a substantially prejudicial effect;
- the Parent Company Isagro S.p.A. does not observe both of the covenants described below and has not taken initiatives to remedy the breach within thirty days from the date of approval of the annual financial statements.

In addition:

the Parent Company Isagro S.p.A. may not i) amend its articles of association, without prior written consent from the lender, in such a way as to determine prejudice to the legal, capital, financial, economic, administrative or technical situation such as to compromise the prospects for repayment of the loan; ii) suspend, interrupt or change the current business activity; iii) resolve to reduce its share capital, except in the case of legal obligation; iv) constitute assets destined for a specific deal; v) be made party to voluntary liquidation procedures vi) grant other lenders mortgages, mandates to register mortgages or real guarantees on its tangible and intangible assets, and act so that its shares are pledged, except for those permitted in writing by the bank; vii) conclude transactions in derivative instruments for speculative purposes.

Loan granted by Banca del Mezzogiorno-Mediocredito Centrale S.p.A. (already existing at December 31st, 2019 and disbursed in 2020):

- the absence of one or more admissibility requirements has occurred or documentation is incomplete or irregular due to actions in any way attributable to Isagro S.p.A. and that cannot be remedied;
- the Parent Company Isagro S.p.A. is made party to a bankruptcy procedure;
- the research project for which the subsidized loan was disbursed is not launched, the maximum times determined for implementation of the project are not observed, the research project objectives are not achieved (except in cases of force majeure, chance or other contingent and unpredictable facts and events) or the research project is not carried out;
- the Parent Company Isagro S.p.A. does not transmit the first progress report (S.A.L.) within 18 months from the date of disbursement of the loan or does not transmit the final spending documentation within three months from conclusion of the project;
- the Parent Company Isagro S.p.A. does not repay the pre-amortization interest or the loan installments for more than one year.

Current financial payables to other lenders refer solely to the current portion of the subsidized loan granted by Cassa Depositi e Prestiti, described in the previous table.
The item "leasing" refers to the residual value at December 31st, 2020 of the current value of the future payments due for the use of the assets, for which the relative rights of use are recognized under the item “Rights of Use”.
The table below summarizes loans, including leases, granted to the Group, broken down by currency (and hence by the relative companies within the Group: in fact, at December 31st, 2020, the currency of loans corresponds to the functional currency of the contracting company):

Currency of the loan	Amount in thousands of euro	Amount in currency (thousands)	Effective average interest rate %
Euro	11,984	11,984	1.79%
US Dollars	849	1,043	1.96%
Colombian Pesos	98	410,827	6.44%
Brazilian Reals	11	69	4.97%
Chinese Renminbi (yuan)	35	276	3.75%
Vietnamese Dong	3	101,381	3.54%
Argentine Peso	8	864	2.57%
Total	**12,988**		

The debt exposure of the Group broken down by maturity is shown in the table below:

	Payables broken down by maturity						
	Within 1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Payables due to banks:							
- floating rate	5,162	1,320	697	37	-	-	7,216
- fixed rate	131	48	48	48	48	73	396
Total Payables due to banks	5,293	1,368	745	85	48	73	7,612
Payables due to other lenders							
- fixed rate	320	323	326	165	-	-	1,134
Total Other lenders	320	323	326	165	-	-	1,134
Leasing							
- fixed rate	761	521	431	407	377	1,745	4,242
Total leases	761	521	431	407	377	1,745	4,242
Total	**6,374**	**2,212**	**1,502**	**657**	**425**	**1,818**	**12,988**

Lastly, it should be noted that, at December 31st, 2020, the Group had a number of credit lines outstanding, granted by banks and other financial institutions, totaling € 68,249 thousand (including "trade" facilities for € 60,485 thousand, of which € 3,066 thousand used, and "financial" facilities of € 7,764 thousand, of which € 900 thousand used), as shown in the table below:

	Credit lines	
	granted	used
Parent company	63,660	3,066
Subsidiaries	4,589	900
Total	**68,249**	**3,966**

COVENANTS

In compliance with the CONSOB Communication of July 28th, 2006, the loans for which certain equity and economic requirements (covenants) must be satisfied, on a consolidated basis, are listed below, together with the features of such requirements. The amounts indicated are expressed gross of commissions and ancillary charges.

Bank	Nominal amount of the loan	Residual amount of the loan	*Covenants*	Effects
Banca Monte dei Paschi di Siena	Euro 5,000	Euro 3,120	a. ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b. consolidated liability/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants will entail the upward revision of the spread by 0.5% and will also constitute a condition for loan termination loan with consequent repayment of all amounts still due, including interest.
Iccrea BancaImpresa	€ 4,000	Euro 2,438	a. ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b. consolidated liability/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants will constitute a condition for termination of the loan with consequent repayment of all amounts still due including interest., unless Isagro S.p.A., within 30 business days from the date of approval of the financial statements has taken initiatives capable of remedying this breach.

The assessment of observance of the aforementioned covenants, which is to be carried out on an annual basis, at December 31st, 2020 did not reveal any problems, as the Isagro Group had a positive Net Financial Position at the end of the year.

It should also be noted that the Directors of the Parent Company Isagro S.p.A. carried out sensitivity analysis with regards to compliance with the covenants on a consolidated basis at December 31st, 2020, considering the NFP/EBITDA and NFP/SE ratio based on the Consolidated Plan. The results of this sensitivity analysis, including at its maximum risk, are such that do not jeopardize the financial covenants for this year.

Net Financial Position

As required by CONSOB Communication no. DEM/6064293/2006 of July 28th, 2006, and also in accordance with the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10th, 2005, the Net Financial Position of the Group as at December 31st, 2020 was as follows:

Breakdown	Dec. 31st, 2020	Dec. 31st, 2019
Bank deposits and cash	(31,896)	(46,581)
Liquidity (A)	**(31,896)**	**(46,581)**
Other current financial assets (securities)	(43)	-
Current financial receivables and other assets (B)	**(43)**	**-**
Current payables due to banks	916	24,347
Current payables due to other lenders	-	1,476
Leasing	-	-
Current portion of non-current financial payables	5,458	24,111
Current financial payables (C)	**6,374**	**49,934**
Net current financial debt (A+B+C)	**(25,565)**	**3,353**
Non-current payables due to banks	2,319	28,615
Non-current payables due to other lenders	814	1,133
Leasing	3,481	3,709
Non-current financial payables (D)	**6,614**	**33,457**
Net financial debt as per communication from CONSOB DEM/6064293/2006 (A+B+C+D)	**(18,951)**	**36,810**
Other non-current financial assets	(2,503)	(2,503)
Financial assets for trading and IRS derivative instruments	-	(12)
Financial liabilities for trading and IRS derivative instruments	77	99
Net financial debt of the Group	**(21,377)**	**34,394**

The Net Financial Position (positive) shows an improvement of € 55,771 thousand with respect to December 31st, 2019, substantially due to the collection of the price to sell Fluindapyr by the Parent Company Isagro S.p.A., described above.

RECONCILIATION STATEMENT OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES

As required by IAS 7 (§44A), a statement is presented below containing the reconciliation of the changes in liabilities deriving from financing activities, distinguishing between changes deriving from cash flows and other non-monetary changes.

	Book values Jan. 1st, 2020	Cash flow	Other non-monetary changes				Book values Dec. 31st, 2020
			Translation differences	Other changes	Reclassification to "Discontinued Operations"	Total change	
Financial payables due to banks	75,943	(68,742)	(142)	(41)	84	(99)	7,102
Financial payables due to other lenders	2,926	(1,792)	-	(510)	510	-	1,134
Leasing	4,522	(977)	(34)	680	51	697	4,242
Total	**83,391**	**(71,511)**	**(176)**	**129**	**645**	**598**	**12,478**

The column "other changes" includes the allocation of accrued interest for the financial year and the signing of new lease contracts.

19. Employee benefits – 1,546

The following table illustrates the change in the severance indemnity fund (SIF) of the Parent Company Isagro S.p.A., which can be classified, as per IAS 19, as a "defined-benefit plan" among "post-employment benefits".

	Severance Indemnity Fund (SIF)
Value at Dec. 31st, 2019	1,877
Cost of employee benefits	(5)
Settlements/transfers/payments	(326)
Value at Dec. 31st, 2020	**1,546**

Information on the SIF – Severance Indemnity Fund plan

The item "Severance Indemnity Fund" reflects the Group's residual obligation regarding the indemnity to pay Italian employees when their employment ceases. This indemnity can be partially paid in advance to the employee during his or her working life in certain circumstances. It is an unfunded defined benefit plan only in connection with the indemnity employees accrued up until December 31st, 2006. In fact, certain legislative changes turned the severance indemnity fund into a defined contribution plan starting from that date, resulting in the Group paying indemnities that accrued in each year (equal to about 7.41% of the employees' wages) into outside pension funds.

The actuarial valuations used to calculate the liabilities were made using the Projected Unit Credit Method.

The main demographic and financial assumptions used to measure the obligations at December 31st, 2020, were as follows:

	2020	2019
Discounting rate:	0.01%	0.35%
Staff turnover rate:	4.60%	4.60%
Inflation rate:	1.00%	1.00%
Annual rate of increase in severance indemnity fund (SIF)	2.25%	2.25%

The probability of turnover consistent with the historic trend of the phenomenon was used for the staff turnover rate (if a turnover rate consistent with that of the year in course had instead been used no significant differences would be seen), whereas for the discounting rate it was decided to use the rate of return on AA-rated corporate securities in the Eurozone as reference.

The table below shows the total cost of the severance indemnity fund:

	Breakdown
Financial costs on the obligation	6
Actuarial (gains)/losses	(11)
Total	**(5)**

The actuarial gains and losses coming from re-measurement of the liabilities were recorded in "Other Comprehensive Income" and recognized under Group equity in the item "Retained earnings". Actuarial gains for the period, € 11 thousand, include losses attributable to changes in the financial assumptions for € 6 thousand and gains attributable to changes in the demographic assumptions for € 17 thousand.

Sensitivity analyses were conducted as regards the option of changing the discounting rate of the obligation from which it emerged that a parameter increase of a quarter of a percentage point would bring about a € 25 thousand decrease in liabilities, while a decrease of a quarter of a percentage point in the rate would bring about an increase in liabilities of € 26 thousand.

The Group also participates in the "pension funds" which, pursuant to IAS 19, can be classified as "defined contribution plans" among "post-employment benefits". In relation to these plans, the Group has no additional monetary obligations once the contributions have been paid.

In the 2020 financial year, the total costs of such plans, included under "personnel costs", were € 880 thousand.

20. Other non-current liabilities – 807

Breakdown	Book values Dec. 31st, 2019	Increases/ decreases	Book values Dec. 31st, 2020
Payables:			
- contractual liabilities	1,130	(323)	807
Total	**1,130**	**(323)**	**807**

The item refers to the medium/long-term contractual liabilities pertaining to revenues arising from the granting in 2019 to the company P.I. Industries Limited, exclusively and for the duration of ten years, of the right to distribute products previously marketed by Isagro (Asia) Agrochemicals Pvt. Ltd., for which the fee has already been paid by the counterpart. This item also included the amount

of € 222 thousand relative to the right to distribute Fluindapyr-based compounds starting in 2027, which, after the sale of the know-how, brands, patents and registration dossiers associated with this fungicide to the Swiss company FMC Agricultural Products International A.G. (a company in the FMC Group), was reclassified to the Income Statement under the item "Other operating revenues".
For more information about this item, please see the Consolidated Financial Statements for 2019.

21. Trade payables – 24,206

Breakdown	Book values Dec. 31st, 2019	Increases / decreases	Business Combinations	Book values Dec. 31st, 2020
Trade payables	26,143	(2,451)	514	24,206
Total	**26,143**	**(2,451)**	**514**	**24,206**

The decrease in trade payables, despite there being a level of purchases and costs for services during the year in line with the previous year, is substantially attributable to a change in the timing of purchases of raw materials made by the Parent Company Isagro S.p.A. relative to 2019, when these were concentrated in the final part of the year. The column "Business Combinations" refers to the fair value of trade payables for the subsidiary Phoenix-Del S.r.l. For the total trade payables due to related parties, reference should be made to Note 44. Here below is the breakdown of trade payables by geographical area based on the supplier's location:

• Italy	17,456
• Other European countries	2,566
• Central Asia and Oceania	1,270
• Americas	1,771
• Far East	1,028
• Middle East and Africa	115
Total	**24,206**

It should be noted that trade payables have an average contractual maturity of approximately:

- Italy 90 days (around 93 days in 2019);
- Abroad 95 days (around 104 days in 2019).

The trade payables are due within the following year.

22. Current provisions – 2,164

The breakdown and changes in current provisions are illustrated in the following table:

Breakdown	Book values Dec. 31st, 2019	Changes over the period				Book values Dec. 31st, 2020
		Provision	Use	Other changes	Total change	
Current provisions						
- expense provision for reclamation works	149	189	-	-	189	338
- provision for risk of lawsuits	30	-	(30)	-	(30)	-
- expense provision for other obligations	661	250	(241)	-	9	670
- prov. for destruction of goods and disposal of obsolete materials	148	120	(101)	-	19	167
- provision for employee participation bonus and manager/director bonuses	793	945	(737)	(12)	196	989
Total	**1,781**	**1,504**	**(1,109)**	**(12)**	**383**	**2,164**

The provision “expenses for reclamation works” which refers to the amount estimated and agreed upon by the Parent Company Isagro S.p.A. through an agreement with the Municipality of Adria to complete reclamation work relative to its plant located in the same municipality, was increased by € 189 thousand during 2020 in the face of expenses which the Parent Company Isagro S.p.A. will have to sustain to remove additional hazardous waste identified during reclamation.
The "expense provision for other obligations" refers for € 420 thousand to expenses the Parent Company Isagro S.p.A. had estimated would need to be paid in 2021 in relation to a number of obligations arising from the contract to sell its equity investment in the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., for which details can be found in the 2019 Consolidated Financial Statements and, for € 250 thousand, to the estimated amount that the Parent Company Isagro S.p.A. will pay in 2021 as a penalty for the early termination of the lease contract for a floor of offices in Milan.
Provisions for “destruction of goods and disposal of obsolete materials” essentially refer to the costs the Parent Company Isagro S.p.A. will incur for the disposal of obsolete materials, necessary to improve logistics and storage conditions at the Aprilia and Adria industrial complexes.
The "participation bonus and manager/director bonuses" provision is an estimation, based on the results for the year, of the productivity bonuses payable to employees and directors of the Group companies.
We can note that these provisions are very likely to be used during 2021.

23. Tax payables – 1,106

Breakdown	Book values Dec. 31st, 2019	Increases/ decreases	Business Combinations	Book values Dec. 31st, 2020
Tax payables:				
- due to tax authorities for direct taxes	109	949	48	1,106
Total	**109**	**949**	**48**	**1,106**

The item refers for € 923 thousand to the payable due to tax authorities for income taxes relative to the Parent Company Isagro S.p.A., which in the previous year had not allocated current taxes as its taxable amounts were negative, for both IRES and IRAP.
The item “Business Combinations” refers to the fair value of tax payables for the subsidiary Phoenix-Del S.r.l.

24. Other current liabilities and payables – 3.52

Breakdown	Book values Dec. 31st, 2019	Increase/ decrease	Business Combinations	Book values Dec. 31st, 2020
Payables:				
- due to social security institutions	1,102	(155)	-	947
- due to agents and canvassers	183	48	-	231
- due to employees	978	(214)	-	764
- due to tax authorities for VAT and similar taxes	95	(53)	20	62
- due to tax authorities for withholdings and other taxes	765	178	-	943
- advances from customers (contractual liabilities)	101	-	-	101
- others	467	7	-	474
Total	**3,691**	**(189)**	**20**	**3,522**

The item "advances from customers (contractual liabilities)" includes the current portion of the medium/long-term contractual liabilities pertaining to revenues arising from the granting to the company P.I. Industries Limited, exclusively and for the duration of ten years, of the right to distribute products previously marketed by Isagro (Asia) Agrochemicals Pvt. Ltd., for which the fee has already been paid by the counterpart. For more details, please see the 2019 Consolidated Financial Statements.
Payables due to employees also include amounts for vacations accrued but not used, additional monthly payments and expense accounts, it should be noted that the previous year this item also included € 161 for the incentive paid in January 2020 to an executive of the Parent Company Isagro S.p.A. after the employment relationship ended.
The item “other” includes € 136 thousand relating to the balance of the food safety grant, which was paid in January 2021, in addition to € 122 thousand relating to the fees of the Independent Auditing Firm.

25. Segment reporting

As already mentioned, the Isagro Group identified its operating segments pursuant to IFRS 8 in the geographical areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision makers to assess performance and resource allocation decisions, and for which separate accounting figures are available.

The geographical areas that constitute the Group's operating segments are as follows:

- Europe
- Asia
- North America
- South America.

The Group assesses the performance of its operating segments on the basis of "Operating profit/(loss)"; the revenues of the above segments include revenue deriving both from transactions with third parties and from transactions with other segments, measured at market prices. In the Group's ordinary course of business, financial income and charges and taxes are recognized by the corporate entity, because they are not related to operating activities.

The table below shows the operating results of the operating segments for the year 2020:

2020	Continuing operations					
	Europe Area	**Asia Area**	**North America Area**	**South America Area**	**Adjustments**	**Total**
- Agrochemical Products	91,204	-	5,613	9,682	-	106,499
- Other	3,828	-	-	-	-	3,828
Revenue from third parties	**95,032**	**-**	**5,613**	**9,682**	**-**	**110,327**
Intra-segment revenue	4,168	44	387	246	(4,845)	-
Revenues	**99,200**	**44**	**6,000**	**9,928**	**(4,845)**	**110,327**
Operating profit/(loss)	**22,255**	**162**	**(117)**	**1,077**	**545**	**23,922**
Financial income						181
Borrowing Costs						(1,303)
Gains/(losses) on foreign exchange and fin. derivatives						(584)
Pre-tax profit/(loss)						**22,216**
Income Taxes						(6,267)
Net profit from Continuing Operations						**15,949**
Net profit/(loss) from Discontinued Operations						202
Net loss						**16,151**
Depreciation and amortization	8,859	26	39	210	-	9,134
Impairment of fixed assets	1,044	-	-	-	-	1,044
Allocations to provisions	1,436	15	6	47	-	1,504
Impairment losses on receivables	308	-	15	255	-	578
Severance indemnity fund and similar provisions	6	-	-	-	-	6
Non-recurring revenues included in operating profit/(loss)	30,331	-	-	-	-	30,331

The table below shows the operating results of the operating segments for the year 2019:

2019	Continuing Operations					
	Europe Area	Asia Area	North America Area	South America Area	Adjustments	Total
- Agrochemical Products	88,611	-	3,091	7,600	-	99,302
- Other	6,067	-	-	-	-	6,067
Revenue from third parties	**94,678**	**-**	**3,091**	**7,600**	**-**	**105,369**
Intra-segment revenue	6,336	44	208	303	(6,891)	-
Revenues	**101,014**	**44**	**3,299**	**7,903**	**(6,891)**	**105,369**
Operating profit/(loss)	**(12,390)**	**(13)**	**(1,851)**	**759**	**(241)**	**(13,736)**
Financial income						2,300
Borrowing Costs						(1,722)
Gains/(losses) on foreign exchange and fin. derivatives						(515)
Profit/(loss) from associates						191
Loss before taxes						**(13,482)**
Income Taxes						(1,568)
Net loss from Continuing Operations						**(15,050)**
Net profit/(loss) from Discontinued Operations						1,143
Net loss						**(13,907)**
Depreciation and amortization	9,725	27	54	278	-	10,084
Impairment of fixed assets	1,020	-	-	14	-	1,034
Allocations to provisions	1,640	15	58	60	-	1,773
Impairment losses on receivables	684	-	37	(35)	-	686
Severance indemnity fund and similar provisions	79	-	-	-	-	79

As the location of the Group's operations is different from that of customers, the following table shows the breakdown of revenues based on the customers' location:

	2020	2019
Italy	16,770	19,658
Europe	45,805	50,189
Americas	29,558	20,738
Africa	5,096	4,480
Middle East	6,428	3,667
Central Asia and Oceania	2,864	3,190
Far East	3,864	4,077
Losses on DCSs	(58)	(630)
Total	**110,327**	**105,369**

With respect to financial year 2019, an increase in turnover was seen in the "North America" and "South America" sectors, while a decrease was recorded in the "Europe" sector. For more information, please see that found in note 26 below and, more generally, in the Report on Operations. It should be noted that in 2019 the "Other" item under the "Europe" area included € 3,117 thousand in revenues deriving from M/L Agreements, a category which was not present in 2020.

It should also be noted that the operating profit/(loss) for the Europe area was influenced by the presence of net non-recurring income of € 30,331 thousand, relative to the sale to the Swiss company FMC Agricultural Products International A.G. (a member of the FMC Group) by the Parent Company Isagro S.p.A. of the assets relative to the fungicide Fluindapyr (in the SDHi class) which, starting in 2012, had been co-developed by the parent and FMC Corporation (a member of the FMC Group). For a more detailed description of this transaction, please see that found in note 27A below.

The tables below show the assets and liabilities of the segments, as well as investments in tangible and intangible assets, at Tuesday, December 31st, 2020 and Monday, December 31st, 2019:

At December 31st, 2020	Continuing Operations					
	Europe Area	Asia Area	North America Area	South America Area	Adjustments Eliminations	Total
Segment assets	108,445	568	2,416	6,242	(5,608)	112,063
Equity investments in other companies						3,140
Unallocated assets						37,760
						152,963
Segment liabilities	30,750	131	784	4,708	(5,133)	31,240
Unallocated liabilities						15,811
						47,051
Investments in Intangible Assets	3,297	-	-	-	-	3,297
Investments in Tangible Assets	2,012	1	1	7	-	2,021

At December 31st, 2019	Continuing Operations					
	Europe Area	Asia Area	North America Area	South America Area	Elimination adjustments	Total
Segment assets	141,014	209	5,332	10,062	(8,480)	148,137
Equity investments in other companies						4,176
Unallocated assets						57,646
						209,959
Segment liabilities	32,962	20	308	7,730	(7,258)	33,762
Unallocated liabilities						85,177
						118,939
Investments in Intangible Assets	5,680	-	-	-	-	5,680
Investments in tangible assets	2,001	-	-	3	-	2,004

Segment assets include non-current assets, inventories, trade and other receivables, while tax and financial receivables, equity investments and cash are excluded; the excluded items were recognized as "Unallocated assets". Liabilities pertaining to each segment do not include tax liabilities and liabilities connected with loans. These excluded amounts were recognized under "Unallocated liabilities".

The decrease in assets in the "Europe" sector is essentially due to the already cited transaction to sell assets relative to the fungicide Fluindapyr.

The decrease in assets and liabilities in the "North America" and "South America" sectors with respect to December 31st, 2019 can be attributed to changes in the timing of sales and purchases with respect to the previous year, as well as the strengthening of the Euro with respect to local currencies (mainly the US Dollar and Brazilian Real), with a consequent reduction in the value of the assets themselves.

The decrease in unallocated liabilities with respect to December 31st, 2019 is essentially due to the decrease in financial payables following the early repayments carried out by the Parent Company Isagro S.p.A., already described in note 18 above.

INFORMATION ON THE INCOME STATEMENT

26. Revenue from Contracts with Customers – 110,327

The breakdown of revenues is described in the table below.

Breakdown	2020			2019		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- crop protection products	16,113	90,386	106,499	18,880	80,422	99,302
- raw materials	133	1,365	1,498	192	344	536
	16,246	91,751	107,997	19,072	80,766	99,838
Revenue from services:						
- toll manufacturing	507	1,591	2,098	543	1,598	2,141
- product protection and development	-	-	-	-	11	11
- M/L Agreements	-	-	-	-	3,117	3,117
- other	17	215	232	43	219	262
	524	1,806	2,330	586	4,945	5,531
Total	**16,770**	**93,557**	**110,327**	**19,658**	**85,711**	**105,369**

This item shows an increase of € 4,958 thousand with respect to the previous year, essentially determined by, on one hand, the increase in sales of crop protection products and raw materials (€ +8,159 thousand) and, on the other, lower revenues from M/L Agreements (€ -3,117 thousand).

With reference to sales of crop protection products, these recorded, on one hand, a decrease in sales on the Italian market (€ -2.8 million with respect to 2019) and, on the other, a significant increase in sales on the foreign market (€ +10 million compared to 2019).

In particular, it should be noted that lower sales in the Italian area are due to the management decision to change the business model, replacing sales to certain Italian distributors with direct B2C sales, for which positive effects are expected to be seen starting in 2021.

With reference to the foreign market, the increase during the year can essentially be ascribed to greater sales in the Americas, above all in Brazil and the United States, thanks to weather conditions which favored the development of fungal diseases, leading to higher sales of copper-based products.

The item "M/L Agreements, futures", of the previous year, referred:

1. for € 2,500 thousand to the upfront payment made to the Parent Company Isagro S.p.A. by the Spanish company AQL Agroquimicos de Levante S.A. in relation to an agreement, with a duration of seven years and which can be extended, related to the fumigant *Allyl Isothiocyanate* which includes the following performance obligations: i) assignment by Isagro to AQL of an exclusive license fee and data access relating to the intellectual property of the fumigant in certain territories, for which a one-time fee of € 2,500 thousand was paid, recognized under the item "M/L Agreements" and ii) the commitment, by Isagro, to purchase from AQL certain quantities of technical product at a predefined price, for which more details can be found in the Consolidated Financial Statements at December 31st, 2019.

   With regards to the way this fee was collected, please see the information found under note 7.

   It should be noted that, if Isagro breached the exclusive right in relation to the commercialization and distribution activities of the product in certain territories, AQL would have the right to receive an indemnity modulated on the basis of the residual life of the agreement according to the following outline:
   - € 1,000 thousand if the breach occurs in 2021-2022;
   - € 750 thousand if the breach occurs in 2023-2025.

   In the opinion of the Directors of the Parent Company Isagro S.p.A., the occurrence of a breach in the aforementioned exclusive right is a remote possibility.
2. € 450 thousand (equal to US$ 500 thousand) to an up-front payment that the American company Sipcam Agro USA, Inc. paid to the Parent Company Isagro S.p.A. in exchange for the right to cite to the American registration authorities, in order to obtain authorizations for the sale of products it owns, the studies related to Tetraconazole owned by Isagro. The fee agreed upon was paid in two installments of US$ 250 thousand each, received respectively on March 12th, 2020 and January 11th, 2021, including interest calculated using the LIBOR rate plus a 3% spread;
3. € 167 thousand to the current value of the upfront payment of € 180 thousand made by the American company Suterra LLC to the Parent Company Isagro S.p.A. for the right to use the data related to the insecticide

deltamethrin, an Isagro proprietary active ingredient, for the production of its own products used to attract and eliminate insects, which will be marketed in the European Union, Morocco, Israel, Tunisia, Lebanon, Mexico, Argentina, Australia, and South Africa. This agreement, which was signed in 2016 and has a duration of eleven years, also requires that Isagro provide Suterra with the active ingredient necessary for the production of its own products throughout the entire duration of the contract. The contract provided for an upfront payment totaling € 200 thousand: at the time of signing, Suterra paid the Parent Company Isagro S.p.A. an amount of € 20 thousand, while the remainder (equal to € 180 thousand) was paid upon the obtainment of the first registration of a Suterra formulation with the Isagro active ingredient with payment in annual installments of € 20 thousand each on December 1st of each year. The Parent Company Isagro S.p.A. discounted this residual payment at the one-year EURIBOR rate + a spread of 2.71%. If there is a serious breach of the agreement by Isagro that is not remedied within forty-five days or there are regulatory changes that no longer make it possible to market products containing Deltametrina as an active ingredient, Suterra would have the right to receive an indemnity modulated on the basis of the residual duration of the agreement; the amount that the Parent Company Isagro S.p.A. would be required to pay is calculated is inversely proportional relative to the residual years remaining of the agreement, starting from a maximum of € 180 thousand; therefore, the percentage of the the upfront paid which would have to be paid is calculated by comparing the number of years remaining to the overall duration of eleven years.

27. Other operating revenues – 31,960

The breakdown of other operating revenues is described in the following table.

Breakdown	2020	2019
Recovery of research costs	610	762
Insurance compensation	176	-
Capital gains on disposal of fixed assets	3	425
Guaranteed minimum margins	300	467
Recovery of miscellaneous costs and other income	540	497
	1,629	2,151
Other non-recurring operating revenues	30,331	-
Total	**31,960**	**2,151**

The item "Recovery of research costs" essentially refers:

- for € 326 thousand to the recovery of 50% of the costs incurred by the Parent Company Isagro S.p.A. in relation to the American company FMC Corporation, as a result of the agreement signed between the two companies for the co-development of the fungicide Fluindapyr;
- for € 205 thousand to the fees paid by third-party companies in order to access the scientific data related to the Group proprietary toxicological dossiers;
- for € 60 thousand to the recovery of the costs incurred by the Parent Company Isagro S.p.A. in Brazil in relation to Arysta LifeScience (now UPL do Brasil), for research and trial activities commissioned from Isagro for the registration of compounds containing Fluindapyr.

The item “Insurance compensation” essentially refers to the payment received relative to claims made for the Aprilia plant of the Parent Company Isagro S.p.A.

The item “Guaranteed minimum margins” refers to the amount that the British company Gowan Crop Protection Ltd. (related party) is required to pay to the Parent Company Isagro S.p.A. on the basis of an agreement signed in 2016. This agreement, besides providing for the exclusive concession of the right to develop, formulate, produce and market for a period of fourteen years in Europe compounds based on *Kiralaxyl*—an Isagro proprietary fungicide— as already described in Note 7, stated that Gowan was appointed exclusive distributor in Europe of products based on this fungicide. As consideration, the contract attributed to Isagro the payment of a guaranteed minimum margin of € 900 thousand, calculated on the basis of the margins previously obtained by Isagro: therefore, if the margin deriving from sales made in the period September 1st – August 31st for each year of the contract is less than this minimum amount, Gowan must pay Isagro the difference between the margin achieved and the guaranteed minimum amount while, if the margin is higher than this minimum amount, Isagro will have to pay this difference to Gowan. On January 20th, 2021, the Parent Company Isagro S.p.A. and Gowan Crop Protection Ltd. signed an agreement valid solely for the 2018-2019 and 2019-2020 campaigns based on which, due to changed market conditions and a delay in the obtaining of *Kiralaxyl*-based product registrations, the minimum guaranteed margin of € 900 thousand was reduced by € 165 thousand. This agreement also establishes that the Parent Company Isagro S.p.A. pay Gowan Crop Protection Ltd, against activities performed during the year, a contribution of € 300 thousand to marketing activities carried out during the year, recognized under the item “Costs for services”.

The item "Recovery of sundry costs and other proceeds" includes both € 101 thousand relative to the annual portion of the expenses linked to the fair value of performance obligations in the contract for the sale of Isagro (Asia) Agrochemicals Pvt. Ltd. signed with PI Industries Limited in 2019, with reference to the ten year right to distribute products in the Isagro portfolio as well as the maintenance, after the expiration of the distribution contract, of the brands and intellectual property linked to the products granted for distribution, and € 222 thousand relative to the right to distribute Fluindapyr-based compounds starting in 2027. In fact, as indicated in note 27, to which reference is made, after the sale of the know-how, brands, patents, and registration dossiers for Fluindapyr to the Swiss company FMC Agricultural Products International A.G. (a member of the FMC Group), the necessary conditions were created to classify this last performance obligation as fully realized in 2020. With regard to the total revenues from related parties, please refer to Note no. 44.
Relative to the item "Other non-recurring operating revenues", please see note 27A below.

27A. Other non-recurring operating revenues - 30,331
In July 2020, the Parent Company Isagro S.p.A. and the Swiss company FMC Agricultural Products International A.G. (a member of the FMC Group) signed an Asset Sale and Purchase Agreement to sell Isagro's intangible assets relative to the molecule Fluindapyr to FMC for a total payment of € 55,000 thousand, not subject to adjustments and entirely paid on the closing date of the transaction (October 2nd, 2020). The assets refer to a fungicide in the SDHi class which was the result of research done by Isagro and co-developed, starting in 2012, with the North American company FMC Corporation, another member of the FMC Group.
The value of the item refers to net capital gains, calculated as follows:

Sale price	55,000
Carrying value of the intangible assets sold	(24,576)
Accessory costs for the sale	(93)
	30,331

The accessory costs for the sale, which refer to expenses sustained by the Parent Company Isagro S.p.A. in relation to legal consulting received with regards to the sale of the assets, were entirely paid during 2020.

In addition to the performance obligation regarding the transfer of the know-how, patents, registration studies, brands, registrations and other Intellectual Property relative to Fluindapyr (with the exclusion of the registration of the Tetraconazole/Fluindapyr compound in Paraguay and the dossier for the same compound in Brazil which remained with Isagro and, in the same year, classified as a loss), the contract also establishes other performance obligations which are detailed below. As established under accounting standard IFRS 15, the Directors of the Parent Company Isagro S.p.A. have determined that all the performance obligations under the contract were complied with as of the closing date ("at a point in time", as defined under accounting standard IFRS 15, paragraph 32).
It should also be noted that in December 2017 the Parent Company Isagro S.p.A. and the North American company Arysta LifeScience Inc. (now UPL North America) signed a ten-year distribution agreement solely for Brazil for Fluindapyr-based compounds, based on which Arysta was designated as the exclusive distributor of compounds including its own proprietary active ingredients and Fluindapyr and a non-exclusive distributor of Tetraconazole and Fluindapyr compounds. Given that neither Isagro nor FMC were able to obtain an agreement with UPL North America to transfer this contract, the parties established a side agreement so that this former contract could continue and therefore, with the sole aim of complying with the same, keep the previously existing distribution contract in force. Based on that contractually established, pursuant to international accounting standard IFRS 15, paragraph B34, the Parent Company Isagro S.p.A., with reference to this performance obligation, acts as the "agent" and not as the "principal" due to: i) a lack of liability applying to Isagro for compliance with the promise to supply Arysta; ii) FMC Corporation will be responsible for an product non-compliance whether identified by Isagro itself or by the Brazilian distributor; iii) FMC indemnifies Isagro from any costs or charges which may arise due to breach of the contract with Arysta; iv) it will indemnify and release Isagro from and against any responsibility, flaw, cost, expense, loss, legal case, complaint, proceedings, request, valuation or damage, including the payment of any fines or indemnities which it is called upon to pay Arysta based on the original agreement and v) a lack of inventory risk for Isagro.
The additional performance obligations identified by the Directors and present in the sales contract are as follows:
1. the exclusive granting to FMC through December 31st, 2025 of the right to distribute Tetraconazole-based products, a fungicide owned by the Parent Company Isagro S.p.A. in Russia and the Ukraine. The contract

establishes that FMC acquires from Isagro minimum amounts of the product against the right of FMC to be the sole recipient of these products from Isagro;
2. the transfer and partial sale of the technical Fluindapyr production contract and distribution contract for Fluindapyr-based compounds signed by the Parent Company Isagro S.p.A. with the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (now a subsidiary of PI Industries Limited) to FMC; after this sale and as indicated in note 27, to which the reader is referred, the Parent Company Isagro S.p.A. was able to recognize among its revenues the portion of the expenses linked to the fair value of the performance obligation relating to the right to distribute Fluindapyr-based compounds as of 2027;
3. sale of the five-year distribution contract signed by the Parent Company Isagro S.p.A. and the German company Spiess Urania GmbH (now Certis Europe B.V.) to FMC, regarding distribution of Fluindapyr and *Prothioconazole* compounds in Austria and Germany;
4. sales of the seven-year contract, signed by the Parent Company Isagro S.p.A. and the German company Bayer CropScience AG (now Bayer AG), to FMC, regarding the supply of *Prothioconazole*, a fungicide owned by Bayer, which is used in compounds with Fluindapyr;
5. the sale by FMC to Isagro of access rights to registrations and intellectual property linked to Fluindapyr and Tetraconazole-based compounds so that the latter can continue to serve as the distributor of these compounds in Paraguay, with an obligation for Isagro to purchase from FMC the amounts necessary to fulfill the said distribution.

28. Raw materials and consumables used – 62,200

The breakdown of costs for the purchase of raw materials and consumables is described in the following table.

Breakdown	2020	2019
Raw and ancillary materials, consumables and goods:		
- purchases of raw materials, packaging and crop protection products	60,287	60,686
- purchases of technical materials and those for research activities	611	884
- change in inventories of raw and ancillary materials and consumables	961	385
- other purchases	341	234
Total	**62,200**	**62,189**

The item is substantially in line with the previous year. For the total amount of purchases from related parties, please refer to Note 44. Also note that the item "other purchases" includes € 149 thousand in greater costs closely linked to the ongoing Covid-19 health emergency, mainly for costs relative to protection systems (masks, disinfectant gel, etc.).

29. Costs for services – 22,686

The breakdown of costs for services is described in the table below:

Breakdown	2020	2019
For services:		
- utilities	2,537	3,087
- technical maintenance	949	1,058
- transport and related purchase and sale transaction costs	5,051	4,896
- toll manufacturing	2,579	1,486
- consulting and professional services	3,759	3,637
- services connected to research	1,808	2,743
- IT system	422	443
- marketing costs	1,153	816
- rents, hire and leases	598	682
- lease expense	189	193
- provision for director bonuses	-	-
- provision for the destruction of goods	120	140
- other services	3,521	3,542
Total	**22,686**	**22,723**

This item, while substantially in line with the amount the previous year, on one hand shows an increase in costs for toll manufacturing (€ +1,093 thousand) for the formulation of *Kiralaxyl*-based products and directly linked to the increase in turnover and, on the other, shows a decrease in utilities costs (€ -550 thousand) and in costs for services connected to research (€ -935 thousand). The decrease in utilities expenses is due to both a decrease in energy costs, due to a reduction in the cost of oil, brining costs to 2018 levels, and due to a partial reduction in manufacturing activities at the Aprilia and Bussi sul Tirino plants of the Parent Company Isagro S.p.A. during the second and third quarters of 2020.

The decrease in the item "research costs and services" can be linked to the change in the management strategy to follow the new Isagro strategic model, which led to a sharp reduction in organic chemistry product/molecule discovery activities (for more information, please see the Report on Operations).
Finally, the item "marketing costs" includes € 467 thousand that the Parent Company Isagro S.p.A. paid to the related party Gowan for activities to support the sales of Tetraconazole and *Kiralaxyl*-based products during the year.
The item "rents, hire and leases" includes the component related to the ancillary services pertaining to both rental of offices and to rental of vehicles for use by employees of the Isagro Group which, according to the provisions of accounting standard IFRS 16, must not be included in the calculation of the right of use.
For the total amount of costs for services from related parties, please refer to Note 44.
Also note that the item "other services" includes € 94 thousand in costs closely linked to the ongoing Covid-19 health emergency, mainly for cleaning services.

30. Personnel costs – 22,597

The breakdown of personnel costs is described in the following table:

Breakdown	2020	2019
Personnel costs:		
- wages and salaries	14,251	15,871
- social security charges	4,393	5,009
- remuneration component deriving from the long-term incentive and retention plan	91	242
- pension funds	880	1,006
- provision for bonuses	945	793
- costs for employee services	803	1,701
- costs for early retirement incentives	858	685
- other costs	376	428
Total	**22,597**	**25,735**

With respect to the previous year, the item presents a decrease of € 3,138 thousand, essentially due to:

- € 2,239 thousand for the lower costs of "wages and salaries" and of "social security charges" for the Parent Company Isagro S.p.A. following both the decrease in the average number of employees (304 in 2019 and 269 in 2020) and the use of the Unemployment Fund for the Covid-19 emergency, as established under the Decree of March 18th, 2020, for its personnel at the Aprilia, Bussi sul Tirino and Novara and Galliera locations. The overall benefit in 2020 relative to these extraordinary measures totals around € 270 thousand.
- € 898 thousand due to a reduction in "costs for employee services", substantially due to lower travel expenses for personnel due to limitations on travel to various nations due to the Covid-19 pandemic.Costs for early retirement incentives during the year, totaling € 858 thousand, essentially refer to the parent Isagro S.p.A. and were incurred following the agreed and consensual termination of employment with some executives. These amounts were entirely paid as at December 31st, 2020.

On March 13th, 2018 the Board of Directors of the Parent Company Isagro S.p.A. approved the introduction of an incentive and long-term retention plan (2018-2021) reserved for the Company's top managers and aimed at ensuring the retention of resources with a high impact on implementation of the business plan and at encouraging orientation to the achievement of long-term objectives.
The plan, approved also by the Shareholders' Meeting on April 24th, 2018, was then formally accepted by the Company's Group Directors in June 2018.
The plan provides for free assignment of "Growth Shares" to beneficiaries. Consequently, the Shareholders' Meeting also approved the purchase of treasury "Growth Shares" in service of the plan.
It should be noted that the maximum number of shares attributable to beneficiaries was initially set at 890,000 shares. This number has now fallen to 550,000 after the departure of certain top managers from the Parent Company.
The shares are to be assigned in the following ways:

1. for the first 50% of the shares (so-called Restricted Shares) on the basis of the continuity of the employment relationship modulated as follows:
   - 31/12/2019: 50% of the shares;
   - 31/12/2020: 25% of the shares;
   - 31/12/2021: 25% of the shares;
2. for the remaining 50% of the shares assigned (so-called Performance Shares) the attribution will occur at the end of the plan on the basis of the achievement of four performance objectives, the weight of which is 25% each:

a. percentage increase in the price of Isagro Ordinary Shares between the start and the end of the performance period;
b. EBITDA/Revenue ratio as average figure for the four years 2018-2021;
c. Net Working Capital/Revenue ratio as average figure for the four years;
d. Net Financial Position/EBITDA ratio as average figure for the four years.

For objectives b), c) and d), the target figure of reference will be calculated as average of the figures of the budget for 2018 and for the first three years of the 2019 – 2023 Business Plan, which were approved on January 15th, 2019.
On the basis of the accounting standard IFRS 2, the operation is classified as an incentive plan with share-based payment, settled with equity instruments. According to this standard, the Company receives goods or services from the employee and must therefore recognize the related cost, in personnel costs, for a figure equivalent to the fair value of the goods or services received. In the case of Isagro's incentive plan, the fair value was determined indirectly using the fair value of the "Growth Shares" to be assigned.
The cost of the incentive was therefore determined using the fair value of the attributable instruments and the forecast of the number of shares that will effectively be assigned. The portion accruing during the fiscal year is determined *pro-rata temporis* along the vesting period, that is the period in which the conditions for accrual of the rights provided for in the plan must be fulfilled and is recognized as a counter-item to the Shareholders' Equity reserves (see Note 17).
The fair value of the shares involved in the plan was calculated at the assignment date based on the market prices of the instrument, taking into account the assignment terms for the instrument. The average fair value of the Growth Shares at the date of assignment to the employees was estimated at the time as € 1.16 per share.
Note that during 2020 182,500 "Growth Shares" were assigned to top managers of the Parent Company Isagro S.p.A. (for a total value of € 229 thousand), beneficiaries of the aforementioned plan. This occurred after the first objective established in the plan for continuous employment was achieved on December 31st, 2019, with the assignment of 50% of the first 50% of the shares (so-called Restricted Shares).
Below is the number of employees per category. It should be noted that the figures for 2019 and at December 31st, 2019 refer solely to Continuing Operations, i.e. they do not include the numbers for the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

	2020 average	2019 average	At Dec. 31st, 2020	At Dec. 31st, 2019
Executives	33	41	30	37
Middle managers	81	88	79	83
White-collar workers	138	155	135	149
Special qualified workers	4	4	4	4
Blue-collar workers	88	92	81	70
TOTAL	**344**	**380**	**329**	**343**

31. Write-downs/write-backs of trade receivables and other receivables – 578

The breakdown of the item is presented below:

- Allocation to Provisions for the Impairment of Trade Receivables	578
- Losses on receivables	223
- Use of Provisions for Impairment of Receivables due to surplus	(223)
TOTAL	**(578)**

In compliance with accounting standard IFRS 9, the estimate of losses on receivables is made on the basis of the expected credit losses (E.C.L.) model using supportable information, available with available without unreasonable expenses or efforts, which includes historical, current and prospective data; unlike what is provided for in the incurred losses model, prescribed by IAS 39, it is no longer necessary for an event to have occurred before recognizing losses on receivables. To measure expected credit losses a "provision matrix" was constructed, applying percentages differentiated according to the maturity bands of the receivables.
Allocations during the year essentially involved the Parent Company Isagro S.p.A. (€ 300 thousand) and the subsidiaries Isagro Brasil (€ 48 thousand) and Isagro Colombia (€ 208 thousand) and were determined by a worsening in the payment profile of a number of customers, which led to a displacement in the related receivables in highest-risk maturity bands, and by a worsening in the default rate of a number of countries, which led to an increase in the write-down percentages.
For further information, please refer to Note 11 "Trade receivables".

32. Other operating costs – 2,314

The breakdown of this item is described in the following table.

Breakdown	2020	2019
- losses on disposal of assets	8	46
- allocations to provisions for sundry risks	439	179
- indirect, production and manufacturing taxes	1,068	1,548
- other operating costs	799	675
Total	**2,314**	**2,448**

The item "allocations to provisions for sundry risks" includes € 189 thousand in relation to additional costs which the Parent Company Isagro S.p.A. will have to sustain to complete reclamation work at the Adria production plant, as well as € 250 thousand relative to the estimated amount the Parent Company Isagro S.p.A. will have to pay in 2021 as a penalty for the early termination of a lease contract regarding a floor in the office building in Milan.
The item "indirect, production and manufacturing taxes" includes € 198 thousand related to the contribution for food security for the year and € 234 thousand related to the sole municipal tax paid by the parent company Isagro S.p.A.
With regard to other operating costs with related parties, please refer to Note 44.

33. Change in inventories of finished products and work in progress – 688

The positive change of € 688 thousand in product inventories, calculated net of the provision for inventory obsolescence, was calculated as follows:

• Net inventories at January 1st, 2020	(28,254)
• Translation difference and other changes	1,429
• Net inventories at December 31st, 2020	27,513
• Total change	688

For the comment on this accounting item please see what has already been described in Note no. 10.

34. Costs capitalized for internal work – 1,500

The item refers to the capitalization of personnel costs, overheads and consumption of technical material related to extraordinary protection costs, development expenditure and expenses for registration of the Group's new products. The item shows and increase of € 308 thousand relative to the previous year, essentially due to the greater use of internal Group resources for the extraordinary protection of *Kiralaxyl* (IR6141), for which renewal in *Annex 1* is planned at the European level.
Services received from third parties relating to capitalized development projects are deducted directly from "consulting and professional services" under "costs for services".

35. Depreciation and amortization – 9,134

Depreciation of tangible assets – 2,430
Amortization of intangible assets – 5,911
Amortization of rights of use – 793

Breakdown	2020	2019
Depreciation of tangible assets:		
- buildings:	730	863
- plant and machinery	1,260	1,334
- industrial and commercial equipment	200	155
- furniture and fittings	37	38
- motor vehicles	7	8
- office equipment	196	224
	2,430	2,622
Amortization of intangible assets:		
- extraordinary protection	1,648	1,660
- *know-how*	1,758	1,448
- patents, licenses, trademarks and registrations	2,295	3,213
- other	210	231
	5,911	6,552
Amortization of the rights of use:		
- Land and buildings	468	536
- Vehicles	201	218
- Equipment	124	156
	793	910
Total	**9,134**	**10,084**

The decrease in amortization of “patents, licenses, trademarks and registrations”, of € 918 thousand, is substantially attributable to the completion of the amortization process in the initial months of 2020 with regards to certain registrations relative to copper and *Kiralaxyl*-based compounds.

36. Write-downs of tangible and intangible assets – 1,044

During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed; critical issues emerged with reference to certain assets that proved to be either no longer usable or uneconomical to use for the Group. Consequently, costs were entirely written down sustained in relation to investments in i) registration dossiers, patents and brands deemed no longer of interest for the Group, for € 417 thousand, ii) development and know-how costs for processes, for € 118 thousand, as well as costs relative to authorizations for sale still to be obtained for a total of € 509 thousand.

37. Financial income – 181
Financial charges – 1303
Gains/(losses) on foreign exchange and financial derivatives– -584

Breakdown	2020	2019
Interest income from financial instruments at amortized cost:		
- bank deposits	8	20
- medium-long term loans	79	102
	87	122
Income from financial instruments:		
- adjustments to the fair value of financial instruments	-	2,147
	-	2,147
Others:		
- default interest	28	6
- financial discounts from suppliers	46	1
- interest income on tax and other receivables	-	5
- others	20	19
	94	31
Total	**181**	**2,300**

Breakdown	2020	2019
Interest paid to banks and other lenders	(988)	(1,407)
Others:		
- interest paid to Tax Authorities	-	(1)
- interest paid on employee benefits - severance indemnity	(6)	(22)
- interest paid to suppliers and financial discounts to customers	(28)	(62)
- financial expenses – IFRS 16	(131)	(152)
- others	(18)	(24)
	(183)	(261)
Gains/(losses) on IRS derivative instruments	(132)	(54)
Total	**(1,722)**	**(1,722)**

Breakdown	2020	2019
Foreign currency gains and losses:		
- foreign currency gains	1,240	737
- foreign currency losses	(4,093)	(877)
- gains/(losses) on currency forward derivative instruments	2,289	(380)
	(564)	(520)
Derivative financial instruments (trading)		
- exchange rates (currency forwards)	(20)	19
- adjustment to fair value of exchange rates (currency forwards)	-	(14)
	(20)	5
Total	**(584)**	**(515)**

The overall decrease of € 1,769 thousand with respect to the previous year can be attributed in part to the presence of a positive component in 2019 relative to the fair value assigned to the shares of Arterra Bioscience S.p.A. at the time the shares were listed on the AIM Italia market (€ 2,147 thousand) and in part to the reduction in interest and fees paid to banks and other lenders (€ -419 thousand) consequent to both a very low cost of money and a reduction in the debt of the Parent Company Isagro S.p.A., already described in note 18.

38. Income taxes – 6,267

Breakdown	2020	2019
Consolidated Income Statement		
Current tax:		
- income taxes	1,643	574
- IRAP	883	-
- use of deferred tax liabilities/deferred tax assets	3,970	426
- substitute tax for realignment	59	-
- contingent assets and liabilities, taxes on foreign income and tax credits	(116)	155
	6,439	1,155
Deferred tax assets and liabilities:		
- deferred tax liabilities	-	3
- deferred tax assets	(165)	(268)
- contingent liabilities for deferred tax assets	(7)	678
	(172)	413
Total income taxes recognized in profit or loss (Continuing Operations)	6,267	1,568
Other Comprehensive Income		
Deferred tax assets and liabilities:		
- tax effect on actuarial gains/losses regarding defined-benefit plans	52	(24)
- tax effect on derivatives (CFHs)	(12)	(9)
	40	(33)
Total income taxes recognized in equity (Continuing Operations)	**40**	**(33)**

The increase in the item relative to the previous year is essentially due to the combined effects relative to the Parent Company Isagro S.p.A., as better described below. In fact, on one hand the previous year the Parent Company Isagro S.p.A. had not allocated current taxes as it had recorded negative taxable amounts, both for IRES and IRAP. On the other, the item "use of deferred tax liabilities/deferred tax assets", for € 3,970 thousand, expresses the difference between uses of deferred tax assets for € 4,254 thousand and uses of provisions for deferred taxes of € 284 thousand. In fact, during the year the Parent Company Isagro S.p.A. used all deferred tax assets relative to tax losses from previous years (€ 3,472 thousand) against IRES taxable income.
Article 1, paragraph 83 of Law 178/2020 (2021 budget law) granted IAS Adopter entities the right to align the tax values of intangible assets and goodwill to their stat-

utory values at December 31st, 2020. The Parent Company Isagro S.p.A. decided to make use of this possibility, which calls for the payment of a substitute tax equal to 3% of the value of the realignment, to be paid in 2021, recognized under the item “substitute tax for realignment”.
The recognition of deferred tax assets of € 165 thousand refers mainly to the tax benefits expected from the future use of taxed provisions with reference to certain foreign companies in the Isagro Group.
The item “Contingent assets and liabilities, taxes on foreign income and tax credits” of € 116 thousand essentially refers to contingent assets recorded by the subsidiary Isagro Colombia S.A.S. relative to taxes not actually due allocated in previous years.
The following table illustrates the reconciliation between the theoretical IRES and IRAP tax rates (24% and 3.90%, respectively) and the effective tax rates, taking into account the effect of deferred tax assets and liabilities. The taxable income relating to the theoretical tax rates, coinciding with the profit/(loss) before tax, was € 22,216 thousand.

	INCOME TAXES	IRAP	TOTAL
	Taxes	Taxes	Taxes
Theoretical taxes	5,332	866	6,198
- increases	1,504	123	1,627
- decreases	(1,492)	(81)	(1,573)
- costs not relevant for IRAP purposes	-	109	109
- non-allocation of deferred tax assets	92	-	92
- effect of differences in tax rates	73	-	73
- contingent assets and other changes	(144)	(115)	(259)
Effective taxes	5,365	902	6,267

The increases essentially refer to costs, indirect taxes and nondeductible write-downs, as well as to taxed contingent liabilities. They also include the amounts newly subject to taxation regarding the reduction in capital gains associated with the sale of the equity investment in Isagro (Asia) Agrochemicals Pvt. Ltd., following lower amounts for the escrow account component already described in note 12, while the decreases are essentially due to the tax benefit of the maxi-amortization for the Parent Company Isagro S.p.A., uses of bad debt provisions taxed in previous years (including use of the bad debt provision correlated with the partial non collection of amounts from the escrow account described above), and the partial reduction in taxation relative to capital gains deriving from the sale of Fluindapyr correlated with the reversal of the deferred income relative to contributions for research and development received in previous years.
The item "costs not relevant for IRAP purposes" essentially includes the labor costs for employees with temporary contracts, allocations made to current provisions and financial charges, since these items are not deductible for the purpose of calculating the regional tax on production activities.
The item “effect of differences in tax rates” refers to the higher tax rates, with respect to those expected for the Italian companies, which foreign subsidiaries are subject to.

39. Net profit/(loss) from Discontinued Operations – 202

This item refers to the algebraic sum of costs and revenues recorded during the year by the Parent Company Isagro S.p.A. relative to the transaction to sell its equity investment in Isagro (Asia) Agrochemicals Pvt. Ltd., which occurred at the end of 2019.
In particular, the item includes:

- € 107 thousand in costs relative to consulting services;
- € 293 thousand for the use of excess amounts from the bad debt provision for the sum deposited with the escrow agent, better described in note 12;
- € 18 thousand for additional excess amounts relative to withholdings already paid in 2019 and calculated on the basis of the sale price for the equity investment on the closing date.

For more details on the transaction to sell the equity investment in Isagro (Asia) Agrochemicals Pvt. Ltd. please see the 2019 Consolidated Financial Statements.

40. Distributed dividends

During financial year 2020 no dividends were distributed by the Parent Company Isagro S.p.A.

41. Earnings per share

	2020	2019
Earnings per share (basic and diluted)		
Net profit/(loss) for the year attributable to shareholders of the parent (thousands of euro)	16,151	(13,907)
Average number of Ordinary Shares and Growth Shares (thousands)	37,968	37,860
Earnings per share (basic and diluted) - Ordinary Shares	0.425	(0.367)
Dividend increase for Growth Shares	0.085	0.000
Earnings per share (basic and diluted) - Growth Shares (euro)	0.510	(0.367)
Earnings per share (basic and diluted) from Continuing Operations		
Profit/Loss from Continuing operations (in thousands of euro)	15,949	(15,050)
Average number of Ordinary Shares and Growth Shares (thousands)	37,968	37,860
Earnings per share (basic and diluted) from Continuing Operations - Ordinary Shares	0.420	(0.398)
Dividend increase for Growth Shares	0.084	0.000
Earnings per share (basic and diluted) from Continuing Operations - Growth Shares (euro)	0.504	(0.398)
Earnings per share (basic and diluted) from Discontinued Operations		
Profit/Loss from Discontinued Operations	202	1,143
Average number of Ordinary Shares and Growth Shares (thousands)	37,968	37,860
Earnings per share (basic and diluted) from Discontinued Operations - Ordinary Shares	0.005	0.030
Dividend increase for Growth Shares	0.001	0.000
Earnings per share (basic and diluted) from Discontinued Operations - Growth Shares (euro)	0.006	0.030

	2020	2019
Average number of Ordinary Shares	24,549,960	24,549,960
Average number of Growth Shares	13,417,986	13,309,862
Total	**37,967,946**	**37,859,822**

"Basic" net earnings per share are calculated on the average number of Isagro S.p.A. shares outstanding, deducting the average number of treasury shares held, equal to 756,933 in 2020 and 865,057 in 2019.
"Diluted" earnings per share are calculated taking into account, in addition to the average number of shares outstanding, also any shares already resolved, but not yet subscribed. These situations did not occur either in 2020 or in 2019.

42. Fair value: measurement and hierarchical levels

IFRS 13 requires that Balance Sheet items measured at fair value be classified according to a hierarchy of levels that reflects the significance of the inputs used to calculate the fair value. The following levels are distinguished:

- Level 1 – prices (not adjusted) quoted on an active market for assets or liabilities to be assessed;
- Level 2 – inputs other than the quoted prices per the previous point, observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs not based on observable market data.

The following table shows the assets and liabilities measured at fair value at December 31st, 2020 broken down by fair value hierarchy level.

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to Note no. 15.

In 2020, there were no shifts between Level 1 and Level 2 of fair value measurements, or from Level 3 to other levels and vice versa.

The fair value of (trade and other) receivables due beyond 12 months and loans obtained from banks is summarized in the table below; with reference to receivables deriving from M/L Agreements; they also include the portion due within the following year. Except for what is described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Group is a reasonable approximation of their fair value.

	Level 1	Level 2	Level 3	Total
Assets carried at fair value:				
- fixed financial assets (equity investments in other companies)	3,140	-	-	3,140
- current financial assets (capitalization policies)	-	43	-	43
- exchange rate derivatives (forward purchase/sale)	-	63	-	63
- derivatives on commodities – copper (future buy)	-	169	-	169
Total financial assets	**3,140**	**275**	**-**	**3,415**
Financial liabilities carried at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	(159)	-	(159)
- derivatives on commodities - copper (future buy)	-	(33)	-	(33)
Total financial liabilities	**-**	**(192)**	**-**	**(192)**

	Book value	*Fair Value*
Receivables and other assets:		
Receivables measured at amortized cost:		
- Receivables from Gowan Company LLC	1,945	1,948
- Receivables from AQL Agroquimicos de Levante S.A.	750	754
- Receivables from Rotam Agrochemical Company Ltd.	314	314
- Receivables from Suterra LLC	110	122
Financial liabilities:		
Financial liabilities measured at amortized cost:		
- Loans from banks - floating rate (current and non-current)	7,217	7,308
- Loans from banks - fixed rate (current and non-current)	395	416
- Loans from other lenders - fixed rate (current and non-current)	5,376	5,403

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the Discounted Cash Flow method; specifically, the Parent Company Isagro S.p.A. used the models in the Bloomberg database. Discounting of the future cash flows of receivables and loans expressed in euro was calculated based on the market zero-coupon rates curve at Tuesday, December 31st, 2020, obtained from the six-month EURIBOR curve, while discounting of future cash flows of loans expressed in US dollars was calculated on the basis of the market zero-coupon rates curve as at Tuesday, December 31st, 2020, obtained from the six-month LIBOR. The above-mentioned curves were adjusted to take into account the creditworthiness of Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by the Parent Company Isagro S.p.A.. Please also note that, in order to render the fair value of loans comparable with their book value, the related ancillary charges were taken into account.
In management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

OTHER INFORMATION

43. Contingent liabilities, commitments and guarantees

Legal proceedings
Isagro S.p.A.
Appeal presented by Polven.Re v. Municipality of L'Aquila, ARTA Abruzzo, Province of L'Aquila, Abruzzo Region and Isagro S.p.A. to the Regional Appeals Court (RAC) of L'Aquila for annulment of an executive resolution of the Municipality of L'Aquila.
On March 22nd, 2018 the company Polven.Re S.r.l. notified an appeal for annulment, after adoption of suitable precautionary measures, of an executive resolution of the Municipality of L'Aquila communicated by certified e-mail on January 22nd, 2018, on the subject of the "*Contaminated site procedure pursuant to Title V – Part IV of Italian Legislative Decree no. 152/2006 as amended – former AgriFormula facility, Locality Caselle di Bazzano, Municipality of L'Aquila. Acknowledgment of approval of the site-specific risk analysis and conclusion of the proceedings*", in the part where it orders that, over time, the integrity of the flooring in the factory must be guaranteed by Polven.Re, because, in certain areas, the "indoor dust control" process has not been activated. The appellant also requested compensation for damages suffered by the same for an alleged generic "decrease in value" of the area.
Isagro joined the proceedings, requesting the rejection of the appeal and of the related precautionary plea.
Following the discussion of the precautionary plea in chambers on May 9th, 2018, with ordinance no. 105 of May 10th, 2018, the RAC decided to accept Polven.Re's precautionary plea, fixing the hearing for discussion of the merits of the appeal on May 8th, 2019.
Following the aforesaid precautionary ordinance, the Municipality of L'Aquila convened, for July 5th, 2018, a service conference with the aim of ascertaining what inquiry formalities the public administration has a duty to perform. After an in-depth discussion, in the presence also of Isagro and Polven.Re, the works of the service conference were adjourned to July 18th, 2018. On that date the concluding session of the service conference convened on July 5th, 2018 was held, in compliance with Precautionary Ordinance no. 105 130/2018, and it was observed by the Municipality and the competent Authorities in attendance that all inquiry activities had already been correctly performed during the proceedings and that, therefore, no further investigations were necessary. Therefore, with Executive Resolution of the Municipality of L'Aquila no. 3518 of October 22nd, 2018, it was resolved "to confirm, in all its parts, Executive Resolution no. 78/2018" appealed by Polven.Re with the main appeal. Polven.Re, however, also appealed this latter resolution with an appeal for additional reasons notified on November 28th, 2018. The appeal also included a precautionary plea against the mea-

sure appealed requesting, substantially, the RAC to grant the precautionary measures considered most suitable to order the Municipality to reconsider the prescription appealed. The precautionary hearing was held on December 19th, 2018. Following this hearing the RAC, with Ordinance 270/2018 of December 28th, 2018 substantially rejected Polven.Re's precautionary application adjourning, for decision on the appeal, to the hearing on the merits set for May 8th, 2019. Subsequently, the President of the Regional Administrative Court for Abruzzo postponed the hearing on the merits to November 6th, 2019. Subsequently to the discussion during the hearing on the merits, the RAC Abruzzo, with judgment no. 557/2019 published on November 16th, 2019, (i) declared the complaint of the case inapplicable due to lack of standing (as per specific objection raised by Isagro); and (ii) rejected the appeal for additional reasons in that its merits were groundless.
On February 5th, 2020, Polven.Re, after notifying it, filed its own appeal at the Council of State, requesting the annulment and/or reform of the first-level judgment, without, however, filing a precautionary plea (intended to suspend the effects of the judgment appealed). Isagro, on March 23rd, 2020, filed its answer and entry of appearance in the appeal, in defense of its own position. The date for the discussion hearing before the Council of State is yet to be fixed.
Isagro España
IT fraud against Isagro España
Note that in May 2020 the fully controlled subsidiary Isagro España was the victim of "phishing", which led the company to pay € 871,312.58 unnecessarily to a limited liability company with its registered office and current account in Hong Kong, without any involvement for the Parent Company. The Isagro Group promptly implemented a series of actions to recover the amounts, starting on the morning immediately after the fraud was identified, including making formal complaints to public safety authorities in Spain and Hong Kong and involving internationally respected attorneys in Italy, Spain and Hong Kong. Subsequently, the current account to which the funds were transferred was initially "flagged" and shortly thereafter blocked by the legal and banking authorities of Hong Kong. At the same time, the Group took legal action in Hong Kong and on July 14th, 2020 the High Court of the Hong Kong Special Administrative Region issued a Final Judgment ordering repayment of the sums involved in the fraud to Isagro España. This order was promptly executed by attorneys in Hong Kong and communicated to the Bank of China which on November 18th, 2020 delivered a check to the attorneys in the amount of the sums contained in the current account, which was then transferred to the Isagro España current account on November 25th, 2020. The total amount recovered by Isagro España, net of legal expenses, fees withheld by the bank for the bank transfers and exchange rate (totaling € 81,758.89), amounts to around € 790,000.
Subsequently, Isagro España took action with its insurance company to obtain reimbursement of the above sums and of the damages suffered based on the existing company policy, in relation to which a claim had already been filed. Payment of the relative indemnity is still pending.

Tax disputes
Isagro S.p.A.
With regard to the parent Isagro S.p.A., it should be noted that on December 22th, 2006, the Italian Revenues Agency, subsequent to a general tax audit for 2003, served the Company with an assessment notice for IRPEG (corporation tax), IRAP and VAT violations, demanding an additional tax payment of € 83,251 plus penalties and interest. Against this measure the Company lodged an appeal which, through several levels of judgment, reached the Supreme Court of Cassation. On November 29th, 2017 the Supreme Court of Cassation filed judgment no. 28578/17 on the appeal lodged by the company against the Italian Revenues Agency accepting it partially, annulling the judgment appealed and referring back to the Lombardy Regional Tax Commission differently made up the examination of the breaches not defined.
In particular, the Court accepted some of the objections raised by the Italian Revenues Agency with consequent definition of higher taxes payable by the company of € 68,947.
For the allegations referred back to the judgment of the Lombardy Regional Tax Commission, for which the Italian Revenues Agency would require payment of taxes of € 14,304, we can note that the commission met to discuss the case, following the appeal for resumption proposed by the Company on May 7th, 2018, and dealt with the counterarguments on February 11th, 2019. With judgment no. 3174/2019, filed on July 18th, 2019, the Lombardy Regional Tax Commission heard Isagro's reasons and on February 28th, 2020 disbursed the refund for an amount of € 17,489 (including interest and ancillary charges).
On November 19th, 2019, an application for a refund was submitted to the Italian Revenues Agency pursuant to art. 21, paragraph 2 of Legislative Decree no. 546/92 for the repayment of the higher IRES credit and the higher IRAP paid in the 2002 tax period for € 47,513 and € 5,681 respectively, in addition to the interest due by law.

Commitments and guarantees
At December 31st, 2020, the Group also has existing multi-year commitments for € 181 thousand related to

the rental of printers (€ 180 thousand) and lease expense (€ 1 thousand). In particular, the future fees due are as follows:

- € 44 thousand within one year;
- € 137 thousand between one and five years;

The third-party guarantees for the Group’s commitments amounted to € 8,720 thousand, of which € 7,586 thousand related to a surety in favor of Arysta issued on June 27th, 2018 following the signing of the commercial agreement for distribution of compounds based on the fungicide Fluindapyr in Brazil. For more details, please see the Consolidated Financial Statements as at December 31st, 2019.

Furthermore, following the sale of the investment in Isagro (Asia) Agrochemicals Pvt. Ltd. to the Indian company P.I. Industries Ltd., Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labor. The maximum risk is measured at € 17,300 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events.

The Parent Company Isagro S.p.A. has received a surety of € 300 thousand from the sellers of the equity investment in Phoenix-Del S.r.l., valid for twelve months after the date the contract is executed, in relation to any damages/losses/costs that Phoenix-Del S.r.l. may suffer exclusively and directly due to events occurring or deeds stipulated prior to the date the contract in question is executed or if there are discrepancies in that declared.

With reference to the other companies in the Isagro Group, note that there are no commitments or guarantees granted and/or received by them.

44. Related party disclosures

Here below are the Group's transactions with related parties, including:

- Parent companies;
- entities which hold a direct or indirect interest in the Parent Company, its subsidiaries and its holding companies, and are presumed to have significant influence over the Group. In particular, significant influence is objectively presumed to exist when an entity owns, directly or indirectly, over 10% of the Parent Company, or when it owns over 5% and, at the same time, it has entered into agreements which generate transactions during the year amounting to at least 5% of consolidated sales. These companies are known as “other related parties";
- directors, statutory auditors and key management personnel, and any family members.

The following table highlights the income statement and Balance Sheet amounts relating to transactions with the different categories of related parties, for 2020 and 2019:

Income Statement In thousands of euro	2020	Subsidiaries	Other related parties	Tot. Related parties	Proportion % on the item
Revenues	110,327	-	17,992	17,992	16.31%
Other operating revenues	31,960	23	305	328	1.03%
Raw materials and consumables used	62,200	-	402	402	0.65%
Costs for services	22,686	-	484	484	2.13%
Other operating costs	2,314	-	5	5	0.22%
Financial income	181	-	-	-	0.00%

Income Statement In thousands of euro	2019	Subsidiaries	Other related parties	Tot. Related parties	Proportion % on the item
Revenues	105,369	-	11,565	11,565	10.98%
Other operating revenues	2,151	23	467	490	22.78%
Raw materials and consumables used	62,189	-	323	323	0.52%
Costs for services	22,723	-	-	-	0.00%
Other operating costs	2,448	-	4	4	0.16%
Financial income	2,300	-	23	23	1.00%

Balance Sheet In thousands of euro	At 12/31/2020	of which related parties			
		Subsidiaries	Other related parties	Tot. Related parties	Proportion % on the item
Non-current receivables and other assets	1,630	-	963	963	59.08%
Trade receivables	23,871	-	1,856	1,856	7.78%
Other current assets and receivables	3,531	16	768	784	22.20%
Trade payables	24,206	-	678	678	2.80%

Balance Sheet In thousands of euro	At 12/31/2019	of which related parties			
		Subsidiaries	Other related parties	Tot. Related parties	Proportion % on the item
Non-current receivables and other assets	2,837	-	1,907	1,907	67.22%
Trade receivables	27,227	-	2,669	2,669	9.80%
Other current assets and receivables	7,658	6	467	473	6.18%
Trade payables	26,143	-	246	246	0.94%

The above amounts, broken down by company in the following tables, essentially refer to commercial relations (purchases and sales of products, M/L agreements, processing, and provision of administrative services), with the transactions carried out at arm's length, have been outlined in the various notes to the Financial Statements.

Relations with parent companies

Relations with the holding companies Piemme and Holdisa are limited to the provision of administrative services by the Parent Company Isagro S.p.A. and occasional financial transactions.

Other operating revenues	2020	2019
Holdisa S.r.l.	14	14
Piemme S.r.l.	9	9
Total	**23**	**23**

Other current assets and receivables	2020	2019
Holdisa S.r.l.	13	4
Piemme S.r.l.	3	2
Total	**16**	**6**

Relations with other related parties

“Other related parties” refer exclusively to the Gowan Group, which became a related party following its entry, on October 18th, 2013, into the share capital of the former indirect parent BasJes Holding S.r.l. (now the direct parent with the name Holdisa S.r.l.) with a 49% stake in the said share capital. The (trade and other) receivables and revenues from the Gowan Group refer both to the sale of agrochemical products to companies of the Gowan Group both on the part of the Parent Company Isagro S.p.A. and of the American subsidiary Isagro USA, Inc. and to the up-front payment made in 2016 against the granting, by the Parent Company Isagro S.p.A., of the exclusive right, for fourteen years, to develop, register, formulate, produce and market in Europe mixtures based on *Kiralaxyl*, for all types of use except for fertilizing seeds.

The item "other current assets and receivables” includes € 767 thousand that the British company Gowan Crop Protection Ltd (related party) must pay to the Parent Company Isagro S.p.A. following the failure to achieve the sales margins required by contract for the products based on *Kiralaxyl*, an Isagro proprietary fungicide, of which the British company became an exclusive distributor in the European market on the basis of an M/L Agreement signed in 2016.

The item “costs for services” includes € 467 thousand that the Parent Company Isagro S.p.A. paid to the related party Gowan for activities to support the sales of Tetraconazole and *Kiralaxyl*-based products during the year.

Transactions with the Gowan Group were carried out at arm's length.

Revenues	2020	2019
Gowan Group	17,992	11,565
Total	**17,992**	**11,565**

Other operating revenues	2020	2019
Gowan Group	305	467
Total	**305**	**467**

Raw materials used	2020	2019
Gowan Group	402	323
Total	**402**	**323**

Costs for services	2020	2019
Gowan Group	484	-
Total	**484**	**-**

Other operating costs	2020	2019
Gowan Group	5	4
Total	**5**	**4**

Financial income	2020	2019
Gowan Group	-	23
Total	**-**	**23**

Non-current receivables and other assets	Dec. 31st, 2020	Dec. 31st, 2019
Gowan Group	963	1,907
Total	**963**	**1,907**

Trade receivables	Dec. 31st, 2020	Dec. 31st, 2019
Gowan Group	1,856	2,669
Total	**1,856**	**2,669**

Other current assets and receivables	Dec. 31st, 2020	Dec. 31st, 2019
Gowan Group	768	467
Total	**768**	**467**

Trade payables	Dec. 31st, 2020	Dec. 31st, 2019
Gowan Group	678	246
Total	**678**	**246**

Remuneration for Directors and Statutory Auditors

The table below shows the economic benefits for the Directors of the Parent Company, and the members of the Board of Statutory Auditors (amounts in Euro):

Party	Description of office		Remuneration		
	Office held	Duration of the office	Emoluments for office	Bonuses, other incentives, and fringe benefits	Other remuneration
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	500,000	3,707	-
Maurizio Basile	Deputy Chair	3 years	82,500	163	-
Riccardo Basile	Director	3 years	20,000	-	-
Roberto Bonetti	Director	3 years	20,000	-	-
Enrica Maria Ghia	Member of the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee	3 years	27,000	-	-
Silvia Lazzeretti	Director	3 years	20,000	-	-
Marcella Elvira Antonietta Logli	Chairperson of the Control, Risk and Sustainability Committee	3 years	27,500	-	-
Giuseppe Persano Adorno	Member of the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee	3 years	27,000	-	-
Erwin Paul Walter Rauhe	*Lead Independent Director*	3 years	25,000	-	-
Angelo Zaccari	Chairman of the Nomination and Remuneration Committee	3 years	23,000	-	-
Margherita Zambon	Director	3 years	20,000	-	-
Family members of key management personnel (directors or managers):					
Alessandra Basile				-	30,000
Statutory Auditors:					
Roberto Cassader	Chairman	3 years	30,000	-	-
Silvia Baroffio	Statutory Auditor	3 years	20,000	-	-
Filippo Maria Cova	Statutory Auditor	3 years	20,000	-	-

It should be noted that the term of office of the Board of Directors of the Parent Company Isagro S.p.A, appointed on April 24th, 2018, will end on approval of the Financial Statements as at December 31st, 2020, while that of the Board of Statutory Auditors, appointed on Tuesday, April 30th, 2019, will end on approval of the Financial Statements as at Friday, December 31st, 2021.

45. Financial risk management: objectives and approach

In carrying out its business, Isagro Group is exposed to financial and market risks, specifically:

a. changes in foreign exchange rates;
b. changes in interest rates;
c. changes in the prices of raw materials;
d. liquidity;
e. capital management;
f. credit;
g. changes in weather conditions and climate change;
h. cyber risk;
i. risks connected to the Covid-19 health emergency.

Context

Based on sector reports published by Kynetec, the agrochemicals market has shown notable resilience with respect to the Covid-19 pandemic that affected the entirety of 2020. In fact, the agriculture sector continued to be viewed as strategic and, consequently, most countries in the world excluded activities in this sector from the lockdown restrictions applied to other sectors.

Kynetec estimates global market growth at the manufacturer level of around 1.5%. The growth was well-distributed among the various geographic areas/segments (in particular in the fungicide segment, in which Isagro holds a significant position) and was mainly guided by (i) favorable weather conditions, after an especially negative 2019 in markets with intensive agriculture (United States, Canada and Australia), (ii) growth in land cultivated in Brazil, (iii) high disease pressure in many geographic areas, (iv) a favorable monsoon season in Asia, (v) the launch of a good number of high value added products and (vi) the measures to support agriculture adopted by governments throughout the world. The positive contribution made by the above factors was partially offset by the depreciation of local currencies in important markets, for example Brazil, and by a general strengthening of the Euro with respect to other currencies, with a negative impact on the value of the global agrochemical market, despite the growth registered in volumes and prices. Additionally, the Covid-19 pandemic created certain problems in the international distribution of goods, while also leading to advance orders for agrochemicals from national distributors with the aim of preventing possible stock issues due to predicted productive and/or logistics problems, which drove down the value of agricultural commodities (this latter aspect mainly concentrated in the first half of 2020). Fears about procurement problems were overcome in the second half of 2020, leading to constant and continuous recovery in the value of agricultural commodities and incentivising farmers to increase spending on agrochemical products.

In the above-mentioned context, the Group operated in order to control the above financial variables by implementing appropriate policies to minimize the aforementioned risks through the use of instruments offered by various financial brokers with which Isagro has a relationship.

In particular, as regards the use of derivatives, two types of hedging can be identified: (a) transactions which, in compliance with the risk management policies, satisfy the requirements imposed by the accounting principles for the registration in "hedge accounting", are designated as "hedging transactions"; (b) transactions which, even though they have been carried out as hedges, do not satisfy the requirements provided for by the accounting principles and are classified as "held for trading". With regard to the hedging transactions carried out by the Group, it should be noted that these refer exclusively to operational transactions and are not in any way speculative. With reference to this, as of January 1st, 2018, Isagro began to apply the standard IFRS 9 – Financial Instruments. Following adoption of this standard, Isagro partially changed its financial risk management model in relation to changes in exchange rates and changes in the price of the raw material "copper", creating a new hedge accounting model on the basis of the provisions of the IFRS 9 standard, and providing therefore for the possibility of originating or not originating the so-called "hedging relationships".

The amounts stated in the comments below refer to the Parent Company Isagro S.p.A., which carries out most of its copper purchases and sales in foreign currencies, mainly US Dollars, Brazilian Reals and Indian Rupees. Transactions involving Indian Rupees were carried out at through the first quarter of 2020 regarding the escrow fund established on December 27th, 2019 with HSBC India regarding price adjustments for the sale of Isagro Asia, to be released based on contractual agreements (for more detail, please see the sections "Significant events in 2020" and "Events subsequent to December 31st, 2020"). With reference to exchange rates, it should be noted that changes in the Euro/Dollar exchange rate could also lead to changes in consolidated values relative to the fully controlled subsidiary Isagro USA.

a. Exchange rate risk management

The Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars, the currency of reference for the sales made by the Parent Company Isagro S.p.A. above all on the US markets and reporting currency of the subsidiary Isagro USA. Although to a lesser extent, the Indian rupee (through the first quarter of 2020), Colombian Peso and Brazilian Real are also relevant, respectively the operational currencies of Isagro (Asia) Agrochemicals Pvt. Ltd. (a fully controlled subsidiary until December 27th, 2019, the date on which it was entirely transferred to PI Industries), Isagro Colombia S.A.S. and Isagro Brasil Ltda. This means that the Group's assets and liabilities are exposed to financial risks deriving from the varying exchange rate between the time the trade relation arises and the time the transaction (collection/payment) is finalized. With reference to the Parent Company Isagro S.p.A., sales in US Dollars totaled around US$ 27 million in 2020, against purchase in US dollars of around US$ 15 million, which hence serve a "natural hedging" function in cooperation with the current account balances in US dollars, which at December 31st came to around 4 million dollars, with a "long position" balance equal to around US$ 16 million.

To reduce risks linked in particular to fluctuations in the US dollar, the Parent Company Isagro S.p.A. carries out hedging operations involving swaps.

Isagro enters into forward and non-deliverable forward contracts to hedge the exchange rate risk of the American dollar and the Brazilian real. In particular, the Parent Company Isagro S.p.A. hedges the net exposure in foreign currency correlated with the expected level of sales (of products and services) budgeted. The establishment of this hedging relationship results in cash flow hedging transactions. The accounting rules of these transactions provide for the derivatives being measured at fair value and recognized among "Other Comprehensive Income" adding therefore to a Shareholders' Equity reserve (at December 31st, 2020, the effect was positive for approximately € 293 thousand before tax effect), allocating them to the Income Statement in keeping with the hedged item, and therefore in part adjusting the revenues earned and in part adjusting gains/losses on exchange rates connected to collection of the receivable. The hedges will remain active until the receivable being hedged is transformed into the accounting currency. Because the underlying hedge is of a commercial nature, the fair value of such hedges is not included in the Group's Net Financial Position.

In the case of events that lead to over-hedging, Isagro has the right to allocate the excess hedging with respect to the net cash flows estimated for the period to the following year, whenever these events have an effect on the Income Statement.

We can note that, at December 31st, 2020, the Parent Company Isagro S.p.A. had in being currency swap transactions in US Dollars of approximately 16 million dollars and in Brazilian Reais of approximately R$ 14 million, against analogous net receivable positions in the said currencies. Isagro also prepares its Consolidated Financial Statements in Euro, so the fluctuations of the exchange rates used to convert the financial statement figures of the subsidiaries originally stated in foreign currency might significantly affect the Group's results.

b. Interest rate risk management

At December 31st, 2020, the Isagro Group had a positive Net Financial Position of € 21.4 million, of which € 4.2 million deriving from the application of the new standard *IFRS 16 – Leases.*

The Parent Company Isagro S.p.A. had a positive Net Financial Position of € 19.5 million at December 31st, 2020, of which € 3.9 million due to the application of IFRS 16 and around € 4 million represented by medium/long-term debts, compared to a negative NFP and medium/long-term debt as at December 31st, 2019 respectively amounting to € 30.4 million and € 30.8 million.

During 2020, the Parent Company Isagro S.p.A. generated, excluding the effects of standard IFRS 16:

- negative operating cash flow of € 6.7 million (that is, excluding changes in NWC, the effects of the sale of Fluindapyr and the acquisition of Phoenix-Del S.r.l., as well as changes in the NFP linked to IFRS 16);
- cash flow from positive changes in NWC of € 0.8 million;
- cash flow deriving from the receipt of the escrow fund relative to the sale of Isagro Asia of € 3.6 million;
- cash flow from the sale of Fluindapyr for a positive € 55.0 million;
- cash flow from the acquisition of Phoenix-Del S.r.l. for a negative € 3.1 million,

thereby arriving at positive free cash flow for the year of € 49.6 million. considering this value together with the decline in IFRS 16 items, totaling € 0.3 million, the NFP at December 31st, 2020 is down by € 49.9 million with respect to the figure at December 31st, 2019;

- in October it received the second tranche of € 0.2 million for the subsidized loan (out of maximum total of € 0.6 million) in the context of the tender "Research and Development projects in the technological identified by the Horizon 2020 Community Framework Program", from the Fund for Sustainable Growth of the MED (Ministry for Economic Development) through Banca del Mezzogiorno. In particular, this loan was granted for the creation of the Research and Development project entitled "Defending agricultural production against abiotic stresses—drought, salinity, heat, cold—using products of natural origin". The first tranche was issued in 2018.

Note that with an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule Fluindapyr in October 2020, the Parent Company Isagro S.p.A. began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020. Most of these debts are remunerated on the ba-

sis of a fixed spread component, which varies based on the nature of the various lines, and a variable component represented generally by 3-month EURIBOR (-0.545 at December 31st, 2020), with the exception of € 1.5 million which is remunerated at fixed rate.
It is estimated that for each increase of 10 basis points in the cost of debt applied to financial debt before cash and cash equivalents, Isagro would have an incremental negative impact on the 2020 Income Statement of approximately € 45 thousand, to be considered non-representative.
Should the expediency of hedging the interest rate risk be seen with reference to the variable component of these loans, Isagro would use interest ordinary swap rate contracts.
These contracts would be set up with a notional value which partly or fully covers the financial indebtedness exposed to interest rate fluctuations, with maturity dates identical to those of the underlying financial liabilities, so that each movement in the fair value and/or in the expected cash flows of such contracts would be offset by a corresponding movement in the fair value and/or cash flow expected in the underlying position. These hedges would also be carried out with a perspective of correspondence with the repayment schedule of each loan (hedge accounting). As of December 31st, 2020, there were no floating-rate medium/long-term loan contracts with which specific "interest rate swaps" are associated.

c. Change in raw material prices

This risk is essentially limited to fluctuations in the price of the commodity copper, fundamental raw material in the production of fungicides based on this metal. The derivative used is the "commodity swap".
Isagro, in order to manage this risk, puts in place hedges of the needs for copper on the basis of the following procedure:

- setting sales prices with customers;
- preparation of a production plan and identification of the approximate terms for the raw material purchase batches for each individual sale and period;
- drawing up a report generated by information systems and stating, for each individual order and price, the quantities of equivalent scrap copper and the relative purchase time frame for raw materials needed to begin production;
- forward hedging of the quantities required for processing the sales order.

Following the introduction of IFRS 9, at the level of accounting presentation, the hedges put in place before the end of the year are recognized, adjusting the purchases, and proportionally distributed between cost of sold products and final inventories. With reference to Continuing Operations, the fair value will lead to a recognition among "Other Comprehensive Income", adding therefore to a Shareholders' Equity reserve (at December 31st, 2020 the effect was positive for approximately € 136 thousand before the tax effect). Because the underlying hedge is of a commercial nature, the fair value of such hedges is not included in the Group's Net Financial Position.
Nevertheless, the company financial risk management procedure envisages that the CFO, in agreement with the CEO, can assess the advisability of departing from the above-mentioned hedging procedure. At December 31st, 2020, the Parent Company Isagro S.p.A. has in effect forward purchase transactions for 597 tonnes of copper, of which 534 tonnes maturing within the first quarter of 2021 and 63 tonnes maturing in the remaining part of the year.

d. Liquidity risk management

The Group's liquidity is based on a diversification of the sources of bank financing and on a structural mix of the credit lines: "commercial or self-liquidating", medium/long-term loans and factoring lines and this in order to be able to use these lines according to the type of needs.
Note that prior to the receipt of the amount paid for Fluindapyr, after which a program of early repayment of existing loans was carried out, Group debt was concentrated within the Parent Company Isagro S.p.A. and was divided up between various banks, with the aim of minimizing counterparty risk. Additionally, as already reported above, gross residual debt (that is prior to cash and cash equivalents) at December 31st, 2020 amounts to € 7.8 million for the Parent Company, compared to € 74.5 million at December 31st, 2019. With an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule Fluindapyr the Parent Company began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020 and cash of around € 28 million.
From an operating perspective, the Group manages the liquidity risk by planning on an annual basis, with a monthly and daily breakdown, the estimated cash inflows and payments. Based on the results of the financial planning, the needs and, consequently, the resources required for the related hedging are identified. Furthermore, a "Financial Report" is prepared on a monthly basis every year. It summarizes the Parent Company Isagro S.p.A.'s final cash flows and prospects

at year end, again monthly. A similar reporting instrument has also been used for the subsidiaries Isagro Brasil Ltda, Isagro Colombia S.A.S., Isagro España S.L. and Isagro U.S.A., Inc. The following table summarizes the maturity profile of the Group's liabilities based on the contractual payments not discounted:

Dec. 31st, 2020	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	319	3,351	2,809	4,815	1,810	**13,104**
Derivatives	-	84	108	-	-	**192**
Trade payables	3,357	9,483	11,366	-	-	**24,206**
Tax payables	-	-	1,106	-	-	**1,106**
Other liabilities and payables (*)	3,129	-	393	-	-	**3,522**
TOTAL	**6,805**	**12,918**	**15,782**	**4,815**	**1,810**	**42,130**

Dec. 31st, 2019	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	15,612	12,674	23,731	31,325	2,138	**85,480**
Derivatives	-	26	47	84	-	**157**
Trade payables	4,958	9,463	11,722	-	-	**26,143**
Tax payables	-	-	109	-	-	**109**
Other liabilities and payables (*)	3,221	-	468	-	-	**3,689**
TOTAL	**23,791**	**22,163**	**36,077**	**31,409**	**2,138**	**115,578**

(*) excluding deferred income and guarantee deposits

At December 31st, 2020, the parent Isagro S.p.A. had over € 60 million in various types of unused bank credit facilities.

e. Capital management
The Group's goal is to guarantee a sound credit rating in order to access bank credit on favorable economic terms. It is the policy of the Group, therefore, to have ongoing contacts with all the financial institutions, in order to convey the information (always within the limits established for listed companies) necessary for them to better understand the type of business and the peculiar market situations existing.

f. Credit risk management
In order to limit certain customer/country risks, letter of credit, insurance coverage, factoring on a non-recourse basis or financial discounts for advance payments are used. To present the risk of trade receivables in the financial statements as well as possible and according to what is provided for in the accounting standard IFRS 9, in force since January 1st, 2018, Isagro determines the impairment of receivables on the basis of the principle of the expected credit loss. Unlike in the incurred losses model, provided for in the former IAS 39, it is no longer necessary for an event to occur before credit losses can be recognized; the new standard specifies, in fact, that impairment must be recognized considering the entire life of the receivable (12 months), using forward-looking logic.
On the basis of the above, the Parent Company Isagro S.p.A. has determined a “provision matrix” that

identifies the probabilities of default—determined with reference to the average losses of the three past years (default rate base)—to which is added the forward-looking factor, that is a risk percentage that reflects the prospective probabilities of default.

This provision matrix is then applied to the aging of the receivables, constructed by maturity band and by geographical area (including also invoices to be issued and net of the cut-offs for the fiscal year).

In addition to the above, specific analyses are carried out to determine the impairment losses for the following types of receivable:

- receivables in litigation and/or already completely written off;
- positions with a specific risk profile;
- other receivables;
- receivables deriving from M/L Agreements (for this type of receivable, the risk factor is considered in the discounting rate applied to the various contracts and reviewed in the event of a change in the debtor's payment profile).

Isagro's policy establishes that this provision matrix is updated every year, at the end of the year, always taking into consideration, with regards to the default rate base, the average of the three previous years and, with regards to the default rate forward looking, a risk percentage that reflects the probability of prospective default (source: Bloomberg and Moody's).

As regards the other Group companies, the policy states that the impairment percentages deriving from the provision matrix determined for the Parent Company Isagro S.p.A. must be applied also to the receivables of the subsidiaries taking as a reference the rates corresponding to the geographical areas they belong to.

Final figures at December 31st, 2020, as well as those for January-February 2021, suggest that the Covid-19 pandemic did not create any significant effects during 2020, both in terms of economic results and in terms of financial forecasts (the latter in particular with reference to amounts collected from customers and bank financing).

The table below shows the maximum exposure of the Group to credit risk:

	Dec. 31st, 2020	Dec. 31st, 2019
Trade receivables	23,871	27,227
Other assets and receivables (excluding deferred income)	4,550	10,090
Tax receivables	385	1,205
Financial assets	2,778	2,700
Cash (excluding cash on hand)	31,885	46,571
	63,469	87,793
Guarantees granted to third parties	-	-
Total credit risk	**63,469**	**87,793**

g. Changes in weather conditions and climate change

The use of agrochemicals is influenced by a high number of factors, including the important role held by weather conditions such as humidity, rainfall, and temperature. Today, the Group's policy is to diversify the markets in which it operates, in order to cover as many markets as possible in both hemispheres. In practice the Group operates in more than 70 countries, either directly (with its own sales networks) or indirectly, through local distributors, in order to minimize the impact of particular weather situations which characterize certain regions/continents. Nevertheless, drought or excess rain conditions extraordinarily affecting several continents/countries at the same time can strongly influence the Group's profitability. More specifically, given the composition of the Group's sales, the weather conditions in Europe (and in particular in Italy), the United States, Brazil and Asia play an important role.

Lastly, with reference to climate change, the Group monitors changes in the general context and seeks to mitigate their impact by covering a greater number of geographical segments, so as to have, where possible, a mitigation of such effects.

Weather conditions that are detrimental to the consumption of agrochemicals (especially fungicides, a segment in which Isagro is specifically focused) arising in one or several markets and which are quantitatively significant for Isagro in terms of total turnover, including Italy, Brazil, and the United States, could have significant impacts on the economic and financial results of the Group.

Agrochemicals are subject to the risk of bans (including in the form of failing to re-register) or limitations to use (in terms of volumes of active ingredient that can be used per farming season and/or number of applications permitted). With reference to Isagro and to the Group's product portfolio, the above can have *direct* or *indirect* effects. *Direct* effects can include exclusion from the list of active ingredients that can be marketed in the various countries containing molecules marketed by the Group, or limitations to use as mentioned above. In this sense, we are waiting for a decision from the European Union on the re-registration in particular of the active ingredient Tetraconazole, while limitations have already been seen on the market in terms of volumes for copper-based products, the effects of which are already included in the estimates made by Isagro in the future results used in the Consolidated Plan. *Indirect* effects can include bans or limitations on the use of active ingredients used by Isagro in compounds with proprietary products, such as Chlorothalonil or *Thiophanate-methyl*. To that end, note that Isagro has already made the relative provisions/write-downs, based on the information currently available.

It should again be noted that starting in the second half of 2019 and throughout 2020, Isagro worked actively to implement its new business model, which is now operational if not yet fully complete, which calls for a specific focus on developing market positions and products/formulations relative to Bio-Copper (i.e. of organic/natural and copper origin, the latter falling in the category of inorganic chemicals) in a situation which sees ever increasing growth in demand for food/products certified as "bio".

Also note that Isagro has not yet assessed the risks and opportunities linked to climate change in terms of the scientific objectives to reduce greenhouse gases in line with the Paris Agreement. Therefore, consequences in terms of investments, costs and other impacts on cash flow were not considered when preparing the Consolidated Plan.

h. Cyber risk

The Group is exposed to the risk of a cyber-attack causing a significant interruption to operating activities, loss, theft or wrongful appropriation of sensitive data, breach or counterfeiting of company emails and/or the breach of existing privacy laws, with the consequent negative effects of both an economic and reputational nature.

Isagro's ICT infrastructure is continually kept up to date based on the requirements arising from swift technological evolution. Therefore, considering that the proper functioning of ICT is a critical aspect for its business continuity, Isagro has initiated a gradual project across the various company systems to assess threats and the level of resistance of the existing protection systems against cyber-attacks, and acts to remedy potential faults encountered.

Though the Group has adopted rigid protocols to protect the data acquired during its operations and regarding the protection of information and privacy, it cannot be overlooked that the occurrence of one or several of the above risks would have negative consequences on business and on the Group's economic, capital, and financial situations, economic results, and prospects. To that end, note that in the first ten days of May 2020 the fully controlled subsidiary Isagro España was the victim of "phishing", which led the company to pay around € 871 thousand unnecessarily to a limited liability company with its registered office and current account in Hong Kong, without any involvement for the Parent Company Isagro S.p.A. This fraud, which occurred due to local non-compliance with procedures/signatory powers and not a breach of the IT systems, was promptly communicated to the relevant authorities. The Isagro Group also promptly implemented a series of actions to recover the amounts, starting on the morning immediately after the fraud was identified, including making formal complaints to public safety authorities in Spain and Hong Kong and involving internationally respected attorneys in Italy, Spain and Hong Kong. Additionally, activities were implemented to:

- verify the security of Isagro's IT systems, which were found to not have been breached;
- amend payment procedures and revise signature limits granted to local management;
- analyze and revise signatory powers for other foreign companies of the Group.

After these activities, Isagro achieved the following results:

a. the current account in which the relative sums were deposited was initially flagged and then shortly thereafter blocked by the legal authorities in Hong Kong, in cooperation with the banking institution in Hong Kong with which the authors of the fraud had opened the account. The bank confirmed on May 21st, 2020 that the funds involved in the fraud were still deposited in the account in question;
b. the High Court of the Hong Kong Special Administrative Region issued a Final Judgment on July 14th, 2020, ordering reimbursement of the sums in question to Isagro.

The sums involved in the fraud were returned to the Spanish subsidiary on November 25th, 2020, minus ordinary associated bank fees.

i. Risks connected to the Covid-19 health emergency.

With reference to the ongoing Covid-19 health emergency and the risks linked to the same, please see the details provided in the section "Significant events in 2020" in the Report on Operations and that found in this document in the section "Basis of Presentation" as well as the relative references found in the same section.

46. Significant non-recurring events and transactions

Significant non-recurring events in 2020, as required by the CONSOB communication of July 28th, 2006, are illustrated in note 27A, to which the reader is referred.

The table below shows the effects of these transactions on the economic results and cash flows of the Isagro Group in 2020.

	Gross effect in Income Statement	Correlated tax effect	Net effect in Income Statement	Correlated cash flow (net of VAT and before taxes)
Year 2020				
Other non-recurring operating revenues: - sale of Fluindapyr intangible assets	30,331	(8,008)	22,323	54,907
TOTAL	**30,331**	**(8,008)**	**22,323**	**54,907**

No significant non-recurring transactions were carried out during 2019.

47. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in 2020, the Group did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts about the accuracy of the information contained in the Financial Statements, the conflict of interest, the protection of the company's assets, or the safeguarding of non-controlling shareholders.

48. Events subsequent to December 31st, 2020

A. *ADDITIONAL AMOUNT COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE*
In January 2021, HSBC India paid the Parent Company Isagro S.p.A. an additional € 43 thousand relative to adjustments in the sale price of Isagro Asia ("true-up adjustments").

B. *2018-2021 RETENTION AND INCENTIVE PLAN*
With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29th, 2018, during the initial months of 2021 an additional 61,250 Growth Shares were assigned, for a total of 243,750 Growth Shares assigned.

C. *RECLASSIFICATION OF FUMIGANT IN US*
On February 2nd, 2021, the Environmental Protection Agency (EPA) provided notification that it had reclassified the Isagro Fumigant, transferring it from *Biopesticides and Pollution Prevention Division* (BPPD) to *Registration Division* (RD) and *Pesticide Reevaluation Division* (PRD), as a result of the chemical reclassification based on new information, which indicated that two criteria for classification as a biofumigant by the EPA were not met (minimum toxicity for the environment and humans and non-toxic mechanism of action).

D. *ISAGRO RESEARCH CENTER NAMED FOR PROFESSOR RENATO UGO*
On February 18th, 2021, in the context of a ceremony carried out at the Isagro Research Center in Novara, in full compliance with regulations to limit the Covid-19 pandemic, a plaque was unveiled dedicated to the memory of the professor Renato Ugo, who recently passed on. Additionally, from this point on, the Isagro Research Center will be named after this illustrious Italian scientist, who received the Gold Medal from the National Academy of Science.

E. *ESEF FINANCIAL STATEMENTS - EXTENSION ON 2021 EFFICACY*
The so-called "Transparency Directive" (Directive EC 2004/109) establishes a requirement to publish the entirety of the documents which make up the annual financial statements (draft financial statements, Consolidated Financial Statements, report on operations, CEO and Financial Reporting Manager certificate of compliance) prepared by listed companies in a single digital format. To implement this provision, the European Commission Delegated Regulation 2018/815 (ESEF Regulation) established the requirement to prepare these annual financial statements in XHTML format, identifying certain information within the Consolidated Financial Statements with online XBRL specifications.
This new type of digital publication was to have become obligatory for annual financial reports containing financial statements for financial years beginning on or after January 1st, 2020 (see article 4, paragraph 7, Transparency Directive). For issuers with financial years corresponding with the calendar year, an issuer was to publish their annual financial report in the new format starting with those for the financial year going from January 1st, 2020 to December 31st, 2020.
In consideration of the difficulties experienced by businesses due to the crisis associated with the Covid-19 pandemic, the European Parliament and Council approved, in mid-February 2021, an amendment to the Transparency Directive, which allows members states

to postpone the requirement to publish financial reports using the above single European format.
Domestically, Law 21 of February 26, 2021, published in the Official Journal on March 1st, 2021, to make use of the above extension, established that the provisions of the ESEF Regulation will apply to financial reports relative to financial years beginning as of January 1st, 2021.
Therefore, financial reports for financial years ending on December 31st, 2020 do not need to be published in compliance with the provisions of the ESEF Regulation, other than on a voluntary basis. Isagro opted to make use of the extension.

F. *BINDING AGREEMENT TO SELL PIEMME SHARES*

On March 6th, 2021 the Shareholders ("Sellers") of Piemme S.r.l., an indirect controlling shareholder of Isagro S.p.A., signed a binding agreement to sell all their shares of Piemme, equal to 99.9% of the share capital, to Gowan Company LLC a related party ("Gowan") (the "Operation").
Following the completion of the Operation, Gowan will hold all the share capital of Piemme, which olds 51% of the share capital of Holdisa S.r.l. ("Holdisa"), which in turn controls Isagro, holding 53.7% of the relative Ordinary Shares. The remaining 49% of Holdisa share capital was already held by Gowan. In the context of the Operation, Gowan will also acquire 1,737,596 Isagro Growth Shares owned by the Sellers, which represent 12.3% of outstanding Growth Shares. Holdisa in turn holds 3.3% of the Growth Shares.
After the Closing of the Operation, Gowan will acquire control over Piemme and Holdisa and, consequently, will issue a mandatory public offer, pursuant to article 106 of Italian Legislative Decree 58/1998 and article 45 of CONSOB Regulation 11971/1999, to acquire all the Ordinary Shares of Isagro, which Holdisa is not yet the owner of ("MTO"). The shares relative to the MTO will also include Ordinary Shares deriving from the conversion of outstanding Growth Shares. Based on the Isagro By-Laws, the conversion of Growth Shares to Ordinary Shares, at a one-to-one ratio, will give rise to publication of the statement pursuant to article 102, paragraph 1, Legislative Decree 58/1998.
The Closing of the Operation is subordinate to the following conditions precedent being met: (i) the receipt of any needed authorizations from relevant regulatory authorities for antitrust purposes and "golden power" regulations, (ii) the elimination of existing relationships between Isagro and its subsidiaries, on one hand, and any entity located in countries or regions (including Cuba) in which a US entity cannot conduct business pursuant to applicable regulations, on the other hand.

Subordinate to the verification or renunciation of the above suspensive conditions, it is expected that the closing of the Operation will occur within the first half of 2021 and the MTO will be completed by the third quarter of 2021. The MTO price will be € 2.76 for each ordinary Isagro share (the "MTO Price"), which corresponds to the implicit value per Isagro share calculated on the basis of the fee to be paid by Gowan to the Sellers to acquire the Piemme shares and equal to a total of € 18,961,593. Piemme and Holdisa do not have other assets other than equity investments indicated. Therefore, the payments for the Piemme shares were determined on the basis of the value of Isagro, after deducting the net debt of Piemme and Holdisa.
The Operation values Isagro's equity at € 106.9 million. With reference to the Ordinary Isagro Shares, the MTO Price represents a 118% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 143% premium with respect to the average official trading price during the last quarter and a 149% premium with respect to the average official trading price in the last six months. With reference to the Growth Shares, the MTO price represents a 133% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 180% premium with respect to the average official trading price during the last quarter and a 203% premium with respect to the average official trading price in the last six months.
The objective of the Operation is to integrate Isagro within the Gowan Group as well as delisting the company.

G. *MERGER BY INCORPORATION OF PHOENIX-DEL S.R.L. IN ISAGRO S.P.A.*

On March 16th, 2021 the Isagro S.p.A. Board of Directors resolved to approve the project to merge the full subsidiary Phoenix-Del S.r.l. in Isagro S.p.A. with accounting and tax effects as of January 1st, 2021. Statutory effects will take effect, pursuant to article 2504-*bis* of the Civil Code, on the date the last entries of the merger by incorporation are made with the Business Registries of Padua and Milan. A parallel resolution was also made by the Board of Directors of Phoenix-Del S.r.l. on March 15th, 2021.

49. Comments on the Stock Market value of Isagro shares

As already reported in the Report on Operations, with reference to the prices of Ordinary Shares and Growth Shares of Isagro on the "S.T.A.R." segment of the Stock Market managed by Borsa Italiana S.p.A., it should be highlighted that after the announcement of the Agreement between Gowan and Piemme (commented on in the previous section):

1. the market value of Isagro came close to the theoretic value of the MTO (the latter represented by the Group's fair value);
2. the price difference between Ordinary and Growth Shares was canceled, in line with that supported the Group.

50. Disclosure of independent auditing remuneration

In accordance with the provisions of art. 38, paragraph 1, letter o-*septies*) of Italian Legislative Decree 127/1991, the table below illustrates the remuneration for auditing and any other non-audit services provided by Deloitte & Touche S.p.A., and by their partner independent auditors, for the Parent Company Isagro S.p.A. and its subsidiaries.

Type of service	Party providing the service	Recipient	Remuneration (in thousands of euro)
Auditing services	i) Deloitte & Touche S.p.A.	Parent company	142
		Italian subsidiaries	22
		Foreign subsidiaries	39
	ii) Deloitte & Touche Network	Foreign subsidiaries	49
Other services	i) Deloitte & Touche S.p.A.	Parent company	26

Note that the appointment given to the Auditing Firm, appointed on April 26th, 2012, will expire as of the approval of the financial statements at December 31st, 2020.

51. Transparency of public disbursements under the terms of Art.1, paragraphs 125-129 of Italian Law no. 124/2017

In relation to State aid and/or "*de minimis*" aid received by the Parent Company Isagro S.p.A. and the subsidiary Phoenix-Del S.r.l., we refer you expressly to what is contained and published in the context of the National State Aid Register.

52. List of the international accounting standards approved by the European Commission as of the date of preparation of the Financial Statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014-182/2018
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010-28/2015-289/2018-2075/2019
IFRS	3	Business Combinations	2236/2004-495/2009-149/2011-1361/2014-28/2015-412/2019-2075/2019-551/2020
IFRS	4	Insurance Contracts	2236/2004-108/2006-1165/2009-1988/2017-2097/2020-25/2021
IFRS	5	Non-current Assets Held for Sale and Discontinued Operations	2236/2004-70/2009-243/2010-2343/2015
IFRS	6	Exploration for and Evaluation of Mineral Resources	1910/2005-108/2006-2075/2019
IFRS	7	Financial Instruments: Disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012-2343/2015-34/2020-25/2021
IFRS	8	Operating Segments	1358/2007-632/2010-243/2010-28/2015
IFRS	9	Financial Instruments	2067/2016-2395/2017-498/2018-34/2020-25/2021
IFRS	10	Consolidated Financial Statements	1254/2012-313/2013-1174/2013-1703/2016
IFRS	11	Joint Arrangements	1254/2012-313/2013-2173/2015-412/2019
IFRS	12	Disclosure of Interests in Other Entities	1254/2012-313/2013-1174/2013-1703/2016-182/2018
IFRS	13	Fair Value Measurement	1255/2012-1361/2014-28/2015
IFRS	15	Revenue from Contracts with Customers	1905/2016-1987/2017

International Accounting Standards			Endorsement regulation
IFRS	16	Leases	1986/2017-1434/2020-25/2021
IAS	1	Presentation of Financial Statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013-2406/2015-2075/2019
IAS	2	Inventories	2238/2004
IAS	7	Cash-Flow Statement	1725/2003-2238/2004-243/2010-1990/2017
IAS	8	Accounting Policies, Changes in Accounting Estimates and Errors	2238/2004-70/2009-2075/2019
IAS	10	Events After the Reporting Period	2236/2004-2238/2004-70/2009
IAS	11	Construction Contracts	1725/2003
IAS	12	Income Taxes	1725/2003-2236/2004-2238/2004-211/2005-1255/2012-1989/2017-412/2019
IAS	14	Segment Reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Tangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013-28/2015-2113/2015-2231/2015
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004
IAS	19	Employee Benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012-29/2015-2343/2015-402/2019
IAS	20	Accounting for Government Grants and Disclosure of Government Assistance	1725/2003-2238/2004-70/2009
IAS	21	The Effects of Changes in Foreign Exchange Rates	2238/2004-149/2011
IAS	23	Borrowing Costs	1725/2003-2238/2004-1260/2008-70/2009-412/2019
IAS	24	Related Party Disclosures	2238/2004-1910/2005-632/2010-28/2015
IAS	26	Accounting and Reporting by Retirement Benefit Plans	1725/2003
IAS	27	Separate Financial Statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013-2441/2015
IAS	28	Investments in Associates and Joint Ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012-1703/2016-182/2018-237/2019
IAS	29	Financial Reporting in Hyperinflationary Economies	1725/2003-2238/2004-70/2009
IAS	31	Interests In Joint Ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial Instruments: Presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings Per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim Financial Reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013-2343/2015-2075/2019
IAS	36	Impairment of Assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, Contingent Liabilities and Contingent Assets	1725/2003-2236/2004-2238/2004-2075/2019
IAS	38	Intangible Assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010-28/2015-2231/2015-2075/2019
IAS	39	Financial Instruments: Recognition and Measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013-34/2020-25/2021
IAS	40	Investment Property	2236/2004-2238/2004-70/2009-1361/2014-400/2018
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009-2113/2015

Interpretations			Endorsement regulation
IFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2237/2004
IFRIC	2	Members' Shares in Co-operative Entities and Similar Instruments	1073/2005
IFRIC	4	Determining Whether an Arrangement Contains a Lease	1910/2005
IFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1910/2005
IFRIC	6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	108/2006
IFRIC	7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of Embedded Derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim Financial Reporting and Impairment	610/2007
IFRIC	11	IFRS 2 - Group and Treasury Share Transactions	611/2007
IFRIC	12	Service Concession Arrangements	254/2009-2075/2019
IFRIC	13	Customer Loyalty Programs	1262/2008-149/2011
IFRIC	14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010-2075/2019
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012-2075/2019
IFRIC	21	Levies	634/2014
IFRIC	22	Foreign Currency Transactions and Advance Consideration	519/2018-2075/2019
IFRIC	23	Uncertainty over Income Tax Treatments	1595/2018
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance – No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation – Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases – Incentives	1725/2003
SIC	25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements: Disclosures	1725/2003
SIC	31	Revenue – Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets – Web Site Costs	1725/2003-2236/2004-2238/2004-2075/2019

53. Isagro Group companies

Pursuant to CONSOB Resolution no. 11971 of May 14th, 1999, as amended (article 126 of the Regulation), the Isagro Group companies and equity-accounted investees are listed below. The list includes all the companies operating:) in the crop protection products industry, broken down by consolidation method. The following are also shown -or each company: corporate name, business description, registered office, country of incorporation and share capital denominated in the original currency. Furthermore, the list also shows the Group's consolidated share, as well as the ownership interest held by Isagro S.p.A. or any other subsidiaries. The percentage of voting rights in the various Ordinary Shareholders' meetings coincides with the ownership interest.

Corporate name and business description	Registered offices	Country	Share capital	Currency	Consolidated % share of the Group	Investing companies	Investment %
Holding company							
Parent company							
Isagro S.p.A. (R&D, production, marketing of agrochemical products)	Milan	Italy	24,961,207.65	EUR	-	-	-
Subsidiaries consolidated using the line-by-line method							
Isagro Agrosolutions Kenya Limited (Management of the registration of agrochemical products and commercial development)	Nairobi	Kenya	1,000,000	KES	100%	Isagro S.p.A.	100%
Isagro Argentina Ltd. (Management of the registration of agrochemical products and commercial development)	Buenos Aires	Argentina	11,053,595	ARS	100%	Isagro S.p.A. Isagro España S.L.	95% 5%
Isagro Australia Pty Ltd. (Management of the registration of crop protection products)	Sydney	Australia	475,000	AUD	100%	Isagro S.p.A.	100%
Isagro Brasil Ltda (Management of the registration of agrochemical products and commercial development)	São Paulo	Brazil	1,307,210	BRL	100%	Isagro S.p.A. Isagro España S.L.	99% 1%
Isagro Chile Ltda (Management of the registration of agrochemical products and commercial development)	Santiago	Chile	43,987,670	CLP	100%	Isagro S.p.A. Isagro España S.L.	90% 10%
Isagro Colombia S.A.S. (Distribution of agrochemical products)	Bogotà	Colombia	2,000,000,100	COP	100%	Isagro S.p.A.	100%
Isagro España S.L. (Development and distribution of agrochemical products)	Madrid	Spain	120,200	EUR	100%	Isagro S.p.A.	100%
Isagro Mexicana S.A. de C.V. (Management of the registration of agrochemical products and commercial development)	Mexico City	Mexico	1,850,000	MXN	100%	Isagro S.p.A. Isagro U.S.A., Inc.	90% 10%
Isagro Shanghai Co. Ltd. (Management of the registration of agrochemical products and commercial development)	Shanghai	People's Republic of China	235,000	USD	100%	Isagro S.p.A.	100%
Isagro Singapore Pte Ltd. (Management of the registration of agrochemical products and commercial development)	Singapore	Singapore	300,000	EUR	100%	Isagro S.p.A.	100%
Isagro South Africa Pty Ltd. (Management of the registration of agrochemical products and commercial development)	Scottburgh	Republic of South Africa	1,071,000	ZAR	100%	Isagro S.p.A.	100%
Isagro U.S.A., Inc. (Development, production, marketing of agrochemical products)	Wilmington	United States	8,720,601	USD	100%	Isagro S.p.A.	100%
Isagro Vietnam Company Limited (Management of the registration of agrochemical products and commercial development)	Ho Chi Minh City	Vietnam	1,113,750,000	VND	100%	Isagro S.p.A.	100%
Phoenix-Del S.r.l. (Distribution of agrochemical products)	Padua	Italy	10,000	EUR	100%	Isagro S.p.A.	100%
Other companies							
Arterra Bioscience S.p.A. (R&D biology & molecular genetics)	Naples	Italy	328,734	EUR	100%	Isagro S.p.A.	100%

for The Board of Directors

Milan, March 16th, 2021

Giorgio Basile
(Chairman and Chief Executive Officer)

ISAGRO

Caldera Park - Via Caldera, 21 - 20153 Milano - Italia
Tel. 02 40901.1 - Fax 02 40901.287 - e-mail: isagro@isagro.com - www.isagro.com

Certification of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned, Giorgio Basile, Isagro S.p.A. Chairman and Chief Executive Officer, and Ruggero Gambini, Manager in charge of preparing corporate financial reports, hereby certify, having also taken into account the provisions of art. 154-bis, subparagraphs 3 and 4, of the Italian Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the firm and
   - the effective application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2020.
2. In this respect no significant matters arose.
3. It is also certified that:

   3.1 the consolidated financial statements of Isagro S.p.A. as of December 31, 2020:

   a) were prepared in accordance with applicable international accounting standards as recognised by the European Community pursuant to European Parliament and of the Council Regulation EC no. 1606/2002 of 19 July 2002;

   b) correspond to the results documented in the books and accounting records;

   c) is able to provide a truthful and correct representation of the economic and financial position of the issuer and of all the companies included in the scope of consolidation;

   3.2 the report on operation includes a reliable analysis of the performance and the operating result, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 16, 2021

Chairman and Chief Executive Officer

(Giorgio Basile)

Manager in charge of preparing corporate financial reports

(Ruggero Gambini)

UNI EN ISO 9001:2008
CERTIQUALITY
SISTEMA DI GESTIONE QUALITÀ CERTIFICATO

ISAGRO S.p.A. - società diretta e coordinata da Holdisa S.r.l.
Sede legale e amministrativa: Caldera Park - Via Caldera, 21 - 20153 Milano - Italia
Capitale Sociale Euro 24.961.207,65 i.v. - R.E.A. Milano 1300947 - Registro Imprese Milano, Cod. Fisc. e P.IVA 09497920158

BOARD OF DIRECTORS

Chairman and Chief Executive Officer

Giorgio Basile

Deputy Chair

Maurizio Basile

Directors

Riccardo Basile

Roberto Bonetti

Enrica Maria Ghia

Silvia Lazzeretti

Marcella Elvira Antonietta Logli

Giuseppe Persano Adorno

Erwin Paul Walter Rauhe

Angelo Zaccari

Margherita Zambon

BOARD OF STATUTORY AUDITORS

Chairman

Roberto Cassader

Statutory Auditors

Silvia Baroffio

Filippo Maria Cova

INDEPENDENT AUDITING FIRM

Deloitte & Touche S.p.A.

4

FINANCIAL STATEMENTS ISAGRO S.P.A. 2020

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,

Starting in the second half of 2019 and throughout 2020, Isagro worked actively to implement its new business model, which is now operational if not yet fully complete, which calls for a specific focus on developing market positions and products/formulations relative to "Bio-Copper" (i.e. of organic/natural and copper origin, the latter falling in the category of inorganic chemicals), also through growth operations for external lines.
This redefinition of the business model:

- Led to extraordinary operations which, on one hand, gave rise to valuable components and generated significant financial resources to support the Isagro's growth projects, through the sale of selected assets relative to organic chemistry and, on the other hand, saw the completion of the first Bio-Copper acquisition, relative to which Isagro has the strategic intention and financial capacity to follow with others;
- was accompanied by the necessary measures of organizational and structural redefinition, in part already completed in 2020 and impart to be completed by the end of 2021, with "full year" effects to be seen in 2022.

The need to revise the business model was identified in the light of the experience had in recent years, which demonstrated Isagro's ability to invent new organic chemical products/molecules with excellent market potential but, at the same time, the Company's lack of an adequate "scale" to properly extract value from these inventions, in an external context that simultaneously was experiencing an increase in the cost/time necessary to develop new organic chemical products/molecules, accompanied by notable concentration in the industry of operators based on the discovery of these types of active ingredients. In this context, Isagro can more effectively create value for its stakeholders by concentrating its strategic development on the segment of products of biological origin (a growing market in which the average size of operators is much smaller than those in the organic chemical segment) and in the copper segment (an area in which Isagro already holds a solid market share, with a growth project already in progress), with the possibility to develop the existing portfolio of products and carry out selected acquisition transactions. Additionally, select organic chemical products will in any case be kept in the portfolio identified with reference to integrated pest management and "cash cows".

Consistent with the redefinition of the business model as outlined above:

1. on December 27th, 2019 the sale of the then fully controlled Isagro (Asia) Agrochemicals Private Limited ("Isagro Asia") was completed, with around € 50 million obtained between the price paid at closing and the subsequent liquidation of the escrow fund between April and November 2020;
2. on October 2nd, 2020 the molecule Fluindapyr was sold to the North American company FMC Corporation, for € 55 million (against a book value for Isagro of around € 25 million at September 30th, 2020);
3. On October 14th, 2020 Phoenix-Del S.r.l. Was fully acquired, for a price at closing of € 3.1 million. The company works in the copper-based products segment with average annual turnover of around € 5 million and is expected to provide significant industrial and commercial synergies in coming years.

In October, the above led to a notable change in Isagro's financial structure, with its Net Financial Position at December 31st, 2020 positive at € 19.5 million (a figure already recognized net of € 3.9 million associated with accounting standard IFRS 16). Together with the Company's debt capacity for working capital, this figure represents a solid foundation for the growth process planned for Isagro. Additionally, the above operations further demonstrated that the book values identified for Isagro's assets, especially those for intellectual property, recognized at cost, significantly underestimate their real market value.

Your Company's separate financial statements at December 31st, 2020, disclosed at the Income Statement level, **Revenues** of € 92.2 million compared to € 94.7 million in 2019), **EBITDA** of € 29.5 million (of which € 30.0 million linked to capital gains achieved with the sale of the *Fluindapyr* molecule in October 2020) compared to the negative € 3.2 million in 2019 and a **Net profit** of € 14.1 million compared to the profit of € 17.2 million in 2019.

From an equity point of view, at December 31st, 2020, your Company has a **Net Financial Position** that is positive at € 19.5 million (compared to the net financial position of

€ -30.4 million at December 31st, 2019), shown net of € 3.9 million due to application of accounting standard IFRS 16 - Leases, and a **debt/equity** ratio of -0.18. Excluding the component deriving from application of IFRS 16, the Net Financial Position at December 31st, 2020 is still positive at € 23.4 million, representing a **debt/equity** ratio of -0.22. As already noted, this Net Financial Position is mainly due to the contribution provided by the sum paid for the molecule Fluindapyr in October 2020 and includes medium-term financing maturing after 12 months in the amount of € 4.0 million (compared to € 30.8 million at December 31st, 2019). **Own funds** total € 107.5 million, compared to € 93.9 million at December 31st, 2019, with the increase mainly due to the effect of the change in EBITDA. With reference to cash flows, your Company generated in 2020, excluding the effect of IFRS 16, a positive free cash flow of around € 49.6 million, represented:

- € 51.9 million in net consolidated financial cash flows deriving (i) from the sale of the molecule *Fluindapyr*, for the price of € 55.0 million on October 2nd, 2020 and (ii) the acquisition of the company Phoenix-Del S.r.l. for the price of € 3.1 million on October 14th, 2020;
- € 3.6 million from cash flows deriving from the receipt of the escrow fund relative to the December 27th, 2019 sale of Isagro Asia;
- € 0.8 million from cash flows deriving from the decrease in net working capital;
- € -6.7 million from operating cash flow during the year.

The agrochemicals market saw only limited impacts from the Covid-19 pandemic which impacted the entirety of 2020, demonstrating its strong resilience. In fact, Kynetec, the global market research leader for the sector in which Isagro operates, estimates global market growth of around 1.5% at the manufacturer level. In terms of the main geographic areas in which Isagro operates, the 2020 market featured:

- In Europe, where the agricultural chain was not heavily affected by Covid-19, advances on purchases/demand for agrochemical to prevent procurement problems linked to production and logistics (concentrated in the first part of 2020), favorable weather conditions in Southern Europe and drought in Central and Northern Europe, with continued strengthening of the regulatory framework which led to an additional reduction in available active ingredients and led the market to look for new options in the biosolutions area;
- in North America, where the impact of Covid-19 on the supply chain was similar to Europe, notable recovery with respect to the 2019 season (concentrated in the first part of the year), thanks to favorable weather conditions which, after the heavy floods of 2019, made a positive contribution to growth in the fungicide sector, in particular. Additionally, subsidies from the US government combined with recovery in agricultural production improved profitability for local agricultural business with a positive impact on consumption of agrochemicals;
- in South America, heavy growth in demand led by an increase in cultivated land and significant pressure from disease, above all for corn and soy. The use of strategies aimed at reducing resistance to fungal diseases supported development of copper-based products throughout South America, with a trend showing continued growth. The pandemic had a limited impact on the continent but growth in demand for agrochemicals was partially compromised by depreciation of the local currencies. Sindiveg, the Brazilian association for agrochemical producers, reports growth in the Brazilian market of around 7% in terms of volumes and around 10% in terms of value in the local currency but a decrease in market value in US dollars of around 10%, given that price increases and changes in sales conditions were not sufficient to offset the effects of the significant depreciation of the Brazilian real with respect to the US dollar.

Revenues from agrochemicals and services, amounting to € 92.2 million in 2020, were down €2.5 million compared to 2019 (-3%). In 2019, Revenues from M/L Agreements totalled €3.1 million (no revenues in 2020) which, adjusting the results for this effect, shows a growth in Revenues in 2020 of € 0.6 million compared to the previous year. This growth concerned all the main geographic areas with the exception of Central Europe, which was affected by regulatory problems which involved Tetraconazole-based compounds (due to the phase-out of the co-formulant Chlorothalonil at the beginning of 2020 and Thiophanate-methyl at the end of 2020) and Southeast Asia due to a change in the timing of merchandise delivery at the end of the year. The largest growth was seen in the Americas (above all in the United States and Brazil), as well as in the Middle East and Africa, led by the copper-based products market (above all the “Airone” range), in addition to Deltamethrin-based formulations and biostimulants. Note that in the United States a notable contribution to growth was provided by the customer Gowan USA (one of the Company’s main customers and a related party), both for copper-based compounds, in part due to the postponing of end of 2019 orders to 2020, and for Tetraconazole-based compounds. In general terms, the increase in sales of copper-based products reflects the positive effect of the new registrations obtained globally in 2019. These new registrations made it possible to launch new copper-based formulations as well as scaling-up formulations launched in 2019, confirming the solidity of the development of *Bio-Copper* products/formulations and helping to offset, combined with greater sales of straight Tetraconazole-based products, the effects of the phase-out of compounds with the latter and Chlorothalonil and Thiophanate-methyl in 2020.

Finally, with reference to the Covid-19 pandemic, note that during the 12 months of 2020, the impact on the agrochemical market was limited and, also in coming financial years, the effects of the pandemic are not currently expected to have a significant impact on the Company, in contrast to that hypothesized in the initial months of the pandemic, when the information available was less complete than it is now.

EVOLUTION OF THE CROP PROTECTION PRODUCTS MARKET

Based on sector reports published by Kynetec, as stated the agrochemicals market has shown notable resilience with respect to the Covid-19 pandemic that affected the entirety of 2020. In fact, the agriculture sector continued to be viewed as strategic and, consequently, most countries in the world excluded activities in this sector from the lockdown restrictions applied to other sectors.
Kynetec estimates global market growth at the manufacturer level of around 1.5%. The growth was well-distributed among the various geographic areas/segments (in particular in the fungicide segment, in which Isagro holds a significant position) and was mainly guided by (i) favorable weather conditions, after an especially negative 2019 in markets with intensive agriculture (United States, Canada and Australia), (ii) growth in land cultivated in Brazil, (iii) high disease pressure in many geographic areas, (iv) a favorable monsoon season in Asia, (v) the launch of a good number of high value added products and (vi) the measures to support agriculture adopted by governments throughout the world. The positive contribution made by the above factors was partially offset by the depreciation of local currencies in important markets, for example Brazil, and by a general strengthening of the Euro with respect to other currencies, with a negative impact on the value of the global agrochemical market, despite the growth registered in volumes and prices.

Additionally, the Covid-19 pandemic created certain problems in the international distribution of goods, while also leading to advance orders for agrochemicals from national distributors with the aim of preventing possible stock issues due to predicted productive and/or logistics problems, which drove down the value of agricultural commodities (this latter aspect mainly concentrated in the first half of 2020). Fears about procurement problems were overcome in the second half of 2020, leading to constant and continuous recovery in the value of agricultural commodities and incentivising farmers to increase spending on agrochemical products.

With regard to the performance of specific markets, and again with reference to information provided by Kynetec, we note the following:

- **In Europe**, **the Middle East and Africa**, the agricultural supply chain saw little impact from Covid-19, ensuring a positive agrochemical sales season. In particular:
  - In **Europe**, the season saw advance purchases/demand for agrochemicals to prevent procurement problems linked to production and logistics (which, as noted, was concentrated in the first half of 2020). Northern and Central Europe, including the main markets of France and Germany, has a dry spring which limited the use of fungicides, Isagro's main sector, while in Southern Europe the moderate weather with sufficient rainfall supported consumption. The Covid-19 pandemic increased demand for "healthy" food and for integrated or organic food, providing a boost for Isagro's biosolutions offerings. The regulatory climate in Europe, inspired by a restrictive interpretation of the principle of precaution, led to a further reduction in available active ingredients, which pushed the market to search for new options in the biosolutions sector. In this context, Kynetec estimates market growth in agrochemicals in Europe of just under 1%, with a total value of around 13 billion dollars at the manufacturer level.
  - In **Africa and the Middle East**, the market saw limited impacts from the Covid-19 pandemic and featured good weather conditions which supported consumption of fungicides, above all in high value cultivation. In Turkey and the Middle East this positive effect was partially offset by depreciation in local currencies, which limited the spending capacity of farmers. The countries in these regions, which export heavily to Europe, are also subject to the same regulatory restrictions in terms of the chemicals which can be used, and saw the same search for alternative solutions in the Biosolutions segment. Kynetec estimates that the agrochemicals market in Africa and the Middle East grew by around 1%, amounting to 2.2 billion at the manufacturer level.

- In **North America** the market saw a strong recovery with respect to the previous season (especially during the first part of the year), thanks to favorable weather conditions which, after the heavy floods of 2019, made a positive contribution to growth in the fungicide and herbicide segments. During the second half of the year prices of agricultural commodities rose, while the request for agrochemicals for certain crops fell with respect to the first part of the year (e.g. Cotton), due to (a) adverse weather conditions in the southern regions, (b) a delay in planting and (c) in the case of cotton, a drop in the demand for the fiber caused by the pandemic. In this framework and considering the entirety of 2020, subsidies from the US government combined with recovery in agricultural production improved profitability for local agricultural business with a positive impact on consumption of agrochemicals. Canada saw market trends similar to those in the United States, with a recovery in the agrochemicals market in historic levels due to more favorable weather trends.
  Kynetec estimates that the agrochemicals market in North America grew by around 3%, amounting to 9.5 billion dollars at the manufacturer level.
- In **South America**, the market saw heavy growth in demand led by an increase in cultivated land and significant pressure from disease, above all for corn and soy. In Brazil, unfavorable weather conditions with constant rain delayed initial planting during the second half and reduced expectations for returns on harvests. This led to a significant increase in the prices of agricultural commodities, which had already become attractive locally due to the depreciation of the real vs. the US dollar (around 18%), pushing farmers to increase their purchases of agrochemicals to protect and increase the quality/yield of their crops. An increase in demand for more innovative and higher added value agrochemicals was seen, as well as an increase in planting of corn and soy. Sindiveg, the national association of agrochemical manufacturers reported growth of around 7% in the Brazilian market in terms of volumes and of around 10% in terms of value in the local currency. However, the significant depreciation of the real relative to the US dollar led to a decrease in the market value in US dollars of around 10%, as the increase in price and changes in sales conditions were insufficient to offset the effects of the depreciation. In Argentina, the season was initially dry and then rainy, supporting consumption of fungicides. As in Brazil, the high value of the commodities, in part supported by depreciation of the local currency with respect to the US dollar, led to increased demand for agrochemicals.
  The use of strategies aimed at reducing resistance to fungal diseases supported development of copper-based products throughout South America, with a trend showing continued growth. The pandemic had a limited impact on the continent but growth in demand for agrochemicals was partially compromised by depreciation of the local currencies. This led to overall growth in the market of around 1.3% of its value in dollars, according to Kynetec.
- in **Asia**, the market trend was positive, although partially affected by negative impacts due to depreciation of the local currencies, supported (i) by the recovery of the Australian market after a dry season, (ii) a favorable monsoon season in India, (iii) the resilience of the agricultural supply chain in China after the pandemic and (iv) good weather conditions in Southeast Asia. In particular:
  - in **India**, support for agricultural from the authorities made it possible to limit negative impacts from Covid-19. Additionally, a satisfactory monsoon season supported the use of agrochemicals and crop yields;
  - in **China,** the market grew despite the pandemic and the flooding during the first half of the year. Disease pressure was significant during the season and cultivated land grew by around 700,000 hectares after 2 years of decline. Yields from industrial crops increased by 1% as a result of investments made in agriculture.

INCOME STATEMENT – SUMMARY DATA

Consolidated **revenues** in 2020 amounted to € 92.2 million, down by € 2.5 million compared to € 94.7 million in 2019 (-3%). This change is attributable to the combined effect of:

- higher Revenues from sales of Agrochemicals and Services for € 0.6 million (+1%), concentrated in agrochemicals while services remained substantially in line;
- an absence of Revenues from M/L Agreements (equal to € 3.1 million in 2019).

With reference to the change in Revenues from sales of Agrochemicals with respect to 2019, the higher level of turnover in 2020 is due to greater sales on the foreign market, mainly in the Americas and in the Middle East and Africa, especially in the bio-copper products segment, and to a lesser extent to sales of the insecticide Deltamethrin.

These sales results were achieved in the context of the global Covid-19 health emergency, which is still under way. One problem involved transport of goods, due to problems associated with access to certain EU countries which had closed their borders (partially resolved by anticipating some second half deliveries in the first half) and to the availability of logistics services (partially mitigated by identifying new transport companies). Additionally, your Company did not see any special pressure in its particular product/customer segments in terms of lower sales. Instead, as noted, these actually grew with respect to the previous year.

During 2020, Isagro carried on its Research, Innovation & Development activity in line with the new business model, incurring total costs of € 7.7 million (compared to € 13.2 million in 2019) of which € 3.4 million capitalized (compared to capitalization of € 5.4 million in 2019), attributable to (a) the extraordinary defense of proprietary products, (b) development of new products/formulations, (c) new registrations on a global basis and (d) completion of the development of the proprietary molecule *Fluindapyr* (an "SDHi"-class broad-spectrum fungicide), which as noted above, was sold to FMC Corporation on October 2nd, 2020. The 2020 Income Statement, therefore, saw € 3.5 million less in Research, Innovation & Development costs with respect to 2019.

(€ 000)	FY 2020	FY 2019	DIFFERENCES	
Revenues	**92,163**	**94,716**	**-2,553**	***-2.7%***
of which: from M/L Agreements*	**-**	***3,117***	***-3,117***	
Memo: Labor costs and provisions for bonuses	(19,695)	(22,468)	+2,773	
EBITDA before non-recurring income	**(463)**	**(3,190)**	**+2,727**	**NS**
% of Revenues	*-0.5%*	*-3.4%*		
Non-recurring income*	29,961	-	+29,961	
EBITDA	**29,498**	**(3,190)**	**+32,688**	**N/S**
% of Revenues	*32.0%*	*-3.4%*		
Depreciation and amortization:				
- tangible assets	(2,406)	(2,591)	+185	
- intangible assets	(5,842)	(6,810)	+968	
- rights of use IFRS 16	(533)	(597)	+64	
- write-down of tangible and intangible assets	(1,197)	(1,681)	+484	
EBIT	**19,520**	**(14,869)**	**+34,389**	**N/S**
% of Revenues	*21.2%*	*-15.7%*		
Dividends from equity investments	800	1,020	-220	
Interest, fees and financial discounts	(128)	1,945	-2,073	
Losses on foreign exchange and derivatives	(535)	(446)	-89	
Gains/(losses) on equity investments	(544)	35,199	-35,743	
Profit/(Loss) before taxes	**19,113**	**22,849**	**-3,736**	**N/S**
Current and deferred taxes	(4,967)	(5,687)	+720	
Net profit/(loss)	**14,146**	**17,162**	**-3,016**	**N/S**

Table 1: Income Statement - Summary Data

**These figures contribute for the same amount to EBITDA, EBIT and Profit/(Loss) before taxes*

EBITDA before non-recurring income in 2020 was negative for € 0.5 million, up by € 2.7 million with respect to the negative value of € 3.2 million in 2019, with margins on Revenues consequently increasing from -3.4$ to -0.5%.
The increase in EBITDA with respect to 2019 was due to the combined effect of:

- lower margins relative to Revenues from M/L Agreements for € 3.1 million (present in 2019 but absent in 2020);
- higher margins from sales of Agrochemicals and Services for € 0.9 million, as a direct reflection of the higher sales of Agrochemicals during the year;
- lower labor costs (salaries, wages, contributions, tax and associated fixed costs) of € 2.8 million, due to the 17 person reduction in staff at December 31st, 2020 with respect to December 31st, 2019 with reference to both office personnel and to RID activities recognized in the Income Statement, as well as lower fixed costs for personnel (travel, cafeteria, etc.), in part due to the smart working methods established during the lockdown in Italy which continued, albeit partially, throughout the year.
- lower provisions for € 0.4 million;
- other improvements in operations for € 1.7 million, deriving from lower RID expenses recognized in the Income Statement, excluding labor costs and lower fixed operating costs, again linked to RID.

Total **EBITDA** generated in 2020, including non-recurring income, came to € 29.5 million, an increase of € 32.7 million with respect to the negative € 3.2 million of 2019, due to the capital gains realized through the sale of the molecule *Fluindapyr* on October 2nd, 2020, as noted above.

Depreciation, amortization and impairment for the year amounted to € 10.0 million, down by € 1.7 million compared to € 11.7 million recorded at December 31st, 2019. This decrease is mainly attributable (i) for € 1.0 million to lower amortization of intangibles linked to capitalized R,I&D projects, (ii) for € 0.5 million to lower write-downs on asset, which in 2019 had affected proprietary product formulations containing Chlorothalonil (this latter product excluded from the re-registrations in Europe precisely in 2019), the formulations containing Tetraconazole in Europe Tetraconazole (following assessments made on the probability of failure to re-register the fungicide Tetraconazole in Europe) and the know-how on *Kiralaxyl* following the results of the impairment tests in accordance with IAS 36, while in 2020 they mainly concerned the write-down of a registration based on *Fluindapyr* not subject to sale to FMC and the write-down of some patents related to organic chemistry no longer considered strategic by Isagro as well as (iii) for € 0.1 million to a decrease in the amount of depreciation of rights of use relative to the application of accounting standard IFRS 16 - Leases.

As a reflection of the items commented on above, your Company closed 2020 with **Operating profits** ("**EBIT**") of € 19.5 million, up by € 34.4 million with respect to the negative € 14.9 million recorded in 2019.

With reference to financial management, in 2020, your Company recorded:

- **Dividends from equity investments** of € 0.8 million, down by € 0.2 million compared to the € 1 million of December 31st, 2019;
- **Interest, fees and financial discounts** are negative for € 0.1 million down by € 2.0 million, compared to a positive figure of € 1.9 million in 2019. Recall that the positive figure in 2019 included the € 2.7 million fair value assigned to the shares of Arterra Bioscience S.p.A. when they were listed on the AIM market in October 2019, entirely absent in 2020; combined financial charges and fees net of financial income excluding the previous item instead went from € 0.8 million in 2019 to the already stated amount of around € 0.1 million in 2020. The decrease in charges of € 0.7 million is mainly attributable to lower interest payable on amounts due to banks as a consequence of decreased debt exposure relative to the same with respect to 2019. (present instead in 2019);
- **Losses on foreign exchange and derivatives** comes to € 0.5 million in 2020, compared to the loss of € 0.4 million in 2019, mainly linked to (i) the depreciation of the US dollar and Brazilian real currencies, partially mitigated by hedges established by the Company and (ii) the effect of depreciation of the Indian rupee (the currency used for the escrow fund of the Isagro Asia sale, partially collected during 2020). To that end, note that hedging led to a net gain of € 2.2 million, covering most of the negative changes generated by operations totaling around € 2.7 million. Recall that Isagro makes use of hedging tools solely with regards to operations, without any speculative aims;
- **Losses from equity investments** for € 0.5 million, down by € 35.7 million compared to the positive value of € 35.2 million in 2019, due mainly to the write-down of the equity investment in the subsidiary Isagro USA Inc. for € 0.6 million, as reflected by the realignment of the book value of this equity investment with the Shareholders' Equity value of Isagro USA Inc.as at December 31st, 2020. Please note that in 2019 Isagro S.p.A. had achieved a net capital gain of € 37.1 million from the sale of Isagro Asia.

It should be remembered that Isagro operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US Dollars. Consequently, Isagro S.p.A., in compliance with its "Financial Risk Management Policy" designed to "make safe" the exchange rate of the budget, arranges USD exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in American Dollars as the reference basis. With regard to the hedging transactions carried out by the Company, it should also be noted that these refer exclusively to operational transactions and are not in any way speculative.

Profit before taxes was positive at € 19.1 million, down by € 3.7 million compared to the € 22.8 million in profits seen in 2019.

At the level of fiscal management, **Current and deferred taxes** at December 31st, 2020 were € 5.0 million, up by € 0.7 million compared to the figure of € 5.7 million at December 31st, 2019. Note that Isagro S.p.A. made use of all the deferred tax assets allocated for previous tax losses, totaling € 3.5 million, relative to taxable income which was higher than in 2019 due to the capital gains realized through the sale of the molecule *Fluindapyr*. Also recall that at December 31st, 2020 the Company has previous tax losses totaling around € 21.8 million, as well as the portion subject to "fiscal redemption" approved by the Isagro S.p.A. Board of Directors on March 16th, 2021 and equal to around € 2.0 million. Please also note that in 2019 the taxes mainly related to the withholding tax associated with the sale of Isagro Asia and amounted to € 4.8 million.

As a consequence of what is explained above, your Company ended 2020 with a **Net Profit** of € 14.1 million, down by € 3.0 million compared to the € 17.2 million profit in 2019.

BALANCE SHEET – SUMMARY DATA

From a financial point of view, **Net Invested Capital** at December 31st, 2020 amounted to € 88.0 million, down by € 36.3 million compared to the € 124.3 million at December 31st, 2019.

(€ 000)	Dec. 31st, 2020	Dec. 31st, 2019	Differences	
Net fixed assets	**55,838**	**85,489**	**-29,651**	**-34.7%**
of which:				
Goodwill and Other intangible assets	*22,155*	*50,631*	*-28,476*	
Tangible assets	*15,082*	*15,493*	*-411*	
Rights of use IFRS 16	*3,772*	*4,075*	*-303*	
Financial assets	*13,479*	*9,834*	*+3,645*	
Other m/l-term assets and liabilities	*1,350*	*5,456*	*-4,106*	
Net working capital	**36,625**	**37,485**	**-860**	**-2.3%**
of which:				
Inventories	*35,666*	*32,389*	*+3,277*	
Trade payables	*(23,303)*	*(25,311)*	*+2,008*	
Trade receivables	*24,262*	*30,407*	*-6,145*	
Other current assets and liabilities and current provisions	**(2,942)**	**3,236**	**-6,178**	**N/S**
Severance Indemnity Fund (SIF)	**(1,546)**	**(1,877)**	**+331**	**-17.6%**
Net invested capital	**87,975**	**124,333**	**-36,358**	**-29.2%**
Financial assets and liabilities held for sale	**-**	**-**	**-**	
Total	**87,975**	**124,333**	**-36,358**	**-29.2%**
Financed by:				
Equity	**107,485**	**93,917**	**+13,568**	**+14.4%**
Net Financial Position	**(19,510)**	**30,416**	**-49,926**	**N/S**
of which:				
M/L-term debts:	*3,957*	*30,796*	*-26,839*	*-87.2%*
Financial liabilities – IFRS 16	*3,917*	*4,169*	*-252*	
Debt/Equity Ratio	***(0.18)***	***0.32***		
Total	**87,975**	**124,333**	**-36,358**	**-29.2%**

Table 2: Balance Sheet - Summary Data

Net fixed assets at December 31st, 2020 amounted to € 55.8 million, showing a significant decrease of € 29.7 million compared to the € 85.5 million of December 31st, 2019.
These increases are due to the changes that took place in the items relating to:

- **Goodwill and Other intangible assets**, equal to a total € 22.2 million at December 31st, 2020, down significantly by € 28.4 million compared to December 31st, 2019, mainly due to (i) the sale of the molecule *Fluindapyr* which had a book value of € 25 million and (ii) capitalized RID costs which were lower than amortization for the year.
- **Other medium/long-term assets and liabilities**, amounting to a total of € 1.4 million at December 31st, 2020, down by € 4.1 million with respect to December 31st, 2019, substantially due to (i) dynamics in the reallocation of installments pursuant to M/L agreements due in the next 12 months to short-term assets and (ii) the use of deferred tax assets allocated for tax losses from previous years by Isagro for € 3.5 million;
- **Tangible assets**, amounting to € 15.1 million as at December 31st, 2020, down by € 0.4 million compared to December 31st, 2019, due to reduced investments for the year net of relative depreciation;
- **IFRS 16 rights of use**, totaling € 3.8 million at December 31st, 2020, down by € 0.3 million with respect to December 31st, 2019;
- **Equity investments**, totaling approximately € 13.5 million as of December 31st, 2020, up € 3.7 million compared to December 31st, 2019, primarily due to the acquisition of Phoenix-Del S.r.l. in October 2020, the value of which is € 3.1 million.

Net working capital at December 31st, 2020 amounted to € 36.6 million, down by € 0.8 million compared to December 31st, 2019.
More specifically:

- **Inventories** at December 31st, 2020 increased by € 3.3 million compared to December 31st, 2019, primarily due to the build-up of stock against expected sales in early 2021;
- **Trade payables** at December 31st, 2020 decreased by € 2.0 million with respect to December 31st, 2019, mainly due to a different schedule with respect to 2019 for the purchase/payment cycle;
- **Trade receivables** at December 31st, 2020 fell by € 6.1 million with respect to December 31st, 2019, with the change mainly attributable, on the one hand, the effect of lower sales in the fourth quarter of 2020 with respect to the same period the previous year and, on the other, greater cut-offs in December 2020 with respect to December 2019.

Other assets and liabilities for the year at December 31st, 2020 amounted to € -1.0 million, down by € 5.7 million with respect to the € 4.7 million at December 31st, 2019, mainly due to the collection during the year of € 3.6 million associated with the escrow fund for the sale of Isagro Asia. **Current provisions** instead totaled € 1.9 million at December 31st, 2020, compared to the amount of € 1.5 million recorded on December 31st, 2019. Consequently, Other current assets and liabilities and Current provisions went from € 3.2 million at December 31st, 2019 to € -2.9 million at December 31st, 2020.

As far as the **Severance Indemnity Fund** is concerned, it was € 1.5 million at December 31st, 2020, down by € 0.4 million compared to the figure of € 1.9 million at December 31st, 2019. The decrease is consistent with the reduction in personnel during the reporting period. For further information, please see the section "Human Resources".

In terms of sources of financing, **Equity** at December 31st, 2020 totaled € 107.5 million, up by € 13.6 million compared to the 93.9 million recorded at December 31st, 2019, mainly due to the effect of (i) the changes in the net profit (loss) for the year; (ii) the reduction in reserves relative to the Fair Value Through Other Comprehensive Income (FVTOCI) measurement of the shares held in the investee Arterra Bioscience S.p.A..

The **Net Financial Position (NFP)** as at December 31st, 2020 hence was positive at € 19.5 million, down by € 49.9 million with respect to the negative NFP of € 30.4 million at December 31st, 2019.
Such decrease is attributable to:

- € 51.9 million in net financial cash flows deriving (i) from the sale of the molecule Fluindapyr, for the price of € 55.0 million on October 2nd, 2020 and (ii) the acquisition of the company Phoenix-Del for the price of € 3.1 million on October 14th, 2020;
- € 3.6 million from cash flows deriving from the receipt of the escrow fund relative to the December 27th, 2019 sale of Isagro Asia;
- € 0.8 million from cash flows deriving from the decrease in net working capital;
- € -6.7 million from operating cash flow during the year;
- € 0.3 million from the decrease in financial payables pursuant to IFRS 16.

Note that after receiving the sale price for *Fluindapyr*, Isagro S.p.A. repaid a large part of the existing medium/

long-term loans in advance, with total financial payables at December 31st, 2020 prior to this payment amounting to € 7.8 million.

Lastly, in light of the above, the consolidated **debt/equity** ratio (i.e. the ratio between Net Financial Position and Own Funds) came to -0.18 at December 31st, 2020, (or to -0.22 net of the effect of IFRS 16) compared to the value of 0.32 recorded at December 31st, 2019.

MAIN FINANCIAL INDICATORS

The table below shows the key financial indicators of your Isagro S.p.A..

	2020	2019
Average No. of shares outstanding* (000)	37,968	37,860
Basic earnings per share* (€)	0.37	0.45
Equity per share* (€)	2.83	2.48
R.O.E.	13.2%	18.3%
R.O.I.	22.2%	-12.0%
Net Financial Position / EBITDA	(0.66)	(9.53)

Table 3: Main Financial Indicators

**Excluding 865,057 growth treasury shares in 2019 and 756,933 growth treasury shares in 2020*

With reference to the main financial indicators, in 2020 there was profit per share of 0.37 compared to that in 2019 of 0.45. In the same way, there was a slight decrease in R.O.E. (Return On Equity), of 13.2%, compared to 18.3% in 2019, due to lower profits for the period. The R.O.I. (Return On Investment) on the other hand went from -12.0% in 2019 to 22.2% at December 31st, 2020 due to the combined effect of an increase in operating profit and a decrease in net invested capital. The ratio between the Net Financial Position and EBITDA also improved, going from -9.53 in 2019 to -0.66 at December 31st, 2020, as a result of the combined effect, on the one hand, of the increase in EBITDA (from the negative figure of € 3.1 million in 2019 to the positive figure of 29.5 in 2020) and, on the other hand, the presence of a NFP on the credit side at the end of 2020, compared to a NFP on the debit side at the end of 2019.

SALES DEVELOPMENT

During the fourth quarter of 2020, the Isagro sales organization saw additional progress with regards to the Isagro strategic structure, specifically development of business for the copper and biosolutions portfolios and strengthening of its sales presence in local areas. In particular, activities were intensified to integrate the product range and customers coming from Phoenix-Del S.r.l., acquired in October 2020, which has a significant presence in Italy in addition to promising future developments in Spain and France. This made it possible to strengthen its relationship with shared customers as well as to develop relationships with customers new to Isagro, and/or add the range of Phoenix-Del S.r.l. projects to existing users of Isagro products.

In terms of direct sales in Italy, during the third quarter of 2020 the new catalog was published which includes the full array of Isagro agrochemicals. This led to the organization of webinar events, which thanks to participation by third-party experts, some of whom came from the academic world, made it possible to better highlight the value provided by Isagro's offerings.
The fourth quarter also confirmed the general strengthening of market position in countries in which Isagro has a direct sales organization, as well as in Turkey, the Middle East and Africa.

RESEARCH, INNOVATION AND DEVELOPMENT ACTIVITIES

During 2020, Isagro S.p.A. incurred Research, Innovation & Development costs totaling € 7.7 million, of which € 3.4 million were capitalized against investments for development, registration and the extraordinary protection of proprietary products worldwide. During 2019, these expenses amounted to € 13.2 million, of which € 5.4 million were capitalized.
During the lockdown period of 2020, Research and Development was reduced to a minimum to ensure compliance with anti-Covid-19 regulations. In addition to basic maintenance of the collection of pathogens and insects necessary for greenhouse tests, only certain in field experiments were continued which could not be deferred, to avoid losing an entire season. These included experimental tests to extend the *Trichoderma* label and for “residual testing” associated with registration defense.

A) RESEARCH AND INNOVATION

In line with the redefinition of Isagro’s business model, in 2020 Research and Innovation was focused on (i) continuing activities for new nutritional/biostimulant products (ii) finalizing efficacy tests to extend the *Trich-*

oderma brand and (iii) setting up assessment work for *Trichoderma by Isagro* formulations specifically intended to treat seeds, based on the strong request for this type of solution coming from the commercial sector. In particular:

- various formulations based on antagonist strains for *Trichoderma* were prepared and new testing methods were perfected to verify selectivity and efficacy of treated seeds in the greenhouse. After this, certain formulations were selected based on the greenhouse studies which were then transferred to in field experiments on cereals with fall planting, also in cooperation with major seed companies. The products generally showed a positive effect on the emergence of seedlings and tests are still in progress to confirm the efficacy of spring recovery. Experiments on *Trichoderma by Isagro* also continued to determine containment of significant agricultural diseases relative to which label extension is planned for the near future, including botrytis bunch rot, fusarium wilt and apple scab;
- greenhouse and in field experiments involving new research lines begun in response to marketing requests for the future biosolutions portfolio: an innovative iron chelation to treat chlorosis, proprietary for Isagro, for treatments of both leaves and soil, and a polymer for soil application to make the use of irrigation water more efficient, as well as new formulations for the Isagrow line to protect and improve the quality of fruit or to protect crops from abiotic stress, which are demonstrating positive properties in the field and are likely to soon be launched on the market;
- during September 2020 the Italy/Israel EndPoint industrial cooperation project was begun, financed by the Ministry for Foreign Affairs and International Cooperation (MAECI) to extract enzymes produced by *Trichoderma* by Isagro and study their activity in biocontrol of insecticides. Cooperative projects with the University of Insubria (prov. Varese) are confirming the ability of our *Trichoderma* strain to produce an enzyme; its bioinsecticide capacity (found in the literature) must be confirmed in lab and greenhouse assessments at the Renato Ugo Research Center and at the Migal Institute in Israel.

B) PRODUCT DEVELOPMENT

The main development activities carried out since the start of the year are highlighted below.

<u>Biostimulants, microbiological products, pheromones</u>

The monitoring activity related to the authorization processes, which are underway and aimed at supporting the business, continued. After the success of the new Ergostim XG + microelements on the Chinese market, with an ad hoc formulation, this new formulation is also being offered in other countries including Ecuador and Egypt, to overcome difficulties linked to obtaining registration for the active ingredients ATCA and TCA.

Preparatory activities continued to obtain authorization to sell the new Premio fertilizer above all in non-EU countries. In particular, for China, ad hoc formulations were developed containing Ca (calcium), in order to meet the local registration requirements, and registration for Premio + Ca (calcium formate) was obtained on June 12th, 2020.

A second formulation of Siapton was also perfected for China, which contains different microelements than the previous one, with the possibility of differentiating between offerings and extending the market. The relative registration file was presented to the competent authorities in December 2020.

Additionally, the possibility of proposing Goleador (Siapton Nature) as a corroborant is being assessed, with in field testing. This product has features that improve plant resistance to harmful organisms (biotic agents) and protect plants from non-parasitic damage (abiotic agents).

Of the products with specific action on the soil, inoculum of mycorrhizal fungi that make use of the waste material of the Remedier production process, a line of new products was perfected under the Biocross label, included in the fertilizer register. Additionally, a new formulation with *Trichoderma* is being developed for seed treatment, in cooperation with major seed companies.

During 2020 files were sent to register Siapton in Uruguay, Mexico, China, Brazil, Belarus and Ecuador, while documentation to obtain authorization to sell the Ergostim product was submitted to authorities in Egypt, Uruguay and Brazil. Registration is expected to be received in 2021 for all these products.

With regards to pheromones, the request for definitive documents for Ecodian CT was received to register the product in Italy. The product controls the main lepidoptera which affect chestnut trees. Registration will be granted when the European Commission updates the lists of Eu-authorized pheromones. This is a simple administrative action which, however, is currently blocking release of the registration.

The process to renew the inclusion of pheromones in *Annex I* continues. After submitting the renewal dossier, and waiting for the end of the comment period,

the request to submit new information was received and sent and authorization for these active ingredients, which was to expire in August 2020, was extended through August 2021 in Europe.
Further, the process to renew the inclusion of *Trichoderma asperellum* and *T. gamsii* in *Annex I* continues, with comments and documentation sent to the Rapporteur Member State (Sweden). The authorization of these active ingredients was extended in Europe until April 2020 with Regulation of January 31st, 2019 (2019/168). An additional 12-month extension is awaited.
In November 2019, the dossier was submitted for adversity extension (chocolate spot of pear trees) for Radix Soil in Italy following the phytoiatric emergency in the fruit areas in Emilia Romagna in recent years. Registration was obtained in February 2020 and allows for insertion of pear trees in the production guidelines. Experiments are also under way in Spain and Portugal, coordinated by the Novara Research Center, to support registration of the product in these countries.
Also note that the registration dossier was submitted to obtain an extension for use of Remedier on peach trees in Italy and to obtain initial registration in Canada and Mexico.

Fumigant

As regards the fumigant Dominus, the main activities were:

- obtaining equivalence at the federal level for three new Chinese and one new Indian sources of the technical active principle AITC for the United States and obtaining state registration for Florida;
- continuation of support activities for obtaining authorization to produce in India and export technical and formulated AITC;
- execution of certain toxicology and in field efficacy tests needed to obtain registration of the new AITC 20 formulation for the US.

Copper-based products

With reference to copper-based products, the main activities were as follows:

- follow-up of the re-registration processes (article 43) of formulations in Europe (19 formulations and 141 registrations);
- preparation of the program for residual tests in Central Europe (6 crops and 56 total tests), needed to maintain existing registrations;
- preparation of the program for residual tests in Southern Europe (7 crops and 39 total tests), needed to maintain existing registrations;
- preparation of the program for efficacy tests in Turkey (4 total tests), needed to maintain existing registrations;
- presentation of the registration dossier for Grifon SC to the authorities in Armenia;
- presentation of the registration dossier for Grifon SC to the authorities in North Macedonia;
- preparation of registration dossiers for technical copper oxychloride to support registrations of third-party companies in Libya, Egypt, the United Arab Emirates, Jordan, Albania, Guatemala and North Macedonia;
- presentation of the request for exceptional use of Coprantol Duo on sugar beets in Germany;
- presentation of the request for three new clones in Italy and three new clones in Spain;
- participation in the European Copper Task Force's follow-up for the renewal of Copper salts approval at European level;
- presentation of the registration dossier for Airone SC to the authorities in Kenya, Pakistan and Bolivia;
- the obtaining of 6 registrations for copper-based formulations in Italy (clones of the Airone formulation) and in Spain (clones of formulations based on the Bordeaux mixture).

Tetraconazole – a broad spectrum fungicide

After the dossier was sent to the EFSA and European Commission to renew approval of the active ingredient in the European Union and all member states, the final studies in progress were completed and the results submitted to the Rapporteur Member State (France).
While waiting initial feedback from the French authorities (a request for additional data was initially expected to be received by May 2020, which did not occur, likely as a consequence of Covid-19), work to assess the possibility of studying surface water monitoring continued, relative to which the contractor has already completed the first stage (identifying possible monitoring locations). Additionally, the report gathering environmental monitoring data for Tetraconazole was completed, accessing all the European Union databases. This report demonstrates that in the vast majority of cases concentrations of Tetrconazole in the environment are much lower than that forecast in the calculation models and are therefore undetectable.
Finally, note that six new registrations were received in the Czech Republic, Italy and Argentina.

Kiralaxyl® (or Benalaxyl-M, formerly IR6141) – active isomer fungicide of Benalaxyl

The development activity focused, inter alia, on the following projects:

- evaluation of the preparation and follow-up for the European review of the Fanti A formulation (article 43), following the registration obtained in various countries in the Southern Europe Zone (France, Portugal, Spain, Greece and Croatia) during 2019 and at the beginning of 2020;
- coordination with Gowan, the European licensee, for registration activities in support of development of the business of *Kiralaxyl*-based formulations in the European Union;

Relative to renewal of the active ingredient in the European Union, for which submission is planned for July 2022, planning for supplementary studies to update the dossier has begun, in particular:

- residual tests with the aim of reducing the *Good agricultural practices* to two treatments, in line with agricultural practice and the suggestions of the FRAC (*Fungicide Resistance Action Committee)* to combat resistance;
- other studies intended to complete information provided about the behavior of the active ingredient in the ground and in water (degradation and mobility), as well as in plants;
- preliminary study to assess MRL (*Maximum Residue Levels*) in honey;
- obtaining two registrations in France identical to those already authorized, Fantic A.

Notification activities were completed with regards to poison control centers, for formulations classified as harmful to humans. This was a large project (around 200 notifications in 27 EU countries), which is expected to make it possible to postpone to 2025 the assignment of a Unique Formula Identifier (UFI), a 16 digit code to be placed on the labels of products sold.

C) REGISTRATIONS OBTAINED

During 2020, 66 new authorizations for sales were obtained, including "clones", 17 of which for copper-based formulations. Among others, including those which were already partially indicate above, the following registrations were obtained: Fantic A (*Kiralaxyl*+Oxychloride) in Croatia, Premio (biostimulant) in Algeria and in China, Emerald (Tetraconazole) in Portugal, Airone SC (copper) in South Korea, Domark 125 (Tetraconazole) in Russia, Badge WG and Neoram WG in Bosnia and Herzegovina, Fly-Off (Deltamethrin) in Italy, Antal (Deltamethrin) and Goleador (biostimulant) in Greece, Dominus (fumigant) in Algeria, Airone WG (copper) in Palestine, Isacop (copper) in Rwanda, Galileo (Tetraconazole) in France.

SIGNIFICANT EVENTS IN 2020

A) 2018-2021 RETENTION AND INCENTIVE PLAN

With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29th, 2018, during 2020 182,500 Growth Shares were assigned.

B) LIQUIDATION OF ISAGRO POLAND

On January 13th, 2020, the liquidation process of Isagro Poland concluded. The closing process of the company, fully controlled by Isagro S.p.A., had been initiated on January 11th, 2019.

C) POSSIBLE IMPACTS OF THE HEALTH CRISIS

The recent global health crisis cause by Covid-19, declared a worldwide pandemic in March 2020 by the World Health Organization, with a lockdown during the initial stage in most advanced and developing economies, was initially judged to be likely to significant effects on industrial agriculture, and in particular on the agrochemical sector, depending on the duration of the crisis and the effectiveness of the monetary and fiscal policies implemented by the central banks and national governments.

As already reported in this Report, in the end the impact of the Covid-19 pandemic on the agrochemicals market in 2020 was limited.

Relative to the impacts of the pandemic, taking into consideration the continuation of the same well past 2021, in a situation in which monetary and fiscal policies are inadequate to support income and employment levels, there could be more widespread effects seen in the agrochemicals segment, with drops in the prices of agricultural commodities and consequent higher pressure on volumes and prices of agrochemical products, which at present have not yet been seen. On the contrary, starting in the last part of 2020 a significant increase was seen in the prices of the main commodities (especially copper).

In 2020, Isagro plants were not subject to lockdown restrictions in that they fall under an Adeco code which classifies them as "strategic", pursuant to government provisions.

During the year, at all Isagro S.p.A. sites incentives for employees to work from home have been successful for all departments able to do so, thereby allowing for a significant reduction in staff presence at the office even before this was required by the relative government decrees, with notable effects in terms of increased productivity. These methods are still partially in use.

While at present this is not a factor, Isagro constantly and carefully monitors any issues associated with procurement difficulties which could lead to temporary closure of the production plants of certain suppliers (mainly foreign), as well as any possible delays in shipments/deliveries linked to the circulation of goods.
The final figures at December 31st, 2020 indicate that, with respect to the initial forecasts for 2020 that did not incorporate the possible aspects of Covid-19 and with respect to later analysis prepared internally by Isagro management (Isagro forecast with estimates through December 31st, 2020), the pandemic did not create any significant effects during 2020, either for economic results or financial projections (the latter in particular with reference to issues of amounts collected from customers and bank financing). Additionally, in part thanks to a 2019 which saw a significant decrease in sales due to de-stocking needs in particular linked to two major customers, 2020 saw an increase in turnover and margins with respect not only to the initial budget estimates (which as noted did not include the effects of Covid-19) but, more so, with respect to the maximum risk sensitivity scenarios hypothesized by management for 2020, which included worse input with respect to the 2020-2025 Business Plan approved by the Board of Directors on May 6th, 2020.
Looking instead to 2021, the currently available information does not allow for precise projections on the possible effects of the Covid-19 pandemic on this year, also due to the numerous variables involved that are outside of Isagro's control (demand for agricultural products, commodity prices, global GDP recovery trend, vaccine campaigns, monetary/fiscal policies, etc.). Again hypothesizing a situation in which the pandemic continues throughout 2021, while managed by governments in a more prudential manner than that seen during the initial stages of the infection in 2020, at present, also in the light of the vaccine plan current being implemented, Isagro does not see any risk of impacts on the revenues and margins forecast in the 2021 Budget and 2022-2025 Business Plan, approved by the Isagro Sp.A. Board of Directors on March 4th, 2021. Additionally, at present it is not possible to make forecasts beyond 2021 given that, all other things being equal, much will depend on the result of the vaccine campaigns currently in course throughout the world.
Further, with reference to January-February 2021, no significant impacts were seen on sales, orders and amounts collected. Instead, all these indicators appear to suggest growth.
Note that in 2020 the Covid-19 pandemic involved greater fixed costs to purchase personal protective equipment (mainly masks, disinfectant gel and other safety devices) and for increased cleaning, for around € 218 thousand, and a benefit from the Unemployment Fund with reference to the Novara/Galliera Research Center and the Bussi plant of around € 270 thousand. Requests/receipts of subsidized loans and/or contributions were not seen, nor were any investments postponed.

D) NOVARA AND GALLIERA UNEMPLOYMENT BENEFITS

On March 23rd, 2020, after notification of the regional union organizations, the Unemployment Benefits Fund (CIGO) was activated for the Novara and Galliera Research Center due to the Covid-19 emergency, as established under the Decree Law of MArch 18th, 2020, for a total of 9 weeks, beginning on March 23rd, 2020 and ending on May 24th, 2020.
The reasons that made the recourse to the CIGO necessary are attributable to the health emergency relating to the spread of COVID-19, following the various Decrees issued by the Italian Prime Minister and regional orders, with which various restrictions were approved to limit the risk of infection, such as the suspension of activities not required for production.
Activities resumed normally on May 25th, 2020.

E) BUSSI UNEMPLOYMENT BENEFITS

On April 3rd, at Confindustria Chieti Pescara, the trade union agreement was signed on recourse to a period of suspension of production activities at the site in Bussi sul Tirino, with support from the CIGO (Cassa Integrazione Guadagni Ordinaria - Ordinary Redundancy Fund) for the COVID-19 emergency as envisaged by Decree Law of March 18th, 2020, for a total of 9 weeks with activation from April 6th, 2020 and duration up to June 7th, 2020.
The reasons that made the recourse to the CIGO necessary are attributable to the health emergency relating to the spread of COVID-19, following the various Decrees issued by the Italian Prime Minister and regional orders, with which various restrictions were approved to limit the risk of infection, and for an issue associated with the procurement of raw materials.
Activities resumed normally on June 8th, 2020.

F) APRILIA UNEMPLOYMENT BENEFITS

On June 24th, 2020 a trade union agreement was signed with Unindustria Rome Frosinone Latina Rieta Viterbo to suspend production at the Aprilia plant for a set period, with support from the Unemployment Benefits Fund (CIGO) due to the Covid-19 emergency, as established under the Decree Law of March 18th, 2020.

The duration of the CIGO was set at 9 weeks, beginning on July 13th, 2020 with a return to activity planned for September 28th, 2020.
The reasons that made the recourse to the CIGO necessary are attributable to the health emergency relating to the spread of COVID-19, following the various Decrees issued by the Italian Prime Minister and regional orders, with which various restrictions were approved to limit the risk of infection, and for an issue associated with a lack of work orders coming from third-party companies.
Note that activities resumed normally on September 21th, 2020, prior to the date initially forecast, after the confirmation of a work order to be delivered by October 31st, 2020.

G) APPROVAL OF 2019 FINANCIAL STATEMENTS AND EVALUATION OF THE INDEPENDENCE OF ISAGRO DIRECTOSR

On June 19th, 2020 the Shareholders' Meeting of Isagro S.p.A.:

- viewed the consolidated data and Non-Financial Report relative to 2019 for the Isagro Group;
- approved the Isagro S.p.A. 2019 financial statements, accompanied by the Report on Operations, as approved by the Isagro Board of Directors on March 6th, 2020, and disclosed to the market. Note that the profits for 2019, equal to € 17.2 million, are entirely attributable to capital gains realized through the sale of the subsidiary Isagro Asia. These profits were destined as follows: (i) to the legal reserve for € 0.9 million, (ii) to the unavailable reserve for *fair value* measurement of shares pursuant to article 6, paragraph 1, letter b) of Legislative Decree no. 58/1998 for €2.7 million, (iii) € 1.4 million to cover losses from previous financial years and (iv) € 12.2 million in retained earnings, to be recognized, pursuant to article 24 of the By-Laws, in a specific Shareholders' Equity reserve.

On the same day, the Shareholders' Meeting resolved to approve the first and second section of the Report on Remuneration and on Fees Paid, prepared pursuant to article 123-ter of Legislative Decree 58/1998, (Consolidated Law on Finance, TUF).
In addition, the Board of May 6th, 2020 assessed, pursuant to art. 3 of the Corporate Governance Code of listed companies, the necessary requisites of independence of Enrica Maria Ghia, Marcella Elvira Antonietta Logli, Giuseppe Persano Adorno, Erwin Paul Walter Rauhe and Angelo Zaccari, as independent directors.

H) AMOUNTS COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE

At the beginning of April 2020, Isagro S.p.A. and PI Industries reached an agreement on the release of the portion of the escrow fund established on December 27th, 2019 with HSBC India relative the price adjustments for the sale of Isagro Asia ("true-up adjustments"), based on which Isagro collected around € 1.7 million in the same month. Also in April, HSBC India paid Isagro S.p.A. an additional € 1.0 million pertaining to an initial tranche of local value-added tax ("GST") refunded to Isagro Asia by the Indian Revenue Service, which, in the same way, was subject to the escrow fund.
Further, in July, HSBC India paid Isagro S.p.A. another € 0.6 million relative to a second tranche of local value-added tax ("GST") and, in October, yet another € 0.1 million relative to another tranche of local value-added tax ("GST").

I) SALE OF THE MOLECULE FLUINDAPYR

On October 2nd, 2020, after acceptance of the binding offer received from the North American FMC Corporation by the Board of Directors of Isagro S.p.A. on May 6th, 2020 and the signing of the Asset Purchase Agreement in July, the sale of the molecule *Fluindapyr* to the cited company was finalized, with simultaneous receipt of the Price, of € 55 million.
The sale of *Fluindapyr*, for which Isagro had recognized a book value of around € 25 million at September 30th, 2020, is a component of the process to redefine the Isagro business model, returning focus to copper-based and organic products, while keeping selected organic chemical assets in the portfolio relative to integrated crop management and cash-cows. The € 55 million which derived from the sale, to which can be added around € 50 million collected from the sale of Isagro Asia on December 27th, 2019, which combined led to a positive Net Financial Position at the end of 2020, will be used to finance growth projects for Isagro, including for external lines.

J) ACQUISITION OF PHOENIX-DEL S.R.L.

On October 14th, 2020, the Closing of the operation to acquire 100% of the share capital of Phoenix-Del S.r.l. was finalized, after the binding offer made by Isagro S.p.A. was accepted by the counterparty on September 17th. The value of the transaction was € 3.1 million, paid at the time of the Closing.

This initial acquisition made under Isagro's new business model, with an eye to growth in the copper-based fungicides and biosolutions segments, also through external lines, will offer significant industrial and sales synergies.
In 2020, Phoenix-Del S.r.l. generated turnover of around € 4.8 million, EBITDA of around € 0.5 million and has a negative Net Financial Position of around € 0.3 million (of which € 510 thousand relative to an intercompany loan granted by Isagro S.p.A. in December).

K) APPROVAL OF AMENDMENTS TO THE ISAGRO BY-LAWS

On October 14th, 2020, the Extraordinary Shareholders' Meeting of Isagro S.p.A. approved, with the objective of simplifying the Company's governance:

- an amendment to articles 15, 20 and 25 of the Isagro By-Laws;
- the addition of the new article 28 to the Isagro By-Laws.

L) LIQUIDATION OF ISAGRO SINGAPORE

The procedure for putting into liquidation the company Isagro Singapore, fully controlled by Isagro S.p.A., was launched with effect from January 27th, 2020. Definitive closure of the company is expected to occur by April 2021.

EVENTS SUBSEQUENT TO DECEMBER 31, 2020

A) ADDITIONAL AMOUNT COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE

In January 2021, HSBC India paid Isagro S.p.A. an additional € 43 thousand relative to price adjustments for the sale price of Isagro Asia ("true-up adjustments").

B) 2018-2021 RETENTION AND INCENTIVE PLAN

With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29th, 2018, during the initial months of 2021 an additional 61,250 Growth Shares were assigned, for a total of 243,750 Growth Shares assigned.

C) RECLASSIFICATION OF FUMIGANT IN US

On February 2nd, 2021, the Environmental Protection Agency (EPA) provided notification that it had reclassified the Isagro Fumigant, transferring it from *Biopesticides and Pollution Prevention Division* (BPPD) to *Registration Division* (RD) and *Pesticide Reevaluation Division* (PRD), as a result of the chemical reclassification based on new information, which indicated that two criteria for classification as a biofumigant by the EPA were not met (minimum toxicity for the environment and humans and non-toxic mechanism of action).

D) ISAGRO RESEARCH CENTER NAMED FOR PROFESSOR RENATO UGO

On February 18th, 2021, in the context of a ceremony carried out at the Isagro Research Center in Novara, in full compliance with regulations to limit the Covid-19 pandemic, a plaque was unveiled dedicated to the memory of the professor Renato Ugo, who recently passed on. Additionally, from this point on, the Isagro Research Center will be named after this illustrious Italian scientist, who received the Gold Medal from the National Academy of Science.

E) BINDING AGREEMENT TO SELL PIEMME SHARES

On March 6th, 2021, the Shareholders ("Sellers") of Piemme S.r.l., an indirect controlling shareholder of Isagro S.p.A., signed a binding agreement to sell all their shares of Piemme, equal to 99.9% of the share capital, to Gowan Company LLC a related party ("Gowan") (the "Operation").
Following the completion of the Operation, Gowan will hold all the share capital of Piemme, which olds 51% of the share capital of Holdisa S.r.l. ("Holdisa"), which in turn controls Isagro, holding 53.7% of the relative Ordinary Shares. The remaining 49% of Holdisa share capital was already held by Gowan. In the context of the Operation, Gowan will also acquire 1,737,596 Isagro Growth Shares owned by the Sellers, which represent 12.3% of outstanding Growth Shares. Holdisa in turn holds 3.3% of the Growth Shares.
After the Closing of the Operation, Gowan will acquire control over Piemme and Holdisa and, consequently, will issue a mandatory public offer, pursuant to article 106 of Italian Legislative Decree 58/1998 and article 45 of CONSOB Regulation 11971/1999, to acquire all the Ordinary Shares of Isagro, which Holdisa is not yet the owner of ("MTO"). The shares relative to the MTO will also include Ordinary Shares deriving from the conversion of outstanding Growth Shares. Based on the Isagro By-Laws, the conversion of Growth Shares to Ordinary Shares, at a one-to-one ratio, will give rise to publication of the statement pursuant to article 102, paragraph 1, Legislative Decree 58/1998.
The Closing of the Operation is subordinate to the following conditions precedent being met: (i) the receipt of any needed authorizations from relevant regulatory authorities for antitrust purposes and "golden power" regulations, (ii) the elimination of existing relationships between Isagro and its subsidiaries, on one hand, and any entity located in countries or regions

(including Cuba) in which a US entity cannot conduct business pursuant to applicable regulations, on the other hand.
Subordinate to the verification or renunciation of the above suspensive conditions, it is expected that the closing of the Operation will occur within the first half of 2021 and the MTO will be completed by the third quarter of 2021. The MTO price will be € 2.76 for each Isagro Ordinary Share (the "MTO Price"), which corresponds to the implicit value per Isagro share calculated on the basis of the fee to be paid by Gowan to the Sellers to acquire the Piemme shares and equal to a total of € 18,961,593. Piemme and Holdisa do not have other assets other than equity investments indicated. Therefore, the payments for the Piemme shares were determined on the basis of the value of Isagro, after deducting the net debt of Piemme and Holdisa pro-rata.
The Operation values Isagro's equity at € 106.9 million. With reference to the Ordinary Isagro Shares, the MTO Price represents a 118% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 143% premium with respect to the average official trading price during the last quarter and a 149% premium with respect to the average official trading price in the last six months. With reference to the Growth Shares, the MTO Price represents a 133% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 180% premium with respect to the average official trading price during the last quarter and a 203% premium with respect to the average official trading price in the last six months.
The objective of the Operation is to integrate Isagro within the Gowan Group as well as delisting the company.

F) MERGER BY INCORPORATION OF PHOENIX-DEL S.R.L. IN ISAGRO S.P.A.

On March 16th, 2021, the Isagro S.p.A. Board of Directors resolved to approve the project to merge the full subsidiary Phoenix-Del S.r.l. in Isagro S.p.A. with accounting and tax effects as of January 1st, 2021. Statutory effects will take effect, pursuant to article 2504-*bis* of the Civil Code, on the date the last entries of the merger by incorporation are made with the Business Registries of Padua and Milan. A parallel resolution was also made by the Board of Directors of Phoenix-Del on March 15th, 2021.

HUMAN RESOURCES

The actual workforce at December 31st, 2020 of Isagro S.p.A. came to 253 employees, as summarized in the following table.

Number of employees	Dec. 31st, 2020	Dec. 31st, 2019	Difference
Executives	21	28	-7
Middle Managers	61	66	-5
White-collar workers*	92	107	-15
Blue-collar workers**	79	69	+10
Total	**253**	**270**	**-17**

Table 4: Number of Isagro employees

**includes the workers with special skill level*
*** Includes seasonal workers*

The workforce at December 31st, 2020 has, therefore, decreased by 17 employees compared to 2019, mainly due to the effect of a number of voluntary departures and certain retirements after the changes made by pension reforms, declared multiple times. Note that the above data include workers with temporary contracts for seasonal work: with respect to these, the drop was more significant in the number of workers with permanent contracts, relative to the total balance and was partially counterbalanced by an increase in workers with temporary contracts.

In terms of the corporate organization and in the light of the new organizational design which includes the new business model, as identified at the beginning of this Report:

- the "Research, Innovation & Regulatory" department was created, incorporating research, experimentation, technical management and regulatory activities;
- the activities associated with "Formulations, Technologies and Process Development", together with those of "Q&HSE", were transferred to the Supply Chain structure to optimize processes.

Relationships with unions were maintained through a constructive cooperation plan which made it possible to achieve excellent results in trade union relations and human resource management, even during the peak of the health emergency still in progress.

As such the main activities were:

- the preparation of Corporate Protocols for all Isagro offices and locations, in line with the National Protocol shared by the trade unions, to regulate the measures to combat and contain the spread of Covid-19;
- the signing on March 23rd, 2020 and April 3rd, 2020, respectively, of union agreements to suspend work with use of the Ordinary Unemployment Fund, Covid-19 emergency, at the Novara and Galliera Research Center (from March 23rd, 2020 to May 24th, 2020) and at the Bussi sul Tirino plant (from April 6th, 2020 to June 7th, 2020);
- the signing on June 24th, 2020 of the union agreement to suspend work at the Aprilia location, making use of the Ordinary Unemployment Fund, Covid-19 emergency, implemented as of July 13th and with the return to work occurring early. This event was originally set for September 28th, and actually occurred on September 21th, 2020;
- the sharing and definition of specific agreements on working hours, which adopt all flexibility opportunities offered by the National Labor Contracts and negotiations with trade unions;
- the definition of new multi-functional professional positions at the manufacturing sites.

The above made it possible to implement, especially at the manufacturing sites, the changes in working hours that had become necessary to guarantee various production requirements and optimize the overall corporate organization.

In September 2020 a meeting was held with the Secretaries of the national trade unions during which the mos recent extraordinary operations were analyzed, which at that time had not yet been completed (sale of Fluindapyr and acquisition of Phoenix-Del S.r.l.), as part of the process to change the business strategy.
The union coordination meeting at the national level was postponed to the first quarter of 2021.

SELECTION AND TRAINING

Consistent with that decided at the Company level to reduce and contain costs, in 2020 the annual training plan for all operating locations involved only obligatory training with regards to Quality, Safety and the Environment. For 2020 and part of 2021, foreign language classes and managerial training were suspended. In terms of selection, the agreement with the professional social network "LinkedIn" to recruit specialized professionals was terminated, as it was not deemed necessary at present.

CONSOLIDATED NON-FINANCIAL REPORT

Recall that as of 2020 Isagro is no longer required under law to prepare (and to have certified by its independent auditing firm) the Non-Financial Disclosure (NFD), pursuant to Italian Legislative Decree 254/16 in that it does not meet, again as of the year in question (after the sale of the subsidiary Isagro Asia in December 2019), one of the presuppositions for this obligation, that is the presence of at least 500 employees within the Group. The Company will prepare the NFD on a voluntary basis, with the support of external consultants.

ORGANIZATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE *231/2001*

The Board of Directors of Isagro S.p.A. approved, on September 5th, 2018, an updated version of the Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also "Model"), incorporating the most recent legislative changes on the subject and the changes made to the organizational structure.

On the same date, the Governing Body also approved the revised version of the Group's Code of Ethics, an integral part of the Model, to make existing rules of conduct and principle of behavior consistent with regulatory changes and with reference best practices.

In light of the legislative changes regarding corporate liability of entities which occurred during the year, Isagro is currently carrying out risk assessments, preparatory to the updating of the Model (and Group Code of Ethics), with the aim of including in these documents the new offenses introduced in the body of the Decree.

The task of monitoring the operations and compliance with the Model and arranging its updating was assigned to the Oversight Committee, in office until the approval of the Financial Statements at December 31st, 2020.

CORPORATE GOVERNANCE CODE AND REPORT

Isagro S.p.A. has adopted the Corporate Governance Code of listed companies as its point of reference for an effective Corporate Governance structure.

On January 31st, 2020, the Corporate Governance Committee defined a new version of the Corporate Governance Code, the contents of which were brought to the attention of the Board of Directors at the meeting on February 11th, 2020 and which was adopted by the Company through a resolution by the Board of Directors on March 16th, 2021.

The Company will apply the new version of the Code starting from the first financial year after December 31st, 2020, disclosing this to the market in the Corporate Governance Report published in 2022.

For a detailed description of the corporate governance structure, please refer to the Corporate Governance Report available at the registered office, on the company's website (www.isagro.com – Corporate Governance section) and on the website of Borsa Italiana (www.borsaitaliana.it).

LEGAL PROCEEDINGS

With reference to the other legal proceedings in progress, there are no significant updates to report with respect to that indicated on December 31st, 2019. For further details, please see relative section in the Explanatory Notes to the Separate Financial Statements of Isagro S.p.A.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, including intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and form part of the normal business of the Group companies. These transactions are carried out at arm's length, taking into account the characteristics of the goods and services traded. As regards the economic and equity effects of relations with related parties, please see the information provided in the Explanatory Notes to this annual Report.

OBSERVATIONS ON THE FINANCIAL PROFILE AND THE GOING CONCERN ASSUMPTION

At December 31st, 2020, your Company had a solid and balanced financial structure, with a debt/equity ratio of -0.18 – equal to -0.22 without effect of IFRS 16 – (compared to the figure of 0.32 at December 31st, 2019), Own Funds of € 107.5 million (compared to € 93.9 million at December 31st, 2019) and current liquidity of more than € 28 million.
With an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule *Fluindapyr* Isagro S.p.A. began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020.
Isagro intends to guarantee repayment of residual medium/long term debt coming due in 2021 and its operating cash flow requirements during the period of transition to the new business model using the liquidity available at December 31st, 2020.
Finally, note that the measurement of compliance with equity/economic requirements (covenants) on a consolidated basis required for Isagro's financial debt (required contractually solely at the reporting date of annual Consolidated Financial Statements) demonstrates no issues in terms of respecting these requirements at December 31st, 2020, as the Isagro Group had a positive Net Financial Position at the end of the year.
With reference to the ongoing pandemic, the Company's management is continuing to monitor closely any impacts of the phenomenon in question on the most significant hypotheses and assumptions at the basis of the main estimates reflected in the financial statements, with particular reference to revenue recognition, the onset of impairment indicators on goodwill and intangible assets, in addition to changes in the liquidity situation, taking account of the uncertainty around the impact and duration of the effects attributable to the health emergency on the performance of the sector in which Isagro operates, even if the Directors do not believe it will have significant impacts in this sector.

In any case, it should also be emphasized that uncertainties associated with the spread and duration of the pandemic which is still in progress and in consideration of the continued evolution of the problem, even if mitigated by vaccine plans under way in Italy and throughout the world, still make it complicated to foresee a clear and defined framework for its effects, including on both macro and micro economic activities. This adds a degree of complexity and uncertainty to the estimates made by management, whose assumptions and basic hypotheses may require revisiting and updating over the course of 2021, following changes in events which are not under its controls.

In the context of the assessment of the potential effects attributable to the spread of the coronavirus pandemic, the level of complexity and uncertainty of the estimates is unprecedented and unlike any other, involving potentially numerous aspects such as:

- the different levels of persistence and the extent of the infection in the various areas of Italy;
- the different schedules for evolution and the extent of the infection in various European countries and worldwide;
- the time frames for carrying out vaccine plans in various countries;
- the lack of concrete facts regarding the overall duration of the infection, and, above all, the associated containment measures;
- the particular difficulty of predicting the time frames and extent of recovery of "fully operational" national and global economies, both at macro and micro level, once the emergency is over.

Given the above and as indicated in the above section "Significant events in 2020 - possible impacts of the health crisis", Isagro management carried out several internal assessments in order to identify the areas in which the pandemic could potentially have the greatest impact, and concluded that the health crisis could not reasonably compromise the business as a going concern.

In light of the more detailed information available at December 31st, 2020, to hedge the liquidity risk, the following is noted:

- the positive current account balances of Isagro S.p.A. total around € 30 million;
- there are unused short-term credit lines available for over € 60 million (considering the maximum ceilings granted for the various types of financing), including self-liquidating lines, supplier advances, direct and indirect factoring and credit lines.

Based on the positive results in 2020, the cash and banking lines available at December 31st, 2020 and the prospective cash flow for 2021, together with that reported in the above section "Events subsequent to December 31st, 2019 – Possible impacts of the health crisis" and on the basis of the best currently available information, it is held that over the next 12 months there are no reasonable liquidity risks, i.e. risks pertaining to the capacity to repay the residual debt borne by Isagro, thereby confirming that these separate financial statements as at December 31st, 2020 were prepared on a going concern basis.

USE OF ESTIMATES

The preparation of the financial statements requires estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates.
Particularly, the estimates are used in order to recognize the provisions for doubtful debts and inventory obsolescence, as well as depreciation and amortization, impairment losses, employee benefits, tax and other provisions. Also note that the Directors made a "significant judgment" when assessing the "accessory" performance obligations regarding the contract to sell the molecule Fluindapyr, but not in terms of determining the fair value of the same, in that these performance obligations, pursuant to accounting standard IFRS 15, were recognized in the 2020 Separate Financial Statements "at a point in time" on the closing date, as in the assumptions underlying the "fiscal realignment" pursuant to article 110, paragraph eight of Decree Law 104/2020. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

PROSPECTS

Isagro expects that the process of recovering and growing turnover begun in 2020 will continue in 2021. The NFP is expected to still be positive at the end of 2021, before any new growth operations regarding external lines, which are heavily pursued.

COMMENTS ON THE STOCK MARKET VALUE OF ISAGRO SHARES

With reference to the prices of Ordinary Shares and Growth Shares of Isagro on the "S.T.A.R." segment of the Stock Market managed by Borsa Italiana S.p.A., it should be highlighted that after the announcement of the Agreement between Gowan and Piemme (commented on in the section on Events subsequent to the end of the year):

1. the market value of Isagro came close to the theoretic value of the MTO;
2. the price difference between Ordinary and Growth Shares was canceled, in line with that supported for a long time by the Company.

PROPOSALS OF THE BOARD OF DIRECTORS

Dear Shareholders,

As illustrated in the Financial Statements, 2020 ended with a net profit of € 14,146,415. If you agree with the criteria adopted, we hereby submit the Financial Statements as at December 31st, 2020 for your approval, together with the Directors' Management Report, and we propose using the profit for the year as follows:

- € 454,401 to the Legal reserve;
- € 13,692,014 to be recognized, pursuant to Art. 24 of the Articles of Association, to a specific Shareholders' Equity reserve.

We also propose to allocate part of the Legal reserve, amounting to € 1,903,976, following the realignment operation pursuant to article 110 of Legislative Decree no. 104/2020.

for The Board of Directors
Giorgio Basile
(Chairman and Chief Executive Officer)

Milan, March 16th, 2021

Annex 1

RECLASSIFIED INCOME STATEMENT

(€ 000)	FY 2020	FY 2019	Differences	
Revenues from sales and services	**92,163**	**94,716**	**-2,553**	**-2.7%**
Other revenues and income	1,649	2,122	-473	
Consumption of materials and external services	(78,897)	(77,513)	-1,384	
Changes in product inventories	4,352	667	+3,685	
Costs capitalized for internal work	1,348	1,109	+239	
Allowances and provisions	(1,383)	(1,823)	+440	
Labor costs	(18,918)	(21,921)	+3,003	
Bonus accruals	(777)	(547)	-230	
EBITDA before non-recurring income	**(463)**	**(3,190)**	**+2,727**	**N/S**
% of Revenues	*-0.5%*	*-3.4%*		
Non-recurring income	29,961	-	+29,961	
EBITDA	**29,498**	**(3,190)**	**+32,688**	**N/S**
% of Revenues	*32.0%*	*-3.4%*		
Depreciation and amortization:				
- tangible assets	(2,406)	(2,591)	+185	
- intangible assets	(5,842)	(6,810)	+968	
- rights of use IFRS 16	(533)	(597)	+64	
- write-down of tangible and intangible assets	(1,197)	(1,681)	+484	
EBIT	**19,520**	**(14,869)**	**+34,389**	**N/S**
% of Revenues	*21.2%*	*-15.7%*		
Dividends from equity investments	800	1,020	-220	
Interest, fees and financial discounts	(128)	1,945	-2,073	
Losses on foreign exchange and derivatives	(535)	(446)	-89	
Gains/(losses) on equity investments	(544)	35,199	-35,743	
Profit/(Loss) before taxes	**19,113**	**22,849**	**-3,736**	**N/S**
Current and deferred taxes	(4,967)	(5,687)	+720	
Net profit/(loss)	**14,146**	**17,162**	**-3,016**	**N/S**

Annex 2

RECLASSIFIED BALANCE SHEET

(€ 000)	Dec. 31st, 2020	Dec. 31st, 2019	Differences	
Net fixed assets				
Goodwill	1,631	1,631	-	
Other intangible assets	20,524	49,000	-28,476	
Tangible assets	15,082	15,493	-411	
Rights of use IFRS 16	3,772	4,075	-303	
Equity investments	13,479	9,834	+3,645	
Other medium/long-term assets and liabilities	1,350	5,456	-4,106	
Total net fixed assets	**55,838**	**85,489**	**-29,651**	**-34.7%**
Net current assets				
Inventories	35,666	32,389	+3,277	
Trade receivables	24,262	30,407	-6,145	
Trade payables	(23,303)	(25,311)	+2,008	
Subtotal of Net Working Capital	***36,625***	***37,485***	***-860***	
Current provisions	(1,953)	(1,535)	-418	
Other current assets and liabilities	(989)	4,771	-5,760	
Subtotal of Other assets and liabilities	***(2,942)***	***3,236***	***-6,178***	
Total net current assets	**33,683**	**40,721**	**-7,038**	**-17.3%**
Invested capital	**89,521**	**126,210**	**-36,689**	**-29.1%**
Severance Indemnity Fund (SIF)	**(1,546)**	**(1,877)**	**+331**	**-17.6%**
Net invested capital	**87,975**	**124,333**	**-36,358**	**-29.2%**
Held-for-sale non-financial assets and liabilities	**-**	**-**	**-**	
Total	**87,975**	**124,333**	**-36,358**	**-29.2%**
financed by:				
Equity				
Capital stock	24,961	24,961	-	
Reserves and retained earnings	68,378	51,794	+16,584	
Profit for the year	14,146	17,162	-3,016	
Total equity	**107,485**	**93,917**	**+13,568**	**+14.4%**
Net Financial Position				
Medium/long term debts:				
- due to banks	2,320	28,615	-26,295	
- due to other lenders	813	1,133	-320	
- financial liabilities – IFRS 16	3,327	3,521	-194	
- other financial assets/(liabilities) and IRS and trading derivatives	(2,503)	(2,473)	-30	
Total medium/long-term debts	**3,957**	**30,796**	**-26,839**	**-87.2%**
Short-term debts:				
- due to banks	4,389	43,160	-38,771	
- due to other lenders	320	1,793	-1,473	
- due to subsidiaries, associates and parent companies	(904)	(1,559)	+655	
- financial liabilities – IFRS 16	590	648	-58	
- other financial assets/(liabilities) and IRS and trading derivatives	-	44	-44	
Total short-term debts	**4,395**	**44,086**	**-39,691**	**-90.0%**
Cash and cash equivalents/bank deposits	**(27,862)**	**(44,466)**	**+16,604**	**-37.3%**
Total Net Financial Position	**(19,510)**	**30,416**	**-49,926**	**-164.1%**
Total	**87,975**	**124,333**	**-36,358**	**-29.2%**

Annex 3

CASH-FLOW STATEMENT

(€ 000)	Dec. 31st, 2020	Dec. 31st, 2019
Opening cash and cash equivalents (at January 1st)	**44,465**	**14,541**
Operating activities		
Profit from continuing operations	**14,146**	**17,162**
- Depreciation of tangible assets	2,406	2,591
- Amortization of intangible assets	5,842	6,810
- Amortization of rights of use IFRS 16	724	816
- Write-downs of tangible and intangible assets	1,197	1,681
- Impairment of equity investments	729	1,923
- Income from equity investments	-	(2,737)
- Provisions to reserves (including severance indemnity fund)	1,332	945
- Provisions for the incentive and retention plan	91	242
- Other provisions/(releases) of a non-financial nature	(360)	360
- Net capital gains on disposal of tangible and intangible assets	(29,954)	(351)
- Net capital gains from sale of investments in subsidiaries	-	(37,122)
- Dividends from subsidiaries and associates	(800)	(1,020)
- Net interest expenses paid to financial institutes and leasing companies	900	1,041
- Financial losses/(gains) on derivatives	(2,336)	642
- Income taxes	4,967	5,687
Cash flow from current operations	*(1,116)*	*(1,330)*
- (Increase)/decrease in trade receivables	6,145	(3,447)
- (Increase)/decrease in inventories	(3,277)	117
- Increase/(decrease) in trade payables	(2,071)	1,584
- Net change in other assets/liabilities	1,634	1,091
- Use of provisions (including severance indemnity fund)	(1,245)	(1,168)
- Net interest expenses due to financial institutions and leasing companies paid	(955)	(1,091)
- Cash flow from derivatives	2,669	(994)
- Collection of dividends from subsidiaries and associates	800	869
- Income taxes paid	-	(5,164)
Cash-flow from/(for) operating activities	**2,584**	**(9,533)**
Investment activities		
- Investments in intangible assets	(3,509)	(5,757)
- Investments in tangible assets	(2,003)	(2,001)
- Ner sale price on disposal of tangible and intangible fixed assets	54,908	568
- Cash flow generated from sale of investments in subsidiaries*	3,228	48,094
- Equity investments	(3,139)	(12)
Cash flow from/(for) investment activities	**49,485**	**40,892**
Financing activities		
- Contracting of non-current financial debt	162	16,242
- Repayment of non-current financial debt	(45,148)	(27,521)
- Repayment of liabilities for leases	(695)	(766)
- Other changes in current financial payables	(21,803)	11,030
- Increase in financial receivables and tied deposits	(1,188)	(147)
- Purchase of own Growth Shares	-	(272)
Cash flow from financing activities	**(68,672)**	**(1,434)**
Cash flow for the period	**(16,603)**	**29,925**
Closing cash and cash equivalents (at December 31st)	**27,862**	**44,466**

**Regarding the sale of the investment in Isagro (Asia) Agrochemicals Pvt. Ltd. which occurred in 2019*

EXPLANATORY NOTES ON THE ALTERNATIVE PERFORMANCE INDICATORS

In compliance with the ESMA recommendation on alternative performance indicators (ESMA/2015/1415), note that the reclassified statements presented in this Directors' Management Report contain certain differences in terminology used and in the degree of detail compared to the official statements presented in the following tables.
The reclassified Income Statement, provided in Attachment 1, introduces in particular the significance of **EBITDA**, which in the Income Statement equates to the Gross Operating Profit.
The reclassified Balance Sheet, as provided in Attachment 2, was prepared on the basis of items recognized in the corresponding sections of the Balance Sheet, and introduces the following items:

- **Net fixed assets**, given by the difference between, on one hand, the aggregate of the items “Tangible assets”, “Intangible assets”, “Rights of use”, “Goodwill”, “Financial assets”, “Non-current receivables and other assets”, “Deferred tax assets”, and, on the other hand, the aggregate of the items “Deferred tax liabilities”, "Non-current provisions", and “Other non-current liabilities”;
- **Net current assets**, given by the difference between, on one hand, the aggregate of the items “Inventories”, “Trade receivables”, “Other current assets and receivables”, and “Tax receivables” and, on the other hand, the aggregate of “Trade payables”, “Current provisions”, “Tax payables” and “Other current liabilities and payables”;
- **Invested capital**, given by the algebraic sum of "Net fixed capital" and "Net working capital";
- **Net invested capital**, given by the algebraic sum of "Invested capital" and "Employee benefits - Severance indemnity fund".

Lastly, in reference to the "Main indicators" section of this Report, it should be noted that:

- **Basic earnings per share** were calculated by dividing “Profit/(loss) for the year” by the average number of Isagro S.p.A. shares outstanding during the year, excluding treasury shares held by the issuer itself. The average number of outstanding shares, excluding treasury shares, during 2020 was 37,967,946;
- **Equity per share** was calculated by dividing “Equity” by the average number of shares outstanding of the issuer Isagro S.p.A., excluding treasury shares held by the issuer itself;
- **R.O.E.** (or **Return on Equity**) is the ratio of "Net profit/loss" to "Equity" at the reporting date;
- **R.O.I.** (or **Return on Investments**) is the ratio of “EBIT” and "Net invested capital";
- **Net financial position/EBITDA** is calculated by dividing the "Net financial position" at the reporting date by "EBITDA" for the period.

ATTESTATION UNDER THE TERMS OF ARTICLE 15 OF CONSOB REGULATION 20249/2017

Under the terms of Article 2.6.2, paragraph 15 of the Regulation on markets organized and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under Article 15, paragraphs a), b) and c) of CONSOB Regulation no. 20249/2017 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

ATTESTATION UNDER THE TERMS OF ARTICLE 16 OF CONSOB REGULATION 20249/2017

Under the terms of Article 2.6.2., paragraph 13 of the Regulation on Markets organized and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the Company’s shares are validly admitted to trading, as the inhibitory conditions pursuant to Article 16 of Consob Regulation no. 20249/2017 do not apply.

INFORMATION UNDER THE TERMS OF ARTICLES 70 AND 71 OF CONSOB REGULATION 11971/99 (ISSUERS REGULATION)

On September 25th, 2012, pursuant to Article 3 of CONSOB Resolution no. 18079 of January 20th, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the opt-out provision under Articles 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers’ Regulation. Therefore, Isagro utilized the option to opt out from the requirement to publish the disclosure documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

CERTIFICATION OF THE FINANCIAL REPORTING MANAGER

The Financial Reporting Manager, Mr. Ruggero Gambini, hereby certifies, pursuant to art.154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in the Separate Financial Statements at December 31st, 2020 is consistent with the entries in the accounting books and records.

5

FINANCIAL STATEMENTS

- Balance Sheet
- Income statement
- Statement of Other Comprehensive Income
- Cash-Flow Statement
- Statement of Changes in Shareholders' Equity

BALANCE SHEET

(euro)	Notes	Dec. 31st, 2020	*of which related parties*	Dec. 31st, 2019	*of which related parties*
NON-CURRENT ASSETS					
Tangible assets	1	15,082,286	-	15,492,598	-
Intangible Assets	2	20,524,262	-	49,000,141	-
Rights of use	3	3,772,444	-	4,074,854	
Goodwill	4	1,631,305	-	1,631,305	-
Equity investments	5	13,479,470	-	9,834,000	-
Financial receivables and other non-current financial assets	6	2,503,155	-	2,503,241	-
Non-current receivables and other assets	7	1,620,526	*962,940*	2,833,355	*1,906,859*
Financial assets - derivatives	14	-	-	6,131	-
Deferred tax assets	8	535,438	-	4,359,891	-
TOTAL NON-CURRENT ASSETS		**59,148,886**		**89,735,516**	
CURRENT ASSETS					
Inventories	9	35,666,466	-	32,389,372	-
Trade receivables	10	24,261,558	*6,931,006*	30,407,084	*10,316,451*
Other current assets and receivables	11	3,452,460	*909,297*	7,300,373	*575,909*
Tax receivables	12	351,697	-	1,152,333	-
Current financial receivables and other financial assets	13	903,957	*903,957*	1,558,537	*1,558,537*
Financial assets - derivatives	14	231,706	-	189,450	-
Cash and cash equivalents	15	27,861,725	-	44,465,288	-
TOTAL CURRENT ASSETS		**92,729,569**		**117,462,437**	
Assets disposed of and/or held for sale		**-**		**-**	
TOTAL ASSETS		**151,878,455**		**207,197,953**	
SHAREHOLDERS' EQUITY					
Share capital		24,961,208		24,961,208	
Reserves		56,261,693		53,202,291	
Retained earnings and profit for the year		26,262,836		15,753,747	
TOTAL SHAREHOLDERS' EQUITY	16	**107,485,737**		**93,917,246**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	17	6,459,824	-	33,269,542	-
Financial liabilities - derivatives	14	-	-	36,097	-
Employee Benefits - Severance indemnity fund	18	1,545,782	-	1,877,235	-
Non-current liabilities		328	-	-	-
Deferred tax liabilities	8	-	-	607,479	-
Other non-current liabilities	19	806,319	-	1,129,562	-
TOTAL NON-CURRENT LIABILITIES		**8,812,253**		**36,919,915**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	17	5,298,685	-	45,600,744	-
Financial liabilities - derivatives	14	114,413	-	105,694	-
Trade payables	20	23,303,024	*1,661,970*	25,311,581	*699,358*
Current provisions	21	1,952,619	-	1,534,799	-
Tax payables	22	923,193	-	-	-
Other current liabilities and payables	23	3,988,531	*711,926*	3,807,974	*365,967*
TOTAL CURRENT LIABILITIES		**35,580,465**		**76,360,792**	
Liabilities relating to assets disposed of and/or held for sale		**-**		**-**	
TOTAL LIABILITIES		**44,392,718**		**113,280,707**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY'		**151,878,455**		**207,197,953**	

INCOME STATEMENT

(euro)	Notes	2020	*of which related parties*	2019	*of which related parties*
Revenue from Contracts with Customers	24	92,163,226	*26,046,542*	94,716,114	25,872,079
Other operating revenues	25	31,610,230	*460,022*	2,121,510	*656,791*
of which Other non-recurring operating revenues	25a	29,960,953	-	-	-
Total revenues		**123,773,456**		**96,837,624**	
Raw materials and consumables used	26	(56,908,315)	*(139,553)*	(55,681,469)	*(7,782,289)*
Costs for services	27	(20,726,892)	*(2,523,180)*	(20,328,389)	*(1,862,332)*
Personnel costs	28	(19,694,851)	-	(22,468,559)	*(61,985)*
Write-downs/write-backs of trade receivables and other receivables	29	(294,444)	-	(684,556)	-
Other operating costs	30	(2,151,407)	*(151,616)*	(2,201,832)	*(172,824)*
Change in inventories of finished products and work in progress	31	4,152,467	-	227,435	-
Costs capitalized for internal work	32	1,347,712	-	1,109,099	-
EBITDA		**29,497,726**		**(3,190,647)**	
Depreciation and amortization:					
- Depreciation of tangible assets	33	(2,405,714)	-	(2,590,815)	-
- Amortization of intangible assets	33	(5,841,513)	-	(6,810,354)	-
- Amortization of rights of use	33	(533,039)	-	(596,784)	-
Write-downs of tangible and intangible assets	34	(1,196,867)	-	(1,680,905)	-
Operating profit/(loss)		**19,520,593**		**(14,869,505)**	
Financial income	35	492,964	*349,078*	3,623,513	*776,628*
Borrowing Costs	35	(753,313)	-	(1,732,496)	-
Gains/(losses) on foreign exchange and financial derivatives	35	(402,612)	-	(392,041)	-
Income from investments	36	255,543	*800,000*	36,219,094	*1,020,414*
Pre-tax profit/(loss)		**19,113,175**		**22,848,565**	
Income Taxes	37	(4,966,760)	-	(5,686,821)	-
Net profit from continuing operations		**14,146,415**		17,161,744	
Net result from asset disposals and/or assets held for sale		-		-	-
Net profit		**14,146,415**		**17,161,744**	

STATEMENT OF OTHER COMPREHENSIVE INCOME

(euro)	Notes	2020	2019
Net profit		**14,146,415**	**17,161,744**
Components that will be subsequently reclassified in the profit/(loss) for the year:			
Net profit/(loss) on Cash Flow Hedging			
- *Interest Rate Swaps*		74,445	5,698
- *Commodity futures*		113,235	82,130
- *Currency forwards*		820,341	(321,630)
		1,008,021	(233,802)
Income taxes (*)		(23,406)	(71,493)
		984,615	(305,295)
Cost of hedging reserve:			
Currency forwards		(611,964)	(24,231)
Income Taxes*		35,690	79,685
		(576,274)	55,454
Total	16	**408,341**	**(249,841)**
Components that will not be reclassified in the profit/(loss) for the year:			
Actuarial profit/(loss) for defined benefit plans		10,920	(57,106)
Income Taxes*		(52,770)	-
		(41,850)	(57,106)
Profit/(loss) from equity investments measured at fair value through OCI		(1,035,767)	1,311,237
Total	16	**(1,077,617)**	**1,254,131**
Other Comprehensive Income		**(669,276)**	**1,004,290**
Total Comprehensive Income		**13,477,139**	**18,166,034**

* Prudentially, the Company did not recognize further deferred tax assets/liabilities during the year, recording only the use of balances earlier than 12.31.2019.

STATEMENT OF CASH FLOWS

(euro)	Notes	2020	2019
Cash and cash equivalents - opening balance	15	**44,465,288**	**14,541,318**
Operating activities			
- Profit for the year from continuing operations		**14,146,415**	**17,161,744**
- Depreciation of tangible assets	33	2,405,714	2,590,815
- Amortization of intangible assets	33	5,841,513	6,810,354
- Amortization of rights of use	33	724,449	816,245
- Write-downs of tangible and intangible assets	34	1,196,867	1,680,905
- Impairment of equity investments	36	729,073	1,923,346
- Income from equity investments	36	-	(2,737,388)
- Provisions and transfers to reserves (including severance indemnity fund)	18.21	1,331,794	945,053
- Provisions for the incentive and retention plans	28	91,353	242,235
- Other provisions of a non-monetary nature	35	(360,244)	360,244
- Capital gains on disposal of tangible and intangible assets	25a,30	(29,953,774)	(351,071)
- Net (gain)/loss on disposal of investments in subsidiaries	36	90	(37,122,026)
- Dividends from subsidiaries and associates	36	(800,000)	(1,020,414)
- Net interest expenses paid to financial institutes and leasing companies	35	900,031	1,041,733
- Financial losses/(gains) on derivatives	35	(2,336,473)	641,854
- Income taxes	37	4,966,760	5,686,821
Cash flow from current operations		*(1,116,432)*	*(1,329,550)*
- (Increase)/decrease in trade receivables	10	6,145,526	(3,446,667)
- (Increase)/decrease in inventories	9	(3,277,094)	116,653
- Increase/(decrease) in trade payables	20	(2,071,469)	1,533,841
- Net change in other assets/liabilities		1,634,344	1,090,924
- Use of provisions (including severance indemnity fund)	18.21	(1,245,099)	(1,167,776)
- Net interest expenses due to financial institutions and leasing companies paid		(954,485)	(1,091,913)
- Cash flow from derivatives		2,669,027	(993,707)
- Collection of dividends from subsidiaries and associates	36	800,000	869,322
- Income taxes paid		-	(5,163,967)
Cash-flow from/for operating activities		**2,584,318**	**(9,532,840)**
Investment activities			
- Investments in intangible assets	2	(3,508,728)	(5,757,388)
- Investments in tangible assets	1	(2,003,233)	(2,000,795)
- Ner sale price on disposal of tangible and intangible fixed assets		54,907,832	567,505
- Cash flow from sale of equity investments (**)		3,228,188	48,093,781
- Equity investments	5	(3,139,552)	(12,006)
Cash flow from/for investment activities		**49,484,507**	**40,891,097**
Financing activities (*)			
- Contracting of non-current loans		162,030	16,242,460
- Repayment of non-current loans		(45,147,995)	(27,521,096)
- Repayment of liabilities for leases		(695,405)	(766,425)
- Other changes in financial payables		(21,803,207)	11,030,401
- Increase in financial receivables and tied deposits		(1,187,811)	(147,145)
- Purchase of own Growth Shares		-	(272,482)
Cash flow for financing activities		**(68,672,388)**	**(1,434,287)**
Cash flow from assets disposed of or held for sale		**-**	**-**
Cash flow for the period		**(16,603,563)**	**29,923,970**
Cash and cash equivalents - closing balance	15	**27,861,725**	**44,465,288**

(*) The reconciliation statement required by Regulation (EU) 2017/1990, which amended the accounting standard IAS 7, was presented in notes no. 13 and no. 17 to which you are referred.
(**) Regarding the sale of the investment in Isagro (Asia) Agrochemicals Pvt. Ltd. occurred in fiscal year 2019.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2019

(euro)	Shareholders' Equity											
		Reserves										
	Issued share capital	Share premium reserve	Cash Flow Hedging reserve	Reserve for hedging cost	Legal reserve	Treasury shares	Reserve for Financial assets carried at fair value	Reserve for "Incentive and Retention Plans"	Merger surplus	Total	Retained earnings/ losses and for the year	Total
Balance at Dec. 31st, 2018	24,961,208	44,908,932	(256,444)	298,157	3,679,753	(929,912)	-	215,147	10,199,527	58,115,160	(7,294,909)	75,781,459
Changes during the year:												
Profit for the year recognized in the Income Statement	-	-	-	-	-	-	-	-	-	-	17,161,744	17,161,744
Other Comprehensive Income	-	-	(305,295)	55,454	-	-	1,311,237	-	-	1,061,396	(57,106)	1,004,290
Total Comprehensive Income	-	-	(305,295)	55,454	-	-	1,311,237	-	-	1,061,396	17,104,638	18,166,034
Purchase of own Growth Shares	-	-	-	-	-	(272,482)	-	-	-	(272,482)	-	(272,482)
Retention plan for Top Managers	-	-	-	-	-	-	-	242,235	-	242,235	-	242,235
Destination of results 2018	-	-	-	-	-	-	-	-	(5,944,018)	(5,944,018)	5,944,018	-
Total changes during the year	-	-	(305,295)	55,454	-	(272,482)	1,311,237	242,235	(5,944,018)	(4,912,869)	23,048,656	18,135,787
Balance at Dec. 31st, 2019	24,961,208	44,908,932	(561,739)	353,611	3,679,753	(1,202,394)	1,311,237	457,382	4,255,509	53,202,291	15,753,747	93,917,246

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2020

(euro)	Shareholders' Equity												
		Reserves											
	Issued share capital	Share premium reserve	Cash Flow Hedging reserve	Reserve for hedging cost	Legal reserve	Treasury shares	Reserve for Financial assets carried at fair value	Reserve for "Incentive and Retention Plans"	Reserve for fair value measurement of shares	Merger surplus	Total	Retained earnings/ losses and for the year	Total
Balance at Dec. 31st, 2019	24,961,208	44,908,932	(561,739)	353,611	3,679,753	(1,202,394)	1,311,237	457,382	-	4,255,509	53,202,291	15,753,747	93,917,246
Changes during the year:													
Profit for the year recognized in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	14,146,415	14,146,415
Other Comprehensive Income	-	-	984,615	(576,274)	-	-	(1,035,767)	-	-	-	(627,426)	(41,850)	(669,276)
Total Comprehensive Income	-	-	984,615	(576,274)	-	-	(1,035,767)	-	-	-	(627,426)	14,104,565	13,477,139
Destination of results 2019	-	-	-	-	858,087	-	-	-	2,737,388	-	3,595,475	(3,595,475)	-
Own Growth Shares	-	-	-	-	-	216,208	-	-	-	-	216,208	-	216,208
Retention plan for Top Managers	-	-	-	-	-	-	-	(124,856)	-	-	(124,856)	-	(124,856)
Total changes during the year	-	-	984,615	(576,274)	858,087	216,208	(1,035,767)	(124,856)	2,737,388	-	3,059,401	10,509,090	13,568,491
Balance at Dec. 31st, 2020	24,961,208	44,908,932	422,876	(222,663)	4,537,840	(986,186)	275,470	332,526	2,737,388	4,255,509	56,261,692	26,262,837	107,485,737

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EXPLANATORY NOTES

EXPLANATORY NOTES

GENERAL INFORMATION

Information on the Company
Isagro S.p.A. is a corporate body organized in accordance with the legal system of the Italian Republic. The Company is active in the research, management of Intellectual Property rights, development, manufacturing, marketing and sale worldwide of crop protection products. The Company's registered office is in Via Caldera 21, Milan, Italy.
Note that Isagro S.p.A. is listed on the STAR segment managed by Borsa Italiana S.p.A. and that, as the Parent Company, it has prepared the Consolidated Financial Statements of the Isagro Group at December 31st, 2020.

Publication of the Financial Statements
Isagro S.p.A.'s Financial Statements at December 31st, 2020 were authorized for publication by the Board of Directors on March 16th, 2021. Note that, pursuant to paragraph 17 of IAS 10, the Company's shareholders have the power to adjust the Financial Statements after their publication.

Compliance with the IFRSs
Isagro S.p.A.'s Financial Statements as at December 31st, 2020 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union on that date, and with the measures issued in implementation of article 9 of Italian Legislative Decree No. 38/2005. The international accounting standards approved by the European Commission as of the date of preparation of the Financial Statements are listed in note No. 50, to which reference should be made.

Basis of presentation
The Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Other Comprehensive Income, the Cash-flow Statement, the Statement of Changes in Shareholders' Equity, and the Explanatory Notes.
In particular:

- current and non-current assets and liabilities have been stated separately in the Balance Sheet. Current assets are those expected to be realized, sold or consumed during ordinary operations or in the twelve months after the end of the year; current liabilities are those for which settlement is expected as part of ordinary operations or in the twelve months following year end;
- in the Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortization and depreciation and impairments of tangible and intangible assets, the financial operations and income taxes and "EBIT", which includes all cost and revenue components except financial operations and income taxes;
- the indirect method is used for the Cash-Flow Statement.

With reference to CONSOB Resolution no. 15519 of July 27th, 2006 on Financial Statements, special sections are included to illustrate significant related-party transactions, as well as, when occurring, any significant non-recurring transactions carried out in the ordinary course of business.
All amounts reported in the Financial Statements are presented in Euro, while the amounts reported in the Explanatory Notes are presented in thousands of euro, unless otherwise indicated.

Covid-19 health emergency
In line with the directives found in *Public Statement "European common enforcement priorities for 2020 annual financial reports"*, issued by ESMA on October 28th, 2020 and the CONSOB Call for Attention 1/21 of February 16th, 2021, the subsequent paragraphs contain specific considerations for areas of the financial statements that could potentially be affected by Covid-19. In particular, with regards to the separate financial statements of Isagro S.p.A., as at December 31st, 2020, specific areas have been identified with respect to individual IFRSs, summarized below:

- going concern (IAS 1), found in the section "Observations on the financial profile and the going concern" in the Report on Operations and in the "Going Concern" section of this document;
- financial instruments (IFRS 9), found in note 5 "Equity investments" and note 10 "Trade receivables";
- impairment of assets (IAS 36), found in note 2 "Intangible Assets" and note 4 "Goodwill";
- notes 26 "Raw materials and consumables used", 27 "Costs for services", 28 "Labor costs" contain specific disclosures regarding "benefits" and the costs sustained as a consequence of the state of emergency linked to the Covid-19 pandemic.

Going concern

At December 31st, 2020, your Company had a solid and balanced financial structure, with a debt/equity ratio of -0.18 – equal to -0.22 without effect of IFRS 16 – (compared to the figure of 0.32 at December 31st, 2019), Own Funds of € 107.5 million (compared to € 93.9 million at December 31st, 2019) and current liquidity of more than € 28 million.

With an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule *Fluindapyr*, Isagro S.p.A. began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020.

Isagro intends to guarantee repayment of residual medium/long term debt coming due in 2021 and its operating cash flow requirements during the period of transition to the new business model using the liquidity available at December 31st, 2020.

Finally, note that the measurement of compliance with equity/economic requirements (covenants) on a consolidated basis required for Isagro's financial debt (required contractually solely at the reporting date of annual Consolidated Financial Statements) demonstrates no issues in terms of respecting these requirements at December 31st, 2020, as the Isagro Group had a positive Net Financial Position at the end of the year.

With reference to the ongoing pandemic, the Company's management is continuing to monitor closely any impacts of the phenomenon in question on the most significant hypotheses and assumptions at the basis of the main estimates reflected in the financial statements, with particular reference to revenue recognition, the onset of impairment indicators on goodwill and intangible assets, in addition to changes in the liquidity situation, taking account of the uncertainty around the impact and duration of the effects attributable to the health emergency on the performance of the sector in which Isagro operates, even if the Directors do not believe it will have significant impacts in this sector.

In any case, it should also be emphasized that uncertainties associated with the spread and duration of the pandemic which is still in progress and in consideration of the continued evolution of the problem, even if mitigated by vaccine plans under way in Italy and throughout the world, still make it complicated to foresee a clear and defined framework for its effects, including on both macro and micro economic activities. This adds a degree of complexity and uncertainty to the estimates made by management, whose assumptions and basic hypotheses may require revisiting and updating over the course of 2021, following changes in events which are not under its controls.

In the context of the assessment of the potential effects attributable to the spread of the coronavirus pandemic, the level of complexity and uncertainty of the estimates is unprecedented and unlike any other, involving potentially numerous aspects such as:

- the different levels of persistence and the extent of the infection in the various areas of Italy;
- the different schedules for evolution and the extent of the infection in various European countries and worldwide;
- the time frames for carrying out vaccine plans in various countries;
- the lack of concrete facts regarding the overall duration of the infection, and, above all, the associated containment measures;
- the particular difficulty of predicting the time frames and extent of recovery of "fully operational" national and global economies, both at macro and micro level, once the emergency is over.

Given the above, as indicated in the section "Significant events in 2020 - possible impacts of the health crisis" in the Report on Operations, Isagro's management carried out several internal assessments in order to identify the areas in which the pandemic could potentially have the greatest impact, holding that the health crisis could not reasonably compromise the business as a going concern.

In light of the more detailed information available at December 31st, 2020, to hedge the liquidity risk, the following is noted:

  - the positive current account balances of Isagro S.p.A. total around € 30 million;
  - there are unused short-term credit lines available for over € 60 million (considering the maximum ceilings granted for the various types of financing), including self-liquidating lines, supplier advances, direct and indirect factoring and credit lines.

Based on the positive results in 2020, the cash and banking lines available at December 31st, 2020 and the prospective cash flow for 2021, together with that reported in the section "Events subsequent to December 31st, 2019 – Possible impacts of the health crisis" in the Report on Operations and on the basis of the best currently available information, it is held that over the next 12 months there are no reasonable liquidity risks, i.e. risks pertaining to the capacity to repay the residual debt borne by Isagro, thereby confirming that these separate financial statements as at December 31st, 2020 were prepared on a going concern basis.

Changes in accounting standards

The accounting standards adopted for the preparation of the Financial Statements are consistent with those used for the previous year's statements, with the exception of what is explained in the following paragraph.

Accounting standards, amendments and interpretations applied as from January 1st, 2020

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the impact of new standards or interpretations on the Company's Financial Statements are indicated below. These standards were applied for the first time by the Company starting from January 1st, 2020:

- On November 29th, 2019, by means of Regulation no. 2075/2019, the European Commission endorsed the amendment to the "References to the Conceptual Framework in IFRS Standards". The Conceptual Framework defines the fundamental concepts for financial reporting and guides the Board in the development of the IFRS standards. The document helps to guarantee that the standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information to investors, lenders, and other creditors. The Conceptual Framework assists companies in developing accounting standards when no IFRS applies to a given transaction and, more generally, helps interested parties to comprehend and interpret the standards. The adoption of this amendment had no effect on the Company's Financial Statements.
- On January 15th, 2020, by means of Regulation no. 34/2020, the European Commission endorsed the amendment named "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform", which amends some of the requisites for application of hedge accounting, providing temporary derogations to them, in order to mitigate the impact deriving from the uncertainty of the IBOR reform (still ongoing) on future cash flows in the period preceding its completion. The amendment also requires that companies provide further information in the financial statements about their hedging relations that are directly affected by the uncertainties generated by the reform, and to which the aforementioned derogations are applied. The adoption of this amendment had no effect on the Company's Financial Statements.
- On April 21st, 2020, with Regulation 551/2020, the European Commission endorsed the amendment to accounting standard IFRS 3- *Business Combinations,* which provides clarifications regarding the definition of business in terms of proper application of standard IFRS 3. Specifically, the amendment clarifies that, while a business usually produces an output, the presence of an output is not strictly necessary for identifying a business in the presence of an integrated set of activities/processes and assets. However, to meet the definition of business, an integrated set of activities/processes and assets must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To this end, the IASB has replaced the term “ability to create outputs” with “ability to contribute to the creation of outputs” to clarify that a business can exist also without the presence of all the inputs and processes necessary to create an output. The amendment also introduced a test (“concentration test”), optional for the entity, to determine whether a set of activities/processes and assets acquired is not a business. If the test is positive, the set of activities/processes and assets acquired does not constitute a business, and the standard does not require additional checks. If the test is negative, the entity must perform further analysis on the activities/processes and assets acquired to identify the presence of a business. To this end, the amendment added numerous illustrative examples to the standard IFRS 3 in order to help to understand the practical application of the new definition of business in specific cases. The adoption of this amendment had no effect on the Company's Financial Statements.
- On October 9th, 2020, by means of Regulation no. 1434/2020, the European Commission endorsed the amendment to IFRS 16 - *Leasing*. The amendment grants lessees the ability to recognize reductions in rent linked to Covid-19 without having to make use of contract analysis to determine whether the IFRS 16 definition of a lease modification is respected. Therefore, lessees which make use of this right can recognize the effects of reductions in rent directly to the Income Statement as of the date the reduction takes effect. The adoption of this amendment had no effect on the Company's Financial Statements.

New standards and interpretations adopted by the European Union but not yet in force

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the potential impact of new standards or interpretations on the Company's Financial Statements are indicated below. These standards were not applied early.

- On December 15th, 2020, with Regulation 2097/2020, the European Commission endorsed the amendment to accounting standard IFRS 4 – *Insurance Contracts*, which makes it possible to extend the temporary exemption on application of IFRS 9 for insurance through to January 1st, 2023. The amendment takes effect on January 1st, 2021. The adoption of this principle will have no effect on the Company's Financial Statements.
- On January 13th, 2021, with Regulation 25/2021, the European Commission endorsed the amendments to IAS 39 and IFRS 4, 7, 9 and 16, to consider the conse-

quences of the effective replacement of the reference indexes used to determine existing interest rates with alternative reference rates. These amendments are effective for accounting periods beginning January 1st, 2021 or thereafter, but early application is permitted. The Directors do not expect any significant effects on the Financial Statements of the Company.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process necessary for adoption of the amendments and standards described below.

- On October 31th, 2018, the IASB published the document "***Definition of Material (Amendments to IAS 1 and IAS 8)***" which introduced a change to the definition of "material" contained in the standards *IAS 1 – Presentation of Financial Statements* and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*. The aim of this amendment was to make the definition of "material" more specific and to introduce the concept of "obscured information" alongside the concepts of omitted or misstated information already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way that would have a similar effect on the primary reader as omitting or misstating the information. The amendments introduced by the document apply to all transactions subsequent to January 1st, 2020. The Directors do not expect any significant effects on the Separate Financial Statements of the Company following adoption of this standard.
- On January 23th, 2020, the IASB published an amendment titled "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The document is intended to clarify how to classify payables and other short or long-term liabilities. The amendments take effect on January 1st, 2022 but the IASB has issued an exposure draft to postpone efficacy to January 1st, 2023. In any case early application is allowed. The Directors do not expect any significant effects on the Financial Statements of the Company following adoption of this amendment.
- On May 14th, 2020 the IASB published the following amendments:
  - *Amendments to IFRS 3 Business Combinations:* the amendments serve to update the reference made in IFRS 3 to the revised version of the Conceptual Framework, without making any changes to the provisions of standard IFRS 3.
  - *Amendments to IAS 16 Property, Plant and Equipment:* the amendments have the aim, relative to the cost of tangible assets, of disallowing the deduction of amounts received from the sale of goods produced when testing the assets in question. These revenues from sales and the relative expenses will therefore be recognized in the Income Statement.
  - *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:* the amendment clarifies that when estimating the cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the measurement of the cost of a contract includes not only incremental costs (e.g. the cost of materials directly used in processing), but also all costs which the company cannot avoid due to stipulation of the contract (e.g. the portion of personnel expense and depreciation of machinery used to fulfill the contract).
  - *Annual Improvements 2018-2020*: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, to IAS 41 Agriculture and to Illustrative Examples for IFRS 16 Leases.

  All these amendments take effect on January 1st, 2022. The Directors do not expect any significant effects on the Financial Statements of the Company following adoption of these amendments.

Uncertainty in the use of estimates

Preparation of the Financial Statements and the relative notes in application of the IFRS requires the management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities at the reporting date. Consequently, the results actually achieved could differ from these estimates.In particular, the estimates are used in order to recognize provisions for doubtful debts and inventory obsolescence, depreciation and amortization, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.Also note that the Directors made a "significant judgment" when assessing the "accessory" performance obligations in the contract to sell the molecule Fluindapyr, but not in terms of determining the fair value of the same, as these performance obligations, in compliance with accounting standard IFRS 15, were recognized in the 2020 separate financial statements "at a point in time" on the closing date (the relative conclusions, to which reference is made, are found in note 25a), as were the assumptions underlying the "fiscal realignment" pursuant to article 110, paragraph 8 of Decree Law 104/2020.

The main assumptions regarding the future and the main causes for uncertainty in the estimate at the closing date of the financial year that present a significant risk of giving rise to significant adjustments to the book values of the assets and liabilities by the following financial year are shown below.

Provisions for impairment of trade and other receivables

Trade and other receivables are shown in the financial statements net of provisions for impairment losses, determined based on the principle of expected credit loss, according to which it is no longer necessary for an event of financial difficulty of the debtor to occur before recognizing in the financial statements the value of the expected losses. This model provides for the impairment test being performed considering the entire life of the receivable according to a forward-looking logic, which uses historical, current and also prospective data in the assessment process. In particular, using the simplified approach provided for in IFRS 9, Isagro constructed a "provision matrix" to identify the probabilities of default, which is based, for historical data, on the average credit losses of the last three years, to which is added a percentage of risk in order to take into account prospective (forward-looking) probabilities of default. This matrix is then applied to the aging of the receivables, constructed by maturity band and by geographical areas, at the reporting date, and it is updated every year. In addition, ad hoc analyses and specific estimates are performed to determine the expected losses of certain categories of receivables, including intra-group receivables, receivables in dispute and receivables deriving from medium/long-term Agreements.

Note that the Covid-19 health crisis has not currently affected the aging for customers or, in the Directors' opinion, the prospective ability to recovery the same and, therefore, it was not held necessary to revise the above model and make any specific additional provisions linked to the health crisis. In fact, amounts collected continued regularly and no financial tensions were seen, nor is this expected to occur in 2021, as also confirmed by the trend of amounts collected in January and February, given that Isagro operates in market segments and with customers who are especially solid.

Inventory write-down provision

The allowance for inventory obsolescence reflects management's estimate of impairment losses expected by the Company, based on both historical experience and the expected trend in prices for crop protection products during 2021, particularly for those products whose realizable value is linked to commodity prices.

Intangible assets and Goodwill Impairment test

Isagro S.p.A. carries out impairment testing at least annually, on preparing the Financial Statements at December 31st. As is described in greater detail below, impairment tests are performed on the assets pertaining to the CGUs being tested, including assets with indefinite useful life (goodwill) and intangible assets with finite useful life not yet available for use, as well as intangible assets already available for use and property, plant and equipment pertaining to the CGUs identified.

As explained in detail below, intangible assets not yet available for use essentially refer to registration expenses incurred for authorizations to sell formulations relating to the Company's major proprietary products (see Note 2).

As these assets are essentially registrations not yet obtained, the cash flows used for the purpose of calculating the recoverable values within the impairment test and reflected 2021 Budget and 2022-2025 Business Plan (together, the "Plan"), are those specifically and precisely defined for each project.

In defining the value in use of the CGUs subject to impairment, the Company carried out its analyses based on the above-mentioned Plan drawn up by Company Management and subsequently included in the 2021 Budget and in the 2022-2025 Business Plan (together the "Consolidated Plan") approved by the Isagro S.p.A. Board of Directors on May 4th, 2021.

The reliability of the impairment test and, consequently, whether or not the amounts recognized as assets (including goodwill) for these items are confirmed is tied to realization of the forecasts of said Plan, which, although it represents a forward-looking statement subject to uncertainty, is deemed reasonable and feasible by the Directors.

Following the tests carried out, the Directors deemed it necessary to recognize further impairment losses of € 71 thousand regarding the molecule "Fumigant" pursuant to IAS 36.

Other impairment losses recognized in the financial statements (€ 1,126 thousand) refer to: i) € 591 thousand mainly to the impairment of the residual book value of a basic *Fluindapyr* registration not sold to FMC; ii) € 118 thousand for impairment of development and process know-how costs, after the decision to not implement in the Company's production plants the results of certain projects on new product formulation methods; iii) € 417 thousand for registration, label and patent dossiers no longer considered strategic for the Company after the change in the Isagro business model, as described in detail in the Report on Operations.

Note that the calculation of the recoverable value of intangible assets available and not yet available for use, of goodwill, and of the relevant tangible assets of the different CGUs, calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are highly erratic and fluctuating. In addition, the recoverability of these amounts is subject to the aforementioned Plan and is affected also by uncontrollable external variables (in particular market conditions, weather conditions, the times necessary and the probabilities of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations for sale). Consequently, it cannot be excluded that the future trend in various factors, including developments in the challenging global economic and financial context, worsened by the current worldwide health crisis caused by COVID-19, which in any case are viewed as insignificant by Directors for Isagro and the more general agrochemicals market and therefore not included in the Plan (both the Isagro S.p.A Pland and the Isagro Group Consolidated Plan), might lead to writedowns on these items in the Financial Statements. The Company management will continuously monitor the circumstances and events that could bring about such a result.

Equity investments: Impairment test

Equity investments in subsidiaries, for which considerable use is made of estimates to determine any writedowns or recoveries, were carefully analyzed by Company management to identify possible impairment. Specifically, of the investments in subsidiaries, the management subjected the investment in Isagro Colombia S.A.S., which has a book value in the Company's financial statements higher than Shareholders' Equity by about € 2 million, to the impairment test.

The assessment process used by management is based on the "discounted cash flow – Equity side", criterion , through estimation of the expected cash flow inferable from the 2021 Budget and the 2022-2025 Business Plan of said subsidiary drawn up by local management jointly with Company Management and subsequently included in the consolidated Business Plan approved on March 4th, 2021 by the Directors of Isagro S.p.A., and on the determination of an appropriate discounting rate (WACC), net of its Net Financial Position.

Deferred tax assets

At December 31st, 2020, the Company's financial statements indicate deferred tax assets relative to deductible temporary differences for € 0.5 million (against use during the year of all the deferred tax assets allocated against previous tax losses for € 3.5 million). When recognizing and measuring the recoverability of these deferred tax assets, the Directors took into consideration the Plan drawn up by the Company's Management as mentioned included in the consolidated Plan approved by the Isagro Board of Directors on March 4th, 2021, which indicate income throughout the time frame of the Plan judged reasonably realizable by the Directors and of an amount to allow recovery of the deferred tax assets recognized in the financial statements.

However, it cannot be entirely ruled out that the occurrence of economic and/or financial crises, or the continuation of the COVID-19 health crisis, the effects of which, as stated, are held by the Directors to be insignificant for Isagro and the more general agrochemicals market, and are therefore not included in the Plan, could affect the schedules and methods planned for recovering these financial statement items, even if at December 31st, 2020 the residual amount was not significant compared to previous years. The management will continuously monitor the circumstances and events that may bring about such a result.

Fiscal realignment

have decided to make use of realignment for the accounting figures in the separate financial statements, prepared using the international accounting standards, and the fiscal values, pursuant to article 110, paragraph eight, Decree Law 104/2020, for the following assets, for which the book value is in line with the balances found in these financial statements: know-how (for € 332 thousand) and goodwill (for € 1,631 thousand). This led to a benefit in the Income Statement due to the release of deferred tax liabilities relative to know-how and goodwill of around € 222 thousand (of which € 93 thousand relative to know-how and € 129 thousand relative to goodwill), and the cost of the substitute tax of € 59 thousand (with reference to realignment of goodwill, the Directors established that this accounting policy cannot lead to the recognition in the Income Statement of the future tax benefit connected to the exemption). Although the tax effect of this benefit applies as of the year in which the substitute tax is paid (i.e. 2021), this decision represents the Directors' decision to apply an alternative method to pay the taxes already in effect as at December 31st, 2020 and, therefore, is under the full control of the Directors.

While at present there are uncertainties expressed by the Revenues Agency regarding the possibility of change the conditions to make use of fiscal realignment for intangible assets, the Directors hold that this is the most likely scenario, and in which the net impact on the Income Statement for the year is equal to proceeds of approximately € 162 thousand.

The Directors believe that the distribution of unavailable reserves linked to the above realignment cannot currently be forecast and, therefore, did not recognize any effect on these from deferred taxes.

MEASUREMENT CRITERIA

The financial statements have been prepared on a historical cost basis, except for some financial instruments, the measurement for which, pursuant to IFRS 9 and IFRS 13, was made at fair value, as described below. This value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction in the main (or most advantageous) market as at the measurement date, at current market conditions, regardless of whether that price is directly observable or is estimated using another measurement technique.

Tangible assets

Tangible assets items, which can be stated in the Financial Statements as assets if, and only if, it is probable that the future economic benefits associated with them will flow to the company and if their cost can be reliably determined, are recorded at historical cost and stated in the Financial Statements net of the related accumulated depreciation and any losses in value.
In detail, the cost of a tangible assets item, acquired from third parties or constructed on a time and material basis, includes directly attributable charges and all the costs necessary for bringing the assets onstream for the use for which they were acquired. If payment for the purchase of the asset is deferred beyond the normal credit terms, its cost is represented by the equivalent cash price.
The opening value of the asset is increased by the current value of any costs for the demolition and removal of the assets or restoration of the site where the asset is located, if a legal or implicit obligation in this sense exists. Therefore a liability will be recorded for a risk provision against this capitalized charge.
Maintenance and repair costs are not capitalized but are recorded in the Income Statement in the period they pertain to.
Costs incurred after initial recognition – improvements, modernization and expansion costs, etc. – are recognized as assets if, and only if, it is probable that future economic benefits associated with them will flow to the company and they result in identifiable assets or if they concern expenditures aimed at extending the asset's useful life or increasing its productive capacity, or even improving the quality of the products obtained by the asset. If these expenses qualify as maintenance costs, they will be recognized in profit or loss as incurred.

Depreciation begins when the asset is available for use and is calculated on a straight-line basis with reference to the asset's estimated useful life. The useful life generally assigned to the various asset categories is as follows:

- buildings: from 19 to 20 years
- plant and machinery: from 6 to 12 years
- equipment: from 3 to 7 years
- other assets: from 5 to 9 years.

Land, which as a rule has an unlimited useful life, is not depreciated.
Spare parts and small items of equipment for maintenance are recognized as inventories and recorded at cost at the time they are used. Nevertheless, spare parts worth significant amounts and equipment provided which is available in stock (stand-by equipment) are recognized as fixed assets when they are expected to be used for more than one accounting period.
The book value of tangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If there is any indication that the asset may be impaired, and if the carrying amount is greater than the estimated recoverable amount, the asset or the cash-generating unit is written down to recoverable amount, which is the higher between fair value of the asset less costs to sell and value in use. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Impairment losses are recorded in the Income Statement under the item “Impairment of tangible and intangible assets”.

Intangible Assets

Intangible assets, which can be capitalized only if they are identifiable assets which will generate future economic benefits, are initially recognized in the Financial Statements at purchase cost, increased by any additional charges and the direct costs necessary for preparing the asset for its use. However, assets acquired in a business combination are recognized at their acquisition-date fair value.
Assets generated internally, with the exception of development costs and expenses incurred in obtaining the authorizations to market agrochemical products, are not recorded as intangible assets. Development activities

involve the conversion of research inventions and other knowledge in a well-defined plan for the production of new materials, products or processes.
The cost of an intangible asset created internally includes all the directly attributable costs necessary for creating, producing and preparing the asset so that it is able to operate in the manner agreed upon by company management. With regard to the capitalization of any financial charges associated with intangible assets, reference should be made to the description later in this report under the related measurement criterion.
After initial recognition, these assets are recorded in the Financial Statements at cost net of the total amortization charges, calculated on a straight-line basis with reference to the estimated useful life of the asset and the accumulated losses due to impairment. However, if an intangible asset has an unspecified useful life it is not amortized, but periodically subject to adequacy analysis for the purpose of stating any impairment.
The useful life generally assigned to the various categories of assets with finite useful life is as follows:

• concessions and licenses:	from 5 to 10 years
• development costs of new products:	from 5 to 15 years
• authorizations for sale (registrations) of agrochemical products:	term of the concession
• product *know-how:*	15 years
• process *know-how:*	5 years
• costs of "extraordinary protection":	from 5 to 15 years
• trademarks:	from 5 to 10 years
• patents:	term of the legal protection
• other assets (software):	5 years

Amortization commences when the assets are available for use, or when they are in a position and in the condition necessary in order to operate in the manner agreed upon by company management.
The book value of intangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If indication of this type exists, and in the event that the value exceeds the estimated realizable value, the assets are written down so as to reflect their realizable value. This value coincides with the net sales price of the assets or the value in use, whichever is the higher. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Impairment losses are recorded in the Income Statement under the item "Impairment of tangible and intangible assets".

Product research, development and registration costs

Research costs for the ordinary protection of products and production processes, and the costs for innovative research, are recognized in the Income Statement in the period when they are incurred. Development costs, recorded in the Financial Statements under intangible assets, refer to projects for the development of new proprietary products (active ingredients), new formulations and new production processes.
When the development project is concluded, and results in a process available for economic use, or in a product know-how, the related expenditure is reclassified to "product know-how" or "process know-how" and amortized on a straight-line basis over its estimated useful life, which shall not exceed 15 years. The conclusion of the development process of new proprietary products (active ingredients) coincides with obtainment of a statement of completeness (the "completeness check") from the competent authority and/or with obtainment of the first authorization to sell the formulation containing the active ingredient.
Product registration costs reflect internal and external costs incurred to obtain or renew the authorization from the different local authorities to market the products deriving from the development activities and /or to extend such authorizations to other crops or to other uses of the product. These costs are recognized as intangible assets under "assets under development" until an authorization to market is obtained, and they are then reclassified under "Registrations" and amortized based on the term of the concession, which may be for a maximum of ten years. Until the development activities, and/or the registration activities for any resulting products, are completed, the main projects underway will be tested for impairment at least annually, in accordance with the methods described in the Explanatory Notes, recognizing in profit or loss any excess in the carrying amount. These costs also include the expenses for "extraordinary protection", incurred in order to increase the useful life, i.e. the marketing period, of products already existing in the market and thus capable of generating future economic benefits higher than the level of return originally attributed to the product underlying the development activity. These costs are normally amortized over a period of a minimum 5 years to a maximum 15 years, based on the estimated product lifecycle.

Goodwill
Goodwill acquired following a buy-out/business combination is initially recognized at cost, since it represents the excess of the purchase cost with respect to the portion of the net fair value pertaining to the purchaser referring to the identifiable values of the current and potential assets and liabilities. After initial recognition, the goodwill is measured at cost, and decreased only by any accumulated losses in value. In fact, goodwill is not amortized, but impairment testing is performed at least annually. Any impairment is recognized in the Income Statement, according to the methods described in the Explanatory Notes.

Investments in subsidiaries
Investments in subsidiaries are recognized at cost.
In accordance with IFRS 10, a company is considered to be a subsidiary when the investor is exposed to variable returns (or holds rights on said returns) deriving from its relationship with the Company and at the same time has the ability to draw on these returns, exercising its power over the Company. An investor has power over an entity subject to investment when it holds valid rights which grant it the current capacity to manage the significant activities, or the activities which have a significant effect on the returns of the assets subject to investment.
The book value of equity investments assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value exceeds the estimated realizable value: in this event, the equity investments are written down to reflect the latter value, which coincides with the net sales price of the asset or its value in use, whichever is higher.

Impairment of tangible assets, intangible assets, goodwill and equity investments
At least annually, and each time the financial statements for the year are drawn up, the Company reviews the book value of its tangible and intangible assets, goodwill, and equity investments to check whether there are any indications that these assets have sustained reductions in value. The recoverable value is identified as the fair value, net of the sales costs or the value in use, whichever is higher, where the latter is calculated as the current value of the estimated cash flows referring to the asset or to the cash generating unit to which it belongs, discounted in consideration of a specific discounting rate, of the future cash flows.
If the recoverable amount of an asset (or a cash generating unit) is lower than its book value, the latter is reduced to the lesser recoverable value. The impairment is immediately recognized in the Income Statement.
Afterwards, if the impairment of an asset ceases or is reduced, the book value of the asset, except for goodwill, is increased up to the new estimate of the recoverable value (which cannot exceed the value that would have been determined had no impairment loss been entered). Reversing of the impairment loss is immediately entered into the Income Statement.
Based on what is set out above, the assets and cash generating units (CGUs), representing the smallest identifiable group of assets able to generate largely independent cash in, were identified in the Financial Statements. Goodwill was unfailingly allocated to the cash generating units from which benefits connected with the business combinations that generated it are expected.
The CGUs were identified with the same criteria as last year.
A summary table is presented below showing the values of the tangible and intangible assets and the goodwill allocated to the individual CGUs identified by the Company's Management:

Cash Generating Units	Assets with a finite useful life			Assets with an indefinite useful life	TOTAL
	Tangible assets	Intangible Assets		Goodwill	
		not yet available for use	already available for use		
Kiralaxyl (IR 6141)	1,318	1,761	3,978	36	7,093
Organic and biostimulant products	3,082	537	453	765	4,837
Pyrethroids	458	145	241	36	880
Fumigants	129	2,404	2,815	-	5,348
Tetraconazole	4,184	133	3,514	246	8,077
Copper	5,688	955	3,024	548	10,215
	14,859	**5,935**	**14,025**	**1,631**	**36,450**

The process to assess the recoverability of the amounts recognized in the assets of the Financial Statements by Management was carried out by determining the value in use.
The Company then tested Intangible Assets for a value of € 21,591 (including goodwill equal to € 1,631 thousand) by means of an impairment test on a total of € 22,226 thousand (including Goodwill), with a percentage of 97% and tangible assets equal to € 14,859 thousand on a total of € 15,082 thousand, with a percentage of 99%.
The Company also carried out the impairment test on the equity investment held in the subsidiary Isagro Colombia.

Financial assets

At the moment of initial recognition, financial assets are entered at their fair value plus the costs directly attributable to their acquisition and are classified in one of the categories described below on the basis of the following elements:

- the Company's business model for the management of financial assets;
- the characteristics related to the contractual cash flows of the financial assets.

In particular, by "business model" is meant the method with which the asset is managed, that is, if it is held for the sole purpose of collecting the related contractual cash flows ("hold" model), or to resell ("sell" model), or both to collect the cash flows and to sell the asset ("hold and sell" model).

Financial assets measured at amortized cost

Financial assets are included in this category if both of the following conditions are met:

- they are held in the context of a "hold" business model, and
- the contractual terms provide for certain given cash flows represented only by payments of the principal and of the interest on the principal to be repaid.

These assets are subsequently measured using the effective interest method, that is applying the effective interest rate that represents the rate that exactly discounts the future payments or collections, estimated along the expected life of the financial asset, to its amortized cost. The gains or losses deriving from write-offs, changes or impairment of the financial asset are recognized in the Income Statement.

Financial assets measured at fair value recognized in "Other Comprehensive Income"

Financial assets are included in this category if both the following conditions are met:

- they are held in a "hold and sell" business model, and
- the contractual terms provide for certain given cash flows represented only by payments of the principal and of the interest on the principal to be repaid.

The gain or loss deriving from measurement at fair value of these financial instruments must be recognized in "Other Comprehensive Income" (with the exception of gains or losses due to impairment and gains or losses on exchange rates that are recognized in the Income Statement), until the financial asset is derecognized or reclassified. The interest calculated applying the criterion of effective interest is recognized in the profit for the year.
Investments in equity instruments which are not held for trading can be included in this category at the time of their initial recognition. The gain or loss deriving from their measurement is recognized in "Other Comprehensive Income" and is not reclassified to the Income Statement when the financial asset is derecognized. The dividends related to these instruments are recognized in the Income Statement. This context includes the investment

in the company Arterra Bioscience S.p.A., an equity investment which, as of the end of financial year 2019 was recognized among "other investments" (for more information, please see note 5 below).

Financial assets measured at fair value recognized in profit (or loss) for the year

This category comprises financial assets not included in the previous ones, among which are financial assets held for trading ("sell" model) and investments in equity instruments for which the option was not taken to include them in the previous class. In particular, a financial instrument is considered "held for trading" if purchased for the purpose of selling it or re-buying it after a short time. Derivative financial instruments are also included in this category, unless they are designated as hedging instruments.

The gain or loss deriving from measurement at fair value of these financial assets is recognized in profit (or loss) for the year.

Impairment of financial assets

For financial assets included in the first two categories (with the sole exception of any equity instruments included in the category of assets measured at fair value) provisions are recognized to cover the losses. These are calculated on the basis of the expected credit loss (ECL) model, using information that is supportable, available without unreasonable expenses or efforts, which includes historical, current and prospective data. These losses are based on the difference between the contractually payable cash flows and the cash flows that the Company expects to receive, discounted at the original interest rate.

The estimate for the provisions to cover losses must correspond to the losses expected along the entire life of the receivable if the credit risk of the financial instrument has increased significantly after initial recognition. Otherwise, the measurement of the provisions must be based on the expected losses in the twelve months following the reporting date.

For trade receivables, a simplified approach is applied, as described in the paragraph "Trade and other receivables".

Treasury shares

Treasury shares are recognized at cost and are booked, at the time of purchase, as a reduction of Shareholders' Equity. The economic effects deriving from any subsequent sales are recognized directly in Shareholders' Equity.

Inventories

Inventories are measured at the lower between cost and the net estimated realizable value, represented by the normal estimated sales prices, net of finalization or selling costs.

The cost of inventories may not be recoverable if they are damaged, if they become obsolete or if their selling prices have decreased: in this case, inventories are written down to their net realizable value on the basis of an assessment made on a line-by-line basis and the amount of the write-down is recorded as a cost in the period it is made.

The cost of inventories includes purchase costs, conversion costs and other costs incurred in order for the inventories to reach their current location and conditions.

The method used for determining the cost of inventories is that of the weighted average cost, inclusive of opening inventories.

Trade and other receivables

Trade and other receivables are included in the category of "Financial assets measured at amortized cost", already illustrated in the paragraph "Financial assets", which contains a description of the related measurement criteria.

For initial recognition of short-term trade receivables, which do not contain a significant financial component, the fair value is measured based on the price related to the commercial transaction. For medium/long-term receivables, which instead contain a significant financial component, at the time of initial recognition, the fair value is determined discounting the expected cash flows at the effective interest rate.

Trade receivables are presented in the financial statements net of provisions for expected impairment losses, which are determined on the basis of a simplified approach that provides for the possibility of recognizing the expected losses along the life of the receivable without having to identify any changes in the credit risk of the debtor. A "provision matrix" was therefore constructed on the basis of past experience (that is on losses of previous periods), but opportunely adjusted to take into account additional and prospective risk factors, in order to include in the assessment the future probability of default of the debtor. This additional risk factor was determined taking into consideration, on the one hand, the aging of the receivables and, on the other hand, the geographical region of the debtor.

Cash and cash equivalents

Cash includes cash on hand as well as on-demand and short-term bank deposits, i.e. those with an original envisaged maturity of no more than three months.

Cash equivalents include temporary cash surpluses invested in financial instruments with higher returns compared to demand bank deposits (e.g. government securities) and which can be readily liquidated. They cannot include temporary investments in equity instruments due to the volatility and variability of their values.

Trade and other payables

Payables are measured at amortized cost and, at the time of initial recognition, are booked at their fair value.

For initial recognition of short-term trade payables, which do not contain a significant financial component, the fair value is measured based on the price related to the commercial transaction. For medium/long-term payables, which instead contain a significant financial component, at the time of initial recognition, the fair value is determined discounting the expected cash flows at the effective interest rate.

Financial liabilities

At the time of initial recognition, financial liabilities are booked at their fair value, net of the ancillary expenses directly related to their acquisition.

After initial recognition, financial liabilities are measured at amortized cost, using the effective interest method, unless they are financial liabilities held for trading, which are instead measured at fair value recognized in profit (or loss) for the year. This latter category includes derivative financial instruments that have not been designated as hedging instruments under the terms of the accounting standard IFRS 9.

Provisions for risks and charges

Provisions for risks and charges, which include liabilities whose timing and extent are unknown, are provided when:

- there is a current obligation (legal or implied) which is the result of a past event;
- it is probable that an outlay of resources will be necessary to meet the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recorded as a provision represents the best estimate of the outlay required for meeting the obligation existing as at the period end date. If the effect of the discounting back of the value of the cash is significant, the provisions are determined by discounting back the expected future cash flows at a pre-tax discount rate which represents the current market valuation of the cost of money in relation to time and, if appropriate, the specific risks of the liabilities. When discounting back is carried out, the increase in the provisions due to the passage of time is treated as a financial charge.

Contingent liabilities, instead, are not recognized in the Financial Statements.

With reference to the provisions for “participation bonus and manager and director bonuses” the Company records this amount - in line with the previous year - in the item “Current provisions" since they are approved and finalized by the Shareholders' Meeting following approval of the Financial Statements.

Employee Benefits

Benefits after the termination of the employment relationship are established on the basis of plans which, in relation to their characteristics, are separated into defined-contribution plans and defined-benefit plans.

With regard to defined-contribution plans, the company's obligation is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at period end, less any amounts already paid.

In defined-benefit plans, the amount accounted for as a net liability (or asset) is determined using the actuarial technique of the “Projected Unit Credit Method” and is equal to: (a) the present value of the defined-benefit obligation at the reporting date; (b) plus any actuarial gains (less any actuarial losses); (c) less any social security costs relating to past work services not yet recorded; (d) less the fair value at the reporting date of the assets serving the plan (if any) beyond which the obligations must be directly discharged. The actuarial gains and losses coming from re-measurement of the assets and liabilities following the change in the financial actuarial and/or demographic assumptions, and the yield of the assets serving the plan (except for the amounts included in net interest), are recognized under "Other Comprehensive Income" and are directly reflected in the "Retained earnings" without subsequent reclassification to "Profit/(loss) for the year" items.

In defined benefit plans the cost recorded under the "Profit/(loss) for the year" is the same as the algebraic sum of the following elements: (a) social security costs relating to current employment services; (b) net interest deriving from the increase in the liability consequent to the passage of time; (c) social security costs relating to past employment services; (d) the effect of any reductions or discharges of the plan.

Until December 31st, 2006, the severance indemnity fund of the Company was considered as a defined-benefit plan. This was changed by Italian Law No. 296 of December 27th, 2006 (Finance Law 2007) and subsequent Decrees and Regulations that were issued in the first few months of 2007. In light of these amendments, this is now considered a defined-benefit plan only insofar as the amounts which matured until January 1st, 2007 (and which have not been settled on the Balance Sheet date), while after this date, it is considered a defined contribution plan.

Share-Based Payment

Under the terms of IFRS 2, personnel costs include the cost of any incentive plans with share-based payment. The cost of the incentive is determined based on the fair value of the attributable instruments and to the forecast of the number of shares that will effectively be assigned; the portion accruing to the year is determined *pro-rata temporis* along the vesting period, that is the period running from the attribution date (the "grant date") and the assignment date and is recognized as counter-item to the Shareholders' Equity reserves.

The fair value of the shares underlying the incentive plan is determined at the grant date, considering the forecasts regarding the achievement of any performance parameters associated with market conditions and is not subject to adjustment in subsequent financial years. When attainment of the benefit is also connected to conditions other than those of the market (for example seniority in service and non-market conditions of performance), the estimate related to these conditions is reflected by adjusting, along the vesting period, the number of shares expected to be effectively assigned.

Lease contracts

Lease contracts, which in exchange for a fee grant the right to control the use of a specific asset for a period of time, at the start date imply recognition by the lessor of an asset (right of use) and of a financial liability for an amount equal to the current value of the payments due for the use of the asset. Given that in the majority of lease agreements signed, there is no implicit interest rate, in determining the discounting rate the starting point was the risk-free rate of each country where the contracts were signed, with maturities commensurate to the term of the various contracts, to which was added a spread expressing the credit risk of the contracting company.

The Right of use is depreciated systematically at the shorter between the lease term and the residual life of the underlying asset. If the lease contract transfers ownership of the related asset or the cost of the right of use reflects the Company's intention to exercise the purchase option, the related right of use is depreciated along the entire useful life of the asset. The depreciation starts from the beginning of the lease.

Following the initial recognition, the financial liability for the lease is increased through recognition in the Income Statement of the interest accruing during the period and decreased on the basis of the payments made.

The Company recalculates the value of the financial liability for the lease (and adjusts the value of the corresponding right of use) if:

- the duration of the lease changes or there is a change in the assessment of the exercise of the subscription right; in this case, the liability for the lease is redetermined by discounting the new payments of the lease at the revised discounting rate.
- the value of the lease payments changes following changes in the indexes or rates; in these cases, the lease liability is redetermined by discounting the new lease payments at the initial discounting rate (unless the payments due as per the lease contract change following fluctuation in interest rates, in which case a revised discounting rate must be used).
- a lease contract has been amended or the amendment does not fall under one of the cases for the separate recognition of the lease contract. In these cases, the lease liability is redetermined by discounting the new lease payments at the revised interest rate.

For short-term leases, i.e. of a duration no longer than 12 months, and for low-value assets, i.e. those in which the value of the underlying assets does not exceed € 5,000, the option was taken to recognize the payments due to the Income Statement on a straight-line basis.

Conversion of foreign currency balances

Foreign currency transactions are initially recognized using the exchange rate which is applicable on the transaction date. Exchange differences arising during the period, when foreign currency receivables are collected and payables paid, are recognized in profit or loss.

At the end of the accounting period, the monetary assets and liabilities denominated in foreign currency - comprising cash on hand and assets and liabilities to be received or paid in fixed and determinable cash amounts - are converted into the reporting currency using the exchange rate in force as at the period end date, with recognition of any exchange difference generated in the Income Statement. Non-monetary items expressed in foreign currency are converted into the reporting currency using the exchange rate in force as at the transaction date, or the original historic exchange rate. Non-monetary elements recorded at fair value are converted using the exchange rate in force as at the date this value was determined.

Revenues

Revenues are recognized at the time, or gradually as, the entity fulfills the obligation to perform for customers, transferring to them the goods or services promised, and are booked for an amount that reflects the consideration to which the entity believes it has a right in exchange for transferring the goods or services to the customer.

The goods or services promised are considered transferred when, or gradually as, the customer acquires control over them. Control over the goods or services means the ability to decide the use of the goods or services and the ability to substantially draw all the remaining benefits from them. Transfer of control over goods or services may occur at a certain time or over a period of time.
In determining the price of the transaction, the amount of the consideration is adjusted to take into account the effects of the time value of money if the payment terms agreed offer the entity or the customer a significant benefit. This adjustment is not made if the Company expects that the time gap between the time of transfer of the goods or services and the time of payment will not exceed one year.
If the consideration promised in the contract with the customer includes a variable amount (for example quantity bonuses, discounts, incentives or other similar elements), the entity must estimate the amount of the consideration to which it will have the right in exchange for transferring the goods or services promised to the customer.

Sale of goods

Revenues deriving from the sale of goods are recognized when control of the goods is transferred to the customer. In order to determine whether the transfer has taken place, it is necessary to assess whether the customer has acquired ownership of the goods, whether possession has been transferred, whether the customer is already required at that time to pay for the goods, and whether the customer has the right to the significant risks and benefits of ownership of the goods. Specifically, for sales of agrochemical products and raw materials, the revenues can be recognized at the time of shipment or at the time the goods are delivered to the customer.

Provision of services

Revenues related to the provision of services are recognized at the time, or gradually as, the entity fulfills the obligation to perform in for the customer. When the obligation is fulfilled over time, the entity recognizes the revenues gradually while the service is being performed, assessing its progress towards complete fulfillment of the obligation to perform.
The adequate methods for assessing progress include methods based on outputs and methods based on inputs. For toll manufacturing, revenues are recognized based on the ratio between quantities produced and total quantities to be produced.

Concessions of licenses

A license confers on the customer rights over the entity's intellectual property. For the purposes of recognizing revenues related to concession of licenses, it is necessary to determine whether the license is transferred to the customer on a specific date or over a period of time. To this end, it is necessary to determine whether the customer is given one or the other of the following rights:

- right of access to the entity's intellectual property, as it exists over the period of the license; or
- right of use of the entity's intellectual property, as it exists at the time the license is granted.

The entity's promise to grant a license is by nature a promise to grant the right of access to its intellectual property if the following conditions are met:

- the contract prescribes that the entity must carry out activities that will have a significant impact on the intellectual property over which the customer claims rights;
- the rights granted by the license expose the customer directly to the positive or negative consequences of the entity's activities, and
- these activities do not simultaneously determine the transfer of the goods or services to the client.

In this case, the entity accounts for the revenue related to concession of the license as an obligation to be fulfilled over time. If instead these criteria are not met, the entity's promise is by nature a promise to grant the right to use the intellectual property as it exists at the time it is granted to the customer, who may decide on the use of the license and substantially draw all the remaining benefits from it at the time the license is transferred to it. The promise to confer the right to use the intellectual property, in this latter case, is considered an obligation to be fulfilled at a specific date with consequent recognition of the revenue related to the action of granting the license.

Interest

Interest is recorded on an accrual basis, using the effective interest rate method.

Royalties

These are recorded on an accrual basis, in accordance with the provisions of the related agreement.

Dividends

These are recorded when the right to receive the payment arises.

Government grants

Government grants are recorded at fair value when reasonable certainty exists that they will be received and that all the conditions referring to them have been satisfied.
When the grants are linked to cost components (for example operating grants) they are recorded under the item "Other operating revenues" but spread out systematically over several accounting periods so that the revenues are proportional to the costs which they are intended to offset.

When, on the contrary, grants are linked to assets (for instance, grants for plant or grants for intangible assets being developed) they are deducted directly from the book value of such assets and are thus recognized, during the useful life of the asset to be amortized, in the Income Statement as income, by directly decreasing the amortizing cost.

Borrowing Costs

Financial charges directly attributable to the acquisition, construction or production of property plant and equipment and intangible assets which take a substantial period of time to get ready for their intended use, are capitalized as part of the cost of the assets.

All other financial charges are recognized as costs accrued in the year when they are incurred.

Costs for the purchase of goods and the provision of services

These are recorded in the Income Statement on an accrual basis and involve decreases in economic benefits, in the form of outgoing cash flows or the reduction in value of assets or the incurring of liabilities.

Income taxes (current taxes, deferred tax assets and liabilities)

Current taxes are calculated on the basis of a realistic forecast of the tax liabilities to be paid, in accordance with tax legislation in force and are stated in the item “Tax payables” net of the advances paid.

If the advances paid and any credits from previous accounting periods are greater than the taxes payable, the net receivable due from the tax authorities is recorded under the item “Tax receivables”.

The Company recognizes deferred tax assets and liabilities for temporary differences between the carrying amount of assets and liabilities in the Balance Sheet and their tax bases.

Specifically, a deferred tax liability is recorded for all taxable temporary differences, save when such liability derives from the original recognition of the goodwill. This liability is stated in the Financial Statements under the item “Deferred tax liabilities”. Conversely, a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is also recorded in the presence of tax losses or tax credits carried forward, to the extent that it is probable that sufficient future assessable income will be available. This asset is stated in the Financial Statements under "Deferred tax assets".

The value to be stated in the Financial Statements for deferred tax assets is reviewed at the end of each accounting period and is reduced to the extent that it is no longer probable that sufficient income for tax purposes will be available in the future for this tax credit to be used.

Deferred tax assets and liabilities must be calculated using the tax rates which are expected to be applicable in the period when the asset will be generated or the liability discharged, on the basis of current tax rates or those effectively in force at reporting date.

Current and deferred taxes are recorded in the Income Statement as a charge or as income for the period. However, current and deferred taxes must be debited or credited directly in Shareholders’ Equity or in the Statement of Other Comprehensive Income if they relate to items recorded directly in these items.

Derecognition of a financial asset

A financial asset is derecognized when the Company no longer has control over the contractual rights associated with the asset. This normally occurs when the rights specified in the contract are exercised, when they expire, or when they are transferred to third parties. Consequently, when it emerges that the Company has retained control over the contractual rights associated with the asset, the latter cannot be removed from the Balance Sheet. This essentially takes place:

- when the transferor has the right or the obligation to repurchase the transferred asset;
- when the transferor essentially maintains all the risks and benefits;
- when the transferor provides guarantees for all the risks relating to the transferred asset.

Conversely, if the transferee has the ability to obtain the rewards of the transferred asset, or is free to sell or utilize the entire fair value of the transferred asset, the transferor shall remove the asset from its Balance Sheet.

In the event of a transfer, the difference between the book value of the transferred assets and the sum total of the payments received and any previous adjustment which reflects the fair value of that asset, which has been accumulated under Shareholders' Equity, is included in the Income Statement for the period.

It should be noted that in relation to the factoring of non-recourse trade receivables, under some contracts the maximum default risk assumed by the factor is governed by the so-called credit ceiling. Appropriate effectiveness tests are therefore conducted on these transactions to verify that the risks and rewards have been substantially transferred.

Derivative instruments and hedge accounting

Derivatives are measured at fair value, which IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. This value is calculated with reference to the public quoted price of the instrument. When a quoted market price is not available, reference is made to the current market value of other instruments that are substantially identical or appropriate measurement techniques that consider a premium for counterparty risk are used. These techniques are described in the Explanatory Notes, in the paragraph on derivatives.

A financial instrument can be acquired for trading purposes or hedging purposes.

The gains or losses on valuation related to derivatives purchased for trading purposes are recognized in the Income Statement in profit/(loss) for the year, while the derivatives purchased for hedging purposes are recognized according to hedge accounting, the objective of which is to present in the financial statements the effect of the entity's risk management activities that use financial instruments to manage the exposures deriving from particular risks that could affect the profit for the year. For hedge accounting purposes only assets, liabilities, irrevocable commitments and highly probable planned transactions involving a party external to the entity that prepares the financial statements can be designated as hedged items.

If a derivative financial instrument is purchased for hedging and not trading purposes but does not have the requirements described below to be accounted for according to hedge accounting, it is accounted for according to the rules established for financial instruments held for trading, with recognition of the related gains or losses in the separate Income Statement.

For the entity to be able to use hedge accounting, at the start of hedging there must be formal documentation that describes the hedging relationship, the corporate risk management goals and the strategy followed to put the hedging in place. In particular, the documentation must include identification of the hedging instrument, the hedged item, the nature of the risk hedged and how the entity will assess whether the hedging relationship meets the effectiveness requirements of the hedging. These requirements are met if:

- there is a financial relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over the changes in value resulting from the financial relationship;
- The hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the entity effectively hedges and the amount of the hedging instrument that the entity uses effectively to hedge this quantity of hedged item.

There are three types of hedging relationships:

- fair value hedges: hedging of the exposure against changes in the fair value of the recognized asset or liability or unrecognized irrevocable commitment, or a component of this item, which pertains a particular risk and could affect the profit for the year;
- cash flow hedges: hedging of the exposure against the variability of cash flows pertaining to a particular risk associated with all the assets or liabilities recognized, or a component of them, or to a highly probable planned transaction that could affect the profit for the year;
- Hedges of a Net Investment in a Foreign Operation, as defined by IAS 21.

Given that the Company only makes cash flow hedging transactions, only the accounting methods related to this category are illustrated below.

Cash flow hedging

In cash flow hedging, the effective part of the gains or losses of the hedging instrument is recognized in "Other Comprehensive Income", going into a specific shareholders' equity reserve, while the ineffective part is recognized in the Income Statement in profit for the year. The Shareholders' Equity reserve is then adjusted to the lower between the gains (or losses) accumulated on the hedging instrument and the accumulated change in the fair value of the hedged item since the start of the hedging.

The amounts accumulated in the cash flow hedging reserve must then be accounted for based on the nature of the underlying transaction being hedged. In fact, if the hedged transaction subsequently entails the recognition of a non-financial asset or liability, the reserve is derecognized, recognizing as a counter-item a higher or lower initial value of the asset or liability recognized, while, in all other cases, the amount of the reserve must be reclassified in the profit/(loss) for the year as a reclassification adjustment in the same year the expected cash flows hedged influence the profit for the year.

Finally, if the hedging relationship ceases and no future hedged cash flows are expected, the amount of the reserve must be reclassified to profit/(loss) for the year as a reclassification adjustment.

INFORMATION ON THE BALANCE SHEET

1. Tangible assets – 15,082

The breakdown and summary changes in tangible assets are described in the following tables:

Breakdown	Dec. 31st, 2019 Historical cost	Dec. 31st, 2019 Amortization	Dec. 31st, 2019 Book value	Change	Dec. 31st, 2020 Historical cost	Dec. 31st, 2020 Amortization	Dec. 31st, 2020 Book value
Land	1,053	-	1,053	-	1,053	-	1,053
Buildings:							
- owned assets	16,948	(11,121)	5,827	(3)	17,675	(11,851)	5,824
	16,948	(11,121)	5,827	(3)	17,675	(11,851)	5,824
Plant and machinery:							
- owned assets	34,602	(28,751)	5,851	1,272	37,033	(29,910)	7,123
- capital grants	(357)	357	-	-	(357)	357	-
	34,245	(28,394)	5,851	1,272	36,676	(29,553)	7,123
Equipment:							
- owned assets	5,510	(4,948)	562	(187)	5,522	(5,147)	375
	5,510	(4,948)	562	(187)	5,522	(5,147)	375
Other assets:							
- furniture and fittings	1,111	(939)	172	(28)	1,119	(975)	144
- motor vehicles	38	(38)	-	-	38	(38)	-
- data processors	3,155	(2,693)	462	(150)	3,179	(2,867)	312
	4,304	(3,670)	634	(178)	4,336	(3,880)	456
Fixed assets under development and payments on account:							
- owned assets	1,566	-	1,566	(1,315)	251	-	251
Total	**63,626**	**(48,133)**	**15,493**	**(411)**	**65,513**	**(50,431)**	**15,082**

Changes during the year	Purchases	Reclassifications (hist. cost)	Disposals	Depreciation and amortization / Impairment	Use of deprec. prov.	Reclassifications (deprec. prov.)	Total change
Land	-	-	-	-	-	-	-
Buildings:							
- owned assets	168	559	-	(730)	-	-	(3)
	168	559	-	(730)	-	-	(3)
Plant and machinery:							
- owned assets	1,569	969	(107)	(1,260)	101	-	1,272
	1,569	969	(107)	(1,260)	101	-	1,272
Equipment:							
- owned assets	5	7	-	(199)	-	-	(187)
	5	7	-	(199)	-	-	(187)
Other assets:							
- furniture and fittings	3	5	-	(36)	-	-	(28)
- data processors	33	-	(9)	(181)	7	-	(150)
	36	5	(9)	(217)	7	-	(178)
Fixed assets under development and payments on account:							
- owned assets	225	(1,540)	-	-	-	-	(1,315)
	225	(1,540)	-	-	-	-	(1,315)
Total	**2,003**	**-**	**(116)**	**(2,406)**	**108**	**-**	**(411)**

The main changes during the year refer to:

- the completion at the Adria plant of an investment to acquire a new rotating filter for the production of technical oxychlorides. This investment, already seen at December 31st, 2019 under included for € 172 thousand under the item "assets under development" led to an increase in the historical cost of "plant and machinery" of € 652 thousand;
- the completion, again at the Adria production site, of a new packaging line; this investment led to a € 227 thousand increase in the historical cost of the item "plant and machinery"; at December 31st, 2019, this investment was recognized among "assets under development" for € 53 thousand;
- the completion, also at the Adria production site, of an investment to acquire a new mill to produce paste products; the investment of € 286 thousand, already entirely included at December 31st, 2019 under the item "assets under development", was reclassified to "plant and machinery" during the year, after successful commissioning;
- the completion of investments to increase plant efficiency and the level of safety of the Adria and Aprilia production sites; the conclusion of these projects led to an increase in the historic cost of the item "buildings" for € 679 thousand and of the item "plant and machinery" for € 951 thousand; at December 31st, 2019 these investments were posted under "assets under development" for € 860 thousand;
- the disposal, at the Adria plant, of obsolete plant and equipment no longer available for use; this disposal led to a decrease of € 107 thousand in the historical cost for "plant and machinery" and the recognition of capital losses in the amount of € 6 thousand.

With reference to the results of the impairment test carried out by the Directors regarding the various CGUs identified as reported above in the section, "*Impairment of tangible assets, intangible assets, goodwill and equity investments*", please refer to notes 2 and 4 below.

The table below provides summary data on the land and buildings owned:

location	type	Total surface square meters	Indoor surface square meters
Municipality of Adria (RO)	plant - copper-based products	146,965	13,398
Municipality of Aprilia (LT)	plant - formulations	130,823	29,789
Municipality of Bussi sul Tirino (PE)	plant - tetraconazole	3,110	1,000
Municipality of Novara (NO)	plant - organic products	1,634	745
Municipality of Novara (NO)	building - labs, greenhouses, offices	6,677	3,490
Municipality of San Pietro in Casale (BO)	Rural area "Cantalupo"	43,611	-
Municipality of Galliera (BO)	Rural area "Cantalupo"	96,389	500

2. Intangible assets – 20,524

The breakdown and summary changes in intangible assets during the year are described in the following tables:

Breakdown	Dec. 31st, 2019			Change	Dec. 31st, 2020		
	Historical cost	Amortization	Book value		Historical cost	Amortization	Book value
Product development costs:							
- SDHi (Fluindapyr)	3	-	3	(3)	-	-	-
- new formulations	2,021	-	2,021	(1,661)	360	-	360
	2,024	-	2,024	(1,664)	360	-	360
Process development costs	42	-	42	(42)	-	-	-
Product know-how:							
- SDHi (Fluindapyr)	22,372	(124)	22,248	(22,248)	-	-	-
- fungicide IR 6141	5,593	(4,940)	653	(373)	5,593	(5,313)	280
- Remedier	784	(719)	65	(52)	784	(771)	13
- biostimulants and fumigants	2,862	(732)	2,130	(251)	2,769	(890)	1,879
- insecticides and fungicides	1,207	(565)	642	(231)	1,207	(796)	411
	32,818	(7,080)	25,738	(23,155)	10,353	(7,770)	2,583
Process know-how	736	(494)	242	(198)	509	(465)	44
Extraordinary protection	6,515	(3,318)	3,197	138	8,318	(4,983)	3,335
Patents, licenses, trademarks and registrations	28,777	(18,317)	10,460	(2,330)	28,593	(20,463)	8,130
Other:							
- software	885	(365)	520	(85)	1,009	(574)	435
	885	(365)	520	(85)	1,009	(574)	435
Fixed assets under development and payments on account:							
- registrations	6,733	-	6,733	(1,158)	5,575	-	5,575
- other	44	-	44	18	62	-	62
	6,777	-	6,777	(1,140)	5,637	-	5,637
Total	78,574	(29,574)	49,000	(28,476)	**54,779**	**(34,255)**	**20,524**

Changes during the year	Acquisitions / capitalizations	Reclassifications and other changes	Write-downs	Sales	Depreciation and amortization	Total change
Product development costs:						
- SDHi (Fluindapyr)	122	-	-	(125)	-	(3)
- new formulations	263	-	-	(1,924)	-	(1,661)
	385	-	-	(2,049)	-	(1,664)
Process development costs	25	-	(67)	-	-	(42)
Product know-how:						
- SDHi (Fluindapyr)	-	-	-	(21,751)	(497)	(22,248)
- fungicide IR 6141	-	-	-	-	(373)	(373)
- Remedier	-	-	-	-	(52)	(52)
- biostimulants and fumigants	-	-	(71)	-	(180)	(251)
- insecticides and fungicides	-	-	-	-	(231)	(231)
	-	-	(71)	(21,751)	(1,333)	(23,155)
Process know-how	-	-	(51)	(14)	(133)	(198)
Extraordinary protection	1,803	-	-	-	(1,665)	138
Patents, licenses, trademarks and registrations	182	796	(417)	(389)	(2,502)	(2,330)
Other:						
- software	124	-	-	-	(209)	(85)
	124	-	-	-	(209)	(85)
Fixed assets under development and payments on account						
- registrations	972	(796)	(591)	(743)	-	(1,158)
- other	18	-	-	-	-	18
	990	(796)	(591)	(743)	-	(1,140)
Total	**3,509**	**-**	**(1,197)**	**(24,946)**	**(5,842)**	**(28,476)**

Intangible assets not yet available for use include € 360 thousand of "development costs", mainly incurred to continue the development phase of new proprietary products; € 5,637 thousand for "assets under development", of which € 5,575 thousand refer to registration costs incurred to obtain authorization to sell formulations of the main proprietary products in various countries.
It should be noted how, during the year, the obtainment of new authorizations to sell led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortization period, for an amount equal to € 796 thousand.
As already indicated in the Report on Operations, on October 2nd, 2020 the Company sold the Swiss company FMC Agricultural Products International A.G. (a company in the FMC Group), for € 55,000 thousand (paid in entirety on the closing date), the know-how, brands, patents and registration dossiers relative to the fungicide known as *Fluindapyr*, in the SDHi class, for which a co-development agreement had been signed with FMC Corporation (also part of the FMC Group) in 2012. For more details about this operation, please see Note 25a.
"Extraordinary protection", amounting to € 3,335 thousand, refers to costs incurred by the Company to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU directives.
This item concerns the following proprietary products:

- Tetraconazole 502
- Copper-based products 1,238
- Pyrethroids 133
- *Kiralaxyl* 1,208
- Other products 254

In particular, the increase for the year, equal to € 1,803 thousand, refers essentially to the activities and studies requested by the European Union to renew *Kiralaxyl* (IR6141) in *Annex 1*.
During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed; critical issues emerged with refer-

ence to certain assets that proved to be either no longer usable or uneconomical to use for the Company. Consequently, pursuant to IAS 38, costs were entirely written down sustained in relation to investments in registration dossiers, patents and brands deemed no longer of interest for the Company, for a total of € 417 thousand, and in relation to development and know-how costs for processes, for € 118 thousand, as well as costs relative to the book value of a basic *Fluindapyr* registration not sold to FMC and other authorizations for sale still to be obtained for a total of € 591 thousand.
Moreover, it was deemed necessary to write down, in accordance with IAS 36, part of the know-how relating to the "Fumigant" molecule by € 71 thousand.
The residual value of the item "patents, licenses, trademarks, registrations and similar rights", amounting to € 8,130 thousand, comprises:

- registrations of agrochemicals 7,730
- trademarks, patents and similar rights 400.

"Software" investments of € 435 thousand which refer to the creation or customization of new IT programs.

<u>*Impairment test*</u>
According to the provisions of IAS 36, while preparing the Financial Statements at December 31st, the Company conducts impairment tests, at least once year, on the Company's assets allocated to the relative Cash Generating Units (CGUs), in the case that the individual assets do not produce independent incoming cash flows.
In particular, the recoverability of the products in development and registrations that are being obtained is checked, since these are Company's intangible assets not yet available for use.
It should be noted, moreover, that also the total carrying amounts of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with "finite useful life", are tested for impairment by the Company at least annually, as those are strictly related to the assets not yet available for use, and cannot therefore be measured independently. If the product assessed is part of a CGU, to which a portion of the Company's goodwill has been allocated, the recoverable amount of the entire CGU is then estimated. Therefore, with reference to the CGUs "Copper" and "Organic and biostimulant products", reference should be made to note no. 4.

The following table highlights the value of the intangible assets grouped according to all of the above:

ASSETS WITH A FINITE USEFUL LIFE

	Assets not yet available for use	Assets already available for use	Total book value
Fixed assets related to R&D:			
- *Kiralaxyl* (IR6141)	1,761	3,978	5,739
- Tetraconazole	133	3,514	3,647
- Organic and biostimulant products	537	453	990
- Copper	955	3,024	3,979
- Pyrethroids	145	241	386
- Fumigants	2,404	2,744	5,148*
- Others	-	138	138
	5,935	14,092	20,027
Other intangible assets:			
- Software	62	435	497
	62	435	497
Total	**5,997**	**14,527**	**20,524**

**Value shown net of the write-down deriving from the impairment test of € 71 thousand*

The impairment test was performed by comparing the carrying amount of each CGU with its recoverable amount, derived from the determination of value in use.
In particular, with reference to the molecules "*Kiralaxyl* (IR 6141)", "Fumigants", "Pyrethroids" and "Tetraconazole", the value in use was calculated using the "Discounted Cash Flow" model which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
The main hypotheses made in the estimate of the value in use, for the purposes of calculating the related recoverable value of the above molecules, are indicated below.

<u>Business assumptions</u>
The analysis was carried out on the basis of the Plan drawn up Company Management and subsequently included in the 2021 Budget and the consolidated 2022 - 2025 Business Plan approved on March 4th, 2021 by the Board of Directors of Isagro. This Plan is based on assumptions held by management to be reasonably achievable, with the exception of impacts linked to external variables out of their control, including market conditions, weather, the time necessary and probability of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations for sale.
Please recall that the cash flows forecast in the Plan, with reference to the current Covid-19 health crisis, do not include possible input worsened by the pandemic, giv-

en that these effects are held by the Directors to be insignificant for Isagro. Of the assumptions at the basis of the impairment tests carried out, the compound average growth rates of the turnover and the EBITDA are shown below, with reference to the clear periods used in the test for each CGU in question.

	Kiralaxyl (IR 6141)	Pyrethroids	Fumigants	Tetraconazole
- Revenues	31%	8%	9%	-8%
- EBITDA	45%	10%	19%	-19%

Time scale considered

To estimate expected cash flows from various products, an explicit time horizon of 5 years was used (corresponding to the time horizon of the Plan).

At the end of this explicit time horizon, the perpetuity method (Gordon Growth Model) was used to calculate the terminal value, using a normalized cash flow calculated on the basis of the following main assumptions:

- EBITDA equal to that of the last year of the Plan, 2025;
- amortization/depreciation equal to investments, estimated using a normalized value;
- zero change in current assets, in consideration of zero growth.

The Growth rate considered when calculating the terminal value is zero.

Economic-financial parameters

The main reference parameters are indicated below:

	Kiralaxyl (IR 6141)	Pyrethroids	Fumigants	Tetraconazole
- Financial structure (NFP/Total sources)	0.16	0.16	0.16	0.16
- WACC	8.8%	8.8%	9.4%	8.8%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of Debt

For the cost of debt before taxes, reference was made to the sum of the average of Interest Rate Swaps at twenty-four months, and to the current cost of existing credit lines.

Cost of Equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

	Kiralaxyl (IR 6141)	Pyre-throids	Fumigants	Tetraconazole
- levered Beta equal to	0.97	0.97	0.97	0.97
- risk-free rate	2.2%	2.2%	2.2%	2.2%
- market risk premium	6.5%	6.5%	6.5%	6.5%
- a size and additional risk premium equal to	1.9%	1.9%	2.6%	1.9%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate and, in particular, an unconditional adjusted approach to neutralize the expansive monetary policies of central banks, with the following hypotheses:

Risk-free rate: assumed to be equal to the weighted average of the returns of Government Bonds of countries where the Isagro Group operates; in particular, the gross effective average return of the last twenty-four months as at the reference date of the Government Bonds of each country outside the Euro area, with ten-year maturity, was taken. As a weighting factor, the revenues from the sales recorded in each country in 2020 and budgeted for 2021 were selected. For the countries in the Euro area, rates normalized by the monetary policies implemented by the Central Banks were estimated; these rates were calculated using the risk-free rate of a mature economy, specifically the USA, corrected to take account of inflation in the specific country and increased by a premium for the risk of each individual market using the Credit Default Spread of the specific country net of the United States (average value over the last twenty-four months).

Levered beta: estimated on the basis of the average unlevered beta of the panel of comparable listed companies;

Market risk premium: calculated as the weighted average of the Market Risk Premiums of the countries where the Isagro Group operates, considering revenues as the weighting factor;

Size and additional risk premium: the size premium was estimated to consider the smaller size of the Isagro Group

relative to the comparable companies included when calculating the beta in terms of revenues, to which was added an additional risk premium of certain CGUs in order to express the specific risk profile of various projects/ molecules in relation to the different degrees of uncertainty of the expected cash flows or stage of progress of the registration.
The cost of own funds is therefore equal to 10.4% for the molecule "*Kiralaxyl* (IR 6141)", for the "Pyrethroids" and for “Tetraconazole”, and 11.0% for "Fumigants".

Weight of equity and debt
With reference to the weight of own funds and others’ funds (debt), the market structure for listed companies in the sector was considered.

WACC
Based on the above assumptions, the following rates were determined:

	***Kiralaxyl* (IR 6141)**	**Pyrethroids**	**Fumigants**	**Tetraconazole**
- WACC	8.8%	8.8%	9.4%	8.8%

Compared to the WACCs used in the previous year, there was no substantial variation observed.

Main results
According to the impairment tests performed, approved by the Board of Directors of Isagro S.p.A. on March 16th, 2021, the Directors found an impairment loss related to “Fumigants” and therefore had to make a write-down of € 71 thousand on the know-how of the molecule.
With regard to “*Kiralaxyl* (IR 6141)”, to the “Pyrethroids” and to “Tetraconazole”, the Directors have not found any impairment and therefore have not considered any write-downs necessary.

Sensitivity analysis
As required by IAS 36 and by the O.I.V. guidelines on impairment test, the Company conducted sensitivity analysis on the recoverable value of the above molecules, analyzing the effect of a change in the discount rate used to discount the expected cash flows, together with the sensitivity analysis conducted on the EBITDA. This analysis was performed to examine the effects of a potentially volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.
In particular, the sensitivity analysis carried out on the molecules “*Kiralaxyl* (IR 6141)”, “Pyrethroids”, and “Tetraconazole”, maintaining the main hypotheses underlying the Plan and varying the WACC and the EBITDA, showed no particular criticalities, tending to confirm the soundness of the test results, although with the uncertainty deriving from the dependence on the forward-looking data on the previously mentioned external factors.
The calculation of the break-even WACC is shown below, alongside the reduction in terms of percentage of the EBITDA value for the four molecules:

	% EBITDA	**Break-even WACC**
Kiralaxyl (IR 6141)	-2.9%	9.2%
Pyrethroids	-83.0%	86.0%
Fumigants	1.2%	9.3%
Tetraconazole	-21.3%	15.2%

3. Rights of use – 3,772

The breakdown and summary changes in rights of use during the year are described in the following table:

Breakdown	Dec. 31st, 2019			Change	Dec. 31st, 2020		
	Historical cost	Amortization	Book value		Historical cost	Amortization	Book value
Rights of use:							
Land	206	(2)	204	(2)	206	(4)	202
Buildings	3,724	(381)	3,343	(314)	3,776	(747)	3,029
Vehicles	614	(223)	391	(128)	717	(454)	263
Equipment	248	(111)	137	141	469	(191)	278
Total	**4,792**	**(717)**	**4,075**	**(303)**	**5,168**	**(1,396)**	**3,772**

Changes during the year	Acquisition	Early repayments	Other changes	Depreciation and amortization	Total change
Rights of use:					
Land	-	-	-	(2)	(2)
Buildings	52	-	-	(366)	(314)
Vehicles	103	-	-	(231)	(128)
Equipment	289	(23)	-	(125)	141
Total	**444**	**(23)**	**-**	**(724)**	**(303)**

The item includes, pursuant to the accounting standard IFRS 16 – Leases, the residual value of the rights of use of the assets held by the Company through operating and financial leases. The right of use of the assets, comprised of the initial value of the liability deriving from the lease contract, is recognized in the financial statements net of the amortization and depreciation calculated systematically at the lease term or the residual life of the underlying asset, whichever is lower. The item “Land”, amounting to € 202 thousand, refers to the residual value of the Company’s right of occupation, for a period of 99 years starting from 2005, of an area located in the municipality of Bussi sul Tirino (PE) owned by the company Solvay Solexis S.p.A. and right of occupation for a period of 84 years starting from 2019, of an additional area facing the one described previously. The item "Buildings" refers to the right of use of offices and related outbuildings of the Company headquarters. This value was calculated for a duration of twelve years, including the option to renew the contract. Lastly, the depreciation of the vehicles granted for business and personal use to the Company employees, equal to € 191 thousand, was classified in the Income Statement to the item “Personnel costs”. Please note that despite the continuation of the COVID-19 health crisis, the Company has not renegotiated any rent amounts that were initially established.

4. Goodwill – 1,631

Based on IAS 36, the goodwill acquired in business combinations was allocated to groups of Cash Generating Units (CGUs), which are broken down by unit below:

- “Copper” – € 464 thousand.
- “Organic products and biostimulants” – € 510 thousand.

The following table shows the Cash Generating Units in which the goodwill has been allocated:

- “Copper”	the CGU refers to the business of copper-based products, their production at the Adria (RO) plant and their worldwide distribution
- “Organic and biostimulant products”	the CGU refers to the organic and biostimulant products business, their production at the Novara plant and their worldwide distribution

The residual value of goodwill, estimated at € 657 thousand, and relative to the Aprilia (LATINA) production plant was allocated, for the purposes of the impairment test, to all the individual CGUs (including “Copper” and “Organic and biostimulant products”) based on the vol-

umes processed by the same at the Aprilia plant.
In compliance with international accounting standards, goodwill is not amortized but rather subjected to annual impairment tests, calculated by comparing the book value of the unit to which the goodwill was allocated to the recoverable value.
The Company carried out the impairment test by comparing the book value of each CGU with its recoverable value, resulting from the determination of the value in use. This value is calculated using the "Discounted cash flow" method, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC). The "Copper" and "Organic and biostimulant products" CGUs, in addition to the value of goodwill and other assets already in use, the values of the related intangible assets not yet available for use were also allocated; for more information, please see the table found under note 2.
The main parameters used in measuring the recoverable amount of the goodwill associated with the two CGUs (and the relative tangible and intangible assets) are shown below.

Business assumptions
The analysis was carried out on the basis of the Plan drawn up Company Management and subsequently included in the 2021 Budget and the consolidated 2022 - 2025 Business Plan approved on March 4th, 2021 by the Board of Directors of Isagro. This Plan is based on assumptions held by management to be reasonably achievable, with the exception of impacts linked to external variables out of their control, including market conditions, weather, the time necessary and probability of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations for sale. Please recall that the cash flows forecast in the Plan, with reference to the current Covid-19 health crisis, do not include possible input worsened by the pandemic, given that these effects are held by the Directors to be insignificant for Isagro.
Of the assumptions at the basis of the impairment tests carried out, the compound average growth rates of the turnover and the EBITDA are shown below, with reference to the clear periods used in the test for each CGU in question:

	Organic and biostimulant products	Copper
- Revenues	18%	5%
- EBITDA	65%	27%

Time scale considered
To estimate expected cash flows from various products, an explicit time horizon of 5 years was used (corresponding to the time horizon of the Plan).
At the end of this explicit time horizon, the perpetuity method (Gordon Growth Model) was used to calculate the terminal value, using a normalized cash flow calculated on the basis of the following main assumptions:
- EBITDA equal to that of the last year of the Plan, 2025;
- amortization/depreciation equal to investments, estimated using a normalized value;
- zero change in current assets, in consideration of zero growth.

The Growth rate considered when calculating the terminal value is zero.

Economic-financial parameters
The main reference parameters are indicated below:

	Organic and biostimulant products	Copper
- Financial structure (NFP/ Total sources)	0.16	0.16
- WACC	8.8%	8.8%

Estimated WACC
The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of Debt
For the cost of debt before taxes, reference was made to the sum of the average of Interest Rate Swaps at twenty-four months, and to the current cost of existing credit lines.

Cost of Equity
The Capital Asset Pricing Model was used to calculate the cost of equity.
The main assumptions underlying the application of this model are:

	Organic and biostimulant products	Tetraconazole
- levered Beta equal to	0.97	0.97
- risk-free rate	2.2%	2.2%
- market risk premium	6.5%	6.5%
- a size and additional risk premium equal to	1.9%	1.9%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate and, in particular, an unconditional adjusted approach to neutralize the expansive monetary policies of central banks, with the following hypotheses:
Risk-free rate: assumed to be equal to the weighted average of the returns of Government Bonds of countries where the Isagro Group operates; in particular, the gross effective average return of the last twenty-four months as at the reference date of the Government Bonds of each country outside the Euro area, with ten-year maturity, was taken. As a weighting factor, the revenues from the sales recorded in each country in 2020 and budgeted for 2021 were selected. For the countries in the Euro area, rates normalized by the monetary policies implemented by the Central Banks were estimated; these rates were calculated using the risk-free rate of a mature economy, specifically the USA, corrected to take account of inflation in the specific country and increased by a premium for the risk of each individual market using the Credit Default Spread of the specific country net of the United States (average value over the last twenty-four months).
Levered beta: estimated on the basis of the average unlevered beta of the panel of comparable listed companies;
Market risk premium: calculated as the weighted average of the Market Risk Premiums of the countries where the Isagro Group operates, considering revenues as the weighting factor;
Size and additional risk premium: the size premium was estimated to consider the smaller size of the Isagro Group relative to the comparable companies included when calculating the beta in terms of revenues, to which was added an additional risk premium of certain CGUs in order to express the specific risk profile of various projects/molecules in relation to the different degrees of uncertainty of the expected cash flows or stage of progress of the registration.
The cost of own funds is therefore equal to 10.4% for both the CGUs.

Weight of equity and debt
With reference to the weight of own funds and others' funds (debt), the market structure for listed companies in the sector was considered.
WACC
Based on the above assumptions, the following rates were determined:

	Organic and biostimulant products	Copper
- WACC	8.8%	8.8%

Compared to the WACCs used in the previous year, there was no substantial variation observed.

Main results
According to the impairment tests performed, approved by the Board of Directors of Isagro S.p.A. on March 16th, 2021, the Directors have found no impairment loss and therefore deemed that no write-down was necessary.

Sensitivity analysis
As required by IAS 36 and by the O.I.V. guidelines on impairment test, the Company conducted sensitivity analysis on the recoverable value of the above molecules, analyzing the effect of a change in the discount rate used to discount the expected cash flows, together with the sensitivity analysis conducted on the EBITDA. This analysis was performed to examine the effects of a potentially volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.
Specifically, the sensitivity analysis carried out on the "Organic and biostimulant products" and "Copper" CGUs maintaining the main hypotheses underlying the 2021 Budget and the 2022-2025 Business Plan and varying the WACC and the EBITDA, showed no particular criticalities, tending to confirm the soundness of the test results, although with the uncertainty deriving from the dependence of the forward-looking data on the previously mentioned external factors.
The calculation of the break-even WACC is shown below, alongside the reduction in terms of percentage of the EBITDA value for the two molecules:

	% EBITDA	Break-even WACC
Copper	-36.5%	17.5%
Organic and biostimulant products	-49.2%	22.3%

5. Equity investments – 13,479

This item comprises equity investments in subsidiaries and other companies, qualifying as long-term investments arranged primarily for strategic reasons.

The breakdown and analysis of changes in equity investments are described in the table below.

Equity investments	Historical cost	Cumulative write-downs	Value at Dec. 31st, 2019	Changes during the year				Value at Dec. 31st, 2020
				Acquisitions/ subscriptions	Fair value adjustment	Write-downs/ Settlements	Total change	
Subsidiaries:								
Isagro Agrosolutions Kenya Limited	8	-	8	-	-	(4)	(4)	4
* Isagro Argentina Limitada Srl	283	(263)	20	-	-	-	-	20
* Isagro Australia Pty Ltd	278	(276)	2	24	-	(6)	18	20
* Isagro Brasil Ltda	527	-	527	-	-	-	-	527
* Isagro Chile Ltda	54	(49)	5	-	-	(5)	(5)	-
* Isagro Colombia Sas	4,192	(500)	3,692	-	-	-	-	3,692
* Isagro España Sl	1,000	-	1,000	-	-	-	-	1,000
* Isagro Mexicana Sa De Cv	2	(2)	-	63	-	(34)	29	29
* Isagro Poland Sp. Z O.o.	7	(7)	-	-	-	-	-	-
* Isagro (Shanghai) Co Ltd	166	-	166	-	-	-	-	166
* Isagro Singapore Pte Ltd	304	(75)	229	-	-	(30)	(30)	199
* Isagro South Africa Pty Ltd	83	(74)	9	-	-	(8)	(8)	1
* Isagro Usa Inc	7,575	(7,575)	-	2,145	-	(643)	1,502	1,502
* Isagro Vietnam Co Ltd	-	-	-	42	-	-	42	42
* Phoenix-Del Srl	-	-	-	3,137	-	-	3,137	3,137
	14,479	(8,821)	5,658	5,411	-	(730)	4,681	10,339
Other investments:								
* Arterra Bioscience S.p.a.	4,176	-	4,176	-	(1,036)	-	(1,036)	3,140
	4,176	-	4,176	-	(1,036)	-	(1,036)	3,140
Total	**18,655**	**(8,821)**	**9,834**	**5,411**	**(1,036)**	**(730)**	**3,645**	**13,479**

The item “Acquisitions/subscriptions” of the year, equal to € 5,411 thousand, refers to:

1. for € 3,137 thousand for the purchase, on October 14th, 2020, of 100% of the Italian company Phoenix-Del S.r.l., which sells copper-based agrochemicals in Italy and Europe, the overall price agreed on was € 3,600 thousand, of which, at the closing date, € 3,100 thousand have been paid while the remaining € 500 thousand will be paid, without any interest, by March 31st, 2023, subordinate to the achievement of established sales targets between 2021 and 2023 which, at present and based on the available Business Plan, are unlikely to be achieved. The contract also establishes that for twelve months after the date of the contract, the sellers provide suitable guarantees in relation to any damages/losses/costs which Phoenix-Del S.r.l. may suffer exclusively and directly due to events occurring or deeds stipulated prior to the date the contract is executed or if discrepancies in that declared are found. Therefore, guaranteeing the above, the sellers deposited the sum of € 300 thousand in an escrow account. The Company also incurred costs of € 37 thousand in connection with the purchase of the equity investment, which were recorded as an increase in the value of the investment;

2. for € 2,145 thousand to subscription of the capital increases carried out by the subsidiary Isagro USA, Inc., for $ 1,000 thousand and for $ 1,500 thousand respectively on June 30th and on November 30th, 2020, the Company took steps to execute the subscription of the capital increases by offsetting part of its financial receivables due from the subsidiary;
3. for € 63 thousand to subscription of the capital increases carried out by the subsidiary Isagro Mexicana S.A. de C.V., for Mex$ 1,620,000, as per minutes of the shareholders' meeting of July 31st, 2020 and subsequent letter of September 3rd, 2020; the Company implemented the subscription of the capital increases offsetting with part of the financial receivables due from the subsidiary;
4. for € 42 thousand to the equivalent value of US$ 50 thousand related to the purchase by the subsidiary Isagro Singapore Pte Ltd., on August 24th, 2020, of an equity investment corresponding to 100% of the share capital of the company Isagro Vietnam Company Limited;
5. for € 24 thousand to subscription of the share capital increase carried out by the subsidiary Isagro Australia Pty. Ltd. for a total of A$ 40 thousand, as per the resolution dated April 22nd, 2020.

The item "Adjustment to fair value" refers to a decrease resulting from the fair value measurement as at December 31st, 2020 of the equity investment in Arterra Bioscience S.p.A., as provided for by IFRS 9. In fact, as already extensively described in the Explanatory Notes to the 2019 financial statements – to which explicit reference is made –, the interest held by Isagro S.p.A. in Arterra decreased, already in the previous year, from 22% to 16.8%, thus determining a reclassification under the item "other equity investments" and, consequently, a different valuation method.

The decrease in the fair value with respect to December 31st, 2019 was recognized within "Other Comprehensive Income"; in fact, the Directors of the Company, in compliance with paragraph 5.7.5 of IFRS 9, chose to present the fair value change of the security in "Other Comprehensive Income".

In addition, in consideration of the ongoing COVID-19 emergency and its potential repercussions on the fair value of the Arterra security, at March 12th, 2021, the Arterra share listing came to € 3.32 and, consequently, the fair value of the shares was equal to € 3,658 thousand, with a decrease compared to the fair value at December 31st, 2020 of € 518 thousand.

The item "Write-downs/Settlements" related to subsidiaries includes the value of the write-downs made to align the book value of several equity investments to the related percentage holding in their Equity.

The table below compares the shares of Shareholders' Equity of the subsidiaries and the related book value.

continued

List of investments in subsidiaries

	Shareholders' Equity before profit/loss	Profit (Loss) for the year	Total Shareholders' Equity	Investment share %	Share of Shareholders' Equity	Book value
Subsidiaries:						
Isagro Agrosolutions Kenya Limited – Nairobi Share capital KES 1,000,000 (Euro 7,462)	6	(2)	4	100%	4	4
Isagro Argentina Limitada S.r.l. – Buenos Aires Share capital ARS 11,053,595 (Euro 107,057)	20	10	30	95%	29	20
Isagro Australia Pty Ltd – Sydney Share capital AUD 475,000 (Euro 298,817)	28	(8)	20	100%	20	20
Isagro Brasil Ltda – São Paulo Share capital BRL 1,307,210 (Euro 205,101)	386	396	782	99%	774	527
Isagro Chile Limitada - Santiago Share capital CLP 43,987,670 (Euro 50,415)	4	(4)	-	90%	-	-
Isagro Colombia S.A.S. - Cota Share capital COP 2,000,000,100 (Euro 475,925)	1,520	274	1,794	100%	1,794	3,692
Isagro España S.L. – Madrid Share capital € 120,200	855	1,005	1,860	100%	1,860	1,000
Isagro Mexicana S.A. de C.V. – Mexico City D.F. Share capital MXN 1,850,000 (Euro 75,770)	40	(8)	32	90%	29	29
Isagro (Shanghai) Chemical Trading Co. Ltd. Shanghai Share capital USD 235,000 (Euro 191,508)	186	125	311	100%	311	166
Isagro Singapore Pte Ltd - Singapore Share capital € 300,000 (Euro 300,000)	216	(17)	199	100%	199	199
Isagro South Africa Pty Ltd – Scottburgh Share capital ZAR 1,071,000 (Euro 59,428)	7	(6)	1	100%	1	1
Isagro U.S.A. Inc. – Wilmington Share capital USD 11,220,601 (Euro 9,143,999)	1,802	(300)	1,502	100%	1,502	1,502
Isagro Vietnam Co. Ltd. - Ho Chi Minh City Share capital VND 1,113,750,000 (Euro 39,312)	38	13	51	100%	51	42
Phoenix-Del S.r.l. - Padua Share capital € 10,000 (Euro 10,000)	538	170	708	100%	708	3,137
						10,339

For the foreign companies, the values indicated in Euro, for shareholders' equity only, were measured at the exchange rate as at December 31st, 2020.
($ AUD = 1.5896 – COP = 4,202.34 – $ USD= 1.2271 – BRL = 6.3735 – AR$ = 103.2494 – ZAR = 18.0219 – CLP = 872.52 – $ SGD= 1.6218 - MXN = 24.416 - CNY= 8.0225 – KES =134.0171 - VND = 28,331)

The higher recognition value of Isagro Colombia S.A.S. and Phoenix-Del S.r.l. with respect to the Shareholders' Equity is attributable to the presence of goodwill recognized at the time of acquisition.
According to the provisions of IAS 36, the Company conducts at least annual impairment tests of the value of those equity investments whose book value in the Financial Statements exceeds the book value of the net assets of the investee companies. This test was thus conducted on the subsidiaries Isagro Colombia S.A.S., comparing the book value of the equity investments with its recoverable value.
With regard to the equity investment held in Phoenix-Del S.r.l., the Directors believe that the price paid, also considering the recent acquisition date of 2020, approximates the fair value and therefore the Company did not carry out the related impairment test at the end of the fiscal year.
This value was calculated using the "Discounted Cash Flow" model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
The main parameters used in measuring the recoverable amount of the equity investment are shown below.

Time scale considered

For the cash flow projection, the Isagro Colombia S.A.S. Plan was considered, prepared by local management in collaboration with Company Management and subsequently included in the 2021 Budget and the consolidated 2022-2025 Business Plan approved by the Board of Directors of Isagro on March 4th, 2021. This Plan is based on assumptions held by management to be reasonably achievable, with the exception of impacts linked to external variables out of their control, including market conditions, weather, the time necessary and probability of obtaining authorizations for the sale of new products and for renewals of already obtained authorizations. The cash flows forecast in the Plan of the Columbian subsidiary, with reference to the current Covid-19 health crisis, do not include possible input worsened by the pandemic, given that these effects are held by the Directors to be insignificant for Isagro.
Of the assumptions at the basis of the impairment test carried out, the compound average growth rates of the turnover and the EBITDA are shown below, with reference to the clear period used in the test:

- Revenues: CAGR of 6%;
- EBITDA: CAGR of 13%.

The perpetuity method (Gordon Growth Model) was used to calculate the terminal value, referring to a normalized cash flow calculated on the basis of the following main assumptions:

- EBITDA equal to that of the last year of the Plan, 2025;
- amortization/depreciation equal to investments, estimated using a normalized value;
- zero change in current assets in consideration of stable growth.

The Growth rate considered when calculating the terminal value is zero.

Economic-financial parameters

The main reference parameters are indicated below:

	Isagro Colombia S.A.S.
Financial structure (NFP/Total sources)	0.16
WACC	10.6%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of Debt

For the cost of debt before taxes, reference was made to the sum of the average of Interest Rate Swaps at twenty-four months, and to the current cost of existing credit lines.

Cost of Equity

The Capital Asset Pricing Model was used to calculate the cost of equity.
The main assumptions underlying the application of this model are:

	Isagro Colombia S.A.S.
Levered Beta	0.96
Risk-free rate	2.7%
Market risk premium	8.2%
Additional risk premium	1.9%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate in the following scenarios:

Risk free rate:was determined using the gross effective average return of the last twelve months at the reference date of US Government Bonds, corrected to take into account the inflation of Colombia and increased by a premium for the risk of each market using the Credit Default Spread of Colombia net of the United States;
Levered beta: estimated on the basis of the average unlevered beta of the panel of comparable listed companies;
Market risk premium: country specific;
Size and additional risk premium: taking into account that the "Isagro Colombia S.A.S" CGU is dedicated exclusively to the distribution of Group products and molecules, a size and additional risk premium equal to that of the other units was assumed.

Weight of equity and debt
With reference to the weight of own funds and others' funds (debt), the market structure for listed companies in the sector was considered.

WACC
Based on the above assumptions, the following rate was determined:

	Isagro Colombia S.A.S.
WACC	10.6%

Main results
On the basis of theimpairment test carried out, approved by the Company's Directors on March 16th, 2021, no impairment losses emerged since the value in use of the investment obtained was higher than the book value recorded in the financial statements.

Sensitivity analysis
As required by the O.I.V. guidelines on impairment, the Group conducted sensitivity analysis of the recoverable value of the aforementioned CGU, analyzing the effect of a change in the discount rate used to discount the expected cash flows, together with the sensitivity analysis conducted on the "net sales". This analysis was performed to examine the effects of a potentially higher volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.
Specifically, the sensitivity analysis performed maintaining the main assumptions underlying the 2021 Budget and the 2022-2025 Business Plan and changing the WACC and "net sales" did not reveal any critical issues, tending to confirm the soundness of the test results. The calculation of the break-even WACC is shown below, alongside the reduction in *terms of percentage of the net sales for the CGU "Isagro Colombia S.A.S." subject to the impairment test.*

	% net sales	Break-even WACC
Isagro Colombia S.A.S.	-99.1%	11.0%

6. Non-current financial receivables – 2,503
The item refers to a medium/long-term tied current account on which interest accrues at a rate of 0.001% per year, which the Company opened at UniCredit S.p.A.. This deposit, which will expire on June 27th, 2023 was established as a pledge in favor of the credit institution following the concession, by the latter, of a guarantee for a total of € 7,586 thousand requested by the company Arysta LifeScience Inc. (now UPL North America Inc.) under a M/L Agreement, for which more details can be found in the financial statements as at December 31st, 2019.

7. Non-current receivables and other assets – 1,621

Breakdown	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Non-current receivables and other assets:			
- guarantee deposits	69	(2)	67
- know-how usage licenses for *Kiralaxyl*	1,907	(944)	963
- know-how usage licenses for Deltamethrin	107	(16)	91
- know-how usage licenses for Biofumigant	750	(250)	500
Total	**2,833**	**(1,212)**	**1,621**

In particular:
- the item "know-how usage license for *Kiralaxyl*" refers to the non-current portion of the present value of the receivable relating to the upfront payment granted to Isagro S.p.A. by the British company Gowan Crop Protection Limited (related party), definitively and non-repeatably, following the signing, in November 2016, of an agreement for the exclusive granting of the right to develop, register, produce, and market, in Europe, mixtures based on *Kiralaxyl*, active ingredient property of Isagro S.p.A. The contract states that the price agreed of € 5,250 thousand, the present value of which was calculated discounting to the present the expected cash flows at a rate agreed by the parties of 2%, must be paid, together with the interest accrued, in six annual installments, of which the first of € 500 thousand was received in December 2017, the second of € 750 thousand was received in November 2018, the third of € 1,000 thousand was received in November 2019 and the fourth of € 1,000 thousand was received in November 2020, while the remaining two installments of € 1,000 thousand each are scheduled to be paid on November 30th in 2021 and 2022.

The current portion of the present value of the receivable, equal to € 982 thousand, was recognized under "trade receivables";

- the item " know-how usage licenses for Deltamethrin" refers to the non-current portion of the present value of the receivable relating to the total upfront payment of € 200 thousand, (of which € 20 thousand already paid in January 2017, € 40 thousand received in March 2020 and € 20 thousand collected in December 2020) and discounted using the Euribor 3-month rate + 2.71%, paid to Isagro S.p.A. by the American company Suterra LLC definitively and non-repeatably following the signing of an agreement, with a duration of eleven years starting from January 1st, 2017, for the granting of the right to use the data related to the insecticide Deltamethrin, an Isagro proprietary active ingredient, for the production of its own products intended to attract and eliminate insects, which will be marketed in the European Union, Morocco, Israel, Tunisia, Lebanon, Mexico, Argentina, Australia, and South Africa. This agreement also states that Isagro must provide Suterra with the active ingredient necessary for the production of its own product throughout the entire duration of the contract. The contract stated that the residual payment had to be made when the initial registration of a Suterra formulation with an Isagro active ingredient was obtained, in annual installments of € 20 thousand each on December 1st of each year. The current portion of the receivable, equal to € 20 thousand, was recognized under "trade receivables";
- the item " know-how usage licenses for Fumigant" refers to the non-current portion of the receivable related to the upfront payment of a total € 2,500 thousand paid to Isagro S.p.A. by the Spanish company AQL Agroquimicos de Levante S.A., definitively and non-repeatably, following the signing, in March 2019, of an agreement for, among other things, the granting of the exclusive right to use the data related to Isagro S.p.A.'s proprietary fumigant *Allyl Isothiocyanate*, for the development and obtainment of registrations as well as for the production and marketing of products and/or compounds in a number of countries; the contract states that the price agreed must be paid as follows:
  - € 1,500 thousand in four installments of € 375 thousand each in the months of April, June, September, and December 2019, which have all been paid;
  - € 1,000 thousand in four annual installments of € 250 thousand each starting from November 20th, 2020 and on which interest accrues at the EURIBOR 12-month rate + 2% spread, of which the first installment of € 250 thousand has already been collected.

The current portion of the receivable, equal to € 276 thousand, was recognized under "trade receivables" and refers to the portion due in November 2021, inclusive of the related interest.

8. Deferred tax assets and liabilities – 535

Deferred tax assets – 535

Breakdown	Book values Dec. 31st, 2019	Changes in the year				Change	Book values Dec. 31st, 2020
		Other financial changes/reclassifications	Provision	Use	Other changes		
Deferred tax assets	4,360	(75)	-	(3,608)	(142)	(3,825)	535
Deferred tax liabilities	(608)	35	-	189	384	608	-
Total	**3,752**	**(40)**	**-**	**(3,419)**	**242**	**(3,217)**	**535**

The changes for the year in the temporary differences between taxable income and statutory profit that led to the recognition of deferred tax assets and liabilities are shown in the table below:

Temporary differences	Deferred tax assets/ liabilities Dec. 31st, 2019		Other financial changes/reclassifications		Transfers to separate Income Statement			Deferred tax assets/ liabilities Dec. 31st, 2020	
	Taxable base	Taxation	Taxable base	Taxation	Other changes	Use	Provision	Taxable base	Taxation
Deferred tax assets									
- tax loss	14,469	3,472	-	-	-	(3,472)	-	-	-
- allocations to taxed provisions	1,727	443	-	-	-	(102)	-	1,332	341
- grants related to R&D IR 6141	90	26	-	-	-	(14)	-	38	12
- tax effect of hedging reserves	95	23	(95)	(23)	-	-	-	-	-
- other	1,479	396	(189)	(52)	(142)	(20)	-	709	182
Total deferred tax assets	**17,860**	**4,360**	**(284)**	**(75)**	**(142)**	**(3,608)**	**-**	**2,079**	**535**
Deferred tax liabilities									
- amortization/depreciation for tax purposes	1,850	517	-	-	(384)	(133)	-	-	-
- default interest	232	56	-	-	-	(56)	-	-	-
- tax effect of hedging reserves	128	35	(128)	(35)	-	-	-	-	-
Total deferred tax liabilities	**2,210**	**608**	**(128)**	**(35)**	**(384)**	**(189)**	**-**	**-**	**-**
Total	**15,650**	**3,752**	**(156)**	**(40)**	**242**	**(3,419)**	**-**	**2,079**	**535**

The column "Other financial changes/reclassifications" refers to the net tax effect related to the measurement of hedging derivatives (cash flow hedges) and the actuarial gains/losses coming from re-measurement of the severance indemnity fund recognized under "Other Comprehensive Income".
The "Uses" column refers to uses of deferred tax assets of € 3,608 thousand, including € 3,472 thousand for use of all deferred tax assets on tax losses (which have been used to offset 80% of taxable income for the current year) and uses of provisions for deferred taxes of € 189 thousand (including € 133 thousand rrelated to the civil law-fiscal misalignment of the product IR 6141).
The column "Other changes" refers, for € 384 thousand to the reversal in the Income Statement of the residual amount of deferred tax liabilities recognized on the differences between statutory values and tax values for certain intangible assets and goodwill, after the decision by the Company to make use of the so-called "fiscal realignment" regulations (pursuant to article 110, Decree Law 104/2020) and € 142 thousand for the write-down of deferred tax assets deemed non-recoverable by the Company's Directors during the explicit period of the Plan.
"Deferred tax assets" refer for € 341 thousand to taxed provisions. Specifically, the latter refer to the inventory write-down and goods destruction provision (€ 153 thousand), and to the bad debt provision (€ 188 thousand)
When recognizing and measuring the recoverability of these deferred tax assets, the Directors took into consideration the Isagro S.p.A. Plan which indicates taxable income for the next few years judged reasonably realizable by the Directors and of an amount to allow recovery of the deferred tax assets still recognized in the financial statements.
However, it cannot entirely ruled out that the occurrence of economic and/or financial crises, or the continuation of the Covid-19 health crisis, the effects of which, as stated, are held by the Directors to be insignificant for Isagro and are therefore not included in the Consolidated Plan, could affect the schedules and methods planned for recovering these financial statement items. The management will continuously monitor the circumstances and events that may bring about such a result.
Additionally, at December 31st, 2020, there were deferred tax assets not recognized in the Financial Statements relating to tax losses for previous years for a total amount of € 5,234 thousand corresponding to € 21,809 thousand in tax losses that can be carried forward.
Deferred tax assets include € 353 thousand which, on the basis of the Plan, are likely to be paid over the following year.

9. Inventories – 35,666

Breakdown	Book values Dec. 31st, 2019	Changes in the year: Increases/ decreases	Changes in the year: Write-downs/ alloc. to inventory write-down provision	Changes in the year: Use of inventory write-down provision	Changes in the year: Total change	Book values Dec. 31st, 2020
Raw and ancillary materials and consumables						
- Consumables	1,360	(176)	-	-	(176)	1,184
- Raw materials and packaging	11,596	(473)	-	-	(473)	11,123
	12,956	(649)	-	-	(649)	12,307
Less						
Inventory write-down provision	(747)	-	(330)	105	(225)	(972)
	12,209	(649)	(330)	105	(874)	11,335
Finished products and goods	20,965	4,293	-	-	4,293	25,258
	20,965	4,293	-	-	4,293	25,258
Less						
Inventory write-down provision	(786)	-	(200)	59	(141)	(927)
	20,179	4,293	(200)	59	4,152	24,331
Payments on account	1	(1)	-	-	(1)	-
Total	**32,389**	**3,643**	**(530)**	**164**	**3,277**	**35,666**

The value of the Company's inventories shows an increase of € 3,277 thousand compared to December 31st, 2019, mainly due to the decision to increase the production of copper-based products, Tetraconazole and *Kiralaxyl* to meet expected sales in the first months of 2021.
Inventories posted in the Financial Statements are net of the allowance for inventory obsolescence, relating to raw materials and goods either obsolete or to be re-processed, amounted to a total of € 1,899 thousand. The provision amounted to € 1,533 thousand at December 31st, 2019 and was used during the year for obsolete, unsuitable products for € 164 thousand and increased by € 530 thousand as a result of allocations for the year. Inventories as at December 31st, 2019 include goods, for a value of € 388 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of obligations set out in the "Licence, development, distribution and supply" agreement that the Company concluded with Arysta LifeScience Corporation in 2013. It should be noted that, in keeping with what is contractually provided for, during 2020 the Company transferred all of the aforementioned stock to Italy.

10. Trade receivables – 24,262

The breakdown and changes in the item are illustrated in the following table:

	Book values Dec. 31st, 2019	Changes in the year: Positions opened/Reimbursements	Changes in the year: Direct write-downs / provisions for impairment set aside	Changes in the year: Uses of write-down provisions	Changes in the year: Other changes	Changes in the year: Total change	Book values Dec. 31st, 2020
Italian third-party customers	2,529	526	(62)	-	-	464	2,993
International third-party customers	24,933	(3,589)	(267)	-	-	(3,856)	21,077
Subsidiaries	7,884	(2,590)	-	-	-	(2,590)	5,294
	35,346	(5,653)	(329)	-	-	(5,982)	29,364
Less							
- bad debt provision	(4,260)	-	(294)	223	-	(71)	(4,331)
- bad debt provision def. interest	(679)	-	(198)	106	-	(92)	(771)
	(4,939)	-	(492)	329	-	(163)	(5,102)
Total	**30,407**	**(5,653)**	**(821)**	**329**	**-**	**(6,145)**	**24,262**

The decrease in trade receivables, despite the achievement of higher turnover with respect to the previous year, is due to the higher value of trade receivables relative to the Company at December 31st, 2019 after the concentration of product sales during the last quarter of the previous year.
The change in the trade receivables was also influenced by the non-recourse sale operations, falling due beyond the reporting date, carried out by the Company; as a matter of fact, these operations involved receivables for € 3,209 thousand, a decrease on the € 13,165 thousand falling due beyond December 31st, 2019.
Trade receivables include the current portions of non-current receivables for M/L Agreement operations for a total of € 1,592 thousand (€ 1,606 thousand at December 31st, 2019) already described in Note no. 7.
In particular receivables from customers amount to € 29,364 thousand, and were posted to the Financial Statements for € 24,262 thousand, net of the bad debt provision of € 4,331 thousand, of which € 12 thousand in relation to receivables from subsidiaries, and the bad debt provision for interest on arrears of € 771 thousand. The bad debt provision for interest on arrears covers 100% of receivables allocated for payment delays by customers outside the group.

As regards the total trade receivables due from related parties, please refer to Note 40.
Here below is the breakdown of trade receivables due from customers and subsidiaries by geographic area:

• Italy	3,067
• Other European countries	6,243
• Central Asia and Oceania	782
• Americas	12,677
• Far East	2,174
• Middle East	2,257
• Africa	2,164
Gross receivables	29,364
Bad debt provision	(5,102)
Net receivables	24,262

The average contractual maturity of trade receivables is the following:

- Italy 138 days (156 days at December 31st, 2019)
- Abroad 78 days (84 days at December 31st, 2019).

The table below shows the analysis of trade receivables past due but not impaired:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
At December 31st, 2020	18,990	1,288	465	534	1,637	1,348	**24,262**
At December 31st, 2019	24,684	2,208	160	210	154	2,991	**30,407**

Of the trade receivables "not yet due", there are € 35 thousand in receivables with commercial conditions that were renegotiated and which otherwise would have been included among the "receivables past due but not impaired" in the "< 30 days" band. With reference to the effects of the COVID-19 health crisis on receivables, note that the Company has not seen any significant delays in the collection of amounts with respect to the originally established due dates for its customers confirmed by the amounts received between January and February of 2021.

11. Other current assets and receivables– 3,452

Breakdown	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Receivables from subsidiaries	102	24	126
Receivables from parent companies	6	10	16
Receivables from third parties for:			
- grants	27	(27)	-
- advance payments to suppliers and creditors	360	(248)	112
- employees	53	(29)	24
- indemnities	268	-	268
- receivables for "guaranteed minimum margins"	467	300	767
- due from tax authorities for VAT and other taxes	935	48	983
- *escrow fund*	5,886	(5,468)	418
- recovery of research costs	814	(431)	383
- other services	390	(243)	147
- Bad debt provision for sundry receivables	(2,331)	2,000	(331)
	6,869	(4,098)	2,771
Total receivables	6,977	(4,064)	2,913
Prepaid expenses	323	216	539
Total	**7,300**	**(3,848)**	**3,452**

The item "receivables from subsidiaries" refers for € 100 thousand to receivables from Isagro España S.L. for the performance of administrative and management services and for € 24 thousand to advances paid to Isagro USA, Inc. in relation to research activities commissioned by the Company and which will be completed during 2021.
The item "Receivables from parent companies", of € 16 thousand, regards receivables deriving from performance of administrative and management services in relation to the companies Holdisa S.r.l. and Piemme S.r.l..
The decrease in "receivables from third parties" of € 4,098 thousand, compared with the previous year, is essentially due to:

- € 3,569 thousand for the collection during the year of part of the residual amount relative to the price to sell the equity investment in the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. on December 27th, 2019, deposited in an escrow account by the Indian company PI Industries Limited, for which more details can be found in the separate financial statements at December 31st, 2019; also note that during the year the Company used the bad debt provision for a total of € 2,000 thousand: i) € 1,531 thousand against a reduction in the final price for the above sale, deriving from a true-up adjustment mechanism and ii) € 176 thousand against lower amounts collected relative to the partial fulfillment of one of the contractually established performance obligations. The residual amount of the provision, equal to € 293 thousand, was released as excess and recognized in the Income Statement in the item "Profit/(loss) from subsidiaries", given that the risk associated with performance obligations for which it had been established no longer existed. The residual amount of the receivable refers to performance obligations which will be met during financial year 2021;
- € 248 thousand for lower advances paid to suppliers, in particular for research services, in part due to the change in the Company's business model, described above;
- € 27 thousand due to collection of the grant disbursed by the Ministry for Economic Development following access to benefits from the Technology Innovation Fund (TIF) for the project "Use of bio-IT platforms to identify agrochemicals".

In addition:

- the item "due from tax authorities for VAT and other taxes" comprises € 932 in the VAT receivable as at December 31st, 2020; the receivable resulting from the tax return 2020 and relating to the year 2019, amounting to € 912 thousand, has been partially used for € 740 thousand to offset other taxes paid during 2020;
- the item "indemnities" includes the residual receivable due from Caffaro Chimica S.r.l. as indemnity for the termination of a contract under which Isagro provided several Research and Development services,

and was written off at December 31st, 2018;
- the item "receivables for "guaranteed minimum margins"" refers to the estimate of the amount that the British company Gowan Crop Protection Ltd (related party) must pay to Isagro S.p.A. following the failure to achieve the sales margins required by contract for the products based on *Kiralaxyl*, an Isagro proprietary fungicide, of which the British company became an exclusive distributor in the European market on the basis of an M/L Agreement signed in 2016.

The item "recovery of research costs" of € 383 thousand refers essentially:
- for € 173 thousand to receivables due from investees for task forces to access data;
- for € 132 thousand to receivables due from FMC Corporation for the recovery of Research and Development costs incurred by Isagro S.p.A. under the terms of the agreement signed by the two companies for the co-development of the *Fluindapyr* molecule;
- for € 44 thousand to receivables due from Syngenta Crop Protection relating to the recovery of costs incurred for a metabolite;
- for € 27 thousand to the receivables due from the company Arysta Lifescience (now UPL do Brasil), by virtue of an agreement signed in 2017.

The table below, which does not include prepaid expenses, shows the analysis of other receivables past due but not impaired:

Breakdown	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
At December 31st, 2020	2,271	604	-	4	-	34	**2,913**
At December 31st, 2019	6,456	44	-	467	-	10	**6,977**

12. Tax receivables – 352

	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Tax receivables			
- tax authority for withholdings	391	(88)	303
- tax authority for tax credits and income taxes	761	(712)	49
Total	**1,152**	**(800)**	**352**

The item shows a decrease with respect to the previous year that is essentially due the use of both advance taxes paid in previous years (€ 240 thousand) and of a portion of the tax credit known as "*A.C.E. Aiuto alla crescita economica-Aid for economic growth*" (€ 472 thousand) reducing the payable for current taxes (IRES and IRAP) pertaining to the year.

The accounting item refers essentially to the credits for direct taxes (€ 352 thousand), of which € 165 thousand relative to a receivable due from Indian tax authorities corresponding to excess withholdings paid in 2019 and calculated based on the price to sell the equity investment on the closing date. This was found to be in excess as the final price was subject to a true-up adjustment which involved a reduction of the same in 2020, as noted. The Directors consider collection of this receivable to be probable.

13. Financial receivables and other current financial assets – 904

	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Financial receivables:			
- financial receivables from subsidiaries	1,919	(1,015)	904
	1,919	(1,015)	904
Write-down provision financial receivables	(360)	360	-
	(360)	360	-
Total	**1,559**	**(655)**	**904**

The decrease in the item, of € 655 thousand, was determined by:
- the conversion into equity investments following the recapitalization, for € 2,228 thousand (equal to US$ 2,500 thousand), of some loans originally granted to the subsidiary Isagro USA, Inc.;
- the disbursement, for € 510 thousand, of a loan to the subsidiary Phoenix-Del S.r.l.;
- the conversion into equity investments following the recapitalization, for € 47 thousand (equal to US$ 55 thousand), of some loans originally granted to the subsidiary Isagro Mexicana S.A. de C.V.;

- the use for surplus of a write-down provision for financial receivables, for € 360 thousand, in relation to the receivable due from the subsidiary Isagro USA Inc, since deemed by the Directors, to date, to be recoverable based on the subsidiary's economic and equity situation as at December 31st, 2020 and on the results expected from said subsidiary it in the coming fiscal years;
- interest accrued during the year, invoiced but not yet collected, totaling € 7 thousand.

The amount recognized at December 31st, 2020 refers:

- for € 510 thousand to a loan, distributable for a maximum of € 1,000 thousand, also in multiple tranches, granted to the subsidiary Phoenix-Del S.r.l. on which interest accrues at a fixed rate of 0.50%, with repayment expected to occur by November 30th, 2021;
- for € 326 thousand to the residual value, equal to US$ 400 thousand, of a loan granted in 2018 to the subsidiary Isagro USA, Inc. for a total of US$ 1,200 thousand, used in November 2020 in the amount of US$ 800 thousand to recapitalize the subsidiary, on which interest accrues at the 3-month LIBOR rate + 3% spread, with repayment expected to occur by December 3, 2021;
- for € 61 thousand, to the loan granted to the subsidiary Isagro Mexicana S.A. de C.V., disbursed for US$ 80 thousand in March 2019 and used for € 5 thousand in 2020, for a capital increase of the subsidiary, on which interest accrues at the three-month LIBOR rate plus a spread of 3% and which is expected to be repaid by March 31st, 2021;
- for € 7 thousand to interest already invoiced but not yet collected and accrued interest on the loans described above.

RECONCILIATION CASH-FLOW STATEMENT DERIVING FROM FINANCING ACTIVITIES

As required by IAS 7 (§44A), a statement is presented below containing the reconciliation of the changes in assets deriving from financing activities, distinguishing between changes deriving from cash flows and other non-monetary changes.

	Book values Jan. 1st, 2020	Cash flow	Other non-monetary changes		Book values Dec. 31st, 2020
			Other changes	Total change	
Financial receivables from subsidiaries	1,919	1,187	(2,202)	(2,202)	904

The "other changes" column includes the allocation of accruals for the year and waivers of receivables following the recapitalizations described above.

14. Financial assets and liabilities for derivatives – 118

Current financial assets – 232

Current financial liabilities – 114

The values of the financial assets and liabilities for derivatives coincide with their fair value, which accounting standard IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. Since a listed price for the type of financial instruments the Company uses is not available, proper measurement techniques based on the discounting of the expected cash flows in connection with ownership of the derivatives were used. Such measurement particularly required the inclusion of an adjustment factor for so-called default risk, referring to the counterparty for the financial assets and the credit risk of the Company for the financial liabilities (so-called own credit risk).

The following tables disclose the types of derivative contracts in being at December 31st, 2020:

Description of derivatives	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Non-current financial assets:			
- interest rate	6	(6)	-
	6	(6)	-
Current financial assets:			
- interest rate	4	(4)	-
- exchange rate	150	(87)	63
- *commodity*	35	134	169
	189	43	232
Non-current financial liabilities:			
- interest rate	(36)	36	-
	(36)	36	-
Current financial liabilities:			
- exchange rate	(45)	(36)	(81)
- interest rate	(48)	48	-
- *commodity*	(13)	(20)	(33)
	(106)	(8)	(114)
Total	**53**	**65**	**118**

Description of derivatives	Fair value at Dec. 31st, 2020
"Cash flow hedging" derivatives:	
- exchange rate	(18)
- commodity (copper)	136
Total	**118**

During the second half, the Company eliminated all the interest rate swap contracts signed in previous years to cover fluctuations in interest rates, after the early repayment of the medium-term loans correlated with the same. This led to the reclassification in the Income Statement of the residual Shareholders' Equity reserve linked to these contracts, and the consequent recognition of financial expense of € 95 thousand.

Cash flow hedging derivatives in place as of the reporting date refer to:

- a hedge relative to the risk of a change in the exchange rates for the Euro/US dollar, Euro/Brazilian Real and Euro/Indian Rupee, related to foreign sales of goods and services, established through the signing of forward and non-deliverable forward contracts. As the hedging relationship is maintained until collection of the trade receivable related to the sale transaction, the economic effects of these derivatives are for a part recognized as an adjustment of revenues and in part among net financial expenses. The characteristics of these instruments are described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward - Sale	USD	1.23	(15,600)	(56)
Forward – Sale	BRL	6.3	(20,809)	31
Forward - Acquisto	BRL	6.4	7,007	7
Total				**(18)**

- hedging of the risk of fluctuation of the purchase price of the raw material "copper", through future purchases of copper by means of commodity swaps, which are entered into at the time a sales order for copper-based products is acquired for which a future purchase of the raw material "copper" will be made. The hedges created are recognized adjusting the purchases item and then proportionally distributed between the cost of sold products and the final inventories on the basis of the quantities consumed. The characteristics of these instruments are described in the table below:

Contract type	Quantity hedged (tonnes)	*Strike price (Euro)*	Notional value (Euro/000)	Fair value (Euro/000)
Commodity swap - purchase	597	6,161	3,671	136
Total	**597**		**3,671**	**136**

As established under the international accounting standards, the portion of gain or loss related to the measurement of these derivatives regarding hedged transactions not yet carried out was recognized among Other Comprehensive Income and will subsequently be booked to the Income Statement in keeping with the hedged item.
The effects on the separate Income Statement and on Other Comprehensive Income (OCI) of the hedging transactions described above are summarized, under the terms of IFRS 7, in the table below:

	Change in the fair value of the hedging instrument recognized in O.C.I. *(Cash Flow Hedging)*	Cost of hedging recognized in O.C.I.	Amount reclassified from the hedging reserve (Cash Flow Hedging) to the Separate Income Statement in the following accounting items			Amount reclassified from the reserve for cost of the hedging to the Separate Income Statement in the following accounting items		
			Revenues	Purchases	Financial components	Revenues	Purchases	Financial components
Cash flow hedging:								
- highly probably operations for sales and purchases of raw materials and/or products in currency	4,471	(2,031)	(85)	-	(3,565)	143	-	1,276
- copper purchases	218	-	-	(105)	-	-	-	-
- loans with floating rate	(57)	-	-	-	132	-	-	-

The measurement techniques used to calculate the fair value of derivative contracts are explained below:

- Foreign exchange rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates at the reporting date and the contractual forward exchange rates; discounting was calculated on the basis of the zero-coupon curve at December 31st, 2020, appropriately adjusted to consider the premium connected with the default risk;
- Copper: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange (L.M.E.) and the contractually agreed fixed price; discounting was calculated on the basis of the zero-coupon curve at December 31st, 2020, opportunely adjusted to consider the premium connected with the default risk;

Information required by IFRS 7 and IFRS 13 is included under Note 41.

15. Cash and cash equivalents – 27,862

Breakdown	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Bank and postal deposits:			
- ordinary bank accounts and post office deposits	44,055	(19,909)	24,146
- currency bank accounts	404	2,794	3,198
	44,459	(17,115)	27,344
Cash equivalents	-	510	510
Cash on hand	7	1	8
Total	**44,466**	**(16,604)**	**27,862**

Demand and foreign currency deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits was 0.02% per year.
The item "foreign currency deposits" shows the equivalent value in Euro of bank demand deposits of USD 3,924 thousand. It should be noted that cash and cash equivalents increased by € 55,000 thousand during the last quarter of 2020 after the receipt of the fee paid by the Swiss company FMC Agricultural Products International A.G. (a company in the FMC Group) for *Fluindapyr*. For more de-

tails, please see note 25a. Part of this amount was used by the Company to repay in advance certain medium/ long-term loans, as indicated in note 17 in which more details can be found, while € 3,100 thousand was used to acquire a 100% stake in Phoenix-Del S.r.l., as described in note 5. The loans repaid in advance include that granted by Banca del Mezzogiorno which, due to an internal technical error and after repayment, charged Isagro S.p.A. for a loan payment that was erroneously classified as due (based on the initial repayment plan) in the amount of € 510 thousand. The Company immediately noted this error to the lending institution which, in the first few days of January 2021 saw to complete reimbursement. For this reason, this amount was recognized under the item “Cash equivalents”. Cash and cash equivalents are not burdened by restrictions limiting their full use.
The fair value of cash and cash equivalents as at December 31st, 2020 is equivalent to their book value.
We can note that for the purposes of the Cash-Flow Statement, the item “cash and cash equivalents” coincides with the respective item in the Balance Sheet.

16. Shareholders’ Equity – 107,486

The share capital of the Company amounted to € 24,961 thousand, fully subscribed and paid up, and comprised 24,549,960 Ordinary Shares and 14,174,919 “Growth Shares”, the latter included in a new class of special shares whose characteristics are described below. “Retained earnings” shows a decrease of € 42 thousand compared to the previous year, related to the actuarial components of the defined benefit plans recognized under “Other Comprehensive Income”.
The item “Reserves”, amounting to € 56,262 thousand, comprises:

Legal reserve	4,538
Share premium reserve	44,908
Merger surplus	4,256
Treasury shares	(986)
Cash flow hedging reserve	423
Cost of hedging reserve	(222)
Reserve for shares measured at FVTOCI	275
Retention plan for Top Managers	333
Unavailable reserve for fair value measurement of shares	2,737
Total	**56,262**

The “share premium reserve” is recognized net of the costs incurred by the Company in relation to the share capital increase operations carried out in previous years. These costs, net of the tax effect of € 1,227 thousand, amounted to € 2,357 thousand.

Relative to the item “Treasury shares”, note that during the first half of 2020 182,500 treasury Growth Shares were assigned (acquired on the market at an average value of € 1.25 each) to top managers of the Company, beneficiaries of the “Long term incentive and retention plan” (described in note 29), after the first of the objectives established under the plan regarding continuous employment was achieved on December 31st, 2019. Hence, at December 31st, 2020 the Company held 707,500 treasury Growth Shares. The cost of these incentives, of € 91 thousand for financial year 2020, was recognized under the item “Personnel costs” with a balancing entry in the Shareholders’ Equity reserve “Top managers retention plan”. The item “Treasury shares” also includes € 84 thousand relating to the capital loss made in 2018 and recognized directly among the Shareholders’ Equity reserves, following the sale of 50,000 Ordinary Treasury Shares.
The item “legal reserve” increased by € 858 thousand with respect to December 31st, 2019, after destination of 5% of the profits from financial year 2019 relative to the Company.
The item “reserve for unavailable shares measured at fair value” includes proceeds determined in 2019 as the difference between the carrying value on the date of the IPO for the shares of Arterra Bioscience S.p.A. held by the Company and the fair value of the same, calculated using the placement price. For a description of the operation to list Arterra Bioscience S.p.A. please see that found in the separate financial statements for 2019. The changes in the item “Cash flow hedging reserve” are illustrated below. This item contains the amount recognized in the Statement of Other Comprehensive Income of gains and losses related to cash flow hedging transactions, deriving from interest rate swap, commodity future and currency forward contracts (see Note 14). The accumulated gains and losses are then released to the Income Statement when the hedged transaction has an impact on the Company’s Income Statement:

Cash flow hedging reserve	Interest	Commodities	Currency	Total
Amount at December 31st, 2019	(57)	23	(528)	(562)
Gains/(Losses) generated during the year	(57)	218	4,471	4,632
(Gains)/Losses reclassified to Income Statement	132	(105)	(3,650)	(3,623)
Tax effect	(18)	-	(6)	(24)
Amount at December 31st, 2020	**-**	**136**	**287**	**423**

The "Cost of hedging" reserve includes the effects of the change in the fair value of the forward element of "currency forward" contracts following the Company's decision to designate as hedging instrument only the change in the spot element of the forward contract, excluding from it therefore the forward element. However, this latter regards a hedged item related to a certain operation/transaction because, in relation to the type of hedging put in place to manage exchange rate risk, the nature of the hedged item is an operation for which the forward element is classified as a cost. Also in this case, the gains and losses accumulated in the reserve are then released to the Income Statement when the hedged transaction has an impact on the Company's Income Statement. The table below shows the changes in the reserve during the year:

"Cost of hedging" reserve	
Amount at December 31st, 2019	354
Losses generated during the year	(2,031)
Losses reclassified to Income Statement	1,419
Tax effect	36
Amount at December 31st, 2020	**(222)**

The reserve for "shares measured at FVTOCI", totaling € 275 thousand, includes the fair value measurement of the shares of Arterra Bioscience S.p.A. after the decision made by the Company, in compliance with the provisions of paragraph 5.7.5 of IFRS 9, to recognize among "Other Comprehensive Income" the difference in value deriving from the fair value measurement of the security with respect to the value assigned to the same on the pricing date; prudentially, in relation to this change in the reserve, no deferred tax effects were allocated.

As envisaged by article 2427 of the Italian Civil Code, the table below illustrates the possibility of use, the distributable nature and the actual use in previous years of Shareholders' Equity items:

Breakdown	Amount	Possibility of use			Portion available	Summary of uses made in the period 2017-2019	
						To cover losses	For other reasons
Share capital	24,961				-	-	-
Share premium reserve	44,908	A	B	C	44,908	-	-
Legal reserve	4,538		B		-	-	-
Other reserves:							
- merger surplus	4,256	A	B	C	4,256	5,944	-
- hedging reserves	201		B		-	-	-
- share reserve fair value through O.C.I.	275		B		-	-	-
- Top Manager retention reserves	333		B		-	-	-
- shares carried at fair value	2,737		B		-	-	-
Treasury shares	(986)				(986)	-	-
Retained earnings	12,116	A	B	C	12,116	2,259	-
Total	93,339				60,294	8,203	-
Non-distributable portion					(4,149)		
Residual distributable portion					56,145		

Key: A= for share capital increase; B= to cover losses; C= distribution to shareholders

We can note that a total of € 4,149 thousand of the reserves are non-distributable with respect to development costs not yet amortized (€ 3,695 thousand), as envisaged by article 2426 of the Italian Civil Code, and the failure to achieve the envisaged limit for the legal reserve (20% of share capital) for € 454 thousand, as indicated in

article 2431 of the Italian Civil Code.
It should be noted that after the decision by the Directors of the Company to make use of the so-called “fiscal realignment” regulations (pursuant to article 110, Decree Law 104/2020), for a description of which reference should be made to note no. 8, the same will propose to the Shareholders’ Meeting, at the time the 2020 financial statements are approved, allocate a portion of the Legal reserve, in the amount of € 1,904 thousand, corresponding to the value of goodwill and realigned intangible asset (€ 1,963 thousand) net of the relative substitute tax (€ 59 thousand).
For a summary of change in the items during the year, refer to the “Statement of Changes in Shareholders' Equity in 2020”.

Characteristics of “Growth Shares”
The rights and characteristics of the "Growth Shares", issued by the Company are summarized hereunder. These shares were admitted to trading on the STAR segment of the Electronic Stock Market of Borsa Italiana, where the Company's Ordinary Shares are also listed.

No voting rights
Pursuant to article 7 of the Company's Articles of Associations, the “Growth Shares” are without voting rights in Shareholders' Meetings, while, pursuant to article 14 of the Company's Articles of Association, they have a voting right in the special Shareholders' Meetings for owners of “Growth Shares”, pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the “Growth Shares” must be approved by the aforesaid special Shareholders' Meeting.

Privilege in the profit distribution
Pursuant to article 24 of the Company's Articles of Association, net profit resulting from the Financial Statements, duly approved by the Shareholders' Meeting, after deducting 5% for the legal reserve, until reaching the threshold set by law, will be distributed according to decisions made by the Shareholders' Meeting. “Growth Shares" have a privilege on profit distribution decided by the Shareholders' Meeting, for amounts available as from the year ended December 31st, 2014. The division, in fact, must be made so that each “Growth Share” has a total dividend increased by 20% with respect to the dividend assigned to Ordinary Shares. In the event of distribution of any other reserves, “Growth Shares” will have the same rights as Ordinary Shares.

Conversion into Ordinary Shares
All "Growth Shares" are automatically converted into Ordinary Shares, with a one-to-one ratio, if Piemme S.r.l., which currently heads the Isagro Group's chain of control, directly or indirectly reduces its interest to below 50%, or if one or more parties are required to launch a mandatory public offer, to which the holders of Growth Shares can then subscribe as a result of their shares being converted into Ordinary Shares with voting rights. For more information, please see that found in the section “Events subsequent to December 31st, 2020” in the Report on Operations. Moreover, “Growth Shares” will be converted in the event a voluntary offer is called for which the offeror who, at the close of the offer, would exceed the 30% limit set out by law, is not obliged to call for a subsequent offer, and when the holding Holdisa S.r.l. subscribed to this offer with a number of Ordinary Shares sufficient to reduce its equity investment to below 50%.

17. Current and non-current financial payables – 11,759
Current financial payables – 5,299
Non-current financial payables – 6,460
The following table illustrates changes in current and non-current financial payables:

Breakdown	Book values Dec. 31st, 2019	Increases / Decreases	Book values Dec. 31st, 2020
Current financial payables:			
- banks	43,160	(38,771)	4,389
- other lenders	1,793	(1,473)	320
- leasing	648	(58)	590
	45,601	(40,302)	5,299
Non-current financial payables:			
- banks	28,615	(26,296)	2,319
- other lenders	1,133	(319)	814
- *leasing*	3,521	(194)	3,327
	33,269	(26,809)	6,460
Total	**78,870**	**(67,111)**	**11,759**

With respect to the previous year, the item presents a decrease of € 67,111, essentially due to:

- € 36,761 thousand: the early repayment of certain medium/long-term loans obtained in previous years; these repayments were made possible due to the collection by the Company of the fee to sell the fungicide *Fluindapyr* in the final quarter of 2020, as described above;
- € 8,720 thousand: repayment of medium/long-term loans which matured during the year;
- € 20,174 thousand: repayment of short-term loans and credit lines, which were in existence the previous financial year;
- € 1,476 thousand: repayment of payables due to factoring companies in relation to reverse factoring transactions implemented the previous year.

Current payables due to banks and other lenders as at December 31st, 2020 include the current portion of the medium/long term loans and a lease, amounting to € 5,287 thousand.

The table below shows the composition of current financial payables broken down by type of relationship:

Breakdown	Amount	Effective average interest rate %	Maturity
Payables due to banks:			
- accounts receivable financing	12	0.00%	on invoice due date
- stand-by and revocable lines of credit	336	1.18%	on request
- short-term portion of medium/long-term loans	4,041	(*)	(*)
Total	4,389		
Payables due to other lenders:			
- short-term portion of medium/long-term loans	320	(*)	(*)
Total	320		
Leasing	590		
Total	**5,299**		

(*) the features of medium-long term loans are described in a specific table

The average remuneration rate of current loans, excluding leases, is 1.14%%, while the average payment rate of non-current loans, aside from leases, is 1.11%. All outstanding loans are expressed in Euro.
The characteristics of the main medium/long-term loans granted to Isagro S.p.A. are summarized in the following table. The balances of the residual debt as at December 31st, 2020 include the short-term portions of the loans described, amounting to € 4,361 thousand, included in the Financial Statements under current financial liabilities, and the accrued interest.

Amounts in thousands of euro

Existing loans at December 31st, 2019	
Loan granted by Banco Popolare with a duration of 4 years, repayable in half-yearly payments starting from 2017.	250
Loan granted by UBI Banca with a duration of 99 months, repayable in half-yearly payments starting from 2021.	240
Subsidized loan granted by Cassa Depositi e Prestiti in relation to the research project "Use of bio-IT platforms to identify new agro-chemical products", with a duration of 99 months, repayable in half-yearly payments starting from 2017.	1,134
Loan granted by Banca Monte dei Paschi di Siena with a duration of 5 years, repayable in half-yearly payments starting from 2019 and requiring compliance with covenants.	3,120
Subsidized loan granted by Banca del Mezzogiorno – Mediocredito Centrale in relation to the first S.A.L. (Stage of Progress Report) of the research project entitled "Defending agricultural production against abiotic stresses (drought, salinity, heat, cold) using products of natural origin", with a duration of 8 years, repayable in six-monthly installments starting from 2019.	150
Loan granted by Iccrea BancaImpresa with a duration of 4 years, repayable in half-yearly payments starting from 2018 and requiring compliance with covenants.	2,438
Loans granted in 2020	
Subsidized loan granted by Banca del Mezzogiorno – Mediocredito Centrale in relation to the second S.A.L. (Stage of Progress Report) of the research project entitled "Defending agricultural production against abiotic stresses (drought, salinity, heat, cold) using products of natural origin", with a duration of 7 years, repayable in six-monthly installments starting from 2020.	162

During 2020, the Company obtained new medium/long-term loans from banks for a total of € 162 thousand.
The covenants to be complied with for a number of the aforementioned loans are described later in this report.
The main events, whose occurrence gives the financing institution the right to withdraw from the agreement, are as follows:

Loan granted by Banco Popolare (already existing at Monday, December 31st, 2019):

- Isagro S.p.A. is subject to legal proceedings, protests, seizure of bank assets or enforcement orders, confiscation of assets, registration of legal or judicial distraints for amounts exceeding € 250 thousand which, in the bank's judgment, may prejudice the security of the credit;
- Isagro S.p.A. is subject to bankruptcy proceedings, is placed in liquidation, its assets are transferred to creditors;
- Isagro S.p.A. changes its form, there are changes in the share capital or issues of bonds, there are changes of the shareholders who currently have indirect control of the Company, such as to negatively affect the capital, corporate, financial or economic situation in such a way as jeopardize payment of the lender's receivables;
- Isagro S.p.A. fails to punctually pay all or part of any amount due as a result of the loan and/or of the interest and related accessories;
- Isagro S.p.A. does not allocate the loan for the purposes for which it was granted.

Subsidized loan granted by Cassa Depositi e Prestiti and Loan granted by UBI Banca (already existing at Monday, December 31st, 2019):
- Isagro S.p.A. fails, even if only partially and at the prescribed due date, to pay any amount for a period exceeding 180 days;
- Isagro S.p.A. has not produced the technical and accounting documentation attesting to the activities carried out for each work progress report, according to the forms and procedures prescribed by the facilitating law, by the decree and by the circular;
- Isagro S.p.A. carries out or participates in mergers, splits or any kind of company restructuring, or carries out extraordinary transactions on its own capital or is subjected to changes of its corporate structure or of its shareholders which entail a decrease of the shareholders' equity declared for the purposes of granting the loan or of its ability to repay the loan;
- the subsidy is fully revoked;
- Isagro S.p.A. i) is subjected to bankruptcy proceedings, ii) all or part of its assets have become subjected to attachments or to proceedings having a similar effect, iii) has initiated actions to renegotiate its own obligations relating to financial debt date or to delay compliance therewith, has reached out of court agreements with its own creditors or has been granted an extension to the fulfillment of the obligations relating to financial debt or the enforcement of guarantees provided in order to guarantee compliance or application of suspension of payments;
- the Shareholders' Equity declared by Isagro S.p.A. at the time the loan was granted decreases substantially as a result of dispositions;
- Isagro S.p.A. fails to comply with obligations deriving from other loan agreements and/or financial payables of any kind.

Loan granted by Banca Monte dei Paschi di Siena (already existing at Monday, December 31st, 2019):
- Isagro S.p.A. does not fully pay one loan repayment installment;
- Isagro S.p.A. does not fulfill the obligations associated with the loan contract;
- Isagro S.p.A. is subject to protests, seizure of bank assets or enforcement orders or legal restrictions or carries out any act that decreases its amount of equity, Cash-Flow or income;
- the Parent Company Isagro S.p.A. fails to punctually pay all or part of any amount due as a result of the loan and/or of the interest and related accessories;
- Isagro S.p.A. or another company of the Isagro Group is subject to enforcement orders or seizure of bank assets, becomes subject to a legal order to pay, bankruptcy and/or injunction proceedings, protests or other detrimental events that diminish the company's financial and economic position by amounts exceeding € 250 thousand;
- Isagro S.p.A. or one of its subsidiaries, associates or parents fails to pay one of its financial debts of more than € 100 thousand on the due date.

In addition:
Isagro S.p.A. may not, except with written consent from the lender, i) modify its corporate purpose so as to determine a substantial change in the business activity; ii) transfer its registered office abroad; iii) give as guarantees, only in relation to loans granted by banks and financial institutions after this loan agreement is signed, its registered property and securities, whilst guarantees may be given, with written consent from the lender, in favor of its customers and suppliers for transactions that come within the scope of the Parent Company Isagro S.p.A.'s core business, including Licensing activity; iv) grant rights of preemption in repayment of the principal; v) perform actions that lead to a change in corporate control or merger, demerger and spin-off operations, and other operations concerning the majority of the cap-

ital, it being understood that transfers of shares among members of the Basile family will not be considered loss of indirect control of the same, and therefore will not be relevant for the purposes of the present clause; vi) distribute dividends and capital reserves or make investments of any kind of an amount such as to entail non-observance of both the covenants; vii) activate a voluntary liquidation procedure.

Loan granted by Iccrea BancaImpresa S.p.A. (existing at December 31st, 2019):

- Isagro S.p.A. becomes insolvent or is made party to any arrangement procedure and/or to procedures also of an out-of-court nature with closely analogous effects;
- Isagro S.p.A. does not make in full and on time the payment when due of any amount payable, unless this is remedied within 15 days from the due date;
- Isagro S.p.A. suspends, interrupts or substantially changes the current business activity;
- a non-fulfillment occurs for more than € 500 thousand that entails, or may entail, the acceleration clause taking effect or may trigger a request for early repayment, also following termination, withdrawal or other things for receivables other than those deriving from the loan contract;
- changes or events occur that modify the current legal, capital, financial, or economic situation of Isagro S.p.A. and that have a substantially prejudicial effect;
- lawsuits, litigation, disputes, or arbitration, administrative or judicial procedures in general, of any kind and with any public or private counterparty, are launched in relation to Isagro S.p.A. and may have a substantially prejudicial effect;
- Isagro S.p.A. does not observe both of the covenants described below and has not taken initiatives to remedy the breach within thirty days from the date of approval of the annual financial statements.

In addition:
Isagro S.p.A. may not i) amend its articles of association, without prior written consent from the lender, in such a way as to determine prejudice to the legal, capital, financial, economic, administrative or technical situation such as to compromise the prospects for repayment of the loan; ii) suspend, interrupt or change the current business activity; iii) resolve to reduce its share capital, except in the case of legal obligation; iv) constitute assets destined for a specific deal; v) be made party to voluntary liquidation procedures vi) grant other lenders mortgages, mandates to register mortgages or real guarantees on its tangible and intangible assets, and act so that its shares are pledged, except for those permitted in writing by the bank; vii) conclude transactions in derivative instruments for speculative purposes.

Loan granted by Banca del Mezzogiorno-Mediocredito Centrale S.p.A. (already existing at December 31st, 2019 and disbursed in 2020):

- the absence of one or more admissibility requirements has occurred or documentation is incomplete or irregular due to actions in any way attributable to Isagro S.p.A. and that cannot be remedied;
- Isagro S.p.A. is made party to a bankruptcy procedure;
- the research project for which the subsidized loan was disbursed is not launched, the maximum times determined for implementation of the project are not observed, the research project objectives are not achieved (except in cases of force majeure, chance or other contingent and unpredictable facts and events) or the research project is not carried out;
- Isagro S.p.A. does not transmit the first progress report within 18 months from the date of disbursement of the loan or does not transmit the final spending documentation within three months from conclusion of the project;
- Isagro S.p.A. does not repay the pre-amortization interest or the loan installments for more than one year.

Current financial payables to other lenders refer solely to the current portion of the subsidized loan granted by Cassa Depositi e Prestiti, described in the previous table. The item "leasing" refers to the residual value at December 31st, 2020 of the current value of the future payments due for the use of the assets, for which the relative rights of use are recognized under the item “Rights of Use”.Also note that the Company issued guarantees to banks in the interest of the subsidiary Isagro USA, Inc. for € 5,219 thousand.
The debt exposure of the Company broken down by maturity is shown in the table below:

	Payables broken down by maturity						
	Within 1 year	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**	**Total**
Payables due to banks:							
- floating rate	4,342	1,320	697	37	-	-	6,396
- fixed rate	47	48	48	48	48	73	312
Total Payables due to banks	4,389	1,368	745	85	48	73	6,708
Payables due to other lenders							
- fixed rate	320	323	326	165	-	-	1,134
Total Other lenders	320	323	326	165	-	-	1,134
Leasing	590	431	399	383	369	1,745	3,917
Total leases	590	431	399	383	369	1,745	3,917
Total	**5,299**	**2,122**	**1,470**	**633**	**417**	**1,818**	**11,759**

Lastly, it should be noted that, at December 31st, 2020, the Company has a number of credit lines outstanding, granted by banks and other financial institutions, totaling € 63,660 thousand (including “trade” facilities for € 59,485 thousand, of which € 3,066 thousand is used, and non-used “financial” lines for € 4,175 thousand).

COVENANTS

In compliance with the CONSOB Communication of July 28th, 2006, the loans for which certain equity and economic requirements (covenants) must be satisfied, on a consolidated basis, are listed below, together with the features of such requirements. The amounts indicated are expressed gross of commissions and ancillary charges.

Bank	Nominal amount of the loan	Residual amount of the loan	*Covenants*	Effects
Banca Monte dei Paschi di Siena	Euro 5,000	Euro 3,120	a. ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b. consolidated liability/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants will entail the upward revision of the spread by 0.5% and will also constitute a condition for loan termination loan with consequent repayment of all amounts still due, including interest.
Iccrea BancaImpresa	€ 4,000	Euro 2,438	a. ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2018 and until the full repayment of the loan. b. consolidated liability/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2018 and until full repayment of the loan.	Failure to comply with the two covenants will constitute a condition for termination of the loan with consequent repayment of all amounts still due including interest., unless Isagro S.p.A., within 30 business days from the date of approval of the financial statements has taken initiatives capable of remedying this breach.

The assessment of observance of the aforementioned covenants, which is to be carried out on an annual basis, at December 31st, 2020 did not reveal any problems, as the Isagro Group had a positive Net Financial Position at the end of the year. It should also be noted that the Directors of the Company carried out sensitivity analysis with regards to compliance with the covenants on a consolidated basis at December 31st, 2020, considering the NFP/EBITDA and NFP/SE ratio based on the consolidated Plan. The results of this sensitivity analysis are such that do not jeopardize the financial covenants for this year.

Net Financial Position

As required by CONSOB Communication no. DEM/6064293/2006 of July 28th, 2006, and also in accordance with the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10th, 2005, the Net Financial Position as at December 31st, 2020 was as follows:

Breakdown	Dec. 31st, 2020	Dec. 31st, 2019
Bank deposits, cash equivalents and cash	(27,862)	(44,466)
Liquidity (A)	**(27,862)**	**(44,466)**
Current financial receivables from subsidiaries	(904)	(1,559)
Current financial receivables (B)	**(904)**	**(1,559)**
Current payables due to banks	12	20,181
Current payables due to other lenders	-	1,476
Payables due to parent companies	-	-
Current portion of non-current financial payables	5,287	23,944
Current financial payables (C)	**5,299**	**45,601**
Net current financial debt (A+B+C)	**(23,467)**	**(424)**
Non-current payables due to banks	2,319	28,615
Non-current payables due to other lenders	4,141	4,654
Non-current financial payables (D)	**6,460**	**33,269**
Net financial debt as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	**(17,007)**	**32,845**
Time deposits	(2,503)	(2,503)
Financial assets for trading derivative instruments and IRSs	-	(10)
Financial liabilities for trading derivative instruments and IRS	-	84
Net financial debt of the Company	**(19,510)**	**30,416**

The Net Financial Position (positive) shows a decrease of € 49,926 thousand with respect to December 31st, 2019, substantially due to the collection of the price to sell the *Fluindapyr* molecule as described above.

RECONCILIATION STATEMENT OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES

As required by IAS 7 (§44A), a statement is presented below containing the reconciliation of the changes in liabilities deriving from financing activities, distinguishing between changes deriving from cash flows and other non-monetary changes.

	Book values Jan. 1st, 2020	Cash flow	Other non-monetary changes		Book values Dec. 31st, 2020
			Other changes	Total change	
Financial payables due to banks	71,775	(65,026)	(41)	(41)	6,708
Financial payables due to other lenders	2,926	(1,792)	-	-	1,134
Leasing	4,169	(667)	415	415	3,917
Total	**78,870**	**(67,485)**	**374**	**374**	**11,759**

The column “other changes” includes the allocation of accrued interest for the financial year and the signing of new lease contracts.

18. Employee Benefits - Severance Indemnity Fund – 1,546

The following table illustrates the change in the severance indemnity fund (SIF), which can be classified, as per IAS 19, as a “defined benefit plan” among “post-employment benefits”:

	Severance Indemnity Fund (SIF)
Value at Dec. 31st, 2019	1,877
Cost of employee benefits	(5)
Payments	(326)
Value at Dec. 31st, 2020	**1,546**

The total cost of the plan can be broken down as follows:

	2020	2019
Financial costs on the obligation	6	22
Actuarial (gains)/losses	(11)	57
Total	**(5)**	**79**

Information on the SIF – Severance Indemnity Fund plan

The item “Severance Indemnity Fund” reflects the Company's residual obligation regarding the indemnity to pay employees when their employment ceases. This indemnity can be partially paid in advance to the employee during his or her working life in certain circumstances. It is an unfunded defined benefit plan only in connection with the indemnity employees accrued up until December 31st, 2006. In fact, certain legislative changes turned the severance indemnity fund into a defined benefit plan starting from that date, resulting in the Company paying indemnities that accrued in each year (equal to about 7.41% of the employees' wages) into outside pension funds.

The actuarial valuations used to calculate the liabilities were made using the Projected Unit Credit Method.

The main assumptions used to measure the obligations deriving from the Severance Indemnity Fund pension plan of the Company were as follows:

	2020	2019
discounting rate	0.01%	0.35%
staff turnover rate	4.60%	4.60%
inflation rate	1.00%	1.00
annual rate of increase in severance indemnity fund (SIF)	2.25%	2.25%

For the discounting rate it was decided to use as the reference the rate of return of corporate securities in the Eurozone with rating AA.

The probability of turnover consistent with the historic trend of the phenomenon was used for the staff turnover rate (if a turnover rate consistent with that of the year in course had instead been used no significant differences would be seen).

The actuarial gains and losses coming from re-measurement of the liabilities were recorded in “Other Comprehensive Income” and recognized under Company Equity in the item “Retained earnings”, while the financial component was included in the Income Statement under financial charges for the year. Actuarial gains for the period, € 11 thousand, include losses attributable to changes in the financial assumptions for € 6 thousand and gains attributable to changes in the demographic assumptions for € 17 thousand.

To complete the determination of obligations, sensitivity analyses were conducted as regards the option of changing the discounting rate of the obligation, from which it emerged that a parameter increase of a quarter of a percentage point would bring about a € 25 thousand decrease in liabilities, while a decrease of a quarter of a percentage point in the rate would bring about an increase in liabilities of € 26 thousand.

The Company also participates in the “pension funds” which, pursuant to IAS 19, can be classified as "defined contribution plans" among “post-employment benefits”. In relation to these plans, the Company has no additional monetary obligations once the contributions have been paid.

The total costs of such plans, included under “Personnel costs”, were € 812 thousand in 2020 (€ 929 thousand in 2019).

19. Other non-current liabilities – 806

Breakdown	Book values Dec. 31st, 2019	Increases/ decreases	Book values Dec. 31st, 2020
Payables:			
- contractual liabilities	1,130	(324)	806
Total	**1,130**	**(324)**	**806**

The item refers to the medium/long-term contractual liabilities pertaining to revenues arising from the granting in 2019 to the company P.I. Industries Limited, exclusively and for the duration of ten years, of the right to distribute products previously marketed by Isagro (Asia) Agrochemicals Pvt. Ltd., for which the fee has already been paid by the counterpart. This item also included the amount of € 222 thousand relative to the right to distribute *Fluindapyr*-based compounds starting in 2027, which, after the sale of the know-how, brands, patents and registration dossiers associated with this fungicide to the Swiss company FMC Agricultural Products International A.G. (a

company in the FMC Group), was reclassified under the item "Other operating revenues".
For more information about this item, please see the separate financial statements for 2019.

20. Trade payables – 23,303

The breakdown and the changes in this Financial Statement item are shown in the following table:

	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Trade payables - Italian third parties	16,108	1,188	17,296
Trade payables - Foreign third parties	8,749	(3,726)	5,023
Payables due to subsidiaries/parent companies	454	530	984
Total	**25,311**	**(2,008)**	**23,303**

The decrease in trade payables compared to the previous year is substantially attributable to a change in the timing of purchases of raw materials made in 2019, when these were concentrated in the final part of the year.
For trade payables due to other related parties, reference should be made to Note no. 40.
Below is the breakdown of trade payables by geographical area:

• Italy	17,764
• Other European countries	1,923
• Americas(*)	1,612
• Middle East	94
• Central Asia and Oceania	714
• Africa	1,180
• Middle East and Africa	16
Total	**23,303**

(*) of which United States € 413 thousand

The average contractual maturity of trade payables is around 88 days (around 90 days in 2019).
The reported trade payables are due within the next year and are not backed by collateral.

21. Current provisions – 1,953

The breakdown and changes in current provisions are illustrated in the following table:

Breakdown	Book values Dec. 31st, 2019	Changes over the period				Book values Dec. 31st, 2020
		Provision	Use	Other changes	Change total	
Current provisions						
- prov. for the destruction of goods	148	120	(100)	-	20	168
- provision for employee participation bonus/manager and director bonuses	547	777	(547)	-	230	777
- expense provision for reclamation works	149	189	-	-	189	338
- provision for risk of lawsuits	30	-	(30)	-	(30)	-
- expense provision for other obligations	661	250	(241)	-	9	670
Total	**1,535**	**1,336**	**(918)**	**-**	**418**	**1,953**

We must specify that:

- the provision for the "destruction of goods" refers to costs to be incurred for the disposal of production waste and for any destruction of obsolete products aimed at improving logistics and storage conditions of the Adria and Aprilia industrial sites;
- the provision "expenses for reclamation works" which refers to the amount estimated and agreed upon through an agreement with the Municipality of Adria to complete reclamation work relative to its plant, was increased by € 189 thousand during 2020 in the face of expenses which the Company will have to sustain to remove additional hazardous waste identified during reclamation.
- the "expense provision for other obligations" refers for € 420 thousand to the amount that the Company had estimated would need to be paid in 2021 in relation to a number of obligations arising from the contract to sell its equity investment in the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., for which details can be found in the 2019 financial statements and, for € 250 thousand, to the estimated amount that the Company will pay in 2021 as a penalty for the early termination of the lease contract for a floor of offices in Milan.

We can note that these provisions are very likely to be used in full by the end of 2021.

22. Tax payables – 923

The item refers to the payable due to tax authorities for income taxes relative to the Company, which in the previous year had not allocated current taxes as its taxable amounts were negative, for both IRES and IRAP.

23. Other current liabilities and payables – 3,988

The breakdown and changes in other current liabilities are shown in the following table:

Breakdown	Book values Dec. 31st, 2019	Changes in the year	Book values Dec. 31st, 2020
Payables:			
- due to social security institutions	1,064	(154)	910
- due to agents and canvassers	183	48	231
- due to employees	901	(215)	686
- due to tax authorities for withholdings and other taxes	731	179	910
- due to subsidiaries	366	346	712
- others	563	(24)	539
Total	**3,808**	**180**	**3,988**

In particular:

- payables due to employees refer to amounts for vacations accrued but not used, deferred salaries and expense accounts, it should be noted that the previous year this item also included € 161 for the incentive paid in January 2020 to an executive of the Company after the employment relationship ended;
- due to social security and welfare institutions refers to social security and insurance contributions settled and allocated during the year, to be paid in the initial months of 2021;
- payables due to tax authorities essentially refer to IRPEF tax withholdings paid in January 2021;
- the item "payables due to others" includes € 136 thousand relating to the balance of the food safety grant, which was paid in January 2021, in addition to the short-term portion of € 101 thousand of the contractual liabilities described in Note 19;
- “payables to subsidiaries” refer for € 553 thousand to commissions accrued during the year (of which € 360 thousand to the subsidiary Isagro USA, Inc.).

For other current liabilities and payables due to other related parties, reference should be made to Note no. 40.

INFORMATION ON THE INCOME STATEMENT

23. Revenues – 94,716

The breakdown of revenues is described in the table below:

Breakdown	2020			2019		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- agrochemical products	16,113	72,174	88,287	18,880	69,364	88,244
- raw materials and packaging	133	1,381	1,514	192	719	911
	16,246	73,555	89,801	19,072	70,083	89,155
Revenue from services:						
- toll manufacturing	507	1,591	2,098	543	1,598	2,141
- protection and development	-	-	-	-	11	11
- M/L Agreements	-	-	-	-	3,117	3,117
- goods deposit services/management	17	247	264	43	249	292
	524	1,838	2,362	586	4,975	5,561
Total	**16,770**	**75,393**	**92,163**	**19,658**	**75,058**	**94,716**

This item shows a decrease of € 2,553 thousand with respect to the previous year, essentially determined by, on one hand, the increase in sales of agrochemicals and raw materials (€ +646 thousand) and, on the other, lower revenues from M/L Agreements (€ -3,117 thousand).
With reference to sales of agrochemicals, these recorded, on one hand, a decrease in sales on the Italian market (€ -2.8 million with respect to 2019) and, on the other, an increase in sales on the foreign market (€ +2.8 million compared to 2019).
In particular, it should be noted that lower sales in the Italian area are due to the management decision to change the business model, replacing sales to certain Italian distributors with direct B2C sales, for which positive effects are expected to be seen starting in 2021.
With reference to the foreign market, the increase during the year can essentially be ascribed to greater sales in the Americas, above all in Brazil and the United States, thanks to weather conditions which favored the development of fungal diseases, leading to higher sales of copper-based products.
The breakdown by geographical area of crop protection product sales, based on customer country, is as follows:

	2020	2019
Italy	16,113	18,880
Europe	35,813	39,235
Americas	18,384	15,715
Middle East	6,211	3,667
Asia Oceania	2,864	2,822
Far East	3,864	4,075
Africa	5,096	4,480
Foreign currency losses	(58)	(630)
Total	**88,287**	**88,244**

The item “M/L Agreements, futures”, of the previous year, referred:

1. for € 2,500 thousand to the upfront payment made to Isagro S.p.A. by the Spanish company AQL Agroquimicos de Levante S.A. in relation to an agreement, with a duration of seven years and which can be extended, related to the fumigant *Allyl Isothiocyanate* which includes the following performance obligations: i) assignment by Isagro to AQL of an exclusive license fee and data access relating to the intellectual property of the fumigant in certain territories, for which a one-time fee of € 2,500 thousand was paid, recognized under the item “M/L Agreements” and ii) the commitment, by Isagro, to purchase from AQL certain quantities of technical product at a predefined price, for which more details can be found in the separate financial statements at December 31st, 2019. With regards to the way this fee was collected, please see the information found under note 7. It should be noted that, if Isagro breached the exclusive right in relation to the commercialization and distribution activities of the product in certain territories, AQL would have the right to receive an indemnity modulated on the basis of the residual life of the agreement according to the following outline:
   - € 1,000 thousand if the breach occurs in 2021-2022;
   - € 750 thousand if the breach occurs in 2023-2025.

   In the opinion of the Company’s Directors, the occurrence of a breach in the aforementioned exclusive right is a remote possibility.
2. € 450 thousand (equal to 500 thousand US dollars) to an up-front payment that the American company Sipcam Agro USA, Inc. paid to Isagro S.p.A. in exchange for the right to cite to the American registration authorities, in order to obtain authorizations for the sale of products it owns, the studies related to Tetraconazole owned by Isagro. The fee agreed upon was paid in two installments of US$ 250 thousand each, received respectively on March 12th, 2020 and January 11th, 2021, including interest calculated using the LIBOR rate plus a 3% spread;
3. € 167 thousand to the current value of the upfront payment of € 180 thousand made by the American company Suterra LLC to Isagro S.p.A. for the right to use the data related to the insecticide Deltamethrin, an Isagro proprietary active ingredient, for the production of its own products used to attract and eliminate insects, which will be marketed in the European Union, Morocco, Israel, Tunisia, Lebanon, Mexico, Argentina, Australia, and South Africa. This agreement, which was signed in 2016 and has a duration of eleven years, also requires that Isagro provide Suterra with the active ingredient necessary for the production of its own products throughout the entire duration of the contract. The contract provided for an upfront payment totaling € 200 thousand: at the time of signing, Suterra paid the Parent Company Isagro S.p.A. an amount of € 20 thousand, while the remainder (equal to € 180 thousand) was paid upon the obtainment of the first registration of a Suterra formulation with the Isagro active ingredient with payment in annual installments of € 20 thousand each on December 1st of each year. Isagro S.p.A. discounted this residual payment at the one-year EURIBOR rate + a spread of 2.71%.

If there is a serious breach of the agreement by Isagro that is not remedied within forty-five days or there are regulatory changes that no longer make it possible to market products containing Deltamethrin as an active ingredient, Suterra would have the right to receive an indemnity modulated on the basis of the residual duration of the agreement; the amount that Isagro S.p.A. would be required to pay is calculated is inversely proportional relative to the residual years remaining of the agreement, starting from a maximum of € 180 thousand; therefore, the percentage of the the upfront paid which would have to be paid is calculated by comparing the number of years remaining to the overall duration of eleven years.

With regard to the total revenues from related parties, please refer to Note no. 40.

25. Other operating revenues – 31,610

The breakdown of other operating revenues is described in the following table:

Breakdown	2020	2019
- admin./management and technical services to subsidiaries	132	119
- admin. services to parent companies	23	23
- leases to third parties	7	19
- guaranteed minimum margins	300	467
- secondment of personnel to subsidiaries	-	86
- recovery of research costs	610	761
- insurance compensation	176	-
- capital gain on disposal of tangible and intangible assets	-	374
- others	401	273
	1,649	2,122
Other non-recurring operating revenues	29,961	-
Total	**31,610**	**2,122**

Of the item "Recovery of research costs", € 326 thousand refers to the recovery of 50% of costs incurred by Isagro S.p.A. in relation to the US company FMC Corporation, under the terms of the agreement signed by the two companies for the co-development of *Fluindapyr*, for € 205 thousand to the fees paid by third-party companies in order to access the scientific data related to the proprietary toxicological dossiers of Isagro S.p.A., and for € 60 thousand to the recovery of costs incurred by the Company in Brazil in relation to Arysta LifeScience (now UPL do Brasil), for research and experimental activities commissioned by Isagro S.p.A. for the registration of *Fluindapyr*-based compounds.

The item "Guaranteed minimum margins" refers to the amount that the British company Gowan Crop Protection Ltd. (related party) is required to pay to Isagro S.p.A. on the basis of an agreement signed in 2016. This agreement, besides providing for the exclusive concession of the right to develop, formulate, produce and market for a period of fourteen years in Europe compounds based on *Kiralaxyl*—an Isagro proprietary fungicide— as already described in Note 7, stated that Gowan was appointed exclusive distributor in Europe of products based on this fungicide. As consideration, the contract attributed to Isagro the payment of a guaranteed minimum margin of € 900 thousand, calculated on the basis of the margins previously obtained by Isagro: therefore, if the margin deriving from sales made in the period 1st September – August 31st for each year of the contract is less than this minimum amount, Gowan must pay Isagro the difference between the margin achieved and the guaranteed minimum amount while, if the margin is higher than this minimum amount, Isagro will have to pay this difference to Gowan. On January 20th, 2021, Isagro S.p.A. and Gowan Crop Protection Ltd. signed an agreement valid solely for the 2018-2019 and 2019-2020 campaigns based on which, due to changed market conditions and a delay in the obtaining of *Kiralaxyl*-based product registrations, the minimum guaranteed margin of € 900 thousand was reduced by € 165 thousand. This agreement also establishes that the Parent Company Isagro S.p.A. pay Gowan Crop Protection Ltd. a contribution of € 300 thousand to marketing activities carried out during the year, recognized under the item "Costs for services".

The item "Insurance compensation" essentially refers to the payment received relative to claims made for the Aprilia plant of the Company.

The item "Others" includes both € 101 thousand relative to the annual portion of the expenses linked to the fair value of performance obligations in the contract for the sale of Isagro (Asia) Agrochemicals Pvt. Ltd. signed with PI Industries Limited in 2019, with reference to the ten year right to distribute products in the Isagro portfolio as well as the maintenance, after the expiration of the distribution contract, of the brands and intellectual property linked to the products granted for distribution, and € 222 thousand relative to the right to distribute *Fluindapyr*-based compounds starting in 2027. In fact, as indicated in note 25a, to which reference is made, after the sale of the know-how, brands, patents, and registration dossiers for *Fluindapyr* to the Swiss company FMC Agricultural Products International A.G. (a member of the FMC Group), the Company could consider this latter performance obligation as fully realized in 2020.

Other operating revenues from related parties are illustrated in Note no. 40.

Relative to the item "Other non-recurring operating revenues", please see note 25a below.

25a. Other non-recurring operating revenues - 29,961
In July 2020, Isagro S.p.A. and the Swiss company FMC Agricultural Products International A.G. (a member of the FMC Group) signed an Asset Sale and Purchase Agreement to sell Isagro's intangible assets relative to the molecule *Fluindapyr* to FMC for a total payment of € 55,000 thousand, not subject to adjustments and entirely paid on the closing date of the transaction (October 2nd, 2020). The assets refer to a fungicide in the SDHi class which was the result of research done by Isagro and co-developed, starting in 2012, with the North American company FMC Corporation, another member of the FMC Group.
The value of the item refers to net capital gains, calculated as follows:

Sale price	55,000
Carrying value of the intangible assets sold	(24,946)
Accessory costs for the sale	(93)
	29,961

The accessory costs for the sale, which refer to expenses sustained in relation to legal consulting received with regards to the sale of the assets, were entirely paid during 2020.
In addition to the performance obligation regarding the transfer of the know-how, patents, registration studies, brands, registrations and other Intellectual Property relative to *Fluindapyr* (with the exclusion of the registration of the Tetraconazole/*Fluindapyr* compound in Paraguay and the dossier for the same compound in Brazil which remained with Isagro and, in the same year, classified as a loss), the contract also establishes other performance obligations which are detailed below. As established under accounting standard IFRS 15, the Directors of Isagro S.p.A. have determined that the performance obligations under the contract were complied with as of the closing date ("at a point in time", as defined under accounting standard IFRS 15, paragraph 32).
It should also be noted that in December 2017 Isagro S.p.A. and the North American company Arysta LifeScience Inc. (now UPL North America Inc.) signed a ten-year distribution agreement solely for Brazil for *Fluindapyr*-based compounds, based on which Arysta was designated as the exclusive distributor of compounds including its own proprietary active ingredients and *Fluindapyr* and a non-exclusive distributor of Tetraconazole and *Fluindapyr* compounds. Given that neither Isagro nor FMC were able to obtain an agreement with UPL North America to transfer this contract, the parties established a side agreement so that this former contract could continue and therefore, with the aim of complying with the same, keep the previously existing distribution contract in force. Based on that contractually established, pursuant to international accounting standard IFRS 15, paragraph B34, Isagro S.p.A., with reference to this performance obligation, acts as the "agent" and not as the "principal" due to: i) a lack of liability applying to Isagro for compliance with the promise to supply Arysta LifeScience Inc.; ii) FMC Corporation will be responsible for an product non-compliance whether identified by Isagro itself or by the Brazilian distributor; iii) FMC indemnifies Isagro from any costs or charges which may arise due to breach of the contract with Arysta LifeScience Inc.; iv) it will indemnify and release Isagro from and against any responsibility, flaw, cost, expense, loss, legal case, complaint, proceedings, request, valuation or damage, including the payment of any fines or indemnities which it is called upon to pay Arysta based on the original agreement; v) a lack of inventory risk for Isagro.
The additional performance obligations identified by the Directors and present in the sales contract are as follows:

1. the exclusive granting to FMC through December 31st, 2025 of the right to distribute Tetraconazole-based products, a fungicide owned by Isagro S.p.A. in Russia and the Ukraine. The contract establishes that FMC acquires from Isagro minimum amounts of the product against the right of FMC to be the sole recipient of these products from Isagro;
2. the transfer and partial sale of the technical *Fluindapyr* production contract and distribution contract for *Fluindapyr*-based compounds signed by Isagro S.p.A. with the former subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (now a subsidiary of PI Industries Limited) to FMC; after this sale and as indicated in note 25, to which the reader is referred, the parent Isagro S.p.A. was able to recognize among its revenues for the current fiscal year the portion of the expenses linked to the fair value of the performance obligation relating to the right to distribute *Fluindapyr*-based compounds as of 2027;
3. sale of the five-year distribution contract signed by Isagro S.p.A. and the German company Spiess Urania GmbH (now Certis Europe B.V.) to FMC, regarding exclusive distribution of *Fluindapyr* and *Prothioconazole* compounds in Austria and Germany;
4. sales of the seven-year contract, signed by Isagro S.p.A. and the German company Bayer CropScience AG (now Bayer AG), to FMC, regarding the supply of *Prothioconazole*, a fungicide owned by Bayer, which is used in compounds with *Fluindapyr*;

5. the sale by FMC to Isagro of access rights to registrations and intellectual property linked to *Fluindapyr* and Tetraconazole-based compounds so that the latter can continue to serve as the distributor of these compounds in Paraguay, with an obligation for Isagro to purchase from FMC the amounts necessary to fulfill the said distribution.

26. Raw materials and consumables used – 56,908

The breakdown of costs for the purchase of raw materials and consumables is described in the following table:

Breakdown	2020	2019
Raw and ancillary materials, consumables and goods:		
- purchases of raw materials	55,096	54,222
- technical and research-related materials	604	880
- change in inventories of raw and ancillary materials and consumables	874	345
- other purchases	334	235
Total	**56,908**	**55,682**

Purchases during the year, excluding changes in inventories, were substantially in line with those of the previous year.
Purchases from related parties are illustrated in Note no. 40. Also note that the item “other purchases” includes € 128 thousand in greater costs closely linked to the ongoing Covid-19 health emergency, mainly for costs relative to protection systems (masks, disinfectant gel, etc.).

27. Costs for services – 20,727

The breakdown of costs for services is described in the table below:

Breakdown	2020	2019
For services:		
- utilities	2,513	3,064
- maintenance, repairs and technical support	920	987
- transport and related purchase and sale transaction costs	4,262	3,746
- toll manufacturing	2,481	1,432
- Research and Development costs	1,500	2,641
- consulting and professional services	3,696	3,365
- marketing costs	806	432
- software and EDP costs	400	417
- waste disposal and transport service	830	754
- technical services (registrations and patents)	250	209
- insurance	457	411
- allocations to provisions for destruction of goods	120	140
- office and warehouse rentals	187	176
- vehicle leasing/rental	168	221
- office/transmission line leases and sundry installments	392	435
- other services	1,745	1,898
Total	**20,727**	**20,328**

This item shows a € 399 thousand increase compared to the previous year, due to the combined effect of an increase in costs for toll manufacturing (€ +1,049 thousand) for the formulation of *Kiralaxyl*-based products and directly linked to the increase in turnover from agrochemicals in the foreign market and of a decrease in utilities costs (€ -551 thousand) and in costs for services connected to research (€ -1,141 thousand). The decrease in utilities expenses is due to both a decrease in energy costs, due to a reduction in the cost of oil, brining costs to 2018 levels, and due to a partial reduction in manufacturing activities at the Aprilia and Bussi sul Tirino plants of the Company during the second and third quarters of 2020.
The decrease in the “Research and Development costs” item derives from the change in the management strategy in line with the Company's new strategic model, which halts activities to discover organic chemical products/ molecules (for more information, please see that found in the Report on Operations).
Finally, the item “marketing costs” includes € 467 thousand that the Company paid to the related party Gowan for activities to support the sales of Tetraconazole and *Kiralaxyl*-based products during the year.
The item “Research and Development costs”, also includes costs due to subsidiaries, for a total, before capitalizations during 2020, of € 883 thousand. These capitalizations, which amounted to € 477 thousand, refer to development costs for products and processes, registration expenses incurred for authorizations to sell formulations relating to the Company's major proprietary products in various countries.
The item "vehicle leasing/rental" includes the component related to the ancillary services pertaining to the rental of offices and of vehicles for use by employees which, according to the provisions of accounting standard IFRS 16, are not included when calculating rights of use.
For the total amount of costs for services from related parties, please refer to Note 40. Also note that the item “other services” includes € 89 thousand in costs related with the ongoing Covid-19 health emergency, mainly for cleaning services.

28. Personnel costs – 19,695

The breakdown of personnel costs is described in the following table:

Breakdown	2020	2019
Personnel costs:		
- wages and salaries	12,234	13,777
- social security charges	4,069	4,647
- incentive and retention plan	91	242
- costs for early retirement incentives	856	675
- pension funds	812	929
- provision for participation bonus and manager and director bonuses	777	547
- costs for employee services	584	1,271
- costs for seconded personnel	4	84
- car leasing IFRS 16	191	219
- other costs	77	77
Total	**19,695**	**22,468**

Compared to the previous year and net of “Costs for early retirement incentives”, this item shows a decrease of € 1,917 thousand attributable both to the reduction in the average number of employees compared to 2019 and to the use of the Unemployment Fund for the Covid-19 emergency, as established under the Decree Law of March 18th, 2020, for the personnel at the Aprilia, Bussi sul Tirino and Novara and Galliera locations. The overall benefit in 2020 relative to these extraordinary measures totals around € 270 thousand.
The item “Costs for early retirement incentives” refers to the final remuneration due under law and under the contract, recognized by the Company in relation to the consensual termination of employment of some managers. These amounts were entirely paid as at December 31st, 2020.

On March 13th, 2018 the Board of Directors of Isagro S.p.A. approved the introduction of an incentive and long-term retention plan (2018-2021) reserved for the Company’s top managers and aimed at ensuring the retention of resources with a high impact on implementation of the business plan and at encouraging orientation to the achievement of long-term objectives. The plan, approved also by the Shareholders’ Meeting on April 24th, 2018, was then formally accepted by the Company’s Group Directors in June 2018.

The plan provides for free assignment of "Growth Shares" to beneficiaries. Consequently, the Shareholders' Meeting also approved the purchase of treasury "Growth Shares" in service of the plan.

It should be noted that the maximum number of shares attributable to beneficiaries was initially set at 890,000 shares. This number has now fallen to 550,000 after the departure of certain top managers from the Company.

The shares will be assigned in the following ways:

1. for the first 50% of the shares (so-called Restricted Shares) on the basis of the continuity of the employment relationship modulated as follows:
   - 31/12/2019: 50% of the shares;
   - 31/12/2020: 25% of the shares;
   - 31/12/2021: 25% of the shares;
2. for the remaining 50% of the shares assigned (so-called Performance Shares) the attribution will occur at the end of the plan on the basis of the achievement of four performance objectives, the weight of which is 25% each:
   a. percentage increase in the price of Isagro Ordinary Shares between the start and the end of the performance period;
   b. EBITDA/Revenue ratio as average figure for the four years 2018-2021;
   c. Net Working Capital/Revenue ratio as average figure for the four years;
   d. Net Financial Position/EBITDA ratio as average figure for the four years.

For objectives b), c) and d), the target figure of reference will be calculated as average of the figures of the budget for 2018 and for the first three years of the 2019 – 2023 Business Plan, which were approved by the Board of Directors on January 15th, 2019. On the basis of the accounting standard IFRS 2, the operation is classified as an incentive plan with share-based payment, settled with equity instruments. According to this standard, the Company receives goods or services from the employee and must therefore recognize the related cost, in personnel costs, for a figure equivalent to the fair value of the goods or services received. In the case of Isagro's incentive plan, the fair value was determined indirectly using the fair value of the "Growth Shares" to be assigned. The cost of the incentive was therefore determined using the fair value of the attributable instruments and the forecast of the number of shares that will effectively be assigned. The portion accruing during the fiscal year is determined *pro-rata temporis* along the vesting period, that is the period in which the conditions for accrual of the rights provided for in the plan must be fulfilled and is recognized as a counter-item to the Shareholders' Equity reserves (see Note 16). The fair value of the shares involved in the plan was calculated at the assignment date based on the market prices of the instrument, taking into account the assignment terms for the instrument.

The average fair value of the Growth Shares at the date of assignment to the employees was estimated at the time as € 1.16 per share. Note that during 2020 182,500 Growth Shares were assigned to top managers of the Company (for a total value of € 229 thousand), beneficiaries of the aforementioned plan. This occurred after the first objective established in the plan for continuous employment was achieved on December 31st, 2019, with the assignment of 50% of the first 50% of the shares (so-called Restricted Shares). Please note that, as stated in the amendments to IAS 19, the actuarial component concerning employee benefits was recognized net of the related tax effect among "Other Comprehensive Income" (see Note no. 18). The table below shows the number of employees, broken down by category.

	2020 Average	2019 Average	At Dec. 31st, 2020	At Dec. 31st, 2019
Executives	24	32	21	28
middle managers	64	68	61	66
white-collar workers	91	110	88	103
special qualifications	4	4	4	4
blue-collar workers	86	90	79	69
TOTAL	**269**	**304**	**253**	**270**

29. Write-downs/write-backs of trade receivables and other receivables – 294

The item expresses the difference between provisions set aside and used for impairment losses on trade and other receivables, calculated according to the provisions of the new accounting standard IFRS 9 and shown in the table below:

- Allocation to Provisions for the Impairment of Trade Receivables	294
- Losses on sundry receivables	223
- Use of Provisions for Impairment of Receivables due to surplus	(223)
TOTAL	**294**

In compliance with accounting standard IFRS 9, the estimate of losses on receivables is made on the basis of the expected credit losses (E.C.L.) model using supportable information, available with available without unreasonable expenses or efforts, which includes historical, current and prospective data; unlike what is provided for in the incurred losses model, prescribed by IAS 39, it is no longer necessary for an event to have occurred before recognizing losses on receivables. To measure expected credit losses a "provision matrix" was constructed, applying percentages differentiated according to the maturity bands of the receivables.

Provisions for the year were required following both a worsening in the payment profile of a number of customers, which led to a displacement in the related receivables in highest-risk maturity bands, and by a worsening in the default rate of a number of countries, which led to an increase in the write-down percentages.

30. Other operating costs – 2,151

The breakdown of "other operating costs" is described in the following table:

Breakdown	2020	2019
- losses on disposal of assets	7	22
- taxes payable	976	1,373
- transactions	213	6
- membership fees	246	263
- promotional and entertainment expenses	110	212
- provision for sundry risks	439	179
- others	160	147
Total	**2,151**	**2,202**

This item was substantially in line with the figure in the previous year. The item includes costs due to subsidiaries and other related parties, for a total, gross of capitalizations during 2020, of € 151 thousand (see Note no. 40). With regard to other operating costs with related parties, please refer to Note 40. The item "allocation to provision for sundry risks" includes € 189 thousand in relation to additional costs which the Company will have to sustain to complete reclamation work at the Adria production plant, as well as € 250 thousand relative to the estimated amount the Company will have to pay in 2021 as a penalty for the early termination of a lease contract regarding a floor in the office building in Milan.

31. Change in inventories of finished products and work in progress – 4,152

The positive change in finished product inventories, calculated net of the provision for inventory obsolescence, was calculated as follows:

• Net inventories - opening balance at January 1st, 2020	(20,179)
• Net inventories - closing balance as at December 31st, 2020	24,331
• Total changes	4,152

The operational justification for the increase in finished product inventories is illustrated in Note no. 9.

32. Costs capitalized for internal work – 1,348

The item refers mainly to tine capitalization of personnel costs and overheads related to extraordinary protection costs, development expenditure and expenses for registration of new products. The item shows and increase of € 239 thousand relative to the previous year, essentially due to the greater use of internal Company resources for the extraordinary protection of *Kiralaxyl* (IR 6141), for which renewal in *Annex 1* is planned at the European level. Services received from third parties relating to capitalized development projects are deducted directly from "consulting and professional services" under "costs for services".

33. Depreciation and amortization – 8,781

Depreciation of tangible assets – 2,406

Amortization of intangible assets – 5,842

Amortization of rights of use – 533

Breakdown	2020	2019
Depreciation of tangible assets:		
- buildings:	730	863
- plant and machinery	1,260	1,334
- industrial and commercial equipment	199	152
- data processors	181	205
- furniture and fittings	36	37
	2,406	2,591
Amortization of intangible assets:		
- product know-how:	1,333	1,294
- process know-how:	133	185
- extraordinary protection	1,665	1,678
- patents, licenses, trademarks, similar rights and registrations	2,502	3,441
- other	209	212
	5,842	6,810
Amortization of the rights of use:		
- buildings:	366	381
- equipment	125	156
- vehicles	40	38
- apartment	-	20
- land	2	2
	533	597
Total	**8,781**	**9,998**

The decrease in amortization of "patents, licenses, trademarks and registrations", of € 939 thousand, is substantially attributable to the completion of the amortization process in the initial months of 2020 with regards to certain registrations relative to copper and *Kiralaxyl*-based compounds.

34. Write-downs of tangible and intangible assets – 1,197

During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed; critical issues emerged with reference to certain assets that proved to be either no longer usable or uneconomical to use. Consequently, costs were entirely written down sustained in relation to investments in registration dossiers, patents and brands deemed no longer strategic for the Company, for a total of € 417 thousand, and in relation to development and know-how costs for processes, for € 118 thousand, as well as costs relative to the book value of a basic *Fluindapyr* registration not sold to FMC and other authorizations for sale still to be obtained for a total of € 591 thousand.
As already described in Note 2, to which reference should be made, the Company also made a write-down consequent to the results of the impairment test of € 71 thousand in relation to the know-how relating to the "Fumigant" molecule.

35. Financial income – 493
Financial charges – 753
Gains/(losses) on foreign exchange and financial derivatives– -403

Breakdown	2020	2019
Interest income from financial instruments at amortized cost:		
- bank deposits	1	2
- loans receivable	72	107
- medium-long term loans	79	102
	152	211
Financial income from financial instruments at fair value:		
- Arterra Bioscience S.p.A.	-	2,737
Others:		
- default interest	305	654
- financial discounts from suppliers	16	-
- interest income on tax receivables	-	2
- others	20	19
	341	675
Total	**493**	**3,623**

Breakdown	2020	2019
Interest paid to banks and other lenders	(856)	(1,151)
(Allocation to)/Use of write-down provision for financial receivables	360	(360)
Others:		
- interest paid to Tax Authorities	-	(1)
- interest paid on employee benefits - severance indemnity	(6)	(22)
- interest paid to suppliers and financial discounts to customers	-	(10)
- financial expenses – IFRS 16	(117)	(134)
- others	(2)	-
	(125)	(167)
Gains/(losses) on IRS derivative instruments	(132)	(54)
Total	**(753)**	**(1,732)**

Breakdown	2020	2019
Foreign currency gains and losses		
- foreign currency gains	698	511
- foreign currency losses	(3,390)	(527)
- gains/(losses) on currency forward derivative instruments	2,289	(380)
	(403)	(396)
Derivative financial instruments (trading)		
- exchange rates (currency forwards)	-	4
	-	4
Total	**(403)**	**(392)**

The overall decrease of € 2,162 thousand with respect to the previous year can be attributed in part to the presence of a positive component in 2019 relative to the fair value assigned to the shares of Arterra Bioscience S.p.A. at the time the shares were listed on the AIM Italia market (€ 2,737 thousand) and in part to the reduction in interest and fees paid to banks and other lenders (€ -295 thousand) consequent to both a very low cost of money and a reduction in the debt of the Company, already described in note 18.

Use of the write-down provision for financial receivables refers to the loan granted by the Company to Isagro USA Inc.; the grounds for such use are described in Note 13, to which reference should be made.

Interest income on loans accrued during the year on loans granted by the Company to the subsidiaries Isagro USA, Inc., Isagro Mexicana S.A. de C.V. and Phoenix-Del S.r.l., previously described in Note no. 13, to which reference is made.

36. Income from equity investments – 256

The item, which expresses the net difference between income and charges from equity investments, refers:

- for € 186 thousand to the algebraic sum of costs and revenues recorded during the year by the Company relative to the transaction to sell its equity investment in Isagro (Asia) Agrochemicals Pvt. Ltd. occurred in 2019; in particular, the item includes: i) € 107 thousand for costs relative to consulting services and ii) € 293 thousand for the use of excess amounts from the bad debt provision for the sum deposited with the escrow agent, better described in note 11;
- for € 800 thousand to dividends resolved and distributed by the subsidiary Isagro España S.L.;
- for € 730 thousand to charges deriving from the alignment of the book value of equity investments in subsidiaries with their portion of Shareholders' Equity, of which € 643 thousand related to the subsidiary Isagro USA, Inc..

37. Income taxes – 4,967

The table below shows the breakdown of income taxes:

Breakdown	2020	2019
Current tax:		
- income taxes (IRES)	900	-
- IRAP	883	-
- substitute tax for realignment	59	-
- tax on sale of investment Isagro Asia	-	4,835
- use of provisions for deferred tax assets/ liabilities	3,419	238
- contingent liabilities	113	164
- contingent assets and tax credits	(165)	-
	5,209	5,237
Deferred tax liabilities and assets:		
- contingent assets for deferred tax assets/ liabilities	(384)	-
- contingent liabilities for deferred tax assets	142	450
	(242)	450
Total income taxes recognized in profit or loss	4,967	5,687
Other Comprehensive Income		
Deferred tax assets and liabilities:		
- use of deferred tax assets relating to employee benefits	53	-
- Deferred tax assets on financial derivatives (cash flow hedges)	23	82
- Deferred tax liabilities on financial derivatives (cost of hedging)	(36)	(90)
	40	(8)
Total income taxes recognized in Shareholders' Equity	**40**	**(8)**

The item "use of deferred tax liabilities/deferred tax assets" reflects the difference between uses of deferred tax assets of € 3,608 thousand, including € 3,472 thousand relating to tax losses (which have been used to offset 80% of taxable income for the current year), and uses of provisions for deferred taxes totaling € 189 thousand (includ-

ing € 133 thousand relating to the misalignment between amortization and depreciation of certain intangible assets for statutory and fiscal purposes).
The item "Contingent assets for deferred tax assets/liabilities" refers to the reversal of provisions for deferred taxes made in previous years in relation to goodwill and other intangible assets, amounting to € 222 thousand, following the elimination of differences between the statutory and fiscal values of such assets. In fact, article 1, paragraph 83 of Law 178/2020 (2021 Budget Law) granted IAS Adopter entities the right to align the tax values of intangible assets and goodwill to their statutory values at December 31st, 2020. The Company decided to make use of this possibility, which calls for the payment of a substitute tax equal to 3% of the value of the realignment, to be paid in 2021, recognized under the item "substitute tax for realignment" (€ 59 thousand).
The item "Contingent liabilities" refers essentially for € 113 thousand to the value of the partial reversal of "tax credits from foreign authorities" for withholdings on income generated in other countries, as these are deemed impossible to recover on the basis of the future forecasts in the Company Plan.
The item "contingent liabilities for deferred tax assets", refers to the write-down of deferred tax assets which, as described in Note 8 to which explicit reference is made, was deemed not recoverable based on the forecasts of the Company Plan.
The following table illustrates the reconciliation between the theoretical IRES and IRAP tax rates (24% and 3.90%, respectively) and the effective tax rates, taking into account the effect of deferred tax assets and liabilities. The taxable income relating to the theoretical tax rates, coinciding with the profit/(loss) before tax, was € 19,113 thousand.

	IRES	IRAP	TOTAL
	Taxes	Taxes	Taxes
Theoretical current tax	4,587	745	5,332
- increases	1,694	125	1,819
- decreases	(1,828)	(81)	(1,909)
- costs not relevant for IRAP purposes	-	84	84
- previous years' taxes and other changes	(326)	(33)	(359)
Effective current tax	4,127	840	4,967

The increases essentially refer to costs, indirect taxes and nondeductible write-downs, as well as to taxed contingent liabilities. They also include the amounts newly subject to taxation regarding the reduction in capital gains associated with the sale of the equity investment in Isagro (Asia) Agrochemicals Pvt. Ltd., following lower amounts for the escrow account component already described in note 11, to which explicit reference is made, while the decreases are essentially due to the tax benefit of the maxi-amortization, the non-taxation of 95% of the dividends received from the subsidiary Isagro España S.L., uses of bad debt provisions taxed in previous years (including use of the bad debt provision correlated with the partial non collection of amounts from the escrow account described above), and the partial reduction in taxation relative to capital gains deriving from the sale of *Fluindapyr* correlated with the reversal of the deferred income relative to contributions for research and development received in previous years. "Costs and revenues not relevant for IRAP purposes" include both the labor costs for employees with fixed-term contracts and provisions and financial charges, and dividends received from subsidiaries and write-downs from equity investments, since these items are not relevant for the purpose of calculating the regional tax on production activities.

38. Distributed dividends

During financial year 2020 no dividends were distributed by Isagro S.p.A..

OTHER INFORMATION

39. Contingent liabilities, commitments and guarantees

Appeal presented by Polven.Re v. Municipality of L'Aquila, ARTA Abruzzo, Province of L'Aquila, Abruzzo Region and Isagro S.p.A. to the Regional Appeals Court (RAC) of L'Aquila for annulment of an executive resolution of the Municipality of L'Aquila.
On March 22nd, 2018 the company Polven.Re S.r.l. notified an appeal for annulment, after adoption of suitable precautionary measures, of an executive resolution of the Municipality of L'Aquila communicated by certified e-mail on January 22nd, 2018, on the subject of the "*Contaminated site procedure pursuant to Title V – Part IV of Italian Legislative Decree no. 152/2006 as amended – former Agri-Formula facility, Locality Caselle di Bazzano, Municipality of L'Aquila. Acknowledgment of approval of the site-specific risk analysis and conclusion of the proceedings*", in the part where it orders that, over time, the integrity of the flooring in the factory must be guaranteed by Polven.Re, because, in certain areas, the "indoor dust control" process has not been activated. The appellant also requested compensation for damages suffered by the same for an alleged generic "decrease in value" of the area.

Isagro joined the proceedings, requesting the rejection of the appeal and of the related precautionary plea.
Following the discussion of the precautionary plea in chambers on May 9th, 2018, with ordinance no. 105 of May 10th, 2018, the RAC decided to accept Polven.Re's precautionary plea, fixing the hearing for discussion of the merits of the appeal on May 8th, 2019.
Following the aforesaid precautionary ordinance, the Municipality of L'Aquila convened, for July 5th, 2018, a service conference with the aim of ascertaining what inquiry formalities the public administration has a duty to perform. After an in-depth discussion, in the presence also of Isagro and Polven.Re, the works of the service conference were adjourned to July 18th, 2018. On that date the concluding session of the service conference convened on July 5th, 2018 was held, in compliance with Precautionary Ordinance no. 105 130/2018, and it was observed by the Municipality and the competent Authorities in attendance that all inquiry activities had already been correctly performed during the proceedings and that, therefore, no further investigations were necessary. Therefore, with Executive Resolution of the Municipality of L'Aquila no. 3518 of October 22th, 2018, it was resolved "to confirm, in all its parts, Executive Resolution no. 78/2018" contested by Polven.Re with the main appeal. Polven.Re, however, also appealed this latter resolution with an appeal for additional reasons notified on November 28th, 2018. The appeal also included a precautionary plea against the measure appealed requesting, substantially, the RAC to grant the precautionary measures considered most suitable to order the Municipality to reconsider the prescription appealed. The precautionary hearing was held on December 19th, 2018. Following this hearing the RAC, with Ordinance 270/2018 of December 28th, 2018 substantially rejected Polven.Re's precautionary application adjourning, for decision on the appeal, to the hearing on the merits set for May 8th, 2019. Subsequently, the President of the Regional Administrative Court for Abruzzo postponed the hearing on the merits to November 6th, 2019. Subsequently to the discussion during the hearing on the merits, the RAC Abruzzo, with judgment no. 557/2019 published on November 16th, 2019, (i) declared the complaint of the case inapplicable due to lack of standing (as per specific objection raised by Isagro); and (ii) rejected the appeal for additional reasons in that its merits were groundless.
On February 5th, 2020, Polven.Re, after notifying it, filed its own appeal at the Council of State, requesting the annulment and/or reform of the first-level judgment, without, however, filing a precautionary plea (intended to suspend the effects of the judgment appealed). Isagro, on March 23rd, 2020, filed its answer and entry of appearance in the appeal, in defense of its own position. The date for the discussion hearing before the Council of State is yet to be fixed.

Tax disputes

On December 22nd, 2006, the Italian Revenue Agency, subsequent to a general tax audit for 2003, served the Company with an assessment notice for IRPEG (the income tax for legal entities), IRAP and VAT violations, demanding an additional tax payment of € 83,251 plus penalties and interest. Against this measure the Company lodged an appeal which, through several levels of judgment, reached the Supreme Court of Cassation. On November 29th, 2017 the Supreme Court of Cassation filed judgment no. 28578/17 on the appeal lodged by the company against the Italian Revenues Agency accepting it partially, annulling the judgment appealed and referring back to the Lombardy Regional Tax Commission differently made up the examination of the breaches not defined.
In particular, the Court accepted some of the objections raised by the Italian Revenues Agency with consequent definition of higher taxes payable by the company of € 68,947.
For the allegations referred back to the judgment of the Lombardy Regional Tax Commission, for which the Italian Revenues Agency would require payment of taxes of € 14,304, we can note that the commission met to discuss the case, following the appeal for resumption proposed by the Company on May 7th, 2018, and dealt with the counterarguments on February 11th, 2019. With judgment no. 3174/2019, filed on July 18th, 2019, the Lombardy Regional Tax Commission heard Isagro's reasons and on February 28th, 2020 disbursed the refund for an amount of € 17,489 (including interest and ancillary charges).
On November 19th, 2019, an application for a refund was submitted to the Italian Revenues Agency pursuant to art. 21, paragraph 2 of Legislative Decree no. 546/92 for the repayment of the higher IRES credit and the higher IRAP paid in the 2002 tax period for € 47,513 and € 5,681 respectively, in addition to the interest due by law.

Commitments and guarantees

At December 31st, 2020 the Company has existing multi-year commitments for € 181 thousand related to the rental of printers (€ 180 thousand) and lease expense (€ 1 thousand). In particular, the future fees due are as follows:

- € 44 thousand within one year;
- € 137 thousand between one and five years;

Following the sale of the investment in Isagro (Asia) Agrochemicals Pvt. Ltd. to the Indian company P.I. Industries Ltd., Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labor. The maximum risk is measured at € 17,300 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events.

The third-party guarantees for the Company's commitments, specifically comprising guarantees issued for the correct fulfillment of contractual obligations, amounted to € 8,720 thousand, of which € 919 thousand related to a bank surety in favor of the Customs Agency to guarantee payment of customs duties relating to changes in the Customs Warehouse and € 7,586 thousand related to a surety in favor of Arysta issued on June 27th, 2018 following the signing of the commercial agreement for distribution of compounds based on the fungicide *Fluindapyr* in Brazil.
Isagro S.p.A. has received a surety of € 300 thousand from the sellers of the equity investment in Phoenix-Del S.r.l., valid for twelve months after the date the contract is executed, in relation to any damages/losses/costs that Phoenix-Del S.r.l. may suffer exclusively and directly due to events occurring or deeds stipulated prior to the date the contract in question is executed or if there are discrepancies in that declared.
The guarantees issued and received in relation to bank loans are described in Note no. 17.

40. Related party disclosures

Here below are transactions with related parties, including:

- Subsidiaries;
- Parent companies;
- Entities which hold a direct or indirect interest in the company, its subsidiaries and its holding companies, and are presumed to have significant influence over the company. In particular, significant influence is objectively presumed to exist when an entity owns over 10%, or when it owns over 5% and, at the same time, it has entered into agreements which generate transactions during the year amounting to at least 5% of sales;
- directors, statutory auditors and key management personnel, and related family members.

The following tables highlight the Income Statement and Balance Sheet amounts relating to transactions with the different categories of related parties, for 2020 and 2019.

Income statement in thousands of euro	2020	of which related parties				
		Subsidiaries	Subsidiaries	Other related parties	Tot. Related parties	% proportion on the item
Revenues	92,163	9,901	-	16,146	26,047	28.26%
Other operating revenues	31,610	132	23	305	460	1.46%
Raw materials and consumables used	56,908	8	-	131	139	0.24%
Costs for services	20,727	2,038	-	484	2,522	12.17%
Other operating costs	2,151	146	-	5	151	7.02%
Financial income	493	350	-	-	350	70.99%
Income from investments	800	800	-	-	800	100.00%

Income statement in thousands of euro	2019	of which related parties				
		Subsidiaries	Subsidiaries	Other related parties	Tot. Related parties	% proportion on the item
Revenues	94,716	14,463	-	11,409	25,872	27.32%
Other operating revenues	2,122	166	23	467	656	30.91%
Raw materials and consumables used	55,681	7,660	-	122	7,782	13.98%
Costs for services	20,328	1,862	-	-	1,862	9.16%
Personnel costs	22,468	61	-	-	61	0.27%
Other operating costs	2,202	168	-	4	172	7.81%
Financial income	3,623	754	-	23	777	21.45%
Income from investments	1,020	954	-	-	1,020	100.00%

Balance sheet in thousands of euro	At Dec. 31st, 2020	of which related parties				
		Subsidiaries	Subsidiaries	Other related parties	Tot. Related parties	% proportion on the item
Trade receivables	24,262	5,293	-	1,637	6,930	28.56%
Other current assets and receivables	3,452	125	16	768	909	26.33%
Non-current receivables / other assets	1,621	-	-	963	963	59.41%
Financial receivables and other current financial assets	904	904	-	-	904	100.00%
Trade payables	23,303	984	-	678	1,662	7.13%
Other current liabilities and payables	3,989	711	-	-	711	17.82%

Balance sheet in thousands of euro	At Dec. 31st, 2019	of which related parties				
		Subsidiaries	Subsidiaries	Other related parties	Tot. Related parties	% proportion on the item
Trade receivables	30,407	7,884	-	2,433	10,317	33.93%
Other current assets and receivables	7,300	103	6	467	576	7.89%
Non-current receivables / other assets	2,833	-	-	1,907	1,907	67.31%
Financial receivables and other current financial assets	1,559	1,559	-	-	1,559	100.00%
Trade payables	25,311	454	-	245	699	2.76%
Other current liabilities and payables	3,808	366	-	-	366	9.61%

The above amounts, broken down by company in the following tables, essentially refer to commercial relations (purchases and sales of products, M/L Agreements, processing fees and provision of administrative services), with the transactions carried out at arm's length, and financial relations (granting of loans) whose characteristics have been outlined in the various notes to the Financial Statements.
Relations with the holding companies Piemme S.r.l. and Holdisa S.r.l. are limited to the provision of administrative services by the Company.

Relations with subsidiaries

Revenues in thousands of euro	2020	2019
Isagro Brasil Ltda	1,688	3,526
Isagro Colombia S.A.S.	617	700
Isagro España S.L.	5,732	6,209
Isagro Mexicana S.A. de C.V.	128	95
Isagro U.S.A., Inc.	1,736	2,015
Total revenues from subsidiaries	**9,901**	**12,545**

Other operating revenues in thousands of euro	2020	2019
Isagro Brasil Ltda	1	1
Isagro España S.L.	100	100
Isagro U.S.A., Inc.	31	44
Total other operating revenues from subsidiaries	**132**	**145**

Raw materials and consumables used in thousands of euro	2020	2019
Isagro España S.L.	2	-
Isagro Shanghai Co., Ltd.	6	-
Total raw materials and consumables – subsidiaries	**8**	**-**

Costs for services in thousands of euro	2020	2019
Isagro Agrosolutions Kenya Ltd	66	62
Isagro Argentina Limitada	239	214
Isagro Brasil Ltda	339	366
Isagro Colombia S.A.S.	38	29
Isagro España S.L.	180	149
Isagro Mexicana S.A. de C.V.	11	-
Isagro Shanghai Co., Ltd.	686	527
Isagro U.S.A., Inc.	435	397
Isagro Vietnam Co., Ltd.	44	44
Total costs for services to subsidiaries	**2,038**	**1,788**

Other operating costs in thousands of euro	2020	2019
Isagro Argentina Limitada	2	5
Isagro Brasil Ltda	62	97
Isagro Colombia S.A.S.	2	-
Isagro España S.L.	1	5
Isagro Mexicana S.A. de C.V.	6	-
Isagro U.S.A., Inc.	73	61
Total other operating costs – subsidiaries	**146**	**168**

Net financial income/(charges) in thousands of euro	2020	2019
Isagro Brasill Ltda	278	647
Isagro Mexicana S.A. de C.V.	4	4
Isagro U.S.A., Inc.	68	103
Total net financial income/(charges) - subsidiaries	**350**	**754**

Income from investments in thousands of euro	2020	2019
Isagro España S.L.	800	800
Total income from investments	**800**	**800**

Trade receivables in thousands of euro	2020	2019
Isagro Brasil Ltda	3,183	5,969
Isagro Colombia S.A.S.	337	511
Isagro España S.L.	1,176	1,313
Isagro Mexicana S.A. de C.V.	39	94
Phoenix-Del S.r.l.	74	-
Isagro U.S.A., Inc.	484	(3)
Total trade receivables from subsidiaries	**5,293**	**7,884**

Other current assets and receivables in thousands of euro	2020	2019
Isagro Brasil Ltda	1	3
Isagro España S.L.	100	100
Isagro U.S.A., Inc.	24	-
Total other current assets and other receivables due from subsidiaries	**125**	**103**

Financial receivables and other current financial assets in thousands of euro	2020	2019
Isagro U.S.A., Inc.	327	1,440
Isagro Mexicana S.A de C.V.	67	119
Phoenix-Del S.r.l.	510	-
Total financial receivables and other current financial assets from subsidiaries	**904**	**1,559**

Trade payables in thousands of euro	2020	2019
Isagro Argentina Limitada	-	7
Isagro Brasil Ltda	114	231
Isagro Colombia S.A.S.	-	2
Isagro España S.L.	7	7
Isagro Singapore Pte Ltd	41	-
Isagro Shanghai Co., Ltd.	304	128
Isagro U.S.A., Inc.	37	67
Isagro Vietnam Co. Ltd.	12	12
Phoenix-Del S.r.l.	469	-
Total trade payables due to subsidiaries	**984**	**454**

Other current liabilities and payables in thousands of euro	2020	2019
Isagro Colombia S.A.S.	35	28
Isagro España S.L.	157	131
Isagro Singapore Pte. Ltd.	159	-
Isagro U.S.A., Inc.	360	207
Total other current assets and other receivables due from subsidiaries	**711**	**366**

The item Income from investments states the value of dividends collected from subsidiaries.
For comments and details on "current financial receivables and other financial assets" please refer to Note no. 13.

Relations with parent companies

Other operating revenues in thousands of euro	2020	2019
Holdisa S.r.l.	14	14
Piemme S.r.l.	9	9
Total other operating revenues from parent companies	**23**	**23**

Other current assets and receivables in thousands of euro	2020	2019
Holdisa S.r.l.	13	4
Piemme S.r.l.	3	2
Total other current assets and other receivables from parent companies	**16**	**6**

Relations with other related parties

The (trade and other) receivables and revenues from the Gowan Group refer both to the sale of crop protection products to companies of Gowan Group and to the up-front payment made in 2016 against the granting, by the Company, of the exclusive right, for fourteen years, to develop, register, formulate, produce and market in Europe mixtures based on *Kiralaxyl* for all types of use except for fertilizing seeds.
The item "other current assets and receivables" includes € 767 thousand that the British company Gowan Crop Protection Ltd (related party) must pay to Isagro S.p.A. following the failure to achieve the sales margins required by contract for the products based on *Kiralaxyl*, an Isagro proprietary fungicide, of which the British company became an exclusive distributor in the European market on the basis of an M/L Agreement signed in 2016.
The item "costs for services" includes € 467 thousand that Isagro S.p.A. paid to the related party Gowan for activities to support the sales of Tetraconazole and *Kiralaxyl*-based products during the year.
Transactions with the Gowan Group were carried out at arm's length.

Relations with other related parties

Revenues in thousands of euro	2020	2019
Gowan Group	16,146	11,409
Total revenues from other related parties	**16,146**	**11,409**

Other operating revenues in thousands of euro	2020	2019
Gowan Group	305	467
Total other operating revenues from other related parties	**305**	**467**

Raw materials and consumables used in thousands of euro	2020	2019
Gowan Group	131	122
Total raw materials and consumables from other related parties	**131**	**122**

Costs for services in thousands of euro	2020	2019
Gowan Group	484	-
Total costs for services from other related parties	**484**	**-**

Other operating costs in thousands of euro	2020	2019
Gowan Group	5	4
Total other operating costs to other related parties	**5**	**4**

Financial income in thousands of euro	2020	2019
Gowan Group	-	23
Total financial income from other related parties	**-**	**23**

Non-current receivables / other assets in thousands of euro	2020	2019
Gowan Group	963	1,907
Total non-current receivables/other assets with other related parties	**963**	**1,907**

Trade receivables in thousands of euro	2020	2019
Gowan Group	1,637	2,433
Total trade receivables from other related parties	**1,637**	**2,433**

Other current assets and receivables in thousands of euro	2020	2019
Gowan Group	768	467
Total other assets/receivables with other related parties	**768**	**467**

Trade payables in thousands of euro	2020	2019
Gowan Group	678	245
Total trade payables to other related parties	**678**	**245**

Remuneration for Directors and Statutory Auditors

The table below shows the economic benefits for the Directors of the Parent Company, and the members of the Board of Statutory Auditors (amounts in Euro):

Party	Description of office		Remuneration		
	Office held	Duration of the office	Emoluments for office	Bonuses, other incentives, and fringe benefits	Other remuneration
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	500,000	3,707	-
Maurizio Basile	Deputy Chair	3 years	82,500	163	-
Riccardo Basile	Director	3 years	20,000	-	-
Roberto Bonetti	Director	3 years	20,000	-	-
Enrica Maria Ghia	Member of the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee	3 years	27,000	-	-
Silvia Lazzeretti	Director	3 years	20,000	-	-
Marcella Elvira Antonietta Logli	Chairperson of the Control, Risk and Sustainability Committee	3 years	27,500	-	-
Giuseppe Persano Adorno	Member of the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee	3 years	27,000	-	-
Erwin Paul Walter Rauhe	*Lead Independent Director*	3 years	25,000	-	-
Angelo Zaccari	Chairman of the Nomination and Remuneration Committee	3 years	23,000	-	-
Margherita Zambon	Director	3 years	20,000	-	-
Family members of key management personnel (directors or managers):					
Alessandra Basile				-	30,000
Statutory Auditors:					
Roberto Cassader	Chairman	3 years	30,000	-	-
Silvia Baroffio	Statutory Auditor	3 years	20,000	-	-
Filippo Maria Cova	Statutory Auditor	3 years	20,000	-	-

It should be noted that the term of office of the company's Board of Directors, appointed on April 24th, 2018, will end on approval of the Financial Statements as at December 31st, 2020, while that of the Board of Statutory Auditors, appointed on April 30th, 2019, will end on approval of the Financial Statements as at December 31st, 2021.

41. Hierarchical levels of fair value measurement

IFRS 13 requires that Balance Sheet items measured at fair value be classified according to a hierarchy of levels that reflects the significance of the inputs used to calculate the fair value. The following levels are distinguished:

- Level 1 – prices (not adjusted) quoted on an active market for assets or liabilities to be assessed;
- Level 2 – inputs other than the quoted prices per the previous point, observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs not based on observable market data.

The following table shows the assets and liabilities measured at fair value at December 31st, 2020 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets carried at fair value:				
- equity investments in other companies	3,140	-	-	3,140
- derivatives on commodities – copper (future buy)	-	169	-	169
- exchange rate derivatives (forward purchase/sale)	-	63	-	63
Total financial assets	**3,140**	**232**	**-**	**3,372**
Financial liabilities carried at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	(81)	-	(81)
- derivatives on commodities - copper (future buy)	-	(33)	-	(33)
Total financial liabilities	**-**	**(114)**	**-**	**(114)**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to Note no. 14.
In 2020, there were no shifts between Level 1 and Level 2 of fair value measurements, or from Level 3 to other levels and vice versa.
The fair value of (trade and other) receivables due beyond 12 months and loans obtained from banks is summarized in the table below; with reference to receivables deriving from M/L Agreements; they also include the portion due within the following year. Except for what is described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Company is a reasonable approximation of their fair value.

	Book value	*Fair Value*
Receivables and other assets:		
Receivables measured at amortized cost:		
- Receivables from Gowan Company LLC	1,945	1,948
- Receivables from AQL Agroquimicos de Levante S.A.	750	754
- Receivables from Rotam Agrochemical Company Ltd.	314	314
- Receivables from Suterra LLC	110	122
Financial liabilities:		
Financial liabilities measured at amortized cost:		
- Loans from banks - floating rate (current and non-current)	6,396	6,487
- Loans from banks - fixed rate (current and non-current)	312	333
- Loans from other lenders - fixed rate (current and non-current)	5,051	5,078

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the Discounted Cash Flow method; specifically, Isagro S.p.A. used the models in the Bloomberg database. Discounting of the future cash flows of receivables and loans expressed in euro was calculated based on the market zero-coupon rates curve at Tuesday, December 31st, 2020, obtained from the six-month EURIBOR curve, while discounting of future cash flows of loans expressed in US dollars was calculated on the basis of the market zero-coupon rates curve as at Tuesday, December 31st, 2020, obtained from the six-month LIBOR. The above-mentioned curves were adjusted to take into account the creditworthiness of Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by Isagro S.p.A.. Please also note that, in order to render the fair value of loans comparable with their book value, the related ancillary charges were taken into account.
In management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

42. Financial risk management: objectives and approach

In carrying out its business, the Company is exposed to financial and market risks, specifically:

a. changes in foreign exchange rates;
b. changes in interest rates;
c. changes in the prices of raw materials;
d. liquidity;
e. capital management;
f. credit;
g. changes in weather conditions and climate change;
h. cyber risk;
i. risks connected to the Covid-19 health emergency.

<u>Context</u>

Based on sector reports published by Kynetec, the agrochemicals market has shown notable resilience with respect to the Covid-19 pandemic that affected the entirety of 2020. In fact, the agriculture sector continued to be viewed as strategic and, consequently, most countries in the world excluded activities in this sector from the lockdown restrictions applied to other sectors.
Kynetec estimates global market growth at the manufacturer level of around 1.5%. The growth was well-distributed among the various geographic areas/segments (in particular in the fungicide segment, in which Isagro holds a significant position) and was mainly guided by (i) favorable weather conditions, after an especially negative 2019 in markets with intensive agriculture (United States, Canada and Australia), (ii) growth in land cultivated in Brazil, (iii) high disease pressure in many geographic areas, (iv) a favorable monsoon season in Asia, (v) the launch of a good number of high value added products and (vi) the measures to support agriculture adopted by governments throughout the world. The positive contribution made by the above factors was partially offset by the depreciation of local currencies in important markets, for example Brazil, and by a general strengthening of the Euro with respect to other currencies, with a negative impact on the value of the global agrochemical market, despite the growth registered in volumes and prices.
Additionally, the Covid-19 pandemic created certain problems in the international distribution of goods, while also leading to advance orders for agrochemicals from national distributors with the aim of preventing possible stock issues due to predicted productive and/or logistics problems, which drove down the value of agricultural commodities (this latter aspect mainly concentrated in the first half of 2020). Fears about procurement problems were overcome in the second half of 2020, leading to constant and continuous recovery in the value of agricultural commodities and incentivising farmers to increase spending on agrochemical products.
In the above-mentioned context, Isagro operated in order to control the above financial variables by implementing appropriate policies to minimize the aforementioned risks through the use of instruments offered by various financial brokers with which the Company has a relationship.
In particular, as regards the use of derivatives, two types of hedging can be identified: (a) transactions which, in compliance with the risk management policies, satisfy the requirements imposed by the accounting principles for the registration in "hedge accounting", are designated as "hedging transactions"; (b) transactions which, even though they have been carried out as hedges, do not satisfy the requirements provided for by the accounting principles and are classified as "held for trading". With regard to the hedging transactions carried out by the Company, it should be noted that these refer exclusively to operational transactions and are not in any way speculative. With reference to this, as of January 1st, 2018, Isagro began to apply the standard IFRS 9 – Financial Instruments. Following adoption of this standard, Isagro partially changed its financial risk management model in relation to changes in exchange rates and changes in the price of the raw material "copper", creating a new hedge accounting model on the basis of the provisions of the IFRS 9 standard, and providing therefore for the possibility of originating or not originating the so-called "hedging relationships".

a) Exchange rate risk management

The Company operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars, the currency of reference for sales made mainly on the US markets. This means that the Company's assets and liabilities are exposed to financial risks deriving from the varying exchange rate between the time the trade relation arises and the time the transaction (collection/payment) is finalized. Sales in US Dollars totaled around US$ 27 million in 2020, against purchase in US dollars of around US$ 15 million, which hence serve a "natural hedging" function in cooperation with the current account balances in US dollars, which at December 31st, 2020 came to around 4 million dollars, with a "long position" balance equal to around US$ 16 million.

To reduce risks linked in particular to fluctuations in the US dollar, the Company carries out hedging operations involving swaps.

Isagro enters into forward and non-deliverable forward contracts to hedge the exchange rate risk of the American dollar and the Brazilian real. In particular, the Company hedges the net exposure in foreign currency correlated with the expected level of sales (of products and services) budgeted. The establishment of this hedging relationship results in cash flow hedging transactions. The accounting rules of these transactions provide for the derivatives being measured at fair value and recognized among "Other Comprehensive Income" adding therefore to a Shareholders' Equity reserve (at December 31st, 2020, the effect was positive for approximately € 293 thousand before tax effect), allocating them to the Income Statement in keeping with the hedged item, and therefore in part adjusting the revenues earned and in part adjusting gains/losses on exchange rates connected to collection of the receivable. The hedges will remain active until the receivable being hedged is transformed into the accounting currency. Because the underlying hedge is of a commercial nature, the fair value of such hedges is not included in the Net Financial Position.

In the case of events that lead to over-hedging, Isagro has the right to allocate the excess hedging with respect to the net cash flows estimated for the period to the following year, whenever these events have an effect on the Income Statement.

At December 31st, 2020, the Company had existing currency swap transactions in US dollars of approximately US$ 16 million and in Brazilian Reais of approximately R$ 14 million, against analogous net receivable positions in these currencies.

b) Interest rate risk management

Isagro S.p.A. had a positive Net Financial Position of € 19.5 million at December 31st, 2020, of which € 3.9 million due to the application of IFRS 16 and around € 4 million represented by medium/long-term debts, compared to a negative NFP and medium/long-term debt as at December 31st, 2019 respectively amounting to € 30.4 million and € 30.8 million.

Therefore, during 2020 the Company generated, excluding the effects of standard IFRS 16:

- negative operating cash flow of € 6.7 million (that is, excluding changes in NWC, the effects of the sale of *Fluindapyr* and the acquisition of Phoenix-Del S.r.l., as well as changes in the NFP linked to IFRS 16);
- cash flow from positive changes in NWC of € 0.8 million;
- cash flow deriving from the receipt of the escrow fund relative to the sale of Isagro Asia of € 3.6 million;
- cash flow from the sale of *Fluindapyr* for a positive € 55.0 million;
- cash flow from the acquisition of Phoenix-Del S.r.l. for a negative € 3.1 million,
- thereby arriving at positive free cash flow for the year of € 49.6 million. considering this value together with the decline in IFRS 16 items, totaling € 0.3 million, the NFP at December 31st, 2020 is down by € 49.9 million with respect to the figure at December 31st, 2019;
- in October it received the second tranche of € 0.2 million for the subsidized loan (out of maximum total of € 0.6 million) in the context of the tender "Research and Development projects in the technological identified by the Horizon 2020 Community Framework Program", from the Fund for Sustainable Growth of the MED (Ministry for Economic Development) through Banca del Mezzogiorno. In particular, this loan was granted for the creation of the Research and Development project entitled "Defending agricultural production against abiotic stresses—drought, salinity, heat, cold—using products of natural origin". The first tranche was issued in 2018.

Note that with an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule *Fluindapyr* in October 2020, Isagro S.p.A. began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020. Most of these debts are remunerated on the basis of a fixed spread component, which varies based on the nature of the various lines, and a variable component represented generally by 3-month EURIBOR (-0.545 at December 31st, 2020), with the exception of € 1.5 million which is remunerated at fixed rate.

It is estimated that for each increase of 10 basis points in the cost of debt applied to financial debt before cash and cash equivalents, Isagro would have an incremental negative impact on the 2020 Income Statement of approximately € 45 thousand, to be considered non-representative.
Should the expediency of hedging the interest rate risk be seen with reference to the variable component of these loans, Isagro would use interest ordinary swap rate contracts.
These contracts would be set up with a notional value which partly or fully covers the financial indebtedness exposed to interest rate fluctuations, with maturity dates identical to those of the underlying financial liabilities, so that each movement in the fair value and/or in the expected cash flows of such contracts would be offset by a corresponding movement in the fair value and/or cash flow expected in the underlying position. These hedges would also be carried out with a perspective of correspondence with the repayment schedule of each loan (hedge accounting). As of December 31^{st}, 2020, there were no floating-rate medium/long-term loan contracts with which specific "interest rate swaps" are associated.

c) Change in raw material prices
This risk is essentially limited to fluctuations in the price of the commodity copper, fundamental raw material in the production of fungicides based on this metal. The derivative used is the "commodity swap".
Isagro, in order to manage this risk, puts in place hedges of the needs for copper on the basis of the following procedure:

- setting sales prices with customers;
- preparation of a production plan and identification of the approximate terms for the raw material purchase batches for each individual sale and period;
- drawing up a report generated by information systems and stating, for each individual order and price, the quantities of equivalent scrap copper and the relative purchase time frame for raw materials needed to begin production;
- forward hedging of the quantities required for processing the sales order.

Following the introduction of IFRS 9, at the level of accounting presentation, the hedges put in place before the end of the year are recognized, adjusting the purchases, and proportionally distributed between cost of sold products and final inventories. With reference to continuing operations, the fair value will lead to a recognition among "Other Comprehensive Income", adding therefore to a Shareholders' Equity reserve (at December 31^{st}, 2020 the effect was positive for approximately € 136 thousand before the tax effect). Because the underlying hedge is of a commercial nature, the fair value of such hedges is not included in the Net Financial Position.
Nevertheless, the company financial risk management procedure envisages that the CFO, in agreement with the CEO, can assess the advisability of departing from the above-mentioned hedging procedure.
At December 31^{st}, 2020, the Company has in effect forward purchase transactions for 597 tonnes of copper, of which 534 tonnes maturing within the first quarter of 2021 and 63 tonnes maturing in the remaining part of the year.

d) Liquidity risk management
The Company's liquidity is based on a diversification of the sources of bank financing and on a structural mix of the credit lines: "commercial or self-liquidating", medium/long-term loans and factoring lines and this in order to be able to use these lines according to the type of needs.
Note that prior to the receipt of the amount paid for *Fluindapyr*, after which a program of early repayment of existing loans was carried out, the Company's debt was divided up between various banks, with the aim of minimizing counterparty risk. Additionally, as already reported above, residual debt (that is prior to cash and cash equivalents) at December 31^{st}, 2020 amounts to € 7.8 million, compared to € 74.5 million at December 31^{st}, 2019.
With an eye to optimizing the cost of debt and obtaining savings relative to charges associated with the same, after the sale of the molecule *Fluindapyr* the Company began to repay medium/long term debts in advance, recording residual debt of € 7.8 million at the end of 2020 and cash of around € 28 million.
From an operating perspective, the Company manages the liquidity risk by planning on an annual basis with a monthly and daily breakdown, the estimated cash inflows and payments. Based on the results of the financial planning, the needs and, consequently, the resources required for the related hedging are identified. Furthermore, a "Financial Report" is prepared on a monthly basis every year. It summarizes the final cash flows and prospects at year end.
The following table summarizes the maturity profile of the Company's liabilities based on the contractual payments not discounted:

Dec. 31st, 2020	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	315	2,502	2,588	4,641	1,810	**11,856**
Derivatives	-	43	71	-	-	**114**
Trade payables	3,870	9,066	10,367	-	-	**23,303**
Tax payables	-	-	923	-	-	**923**
Other liabilities and payables (*)	3,684	-	304	-	-	**3,988**
TOTAL	**7,869**	**11,611**	**14,253**	**4,641**	**1,810**	**40,184**

Dec. 31st, 2019	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	15,612	12,674	23,731	31,325	2,138	**85,480**
Derivatives	-	26	47	84	-	**157**
Trade payables	4,958	9,463	11,722	-	-	**26,143**
Tax payables	-	-	109	-	-	**109**
Other liabilities and payables (*)	3,221	-	468	-	-	**3,689**
TOTAL	**23,791**	**22,163**	**36,077**	**31,409**	**2,138**	**115,578**

(*) excluding deferred income and guarantee deposits

At December 31st, 2020, the Company had over € 60 million in various types of unused bank credit facilities.

e) Capital management

The Company's goal is to guarantee a sound credit rating in order to access bank credit on favorable economic terms. It is the Company’s policy, therefore, to have ongoing contacts with all the financial institutions, in order to convey the information (always within the limits established for listed companies) necessary for them to better understand the type of business and the peculiar market situations existing.

f) Credit risk management

In order to limit certain customer/country risks, letter of credit, insurance coverage, factoring on a non-recourse basis or financial discounts for advance payments are used. To present the risk of trade receivables in the financial statements as well as possible and according to what is provided for in the accounting standard IFRS 9, in force since January 1st, 2018, Isagro determines the impairment of receivables on the basis of the principle of the expected credit loss. Unlike in the incurred losses model, provided for in the former IAS 39, it is no longer necessary for an event to occur before credit losses can be recognized; the new standard specifies, in fact, that impairment must be recognized considering the entire life of the receivable (12 months), using forward-looking logic.
On the basis of the above, the Company has determined a “provision matrix” that identifies the probabilities of default—determined with reference to the average losses of the three past years (default rate base)—to which is added the forward-looking factor, that is a risk percentage that reflects the prospective probabilities of default.
This provision matrix is then applied to the aging of the receivables, constructed by maturity band and by geographical area (including also invoices to be issued and net of the cut-offs for the fiscal year).
In addition to the above, specific analyses are carried out to determine the impairment losses for the following types of receivable:

a. receivables in litigation and/or already completely written off;
b. positions with a specific risk profile;
c. other receivables;
d. receivables deriving from M/L Agreements (for this type of receivable, the risk factor is considered in the discounting rate applied to the various contracts and reviewed in the event of a change in the debtor’s payment profile).

Isagro’s policy establishes that this provision matrix is updated every year, at the end of the year, always taking into consideration, with regards to the default rate base, the average of the three previous years and, with regards to the default rate forward looking, a risk percentage that reflects the probability of prospective default (source: Bloomberg and Moody’s).
Final figures at December 31st, 2020, as well as those for January-February 2021, suggest that the Covid-19 pandemic did not create any significant effects during 2020, both in terms of economic results and in terms of financial forecasts (the latter in particular with reference to

amounts collected from customers and bank financing).
The table below shows the maximum exposure of the Company to credit risk:

	Dec. 31st, 2020	Dec. 31st, 2019
Trade receivables	24,262	30,407
Other assets and receivables (excluding deferred income)	4,534	9,810
Tax receivables	352	1,152
Derivatives	232	195
Financial receivables	3,407	4,062
Cash (excluding cash on hand)	27,344	44,459
	60,131	90,085
Guarantees granted	5,219	5,516
Total credit risk	**65,350**	**95,601**

g) Changes in weather conditions and climate change

The use of agrochemicals is influenced by a high number of factors, including the important role held by weather conditions such as humidity, rainfall, and temperature. Today, the Company's policy is to diversify the markets in which it operates, in order to cover as many markets as possible in both hemispheres. In practice Isagro operates in more than 70 countries, either directly (with its own sales networks) or indirectly, through local distributors, in order to minimize the impact of particular weather situations which characterize certain regions/continents. Nevertheless, drought or excess rain conditions extraordinarily affecting several continents/counties at the same time can strongly influence the Company's profitability. More specifically, given the composition of the Company's sales, the weather conditions in Europe (and in particular in Italy), the United States, Brazil and Asia play an important role.
Lastly, with reference to climate change, the Company monitors changes in the general context and seeks to mitigate their impact by covering a greater number of geographical segments, so as to have, where possible, a mitigation of such effects.
Weather conditions that are detrimental to the consumption of agrochemicals (especially fungicides, a segment in which Isagro is specifically focused) arising in one or several markets and which are quantitatively significant for Isagro in terms of total turnover, including Italy, Brazil, and the United States, could have significant impacts on the economic and financial results of the Company.
Agrochemicals are subject to the risk of bans (including in the form of failing to re-register) or limitations to use (in terms of volumes of active ingredient that can be used per farming season and/or number of applications permitted). With reference to Isagro's product portfolio, the above can have *direct* or *indirect* effects. *Direct* effects can include exclusion from the list of active ingredients that can be marketed in the various countries containing molecules marketed by the Company, or limitations to use as mentioned above. In this sense, we are waiting for a decision from the European Union on the re-registration in particular of the active ingredient Tetraconazole, while limitations have already been seen on the market in terms of volumes for copper-based products, the effects of which are already included in the estimates made by Isagro in the short- and long-term future results as foreseen in the Plan. *Indirect* effects can include bans or limitations on the use of active ingredients used by Isagro in compounds with proprietary products, such as Chlorothalonil or Thiophanate-methyl. To that end, note that Isagro has already made the relative provisions/write-downs, based on the information currently available.
It should also be noted that starting in the second half of 2019 and throughout 2020, Isagro worked actively to implement its new business model, which is now operational if not yet fully complete, which calls for a specific focus on developing market positions and products/formulations relative to "Bio-Copper" (i.e. of organic/natural and copper origin, the latter falling in the category of inorganic chemicals) in a situation which sees ever increasing growth in demand for food/products certified as "bio".
Also note that Isagro has not yet assessed the risks and opportunities linked to climate change in terms of the scientific objectives to reduce greenhouse gases in line with the Paris Agreement; consequences in terms of investments, costs and other impacts on cash flow were not considered when preparing Isagro S.p.A.'s Plan.

h) Cyber risk

The Company is exposed to the risk of a cyber-attack causing a significant interruption to operating activities, loss, theft or wrongful appropriation of sensitive data, breach or counterfeiting of company emails and/or the breach of existing privacy laws, with the consequent negative effects of both an economic and reputational nature.
Isagro's ICT infrastructure is continually kept up to date based on the requirements arising from swift technological evolution. Therefore, considering that the proper functioning of ICT is a critical aspect for its business continuity, Isagro has initiated a gradual project across the various company systems to assess threats and the level of resistance of the existing protection systems against cyber-attacks, and acts to remedy potential faults encountered.

Though the Company has adopted rigid protocols to protect the data acquired during its operations and regarding the protection of information and privacy, it cannot be overlooked that the occurrence of one or several of the above risks would have negative consequences on business and on the Company's economic, capital, and financial situations, economic results, and prospects. To that end, note that in the first ten days of May 2020 the fully controlled subsidiary Isagro España was the victim of "phishing", which led the company to pay around € 871 thousand unnecessarily to a limited liability company with its registered office and current account in Hong Kong, without any involvement for Isagro S.p.A. This fraud, which occurred due to local non-compliance with procedures/signatory powers and not a breach of the IT systems, was promptly communicated to the relevant authorities. Isagro also promptly implemented a series of actions to recover the amounts, starting on the morning immediately after the fraud was identified, including making formal complaints to public safety authorities in Spain and Hong Kong and involving internationally respected attorneys in Italy, Spain and Hong Kong. Additionally, activities were implemented to:

- verify the security of Isagro's IT systems, which were found to not have been breached;
- amend payment procedures and revise signature limits granted to local management;
- analyze and revise signatory powers for other foreign companies of the Group.

After these activities, Isagro achieved the following results:

a. the current account in which the relative sums were deposited was initially flagged and then shortly thereafter blocked by the legal authorities in Hong Kong, in cooperation with the banking institution in Hong Kong with which the authors of the fraud had opened the account. The bank confirmed on May 21st, 2020 that the funds involved in the fraud were still deposited in the account in question;
b. the *High Court of the Hong Kong Special Administrative Region* issued a Final Judgment on July 14th, 2020, ordering reimbursement of the sums in question to Isagro.

The sums involved in the fraud were returned to the Spanish subsidiary on November 25th, 2020, minus ordinary associated bank fees.

i) Risks connected to the Covid-19 health emergency

With reference to the ongoing Covid-19 health emergency and the risks linked to the same, please see the details provided in the section "Significant events in 2020" in the Report on Operations and that found in this document in the section "Basis of Presentation" as well as the relative references found in the same section.

43. Significant non-recurring events and transactions

Significant non-recurring events in 2020, as required by the CONSOB communication of July 28th, 2006, are illustrated in note 25a, to which the reader is referred.

The table below shows the effects of these transactions on Isagro's economic results and cash flows in 2020.

	Gross effect in Income Statement	Correlated tax effect	Net effect in Income Statement	Correlated cash flow (net of VAT and before taxes)
Year 2020				
Other non-recurring operating revenues: - sale of Fluindapyr intangible assets	29,961	(7,904)	22,057	54,907
TOTAL	**29,961**	**(7,904)**	**22,057**	**54,907**

No significant non-recurring transactions were carried out during 2019.

44. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in 2020, the Company did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts about the accuracy of the information contained in the Financial Statements, the conflict of interest, the protection of the company's assets, or the safeguarding of non-controlling shareholders.

45. Events subsequent to December 31st, 2020

a. *ADDITIONAL AMOUNT COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE*
In January 2021, HSBC India paid Isagro S.p.A. an additional € 43 thousand relative to price adjustments for the sale price of Isagro Asia ("true-up adjustments").

b. *2018-2021 RETENTION AND INCENTIVE PLAN*
With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29th, 2018, during the initial months of 2021 an additional 61,250 Growth Shares were assigned, for a total of 243,750 Growth Shares assigned.

c. *RECLASSIFICATION OF FUMIGANT IN US*
On February 2nd, 2021, the Environmental Protection Agency (EPA) provided notification that it had reclassified the Isagro Fumigant, transferring it from *Biopesticides and Pollution Prevention Division* (BPPD) to *Registration Division* (RD) and *Pesticide Reevaluation Division* (PRD), as a result of the chemical reclassification based on new information, which indicated that two criteria for classification as a biofumigant by the EPA were not met (minimum toxicity for the environment and humans and non-toxic mechanism of action).

d. *ISAGRO RESEARCH CENTER NAMED FOR PROFESSOR RENATO UGO*
On February 18th, 2021, in the context of a ceremony carried out at the Isagro Research Center in Novara, in full compliance with regulations to limit the Covid-19 pandemic, a plaque was unveiled dedicated to the memory of the professor Renato Ugo, who recently passed on. Additionally, from this point on, the Isagro Research Center will be named after this illustrious Italian scientist, who received the Gold Medal from the National Academy of Science.

e. *BINDING AGREEMENT TO SELL PIEMME SHARES*
On March 6th, 2021, the Shareholders ("Sellers") of Piemme S.r.l., an indirect controlling shareholder of Isagro S.p.A., signed a binding agreement to sell all their shares of Piemme, equal to 99.9% of the share capital, to Gowan Company LLC a related party ("Gowan") (the "Operation").
Following the completion of the Operation, Gowan will hold all the share capital of Piemme, which olds 51% of the share capital of Holdisa S.r.l. ("Holdisa"), which in turn controls Isagro, holding 53.7% of the relative Ordinary Shares. The remaining 49% of Holdisa share capital was already held by Gowan. In the context of the Operation, Gowan will also acquire 1,737,596 Isagro Growth Shares owned by the Sellers, which represent 12.3% of outstanding Growth Shares. Holdisa in turn holds 3.3% of the Growth Shares.
After the Closing of the Operation, Gowan will acquire control over Piemme and Holdisa and, consequently, will issue a mandatory public offer, pursuant to article 106 of Italian Legislative Decree 58/1998 and article 45 of CONSOB Regulation 11971/1999, to acquire all the Ordinary Shares of Isagro, which Holdisa is not yet the owner of ("MTO"). The shares relative to the MTO will also include Ordinary Shares deriving from the conversion of outstanding Growth Shares. Based on the Isagro By-Laws, the conversion of Growth Shares to Ordinary Shares, at a one-to-one ratio, will give rise to publication of the statement pursuant to article 102, paragraph 1, Legislative Decree 58/1998.
The Closing of the Operation is subordinate to the following conditions precedent being met: (i) the receipt of any needed authorizations from relevant regulatory authorities for antitrust purposes and "golden power" regulations, (ii) the elimination of existing relationships between Isagro and its subsidiaries, on one hand, and any entity located in countries or regions (including Cuba) in which a US entity cannot conduct business pursuant to applicable regulations, on the other hand.
Subordinate to the verification or renunciation of the above suspensive conditions, it is expected that the closing of the Operation will occur within the first half of 2021 and the MTO will be completed by the third quarter of 2021. The MTO price will be € 2.76 for each ordinary Isagro share (the "MTO Price"), which corresponds to the implicit value per Isagro share calculated on the basis of the fee to be paid by Gowan to the Sellers to acquire the Piemme shares and equal to a total of € 18,961,593. Piemme and Holdisa do not have other assets other than equity investments indicated. Therefore, the payments for the Piemme shares were determined on the basis of the value of Isagro, after deducting the net debt of Piemme and Holdisa.

The Operation values Isagro's equity at € 106.9 million. With reference to the Ordinary Isagro Shares, the MTO Price represents a 118% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 143% premium with respect to the average official trading price during the last quarter and a 149% premium with respect to the average official trading price in the last six months. With reference to the Growth Shares, the MTO Price represents a 133% premium with respect to the relative official trading price on March 5th, 2021 (the last trading day prior to the announcement of the offer), a 180% premium with respect to the average official trading price during the last quarter and a 203% premium with respect to the average official trading price in the last six months.
The objective of the Operation is to integrate Isagro within the Gowan Group as well as delisting the company.

f. *MERGER BY INCORPORATION OF PHOENIX-DEL S.R.L.* IN ISAGRO S.P.A.
On March 16th, 2021, the Isagro S.p.A. Board of Directors resolved to approve the project to merge the full subsidiary Phoenix-Del S.r.l. in Isagro S.p.A. with accounting and tax effects as of January 1st, 2021. Statutory effects will take effect, pursuant to article 2504-*bis* of the Civil Code, on the date the last entries of the merger by incorporation are made with the Business Registries of Padua and Milan. A parallel resolution was also made by the Board of Directors of Phoenix-Del on March 15th, 2021.

46. Comments on the Stock Market value of Isagro shares

As already reported in the Report on Operations, with reference to the prices of Ordinary Shares and Growth Shares of Isagro on the "S.T.A.R." segment of the Stock Market managed by Borsa Italiana S.p.A., it should be highlighted that after the announcement of the Agreement between Gowan and Piemme (commented on in the previous section):

1. the market value of Isagro came close to the theoretic value of the MTO;
2. the price difference between Ordinary and Growth Shares was canceled, in line with that supported for a long time by the Company.

47. Management and coordination activities

Pursuant to article 2497-*bis*, paragraph 4 of the Italian Civil Code, the summary figures are provided below from the last Financial Statements approved by the parent company Holdisa S.r.l. (financial year 2019/2020), as the company responsible for management and coordination of Isagro S.p.A..

<u>Separate Financial Statements of Holdisa S.r.l. at June 30th, 2020</u>

(Amounts in thousands of euro)

BALANCE SHEET	June 30th, 2020	June 30th, 2019
ASSETS		
A) Receivables from shareholders for payments outstanding	-	-
B) Fixed assets	31,002	31,002
C) Current assets	1	5
D) Accruals and deferrals	1	1
Total assets	**31,004**	**31,008**
LIABILITIES		
A) Shareholders' Equity:		
- Share capital	21,000	21,000
- Reserves	9,800	9,800
- Retained earnings	94	148
- Loss for the year	(61)	(54)
B) Provisions for risks and charges	-	-
C) Severance indemnity fund	-	-
D) Payables	171	114
E) Accruals and deferrals	-	-
Total liabilities	**31,004**	**31,008**
Guarantees, commitments and other risks	-	-

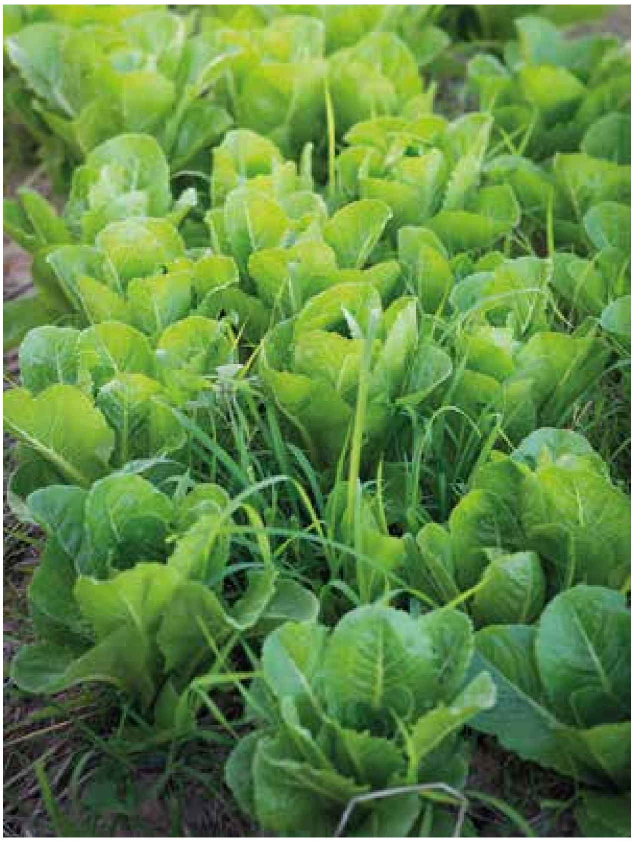
Amounts in thousands of euro

INCOME STATEMENT	July 1st, 2019 – June 30th, 2020	July 1st, 2018 – June 30th, 2019
A) Value of production	-	-
B) Production costs	(58)	(52)
C) Financial income and charges	(3)	(2)
D) Adjustments to financial assets	-	-
E) Extraordinary income and charges	-	-
Income taxes for the year	-	-
Loss for the year	(61)	(54)

48. Disclosure of independent auditing remuneration

Pursuant to article 149-*duodecies* of the CONSOB Issuers' Regulation and in accordance with the provisions of art. 2427 paragraph 16-*bis* of the Italian Civil Code, below is a table summarizing the remuneration for audits and any other services provided by Deloitte & Touche S.p.A., appointed to conduct the audit of the Company's financial statements:

Type of service	Party providing the service	Recipient	Remuneration (euro)
Independent Auditing	Deloitte & Touche	Isagro S.p.A.	142
Other services	Deloitte & Touche	Isagro S.p.A.	26



The item "Independent Auditing" includes the ISTAT adjustment and does not take into account expenses and VAT.
Note that the appointment given to the Auditing Firm, appointed on April 26th, 2012, will expire as of the approval of the financial statements at December 31st, 2020.

49. Transparency of public disbursements under the terms of Art.1, paragraphs 125-129 of Italian Law no. 124/2017

In relation to state aid and/or "*de minimis*" aid received by the Company, we refer you expressly to what is contained and published in the context of the National State Aid Register.

50. List of the international accounting standards approved by the European Commission as of the date of preparation of the Financial Statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014-182/2018
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010-28/2015-289/2018-2075/2019
IFRS	3	Business Combinations	2236/2004-495/2009-149/2011-1361/2014-28/2015-412/2019-2075/2019-551/2020
IFRS	4	Insurance Contracts	2236/2004-108/2006-1165/2009-1988/2017-2097/2020-25/2021
IFRS	5	Non-current Assets Held for Sale and Discontinued Operations	2236/2004-70/2009-243/2010-2343/2015
IFRS	6	Exploration for and Evaluation of Mineral Resources	1910/2005-108/2006-2075/2019
IFRS	7	Financial Instruments: Disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012-2343/2015-34/2020-25/2021
IFRS	8	Operating Segments	1358/2007-632/2010-243/2010-28/2015
IFRS	9	Financial Instruments	2067/2016-2395/2017-498/2018-34/2020-25/2021
IFRS	10	Consolidated Financial Statements	1254/2012-313/2013-1174/2013-1703/2016
IFRS	11	Joint Arrangements	1254/2012-313/2013-2173/2015-412/2019
IFRS	12	Disclosure of Interests in Other Entities	1254/2012-313/2013-1174/2013-1703/2016-182/2018
IFRS	13	Fair Value Measurement	1255/2012-1361/2014-28/2015
IFRS	15	Revenue from Contracts with Customers	1905/2016-1987/2017
IFRS	16	*Leases*	1986/2017-1434/2020-25/2021
IAS	1	Presentation of Financial Statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013-2406/2015-2075/2019
IAS	2	Inventories	2238/2004
IAS	7	Cash-Flow Statement	1725/2003-2238/2004-243/2010-1990/2017

International Accounting Standards			Endorsement regulation
IAS	8	Accounting Policies, Changes in Accounting Estimates and Errors	2238/2004-70/2009-2075/2019
IAS	10	Events After the Reporting Period	2236/2004-2238/2004-70/2009
IAS	11	Construction Contracts	1725/2003
IAS	12	Income Taxes	1725/2003-2236/2004-2238/2004-211/2005-1255/2012-1989/2017-412/2019
IAS	14	Segment Reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Tangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013-28/2015-2113/2015-2231/2015
IAS	17	*Leases*	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004
IAS	19	Employee Benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012-29/2015-2343/2015-402/2019
IAS	20	Accounting for Government Grants and Disclosure of Government Assistance	1725/2003-2238/2004-70/2009
IAS	21	The Effects of Changes in Foreign Exchange Rates	2238/2004-149/2011
IAS	23	Borrowing Costs	1725/2003-2238/2004-1260/2008-70/2009-412/2019
IAS	24	Related Party Disclosures	2238/2004-1910/2005-632/2010-28/2015
IAS	26	Accounting and Reporting by Retirement Benefit Plans	1725/2003
IAS	27	Separate Financial Statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013-2441/2015
IAS	28	Investments in Associates and Joint Ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012-1703/2016-182/2018-237/2019
IAS	29	Financial Reporting in Hyperinflationary Economies	1725/2003-2238/2004-70/2009
IAS	31	Interests In Joint Ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial Instruments: Presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings Per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim Financial Reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013-2343/2015-2075/2019
IAS	36	Impairment of Assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, Contingent Liabilities and Contingent Assets	1725/2003-2236/2004-2238/2004-2075/2019
IAS	38	Intangible Assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010-28/2015-2231/2015-2075/2019
IAS	39	Financial Instruments: Recognition and Measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013-34/2020-25/2021
IAS	40	Investment Property	2236/2004-2238/2004-70/2009-1361/2014-400/2018
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009-2113/2015

Interpretations			Endorsement regulation
IFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2237/2004
IFRIC	2	Members' Shares in Co-operative Entities and Similar Instruments	1073/2005
IFRIC	4	Determining Whether an Arrangement Contains a Lease	1910/2005
IFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1910/2005

Interpretations			Endorsement regulation
IFRIC	6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	108/2006
IFRIC	7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of Embedded Derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim Financial Reporting and Impairment	610/2007
IFRIC	11	IFRS 2 - Group and Treasury Share Transactions	611/2007
IFRIC	12	Service Concession Arrangements	254/2009-2075/2019
IFRIC	13	Customer Loyalty Programs	1262/2008-149/2011
IFRIC	14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010-2075/2019
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012-2075/2019
IFRIC	21	Levies	634/2014
IFRIC	22	Foreign Currency Transactions and Advance Consideration	519/2018-2075/2019
IFRIC	23	Uncertainty over Income Tax Treatments	1595/2018
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance – No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation – Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases – Incentives	1725/2003
SIC	25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements: Disclosures	1725/2003
SIC	31	Revenue – Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets – Web Site Costs	1725/2003-2236/2004-2238/2004-2075/2019

ISAGRO

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Certification of the financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned, Giorgio Basile, Isagro S.p.A. Chairman and Chief Executive Officer, and Ruggero Gambini, Manager in charge of preparing corporate financial reports, hereby certify, having also taken into account the provisions of art. 154-bis, subparagraphs 3 and 4, of the Italian Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the firm and
   - the effective application

   of the administrative and accounting procedures for the preparation of the financial statements in 2020.
2. In this respect no significant matters arose.
3. It is also certified that:

   3.1 the financial statements of Isagro S.p.A. as of December 31, 2020:

   a) were prepared in accordance with applicable international accounting standards as recognised by the European Community pursuant to European Parliament and of the Council Regulation EC no. 1606/2002 of 19 July 2002;

   b) correspond to the results documented in the books and accounting records;

   c) is able to provide a truthful and correct representation of the economic and financial position of the issuer;

   3.2 the report on operation includes a reliable analysis of the performance and the operating result, as well as the position of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 16, 2021

Chairman and Chief Executive Officer	Manager in charge of preparing corporate financial reports
(Giorgio Basile)	(Ruggero Gambini)

UNI EN ISO 9001:2008

CERTIQUALITY
SISTEMA DI GESTIONE QUALITÀ CERTIFICATO

ISAGRO S.p.A. - società diretta e coordinata da Holdisa S.r.l.
Sede legale e amministrativa: Caldera Park - Via Caldera, 21 - 20153 Milano - Italia
Capitale Sociale Euro 24.961.207,65 i.v. - R.E.A. Milano 1300947 - Registro Imprese Milano, Cod. Fisc. e P.IVA 09497920158

for The Board of Directors

Milan, March 16th, 2021

Giorgio Basile
(Chairman and Chief Executive Officer)

7

FINANCIAL STATEMENTS ON THE CONTROLLED COMPANIES

ISAGRO AGROSOLUTIONS KENYA BS 31.12.2020

BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	-	-
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	86.110	643
TOTAL NON CURRENT ASSETS	**86.110**	**643**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	-	-
Other receivables	337.074	2.515
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	612.177	4.568
TOTAL CURRENT ASSETS	**949.251**	**7.083**
TOTAL ASSETS	**1.035.361**	**7.726**
NET EQUITY		
Issued Capital	1.000.000	8.539
Reserves	-	-
Exchange reserve/difference	-	(722)
Profits carried forward	(200.922)	(1.694)
Profits	(213.441)	(1.753)
Total	**585.637**	**4.370**
TOTAL NET EQUITY	**585.637**	**4.370**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	-	-
Trade payables	387.155	2.889
Current funds	-	-
Tax liabilities	-	-
Other liabilities	62.569	467
TOTAL CURRENT LIABILITIES	**449.724**	**3.356**
TOTAL LIABILITIES	**449.724**	**3.356**
TOTAL EQUITY AND LIABILITIES	**1.035.361**	**7.726**

ISAGRO AGROSOLUTIONS KENYA PL 31.12.2020

PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	7.379.050	60.606
Other income	419.983	3.449
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	-	-
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	-	-
Impairment of assets	-	-
Costs for services	6.667.318	54.760
Other operative costs	1.265.647	10.395
Operative profit	**(133.932)**	**(1.100)**
Financial incomes	-	-
Financial costs	78.757	647
Exchange gains/losses and derivatives	(752)	(6)
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(213.441)**	**(1.753)**
Income taxes	-	-
Net Profit/Loss	**(213.441)**	**(1.753)**
Profit/Loss of the Company	**(213.441)**	**(1.753)**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	78.775	763
Goodwill	-	-
Intangible Assets	-	-
Right of use IFRS 16	863.534	8.364
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	209.675	2.031
TOTAL NON CURRENT ASSETS	**1.151.984**	**11.158**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	1.595.625	15.454
Other receivables	1.021.811	9.897
Tax assets	39.290	381
Financial assets	-	-
Cash and cash equivalents	3.245.252	31.431
TOTAL CURRENT ASSETS	**5.901.978**	**57.163**
TOTAL ASSETS	**7.053.962**	**68.321**
NET EQUITY		
Issued Capital	11.053.595	107.057
Reserves	-	-
Exchange reserve/difference	-	1
Profits carried forward	(9.001.417)	(87.181)
Profits	1.019.538	9.875
Total	**3.071.716**	**29.752**
TOTAL NET EQUITY	**3.071.716**	**29.752**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	863.534	8.364
Trade payables	107.417	1.040
Current funds	-	-
Tax liabilities	710.498	6.881
Other liabilities	2.300.797	22.284
TOTAL CURRENT LIABILITIES	**3.982.246**	**38.569**
TOTAL LIABILITIES	**3.982.246**	**38.569**
TOTAL EQUITY AND LIABILITIES	**7.053.962**	**68.321**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	-	-
Other income	22.505.359	217.971
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	12.064.727	116.850
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	97.629	946
- Amortization Right of use	1.221.568	11.831
Impairment of assets	-	-
Costs for services	4.854.272	47.015
Other operative costs	1.427.502	13.826
Operative profit	**2.839.661**	**27.503**
Financial incomes	-	-
Financial costs	1.875.252	18.162
Exchange gains/losses and derivatives	555.952	5.385
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**1.520.361**	**14.726**
Income taxes	500.823	4.851
Net Profit/Loss	**1.019.538**	**9.875**
Profit/Loss of the Company	**1.019.538**	**9.875**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	-	-
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	-	-
TOTAL NON CURRENT ASSETS	**-**	**-**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	-	-
Other receivables	-	-
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	35.190	22.138
TOTAL CURRENT ASSETS	**35.190**	**22.138**
TOTAL ASSETS	**35.190**	**22.138**
NET EQUITY		
Issued Capital	475.000	298.796
Reserves	-	-
Exchange reserve/difference	-	(3.664)
Profits carried forward	(430.009)	(267.146)
Profits	(12.797)	(7.733)
Total	**32.194**	**20.253**
TOTAL NET EQUITY		
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	-	-
Trade payables	2.996	1.885
Current funds	-	-
Tax liabilities	-	-
Other liabilities	-	-
TOTAL CURRENT LIABILITIES	**2.996**	**1.885**
TOTAL LIABILITIES	**2.996**	**1.885**
TOTAL EQUITY AND LIABILITIES	**35.190**	**22.138**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	-	-
Other income	-	-
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	-	-
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	-	-
- Amortization Right of use	-	-
Impairment of assets	-	-
Costs for services	10.503	6.347
Other operative costs	2.145	1.296
Operative profit	**(12.648)**	**(7.643)**
Financial incomes	-	-
Financial costs	149	90
Exchange gains/losses and derivatives	-	-
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(12.797)**	**(7.733)**
Income taxes	-	-
Net Profit/Loss	**(12.797)**	**(7.733)**
Profit/Loss of the Company	**(12.797)**	**(7.733)**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	14.750	2.314
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Right of use IFRS 16	65.894	10.339
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	1.095.213	171.839
TOTAL NON CURRENT ASSETS	**1.175.857**	**184.492**
CURRENT ASSETS		
Inventories	8.855.590	1.389.439
Trade receivables	13.356.085	2.095.565
Other receivables	138.747	21.769
Tax assets		-
Financial assets		-
Cash and cash equivalents	2.856.846	448.238
TOTAL CURRENT ASSETS	**25.207.268**	**3.955.011**
TOTAL ASSETS	**26.383.125**	**4.139.503**
NET EQUITY		
Issued Capital	1.307.210	532.891
Reserves		
Exchange reserve/difference		(602.259)
Profits carried forward	1.342.697	455.396
Profits	2.331.680	395.582
Total	**4.981.587**	**781.610**
TOTAL NET EQUITY	**4.981.587**	**781.610**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	68.734	10.784
Trade payables	20.449.397	3.208.503
Current funds		-
Tax liabilities	609.326	95.603
Other liabilities	274.081	43.003
TOTAL CURRENT LIABILITIES	**21.401.538**	**3.357.893**
TOTAL LIABILITIES	**21.401.538**	**3.357.893**
TOTAL EQUITY AND LIABILITIES	**26.383.125**	**4.139.503**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	31.946.769	5.419.943
Other income	1.237.906	210.017
Variation in stock of finished goods and work in progress	(10.515.532)	(1.784.017)
Costs for capitalized internal works	-	-
Raw materials and consumables	11.520.168	1.954.459
Personnel costs	1.608.397	272.873
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	112.500	19.086
- Depreciation Tangible assets	18.627	3.160
- Amortization Right of use	100.998	17.135
Impairment of assets	-	-
Costs for services	4.637.352	786.752
Bad debt provision	280.379	47.568
Other operative costs	479.019	81.268
Operative profit	**3.911.703**	**663.642**
Financial incomes	213.575	36.234
Financial costs	1.171.774	198.798
Exchange gains/losses and derivatives	340.055	57.692
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**3.293.559**	**558.770**
Income taxes	961.879	163.188
Net Profit/Loss	**2.331.680**	**395.582**
Profit/Loss of the Company	**2.331.680**	**395.582**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	-	-
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	-	-
TOTAL NON CURRENT ASSETS	**-**	**-**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	-	-
Other receivables	-	-
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	978.316	1.121
TOTAL CURRENT ASSETS	**978.316**	**1.121**
TOTAL ASSETS	**978.316**	**1.121**
NET EQUITY		
Issued Capital	43.987.670	60.000
Reserves	-	-
Exchange reserve/difference	-	424
Profits carried forward	(40.443.694)	(56.506)
Profits	(3.711.416)	(4.110)
Total	**(167.440)**	**(192)**
TOTAL NET EQUITY	**(167.440)**	**(192)**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	-	-
Trade payables	1.145.756	1.313
Current funds	-	-
Tax liabilities	-	-
Other liabilities	-	-
TOTAL CURRENT LIABILITIES	**1.145.756**	**1.313**
TOTAL LIABILITIES	**1.145.756**	**1.313**
TOTAL EQUITY AND LIABILITIES	**978.316**	**1.121**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	-	-
Other income	-	-
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	-	-
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	-	-
Impairment of assets	-	-
Costs for services	3.714.539	4.113
Other operative costs	-	-
Operative profit	**(3.714.539)**	**(4.113)**
Financial incomes	-	-
Financial costs	-	-
Exchange gains/losses and derivatives	3.123	3
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(3.711.416)**	**(4.110)**
Income taxes	-	-
Net Profit/Loss	**(3.711.416)**	**(4.110)**
Profit/Loss of the Company	**(3.711.416)**	**(4.110)**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	227.364.986	54.104
Goodwill	-	-
Intangible Assets	41.452.870	9.864
Right of use IFRS 16	378.906.268	90.166
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	320.344.889	76.230
TOTAL NON CURRENT ASSETS	**968.069.013**	**230.364**
CURRENT ASSETS		
Inventories	6.883.932.309	1.638.119
Trade receivables	3.646.105.589	867.637
Other receivables	168.350.690	40.061
Tax assets	-	-
Financial assets	-	-
Current financial assets for derivatives and hedging	-	-
Cash and cash equivalents	2.796.762.157	665.525
TOTAL CURRENT ASSETS	**13.495.150.745**	**3.211.342**
TOTAL ASSETS	**14.463.219.758**	**3.441.706**
NET EQUITY		
Issued Capital	2.000.000.100	620.719
Reserves	1.552.675.491	555.798
Exchange reserve/difference	-	(571.948)
Profits carried forward	2.829.399.834	915.087
Profits	1.157.331.703	274.440
Total	**7.539.407.128**	**1.794.096**
TOTAL NET EQUITY	**7.539.407.128**	**1.794.096**
NON CURRENT LIABILITIES		
Financial liabilities	314.589.554	74.861
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**314.589.554**	**74.861**
CURRENT LIABILITIES		
Financial liabilities	96.237.521	22.901
Current financial liabilities for derivatives and hedging	231.488.226	55.086
Trade payables	5.602.972.631	1.333.298
Current funds	200.000.000	47.593
Tax liabilities	104.225.751	24.802
Other liabilities	374.298.947	89.069
TOTAL CURRENT LIABILITIES	**6.609.223.076**	**1.572.749**
TOTAL LIABILITIES	**6.923.812.630**	**1.647.610**
TOTAL EQUITY AND LIABILITIES	**14.463.219.758**	**3.441.706**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	19.008.496.823	4.507.523
Other income	280.530.300	66.523
Variation in stock of finished goods and work in progress	(67.320.618)	(15.964)
Costs for capitalized internal works	-	-
Raw materials and consumables	10.539.892.487	2.499.346
Personnel costs	3.560.846.044	844.391
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	5.215.836	1.237
- Depreciation Tangible assets	32.492.046	7.705
- Amortization Right of use	670.287.609	158.947
Impairment of assets	-	-
Costs for services	1.465.392.349	347.491
Bad debt provision	875.054.229	207.503
Other operative costs	479.746.026	113.763
Operative profit	**1.592.779.879**	**377.699**
Financial incomes	407.320	97
Financial costs	63.989.569	15.174
Exchange gains/losses and derivatives	(42.852.815)	(10.162)
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**1.486.344.815**	**352.460**
Income taxes	329.013.112	78.020
Net Profit/Loss	**1.157.331.703**	**274.440**
Profit/Loss of the Company	**1.157.331.703**	**274.440**

ISAGRO ESPAÑA BS 31.12.2020

BALANCE SHEET IAS SCHEME

BALANCE SHEET	in Euro
NON CURRENT ASSETS	
Tangible fixed assets	10.341
Intangible fixed assets	-
Goodwill	-
Right of use IFRS 16	89.574
Investments in controlled and associated companies	26.791
Other investments	-
Receivables and other non current assets	3.900
Non current financial assets for derivatives and hedging	-
Deferred tax assets	8.519
TOTAL NON CURRENT ASSETS	**139.125**
CURRENT ASSETS	
Inventories	1.095.120
Work in progress	-
Trade receivables	877.734
Other receivables and miscellaneous current assets	32.564
Tax assets	29.143
Financial receivables and other current financial assets	-
Current financial assets for derivatives and hedging	-
Cash and cash equivalents	1.335.550
TOTAL CURRENT ASSETS	**3.370.111**
TOTAL ASSETS	**3.509.236**
NET EQUITY	
Issued Capital	120.200
Reserves	606.057
Profits	1.134.041
Total	**1.860.298**
TOTAL NET EQUITY	**1.860.298**
NON CURRENT LIABILITIES	
Financial liabilities/borrowings and other non current financial liabilities	26.425
Non current financial liabilities for derivatives and hedging	-
Long term employee benefits	-
Non current funds	-
Deferred tax liabilities	-
Other non current liabilities	-
TOTAL NON CURRENT LIABILITIES	**26.425**
CURRENT LIABILITIES	
Financial liabilities/borrowings and other current financial liabilities	63.710
Current financial liabilities for derivatives and hedging	-
Trade payables	1.416.097
Current funds	100.000
Tax liabilities	-
Other liabilities	42.706
TOTAL CURRENT LIABILITIES	**1.622.513**
TOTAL LIABILITIES	**1.648.938**
TOTAL EQUITY AND LIABILITIES	**3.509.236**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in Euro
Revenues	12.930.035
Other operating incomes	48.778
Raw materials and consumables	9.051.791
Costs for services	1.079.201
Personnel costs	938.733
Bad debt provision	8.314
Other operative costs	76.792
Change in stock of finished goods and work in progress	(372.841)
Costs for capitalized internal works	-
Amortization/ Depreciation:	
- Amortization of Intangible assets	3
- Depreciation of Tangible assets	2.994
- Amortization of Right of use	66.906
- Write downs of Intangible assets	-
Impairment of assets	-
Operative profit	**1.381.238**
Financial incomes	-
Financial costs	38.196
Exchange gains/losses and derivatives	-
Gain/Loss on investments	-
Profit/Loss from controlled companies	-
Profit/Loss from associated companies	-
Profit/Loss before taxes	**1.343.042**
Income taxes	338.199
Net Profit/Loss	**1.004.843**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	-	-
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	-	-
TOTAL NON CURRENT ASSETS	**-**	**-**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	2.416.553	98.974
Other receivables	494.999	20.274
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	1.495.481	61.250
TOTAL CURRENT ASSETS	**4.407.033**	**180.498**
TOTAL ASSETS	**4.407.033**	**180.498**
NET EQUITY		
Issued Capital	1.850.000	72.078
Reserves	-	-
Exchange reserve/difference	-	7.974
Profits carried forward	(863.939)	(39.701)
Profits	(206.048)	(8.404)
Total	**780.013**	**31.947**
TOTAL NET EQUITY	**780.013**	**31.947**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	1.643.134	67.297
Trade payables	954.346	39.087
Current funds	-	-
Tax liabilities	-	-
Other liabilities	1.029.540	42.167
TOTAL CURRENT LIABILITIES	**3.627.020**	**148.551**
TOTAL LIABILITIES	**3.627.020**	**148.551**
TOTAL EQUITY AND LIABILITIES	**4.407.033**	**180.498**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	6.216.019	253.514
Other income	452.654	18.461
Variation in stock of finished goods and work in progress	(1.540.308)	(62.820)
Costs for capitalized internal works	-	-
Raw materials and consumables	3.625.236	147.852
Personnel costs	-	-
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	-	-
Impairment of assets	-	-
Costs for services	908.188	37.040
Bad debt provision	65.097	2.655
Other operative costs	195.109	7.957
Operative profit	**334.735**	**13.651**
Financial incomes	-	-
Financial costs	97.071	3.959
Exchange gains/losses and derivatives	(443.712)	(18.096)
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(206.048)**	**(8.404)**
Income taxes	-	-
Net Profit/Loss	**(206.048)**	**(8.404)**
Profit/Loss of the Company	**(206.048)**	**(8.404)**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	11.494	1.433
Goodwill	-	-
Intangible Assets	-	-
Right of use IFRS 16	275.904	34.391
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	5	1
TOTAL NON CURRENT ASSETS	**287.403**	**35.825**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	2.435.800	303.621
Other receivables	54.000	6.731
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	1.049.303	130.795
TOTAL CURRENT ASSETS	**3.539.103**	**441.147**
TOTAL ASSETS	**3.826.506**	**476.972**
NET EQUITY		
Issued Capital	1.609.547	166.224
Reserves	-	-
Exchange reserve/difference	-	16.238
Profits carried forward	(101.137)	3.266
Profits	980.699	124.539
Total	**2.489.109**	**310.267**
TOTAL NET EQUITY	**2.489.109**	**310.267**
NON CURRENT LIABILITIES		
Financial liabilities	125.740	15.673
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**125.740**	**15.673**
CURRENT LIABILITIES		
Financial liabilities	150.266	18.731
Trade payables	900.000	112.184
Current funds	120.000	14.958
Tax liabilities	41.391	5.159
Other liabilities		-
TOTAL CURRENT LIABILITIES	**1.211.657**	**151.032**
TOTAL LIABILITIES	**1.337.397**	**166.705**
TOTAL EQUITY AND LIABILITIES	**3.826.506**	**476.972**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	-	-
Other income	5.494.165	697.698
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	106.640	13.542
Personnel costs	1.522.167	193.298
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	6.544	831
- Amortization Right of use	149.959	19.043
Impairment of assets	-	-
Costs for services	2.612.298	331.733
Other operative costs	26.924	3.419
Operative profit	**1.069.633**	**135.832**
Financial incomes	2.747	349
Financial costs	28.735	3.649
Exchange gains/losses and derivatives	(8.537)	(1.084)
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**1.035.108**	**131.448**
Income taxes	54.409	6.909
Net Profit/Loss	**980.699**	**124.539**
Profit/Loss of the Company	**980.699**	**124.539**

ISAGRO SINGAPORE BS 31.12.2020

BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	7	4
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	2.067	1.275
TOTAL NON CURRENT ASSETS	**2.074**	**1.279**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	-	-
Other receivables	324.041	199.803
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	244	150
TOTAL CURRENT ASSETS	**324.285**	**199.953**
TOTAL ASSETS	**326.359**	**201.232**
NET EQUITY		
Issued Capital	453.049	300.000
Reserves	-	-
Exchange reserve/difference	-	(16.166)
Profits carried forward	(103.925)	(68.072)
Profits	(26.385)	(16.762)
Total	**322.739**	**199.000**
TOTAL NET EQUITY	**322.739**	**199.000**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	-	-
Trade payables	3.561	2.196
Current funds	-	-
Tax liabilities	-	-
Other liabilities	59	36
TOTAL CURRENT LIABILITIES	**3.620**	**2.232**
TOTAL LIABILITIES	**3.620**	**2.232**
TOTAL EQUITY AND LIABILITIES	**326.359**	**201.232**

ISAGRO SINGAPORE PL 31.12.2020

PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	-	-
Other income	-	-
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	-	-
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	39	25
Impairment of assets	-	-
Costs for services	10.004	6.355
Other operative costs	-	-
Operative profit	**(10.043)**	**(6.380)**
Financial incomes	-	-
Financial costs	680	432
Exchange gains/losses and derivatives	(7.324)	(4.653)
Gain/Loss on investments	(10.685)	(6.788)
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(28.732)**	**(18.253)**
Income taxes	(2.347)	(1.491)
Net Profit/Loss	**(26.385)**	**(16.762)**
Profit/Loss of the Company	**(26.385)**	**(16.762)**

ISAGRO SOUTH AFRICA BS 31.12.2020

BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	-	-
Goodwill	-	-
Intangible Assets	-	-
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	-	-
TOTAL NON CURRENT ASSETS	**-**	**-**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	-	-
Other receivables	-	-
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	50.802	2.819
TOTAL CURRENT ASSETS	**50.802**	**2.819**
TOTAL ASSETS	**50.802**	**2.819**
NET EQUITY		
Issued Capital	1.071.000	83.481
Reserves	-	-
Exchange reserve/difference	-	(2.664)
Profits carried forward	(941.411)	(73.894)
Profits	(121.735)	(6.487)
Total	**7.854**	**436**
TOTAL NET EQUITY	**7.854**	**436**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	-	-
Trade payables	42.948	2.383
Current funds	-	-
Tax liabilities	-	-
Other liabilities	-	-
TOTAL CURRENT LIABILITIES	**42.948**	**2.383**
TOTAL LIABILITIES	**42.948**	**2.383**
TOTAL EQUITY AND LIABILITIES	**50.802**	**2.819**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	-	-
Other income	-	-
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	-	-
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	-	-
Impairment of assets	-	-
Costs for services	119.570	6.372
Other operative costs	-	-
Operative profit	**(119.570)**	**(6.372)**
Financial incomes	-	-
Financial costs	2.165	115
Exchange gains/losses and derivatives	-	-
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(121.735)**	**(6.487)**
Income taxes	-	-
Net Profit/Loss	**(121.735)**	**(6.487)**
Profit/Loss of the Company	**(121.735)**	**(6.487)**

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BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	3.541	2.886
Goodwill	-	-
Intangible Assets	-	-
Right of use IFRS 16	38.561	31.424
Investments accounted for using the equity method	-	-
Other investments	8.522	7.207
Receivables and other non current assets	-	-
Deferred tax assets	65.951	53.745
TOTAL NON CURRENT ASSETS	**116.575**	**95.262**
CURRENT ASSETS		
Inventories	1.581.920	1.289.153
Trade receivables	1.084.544	883.827
Other receivables	123.393	100.557
Tax assets	4.699	3.829
Financial assets	-	-
Cash and cash equivalents	1.247.042	1.016.251
TOTAL CURRENT ASSETS	**4.041.598**	**3.293.617**
TOTAL ASSETS	**4.158.173**	**3.388.879**
NET EQUITY		
Issued Capital	11.220.601	9.720.459
Reserves	-	-
Exchange reserve/difference	-	230.629
Profits carried forward	(9.035.388)	(8.149.304)
Profits	(342.194)	(299.592)
Total	**1.843.019**	**1.502.192**
TOTAL NET EQUITY	**1.843.019**	**1.502.192**
NON CURRENT LIABILITIES		
Financial liabilities	7.623	6.212
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**7.623**	**6.212**
CURRENT LIABILITIES		
Financial liabilities	1.436.440	1.170.597
Trade payables	781.031	636.485
Current funds	60.060	48.945
Tax liabilities	-	-
Other liabilities	30.000	24.448
TOTAL CURRENT LIABILITIES	**2.307.531**	**1.880.475**
TOTAL LIABILITIES	**2.315.154**	**1.886.687**
TOTAL EQUITY AND LIABILITIES	**4.158.173**	**3.388.879**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	6.562.972	5.745.904
Other income	130.918	114.619
Variation in stock of finished goods and work in progress	(3.048.731)	(2.669.174)
Costs for capitalized internal works	-	-
Raw materials and consumables	2.027.290	1.774.899
Personnel costs	536.077	469.337
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	72	63
- Depreciation Tangible assets	9.489	8.308
- Amortization Right of use	35.688	31.245
Impairment of assets	-	-
Costs for services	1.172.433	1.026.469
Bad debt provision	13.903	12.172
Other operative costs	381	334
Operative profit	**(150.174)**	**(131.478)**
Financial incomes	-	-
Financial costs	170.451	149.230
Exchange gains/losses and derivatives	(2.040)	(1.786)
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**(322.665)**	**(282.494)**
Income taxes	19.529	17.098
Net Profit/Loss	**(342.194)**	**(299.592)**
Profit/Loss of the Company	**(342.194)**	**(299.592)**

ISAGRO VIETNAM BS 31.12.2020

BALANCE SHEET IAS SCHEME

BALANCE SHEET	in local currency	in Euro
NON CURRENT ASSETS		
Buildings, Plants, Machinery and Capital Assets	-	-
Goodwill	-	-
Intangible Assets	-	-
Right of use IFRS 16	99.582.194	3.515
Investments accounted for using the equity method	-	-
Other investments	-	-
Receivables and other non current assets	-	-
Deferred tax assets	-	-
TOTAL NON CURRENT ASSETS	**99.582.194**	**3.515**
CURRENT ASSETS		
Inventories	-	-
Trade receivables	337.998.375	11.930
Other receivables	153.777.072	5.428
Tax assets	-	-
Financial assets	-	-
Cash and cash equivalents	1.038.837.758	36.668
TOTAL CURRENT ASSETS	**1.530.613.205**	**54.026**
TOTAL ASSETS	**1.630.195.399**	**57.541**
NET EQUITY		
Issued Capital	1.113.750.000	44.879
Reserves	-	-
Exchange reserve/difference	-	(6.053)
Profits carried forward	(15.667.339)	(863)
Profits	333.057.145	12.552
Total	**1.431.139.806**	**50.515**
TOTAL NET EQUITY	**1.431.139.806**	**50.515**
NON CURRENT LIABILITIES		
Financial liabilities	-	-
Employee benefits	-	-
Non current funds	-	-
Deferred tax liabilities	-	-
Other non current liabilities	-	-
TOTAL NON CURRENT LIABILITIES	**-**	**-**
CURRENT LIABILITIES		
Financial liabilities	101.380.508	3.578
Trade payables	-	-
Current funds	-	-
Tax liabilities	58.469.894	2.064
Other liabilities	39.205.191	1.384
TOTAL CURRENT LIABILITIES	**199.055.593**	**7.026**
TOTAL LIABILITIES	**199.055.593**	**7.026**
TOTAL EQUITY AND LIABILITIES	**1.630.195.399**	**57.541**

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PROFIT & LOSS IAS SCHEME

PROFIT & LOSS	in local currency	in Euro
Revenue	1.167.259.940	43.991
Other income	-	-
Variation in stock of finished goods and work in progress	-	-
Costs for capitalized internal works	-	-
Raw materials and consumables	-	-
Personnel costs	410.885.091	15.485
Amortization/ Depreciation/ Write-downs		
- Amortization Intangible assets	-	-
- Depreciation Tangible assets	-	-
- Amortization Right of use	153.335.568	5.779
Impairment of assets	-	-
Costs for services	202.884.097	7.646
Other operative costs	2.000.000	75
Operative profit	**398.155.184**	**15.006**
Financial incomes	2.061.068	78
Financial costs	438.427	17
Exchange gains/losses and derivatives	(8.185.923)	(309)
Gain/Loss on investments	-	-
Profit/Loss from controlled companies	-	-
Profit/Loss from associated companies	-	-
Profit/Loss before taxes	**391.591.902**	**14.758**
Income taxes	58.534.757	2.206
Net Profit/Loss	**333.057.145**	**12.552**
Profit/Loss of the Company	**333.057.145**	**12.552**

PHOENIX-DEL S.R.L. 31.12.2020

BALANCE SHEET IAS SCHEME

BALANCE SHEET	in Euro
NON CURRENT ASSETS	
Tangible fixed assets	2.750
Intangible fixed assets	323.545
Goodwill	-
Right of use IFRS 16	50.965
Investments in controlled and associated companies	-
Other investments	-
Receivables and other non current assets	5.443
Non current financial assets for derivatives and hedging	0
Deferred tax assets	3.348
TOTAL NON CURRENT ASSETS	**386.051**
CURRENT ASSETS	
Inventories	29.087
Work in progress	-
Trade receivables	1.198.421
Other receivables and miscellaneous current assets	1.125
Tax assets	-
Financial receivables and other current financial assets	43.342
Current financial assets for derivatives and hedging	-
Cash and cash equivalents	277.875
TOTAL CURRENT ASSETS	**1.549.850**
TOTAL ASSETS	**1.935.901**
NET EQUITY	
Issued Capital	10.000
Reserves	528.282
Profits	170.548
Total	**708.830**
TOTAL NET EQUITY	**708.830**
NON CURRENT LIABILITIES	
Financial liabilities/borrowings and other non current financial liabilities	30.945
Non current financial liabilities for derivatives and hedging	-
Long term employee benefits	-
Non current funds	-
Deferred tax liabilities	39
Other non current liabilities	-
TOTAL NON CURRENT LIABILITIES	**30.984**
CURRENT LIABILITIES	
Financial liabilities/borrowings and other current financial liabilities	613.780
Current financial liabilities for derivatives and hedging	-
Trade payables	514.025
Current funds	-
Tax liabilities	48.354
Other liabilities	19.928
TOTAL CURRENT LIABILITIES	**1.196.087**
TOTAL LIABILITIES	**1.227.071**
TOTAL EQUITY AND LIABILITIES	**1.935.901**

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