BZK GRAIN ALLIANCE AB

Corporate identity number: 556754-1056

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

FOR THE FINANCIAL YEAR

1 OF JANUARY 2019 - 31 OF DECEMBER 2019

Contents

NOTES TO THE PARENT COMPANY'S ANNUAL REPORT:

REPORT ON OPERATION

ABOUT GRAIN ALLIANCE

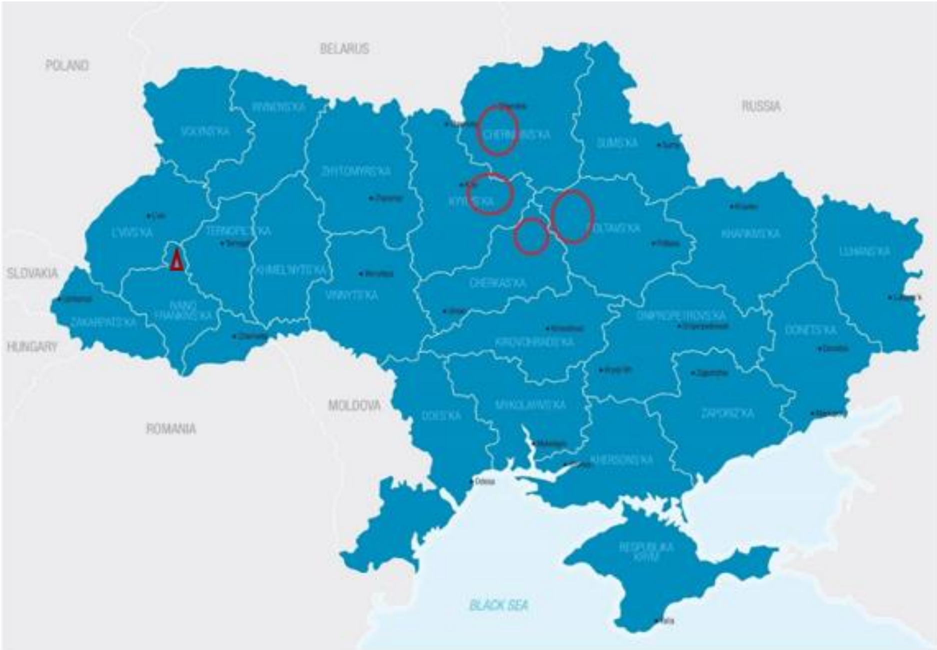
Grain Alliance is one of the leading agricultural companies in Ukraine. The company cultivates around 54,000 hectares of arable land in central Ukraine. The foundation for BZK Grain Alliance AB was laid in 1998. At that time, the company was primarily a supplier of agricultural services, but during the summer of 1998, two thousand hectares were seeded. The cultivated area increased gradually and in 2008 amounted to 27,000 hectares. In May 2008, the founder of the company, the American entrepreneur Alex Oronov, together with a group of Swedish investors led by the Claesson & Anderzén group, spearheaded and established a new company structure - Grain Alliance. Under this new corporate structure, the land bank has gradually increased and the company has become more profitable, sustainable and straightforward.

In conjunction with the Swedish investments into the company a profound reorganization and restructuring was initiated. The company's operations were enhanced and new modern corporate governance principles were introduced. Moreover, the additional capital enabled a rejuvenation of the equipment fleet and the introduction of new agricultural techniques.

OPERATIONS AND LOCATIONS

Grain Alliance lands are located in the center of the Ukrainian black earth belt. The company operates in four districts in Ukraine: Kyiv, Poltava, Cherkasy and Chernihiv districts. The agricultural operations are divided into four regions (clusters), where each region cultivates between 8,000 and 18,000 hectares. Each of the regions is fully equipped with modern agricultural equipment and the short distances between the regions enable the efficient utilization of machinery. In order to allow efficient handling and storage of the produced grain, the company has five drying facilities, three of which have a direct rail connection.

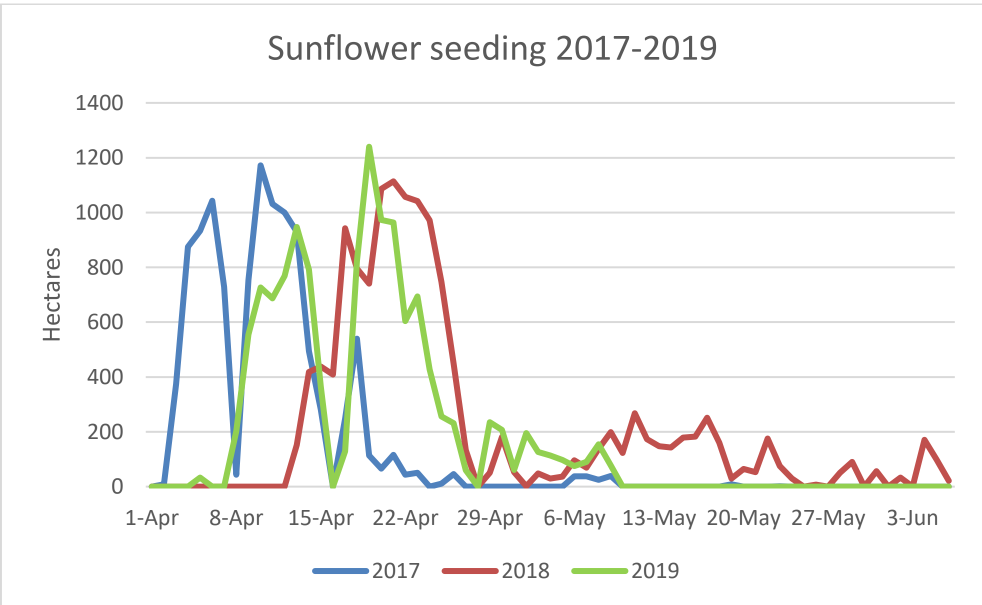
Efficiency and control are lead in Grain Alliance's strategy and therefore the company tends land within a limited geographical area. The radius of Grain Alliance's core area (the area farmed) is about 80 kilometers. During the past years, the company has gradually expanded and developed 15,000 ha in the Chernihiv region, north of Kyiv. Cultivating land in a limited geographical area allows a more efficient use of resources as transport for both equipment and crops is shorter. The simple fact that the lands are within an hour's drive from the main office also strengthens the control. Farming is a human intensive activity that requires hands-on monitoring and control. Grain Alliance operations are further supported by the five central grain handling facilities the company has either built from scratch or renovated. Having access to own in-house storage and drying not only increases the speed of the harvest but also mitigates logistic risks and gives the Company the opportunity to sell the crops when needed, not being forced to sell during the harvest when the prices are under pressure due to logistics limitation. Due to land bank expansion in Chernihiv, and expansion of corn crop in other regions Grain Alliance initiated further development of the drying and storage facility there in Nizhyn and drying facility in Pyriatyn. This program due to alternative fuel and energy efficiency measures implementation got support from EBRD in a way of 10 million Euro loan.

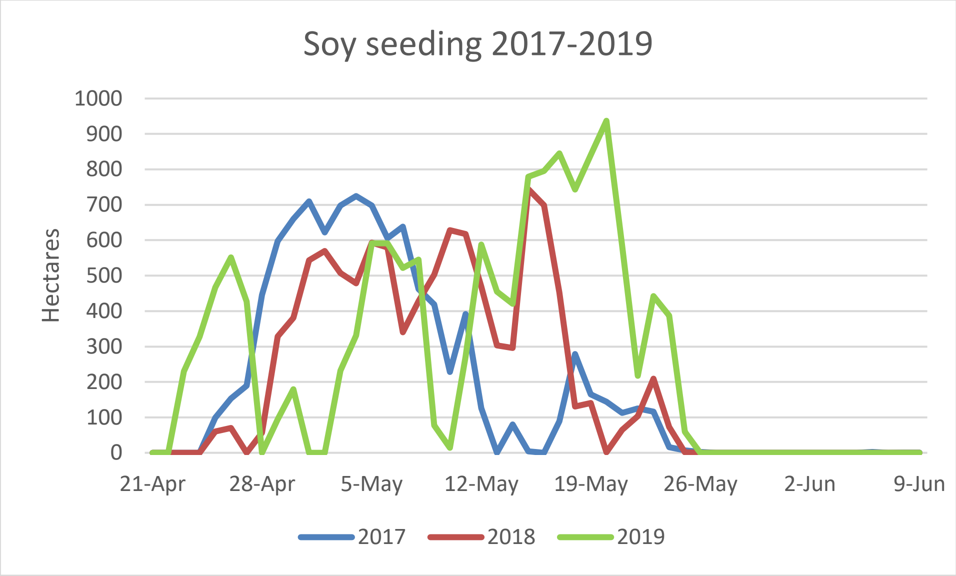


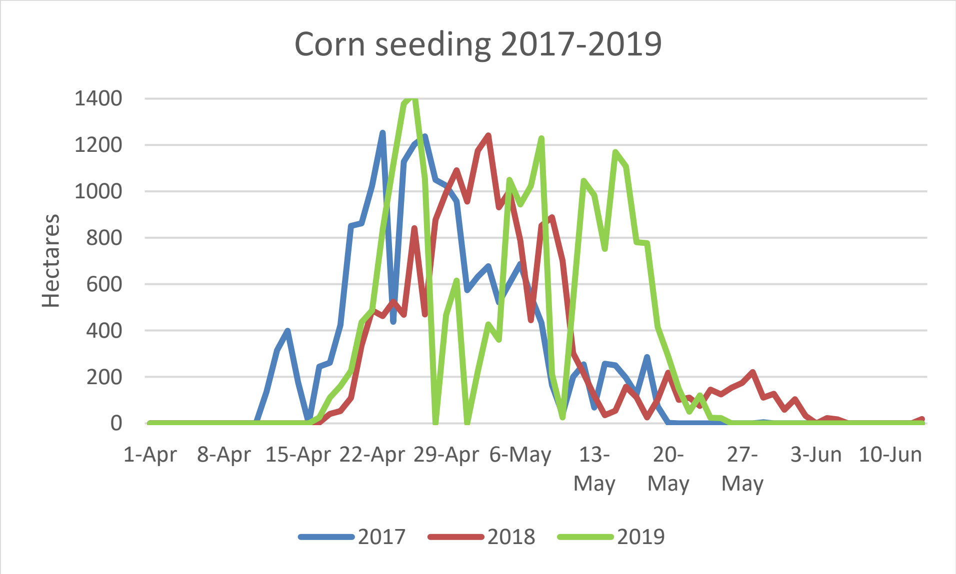
SEEDING 2019

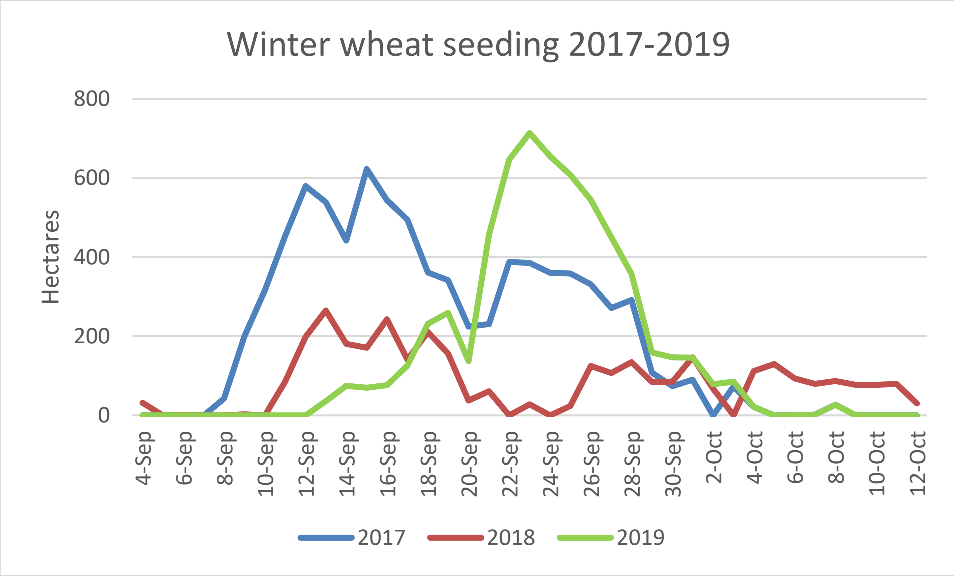
2019 was a year when GA had changed its organizational structure. 5 production clusters were transformed into 4 clusters. This decision has allowed GA to ease operations and to improve decision making.

2019 seeding campaign was well prepared to provide excellent operation results. The biggest challenge for the company was 22 000 hectares Corn seeding in four clusters. Almost 8 000 hectares of Corn were seeded in Poltava cluster alone. Some delays of corn planting were met there in 2019. Two brand new Väderstad Tempo L planters worked in South cluster. Those seeders showed their best as they sowed quickly, accurately and with minimal twists and skips.



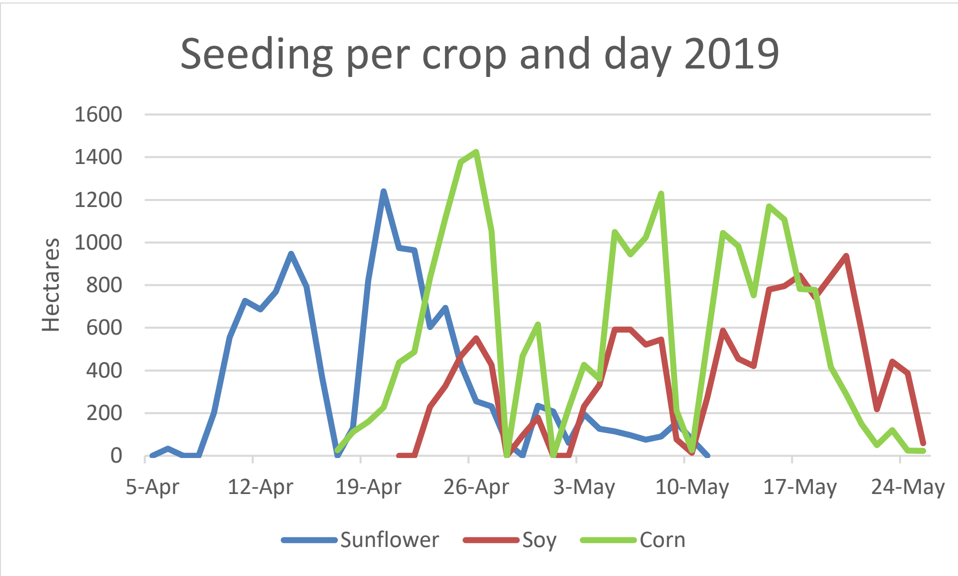

Soy seeding 2017-2019
Hectares
1000
900
800
700
600
500
400
300
200
100
0
21-Apr
28-Apr
5-May
12-May
19-May
26-May
2-Jun
9-Jun
2017
2018
2019


Corn seeding 2017-2019
Hectares
1400
1200
1000
800
600
400
200
0
1-Apr
8-Apr
15-Apr
22-Apr
29-Apr
6-May
13-May
20-May
27-May
3-Jun
10-Jun
2017
2018
2019



2019 summer was cold enough, which affected the long maturation and harvesting of soybeans. 2019 showed a good and stable yield for sunflower. Short period of high temperatures in June was major reason of soy abortion and lower yields. Severe drought in mid-August in some areas of Poltava and South clusters was the reason of corn and soy yields tumbling. It allowed us to start early corn harvesting in Poltava, but with lower than expected yields. Another reason for corn yields decrease was low productivity of Ukrainian corn hybrids. We've eliminated that factor for 2020 season by changing our purchasing policy and refusing Ukrainian genetics. The last year was weather-favorable for sunflower.

New John Deere sprayers were bought and applied for timely crop protection. 2019 was a year of massive and widespread migration of Vanessa cardui throughout Ukraine. All Ukraine and GA clusters had suffered from its invasion. JD sprayers allowed to withstand more effectively to that challenge.

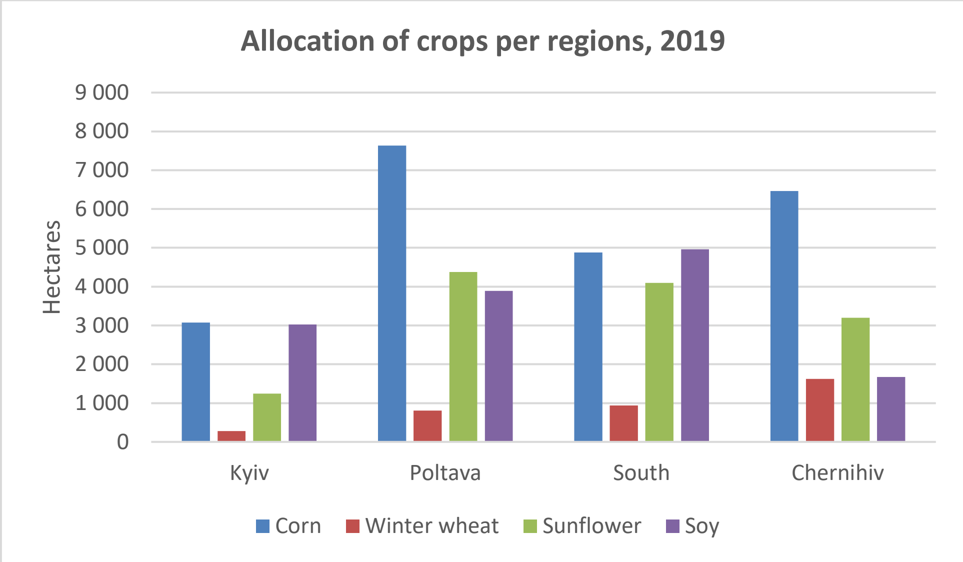


ALLOCATION OF CROPS

According to its Production Policy, GA sees as more sustainable and more profitable cultivation of two crops – Corn and Soybeans.

Four main crops of GA: Corn, Soybeans, Sunflower and Winter Wheat were cultivated on 52 154 ha in 2019.

The biggest part in crop rotation takes Corn – 22 048 ha or 42% of GA's arable land. Corn cultivation area was increased for 3 709 ha (20%) to 2018. Poltava cluster brings 36% of Corn cultivation land. We plan to increase gradually Corn areas in all regions in the future.

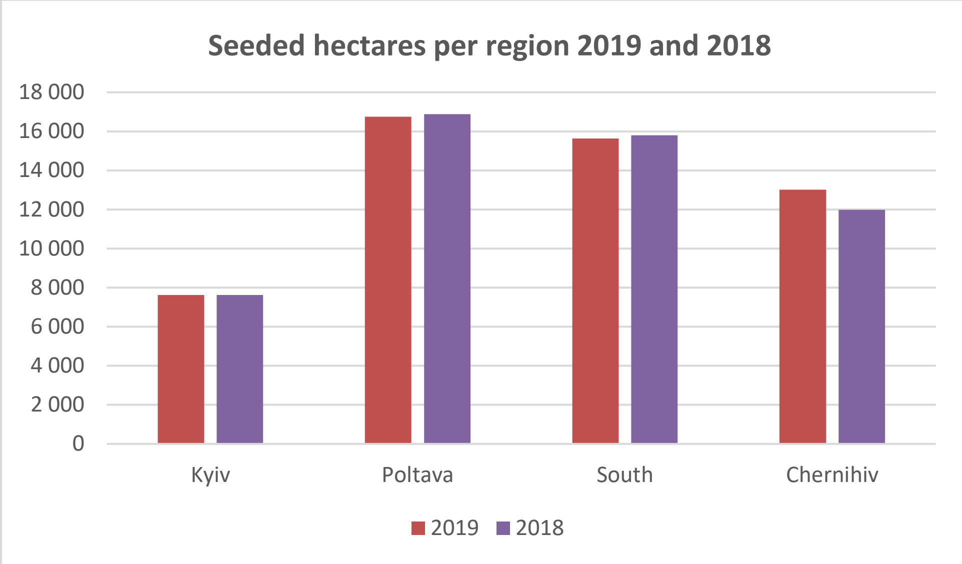


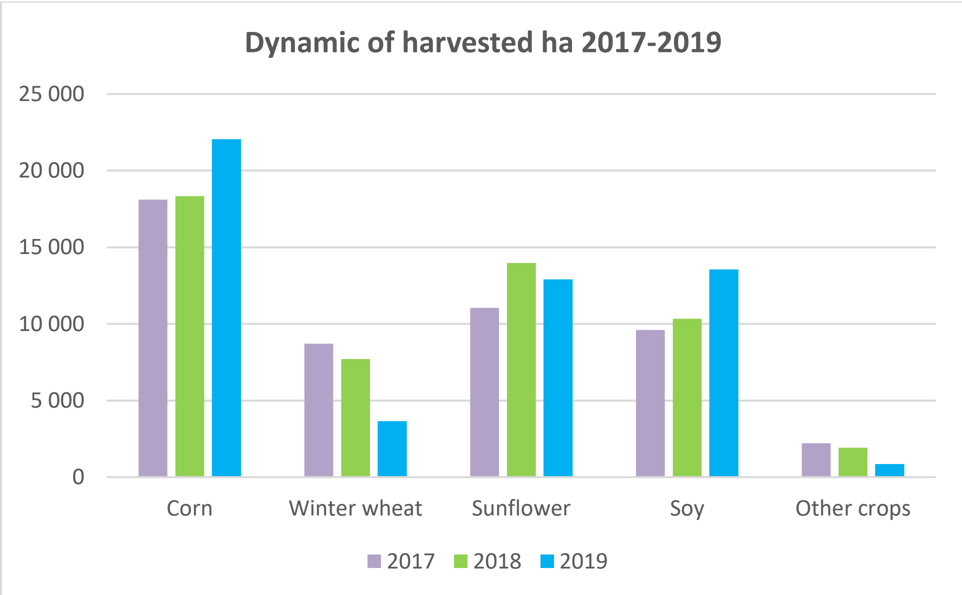
Soy area was increased on 31% in 2019. 37% of that area or almost 5 000 ha was concentrated in South cluster. We plan to evolve technological skills and experience to be experts in Soy cultivation.

Sunflower was cultivated on 12 914 ha in 2019. It is 8% or 1055 ha less than previous year. Poltava and South clusters are leaders for Sunflower cultivation in GA. Those clusters care of 66% of Sunflower land. We see Sunflower as less profitable crop for GA and plan to reduce its share in our crops.

Winter wheat usually is the least profitable crop for the Grain Alliance. It is the main reason of its area decrease. In 2019, Wheat areas went down drastically. You can see 53% decline in areas or more than half of 2018's level. The main reason for that is preferable position of Corn and Soy for cultivation in GA.

GA cares small areas for forage and grass for its two cattle farms.





Harvest 2019

Wheat harvesting was started in early July and main crops harvesting was started in late August.

GA has finished harvesting on the 22nd of November 2019.

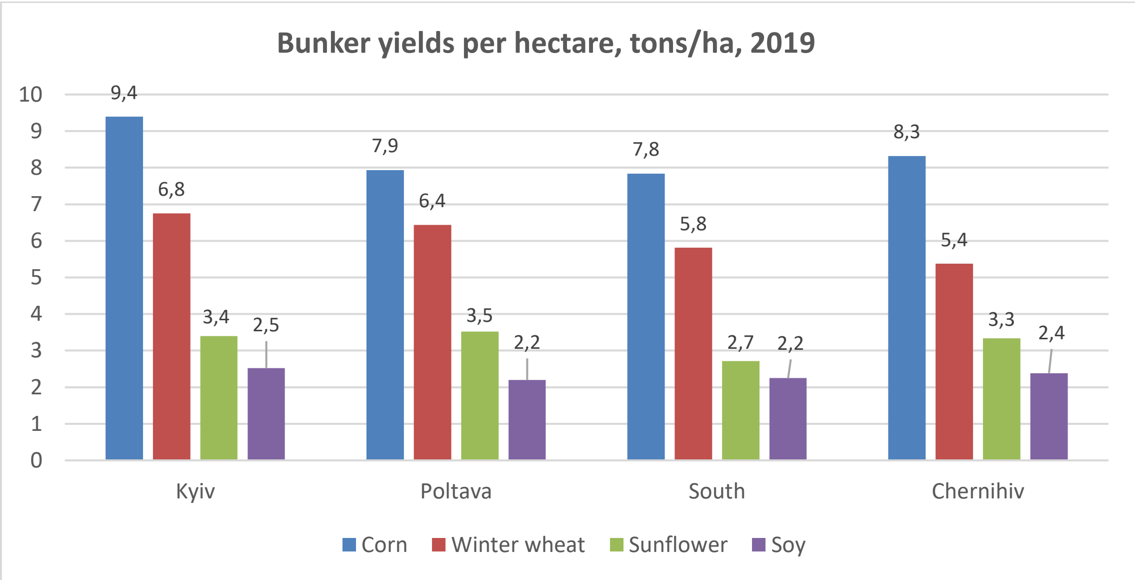
Winter Wheat harvesting lasted for 21 days. It's quite long for GA. There was a delay in harvesting start due to rains. Our goal for 2020 is to make wheat harvesting 5 days shorter.

	Jul				Aug					Sep				Oct					Nov			
Crop	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
Wheat		21 days																				
Sunflower									48 days													
Soy									50 days													
Corn										78 days												

Corn harvesting was very successful for the Grain Alliance as it was finished promptly. The team has done its best and finished harvesting in the 3rd decade of November 2019. Our goal for 2020 is to finish corn harvesting in the 2nd decade of November in all clusters. We've successfully tried early corn desiccation in Chernihiv cluster. As a result, we've stored 8 800 t of corn in Nizhyn elevator for September's sales contracts and our clients were happy glad to get corn in time.

48 days of sunflower harvesting was good in 2019. We weren't happy with such a result, as rain was frequent troublemaker in the fields.

Soy harvesting was a challenge for the Company last year. Lower average temperatures and prolonged period of maturity were the main reasons of 50 days harvesting journey. There was an interim 10 days stop in soy harvesting as we waited for long sorts' maturity. As a result, we've recalculated a share of long soybean sorts in our portfolio for the next year.



Crop	2016		2017		2018		2019	
	Hectares harvested	Bunker yield, ton/ha	Hectares harvested	Bunker yield, ton/ha	Hectares harvested	Bunker yield, ton/ha	Hectares harvested	Bunker yield, ton/ha
Corn	16 271	9,0	18 112	6,8	18 340	10,5	22 048	8,2
Winter wheat	9 066	5,2	8 715	4,6	7 703	5,7	3 646	5,8
Sunflower	10 759	2,7	11 049	2,5	13 969	3,0	12 914	3,2
Soy	7 827	2,9	9 597	2,3	10 341	3,1	13 546	2,3

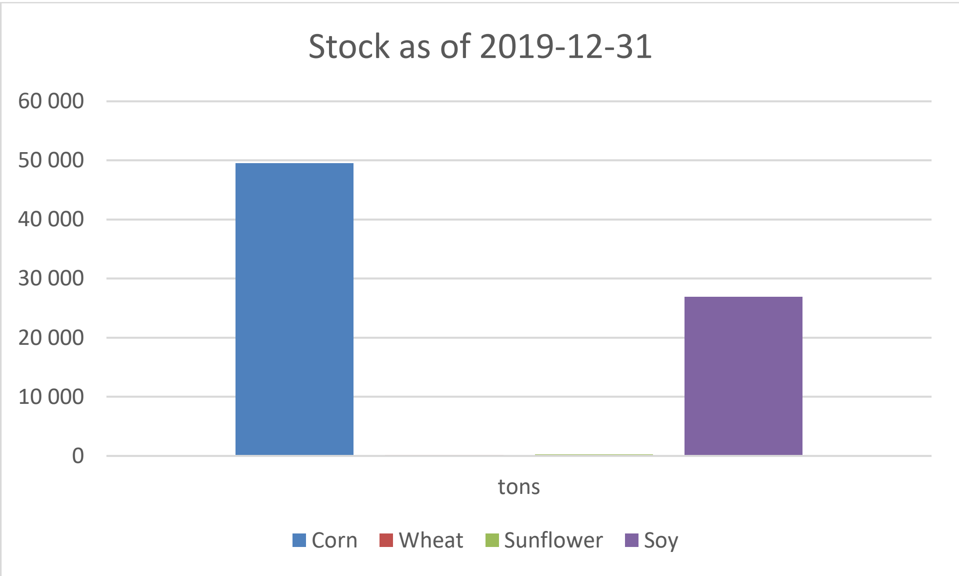
Crop prices and Sales 2019

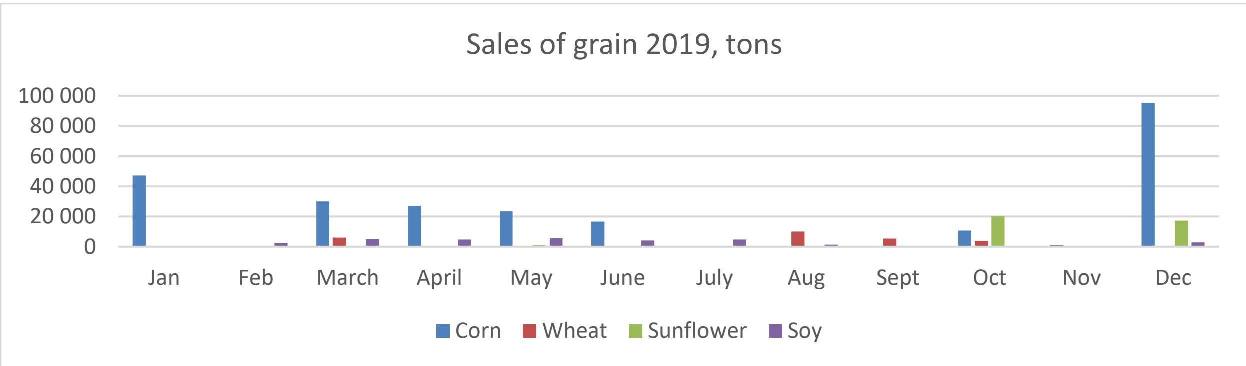
According to the Ministry of Agrarian Policy and Food of Ukraine, the grain harvest in 2019 totaled 74 million tons, with winter wheat and barley being the growth leaders (plus 3,5 mln tons and plus 1,6 mln tons year-to-year). The previous record was reported in 2018, at 70.2 million tons. On the global arena production FAO's new estimate for world cereal production in 2019 also stands at a record high of 2 715 million tons, up by 2.3 percent (61.7 million tons) from the outturn in 2018.

Most of the Ukrainian grains and pulses were delivered to foreign markets. The local grain market prices were under pressure during harvest, and correlated with the world grain prices during the rest of the year. Certain deviations from world prices were occasionally noted due to limited by logistics bottlenecks supply and simultaneous high demand from the traders in Black Sea ports.

Grain Alliance initiated much more sales in USD, CPT sea port or DAF Ukrainian border compared to 5 years average and managed to ensure timely deliveries.

New destinations for 2019 – is direct sales of soya beans to crushers in the Republic of Belarus, which is the north west neighbor of Ukraine.





As of December 31, 2018, the Company had approximately 77 thousand tons of grain in stock

DIRECTORS' REPORT

RESULT/SALES

Production of 2019 were evenly sold and shipped to buyers during the marketing year. As mentioned earlier, grain prices remained expectedly at a relatively low level, mainly due to good harvests worldwide and trade tensions between the USA and China. Still Grain Alliance managed to have sales in accordance with the budget prices in USD terms.

CURRENCY

The Company's operational currency is the Ukrainian hryvnia, which demonstrated 15% appreciation in 2019 against the Swedish krona and all the world's major trading currencies.

During 2019, the National Bank of Ukraine introduced a number of currency liberalization measures pursuant to the Law "On Currency and Currency Transactions", among those were:

Cancellation of mandatory sale of FX proceeds;

Cancellation of all limits on repatriation of dividends abroad;

Cancellation of the limitations on transfer of funds by Ukrainian entities to the accounts of their foreign branches and representative offices;

Cancellation of the requirement to register cross-border loans with the NBU and cancellation of the NBU maximum interest rate cap;

Cancellation of the prohibition on prepayment under cross-border loan agreements;

Cancellation of the requirement to obtain individual licenses for cross-border transactions, in particular, for transfer of funds to foreign accounts of Ukrainian companies; transfer of enforcement proceeds, etc.

Permission for non-residents to open and maintain current accounts in Ukrainian banks (in both UAH and foreign currency);

Cancellation of mandatory 180-days period for settlements under certain import/export operations. The settlement period for export/import transactions is increased from 180 days to 365 days.

INVESTMENTS DURING 2019

According to the updated production policy, Grain Alliance considers soy and corn as the most profitable crops. Thus, much attention was paid to improve quality of seeding, protection and timing. During 2019, Grain Alliance has invested into purchase of mulch seed drills Pöttinger Terrasem, corn planters Väderstad Tempo TPR, self-propelled sprayers John Deere and updated its tractors fleet with the brand-new John Deere tractors. To meet the time frames of harvesting campaign, Grain Alliance has purchased modern 50 cm row corn headers.

As part of the company's development, Grain Alliance will increase its grain storage facilities and upgrade agricultural machinery fleet. Less energy consuming technology for machinery and biomass residuals fired heat generators for the grain dryers will help to continue environment friendly sustainable development of Grain Alliance. In November 2019, Grain Alliance signed 7 years' loan agreement with the EBRD and Grant agreement with Taiwan ICDF. Thus, our aim to decrease greenhouse gases into the atmosphere while increasing productivity of own production got support from EBRD and Taiwan ICDF. This 7 years' loan also shows the appreciation of Grain Alliance being long-term investor with sustainable focus into Ukrainian agriculture.

This investment will allow to produce and dry more grains with smaller footprint. Additional storage and new dryers with heat generators will allow to dry additional up to 170 thousand tons of grains during the season. The investment will bring benefits to the regional clusters as well as to local communities.

STORAGE AND DRYING CAPACITY 2019-12-31

Elevators	Baryshivka	Berezan	Yahotyn	Pyriatyn	Nizhyn	Yarmolyntsi
Max storage capacity	18 000 t.	44 000 t.	55 000 t.	105 000 t.	24 000 t.	16 000 t.
Type of storage	Flat bed	Flat bed + steel silos	Flat bed + steel silos	Steel silos	Steel silos	Flat bed + steel silos
Drying cap.	650 t/day	1000 t/day	1000 t/day	1800 t/day	800 t/day	600 t/day
Railroad	On site	On site	8 km	On site	On site	5,5 km
Shipment cap.	800 t/day	1000 t/day	1750 t/day	2000 t/day	1750 t/day	800 t/day

EMPLOYEES

The average number of employees in 2019 was 1184, divided between 251 women and 933 men. However, it is important to keep in mind that the number of employees depends on the season. The vast majority of employees are seasonal employees who assist during seeding or harvest. The Company continues implementation of its regular plan of staff optimization in the frames of operational efficiency increase program.

OWNERSHIP

In total, there are 7,807,775 shares in the company. The principal owner Agro Ukraina AB, owns 7, 801 155 (99.92%) of the shares. Behind it stands the CA group.

ENVIRONMENTAL ASPECTS AND SUSTAINABILITY

Sustainability and caring for the environment is a central question for Grain Alliance. The Company follows a balanced crop rotation plan, which aims to prevent exhaustion of the soil and minimize negative environmental effects. With this objective the Company extended soybeans production in 2019 which enriches soil with nitrogen and organic leftovers. The crop production approach is based on scientific measurements of the soils and modern production methods. Since 2008 Grain Alliance has carried out annual soil analysis on the cultivated fields. Our laboratory was further strengthened with additional tools in 2019 allowing for analysis of plants development in fields and diagnostics of diseases. The information from the analysis is the basis for the overall environmental strategy that aims to avoid exhaustion, harmful soil compaction and other adverse environmental effects.

Another important part of this environmental strategy is the introduction of modern farming methods, and the old outdated equipment has been replaced in favour of modern equipment. We also introduce new methods of balanced plants’ feeding with micro- and macro- fertilizers during vegetation period to avoid soil exhaustion. The Company's long-term goal is to increase the share of renewable fuels in our production as well as in heating of villages and towns around us. The investment in the thermal generators in Yahotyn, Pyriatyn and Nizhyn allowed for decrease in natural gas consumption. Granulation of wastes after grain cleaning on the elevator in Berezan allowed substitution of natural gas with this bio-fuel in all premises of the Company.

HUMAN RESOURCE POLICY

Grain Alliance has an active HR policy that centres around personal development and education. Staff are offered training in agronomy and agricultural technology, economics, international accounting, the English language and management.

RISKS

The Group's agricultural operations are conducted entirely in Ukraine, which can be classed as an economy in transition. A transition economy is characterized by a limited availability of capital, high inflation, unbalanced trade balance and strained public finances. The operations as such are also associated to risks in the form of volatile world prices, climate change and other external influences on the soil and crops. The fact that operations are conducted in Ukraine also entails elevated economic and political risks compared with, for example, Sweden. In 2019, the Ukrainian political and economic situation demonstrated slight improvements. The political situation remains unchanged and continued military conflict in the eastern parts of Ukraine has affected the operations and financial result. An eventual further deterioration of the political and macroeconomic situation in Ukraine may affect the subsidiaries' situation negatively. Relations between Ukraine and the Russian Federation are very tense and also constitute an additional risk for the company.

The company monitors the current situation and if necessary measures are taken to minimize any negative effects. To address the country-specific risks the company participates actively in discussions with industry associations, government agencies and the Swedish Embassy in Ukraine. For more detailed information about risks and risk management, see Note 30.

IMPORTANT EVENTS DURING THE REPORTING PERIOD

The proceeds from sales were used to repay short-term debts in local currency and for purchase of agricultural inputs (seeds, herbicides, fertilizers)Parts of the loans have been repaid after the balance sheet date with a total of 609.8million UAH, and new loans have been taken with a total of 657.4million UAH.

All farming depends on weather conditions. During 2019 the weather was extremely wet during the sowing campaign in May. Same was true not only to Central and North Ukraine, but also both for Europe and North America. However dry weather in August limited corn maturity and yields potential. In addition, dry fall and winter 2019-2020 also increases risks for the next year harvest

As an international company Grain Alliance is exposed to currency risks. In 2019 the local currency increased in value almost by 15% against all major currencies from the beginning of the year till the year end.

After the president and parliament elections in 2019, an active information campaign has been calling for the introduction of an open agricultural land market, somewhat shaking the skepticism of its opponents. The trouble is that the government and the parties of interest – first of all, medium and small businesses – have not agreed on the terms and conditions, as well as restrictions for the open land market's operations. While most of the market participants point out among their main conditions the ban on the purchase of Ukrainian farmland by foreigners, it is proposed to impose a limit on the number of hectares purchased in order to avoid the concentration of arable land in the hands of several large landowners and create acceptable lending conditions so that farmers had the opportunity to actually buy this land. In 2020 the final vote for the land reform is expected in the parliament. In any case, existing lease agreements will remain minimum until the expiration. In expectations of the land market with certain limitations for the foreign owners at the initial stage, throughout 2018-2019 the company maximized its efforts in re-signing lease agreements for new and longer term.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

During the first quarter of 2020, 18900 tons of corn, 23900 tons of soy, which were kept as security against possible further devaluation of local currency before seeding 2019, were sold by 4145 UAH/t and 9012 UAH/t net VAT.

Land Reform update:

On March 31st, 2020 the Parliament of Ukraine finally voted for so called "land reform" to deliberate land sales and purchases.

The market will launch in a number of stages:

From July 1, 2021, individual Ukrainian citizens will be allowed to purchase agricultural land in Ukraine, up to a limit of 100 hectares. This limit will stay in place until January 1, 2024.

State and territory-owned land will be banned from sale until 2023. This ban will be lifted on July 2023.

January 1, 2024 will see the second phase of land reform launched – companies will now be able to purchase agricultural land, and not just Ukrainian ones. Restrictions on land sizes will be moved from 100 hectares to 10,000 hectares.

COVID-19

In January 2020, the World Health Organization (WHO) declared the outbreak of a new coronavirus disease, COVID-19 (SARS-CoV-2 virus), to be a Public Health Emergency of International Concern.

The global outbreak of COVID-19 has disrupted agricultural and food systems around the world.

Many unknowns remain regarding the pathogenicity, the mode of transmission, the reservoir and the source of infection of COVID-19. So far, detailed epidemiological data available are still limited, and therefore there are significant uncertainties in the risk assessment.

Following the Ukrainian Government measures, the Group's Management has taken proactive anticipatory measures in accordance with an approved program of mitigating actions aimed primarily at protecting the employees. Management will continue monitoring the situation closely and will assess the extent of addition measures in case the period of pandemic is prolonged.

Personnel

The Company has issued the Internal Regulation "On precautionary measures and methods of protection due to the risk of spreading the COVID-19 virus" and brought to the notice of the employees the recommendations and the information on how to prevent COVID-19 published by the Ministry of Health of Ukraine and WHO. They include video, audio and printed materials shared by the means of social network, indoor and outdoor advertisement etc.

The employees were provided with the personal protection gear and means of remote work. Daily wet cleaning of offices with the use of disinfectants and hourly ventilation of space are carrying out on a permanent basis. All meetings and trainings are conducted through the means of remote communication only.

The Group will continue following the recommendations of WHO and the Ministry of Health of Ukraine and will track the points of control in order to minimize workplace risk assessments.

Operations

As of March 13, 2020, BZK Grain Alliance AB informed that its operational activity has not been adversely affected by the COVID-19 pandemic. The Group continues to fulfil its liabilities. All the key agricultural inputs were duly contracted and delivered on site. The Group has enough raw materials in stock to continue its ordinary operations. All the production facilities and farms operate under normal regime with due regard to precautionary measures and means of personal protection for personnel.

Agricultural commodities did not face any logistic troubles – neither local, nor international. Moreover, local railway logistics became more efficient due to ban on civil transportation. That made locomotive power more available for commodities transportation. The Group has executed its all sales contracts in a proper time and manner.

The Ukrainian subsidiary was listed by the Ministry of Economy as a critical infrastructure entity which provides livelihoods. Hence, the Government limitations on movement across the regions were mitigated.

Finances

The Group has a comfortable financial position and is actively pursuing business continuity policies and strategies.

In 2019, the Group has entered into close cooperation with the European Bank for Reconstruction and Development (EBRD). Since the pandemic start, the EBRD has approved a COVID-related support facility to help its existing clients with strong business fundamentals experiencing temporary credit difficulties. BZK Grain Alliance AB is eligible to participate in the EBRD’s Solidarity Package emergency programme, a Resilience Framework providing finance to meet the short-term liquidity and working capital needs. At the same time, the headquarters of the European commercial banks have squeezed limits of responsibility for local offices, resulting into 5% reduction of the Group’s general credit limit.

Stakeholders

The Group coordinates the activity of all departments in the direction of continuing effective information disclosure and stakeholder engagement during the COVID-19 crisis. The Group has developed a short-term engagement plan to maintain constant communication with the stakeholders.

Overall, the event is not expected to have an immediate material impact on the business operations. The significance of the effect of COVID-19 on the Group’s activity largely depends on the duration and the incidence of the pandemic effects on the global and local economy.

PLANS FOR THE FUTURE

Grain Alliance will continue to produce crops in Ukraine and expand the cultivated area. The company believes that one of the continuing key success factors is to have storage capacity to fend off price fluctuations and logistic bottlenecks during harvest time. The planned expansion will mainly take place in the regions where the company already has significant operations, but also other geographical areas deemed by the Board to be of interest for potential expansion. In addition to the expansion of the land bank and further investment in equipment upgrade, the company will continue enhancement of agro-technical techniques with an increased focus on agronomy and in-house scientific laboratory development.

KEY RATIOS

	2019	2018	2017	2016	2015
Turn over, KSEK	641 680	366 818	438 041	211 179	402 072
Operational result, KSEK	63 793	147 019	43 396	104 734	185 240
Result after financial costs, KSEK	-22 309	130 293	10 411	84 071	129 294
Equity ratio %	45,89%	56,74%	60,52%	55,70%	65,50%
Cash flow, KSEK	8 437	9 084	12 113	-5 748	14 609

OUTLINE OF THE PARENT COMPANY RESULTS

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings	246 212 463
Net result of the period	16 368 648
	262 581 110

The Board proposes that the profit/loss be appropriated as follows:

Dividend	0
to be carried forward	262 581 110

Results of operations and the financial position at year end are shown in the Income Statement and Balance Sheet that follow, as well as in the information contained in the Notes to the Accounts.

Consolidated statement of comprehensive income
In thousands of SEK

	Notes	The Group 2019	2018
Revenue from sales	5	641 680	366 818
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	18	107 403	151 518
Cost of sales	6, 12	-617 940	-329 491
Gross profit		**131 143**	**188 845**
Other operating income	7	6 903	4 042
General and administrative expenses	8	-32 385	-25 185
Selling expenses	8	-34 644	-14 593
Other operating expenses	9	-7 228	-6 090
Operating profit / (loss)		**63 793**	**147 019**
Finance costs	10	-97 653	-23 952
Finance income	11	431	4 062
Foreign exchange gain	13	11 119	3 165
Profit / (loss) before tax		**-22 309**	**130 293**
Income tax expense	14	-	-15
Profit / (loss) for the year		**-22 309**	**130 278**

Other comprehensive income:		
Items that can be reclassified in the income statement		
Foreign exchange differences	82 521	34 036
Tax effect	-	-
Total comprehensive income for the year	**82 521**	**34 036**
Whereof attributed to equity holders of the company	**-22 309**	**130 278**
Whereof attributed to equity holders of the company	**60 212**	**164 314**

Consolidated statement of financial position
In thousands of SEK

	Notes	The Group	
Non-current assets		**2019**	**2018**
Property, plant and equipment	15	279 758	199 555
Intangible assets	16	2 734	-
Biological assets	18	4 214	1 312
Other non-current assets	17	41 290	14 834
Right of use assets - Land leases	19	324 798	-
		652 795	**215 701**
Current assets			
Inventories	20	264 857	345 090
Biological assets	18	12 701	22 678
Trade and other receivables	21	17 387	65 239
Other current assets	21	32 625	38 377
Cash and cash equivalents	22	42 533	34 097
		370 103	**505 481**
Total assets		**1 022 899**	**721 182**
Equity			
Issued capital	23	11 556	11 556
Other contributed capital		278 295	278 295
Foreign currency translation reserve		-89 719	-172 240
Retained earnings		269 285	291 594
		469 417	**409 205**
Non-current liabilities			
Loans and borrowings relative parties	24	10 918	10 483
Loans and borrowings	24	33 082	
Longt term lease obligation	25	319 751	-
		363 752	**10 483**
Current liabilities			
Loans and borrowings bank	24,32	109 901	230 216
Loans and borrowings relative parties	24	20 421	40 925
Short term lease obligation	25	21 476	-
Trade and other liabilities	26	23 604	26 429
Trade and other liabilities relative parties	26	-	-
Other current liabilities	26	14 326	3 924
		189 728	**301 494**
Total liabilities		**553 480**	**311 977**
Total equity and liabilities		**1 022 897**	**721 182**

Consolidated statement of changes in equity
In thousands of SEK

The Group	Issued Capital	Other contributed capital	Foreign exchange differences	Retained earnings	Total equity
Balance at 31 December 2017	**11 556**	**278 295**	**-206 275**	**161 317**	**244 893**
Profit for the year				130 278	130 278
Other comprehensive income			34 036		34 036
Total comprehensive income			*34 036*	*130 278*	*164 314*
Transactions with owners					
Issue of capital					
Balance at 31 December 2018	**11 556**	**278 295**	**-172 240**	**291 595**	**409 205**
Profit for the year				-22 309	-22 309
Other comprehensive income			82 521		82 521
Total comprehensive income			*82 521*	*-22 309*	*60 212*
Transactions with owners					
Issue of capital					
Balance at 31 December 2019	**11 556**	**278 295**	**-89 719**	**269 286**	**469 417**

Consolidated statement of cash flow
In thousands of SEK

	The Group	
	2019	**2018**
Operating activities		
Profit / (loss) before tax	**-22 309**	**130 278**
Non-cash adjustments:		
Net gain / (loss) on fair value measurement of biological assets and agricultural produce	-107 403	-
Depreciation	60 176	18 758
Gain on sales of fixed assets	-15	-728
Finance income	-430	-151
Foreign exchange gain	-11 116	-3 165
Finance costs	95 506	17 296
Loss on impairment of accounts receivable and prepayments	1 852	-
Shortages and losses from damage of valuables	5 350	-
Working capital adjustments:		
Change in biological assets	112 229	11 272
Change in trade receivables and other current assets	72 513	-50 289
Change in agricultural produce and other inventories	149 316	-174 701
Change in trade and other payables and other current liabilities	1 495	-1 343
	357 114	**-52 773**
Interest received	430	151
Cash flows from operating activities	**357 544**	**-52 622**
Investing activities		
Purchase of property, plant and equipment	-65 622	-37 517
Prepayments for property, plant and equipment	-	-12 502
Sales of property, plant and equipment	-634	725
Purchase of Intangibles assets	-3 381	-
Proceeds from (payments for) other non-current assets, net	-26 455	-
Net cash flows used in investing activities	**-96 092**	**-49 295**
Financing activity		
Proceeds from loans and borrowings	259 715	317 598
Repayment of loans and borrowings	-394 930	-190 384
Interest paid	-37 909	-17 296
Payment of finance lease obligations	-81 598	-
Net cash flows from financing activities	**-254 722**	**109 919**
Net change in cash and cash equivalents	6 730	8 001
Foreign exchange difference cash	1 706	1 082
Cash and cash equivalents at 1 January	34 096	25 012
Cash and cash equivalents at 31 December (Note 20)	**42 533**	**34 096**

In thousands of SEK

1. CORPORATE INFORMATION

BZK Grain Alliance AB (hereinafter referred as the "Parent Company" or the "Company", registration number 556754-1056) was incorporated in Sweden on 19 March 2008. The registered office of the Company is Stockholm (Humlegårdsgatan 19A, 114 46, Stockholm) in Sweden. The company is a majority-owned subsidiary of Agro Ukraina AB (corporate id.number 559040-4157, with registered office in Kalmar). Agro Ukraina AB is part of a group where CA Investment AB (corporate id.number 556794-8459, with registered office in Kalmar) prepares its consolidated financial statements for the smallest group and where Claesson & Anderzén AB (corporate id.number 556395-3701, with registered office in Kalmar) prepares consolidated accounts for the largest Group.

As at 31 December the Company holds ownership interests in the following subsidiaries (hereinafter the Company together with its subsidiaries referred to as the "Group"):

Name	*Corporate id.nr*	*Location*	*Function*	*2019*	*2018*
Baryshevska Grain Company LLC	32886518	Ukraina, Baryshevka	Planting, livestock farming	100%	100%
Baryshevska Grain Trading Company LLC	39843554	Ukraina, Yarmolenci	Planting	100%	100%
Charity Foundation "Development of the village"	38467802	Ukraina, Baryshevka	Charity fond	100%	100%

The principal activity of the Group is crops cultivation, cattle farming and sale of agricultural production in Ukraine

1.1 Operating environment

The Ukrainian economy, where the Group's majority of operations are located, while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition, for example low levels of liquidity in the capital markets, high inflation and the existence of currency controls which cause the national currency to be limited liquidity outside of Ukraine. The stability of the Ukrainian economy will be impacted by the Government's policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve some risks that are not typical for developed markets.

The Ukrainian economy is integrated into the global economy and it is vulnerable to market downturns and economic slowdowns elsewhere in the world. Following the significant deterioration in 2014-2016, the current political and economic situation in Ukraine remains unstable. The Ukrainian government continues to pursue a comprehensive structural reform agenda aiming at the removal of the existing imbalances in the economy, public finance and governance, fighting corruption, reforming judiciary system etc. with the goal to secure conditions for the economic recovery in the country.

2. BASIS OF PREPARATION

These consolidated financial statements were approved for issue by management on 30 of June 2020. The Board has presented the annual report for publication on 25 of June 2020.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets and agricultural produce, which are measured to fair value in accordance with the requirements of IAS 41 *Agriculture* as disclosed below in Note 3 Summary of significant accounting policies, as well as financial instruments.

IFRS 8 and IAS 33 has not been applied, because the company is not listed.

The consolidated financial statements are presented in thousands of Swedish Krona ("SEK") and all values are rounded to the nearest thousand ("SEK 000") except when otherwise indicated.

Each entity of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements of the Company and its subsidiaries are based on the statutory records and adjusted as necessary to comply with the requirements of IFRS.

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. Summary of significant accounting policies

Classification

Non-current liabilities and non-current assets consist in all material of amounts expected to be recovered or paid after more than twelve months from balance sheet date. Current liabilities and current assets consist of amounts expected to be recovered or paid within twelve months from balance sheet date.

Business combinations

Business acquisitions are accounted for the acquisition method, whereby the cost allocated to the acquired assets and liabilities at fair value at acquisition. If there is a positive difference this is recognized as goodwill. If there is a negative difference this is recognized in the income statement in the period it occurs.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Any excess of fair value over consideration paid is recognised immediately in the profit and loss and presented therein as the gain from business combinations.

Functional and reporting currency

The functional currency of the Parent Company is Swedish Krona. The functional currency of the Ukrainian subsidiaries is the Ukrainian Hryvnia ("UAH") as this is the currency which reflects the economic substance of the underlying events and circumstances of the Ukrainian subsidiaries. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are retranslated into the functional currencies at the statement of the financial position date at the functional currency rate of exchange ruling at that date. All differences are taken to the profit and loss. The income statement is translated at the average annual rate.

These financial statements are presented in SEK. The assets and liabilities of foreign subsidiaries are translated into SEK at the end of each year and profit and loss items and cash flows of the foreign subsidiaries are translated at exchange rates that approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The UAH is not a convertible currency outside the territory of Ukraine. Within Ukraine, official exchange rates are determined daily by the National Bank of Ukraine ("NBU"). Market rates may differ from the official rates but the differences are, generally, within narrow parameters monitored by the NBU. The translation of UAH denominated assets and liabilities into SEK for the purpose of the consolidated financial statements does not necessarily mean that the Company could realise or settle, in SEK, the reported values of these assets and liabilities. Likewise, it does not necessarily mean that the Company could return or distribute the reported SEK value of capital and retained earnings to its shareholders.

Intangible assets

BZK Grain Alliance AB maintains accounting of the intangible assets in accordance with IAS 38.
The company records the intangible assets in the following groups:
- right to use land in the form of emphyteusis;
- royalty;
- software.

The initial cost of intangible assets is formed from the actually incurred costs of its acquisition or creation.
The initial cost of intangible assets includes:
1) asset purchase price
2) direct costs required to bring intangible assets into working condition.

Not included in the cost of an intangible asset, but written off to expenses of the period:
· General administrative expenses;
· Training costs;
· Initial operating losses.

Subsequent costs are capitalized if they satisfy the criteria for capitalization of subsequent costs. In particular, capitalized costs are the costs inquired for development of additional modules of the automated operating system (ERP), as well as the costs of increasing the functionality and bringing the system into a usable state.
The costs of the current setup, maintenance and software updates are included in the current expenses of the reporting period.
After initial recognition, intangible assets are accounted for using the actual cost model less accumulated depreciation and accumulated impairment losses (IAS 36). Intangible assets are amortized over their entire useful life using the straight-line method.
The liquidation value of intangible assets with a definite useful life is recognized equal to zero.

Asset category	*Useful life (years)*
Right to use land in the form of emphyteusis	According to contract period
Software	3
Royalty	1

The company analyses the useful lives of intangible assets, the residual value and the depreciation method for the need to review them at each annual reporting date. Changes in estimates are accounted for prospectively.
An intangible asset is derecognized:
1) upon disposal of an asset or
2) when the future economic benefits are no longer expected from the asset.

The gain or loss on derecognition of intangible assets is calculated as the difference between the net income from disposal (sale) and the carrying amount of the asset.
Gains or losses on disposals relate to other income and expenses and are recognized in profit or loss in a collapsed form.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. As at 1 January 2010, the date of the first-time adoption of IFRS, the fair value of property, plant and equipment of the Ukrainian subsidiaries, which was appraised by an independent appraisal, were regarded as deemed cost.

Upon recognition, items of property, plant and equipment are divided into components, which represent items with a significant value that can be allocated to a separate depreciation period. Overhaul costs also represent a component of an asset.

Major spare parts and stand-by equipment qualify as property, plant and equipment when they are expected to be used during more than one year.

Repair and maintenance expenditure is expensed as incurred. Major renewals and improvements are capitalised, and the assets replaced are retired. Gains and losses arising from the retirement of property, plant and equipment are included in profit and loss as incurred.

When each major inspection is performed, its cost is recognised as a component in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Estimates of remaining useful lives are made on a regular basis for all buildings, plant and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively. Depreciation commences on the first day of the month following the date of putting the item into operation.

Depreciation is calculated on a straight-line basis over the estimated remaining useful life of the asset as follows:

Asset category	*Useful life (years)*
Buildings	25-50
Plant and equipment	7-30
Vehicles	7-10
Furniture and fittings	3-5

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the year the item is derecognised.

Construction in progress

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Construction in progress is not depreciated.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Biological assets and agricultural produce
Valued at level 3

Plants

Biological assets comprise crops that have been planted but have not yet been harvested. In accordance with IAS 41, the Group's biological assets have been recognized and are measured at fair value less cost to sell. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the point of harvest. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Due to the lack of observable market prices for certain biological assets in their condition (i.e. as a growing crop) at the time of valuation, the Group estimates the fair value of its biological assets by means of the discounted cash flow method (i.e., by calculating the present value of the net cash flows expected to be generated from the assets when sold as a grown crop, discounted at a current market-determined rate). In particular, the Group based its estimates of fair value of certain biological assets on certain key assumptions, including:

- expected crop yield is based on past crop yield adjusted for actual weather conditions;
- production costs expected to be incurred are projected based on the Group's actual, historical information and forecast assumptions;
- discount rate calculated as a weighted current market-determined rate.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less cost to sell of a biological asset is included in profit or loss for the period in which it arises. A gain or loss may arise on initial recognition of agricultural produce as a result of harvesting. It is included in profit or loss for the period in which it arises.

After the point of harvest the agricultural produce is measured at the lower of the fair value at the point of harvest less cost to sell and net realizable value. Any losses between the initial recognition of the agricultural produce at the point of harvest and net realizable value are included in profit and loss for the period in which they arise.

Once agricultural produce is sold its carrying value at the date of the sale is transferred to cost of sales.

Livestock

The livestock is measured at fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit based on the most likely market.

Inventories other than biological assets and agricultural produce

Inventories other than biological assets and agricultural produce are stated at the lower of cost and net realisable value. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost is determined based on the FIFO method. The cost of preparing and treating land prior to seeding is classified as work in progress. After seeding, costs of field preparation are transferred to biological assets.

Measurement of financial instruments

IFRS 9 has been applied from the fiscal year beginning January 1, 2018.

The Group's financial instruments consist of cash and bank, accounts receivable and other receivables on the asset side. The liability side includes accounts payable, other liabilities and loans.

From the financial year January 1, 2018, IFRS 9 is applied and replaces IAS 39. The Group has not recalculated comparative figures for the financial year 2017, in accordance with the standard's transition rules. Financial instruments are classified into the following categories:

- amortized cost
- fair value through other comprehensive income
- fair value through profit or loss

How the asset is classified depends on the form of the cash flows the asset gives rise to, and the business model the asset belongs to.

Financial assets valued at amortized cost
Assets held for the purpose of collecting contractual cash flows, which consist only of capital amounts and interest, are valued at amortized cost. Initially, the asset is valued at fair value and subsequently the asset is valued at amortized cost. Interest income from these assets is reported using the effective interest method and is reported as financial income. The Group's financial assets that are valued at amortized cost consist of accounts receivable and other receivables, as well as cash and cash equivalents. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or when the company no longer has control over the asset.

Financial assets at fair value through other comprehensive income
Assets held for the purpose of collecting contractual cash flows and which can be sold, where the cash flows of the assets consist solely of capital amounts and interest, are reported at fair value through other comprehensive income. Changes in carrying amount are reported through other comprehensive income, except for interest income, exchange rate differences and write-downs that are reported in the income statement.

Financial assets at fair value through profit or loss
Assets that do not meet the criteria for being recognized at amortized cost or fair value through other comprehensive income are measured at fair value through the income statement.

Impairment of financial assets
An impairment model based on expected loan losses is used and takes into account forward-looking information. The model is a three-step model that involves:

Step 1: A reserve that corresponds to the expected loan losses in the next twelve months.

Step 2: If a credit risk has increased significantly since the first accounting date, a reserve corresponding to expected loan losses is reported throughout the term.

Step 3: If a loss event has occurred, the write-down shall be valued in the same way as in step 2, which means that the loss is valued at the amount corresponding to expected credit losses throughout the term.

Financial liabilities
Financial liabilities are reported at amortized cost, except derivatives. Financial liabilities are initially measured at fair value including transaction costs.

Cash and short-term deposits

Cash and short-term deposits are defined as cash on hand, demand deposits, deposits paid as security and short term, highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risks of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pension

The Parent Company reports defined contribution pension plan. The company pays fixed contributions and have no obligations to pay further contributions. The costs for pensions are recognized as an expense in the period incurred. Net pension costs are shown in Note 27.

Wages and salaries, pension costs and other social costs

Short-term employee benefits such as salary, social security contributions, withholding taxes, etc. are recognized as an expense in the period incurred. There is no share-based remuneration in the Company.

Termination benefits

A debt is recognized at the point of termination only if the company is provably committed to terminate the employment before ordinary time or when benefits is offered to encourage optional departure.

Contingent assets and liabilities

A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Leases

IFRS 16 is effective for the annual periods beginning on 1 January 2019.The Group used the modified retrospective approach – IFRS 16 was adopted retrospectively from 1 January 2019, and therefore has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The Group recognizes lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 and evaluated the right-of-use assets. Lease liabilities as to right-of-use assets were measured at the present value of the remaining lease payments, discounted using the approach of the weighted average cost of long-term loans in Ukrainian hryvnias, published by the National Bank of Ukraine.

The right-of-use assets were measured at the amount equal to the lease liability. Upon adoption the Group recognized lease liabilities of UAH 833,984 thousand and right-of-use assets of UAH 833,984 thousand

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 17.9%All the Group's leases are denominated in UAH. The average maturity of lease agreements is 9.1 years.

The recognized right-of-use assets relate only to land assets. Adoption of IFRS 16 has no impact on the Group's property, plant and equipment. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying assets is of low value.

For 2018, the following principles apply:

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating leases

Operating lease payments, including those made before or at the inception of the lease in order to secure the right to obtain a lease agreement, are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Revenue recognition

The Group's revenue flows are analyzed in accordance with the five-step model set out in IFRS 15. The Group's income is recognized at each time when crops are sold. Revenue is recognized when the Group fulfills a commitment by transferring the agreed crop and the customer thereby gaining control of the crop. Delivery is done according to agreed delivery terms.

Revenues amounts to the amount that the Group expects to receive as compensation for the transferred crops. A receivable is recognized at the time the compensation becomes unconditional, ie. only the passing of time is required for payment to take place. The most common payment procedure is that about 90% is paid within three days from the time the crops have been placed in the wagons they are to be transported in, the remaining 10% must be paid within three days after the crops have been weighed in the port from which they are to be transported. The transaction price consists of a determined price for each individual agreement and the revenue from the sale is reported based on the price in the agreement. The sales price does not consist of variable parts and there are no additional performance commitments other than those described above.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Taxation

Ukrainian fixed agricultural tax

According to effective Ukrainian tax legislation, the Group's entities, as involved in production, processing and sale of agricultural products may opt for paying simplified tax (called fixed agricultural tax in past) in lieu of income tax, land tax and some other local taxes if the revenues from sale of their own agricultural products constitute not less than 75% of their total (gross) revenues. The unified tax is assessed at 0.95% on the deemed value of the land plots owned or leased by the entity (as determined by the relevant State authorities). The rate of tax for the Polissia region and the mountain zones is set at 0.57%. As at 31 December 2018, all Baryshevska Grain Company LLC as a subsidiary was elected to pay the unified tax. The unified tax is in the annual report defined as costs of sales.

Deferred tax / temporary differences

The Group does not recognize any deferred tax on the deficits in Sweden since there is uncertainty to what extent these can be used, as the company has historically reported a loss. Nor is there any temporary differences in the Ukrainian subsidiaries when it does not recognize any variable tax expense based on the results, see writing above.

Value added tax

Value added tax ("VAT") incurred on a purchase of assets or services which is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset or as part of expense item. In other cases revenues, expenses, assets and liabilities are recognised net of the amount of VAT.

Standards issued but not yet effective

New standards applied during the year:

- IFRS 16 Leases (2019)
  The standard means that the lessee shall account for all contracts that fulfills the definition of a lease in IFRS 16 as assets and liabilities in the balance sheet and depreciation and interest expense in the income statement. Contracts shorter than 12 months and those relating to smaller amounts are excluded. Agreements which represent operating leases are activated in the balance sheet.

  IFRS 16 has been applied for the fiscal year beginning January 1, 2019. The group has used the modified retrospective approach which means that comparative figures for 2018 have not been recalculated. The right-of-use assets were measured at the amount equal to the lease liability. The leasing debt has been calculated by discounting the remaining leasing fees on January 1, 2019.

  The Group's leasing commitments mainly consist of land leases. The effect of the new standard gives an increased balance sheet of SEK 340 million SEK.

New standards, amendments to standards and interpretations that will come into effect from the financial year 2020 or later and have not been applied in preparing these financial statements.

4. Significant accounting judgment, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

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

Classification of lease agreements

As of January 1, 2019, IFRS 16 is applied. Leasing contracts are recognized as assets and liabilities in the balance sheet, with recognition of depreciation and interest expense in the income statement. Agreements shorter than 12 months and lease contracts for which the underlying assets is of low value. Agreements that constitute operational leasing agreements have thus been capitalized in the balance sheet. The Groups leasing agreements consist of land leases.

Estimates and assumptions

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

Impairment of non-financial assets

The Group has made significant investments into property, plant and equipment. These assets are tested, as described below, for impairment annually, or when circumstances indicate there may be a potential impairment.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Estimation of recoverable amounts of assets is based on management's evaluations, including determining appropriate cash generating units, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

In thousands of SEK

Fair value of biological assets

Due to the lack of observable market prices for sowings in their condition at the reporting dates, the fair value of such biological assets was estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate.

Fair values of biological assets were based on the following key assumptions:

- expected crop yield is based on past crop yield adjusted for actual weather conditions;
- production costs expected to be incurred are projected based on the Group's actual, historical information and forecasted assumptions;
- expected selling prices for agricultural produce at the point of harvest less cost to sell;
- discount rate calculated as a weighted current market-determined rate.

Weather

The Group is highly susceptible to changes in growing and weather conditions, which can impact the production of crops, the costs of production and crop yields. The Group must perform key operations at specific times, in particular during the limited autumn and spring planting periods and the narrow summer and autumn harvest periods. As a result, weather conditions during planting or harvest can have a significant impact on the Group's results of operations.

The Group's hiring policy contemplates the employment of the sufficient number of the agricultural experts, whose responsibility also includes the analysis, prognoses and correction of the Group's operating plans with respect to the weather issues. While making weather analysis and prognoses the engaged experts use the reliable external sources specialized in the weather analysis for the agricultural sector.

5. REVENUE FROM SALES

	The Group	
	2019	***2018***
Corn	357 797	83 430
Sunflower	108 140	103 419
Soy	97 910	61 975
Wheat	44 299	87 795
Milk	9 893	7 460
Barley	4	-
Other	1 991	10 261
	620 032	354 341
Auxiliary agricultural services	18 876	12 478
Other	2 771	-
	641 680	**366 818**

In thousands of SEK

Revenues from two major customers, each individually exceeding 10% of total revenue, amounted to SEK 253 251 (2018: three customers – SEK 259 953).

	The Group	
	2019	
Kernel	161 198	25%
Suntrade	92 052	14%
Other	388 430	61%
	641 680	**100 %**

The Group's income is recognized at each time when crops are sold. Revenue is recognized when the Group fulfills a commitment by transferring the agreed crop and the customer thereby gaining control of the crop. Delivery is done according to agreed delivery terms. The transaction price consists of a determined price for each individual agreement and the revenue from the sale is reported based on the price in the agreement. The sales price does not consist of variable parts and there are no additional performance commitments other than those described above.

6. Cost of sales

	The Group	
	2019	***2018***
Depreciation of intangible assets	829	-
Depreciation of property, plant and equipment	25 767	17 401
Depreciation Right-to-use assets	31 768	-
Cost of auxiliary agricultural services	6 455	3 141
Cost of agricultural produce sold	553 121	308 949
	617 940	**329 491**

The agricultural produce sold by the Group is measured based on the fair value of the respective agricultural produce sold less estimated cost to sell at the time of harvesting and taking into account subsequent write downs to net realisable value, if any. The depreciation above, together with the depreciation in note 8, represents the Company's total depreciation.

In thousands of SEK

7. Other operating income

	The Group 2019	2018
Gain on accounts payable written off	271	821
Government subsides recognized as income	6 145	2 087
Penalties received	74	-
Gain on disposal of inventories	40	728
Other income	377	406
	6 907	**4 042**

8. Selling, general and administrative expenses

General and administrative expenses	The Group 2019	2018
Payroll and related taxes	16 086	9 379
Professional services	8 608	8 136
Fuel and other materials used	2 934	2 629
Services provided by third parties	423	1 956
Depreciation expenses	1 812	1 357
Repair and maintenance expenses	962	691
Representative costs and business trips	98	173
Other expenses	1 461	863
	32 385	**25 185**

Selling expenses	The Group 2019	2018
Payroll and related taxes	536	248
Fuel and other materials used	1 516	216
Services provided by third parties	1 533	-
Transportation	30 618	14 104
Repair and maintenance expenses	25	26
Other expenses	411	-
	34 644	**14 593**

Audit fees for the parent company and the Group in year 2019 and 2018 relates to fees payable to Ernst & Young. Audit fees included in the general and administrative costs are as follows:

In thousands of SEK

	The Group	
	2019	***2018***
Audit assignment fees	380	871
	380	**871**

Audit assignments include review of the annual report and the accounting, as well as the administration of the board and the managing director, other tasks that is assigned to the company's auditor, as well as advice or other assistance that is caused by observations during such examination or the implementation of such other tasks.

9. Other operating expenses

	The Group	
	2019	***2018***
Shortages and losses from damage of valuables	345	444
Charity expenses (i)	3 029	3 399
Result on disposal of inventories	25	21
Increase in bad debt allowance for trade receivables	1 852	527
Cost of goods sold	-	112
Other expenses	1 978	1 587
	7 228	**6 090**

(i) Products and services provided to schools, kindergartens and hospitals, provided by the charitable foundation.

10. Finance costs

	The Group	
	2019	***2018***
Interest on loans and borrowings related party	864	1 931
Interest on loans and borrowings bank	39 192	21 287
Finance lease charges	57 597	-
Convertible loans interest	-	646
Convertible loans charges	-	89
	97 653	**23 953**

In thousands of SEK

11. Finance income

	The Group	
	2019	***2018***
Interest income	431	4 062
	431	**4 062**

12. Depreciation

	The Group	
	2019	***2018***
Depreciation property, plant and equipment (within cost of sales)	25 767	17 401
Depreciation general and administrative expenses (within general and administrative expenses)	1 812	1 357
Depreciation intangibles assets	829	-
Depreciation right-to-use assets	31 768	-
	60 176	**18 758**

Depreciations above are the company's total depreciations, which are divided in their respective functions in the income statement.

13. Foreign exchange gain/loss

	The Group	
	2019	***2018***
Foreign exchange difference on loans within the Group	6 656	3 790
Foreign exchange difference on loans	4 463	-625
	11 119	**3 165**

14. Income tax

	The Group	
	2019	**2018**
Current tax	-	-15
Defered tax	-	-
	-	**-15**

In thousands of SEK

15. Property, plant and Equipment

	Land	Building & constuctions	Plant & Equipment	Vehicles	Furnitue	Constuction in progress	Total
Cost							
As at 1 January 2018	**1 705**	**63 095**	**130 105**	**12 337**	**3 027**	**13 885**	**224 154**
Additions	-	15 639	19 944	3 473	706	-2 245	37 518
Transfer	-	3 049	-6 511	6 627	61	-3 226	-
Disposals	-	-9	-952	-7	-4	-	-972
Foreign currency translation differences	203	8 100	15 885	1 874	384	1 482	27 928
As at 31 December 2018	**1 908**	**89 874**	**158 472**	**24 304**	**4 174**	**9 896**	**288 628**
Additions	20	8 637	26 374	4 460	441	25 690	65 622
Transfer	-	4 502	980	-	586	-6 088	-
Disposals	-	-197	-25	-241	-1 351	-69	-1 882
Foreign currency translation differences	384	18 931	33 703	5 336	813	3 378	62 546
As at 31 December 2019	**2 312**	**121 748**	**219 503**	**33 859**	**4 664**	**32 827**	**414 914**
Depreciation							
As at 1 January 2018	**-**	**-13 221**	**-43 305**	**-4 782**	**-1 893**	**-**	**-63 202**
Depreciation for the year	-	-3 349	-11 631	-3 000	-777	-	-18 758
Reclassification	-	6	984	-977	-13	-	-
Disposals	-	-	955	5	14	-	975
Foreign currency translation differences	-	-1 679	-5 461	-699	-250	-	-8 089
As at 31 December 2018	**-**	**-18 244**	**-58 457**	**-9 453**	**-2 920**	**-**	**-89 074**
Depreciation for the year	-	-3 475	-19 811	-3 683	-612	-	-27 579
Reclassification	-	-	-	-	-	-	-
Disposals	-	49	25	68	1 120	-	1 263
Foreign currency translation differences	-	-3 900	-13 125	-2 192	-549	-	-19 766
As at 31 December 2019	**-**	**-25 569**	**-91 368**	**-15 260**	**-2 960**	**-**	**-135 157**
Net book value							
As at 31 December 2018	**1 908**	**71 630**	**100 014**	**14 851**	**1 254**	**9 896**	**199 555**
As at 31 December 2019	**2 312**	**96 179**	**128 135**	**18 600**	**1 704**	**32 827**	**279 757**

In thousands of SEK

Property, plant and equipment comprised the following as at 31 December each year:

	2019	2018
Property, plant and equipment	279 757	199 555
Prepayments for property, plant and equipment	-	-
Total property, plant and equipment	**279 757**	**199 555**

As at 31 December 2019, a value of 149 668 regarding property, plant and equipment was pledged as a security for the bank loans (2018: SEK 60 314 - note 32).

In thousands of SEK

16. INTANGIBLE ASSETS

	The right to use land in the form of emphyteusis	*Royalty*	*Software*	*Total*
Cost				
As at 1 January 2018	**-**	**-**	**-**	**-**
Additions	-	-	-	-
Transfer	-	-	-	-
Disposals	-	-	-	-
Foreign currency translation differences	-	-	-	-
As at 31 December 2018	**-**	**-**	**-**	**-**
Additions	759	713	1 909	3 381
Transfer	-	-	-	-
Disposals	-	-	-	-
Foreign currency translation differences	54	51	136	241
As at 31 December 2019	**814**	**764**	**2 045**	**3 623**
Depreciation				
As at 1 January 2018	**-**	**-**	**-**	**-**
Depreciation for the year	-	-	-	-
Reclassification	-	-	-	-
Disposals	-	-	-	-
Foreign currency translation differences	-	-	-	-
As at 31 December 2018	**-**	**-**	**-**	**-**
Depreciation for the year	-4	-713	-112	-829
Reclassification	-	-	-	-
Disposals	-	-	-	-
Foreign currency translation differences	-	-51	-8	-59
As at 31 December 2019	-4	**-764**	**-120**	**-888**
Net book value				
As at 31 December 2018	-	-	-	-
As at 31 December 2019	809	-	1 925	2 734

In thousands of SEK

17. OTHER NON-CURRENT ASSETS

	The Group	
	2019	***2018***
Spare parts	-	2 807
Longterm receivables	-	336
Prepaid lease expenses	36 433	11 406
Other non-current assets	4 857	286
	41 290	**14 835**

18. BIOLOGICAL ASSETS

Reconciliation of changes in the carrying amount of biological assets is as follows:

		The Group		
	Note	***Plants***	***Animal-breeding***	***Total***
Carrying amount at 1 January 2018		**23 795**	**6 968**	**30 763**
Increase due to purchases and subsequent expenditures		358 845	8 883	367 727
Decrease due to crops harvest	(i)	-521 225	-7 729	-528 954
Decrease due to sales		-	-409	-409
Net gain / (loss) arising from changes in fair value of biological assets and agricultural produce (less cost to sell)	(ii)	158 161	-6 644	151 518
Livestock losses		-	-1	-1
Currency translation differences		2 701	645	3 346
Carrying amount at 31 December 2018	(iii)	**22 277**	**1 714**	**23 991**
Increase due to purchases and subsequent expenditures		384 230	7 492	391 721
Decrease due to crops harvest	(i)	-505 383	-4 226	-509 609
Decrease due to sales		-	-602	-602
Net gain / (loss) arising from changes in fair value of biological assets and agricultural produce (less cost to sell)	(ii)	107 092	311	107 403
Livestock losses		-	-3	-3
Currency translation differences		3 460	555	4 015
Carrying amount at 31 December 2019	(iii)	**11 676**	**5 240**	**16 916**

Biological assets are recognized at fair value from a cash flow model according to IFRS 13 at level 3. Key assumptions in the model include discount rate, projected sales price and yield per hectare.

In thousands of SEK

Crops harvested during the year are initially recognised at fair value less costs to sell at the time of harvest. For determination of fair value of agricultural produce, the domestic crop prices, where supported by management plans, less costs to sell at the time of harvest are used. Crop production for the years ended 31 December 2019 and 2018 was as follows:

	The Group			
	2019		***2018***	
	Tons harvested	*FV less cost to sell at the time of harvest*	*Tons harvested*	*FV less cost to sell at the time of harvest*
Corn	206 470	264 477	187 547	243 093
Wheat	22 770	49 762	43 821	65 302
Sunflower	41 111	99 788	42 501	119 907
Barley	106	137	-	-
Soybean	31 344	99 314	31 726	87 855
Other	2 323	1 181	21 003	5 067
	304 124	**514 660**	**326 598**	**521 225**

(i) The gain arising from the change in fair value less costs to sell of plants represents the aggregate gain arising during the period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets. A discounted cash flow model was used to determine the fair values of biological assets. The discounted cash flow model is based on the following significant assumptions:

	The Group			
	2019		***2018***	
	Yield in tons per hectare	*Price per ton less cost to sell*	*Yield in tons per hectare*	*Price per ton less cost to sell*
Winter wheat	5,7	2 186	5,7	1 490
Barley	2,2	1 293	-	-
Corn	7,4	1 281	10,6	1 296
Soybean	2,2	3 168	3,1	2 769
Sunflower	2,9	2 427	3,0	2 821

(iii) Biological assets as at 31 December comprised:

Livestock

	The Group			
	2019		***2018***	
	Number, heads	*Carrying value*	*Number, heads*	*Carrying value*
Cattle	783	4 209	1 237	1 701
Horses	-	-	27	12
Others	543	1 031	-	1
	1 326	**5 240**	**1 264**	**1 714**

In thousands of SEK

Plants

	The Group			
	2019		***2018***	
	Hectares	*Carrying amount*	*Hectares*	*Carrying amount*
Winter wheat	3 099	11 670	3 646	9 215
Corn	-	-	1 393	13 057
Others	-	-	10	5
	3 099	**11 670**	**5 049**	**22 277**

19. Right of use assets

	Land
As at 31 December 2018	-
Transition to IFRS 16	274 297
Additions	27 606
Transfer	-
Disposals	-
Foreign currency translation differences	56 930
As at 31 December 2019	**358 833**
Depreciation	
As at 1 January 2018	-
Depreciation for the year	-31 768
Reclassification	-
Disposals	-
Foreign currency translation differences	-2 267
As at 31 December 2019	**-34 035**
Net book value	
As at 31 December 2018	-
As at 31 December 2019	**324 798**

The average discount rate used is 17,9%.

Lease contracts with a lease term of 12 months or less and lease contracts for which the underlying assets is of low value has not been included in the balance sheet. These leases constitute 17 734 SEK.

In thousands of SEK

Leases as of 31 December 2018	317 223
Discounting effect	-42 926
Leases as of 1 January 2019	**-274 297**

20. INVENTORIES

	The Group	
	2019	***2018***
Agricultural produce *(at fair value less costs to sell or net realisable value)* (i)	174 356	270 861
Work in progress *(at cost)* (ii)	42 236	33 584
Raw materials *(at cost)* (iii)	13 253	21 741
Fertilizer, herbicide and pesticide *(at cost)*	32 193	16 636
Other inventories *(at cost)*	2 818	2 266
	264 857	**345 090**

(i) Agricultural produce is measured at the lower of the fair value at the time of harvest less cost to sell and net realizable value.
(ii) Work in progress represents the cost of preparing and treating land prior to seeding.
(iii) Raw materials mainly comprise seeds, other chemicals and fuel.

On 31 December 2019 the inventory provided security for bank loans to the amount of 87 038 (2018: 167 586)

21. TRADE AND OTHER RECEIVABLES, OTHER CURRENT ASSETS

	The Group	
Trade and other receivables	**2019**	**2018**
Trade receivables	17 387	65 239
Loans issued	-	-
Less: bad debt allowance	-	-
	17 387	**65 239**
Other current assets		
Deferred expenses	21 315	2 733
Advances paid	6 570	28 349
VAT recoverable	3 846	7 170
Other	895	124
	32 625	**38 377**

In thousands of SEK

	The Group
	Provision for bad debts
As at 1 January 2018	**24**
Charge for the year	-26
Used amounts	-
Foreign exchange translation difference	2
As at 31 December 2018	**0**
Charge for the year	**-**
Foreign exchange translation difference	-
As at 31 December 2019	**-**

For detailed information about aging see note 30.

22. Cash and cash equivalents

	The Group	
	2019	***2018***
Cash:		
- on bank accounts	42 488	34 052
- on hand	45	45
	42 533	**34 097**

23. Share capital

The registered share capital amounts to SEK 11 556 (2018: SEK 11 556) and consists of 7 807 775 shares (2018: 7 807 775 shares). BZK Grain Alliance AB only has one class of shares carrying equal voting power.

24. Loans and borrowings

As at 31 December 2019 loans and borrowings are as follows:

		Maturity	*2020*	*2020-2023*	
	Currency	*Interest*	*Current portion*	*Non-current portion*	*Total*
Ukrainian bank	USD	5-5,75%	10 057	-	10 057
European bank	EUR	5%	-	33 082	33 082
Ukrainian bank	UAH	16,5%-20%	99 844	-	99 844
Related party (Note 28)	SEK	4-7%	20 421	10 918	31 339
			130 323	**44 000**	**174 323**

In thousands of SEK

As at 31 December 2018 loans and borrowings are as follows:

		Maturity	*2019*	*2020-2022*	
	Currency	*Interest*	*Current portion*	*Non-current portion*	*Total*
Ukrainian bank	USD	8,5%	98 480	-	98 480
Ukrainian bank	UAH	17%-19%	128 328	-	128 328
Related party (Note 28)	SEK	4-7%	44 333	10 483	54 816
			271 141	**10 483**	**281 624**

25. Leasing liability

	Liabilities
Within one year	21 476
In the second to the fifth year inclusive	115 825
After fifth year	203 926
	341 228

26. Trade and other liabilities, other current liabilities

	The Group	
	2019	***2018***
Trade and other liabilities		
Trade liabilities	15 426	19 646
Payroll and related taxes	4 049	3 344
Unused vacations accrual	4 123	2 887
Other	6	552
	23 604	**26 429**
Other current liabilities		
Value added tax	-	32
Advances received	8 629	139
Income tax payable	-	1 115
Other taxes	3 053	1 267
Other	2 643	1 371
	14 326	**3 924**

In thousands of SEK

27. Number of employees and employee benefits

Number of employees

	2019			2018		
	Women	***Men***	***Total***	***Women***	***Men***	***Total***
Sweden	-	-	-	-	-	-
Ukraine	251	933	1 184	252	961	1 213
	251	**933**	**1 184**	**252**	**961**	**1 213**

The management of the Group consists of 100% male.

Employee benefits

The Group	***2019***	***2018***
Board and senior executives	775	337
Other employees	58 723	42 744
Pension costs Board and senior executives	146	74
Pension costs other employees	10 782	7 474
Social security costs	1 835	1 698
	72 261	**52 327**

28. Related party disclosures

Ultimate Controlling Party

As at 31 December 2019 the majority owner of the Parent Company is Agro Ukraina AB, which is a subsidiary of Claesson & Anderzén AB. A citizen of Sweden, Mr Johan Claesson, has the controlling interest in Claesson & Anderzén AB.

At December 31, the Group's outstanding balances with related parties as follows:

	2019	*2018*
Entity under common control		
Loans and borrowings	-31 339	-51 408
Of which:		
CA Investment AB	*-16 450*	*-37 013*
CA Agroinvest AB	*-12 980*	*-12 571*
Ukrainian Investment AB	*-1 909*	*-1 824*

In thousands of SEK

Trade and other payables	-	-2 657
Of which:		
Radovenyuk EA	*-*	*-162*
Bezsmertniy Viktor P.	*-*	*-145*
UkrEthanol	*-*	*-2 350*

The transactions with the related parties during the years ended 31 December were as follows:

	2019	*2018*
Entities under common control		
Interest expenses	-864	-1 931
Of which:		
CA Investment AB	*-370*	*-431*
CA Agroinvest AB	*-409*	*-1 415*
Ukrainian Investment AB	*-85*	*-85*

Purchase of property, plant and equipment	-	-80
Of which:		
Radovenyuk Svitlana L.	*-*	*-80*

Purchase of intangibles assets	-267	-
Of which:		
Radovenyuk EA	*-267*	*-*

Compensation to key management personnel

For the year ended 31 December 2019, remuneration paid by the Group to key management personnel was SEK 775 (2018: SEK 337). Compensation included contractual salaries and related taxes.

Key management personnel consist of six individuals as at 31 December 2019 (2018: six).

29. Contingencies and contractual commitments

Taxation

The Group's operating activities are concentrated in Ukraine as disclosed in Note 1. Ukrainian legislation and regulations regarding taxation and other operational issues continue to evolve. Legislation and regulations are not always clearly written. Management believes that the Group has complied with all regulations and paid or accrued all applicable taxes. Where the risk of outflow of resources is probable, the Group has accrued tax liabilities based on management's best estimate.

The Group's operations and financial position will continue to be affected by Ukrainian political developments including the application of legislation and tax regulations. Management is of the opinion that the contingencies relating to the Group's operations are not of greater significance than those of similar businesses in Ukraine.

30. Financial risk management objectives and policies

The Group's principal financial instruments are comprised of trade receivables and liabilities, loans and borrowings, cash and cash equivalents. The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other liabilities, arising in the course of its operations. Fair values of the Group's financial instruments are close to their carrying amounts.

The main risks arising from the Group's financial instruments are market risk, liquidity risk, credit risk and agricultural risk. The policies for managing each of these risks are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments exposed to market risk include loans and borrowings, deposits, accounts receivable, accounts payable and finance leases.

The sensitivity analyses in the following sections relate to the position as at 31 December 2019 and 2018. They have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. In calculation of sensitivity analysis, the sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held on 31 December 2019 and 2018.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, all other variables equal, of the Group's profit before tax.

In thousands of SEK

2019	***Change in basis points***	***Effect on profit before tax*** ***The Group***
Change in interest rate (LIBOR)	100	-595
Change in interest rate (LIBOR)	-100	595

2018	***Change in basis points***	***The Group***
Change in interest rate (LIBOR)	50	-990
Change in interest rate (LIBOR)	-15	297

Foreign currency risk

The Group performs its operations in Swedish Krona ("SEK"), Ukrainian Hryvnia ("UAH"), US dollar ("USD") and Euro ("EUR"). The Group attracts a substantial amount of foreign currency denominated loans and borrowings and is thus exposed to foreign exchange risk. Foreign currency denominated loans and borrowings give rise to foreign exchange exposure. The Group has not entered into transactions to hedge against these foreign currency risks.

Currency risks as defined by IFRS 7 arise when financial instruments are denominated in a currency that is not the functional currency and are of a monetary nature; translation-related risks are not taken into consideration. Relevant risk variables are generally non-functional currencies in which the Group has financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, all other variables equal, of the Group's profit before tax.

2019	***Change in foreign currency rate***	***Effect on profit before tax*** ***The Group***
Change in USD exchange rate	1%	133
Change in USD exchange rate	-1%	-133
2018	***Change in foreign currency rate***	***The Group***
Change in USD exchange rate	8,00%	-6 149
Change in USD exchange rate	-8,00%	6 149

2019	**Change in foreign currency rate**	**Effect on profit before tax** **The Group**
Change in EUR exchange rate	1%	-181
Change in EUR exchange rate	-1%	181
2018	**Change in foreign currency rate**	**The Group**
Change in EUR exchange rate	-	-
Change in EUR exchange rate	-	-

In thousands of SEK

Liquidity risk

The objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers as well as loans and borrowings. Management analyses the aging of assets and maturity of liabilities and plans the liquidity depending on expected repayment of various instruments. In the case of insufficient or excessive liquidity in individual entities, management relocates resources and funds to achieve optimal financing of business needs. The table below summarises the maturity profile of the financial liabilities at 31 December based on contractual undiscounted payments:

	Payable on demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*>5 years*	*Total*
31-dec-19						
Loans and borrowings, principal amount	-	-	128 268	38 341	1 569	168 056
Interest payable	2 177	-	-	4 701	-	6 878
Future interest expenses	-	5 519	16 558	8 228	-	30 305
Trade and other liabilities (Note 23)	10 384	12 794	-	-	-	23 177
Lease obligation	-	20 616	61 837	315 592	371 320	769 364
Other current liabilities	-	5 697	-	-	-	5 697
	12 561	**44 625**	**206 540**	**366 862**	**372 889**	**1 003 477**
31-dec-18						
Loans and borrowings, principal amount	224 640	-	40 925	6 217	-	271 782
Interest payable	-	5 576	-	4 266	-	9 842
Future interest expenses	-	-	-	-	-	-
Trade and other liabilities (Note 23)	-	5 782	24 092	-	-	29 874
	224 640	**11 358**	**65 017**	**10 483**	**-**	**311 498**

In thousands of SEK

Liabilities	
Ingoing balance	**281 624**
Proceeds from loans and borrowings	259 715
Repayment of borrowings	-394 930
Exchange rate difference	27 914
Outgoing balance	**174 323**

Credit risk

Sales are performed only to recognised, creditworthy third parties. The policy is that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and, therefore, the exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 21.

The ageing analysis of the trade and other receivables is as follows:

		The Group						
		Past due, but not impaired						
	Neither past due, nor impaired	*<1 month*	*1-2 months*	*2-3 Months*	*3-6 months*	*6-12 months*	*More than 12 months*	*Total*
31-dec-19								
Trade and other receivables	8 747	3 765	281	524	2 396	3 940	-	19 652
	8 747	**3 765**	**281**	**524**	**2 396**	**3 940**	**-**	**19 652**
31-dec-18								
Trade and other receivables	59 236	2 365	-	2 546	202	255	634	65 239
	59 236	**2 365**	**-**	**2 546**	**202**	**255**	**634**	**65 239**

Capital management

Management considers debts and net assets attributable to majority participants as primary capital sources. The objective of capital management is to safeguard the ability to continue as a going concern in order to provide returns on investment for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and sustainability of the development strategy. The capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital, and flexibility relating to the access to capital markets.

Management monitors capital using a gearing ratio, which is net debt divided by total net assets attributable to majority shareholders plus net debt, including in the net debt loans and borrowings, finance lease liability, trade and other liabilities, less cash and cash equivalents.

In thousands of SEK

	The Group	
	2019	***2018***
Loans and borrowings	174 323	281 624
Trade and other liabilities	37 930	30 353
Less cash and cash equivalents	-42 533	-34 097
Net debt	169 720	277 880
Equity	559 136	581 310
Total equity and net debt	728 856	859 190
Gearing ratio	**23%**	**32%**

Management monitors the capital structure on a regular basis and may adjust its capital management policies and targets following changes in the operating environment, market sentiment or its development strategy. The policy is to maintain a gearing ratio below 50%.

Agricultural risk

Agricultural risk arises from the unpredictable of weather, pollution and other risks relating to the performance of crops. In order to manage the level of risk associated with agricultural activity, the Group holds a diversified portfolio of arable crops.

Tax Risk

Companies in Ukraine is exposed to tax risks in various contexts, especially with regard to VAT, as there may be ambiguities in the tax rules. However, the risk for Grain Alliance is limited.

31. Fair value of financial instruments

The estimated fair values of financial instruments are determined with reference to various market information and other valuation methodologies as considered appropriate. However considerable judgement is required in interpreting market data to develop these estimates. Accordingly, the estimates are not necessarily indicative of the amounts that the Group could realise in a current market situation. All financial assets and liabilities are valued at amortised cost. Set out below is the comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated statement of financial position

In thousands of SEK

	The Group			
	Carrying amount		***Fair value***	
	2019	*2018*	*2019*	*2018*
Financial assets valued at amortized cost				
Cash and cash equivalents	42 533	34 097	42 533	34 097
Trade and other receivables	17 387	65 239	17 387	65 239
Financial liabilities valued at amortized cost				
Trade and other liabilities	37 930	30 353	37 930	30 353
Loans and borrowings	174 323	281 624	174 323	281 624

32. PLEDGED ASSETS

	The Group	
Pledged assets	**2019**	**2018**
Property, plant and equipment	149 668	60 314
Inventories	87 038	167 586
Escrow account	10 266	9 884
	246 972	**237 784**

33. EVENTS AFTER THE REPORTING DATE

During the first quarter of 2020, 18 900 tons of corn, 23 900 tons of soy, which were kept as security against possible further devaluation of local currency before seeding 2019, were sold by 4 145 UAH/t and 9 012 UAH/t net VAT.

Land Reform update:
On March 31, 2020, the Parliament of Ukraine finally voted for so called "land reform" to deliberate land sales and purchases. The market will launch in a number of stages:

From July 1, 2021, individual Ukrainian citizens will be allowed to purchase agricultural land in Ukraine, up to a limit of 100 hectares. This limit will stay in place until January 1, 2024. State and territory-owned land will be banned from sale until 2023. This ban will be lifted on July 2023. January 1, 2024 will see the second phase of land reform launched – companies will now be able to purchase agricultural land, and not just Ukrainian ones. Restrictions on land sizes will be moved from 100 hectares to 10,000 hectares.

COVID-19

In January 2020, the World Health Organization (WHO) declared the outbreak of a new coronavirus disease, COVID-19 (SARS-CoV-2 virus), to be a Public Health Emergency of International Concern.

The global outbreak of COVID-19 has disrupted agricultural and food systems around the world.
Many unknowns remain regarding the pathogenicity, the mode of transmission, the reservoir and the source of infection of COVID-19. So far, detailed epidemiological data available are still limited, and therefore there are significant uncertainties in the risk assessment.

Following the Ukrainian Government measures, the Group's Management has taken proactive anticipatory measures in accordance with an approved program of mitigating actions aimed primarily at protecting the employees. Management will continue monitoring the situation closely and will assess the extent of addition measures in case the period of pandemic is prolonged.

Personnel
The Company has issued the Internal Regulation "On precautionary measures and methods of protection due to the risk of spreading the COVID-19 virus" and brought to the notice of the employees the recommendations and the information on how to prevent COVID-19 published by the Ministry of Health of Ukraine and WHO. They include video, audio and printed materials shared by the means of social network, indoor and outdoor advertisement etc.
The employees were provided with the personal protection gear and means of remote work. Daily wet cleaning of offices with the use of disinfectants and hourly ventilation of space are carrying out on a permanent basis. All meetings and trainings are conducted through the means of remote communication only.
The Group will continue following the recommendations of WHO and the Ministry of Health of Ukraine and will track the points of control in order to minimize workplace risk assessments.

Operations
As of March 13, 2020, BZK Grain Alliance AB informed that its operational activity has not been adversely affected by the COVID-19 pandemic. The Group continues to fulfil its liabilities. All the key agricultural inputs were duly contracted and delivered on site. The Group has enough raw materials in stock to continue its ordinary operations. All the production facilities and farms operate under normal regime with due regard to precautionary measures and means of personal protection for personnel.
Agricultural commodities did not face any logistic troubles – neither local, nor international. Moreover, local railway logistics became more efficient due to ban on civil transportation. That made locomotive power more available for commodities transportation. The Group has executed its all sales contracts in a proper time and manner.
The Ukrainian subsidiary was listed by the Ministry of Economy as a critical infrastructure entity which provides livelihoods. Hence, the Government limitations on movement across the regions were mitigated.

Finances
The Group has a comfortable financial position and is actively pursuing business continuity policies and strategies.
In 2019, the Group has entered into close cooperation with the European Bank for Reconstruction and Development (EBRD). Since the pandemic start, the EBRD has approved a COVID-related support facility to help its existing clients with strong business fundamentals experiencing temporary credit difficulties. BZK Grain Alliance AB is eligible to participate in the EBRD's Solidarity Package emergency programme, a Resilience Framework providing finance to meet the short-term liquidity and working capital needs. At the same time, the headquarters of the European commercial banks have squeezed limits of responsibility for local offices, resulting into 5% reduction of the Group's general credit limit.

Stakeholders
The Group coordinates the activity of all departments in the direction of continuing effective information disclosure and stakeholder engagement during the COVID-19 crisis. The Group has developed a short-term engagement plan to maintain constant communication with the stakeholders.
Overall, the event is not expected to have an immediate material impact on the business operations. The significance of the effect of COVID-19 on the Group's activity largely depends on the duration and the incidence of the pandemic effects on the global and local economy.

Parent Company's statement of comprehensive income
In thousands of SEK

	Notes	The Parent Company 2019	2018
Revenue from sales	2	297 104	146 067
Cost of sales		-283 341	-139 927
Gross profit		**14 763**	**6 140**
General and administrative expenses	3	-708	-1 081
Operating profit / (loss)		**14 055**	**5 059**
Finance costs	4	-2 720	-2 045
Finance income	5	1 631	5 409
Foreign exchange gain	6	3 402	5 804
Profit / (loss) before tax		**16 368**	**14 227**
Income tax expense	18	-	-
Profit / (loss) for the year		**16 368**	**14 227**
Other comprehensive income:		-	-
Total comprehensive income for the year		**16 368**	**14 227**

The accompanying notes form an integral part of these consolidated and parent company's financial statements

In thousands of SEK

	Notes	The Parent Company 2019	2018
Non-current assets			
Shares in subsidiaries	7	256 426	256 426
		256 426	**256 426**
Current assets			
Receivable subsidiary	8	34 336	31 514
Receivables	8	-	3 073
Other current assets	8	7 123	79
Cash and cash equivalents	9	21 659	28 774
		63 118	**63 440**
		319 544	**319 866**
Total assets			
Equity	10		
Issued capital	11	11 556	11 556
Other contributed capital		278 295	278 295
Retained earnings		-15 714	-32 083
		274 137	**257 768**
Non-current liabilities			
Loans and borrowings relative parties	12	10 918	10 483
		10 918	**10 483**
Current liabilities			
Loans and borrowings relative parties	12	20 421	40 925
Trade and other liabilities relative parties	13	7 822	10 197
Trade and other liabilities	13	11	12
Other current liabilities	13	6 233	480
		34 488	**51 614**
Total liabilities		**45 406**	**62 097**
Total equity and liabilities		**319 543**	**319 865**

The accompanying notes form an integral part of these consolidated and parent company's financial statements

Parent Company's statement of changes in equity
In thousands of SEK

The Parent Company	Issued capital (restricted equity)	Other contributed capital (non-restricted equity)	Retained earnings (non-restricted equity)	Total Equity
Balance at 31 December 2017	**11 556**	**278 295**	**-46 310**	**243 541**
Profit for the year			14 227	14 227
Total comprehensive income			*14 227*	*14 227*
Transactions with owners				
Balance at 31 December 2018	**11 556**	**278 295**	**-32 083**	**257 768**
Profit for the year			16 368	16 368
Total comprehensive income			*16 368*	*16 368*
Transactions with owners				
Balance at 31 December 2019	**11 556**	**278 295**	**-15 714**	**274 137**

Parent Company's statement of cash flows
In thousands of SEK

	The Parent Company	
	2019	**2018**
Operating activities		
Profit / (loss) before tax	16 368	14 227
Non cash adjustments:		
Finance income	-1 631	-5 409
Finance costs	2 720	2 045
Working capital adjustments:		
Change in trade receivables and other current assets	-6 793	-5 817
Increase in trade and other payables and other current liabilities	3 379	7 015
	14 043	**12 061**
Interest received	1 631	5 409
Income tax paid	-	-
Net cash flows from operating activities	**15 674**	**17 470**
Investing activities		
Purchase of non current assets	-	-
Net cash flows used in investing activities	**-**	**-**
Financing activity		
Proceeds from loans and borrowings	-	-
Repayment of borrowings	-20 069	-7 466
Interest paid	-2 720	-2 045
Net cash flows from financing activities	**-22 789**	**-9 511**
Net change in cash and cash equivalents	-7 115	7 959
Foreign exchange difference cash	-	-
Cash and cash equivalents at 1 January	28 774	20 815
Cash and cash equivalents at 31 December	**21 659**	**28 774**

In thousands of SEK

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting principles of the parent company

The parent company, BZK Grain Alliance AB, financial statements have been prepared according to the Swedish Annual Accounts Act and recommendation RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. RFR 2, implies that the parent company, as the legal entity shall apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and considering the relationship between accounting and taxation. The recommendation specifies the exceptions and additions that shall be made in accordance with IFRS

Investments in subsidiaries (Parent Company's separate financial statements)

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The investments in subsidiaries are initially recognised at cost. The carrying value of the investments is reviewed when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the investments are written down to their recoverable amount in accordance with IAS 36. Impairment losses are recognised in the statement of comprehensive income. An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the investments. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the investment's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the investment does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. Such reversal is recognised in the statement of comprehensive income

2. REVENUE FROM SALES

	The Parent Company	
	2019	***2018***
Sales of agricultural produce	297 104	146 067
Sales of services rendered	-	-
	297 104	**146 067**

Revenues from four major customers, each individually exceeding 10% of total revenue, amounted to SEK 187 650 SEK (2018: two customers – SEK 129 032).

	The Parent Company	
	2019	
Agrostudio Group Limited	49 170	17%
Louis Dreyfus Company Suisse SA	48 382	16%
Sierentz Global Merchants SA	46 130	16%
Grain Expo	43 968	15%
Others	109 453	37%
	297 104	**100%**

In thousands of SEK

3. Selling, general and administrative expenses

General and administrative expenses	***The Parent Company*** 2019	2018
Professional services (i)	708	1 081
	708	**1 081**

Audit fees for the parent company and the Group in year 2019 and 2018 relates to fees payable to Ernst & Young. Audit fees included in the general and administrative costs are as follows:

	The Parent Company 2019	2018
Audit assignment fees	380	871
	380	**871**

Audit assignments include review of the annual report and the accounting, as well as the administration of the board and the managing director, other tasks that is assigned to the company's auditor, as well as advice or other assistance that is caused by observations during such examination or the implementation of such other tasks.

4. Finance costs

	The Parent Company 2019	2018
Interest on loans and borrowings to related parties	864	1 931
Interest others	-	102
Bank fees	14	11
Other	1 842	
	2 720	**2 044**

5. Finance income

	The Parent Company 2019	2018
Interest Income related parties	1 631	1 498
Other	-	3 911
	1 631	**5 409**

In thousands of SEK

6. Foreign exchange gain/loss

	The Parent Company 2019	2018
Foreign exchange difference within the group	1 353	3 408
Foreign exchange difference cash	2 049	2 395
	3 402	**5 804**

7. Shares in subsidiaries

	The Parent Company
As at 1 January 2018	**256 426**
Investments in subsidiaries	-
Liquidation subsidiaries	-
As at 31 December 2018 (i)	**256 426**
Investments in subsidiaries	-
Liquidation subsidiaries	-
As at 31 December 2019 (i)	**256 426**

(i)

			2019		2018	
	Location	**Corporate id**	**Ownership SEK**	**Ownership %**	**Ownership SEK**	**Ownership %**
Baryshevska Grain Company LLC,	Baryshevka, Ukraina	2886518	256 367	100%	256 367	100%
Baryshevska Grain Trading Company LLC	Yarmolenci, Ukraina	39843554	59	100%	59	100%
			256 426		256 426	

In thousands of SEK

8. Trade and other receivables, other current assets

	The Parent Company	
Trade and other receivables	**2019**	**2018**
Trade receivables due from related party (Note 14)	34 336	31 514
Trade Receivables	-	3 073
	34 336	**34 587**
Other current assets		
Advances paid	5 614	67
Accrued income	1 491	
VAT recoverable	18	12
	7 123	**79**

For detailed information about aging see note 15.

9. Cash and cash equivalents

	The Parent Company	
	2019	***2018***
Cash:		
- on bank accounts	11 393	18 890
- escrow account	10 266	9 884
	21 659	**28 774**

10. Equity

Outline of the parent company result:

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings	246 212 463
Net result of the period	16 368 647
	262 581 110
to be carried forward	262 581 110

11. Share capital

The registered share capital amounts to SEK 11 556 (2018: SEK 11 556) and consists of 7 807 775 shares (2018: 7 807 775 shares). BZK Grain Alliance AB only has one class of shares carrying equal voting power.

In thousands of SEK

12. Loans and borrowings

As at 31 December 2019 loans and borrowings are as follows:

			Maturity -2020	*Maturity 2021-2023*	
	Currency	*Interest*	*Current portion*	*Non-current portion*	*Total*
The Parent Company					
Related party (Note 14)	SEK	1,5%-7%	20 421	10 918	31 339
			20 421	**10 918**	**31 339**

As at 31 December 2018 loans and borrowings are as follows:

			Maturity -2019	*Maturity 2020-2022*	
	Currency	*Interest*	*Current portion*	*Non-current portion*	*Total*
The Parent Company					
Related party (Note 14)	SEK	1,5%-7%	40 925	10 483	51 408
			40 925	**10 483**	**51 408**

13. Trade and other liabilities, other current liabilities

	The Parent Company	
	2018	***2018***
Trade and other liabilities		
Trade liabilities related parties	7 822	10 197
Trade liabilities	11	12
	7 833	**10 209**
Other current liabilities		
Advances received	5 807	-
Accrued expenses	426	480
	6 233	**408**

In thousands of SEK

14. Number of employees and employee benefits

Number of employees

	2019			*2018*		
	Women	***Men***	***Total***	***Women***	***Men***	***Total***
Sweden	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**

Employee benefits

The Parent Company	***2019***	***2018***
Board and senior executives	-	-
Pension costs	-	-
Social security costs	-	-
	-	**-**

During the year no salaries, remuneration or pension expenses have been paid to the Board members.

15. Related party disclosures

Ultimate Controlling Party

As at 31 December 2019 the majority owner of the Parent Company is Agro Ukraina AB, which is a subsidiary of Claesson & Anderzén AB. A citizen of Sweden, Mr Johan Claesson, has the controlling interest in Claesson & Anderzén AB.

As at 31 December the Company's balances owed to and due from related parties are as follows:

	2019	***2018***
Entity under common control		
Loans and borrowings (Note 11)	-31 339	-51 408
Of which:		
CA Investment AB	*-16 450*	*-37 013*
CA Agroinvest AB	*-12 980*	*-12 571*
Ukrainian Investment AB	*-1 909*	*-1 824*
Subsidiary		

Trade and other receivables	34 336	31 514
- Baryshevski Grain Company LLC	*34 336*	*31 514*
Trade and other receivables	7 105	-
Baryshevski Grain Company LLC	*7 105*	*-*
Trade and other payables	-7 822	-10 197
Baryshevski Grain Company LLC	*-7 822*	*-10 197*

For the year ended 31 December the Company's transactions with the related parties under common control are as follows:

	2019	***2018***
Interest expenses	-864	-1 931
Of which:		
CA Investment AB	*-370*	*-431*
CA Agroinvest AB	*-409*	*-1 415*
Ukrainian Investment AB	*-85*	*-85*

Sales of property, plant & Equipment	1 491	-
Baryshevski Grain Company LLC	*1 491*	*-*
Purchase of crops	-281 086	-138 342
Baryshevski Grain Company LLC	*-281 086*	*-138 342*

Compensation to key management personnel

For the year ended 31 December 2019, remuneration paid to key management personnel is SEK 0 (2018: 0). Compensation comprised the contractual salary and related taxes.

There are no key management personnel as of 31 December 2019 (2018: zero).

In thousands of SEK

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments exposed to market risk include loans and borrowings, deposits, accounts receivable, accounts payable and finance leases.

The sensitivity analyses in the following sections relate to the position as at 31 December 2019 and 2018. They have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. In calculation of sensitivity analysis, the sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held on 31 December 2019 and 2018.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, all other variables equal, of the company's profit before tax.

		Effect on profit before tax
	Change in basis points	***The Parent Company***
2019		
Change in interest rate (LIBOR)	100	-266
Change in interest rate (LIBOR)	-100	266
2018		
Change in interest rate (LIBOR)	50	-236
Change in interest rate (LIBOR)	-15	71

Foreign currency risk

Currency risks as defined by IFRS 7 arise when financial instruments are denominated in a currency that is not the functional currency, and are of a monetary nature; translation-related risks are not taken into consideration. Relevant risk variables are generally non-functional currencies in which the company has financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, all other variables equal, of the company's profit before tax.

In thousands of SEK

2019	*Change in foreign currency rate %*	*Effect on profit before tax* *The Parent Company*
Change in USD exchange rate	1	501
Change in USD exchange rate	-1	-501
Change in EUR exchange rate	1	7
Change in EUR exchange rate	-1	-7
2018		
Change in USD exchange rate	8	3 979
Change in USD exchange rate	-8	-3 979
Change in EUR exchange rate	10	710
Change in EUR exchange rate	-10	-710

Liquidity risk

The objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers as well as loans and borrowings. Management analyses the aging of assets and maturity of liabilities and plans the liquidity depending on expected repayment of various instruments. The table below summarises the maturity profile of the financial liabilities at 31 December based on contractual undiscounted payments:

			The Parent Company		
31-dec-19	***Payable on demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***Total***
Loans and borrowings, principal amount	-	-	20 421	6 217	26 638
Interest payable	-	-	-	4 701	4 701
Trade and other liabilities (Note 13)	-	7 833	-	-	7 833
	-	**7 833**	**20 421**	**10 918**	**39 172**
31-dec-18					
Loans and borrowings, principal amount	-	-	40 925	6 217	47 142
Interest payable	-	-	-	4 266	4 266
Trade and other liabilities (Note 13)	-	10 209	-	-	10 209
	-	**10 209**	**40 925**	**10 483**	**61 617**

In thousands of SEK

Credit risk

Receivable balances are monitored on an ongoing basis and, therefore, the exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 8. The ageing analysis of the trade and other receivables is as follows:

		The Parent Company *Past due, but not impaired*						
31-dec-19	*Neither past due, nor impaired*	*<1 month*	*1-2 months*	*2- 3 months*	*3-4 months*	*4-12 months*	*More than 12 months*	*Total*
Receivables subsidiary	434	-	-	434	-	869	32 599	34 336
Trade and other receivables	-	-	-	-	-	-	-	-
	434	**-**	**-**	**434**	**-**	**869**	**32 599**	**34 336**
31-dec-18								
Receivables subsidiary	425	-	-	425	-	849	29 815	31 513
Trade and other receivables	3 006	-	-	-	-	-	66	3 072
	3 431	**-**	**-**	**425**	**-**	**849**	**29 881**	**34 585**

Capital management

Management considers debts and net assets attributable to majority participants as primary capital sources. The objective of capital management is to safeguard the ability to continue as a going concern in order to provide returns on investment for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and sustainability of the development strategy. The capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital, and flexibility relating to the access to capital markets.

Management monitors capital using a gearing ratio, which is net debt divided by total net assets attributable to majority shareholders plus net debt, including in the net debt loans and borrowings, finance lease liability, trade and other liabilities, less cash and cash equivalents.

	The Parent Company ***2019***	***2018***
Loans and borrowings	31 339	51 408
Trade and other liabilities	14 067	10 689
Less cash and cash equivalents	-21 659	-28 774
Net debt	23 747	33 323
Equity	274 137	257 768
Total equity and net debt	297 884	291 091
Gearing ratio	**8%**	**11%**

In thousands of SEK

Management monitors the capital structure on a regular basis and may adjust its capital management policies and targets following changes in the operating environment, market sentiment or its development strategy. The policy is to maintain a gearing ratio below 50%.

17. Fair value of financial instruments

The estimated fair values of financial instruments are determined with reference to various market information and other valuation methodologies as considered appropriate. However considerable judgement is required in interpreting market data to develop these estimates. Accordingly, the estimates are not necessarily indicative of the amounts that the Group could realise in a current market situation. All financial assets and liabilities are valued at amortised cost. Set out below is the comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated statement of financial position:

	The Parent Company			
	Carrying amount		*Fair value*	
	2019	***2018***	***2019***	***2018***
Financial assets valued at amortized cost				
Cash and short-term deposits	21 659	28 774	21 659	28 774
Trade and other receivables	41 459	34 666	41 459	34 666
Financial liabilities valued at amortized cost				
Trade and other payables	14 067	10 689	14 067	10 689
Loans and borrowings	31 339	51 408	31 339	51 408

18. Pledged assets and surety

	The Parent Company	
Pledged assets	**2019**	**2018**
Escrow account	10 266	9 884
	10 266	**9 884**

	The Parent Company	
Surety	**2019**	**2018**
Surety for subsidiaries (for debt to JSC UkrSibbank)	116 464	112 138
Surety for subsidiaries (for debt toCredit Agricole Bank)	80 127	77 151
Surety for subsidiaries (for debt to EBRD)	104 336	-
Summa	**300 927**	**189 288**

19. Income tax

The Parent Company

As at 31 December 2019, the tax loss carried forward 8 942 (2018: SEK 25 311). The Company has not recognized deferred tax assets as deficit.

20. Events after the reporting date

Since the balance sheet date, the outbreak of COVID-19 has affected the entire community. However, BZK Grain Alliances operations have been able to continue as usual. At present, our assessment is that the business will continue to be relatively unaffected by the pandemic.

21. Signatures & statement of assurance

The board of directors hereby assure that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) to the extent they have been adopted by the EU, and that the consolidated account provide a fair and true view of the Group´s financial position and result. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a fair and true view of the Parent company´s financial position and result.

The report of the directors of the Group and the Parent Company provides a fair and true view of the development of the Group´s and the Parent company´s operations, financial position and results, and describes significant risks and uncertainties to which the Parent Company and the companies in the Group are exposed.

…………………………..	……………………………	……………………………
Johan Damne	Johan Claesson	Yevgeniy Radovenyuk
Board member, Chairman	*Board member*	*Board member*

Our audit report was presented on

Franz Lindström
Authorized public accountant