



INTERIM REPORT

**January – June
2021**

KSG Agro S.A.

Société Anonyme
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**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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KSG Agro S.A.

Interim Management Report

for the six months ended 30 June 2021

PRINCIPAL ACTIVITIES

KSG Agro S.A., separately referred to as “KSG Agro” or the “Company” and together with its subsidiaries referred to as the “Group”, remains among the largest vertically integrated agricultural groups in the Dnipropetrovsk region of Ukraine, present in all major sectors of the agricultural market, including production, storage, processing and sale of agricultural products. Its key operating activities are breeding of pigs, processing of pork and production of wheat and sunflower.

STRATEGY IMPLEMENTATION

Improving Key Financial Ratios

In the first half of 2021, management have focused their efforts on improving the Group’s key financial ratios, specifically its negative net current assets and negative shareholders’ equity.

During the year 2020, the Group already managed to increase its net current assets from a negative USD 23.5 million as at 1 January 2020 to a negative USD 6.3 million as at 31 December 2020 and plans to complete the second phase by the end of 2021, thereby bringing net current assets to a positive value.

As at 30 June 2021, the total balance of ‘other financial liabilities’ as at 31 December 2020 has further decreased. It was partly settled in cash and partly through disposal of subsidiaries Agrofirma Vesna LLC, Trade House UAIH LLC and Souz-3 LLC as disclosed in detail in Note 15 to the interim condensed consolidated financial statements.

Since all three subsidiaries had negative equity, their disposal has resulted in an increase in consolidated ‘equity attributable to owners of the parent’ from a negative USD 6.2 million as at 31 December 2020 to a positive value as at 30 June 2021.

Improvements in the Group’s net current assets and working capital are as follows:

in USD million	30 June 2021	31 December 2020
Current Assets minus Current Liabilities	(3.7)	(6.3)
less: Other financial assets	(1.4)	(0.9)
less: Other financial liabilities - current	8.2	8.5
Adjusted Working Capital	3.1	1.3

In assessing day-to-day performance of the business, management excludes ‘other financial assets’ and ‘other financial liabilities’, as those mostly comprise old non-trade balances subject to restructuring, and analyses the change in the resultant ‘adjusted working capital’. Based on management’s assessment, the adjusted working capital at the date these financial statements are being issued is positive.

Investment Projects

In 2021, the Group started the project to gradually renew its sow population in Ukraine to increase the birth rate of piglets.

For this purpose, the Group is in talks with SUISAG, a pig genetics company from Switzerland and Genesus, a Canadian genetics company. As at the date these financial statements are being issued, the Group expects to receive the first batch of sows from Genesus.

The Group is also considering an international investment project, with several partners, to build a breeding complex for 50 thousand pigs in Kazakhstan with an estimated total cost of € 30 million.

In order to cover the full cost of the project, KSG Agro and its partners in the project were considering potential redistribution of shares, either in the Company itself or in its pig breeding business. As at the date these financial statements are being issued, OLBIS Investments LTD. S.A., the Company’s immediate parent, has decreased its stake in the Company to 57.96% of the issued share capital by selling 1 million of its shares to the other partners in the project. See Note 17 to the interim condensed consolidated financial statements for details on the sale.

IMPACT OF THE CORONAVIRUS COVID-19

The Board of Directors and management have concluded that there was no significant impact on the Group’s profitability position to date from the effects of the coronavirus pandemic. The event is not expected to have a material impact on business operations in future periods. Management’s analysis of the factors is provided in the last annual consolidated financial statements.

FINANCIAL AND OPERATIONAL RESULTS

Financial results of the Group's operations for the six months ended 30 June 2021 and 2020 derived from the consolidated financial statements were as follows:

<i>In thousands of US dollars</i>	Six months 2021	Six months 2020	Change, %
Revenue	6,806	7,741	(12)%
Gain/(loss) on biological transformation, net	1,446	1,502	(4)%
Cost of sales	(5,776)	(5,863)	(1)%
Gross profit	2,476	3,380	(27)%
Selling, general and administrative expenses	(579)	(735)	(21)%
Operating profit	1,897	2,645	(28)%
Finance expenses, net	(804)	(996)	(19)%
Gain/(loss) on foreign currency exchange, net	862	(738)	(217)%
Gain on disposal of subsidiaries	12,857	-	100%
Other gains and losses	(1,106)	(626)	77%
Profit before tax	13,706	285	4,709%
Income tax expense	(4)	-	100%
Profit for the period	13,702	285	4,708%
Operating profit	1,897	2,645	(28)%
Depreciation and amortisation	794	827	(4)%
EBITDA	2,691	3,472	(22)%

Details by segment are disclosed in Note 13 to the interim condensed consolidated financial statements.

SUBSEQUENT EVENTS

All significant events that occurred after the end of the reporting period are described in Note 17 to the interim condensed consolidated financial statements.

BUSINESS AND FINANCIAL RISKS

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

Credit risk concentration

The Group is exposed to the concentration of credit risk. Management monitors and discloses concentrations of credit risk by obtaining monthly reports with exposures to customers with individually material balances.

Market risk

The Group takes an exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities, all of which are exposed to general and specific market movements. The Group does not have significant interest-bearing financial assets, while the Group's bank and other loans are interest-bearing.

The sensitivities to market risks disclosed below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Interest rate risk

Risk of changes in interest rates is generally related to interest-bearing loans. Loans issued at variable rates expose the borrower to the 'cash flow' interest rate risk, while loans issued at fixed rates expose the borrower to the 'fair value' interest rate risk.

Starting from the first quarter of 2021, in order to mitigate the associated currency risk, management have arranged for the change in currency of the loans from TASCOMBANK to the Group's functional currency at the cost of switching from a fixed interest rate to a variable rate. The annualised rate on these loans for 2021 is not expected to be higher than 12.5% while the average of fixed rates on the same loans in 2020 was around 10%. Refer to Note 11 for details.

Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. During the year ended 31 December 2020, the Group has been most susceptible to the currency risk with regard to its bank loans and intercompany loans.

As at 31 December 2020, the total amount of foreign-currency bank loans was USD 12,201 thousand. To mitigate the currency risk, management have arranged for the change in currency of the loans from TASCOMBANK to the Group's functional currency at the cost of switching from a fixed interest rate to a variable rate. Refer to Note 11 for details.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is managed by monitoring monthly rolling forecasts of the Group's cash flows. The Group seeks to maintain a stable funding base mostly through proper management of its working capital and using short-term bank and company loans to cover the cash gaps.

During the year 2020, the Group already managed to increase its net current assets from a negative USD 23.5 million as at 1 January 2020 to a negative USD 6.3 million as at 31 December 2020 and plans to complete the second phase by the end of 2021, thereby bringing net current assets to a positive value.

As at 30 June 2021, the total balance of 'other financial liabilities' as at 31 December 2020 has further decreased. It was partly settled in cash and partly through disposal of subsidiaries Agrofirma Vesna LLC, Trade House UAIH LLC and Souz-3 LLC as disclosed in detail in Note 15 to the interim condensed consolidated financial statements.

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In assessing day-to-day performance of the business, management excludes 'other financial assets' and 'other financial liabilities', as those mostly comprise old non-trade balances subject to restructuring, and analyses the change in the resultant 'adjusted working capital'. Based on management's assessment, the adjusted working capital at the date these financial statements are being issued is positive.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to provide financing of its operating requirements, capital expenditures and Group's development strategy. The Group's capital management policies aim to ensure and maintain an optimal capital structure to reduce the overall cost of capital and flexibility relating to Group's access to capital markets.

Management monitors on a regular basis the Group's capital structure and may adjust its capital management policies and targets following changes in its operating environment, market sentiment or its development strategy. Management believes it is responding appropriately to all the risks identified in order to support the sustainability of the Group's business in the current circumstances.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") observes the majority of Warsaw Stock Exchange corporate governance rules included in the "Code of Best Practice for WSE Listed Companies" in the form and to the extent determined by the Resolution No. 19/1307/2012 of the Exchange Supervisory Board dated 21 November 2012. Code of Best Practice for WSE Listed Companies is available at the official website of the Warsaw Stock Exchange

The Board of Directors consists of five members, three of each hold an executive role (Directors A), and two directors are non executive ones (Directors B)

Mr. Sergiy Kasianov, Chairman of the Board of Directors, has a significant indirect holding of securities in the Company. No other person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

Appointment and replacement of Directors and amendments to the Articles of Association

With regard to the appointment and replacement of Directors, its Articles of Association (hereinafter referred to as the "Articles of Association") and Luxembourg Law comprising the Companies Law 1915 govern the Company. A general meeting of the shareholders under the quorum may amend the Articles of Association from time to time and majority requirement provided for by the Law of 10 August 1915 On Commercial Companies in Luxembourg, as amended.

Powers of Directors

The Board is responsible for managing the business affairs of the Company within the clauses of the Articles of Association. The Directors may only act at duly convened meetings of the Board of Directors or by written consent in accordance with article 9 of Articles of Association.

Rights of the shareholders

Articles of Association and national laws and regulation govern the operation of the shareholders meetings and their key powers, description of their rights.

Transfer of shares

Transfer of shares is governed by Articles of Association of the Company.

Meetings of the board

In this regard the Company is governed by Article 9 of the Articles of Association.

Mr. Sergiy Kasianov has been appointed as Chairman of the Board of Directors.

The Board of Directors shall meet upon call by the Chairman, or any two Directors at the place and time indicated in the notice of meeting, the person(s) convening the meeting setting the agenda.

Written notice of any meeting of the Board of Directors shall be given to all Directors at least five (5) calendar days in advance of the hour set for such meeting, except in circumstances of emergency where 24 hours prior notice shall suffice which shall duly set out the reason for the urgency.

The board of Directors may act validly and validly adopt resolutions if approved by the majority of Directors including at least one class A and one class B Director at least a majority of the Directors are present or represented at a meeting.

Audit Committee

The audit committee is composed of three members and is in charge of overseeing financial reporting and disclosure.

Internal Control

The Company's management is responsible for establishing and maintaining adequate controls over financial reporting process for KSG Agro S.A., which include the appropriate level of Board of Directors' involvement.

KSG Agro S.A. maintains an effective internal control structure. It consists, in particular, of organizational arrangements with clearly defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures. An important element of the control environment is an ongoing internal audit program. KSG Agro S.A. system also contains monitoring mechanisms, and actions taken to correct deficiencies if they identified.

To assure the effective administration of internal controls, KSG Agro S.A. carefully selects employees, develops and disseminates oral and written policies and procedures, provides appropriate communication channels and fosters an environment conducive to the effective functioning of controls.

The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Ukrainian generally adopted accounting principles and transformation to International Financial Reporting Standards as adopted by European Union;
- that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

We believe that it is essential for the Company to conduct its business affairs in accordance with the highest ethical standards, as set forth in KSG Agro S.A.

Information With Respect To Article 11 Of The Law Of 19 May 2006 On Takeover Bids

Article 11 a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents.

According to article 5.1 of the articles of association of the Company (the Articles), the Company's subscribed share capital amounts to one hundred fifty thousand two hundred United States Dollars (USD 150,200.00) represented by fifteen million twenty thousand (15,020,000) shares having a nominal value of one Cent (USD 0.01) each.

All the issued share capital of the Company is admitted to listing and trading on the main market of the Warsaw Stock Exchange.

On May 23, 2013 The Company bought back thirty-two thousand one hundred and seventy-two (32,172) own shares, representing 0.21% of share capital, that are accounted for as treasury shares.

Article 11 b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to article 46 of Directive 2001/34/EC.

The shares of the Company are transferred in accordance with customary procedures for the transfer of securities in Book-entry form.

Furthermore, there is no restriction in relation with the transfer of securities pursuant to article 7.5 of the Articles. The sole requirement is that any transfer shall be recorded in the register of shares of the Company.

In accordance with article 7.10 of the Articles, any shareholder, company or individual, who acquires or sells shares, including certificates representing shares of the Company, shall notify to the Company the percentage of the voting rights he/she/it will own pursuant to such acquisition or sale, in case such percentage reaches the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% or supersedes or falls under such thresholds. The shareholders shall also notify the Company should the percentage of their respective voting rights reach the above mentioned thresholds or supersede them or fall under such thresholds pursuant to certain events amending the voting rights repartition of the Company.

Those notification requirements apply also to certain situations as listed by article 9 of the law of 11 January 2008 on transparency obligations with respect to the information of companies which securities are listed on a regulated market.

Article 11 c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Directive 2004/109/EC.

The distribution of shares of the Company as at the reporting date is as follows:

- OLBIS Investments LTD S.A. holds nine million seven hundred and five thousand five hundred (9,705,500) shares, representing 64.62% of the issued share capital of the Company.

- KSG Agro S.A holds thirty-two thousand one hundred seventy-two (32,172) shares, representing 0.21% of the issued share capital of the Company.

- In free float there are five million two hundred and eighty-two thousand three hundred twenty-eight (5,282,328) shares, representing 35.17% of the issued share capital of the Company.

The distribution of shares as at the date these financial statements are being issued has changed. See Note 17 to the interim condensed consolidated financial statements for details.

Article 11 d) the holders of any securities with special control rights and a description of those rights.

There are no special control rights.

Article 11 e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

There is no employee share scheme.

Article 11 f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.

Pursuant to article 7.10 of the Articles, if a shareholder breaches the thresholds mentioned in point b) and fails to notify the Company within the period of four (4) listing days, as stated therein, the exercise of voting rights attached to the new participation exceeding the relevant threshold will be suspended.

Article 11 g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC.

To the best of our knowledge there are no such agreements.

Article 11 h) the rules governing the appointment and replacement of board members and the amendment of the articles of association.

Pursuant to article 8 of the Articles, the directors of the Company (the Directors or the Board, as applicable) are to be appointed by the general meeting of the shareholders of the Company (the General Meeting) for a period not exceeding six (6) years and until their successors are elected. Moreover, the decision to suspend or dismiss a Director must be adopted by the General Meeting with a majority of more than one-half (1/2) of all voting rights present or represented. When a legal person is appointed as Director, the legal entity must designate a permanent representative (représentant permanent) in accordance with article 51bis of the Law of 10 August 1915 On Commercial Companies, as amended (the Company Law).

In accordance with article 20 of the Articles, the Articles may be amended from time to time by a General Meeting under the quorum and majority requirements provided for by the Company Law.

Article 11 i) the powers of board members, and in particular the power to issue or buy back shares.

With respect to the acquisition of own shares, article 6 of the Articles establishes that the Company may acquire its own Shares to the extent permitted by law. To the extent permitted by Luxembourg law, the Board is irrevocably authorized and empowered to take any and all steps to execute any and all documents to do and perform any and all acts for and in the name and on behalf of the Company which may be necessary or advisable in order to effectuate the acquisition of the shares and the accomplishment and completion of all related actions.

According to article 11.2 of the Articles, the Board is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests and within the objectives and purposes of the Company. All powers not expressly reserved by law or by the Articles to the General Meeting fall within the competence of the Board.

Article 11 j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements.

To the extent of our knowledge there are no such agreements.

Article 11 k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

To the extent of our knowledge there are no such agreements.

This management report for the six months ended 30 June 2021 was approved for issue on 14 August 2021.



A.V. Skorokhod
(Chief Executive Officer)



Y.V. Kyselova
(Chief Financial Officer)

KSG Agro S.A.

Statement of the Board of Directors and management's responsibility for the preparation and approval of the interim condensed consolidated financial statements

The following statement is made with a view to clarify responsibilities of management and Board of Directors in relation to the interim condensed consolidated financial statements of KSG AGRO S.A. and its subsidiaries (further – the Group).

The Board of Directors and management of the Group are responsible for preparation of the interim condensed consolidated financial statements of the Group as at 30 June 2021 and for the six months then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

In preparing the interim condensed consolidated financial statements, the Board of Directors and management are responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making reasonable assumptions and estimates;
- Compliance with relevant IFRSs and disclosure of all material departures in the notes to the interim condensed consolidated financial statements;
- Compliance with ESMA Guidelines; and
- Preparing the interim condensed consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

The Board of Directors and management are also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with IFRS as adopted by the European Union;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

In accordance with Article 4 (2) (c) of the Law of Luxembourg of 11 January 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the interim condensed consolidated financial statements for the six months ended 30 June 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the financial position, financial performance and cash flows of KSG Agro S.A. and its subsidiaries included in the consolidation taken as a whole.

In addition, the interim management report includes a fair review of the performance, position, progress and development prospects of KSG Agro S.A. and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

These interim condensed consolidated financial statements as at 30 June 2021 and for the six months then ended were approved for issue on 14 August 2021.



A.V. Skorokhod
(Chief Executive Officer)



Y.V. Kyselova
(Chief Financial Officer)

KSG Agro S.A.**Unaudited Interim Condensed Consolidated Statement of Financial Position**

as at 30 June 2021

<i>In thousands of US dollars</i>	Note	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment		15,280	15,568
Long-term biological assets	7	28,940	27,816
Long-term investments	16	2,445	-
Right-of-use assets		738	716
Total non-current assets		47,403	44,100
Current assets			
Current biological assets	7	10,134	6,306
Inventories and agricultural produce	8	7,418	7,952
Trade receivables	9	1,539	1,890
Other financial assets	10	1,385	1,132
Taxes recoverable		1,012	854
Prepaid assets		1,179	610
Cash and cash equivalents		102	108
Total current assets		22,769	18,852
TOTAL ASSETS		70,172	62,952
EQUITY			
Share capital		150	150
Share premium		37,366	37,366
Treasury shares		(112)	(112)
Retained earnings		(31,543)	(43,156)
Currency translation reserve		(5,840)	(2,074)
Equity attributable to the owners of the Company		21	(7,826)
Non-controlling interests		14,452	13,208
TOTAL EQUITY		14,473	5,382
LIABILITIES			
Non-current liabilities			
Bank and other loans	11	27,248	24,520
Other financial liabilities	12	-	5,941
Lease liabilities		1,996	1,918
Total non-current liabilities		29,244	32,379
Current liabilities			
Trade payables		9,999	10,118
Other financial liabilities	12	8,180	8,514
Bank and other loans	11	2,908	2,878
Advances from customers		4,633	2,796
Lease liabilities		696	697
Tax liabilities		39	188
Total current liabilities		26,455	25,191
TOTAL LIABILITIES		55,699	57,570
TOTAL LIABILITIES AND EQUITY		70,172	62,952

Approved for issue and signed on behalf of the Board of Directors on 14 August 2021.



 A.V. Skorokhod
 (Chief Executive Officer)



 Y.V. Kyselova
 (Chief Financial Officer)

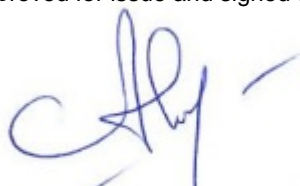
The accompanying notes are an integral part of these consolidated financial statements

KSG Agro S.A.**Unaudited Interim Condensed Consolidated Statement of Comprehensive Income**

for the six months ended 30 June 2021

<i>In thousands of US dollars</i>	Note	Six months 2021	Six months 2020
Revenue	13	6,806	7,741
Gain/(loss) on biological transformation, net	13	1,446	1,502
Cost of sales	13	(5,776)	(5,863)
Gross profit		2,476	3,380
Selling, general and administrative expenses		(579)	(735)
Operating profit		1,897	2,645
Finance expenses, net		(804)	(996)
Gain/(loss) on foreign currency exchange, net		862	(738)
Gain on disposal of subsidiaries	15	12,857	-
Other gains and losses		(1,106)	(626)
Profit before tax		13,706	285
Income tax expense		(4)	-
Profit for the period		13,702	285
Other comprehensive income/(loss)			
Currency translation differences		490	(2,114)
Total comprehensive income/(loss)		14,192	(1,829)
Profit attributable to:			
Owners of the Company		11,613	571
Non-controlling interest		2,089	(286)
Profit for the period		13,702	285
Total comprehensive income/(loss) attributable to:			
Owners of the Company		12,948	621
Non-controlling interests		1,244	(2,450)
Total comprehensive income/(loss)		14,192	(1,829)
Earnings per share			
Weighted average number of common shares outstanding, thousand		15,020	15,020
Basic and diluted earnings per share, USD		0.77	0.04

Approved for issue and signed on behalf of the Board of Directors on 14 August 2021.


A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.**Unaudited Interim Condensed Consolidated Statement of Cash Flows**

for the six months ended 30 June 2021

<i>In thousands of US dollars</i>	Note	Six months 2021	Six months 2020
Cash flow from operating activities			
Profit before tax		13,706	285
Adjustments for:			
Depreciation and amortisation		794	827
(Gain)/loss on biological transformation, net		(1,446)	(1,502)
Gain on disposal of subsidiaries	15	(12,857)	-
Finance expenses, net		804	996
Exchange differences		(587)	2,566
Other gains and losses		1,106	539
Operating cash flow before working capital changes		1,520	3,711
Change in trade receivables and other financial assets		432	(1,762)
Change in current biological assets		(2,671)	(3,617)
Change in inventories and agricultural produce		632	391
Change in tax assets and liabilities		(289)	(1,056)
Change in trade payables and other financial liabilities		1,676	660
Cash generated from operations		1,300	(1,673)
Interest paid on loans and leases		(712)	(653)
Income tax paid		(6)	-
Cash generated from / (used in) operating activities		582	(2,326)
Cash flow from investing activities			
Payments for acquisition of property, plant and equipment		(422)	(383)
Payments for acquisition of sows	7	(66)	-
Investments into long-term projects	16	(2,445)	-
Disposal of subsidiaries, net of cash disposed	15	-	-
Cash generated from / (used in) investing activities		(2,933)	(383)
Cash flow from financing activities			
Proceeds from bank and other loans		2,361	8,814
Repayment of bank and other loans		(20)	(6,331)
Repayment of leases		-	-
Cash generated from / (used in) financing activities		2,341	2,483
Net (decrease) / increase in cash and cash equivalents		(10)	(226)
Cash and cash equivalents at the beginning of the period		108	249
Effect of exchange rate differences on cash and cash equivalents		4	50
Cash and cash equivalents at the end of the period		102	73

Approved for issue and signed on behalf of the Board of Directors on 14 August 2021.


A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity


for the six months ended 30 June 2021

	Note	Attributable to owners of the Company					Total attributable to owners of the Company	Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Currency translation reserve	Retained earnings			
<i>In thousands of US dollars</i>									
Balance as at 1 January 2020		150	37,366	(112)	(5,714)	(37,901)	(6,211)	17,533	11,322
Profit for the period		-	-	-	-	571	571	(286)	285
Other comprehensive income/(loss)		-	-	-	50	-	50	(2,164)	(2,114)
Total comprehensive income/(loss)		-	-	-	50	571	621	(2,450)	(1,829)
Balance as at 30 June 2020		150	37,366	(112)	(5,664)	(37,330)	(5,990)	15,083	9,493
Balance as at 1 January 2021		150	37,366	(112)	(2,074)	(43,156)	(7,826)	13,208	5,382
Profit for the period		-	-	-	-	11,613	11,613	2,089	13,702
Other comprehensive income/(loss)		-	-	-	1,335	-	1,335	(845)	490
Total comprehensive income/(loss)		-	-	-	1,335	11,613	12,948	1,244	14,192
Disposal of subsidiaries	15	-	-	-	(5,101)	-	(5,101)	-	(5,101)
Balance as at 30 June 2021		150	37,366	(112)	(5,840)	(31,543)	21	14,452	14,473

Approved for issue and signed on behalf of the Board of Directors on 14 August 2021.



A.V. Skorokhod
(Chief Executive Officer)



Y.V. Kyselova
(Chief Financial Officer)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

KSG Agro S.A.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

for the six months ended 30 June 2021

(All amounts in thousands of US dollars, unless otherwise stated)

1. Corporate Information

KSG Agro S.A. (the "Company") was incorporated under the name Borquest S.A. on 16 November 2010 as a "Société Anonyme" under Luxembourg Company Law for an unlimited period. On 08 March 2011 the Company's name was changed to KSG Agro S.A.

The registered office of the Company is at 24, rue Astrid, L-1143 Luxembourg and the Company number with the Registre de Commerce is B 156 864.

The Company and its subsidiaries (together referred to as the "Group") produces, stores, processes and sells agricultural products, mostly crops, pork and pigs in live weight, and its business activities are conducted mainly in Ukraine.

2. Group Structure

The Company's immediate parent is OLBIS Investments LTD. S.A., registered in Panama, and the ultimate controlling party is Mr. Sergiy Kasianov. As at 30 June 2021, OLBIS Investments LTD. S.A. holds 64.62% of the issued share capital of the Company, 0.21% of shares are treasury shares and the remaining 35.17% of shares are free float shares listed on the Warsaw Stock Exchange. As at the date these financial statements are being issued, the stake of OLBIS Investments LTD. S.A. has decreased to 57.96% of the issued share capital of the Company (Note 17).

Principal activities of the entities forming the Group and the Company's effective ownership interest in these entities as at 30 June 2021 and 31 December 2020 were as follows:

Entity	Principal activity	Country of registration	Effective ownership ratio, %	
			30 June 2021	31 December 2020
KSG Agro S.A.	Holding company	Luxembourg		
KSG Agricultural and Industrial Holding LTD	Subholding company	Cyprus	100%	100%
KSG Dnipro LLC	Crop farming	Ukraine	100%	100%
Agro Golden LLC	Crop farming	Ukraine	100%	100%
Souz-3 LLC (Note 15)	Disposed	Ukraine	-	100%
Agro-Trade House Dniprovsky LLC	Crop farming	Ukraine	100%	100%
SPE Promvok LLC	Crop farming	Ukraine	100%	100%
Scorpio Agro LLC	Crop farming	Ukraine	100%	100%
Agrofirm Vesna LLC (Note 15)	Disposed	Ukraine	-	100%
Trade House of the Ukrainian Agroindustrial Holding LLC (Note 15)	Disposed	Ukraine	-	100%
Hlebna Liga LLC	Dormant	Ukraine	100%	100%
Enterprise #2 of Ukrainian Agricultural and Industrial Holding LLC	Dormant	Ukraine	100%	100%
KSG Trade House LTD	Dormant	Ukraine	100%	100%
Askoninteks LLC	Dormant	Ukraine	100%	100%
Abbondanza SA	Trade of agricultural products	Switzerland	50%	50%
Parisifia LTD	Intermediate holding company	Cyprus	50%	50%
Agroplaza LLC	Intermediate holding company	Ukraine	50%	50%
Kolosyste LLC	Dormant	Ukraine	50%	50%
Stepove LLC	Dormant	Ukraine	50%	50%
Dzherelo LLC	Dormant	Ukraine	50%	50%
Rantye LLC	Pig breeding	Ukraine	50%	50%
Strong-Invest LLC	Pig breeding	Ukraine	50%	50%
Modern Agricultural Investments LLC	Pig breeding	Ukraine	50%	-
Pererobnyk PE LLC (i)	Dormant	Ukraine	25%	25%
Ukrzernoprom - Prudy LLC (ii)		Ukraine	50%	50%
Ukrzernoprom - Uyutne LLC (ii)	Dormant, assets are on occupied territory	Ukraine	50%	50%
Ukrzernoprom - Kirovske LLC (ii)		Ukraine	50%	50%
Ukrzernoprom - Yelizavetove LLC (ii)		Ukraine	50%	50%

KSG Agro S.A.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

for the six months ended 30 June 2021

(All amounts in thousands of US dollars, unless otherwise stated)

(i) The Group has no operating control over the company and accounts for this investment under the equity method, although it is not separately presented in the consolidated financial statements due to its immateriality.

(ii) Ukrzernoprom entities are located in Crimea and are not consolidated, as the Group has no operating control over them since October 2014. Carrying values of the associated investments had been written down to zero.

The Group consolidates all other subsidiaries, including those where it owns less than 51 per cent of the equity shares. Based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of these subsidiaries. Relevant activities of the subsidiaries are determined by their boards of directors based on simple majority votes. Therefore, management of the Group concluded that the Group has control over the subsidiaries and the subsidiaries are consolidated in these financial statements.

3. Operating Environment and Going Concern

In determining the appropriate basis for preparation of the consolidated financial statements, the Board of Directors and management are required to consider whether the Group can continue in operational existence for the foreseeable future. Financial performance of the Group is naturally dependent upon weather conditions in areas of operation and the wider economic environment of Ukraine. In addition, the Group had to tackle the challenges of low liquidity and the coronavirus.

As discussed in the Group's last annual financial statements, the Board of Directors and management are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Based on their analysis of the impact on the Group's business from the operating environment and the ongoing coronavirus pandemic, based on the successful results of loan restructuring and current improvements in key financial ratios of the Group, the Board of Directors and management believe that the Group can continue as a going concern for the next twelve months from the date these financial statements are being issued.

4. Adoption of New or Revised Standards and Interpretations

Management have reviewed the following new and amended IFRS Standards and Interpretations and adopted the ones that are effective for annual periods beginning on or after 1 January 2021:

- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9;
- Amendment to IFRS 16 'Leases' – Covid-19 related rent concessions;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2;
- Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities;
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- IFRS 17 'Insurance contracts'.

As a result of the review, management conclude that adoption of the above Standards and Interpretations will not have any material effect on the disclosures or on the amounts reported in both current and future periods.

5. Summary of Significant Accounting Policies

Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of IFRS issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and as adopted by the European Union.

Specifically, these financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements').

These financial statements are condensed, i.e. they do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that management deemed significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

KSG Agro S.A.**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

for the six months ended 30 June 2021

(All amounts in thousands of US dollars, unless otherwise stated)

The accounting policies applied in these interim financial statements are the same as those applied in the Group's last annual financial statements. Any changes in accounting policies during the interim period are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2021.

Functional and presentation currency

The currency of each consolidated entity is the currency of the primary economic environment in which the entity operates. The functional currency for the majority of the consolidated entities is the Ukrainian hryvnia. As the Group's management use USD when monitoring operating results and financial condition of the Group, the presentation currency of these financial statements is USD.

The exchange rates used for translating foreign currency balances were:

	USD	EUR
As at 31 December 2020	28.2746	34.7396
Average for the six months ended 30 June 2020	25.9834	28.6091
As at 30 June 2021	27.1763	32.3018
Average for the six months ended 30 June 2021	27.7792	33.4936
As at the date these financial statements are being issued	26.7686	31.4210

6. Critical Accounting Estimates and Judgements

Management make estimates and assumptions that affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also make certain judgements, apart from those involving estimations, in the process of applying the Group's accounting policies.

The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements.

7. Biological Assets

	30 June 2021		31 December 2020	
Non-current biological assets (swines)	Units	Amount	Units	Amount
Sows (i)	5,279	28,933	5,404	27,808
Boars	28	7	39	8
Total non-current biological assets		28,940		27,816
Current biological assets (swines)	Units	Amount	Units	Amount
Pigs and piglets	40,780	2,514	41,416	1,904
Current biological assets (crops)	Hectares	Amount	Hectares	Amount
Wheat	7,061	4,309	7,061	3,295
Barley	1,176	640	1,176	565
Rapeseed	1,856	967	1,856	290
Sunflower	8,377	1,088	-	-
Corn	1,804	287	-	-
Other		329		252
Total current biological assets		10,134		6,306
Total biological assets		39,074		34,122

(i) In 2021, the Group started the project to gradually renew its sow population in Ukraine to increase the birth rate of piglets. For this purpose, the Group is in talks with SUISAG, a pig genetics company from Switzerland and Genesus, a Canadian genetics company. As at the date these financial statements are being issued, the Group expects to receive the first batch of sows from Genesus.

KSG Agro S.A.**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

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8. Inventories and Agricultural Produce

	30 June 2021	31 December 2020
Agricultural produce	1,554	1,544
Land cultivation and harvesting	2,359	1,903
Seeds, fertilisers, crop protection products	1,312	1,267
Construction materials	490	1,154
Fodder (raw materials)	788	860
Fodder (processed)	91	142
Fuel	591	758
Goods for resale	157	232
Other	76	92
Total inventories and agricultural produce	7,418	7,952

9. Trade Receivables

	30 June 2021	31 December 2020
Receivables from customers	3,446	7,482
Less: impairment	(1,907)	(5,592)
Total trade receivables	1,539	1,890

10. Other Financial Assets

	30 June 2021	31 December 2020
Company loans issued	1,902	3,885
Less: impairment of company loans issued	(896)	(3,039)
Other receivables (i)	3,519	784
Less: impairment of other receivables	(3,140)	(498)
Total other financial assets	1,385	1,132

(i) As at 30 June 2021, other receivables of USD 2,627 thousand relate to Souz-3 LLC which was disposed (Note 15).

11. Bank and Other Loans

Bank and other loans were denominated in the following currencies:

	30 June 2021	31 December 2020
US Dollar (USD)	15,270	27,316
Ukrainian Hryvnia (UAH)	14,886	82
Total bank and other loans	30,156	27,398

As at 31 December 2020, the Group's only long-term bank loans were in the form of a credit line with TASCOMBANK, in the total amount of USD 12,201 thousand and denominated in US Dollar. The fact that US Dollar is not the functional currency of the Group subsidiaries who received the loans, made the Group highly susceptible to currency risk.

To mitigate the currency risk, management have arranged for the change in currency of the loans from TASCOMBANK to the functional currency at the cost of switching from a fixed interest rate to a variable rate.

As at 30 June 2021, as a result of the new arrangement, which became effective from the first quarter of 2021, the total amount of foreign-currency bank loans is USD nil. The annualised rate on the revised loans for 2021 is not expected to be higher than 12.5% while the average of fixed rates on the same loans in 2020 was around 10%. For comparison, while the increase in interest rates is expected to be not higher than 2.5%, foreign currency exchange rates have first decreased by 14% in 2019 and then increased by 19% in 2020.

KSG Agro S.A.**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

for the six months ended 30 June 2021

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12. Other Financial Liabilities

	30 June 2021	31 December 2020
Other payables	3,866	10,268
Short-term promissory notes issued	1,999	2,344
Company loans received	2,107	1,683
Wages and salaries payable	208	160
Total other financial liabilities	8,180	14,455
Less: non-current portion of other payables (i)	-	(5,941)
Total current portion	8,180	8,514

(i) Non-current portion of other payables as at 31 December 2020 represents the carrying amount of liabilities assumed with the acquisition of Souz-3 LLC. As at 30 June 2021, Souz-3 LLC has been disposed (Note 15).

At the date these financial statements are being issued, the total balance of 'other financial liabilities' as at 31 December 2020 has further decreased. It was partly settled in cash and partly through disposal of subsidiaries Agrofirma Vesna LLC, Trade House UAIH LLC and Souz-3 LLC (Note 15).

13. Operating Segments

Information about operating segments for the six months ended 30 June 2021 is as follows:

	Crop Farming	Pig Breeding	Other	Total
Revenue, including:				
- sales of goods	235	5,389	454	6,078
- rendering of services	728	-	-	728
Revenue from external customers	963	5,389	454	6,806
Gain/(loss) on biological transformation, net	811	635	-	1,446
Cost of sales	(310)	(5,322)	(144)	(5,776)
Segment profit/(loss)	1,464	702	310	2,476

Information about operating segments for the six months ended 30 June 2020 is as follows:

	Crop Farming	Pig Breeding	Other	Total
Revenue, including:				
- sales of goods	489	5,003	319	5,811
- rendering of services	1,930	-	-	1,930
Revenue from external customers	2,419	5,003	319	7,741
Gain/(loss) on biological transformation, net	990	512	-	1,502
Cost of sales	(1,078)	(4,643)	(142)	(5,863)
Segment profit/(loss)	2,331	872	177	3,380

Seasonality of operations

Crop Farming segment, due to seasonality and implications of relevant reporting standards, in the first half of the year mainly reflects the sales of carried forward agricultural produce and effect of biological assets revaluation, while during the second half of the year it reflects sales of crops and effect of revaluation of agricultural produce harvested during the year. Also, crop farming has seasonal requirements for working capital increase during November-May, to finance land cultivation work. Other segments are not significantly exposed to seasonal fluctuations.

KSG Agro S.A.**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

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14. Related Parties

Significant transactions with related parties were as follows:

	Six months 2021		Six months 2020	
	Parent and owners	Entities under common control	Parent and owners	Entities under common control
Income				
Sales of pigs and pork	-	2,123	-	764
Other services	-	63	-	13
Expenses				
Interest expense on loans	156	-	156	-

15. Disposal of Subsidiaries

In May 2021, the Group disposed of its subsidiaries Souz-3 LLC, Agrofirma Vesna LLC, Trade House of the Ukrainian Agroindustrial Holding LLC ("Trade House UAIH LLC").

Agrofirma Vesna LLC and Trade House of the Ukrainian Agroindustrial Holding LLC are dormant entities. Souz-3 LLC is a production entity involved in crop farming, but had been acquired with massive liabilities and shall remain outside of the legal holding structure of the Group until such liabilities are settled. Details on the acquisition of Souz-3 are provided in the last annual financial statements.

Effect of these disposals for the six months ended 30 June 2021 was as follows:

	Souz-3 LLC	Agrofirma Vesna LLC	Trade House UAIH LLC	TOTAL
Effective ownership ratio, %	100%	100%	100%	
Property, plant and equipment	512	71	224	807
Current biological assets	517	-	-	517
Inventories and agricultural produce	201	-	-	201
Trade receivables	29	-	415	444
Other financial assets	143	616	450	1,209
Taxes recoverable	51	-	-	51
Prepaid assets	-	-	257	257
Trade payables	(476)	-	(194)	(670)
Other financial liabilities	(7,785)	(1,766)	(972)	(10,523)
Tax liabilities	(49)	-	-	(49)
Cash and cash equivalents	-	-	-	-
Net liabilities disposed	(6,857)	(1,079)	180	(7,756)
Currency translation reserve realised	314	(958)	(4,457)	(5,101)
Cash consideration received	-	-	-	-
Gain on disposal of subsidiaries	(6,543)	(2,037)	(4,277)	(12,857)
Cash consideration received	-	-	-	-
Net cash disposed with the subsidiary	-	-	-	-
Net cash flow on disposal	-	-	-	-

KSG Agro S.A.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

for the six months ended 30 June 2021

(All amounts in thousands of US dollars, unless otherwise stated)

16. Long-term Investment Projects

In 2021, the Group started the project to gradually renew its sow population in Ukraine to increase the birth rate of piglets.

For this purpose, the Group is in talks with SUISAG, a pig genetics company from Switzerland and Genesus, a Canadian genetics company. As at the date these financial statements are being issued, the Group expects to receive the first batch of sows from Genesus.

The Group is also considering an international investment project, with several partners, to build a breeding complex for 50 thousand pigs in Kazakhstan with an estimated total cost of € 30 million.

Long-term investments of USD 2,445 thousand in the consolidated statement of financial position as at 30 June 2021, represent the initial project commitment funds allocated for these investment projects.

17. Events After the Reporting Period

On 5 August 2021, KSG Agro S.A. received a formal notification from its immediate parent OLBIS Investments LTD. S.A. on the reduction in the number of shares OLBIS Investments LTD. S.A. holds in the Company by more than 1%.

The change in direct participation was a result of the sale of its 1 million shares in the Company on 2 August 2021.

Prior to the sale, OLBIS Investments LTD. S.A. held 9.7 million shares, which amounted to 64.62% of the issued share capital. After the sale, OLBIS Investments LTD. S.A. holds 8.7 million shares, which is 57.96% of the issued share capital.

Buyers of the shares were parties not related to the Group.