KSG Agro

INTERIM REPORT

January – March 2024

KSG Agro S.A.
Société Anonyme
24, rue Astrid
L-1143 Luxembourg
R.C.S. B 156.864

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2024

TABLE OF CONTENTS

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.

IMPACT OF THE WAR EVENTS IN UKRAINE

On 24 February 2022, Russia started a full-scale invasion of Ukraine. Because the Group's key assets and operations are in Ukraine, the Group might be significantly affected by these events. Management's analysis of the risks and uncertainties surrounding the Invasion, as well as management's strategy and actions to mitigate those risks, are outlined in Note 7 to the interim condensed consolidated financial statements. The outcome of the Invasion, however, is impossible to predict at this time.

Since the start of the Russian Invasion, no fighting occurred in close vicinity to the Group's assets. The Group's pig farm and its crop fields are located in the center of Ukraine, which hasn't seen any fighting yet.

As at the date of this report, the Group is successfully providing its spring sowing campaign and does not expect significant interruptions to its production cycle in the near future.

Where possible, the judgments and estimates used in the accompanying financial statements were updated to reflect the impact of the ongoing war events. However, adopting a more conservative approach, management only considered the events that had an unfavorable effect on such judgments and estimates.

OPERATIONAL HIGHLIGHTS

The Group continues to implement its simple strategy of focusing on three winter crops, two summer crops and pigs of a single breed. The Group's products, being basic food products, are always in demand, and remain in especially high demand in 2024, during war time.

The sowing campaign is carried out as planned, without major interruptions from the war activities.

As at date of this report, the Group has conducted sowing of sunflower on a planted area of 7,700 hectares, wheat on a planted area of 2,200 hectares and rapeseed on a planted area of 1,430 hectares.

FINANCIAL HIGHLIGHTS

Consolidated financial results of the Group for the three months ended 31 March 2024 and 2023 were as follows:

In thousands of US dollars	**Three months 2024**	**Three months 2023**	**Change, %**
Revenue	5 016	5 116	-2%
Gain/(loss) on biological transformation, net	1 057	100	957%
Cost of sales	(3 810)	(3 154)	21%
Gross profit	**2 263**	**2 062**	**10%**
Operating profit	**1 607**	**1 535**	**5%**
Depreciation and amortisation	222	338	-34%
EBITDA	**1 829**	**1 873**	**-2%**
Profit for the period	**960**	**1 528**	**-37%**

Revenue in 2024 was minimally lower compared to first quarter of 2023. Just like the prior year, in 2024 the Group used more of its own grain for feed production instead of purchasing it (to decrease reliance on outside suppliers of feed components during wartime). In 2024 the Group continues to export crops.

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

ISSUANCE OF CORPORATE BONDS

From January to March, the Group has received upwards of USD 1,4 million as total proceeds from its issue of bonds. These are interest-bearing, ordinary, unsecured corporate bonds, denominated in USD. The bonds were purchased by private investors.

The issue of bonds provides the Group with additional financing of capital expenditures, as well as a lower interest rate than its current bank loans.

SUBSEQUENT EVENTS

All significant events that occurred after the end of the reporting period are described in Note 14 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.

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.

Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is mostly susceptible to the currency risk with regard to its long-term loan from a related party.

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.

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 is sufficient.

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.

In thousands of US dollars	**March 31, 2024**	**December 31, 2023**
Bank and other loans	15 168	15 838
Less: cash and cash equivalents	(108)	(206)
Net debt	15 060	15 632
Total equity	304	(834)
Net Debt to Equity Ratio	49,5	(18,7)

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 most of the 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 which hold an executive role (Directors A), and two directors are non-executive directors (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 shareholder’s 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 23 May 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:

- Demaline Holding LTD holds eight million seven hundred and five thousand five hundred (8,705,500) shares, representing 57.96% 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 six million two hundred and eighty-two thousand three hundred twenty-eight (6,282,328) shares, representing 41.83% of the issued share capital of the Company.

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 three months ended 31 March 2024 was approved for issue on 27 May 2024.

A.V. Skorokhod (Chief Executive Officer)	Y.V. Kyselova (Chief Financial Officer)

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 31 March 2024 and for the three 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 three months ended 31 March 2024, 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 31 March 2024 and for the three months then ended were approved for issue on 27 May 2023.

A.V. Skorokhod (Chief Executive Officer)	Y.V. Kyselova (Chief Financial Officer)

in thousands of USD	Note	March 31, 2024	December 31, 2023
ASSETS			
Property, plant and equipment		10 525	10 422
Long-term biological assets		4 276	4 414
Right-of-use assets		998	1 030
Total non-current assets		**15 799**	**15 866**
Current biological assets		5 355	3 819
Inventories and agricultural produce	9	8 274	7 668
Trade receivables	10	1 334	1 289
Other financial assets		306	642
Taxes recoverable		506	444
Advances to suppliers		1 413	1 832
Cash and cash equivalents	8	108	206
Total current assets		**17 296**	**15 900**
TOTAL ASSETS		**33 095**	**31 766**
EQUITY			
Share capital		150	150
Share premium		37 366	37 366
Treasury shares		(112)	(112)
Retained earnings		(25 727)	(26 687)
Currency translation reserve		(11 373)	(11 551)
Equity attributable to owners of the Company		**304**	**(834)**
Non-controlling interests		**-**	**-**
TOTAL EQUITY		**304**	**(834)**
LIABILITIES			
Bank and other loans	11	6 441	5 037
Lease liabilities		1 208	848
Total non-current liabilities		**7 649**	**5 885**
Trade payables		5 307	4 792
Other financial liabilities	12	7 731	8 492
Bank and other loans - current	11	8 727	10 801
Advances from customers		1 443	939
Lease liabilities - current		1 629	1 454
Tax liabilities		305	237
Total current liabilities		**25 142**	**26 715**
TOTAL LIABILITIES		**32 791**	**32 600**
TOTAL LIABILITIES AND EQUITY		**33 095**	**31 766**

Approved for issue and signed on behalf of the Board of Directors on 27 May 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

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

in thousands of USD	**Note**	**Three months 2024**	**Three months 2023**
Revenue	13	5 016	5 116
Gain/(loss) on biological transformation		1 057	100
Cost of sales		(3 810)	(3 154)
Gross profit		**2 263**	**2 062**
Selling, general and administrative expenses		(656)	(527)
Operating profit		**1 607**	**1 535**
Finance expenses		(411)	(674)
Gain/(loss) on disposal of subsidiaries		-	756
Other gains and losses		(236)	(89)
Profit before tax		**960**	**1 528**
Income tax expense		-	-
Profit for the period		**960**	**1 528**
Other comprehensive income/loss			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		178	(82)
Total comprehensive income for the period		**1 138**	**1 446**
Profit attributable to:			
Owners of the Company		960	1 531
Non-controlling interests		-	(3)
Profit for the period		**960**	**1 528**
Total comprehensive income attributable to:			
Owners of the Company		1 138	1 449
Non-controlling interests		-	(3)
Total comprehensive income for the period		**1 138**	**1 446**
Earnings per share			
Weighted average number of common share outstanding, thousand		**15 020**	**15 020**
Basic and diluted earnings per share, USD		**0,06**	**0,10**

Approved for issue and signed on behalf of the Board of Directors on 27 May 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

KSG Agro S.A.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

for the three months ended 31 March 2024

in thousands of USD	Note	Three months 2024	Three months 2023
Cash flow from operating activities			
Profit before tax		**960**	**1 528**
Adjustments for:			
Depreciation and amortisation		222	338
(Gain)/loss on biological transformation		638	(100)
Finance expenses, net		-	674
Exchange differences		(311)	(55)
(Gain)/loss on disposal of subsidiaries		-	(756)
Operating cash flow before working capital changes		**1 509**	**1 629**
Change in trade receivables and other financial assets		710	2 025
Change in current biological assets		(1 536)	90
Change in inventories and agricultural produce		(606)	(744)
Change in tax assets and liabilities		(62)	66
Change in trade payables and other financial liabilities		258	(755)
Cash generated from operations		**273**	**2 311**
Interest paid on loans and leases		(670)	(645)
Income tax paid		68	-
Cash generated from / (used in) operating activities		**(329)**	**1 666**
Cash flow from investing activities			
Payments for acquisition of property, plant and equipment		(1 120)	(362)
Proceeds from disposal of property, plant and equipment		820	-
Acquisition of long-term biological assets		-	(302)
Disposal of subsidiaries, net of cash disposed		-	-
Cash generated from / (used in) investing activities		**(300)**	**(664)**
Cash flow from financing activities			
Proceeds from bank and other loans		-	6 033
Repayment of bank and other loans		-	(7 077)
Repayment of leases		535	-
Cash generated from / (used in) financing activities		**535**	**(1 044)**
Net increase / (decrease) in cash and cash equivalents		**(94)**	**(42)**
Cash and cash equivalents at the beginning of the year		206	271
Effect of exchange rate differences on cash and cash equivalents		(4)	-
Cash and cash equivalents at the end of the year		**108**	**229**

Approved for issue and signed on behalf of the Board of Directors on 27 May 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

s are an integral part of these interim condensed consolidated financial statements

	Attributable to owners of the Company							
in thousands of USD	**Share capital**	**Share premium**	**Treasury shares**	**Currency translaytion reserve**	**Retained earnings**	**Total attributable to owners of the Company**	**Non-controllin g interest**	**TOTAL EQUITY**
Balance as at 1 January 2023	**150**	**37 366**	**(112)**	**(11 163)**	**(38 681)**	**(12 440)**	**(18)**	**(12 458)**
Profit for the period	-	-	-	-	1 531	1 531	(3)	1 528
Other comprehensive income	-	-	-	(82)	-	(82)	-	(82)
Total comprehensive income for the period	**-**	**-**	**-**	**(82)**	**1 531**	**1 449**	**(3)**	**1 446**
Disposal of subsidiaries	-	-	-	(353)	-	(353)	-	(353)
Balance as at Three months 2023	**150**	**37 366**	**(112)**	**(11 598)**	**(37 150)**	**(11 344)**	**(21)**	**(11 365)**
						-		-
Balance as at 1 January 2024	**150**	**37 366**	**(112)**	**(11 551)**	**(26 687)**	**(834)**	**-**	**(834)**
	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	960	960	-	960
Other comprehensive income	-	-	-	178	-	178	-	178
Total comprehensive income for the period	**-**	**-**	**-**	**178**	**960**	**1 138**	**-**	**1 138**
						-		-
Disposal of subsidiaries	-	-	-	-	-	-	-	-
Balance as at Three months 2024	**150**	**37 366**	**(112)**	**(11 373)**	**(25 727)**	**304**	**-**	**304**

Approved for issue and signed on behalf of the Board of Directors on 27 May 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

(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 Demaline Holding LTD, registered in Cyprus, and the ultimate controlling party is Mrs. Kseniia Kasianova. Demaline Holding LTD holds 57.96% of the issued share capital of the Company, 0.21% of shares are treasury shares and the remaining 41.83% are free float shares listed on the Warsaw Stock Exchange.

Principal activities of the entities forming the Group and the Company's effective ownership interest in these entities as at 31 March 2024 and 31 December 2023 were as follows:

Entity	Principal activity	Country of registration	Effective ownership ratio, % (ii)	
			March 31, 2024	**December 31, 2023**
KSG Agro S.A.	Holding company	Luxembourg		
KSG Agricultural and Industrial Holding LTD	Subholding company	Cyprus	100%	100%
Parisifia Trading LTD	Intermediate holding company	Cyprus	100%	100%
KSG Energy Group LTD	In liquidation	Cyprus	50%	50%
KSG Agro Polska	Trade of agricultural products	Poland	100%	100%
KSG Dnipro LLC	Crop farming	Ukraine	100%	100%
Agro-Trade House Dniprovsky LLC	Dormant	Ukraine	100%	100%
Scorpio Agro LLC	Dormant	Ukraine	100%	100%
Enterprise #2 of Ukrainian Agricultural and Industrial Holding LLC	Dormant	Ukraine	100%	100%
Agroplaza LLC	Intermediate holding company	Ukraine	100%	100%
Kolosyste LLC	Dormant	Ukraine	100%	100%
Stepove LLC	Dormant	Ukraine	100%	100%
Dzherelo LLC	Dormant	Ukraine	100%	100%
Rantye LLC	Dormant	Ukraine	100%	100%
Strong-Invest LLC	Pig breeding	Ukraine	100%	100%
Modern Agricultural Investments LLC	Dormant	Ukraine	100%	100%
Ukrzernoprom - Prudy LLC (i)	Dormant	Ukraine	100%	100%
Ukrzernoprom - Uyutne LLC (i)	Dormant	Ukraine	100%	100%

The Group fully consolidates all 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 business 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. To mitigate these risks, the Group continues to implement its strategy of focusing on more profitable segments, pig breeding and crop farming, and improving their performance.

As discussed in the Group's last annual financial statements, management are not aware of any uncertainties which might jeopardize going concern, other than the outcome of the ongoing Russian Invasion, its impact on the security of the Group's assets and its long-lasting effects on Ukrainian economy. Management's analysis of the risks and uncertainties surrounding the Invasion, as well as management's strategy and actions to mitigate those risks, are outlined in Note 3 of the Group's last annual financial statements.

The Board of Directors concluded that, based on the above analysis, and except for the uncertainty regarding the outcome of the ongoing Russian Invasion, its impact on the security of the Group's assets and its long-lasting effects on Ukrainian economy, there is reasonable expectation that the Group can continue as a going concern for the next twelve months from the date these financial statements are being issued. Therefore, these consolidated financial statements have been prepared on a going concern basis.

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 2024:

- New standard IFRS 17 Insurance Contracts;
- Amendments to IAS 1, IAS 8 and IAS 12.

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 the 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 2023 ('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.

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 2024.

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

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 most 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/UAH	**EUR/UAH**
As at 31 December 2023	37.9824	42.2079
Average for the year ended 31 December 2023	36.5751	39.5613
As at 31 March 2023	39.2214	42.3670
Average for the period ended 31 March 2024	38.1684	41.4564
As at the date these financial statements are being issued	39.9205	43.3137

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management make estimates and assumptions that affect the amounts recognized in the financial statements. Estimates and assumptions 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 Russian Invasion of Ukraine had started in late February 2022 and is still ongoing as at the date these consolidated financial statements are being issued. Because the Group's key assets and operations are in Ukraine, a number of the Group's estimates, assumptions and judgments used to compile these consolidated financial statements might be significantly affected by these events. Furthermore, some assumptions involve varying degrees of uncertainty and would even be impossible to formulate at this time; especially those relating to the outcome of the Russian Invasion.

Where possible, the judgments and estimates used in these consolidated financial statements were updated to reflect the impact of the ongoing war events. Other judgments and estimates were the same as those that applied to the last annual financial statements.

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

7. RUSSIAN INVASION OF UKRAINE. CURRENT SITUATION

On 24 February 2022, Russia started a full-scale invasion of Ukraine. After an initial series of air strikes, which targeted key military infrastructure, Russian ground troops moved in across the whole length of the state border between Russia and Ukraine (north-east and east), as well as south from the annexed Crimea. Facing heavy resistance from the Ukrainian forces, Russian ground troops failed to gain a significant foothold in Ukraine fast enough and their ground progress has eventually stalled.

Since the start of the Russian Invasion, no fighting occurred in close vicinity to the Group's assets. The Group's pig farm and its crop fields are located in the center of Ukraine, which hasn't seen any fighting yet.

Current situation

Since the start of the year, up to the date these consolidated financial statements are being issued, Russia's offensive efforts were still concentrated far from the Group's locations, while the Ukrainian army has gradually begun a large-scale counter-offensive, planned to continue over the winter months. Neither the Ukrainian counter-offensive, nor the Russian attempts to further advance in Donbas, are expected to directly affect the Group in the short-term.

Earlier in June 2023, the Kakhovka Dam on the Dnipro River was destroyed, flooding the areas downstream and drying up several irrigation canals upstream. The Group partly relied on water supplied from those canals, but the Group switched to alternative sources of water and does not anticipate water shortages in the near future. None of the Group's locations are downstream from the Dam and hence were not affected by the flooding.

Management does not expect significant interruptions to its production cycle in the near future.

8. CASH AND CASH EQUIVALENTS

The balances of cash and cash equivalents were as follows:

	March 31, 2024	December 31, 2023
Cash in banks in EUR	-	-
Cash in banks in UAH	63	161
Cash in banks in USD	45	45
Cash on hand	-	-
Total	**108**	**206**

9. INVENTORIES AND AGRICULTURAL PRODUCE

	March 31, 2024	December 31, 2023
Agricultural produce	3 497	3 604
Land cultivation and harvesting - third parties	247	1 054
Land cultivation and harvesting - fallow land (i)	1 089	1 056
Seeds, fertilisers, crop protection products	1 020	510
Construction materials	117	189
Fodder (raw materials)	1 400	384
Fodder (processed)	286	24
Fuel	470	709
Other materials	148	138
Total inventories and agricultural produce	**8 274**	**7 668**

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

10. TRADE RECEIVABLES

The balance of receivables from customers and related impairment was as follows:

	March 31, 2024	December 31, 2023
Receivables from customers	2 473	1 788
Less: impairment	(839)	(499)
Total trade receivables	**1 634**	**1 289**

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

11. BANK AND OTHER LOANS, AND BONDS

Changes in bank and other loans, and bonds, were as follows:

	March 31, 2024	**December 31, 2023**
Bank loans	8 474	10 514
Corporate bonds	4 441	3 037
Loan from Parent	2 000	2 000
Interest payable	253	287
Total bank and other loans	**15 168**	**15 838**

As at 31 March 2024, the Group's bank loans were represented by the long-term credit line with TASCOMBANK.

In December 2022, the Group negotiated new credit terms with TASCOMBANK which better reflect the Group's financing needs during wartime. The new terms are effective from the first quarter of 2023.

Under the new terms, the established total credit limit for TASCOMBANK loans remains at UAH 450 million, interest rates for tranches in UAH are capped at 30% per annum and allow for partial compensation of the rate by state-funded programs, while interest rates for tranches in USD and EUR are fixed at 9% per annum. The credit line matures in December 2025.

The format of the credit line assumes that the Group will be repaying and re-drawing tranches within the credit line's limit each year, so the bank formally classifies all debt under this credit line as short-term. In 2023, the Group repaid all TASCOMBANK loan balances existing as at 31 December 2022 and received new tranches in similar amounts. The same is expected for 2024.

As a result, all bank loan balances are presented in the consolidated financial statements as short-term liabilities, even though full repayment of the TASCOMBANK credit line is not actually due until December 2025.

The bank also issued a formal letter to the Group, confirming that the Group would be able to re-draw tranches once repaid, and that the bank does not intend to halt, or in any way reduce, financing to the Group until at least December 2025.

On December 29, 2023 the bank issued a waiver, confirming its awareness of the potential for the Group to violate the financial covenants of the Loan agreements. The bank stated that it would refrain from imposing any fees or penalties and would not demand full repayment on the event of a covenant breach. Nevertheless, it`s important to note that the Group ultimately did not breach any of the covenants.

As at 31 December 2023, bank loans were secured by collateral in the form of property, plant and equipment pledged by the Group with a total net book value of USD 6,504 thousand (2022: USD 6,746 thousand) and real estate pledged by related parties.

As at 31 December 2023, the ultimate controlling party and other related parties each pledged real estate of estimated value, according to the pledge agreement, of, respectively, USD 4,017 thousand and USD 9,933 thousand, as collateral for the Group's bank loans in the amount of USD 10,514 thousand (2022: respectively, USD 4,803 thousand and USD 9,501 thousand for the Group's bank loans in the amount of USD 12,246 thousand).

Loan from OLBIS Investments LTD S.A., is owed by the Group subsidiary KSG Agricultural and Industrial Holding Limited, and becomes due in December 2036, together with all interest accrued up to that date. Interest rate on the loan is 3% per annum. In December 2023, OLBIS Investments LTD S.A. exchanged a total amount of USD 13,180 thousand of the loan balance, comprising USD 8,272 thousand of principal and all accrued interest of 4,908 thousand, for 1 share in the share capital of KSG Agricultural and Industrial Holding Limited, thereby decreasing the loan's balance to USD 2,000 thousand.

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

During 2023 KSG Dnipro, one of the Group's key operating subsidiary in Ukraine, have successfully registered issues of series A and B of interest-bearing, ordinary, unsecured, USD denominated, corporate bonds with Ukraine's National Securities and Stock Market Commission.

Bonds terms and conditions:

Series	**Issue date**	**Total nominal value (USD th.)**	**Annual coupon**	**Maturity date**
A	September 2023	1 500	7%	March 2025
B	November 2023	1 500	7%	April 2025

Type	**Amount (thousand USD)**	**Date of subscription**	**Maturity date**
Series A	1,498,000	20.09.2023	05.03.2025
Series A	25,000	02.10.2023	05.03.2025
Series B	1,115,000	02.11.2023	30.04.2025
Series B	304,000	02.11.2023	30.04.2025
Series B	101,000	16.11.2023	30.04.2025

During 2023 Strong-Invest, one of the Group's key operating subsidiary in Ukraine, have successfully registered issues of series A and B of interest-bearing, ordinary, unsecured, UAH denominated corporate bonds with Ukraine's National Securities and Stock Market Commission.

During first quarter of 2024 KSG Dnipro, one of the Group's key operating subsidiary in Ukraine, have successfully registered issues of series C and D of interest-bearing, ordinary, unsecured, USD denominated, corporate bonds with Ukraine's National Securities and Stock Market Commission.

Bonds terms and conditions:

Series	**Issue date**	**Total nominal value (USD th.)**	**Annual coupon**	**Maturity date**
C	February 2024	2 500	7%	August 2025
D	April 2024	2 500	7%	October 2025

Type	**Amount (thousand USD)**	**Date of subscription**	**Maturity date**
Series C	1,014,330	26.02.2024	21.08.2025
Series C	339,965	20.03.2024	21.08.2025

12. OTHER FINANCIAL LIABILITIES

	March 31, 2024	**December 31, 2023**
Other payables	2 870	3 422
Short-term promissory notes issued	2 015	1 910
Company loans received	2 698	2 888
Wages and salaries payable	148	272
Total other financial liabilities	**7 731**	**8 492**

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

13. OPERATING SEGMENTS

Information about operating segments for the three months ended 31 March 2024 is as follows:

	Pig Breeding	Crop Farming	Other	Total
Revenue, including:				
- total sales of goods	2 470	3 210	-	5 680
- less: inter-segment sales of goods (i)	-	(680)	-	(680)
- rendering of services	-	-	16	16
Revenue from external customers	**2 470**	**2 530**	**16**	**5 016**
Gain/(loss) on biological transformation, net	-	1 057	-	1 057
Cost of sales	(1 965)	(1 808)	(37)	(3 810)
Segment profit/(loss)	**505**	**1 779**	**(21)**	**2 263**

Information about operating segments for the three months ended 31 March 2023 is as follows:

	Pig Breeding	Crop Farming	Other	Total
Revenue, including:				
- total sales of goods	2 600	3 560	-	6 160
- less: inter-segment sales of goods (i)	-	(1 080)	-	(1 080)
- rendering of services	-	-	36	36
Revenue from external customers	**2 600**	**2 480**	**36**	**5 116**
Gain/(loss) on biological transformation, net	100	-	-	100
Cost of sales	(1 670)	(1 404)	(80)	(3 154)
Segment profit/(loss)	**1 030**	**1 076**	**(44)**	**2 062**

(i) To decrease its reliance on outside suppliers of feed components for wartime logistical reasons, in 2023 and 2024 the Group used more of its own grain for feed production instead of purchasing it, as compared to prior years. This also helped achieve a noticeable decrease in fodder costs for the pig business.

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.

14. EVENTS AFTER THE REPORTING PERIOD

As at date of this report, the Group has conducted sowing of sunflower on a planted area of 7,700 hectares, wheat on a planted area of 2,200 hectares and rapeseed on a planted area of 1,430 hectares.

There were no other material subsequent events.