KSG Agro

INTERIM REPORT

January – September 2024

KSG Agro S.A.
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UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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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.

The Company did not carry out any activities in research and development in the current period.

IMPACT OF RUSSIA’S INVASION OF 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 the invasion, which is still ongoing. 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 6 to the interim condensed consolidated financial statements. The outcome of the invasion, however, is impossible to predict at this time.

Since the start of Russia’s invasion, no fighting occurred in close vicinity to the Group’s assets. The Group’s pig farm and its crop fields are located on the western bank of the Dnipro river, which is fully controlled by the Ukrainian government.

As at the date of this report, the Group had successfully completed its summer harvesting 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 consolidated 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.

Crop Farming

Harvesting of winter crops in July was carried out as planned, without major interruptions from the war activities. The yields were 1.5 tons per hectare for rapeseed, and 4.5 tons per hectare for wheat, 1.3 tons per hectare for coriander.

As at the date of this report, the Group has also finished harvesting sunflower on an area of 7.3 thousand hectares with a yield of 1.5 tons per hectare, which is well within the expected range.

In parallel with the sunflower harvesting campaign, the Group sowed winter wheat on an area of 6,3 thousand hectares. Insufficient precipitation during the weeks leading up to the sowing campaign resulted in lower moisture levels in the soil, but the crops still appear to be in good condition despite of that.

Pig Breeding

Following certain considerations, during the year 2023, the Group has been gradually reducing its massive pig population at the farm in Nyva Trudova. Key reasons were the concerns for general security and biosecurity of the herd, as well as changes to the Group's strategy and overall market conditions.

Smaller herd, more farms. Safety and biosecurity

To mitigate the risk of losing the whole pig population in case of a rocket or drone strike, the Group had started to distribute the herd across several locations. If one location is affected, the rest will remain unharmed.

Individual farms now being less crowded, would also help better maintain the overall health of the pigs and, as a bonus, reduce health maintenance costs.

Management of the Group is currently negotiating ways to expand the number of farms under the Group's operation, either through a partnership program with other pig farmers, or by leasing or purchasing additional farms.

Another recent concern is how the destruction of the Kakhovka Dam by the Russian forces affects the overall supply of fresh water in the area. Meanwhile the Group is in search of alternative sources of water, and is investing into backup technical solutions, because there is a risk that accessing to current sources would be limited. Distributing pigs across several farms decreases the required supply of water from a single source and should, thereby, remove this risk.

Switch to new genetics. Focus on piglets

As part of a recent change to its strategy, the Group started retooling its production process to focus on raising piglets specifically for sale to other pig producers.

Beginning in 2021, the Group began to rejuvenate its nucleus herd, gradually substituting sows of European genetics for sows of Canadian genetics.

A series of tests, conducted by the Group at the beginning of 2023, confirmed that the productivity of Canadian sows compared to European ones is much higher, not only in terms of litter and weight per farrow, but also in terms of the quality of meat.

Based on the results of these tests, most of the low-productivity sows were gradually removed from the nucleus herd and sold during the year. To replace them, the Group is purchasing fresh gilts of Canadian genetics.

The management stated that such new sows have superior results in their first [productive years (as compared to the possibility of old sows being deployed).

As a result of the strategy described above, as well as fresh change in the genetic material, the Group's management believes the valuation model prepared showed a higher result. However, a lower valuation in line with last year's valuation has been accepted reflecting the figures

This higher result in the model proposed by management is explained by the fact the Group's pig breeding segment was operated using quite a different strategy, compared to the one used in previous years. Instead of growing piglets till nominal weight prescribed for commercial pigs that are to be sold to the market, the Group's management started to sell piglets at much early age, with much less weight in the second half of 2023, and also in 2024.

This strategy has resulted in the number of important changes, the most material of them being: a) much less investment into feed for the piglets in the period when they are not sold and b) much faster cash turnover, which resulted in better financial results and quicker profits accumulation.

A temporary decrease in total farrow in 2024 is balanced out by an overall decrease of pig maintenance costs (due to a twofold reduction of the herd), as well as increased productivity from fresh sows of Canadian genetics.

Later in 2024, the Group plans to purchase yet another batch of Canadian sows. Fresh Canadian genetics will allow the Group to produce high-quality piglets to be sold specifically as piglets and not grown further at the Group's farms. This would also shorten the Group's production cycle, decreasing general security and biosecurity risks even further.

FINANCIAL HIGHLIGHTS

Consolidated financial results of the Group for the nine months ended 30 September 2024 and 2023 were as follows:

In thousands of US dollars	**Nine months 2024**	**Nine months 2023**	**Change, %**
Revenue	16,797	11,904	41%
Gain/(loss) on biological transformation, net	1,259	1,960	(36)%
Cost of sales	(12,790)	(9,156)	40%
Gross profit	**5,266**	**4,708**	**12%**
Operating profit / (loss)	**3,530**	**3,526**	**0%**
Depreciation and amortization	850	1,014	(16)%
EBITDA	**4,380**	**4,540**	**(4)%**

Details by segment are disclosed in Note 12 to the interim condensed consolidated financial statements.

PLANS FOR THE FUTURE

The Board is currently formulating a new development strategy to expand the Group's activity in the European Union, with a clear target to have the majority of the Group's assets and revenues in the EU within the next 3 to 5 years. This could be achieved through a series of mergers and acquisitions and financed by a mix of own and borrowed funds, including additional issues of shares.

The focus of the new strategy is to expand and invest, thereby reducing the potential risks of investing only in Ukraine and mitigating the negative effects on the Group's business of the current macroeconomic situation in Ukraine.

SUBSEQUENT EVENTS

All significant events that occurred after the end of the reporting period are described in Note 13 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 on 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 only susceptible to the currency risk with regard to its intercompany loans.

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 based mostly through proper management of its working capital and using short-term bank and company loans to cover the cash gaps.

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	**30 September 2024**	**31 December 2023**
Bank and other loans	15,401	15,838
Less: cash and cash equivalents	(862)	(206)
Net debt	14,539	15,632
Total equity	1,982	(834)

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 of the Company (the "Board") observes the corporate governance rules of the Warsaw Stock Exchange 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, in its latest version effective from 1 July 2022, 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, Chair 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 modified Law of 10 August 1915 on commercial companies (hereinafter referred to as the "Company Law") 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 Company Law.

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 regulations govern the operation of the shareholders meetings and their key powers and description of their rights.

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

Meetings of the Board of Directors
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. The notice 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 Group's management is responsible for establishing and maintaining adequate controls over financial reporting process, which include the appropriate level of Board of Directors' involvement.

The Group 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. The Group's internal control system also contains monitoring mechanisms, and actions taken to correct deficiencies when they are identified.

To assure the effective administration of internal controls, the Group 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 Group'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 disposals of the assets of the Group;

- 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;

- provide reasonable assurance that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group;

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposal of the Group's assets that could have a material effect on the financial statements.

We believe that it is essential for the Group to conduct its business affairs in accordance with the highest ethical standards.

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

Article 11 a) the structure of the 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:

- 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 (representant permanent) in accordance with article 441-3 of 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.

CORPORATE RESPONSIBILITY AND DIVERSITY

The following statement is prepared in observance of the requirements for publication of non-financial and diversity information for the year ended 31 December 2023. In preparation of this statement, where relevant, we have relied upon the Global Reporting Initiative framework and upon the Guidelines on non-financial reporting as issued by the European Commission.

We believe that the information provided within this non-financial statement is material for the purposes of this statement. Without proper care and respect for our employees we would not have achieved the results presented in the financial statements. Being an agricultural company, without proper care for the environment there would be no crops to harvest, without proper care and respect for the local communities we would not have access to the land which is owned by these communities as well as the workforce to help cultivate the lands, gather the crops, breed the pigs and process the meat.

From quarantines to bomb shelters. Our social response during wartime

KSG Agro has taken additional measures to motivate and protect the staff of the Group’s farms during the period of hostilities in Ukraine. As the pig farm is one of the strategically important food security companies in the Dnipropetrovsk region, the contribution of its employees to the victory over the enemy is in the coordinated and efficient work of the team. In this regard, with the support of the Association of Pig Farmers of Ukraine (ACU) through the Dnipropetrovsk Regional State Administration, the Group submitted to the Ministry of Agrarian Policy lists of employees of the pig farm, which will be given exemption from mobilization.

With the start of the Invasion, all of the Group’s employees received additional motivation in the form of a twofold increase in wages during wartime. In addition, they were paid double the advance and are provided with free lunches in the canteen of the pig farm.

All employees are provided with food rations, which, in particular, include 3 kilos of pork. For those who need official housing, apartments are additionally rented at the location of the pig farm at the Group’s expense. To ensure the leisure of the children of the pig farm staff, a private kindergarten was opened in the administrative building so that mothers would not have to worry about their children.

Three bomb shelters were equipped at the location of the enterprise. In order to strengthen the security of the pig farm, protection is organized by local defense forces, who receive our support and regular meals. Furthermore, additional checkpoints have been set up to protect both the pig farm and the settlement in which it is located.

KSG Agro, together with Sergiy Kasianov's Charitable Foundation "Future", have ensured the delivery of three tons of humanitarian medical cargo from Germany to Ukraine. The cargo includes the most necessary medical equipment and supplies for the treatment of limb injuries of wounded Ukrainian servicemen, who demonstrate miracles of courage on the fronts of battles with the Russian occupiers.

The total cost of orthopedic materials and prostheses delivered since the start of the invasion is more than 300 thousand euros. These are medicines, bandages, external fixation devices of various modifications. And there are carts, crutches, orthopedic kits, hundreds of products collected for our country by German universities, hospitals, and pharmacies.

Orthopedic kits and medicine were delivered to the Dnipro Military Hospital, the Mechnikov Dnipro Regional Clinical Hospital, Kryvyi Rih Second Clinical Hospital, as well as the hospitals in Mykolayiv.

All expenses, logistical and organizational support of cargo delivery to Dnipropetrovsk region were borne by KSG Agro and the Charitable Foundation "Future".

Our courageous warriors are defending our homeland - bravely and to their last breath. And our task in the rear is to fully help them rehabilitate in case of injuries and loss of health, in order to return to the ranks of the Armed Forces as soon as possible. That is why, without hesitation, the Group took on all aspects of cargo delivery – transport, drivers, fuel, customs procedures, etc.

At this time, many individuals and companies in the rest of Europe offer various types of assistance to Ukraine. The Group is actively involved in the dialogue with them, has constant contacts with the Embassy of Ukraine in Switzerland, the Consulate in Milan and other diplomatic missions. The Group will continue to help our country receive humanitarian and medical cargo from different parts of Europe and the world.

General

Care about land and people underlies the corporate policy of the Group. This approach is a guarantee of high quality and environmental safety of the Group's products. The Group recognizes that in order to improve life and common future, a business must be socially responsible, generating not only profits, but also social capital. The main quality that distinguishes a socially responsible business is the understanding of people's lives on the ground, their problems and opportunities, coupled with real action aimed at their support and assistance.

For several years, the Group undertakes various projects with "The Future", a charitable fund headed by the Group's Chairman of the Board Sergiy Kasianov. In partnership with the fund, within the framework of cooperation of socially responsible business and territorial communities, dozens of development projects have been implemented covering an array of issues:

- local infrastructure and utilities
- energy conservation projects
- social programs in the field of medicine and education
- programs of self-employment within the programs of support for veterans and their families
- food subsidy programs that are provided to socially vulnerable groups of the population
- assistance in attracting investments, grant programs, etc.

Areas of focus

Main areas of focus for the Group's corporate responsibility strategy comprise:

- Employees
- Support for local communities
- Environmental protection and animal welfare
- Respect for human rights, anti-corruption and bribery

Employees

The Group pledges to: value each employee; provide equality of opportunity; provide a workplace that is free of discrimination; prohibit forced and child labor; and permit freedom of association and collective bargaining.

The Group pledges to: providing a healthy and safe working environment; building trusting and mutually profitable partnerships with the Group's local communities. This includes the development of projects and initiatives leading to the improvement of local living standards whilst respecting the human rights and requirements of local stakeholders.

The Group strictly observes all statutory rules and guidelines related to occupational safety. The categories of employees potentially affected by health hazards undergo mandatory health checks. They are provided with special food, have the reduced working day and an additional holiday at the Group's expense.

Work safety program is an integral part of in-house training. When mastering new equipment and technologies the Group specifically orders training support from the supplier or from alternative research and development institutions.

The Group has implemented the standards of the learning organization. A system of in-house seminars has been introduced. The Group implements training programs enabling to optimize the accounting and management processes. There are training programs on team building and leadership as well.

Staff policy of the Group is directed towards maintaining and developing the skilled core staff. Qualified employees save their positions during off-season time and are entitled to 100% of the salary during this period. Off-season time is also utilised for further training.

The corporate newspaper "Our Land" is published monthly. It contains materials about the work of the Group, people working in the Group and other local news. On the Group's website news about the activities of the enterprise are posted. And in the Internet space there is a distribution of materials about the work of the Group.

Support for local communities

The Group delivered humanitarian medical cargo to the Dnipro Military Hospital, the Mechnikov Dnipro Regional Clinical Hospital, Kryvyi Rih Second Clinical Hospital, as well as the hospitals in Mykolayiv. The cargo includes the most necessary medical equipment and supplies for the treatment of limb injuries of wounded Ukrainian servicemen, as well as expensive medical materials and drugs for surgical operating units. The Group procured new equipment for, and helped with capital repairs at, the hospitals, delivered 40 beds and more than 180 prosthetics for the wounded soldiers.

The Group helps finance and organize various local holidays with the local communities, such as the Day of the Elderly, Women's day, Veteran's Day and others.

A social store works in the Nyva Trudova village where meat is sold at almost its cost. And for several years, a program of food subsidies in the form of food packages has been operating. Many socially vulnerable families took part in the program. These are single mothers, people with disabilities and other categories.
A major such category in 2023 has become the temporarily displaced families from regions that fell under Russian occupation. Special food packages, containing stewed pork, were also delivered to the soldiers fighting on the front lines.

Among the most significant projects aimed at the development of local infrastructure is the work of the public organization "Svitla Oselya", uniting the work of 86 condominiums and providing them with consulting and legal assistance. With the active participation of the pig-breeding division of KSG Agro, the development strategy of the village of Nyva Trudova was developed.

Annually, at the end of the year, the holding's enterprises provide assistance in organizing and holding the "Days of the Village", as well as the annual and traditional celebration of the professional holiday of the Day of agricultural workers. KSG Agro holds a festive event where the results of the year are summed up and the foremost workers are awarded. The Group is the main partner in holding the annual festival Kupala Fest. It hosts a competition of folklore groups of the Dnipropetrovsk region.

There is support for sports teams of communities. In Novopokrovka we support the football team. We bought them uniform and take part in the organization of the district tournament. Also competitions in volleyball, strength sports and other sports events are supported, even though during the coronavirus quarantine, and now the war, they have become less frequent

Environmental protection and animal welfare

The Group adheres in full to the laws related to protection of the environment, including those which regulate the emissions of hazardous substances. Production entities of the Group employ Labor Protection and Environmental Safety Engineers. It also observes all necessary preventive measures on localization of possible pollution and threats to flora and fauna.

Responsibilities of Environmental Safety Engineers include:

- complying with the requirements of environmental legislation;
- minimizing the use of energy and resources;

- minimizing the effect of the Group’s activities on the local environment and maintaining local biodiversity;
- preventing accidents;
- minimizing spills, pollution and fugitive emissions;
- minimizing water use and discharges to water;
- encouraging the use of recycling and reuse methods; and
- reducing greenhouse gas emissions associated with the Group’s activities.

The Group periodically undergoes obligatory scheduled inspections by government agencies. No significant violations were reported by the agencies as a result of such inspections in 2023.

The Group uses only certified fertilizers and plant protecting agents which are purchased from leading world producers. The Group commits to ensure humane treatment of animals in line with applicable laws, regulations and best practice; and to provide appropriate training to employees to ensure that such commitment is maintained.

Respect for human rights, anti-corruption and bribery

The Group’s commitment to respect human rights recognizes the rights of children, women, persons with disabilities, local communities, smallholder farmers; as well as the rights of workers, including those working under temporary contracts, migrant workers, and their families.
One of the projects aiming to help disenfranchised people is the food subsidy program.
The project’s goal is to provide social assistance to villages and small towns, socially unprotected parts of the population – lonely pensioners, families with many children, other socially disenfranchised groups.

Within the framework of the program are:

- special pork sales at lower prices in rural and district stores of Dnipropetrovsk region of Ukraine
- provision of food products to the most vulnerable groups of the population
- charity help on the Day of the Elderly
- assistance to disabled children.

Another project aims to support local business development via a program of population self-employment.
The program is to create conditions for people living in rural areas to earn extra income by organizing family businesses for fattening pigs on individual farms. Simultaneously, consulting support and promotion of economic education for the residents of the region are provided. Preparatory work on putting together home mini pig farms has been carried out.

The Group’s operations and main business functions are largely centralized, access to the pig breeding farm and the meat processing plant is restricted due to the nature of those production processes, so in terms of managing the risks of bribery or anti-corruption incidents, the Board mostly focuses on relations with the Group’s customers and suppliers.

Main instruments employed to mitigate such risks are payment authorization and new customer and supplier checks. And in order to identify potential threats, the internal audit monitors contract prices for both sales of produce and purchases of main supplies (fertilizers, crop protection products, fuel), as well as subsequent collection of receivables.

Diversity policy

The Group is committed:

- To create an environment in which individual differences and the contributions of all team members are recognized and valued.
- To create a working environment that promotes dignity and respect for every employee.
- To not tolerate any form of intimidation, bullying, or harassment, and to discipline those that breach this policy.
- To make training, development, and progression opportunities available to all staff.
- To promote equality in the workplace, which the Group believes is good management practice and makes sound business sense.
- To encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures.
- To encourage employees to treat everyone with dignity and respect.
- To regularly review all our employment practices and procedures so that fairness is maintained at all times.

As a socially responsible business, the Group has zero tolerance to discrimination on any grounds, be it age, race, gender, religion, political affiliation or whatever it might be. The Group embraces diversity and ensures fair and equitable treatment of every individual that works for it and their families.

The Group is prepared to hire people with disabilities, people nearing retirement age as well as veterans and refugees from the conflict zone in the east of Ukraine.

The Group is dedicated to encouraging a supportive and inclusive culture amongst the whole workforce. It is within our best interest to promote diversity and eliminate discrimination in the workplace. Our aim is to ensure that all employees and job applicants are given equal opportunity and that our organization is representative of all sections of society.

Each employee will be respected and valued and able to give their best as a result. This policy reinforces our commitment to providing equality and fairness to all in our employment and not provide less favorable facilities or treatment on the grounds of age, disability, gender, pregnancy and maternity, nationality, religion or belief.

We are opposed to all forms of unlawful and unfair discrimination. All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. When selecting candidates for employment, promotion, training, or any other benefit, it will be on the basis of their aptitude and ability.

All employees will be given help and encouragement to develop their full potential and utilize their unique talents. Therefore, the skills and resources of our organization will be fully utilized and we will maximize the efficiency of our whole workforce.

<u>Due diligence process</u>

The Board regularly, and at least annually, reviews the staff policy, the diversity policy, and actively monitors the outcomes of the programs coordinated by the Charitable Foundation "Future" and other similar programs to ensure that equality, diversity, support and fair treatment are continually promoted in the workplace.

<u>TRANSACTIONS WITH RELATED PARTIES</u>

In compliance with Article 4 (4) of the Luxembourg Law on Transparency Requirements for Issuers, we also state that:

(a) the related parties' transactions, that have taken place in the current financial year and that have materially affected the financial position or the performance of the Company during this period, are described in Note 13 to the interim condensed consolidated financial statements;

(b) there were no material changes in the related parties' transactions described in the Company's last annual report that could have a material effect on the financial position or performance of the Company in the current financial year, other than those described in Note 13 to the interim condensed consolidated financial statements.

This interim management report for the nine months ended 30 September 2024 was approved for issue on November 13, 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

KSG Agro S.A.
Societe Anonyme 24,
rue AstridL-1143
LuxembourgR.C.S.
B 156.864

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

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KSG Agro S.A.
Responsibility Statement of the Board of Directors and management
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 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 the preparation of the interim condensed consolidated financial statements of the Group as at 30 September 2024 and for the nine 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 harmonization 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 condensed set of financial statements for the nine month ended 30 September 2024, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss 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 important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, the development and performance of the business and the position 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 September 2024 and for the nine months then ended were approved for issue on November 13, 2024.

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

Unaudited Interim Condensed Consolidated Statement of Financial Position

in thousands of USD	Note	September 30, 2024	December 31, 2023
ASSETS			
Property, plant and equipment		11,285	10,422
Long-term biological assets		5,191	4,414
Right-of-use assets		951	1,030
Total non-current assets		**17,427**	**15,866**
Current biological assets		7,767	3,819
Inventories and agricultural produce	8	3,007	7,668
Trade receivables	9	3,554	1,289
Other financial assets		3,669	642
Taxes recoverable		576	444
Advances to suppliers		2,559	1,832
Cash and cash equivalents	7	862	206
Total current assets		**21,994**	**15,900**
TOTAL ASSETS		**39,421**	**31,766**
EQUITY			
Share capital		150	150
Share premium		37,366	37,366
Treasury shares		(112)	(112)
Retained earnings		(27,821)	(26,687)
Currency translation reserve		(7,761)	(11,551)
Equity attributable to owners of the Company		**1,822**	**(834)**
Non-controlling interests		**160**	**-**
TOTAL EQUITY		**1,982**	**(834)**
LIABILITIES			
Bank and other loans	10	7,917	5,037
Lease liabilities		1,127	848
Total non-current liabilities		**9,044**	**5,885**
Trade payables		6,106	4,792
Other financial liabilities	11	11,518	8,492
Bank and other loans - current	10	7,484	10,801
Advances from customers		1,278	939
Lease liabilities - current		1,188	1,454
Tax liabilities		821	237
Total current liabilities		**28,395**	**26,715**
TOTAL LIABILITIES		**37,439**	**32,600**
TOTAL LIABILITIES AND EQUITY		**39,421**	**31,766**

Approved for issue and signed on behalf of the Board of Directors on November 13, 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

In thousands of US dollars	**Note**	**Nine months 2024**	**Nine months 2023**
Revenue	12	16,797	11,904
(Loss)/Gain on biological transformation, net		1,259	1,960
Cost of sales	12	(12,790)	(9,156)
Gross profit		**5,266**	**4,708**
Selling, general and administrative expenses		(1,736)	(1,182)
Operating profit / (loss)		**3,530**	**3,526**
Finance expenses, net		(1,255)	(2,036)
Gain/(loss) on disposal of subsidiaries		(3,596)	756
Other gains and losses		520	(910)
Loss before tax		**(801)**	**1,336**
Income tax expense		-	-
Loss for the year		**(801)**	**1,336**
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		232	(82)
Total comprehensive income/(loss) for the year		**(569)**	**1,254**
Loss for the year attributable to:			
Owners of the Company		(822)	1,338
Non-controlling interests		21	(2)
Loss for the year		**(801)**	**1,336**
Total comprehensive income/(loss) attributable to:			
Owners of the Parent Company		(590)	1,256
Non-controlling interests		21	(2)
Total comprehensive income/(loss) for the year		**(569)**	**1,254**
Earnings per share			
Weighted average number of common shares outstanding, thousand		15,020	15,020
Basic and diluted earnings per share, USD		(0,05)	(0,09)

Approved for issue and signed on behalf of the Board of Directors on November 13, 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

Unaudited Interim Condensed Consolidated Statement of Cash Flows

In thousands of US dollars	Note	Nine months 2024	Nine months 2023
Cash flow from operating activities			
Profit before tax		**(801)**	**1,336**
Adjustments for:			
Depreciation and amortization		850	1,014
Loss/(gain) on biological transformation, net		(1,259)	(1,960)
Finance expenses, net		1,255	2,036
Exchange differences		(770)	(62)
Impairment of inventory		(12)	-
Impairment and write-offs of financial assets and taxes recoverable		-	-
Write-off of financial liabilities		-	-
Impairment and (gain)/loss on disposal of property, plant and equipment		(1,173)	-
(Gain)/loss on disposal of subsidiaries		3,596	(756)
Operating cash flow before working capital changes		**971**	**1,608**
Change in trade receivables and other financial assets		(6,019)	2,018
Change in current biological assets		(3,176)	1,827
Change in inventories and agricultural produce		4,661	(1,921)
Change in tax assets and liabilities		(132)	(115)
Change in trade payables and other financial liabilities		4,679	895
Cash generated from operations		**1,699**	**4,312**
Interest paid on loans and leases		(1,153)	(1,668)
Taxation		584	-
Cash generated from / (used in) operating activities		**1,130**	**2,644**
Cash flow from investing activities			
Payments for acquisition of property, plant and equipment		(350)	(1,192)
Proceeds from disposal of property, plant and equipment		21	(1,281)
Acquisition of long-term biological assets		(323)	-
Disposal of subsidiaries, net of cash disposed		-	-
Cash used in investing activities		**(652)**	**(2,473)**
Cash flow from financing activities			
Proceeds from bank and other loans		8,572	13,064
Repayment of bank and other loans		(8,394)	(13,410)
Repayment of leases		-	-
Cash generated from financing activities		**178**	**(346)**
Net increase / (decrease) in cash and cash equivalents		**656**	**(175)**
Cash and cash equivalents at 1 January		206	271
Effect of exchange rate differences on cash and cash equivalents		-	-
Cash and cash equivalents at 30 June		**862**	**96**

Approved for issue and signed on behalf of the Board of Directors on November 13, 2024.

A.V. Skorokhod
(Chief Executive Officer)

Y.V. Kyselova
(Chief Financial Officer)

Unaudited Interim Condensed Consolidated Statement of Changes in equity

In thousands of US dollars

	Attributable to owners of the Company							
in thousands of USD	**Share capital**	**Share premium**	**Treasury shares**	**Currency translation reserve**	**Retained earnings**	**Total attributable to owners of the Company**	**Non-controlling 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	-	-	-	-	1,049	1,049	(9)	1,040
Other comprehensive income	-	-	-	(83)	-	(83)	(1)	(84)
Total comprehensive income for the period	**-**	**-**	**-**	**(83)**	**1,049**	**966**	**(10)**	**956**
Disposal of subsidiaries	-	-	-	(353)	-	(353)	-	(353)
Balance as at 30 September 2023	**150**	**37,366**	**(112)**	**(11,599)**	**(37,632)**	**(11,827)**	**(28)**	**(11,855)**
						-		-
Balance as at 1 January 2024	**150**	**37,366**	**(112)**	**(11,551)**	**(26,687)**	**(834)**	**-**	**(834)**
Profit for the period	-	-	-	-	(822)	(822)	21	(801)
Other comprehensive income	-	-	-	232	-	232	-	232
Total comprehensive income for the period	**-**	**-**	**-**	**232**	**(822)**	**(590)**	**21**	**(569)**
Acquisition of subsidiaries	-	-	-	-	(333)	(333)	160	(173)
Disposal of subsidiaries	-	-	-	3,558	21	3,579	(21)	3,558
Balance as at 30 September 2024	**150**	**37,366**	**(112)**	**(7,761)**	**(27,821)**	**1,822**	**160**	**1,982**

Approved for issue and signed on behalf of the Board of Directors on November 13, 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 "Societe 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.

Average number of staff employed by the Group in 2023 was 234, of which 45 were top and middle management and 189 were full-time employees (2022: 64 management and 274 employees).

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 30 September 2024 and December 31, 2023 were as follows:

Entity	Principal activity	Country of registration	Effective ownership ratio, % (ii)	
			September 30, 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	Disposed	100%
Stepove LLC	Dormant	Ukraine	Disposed	100%
Dzherelo LLC	Dormant	Ukraine	Disposed	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	Disposed	100%
Ukrzernoprom - Uyutne LLC (i)	Dormant	Ukraine	Disposed	100%
Agro Novorayske LLC	Dormant	Ukraine	75%	-

(i) Ukrzernoprom entities are located in Crimea and were not consolidated since October 2014, when the Group lost operating control over them and the carrying values of the associated investments were written down to zero.

(ii) 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.

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. Summary of Significant Accounting Policies

Basis of preparation

These 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 International Financial Reporting Interpretations Committee ("IFRIC") and as adopted by the European Union. These consolidated financial statements have been prepared under the historical cost convention, as modified by the recognition of biological assets and agricultural produce based on fair value less costs to sell.

These consolidated financial statements are presented in thousands of US Dollars ("USD"), unless otherwise stated.

Consolidated financial statements

Group recognizes control over the subsidiary when the following criteria are met:

- power over the investee;

- exposure, or rights, to variable returns from its involvement with the investee;

- the ability to use its power over the investee to affect the amount of the Group's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealized gains on transactions between Group subsidiaries are eliminated. Unrealized losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest is recorded as a separate component of the Group's equity.

Subsidiaries. The Group consolidates any subsidiary, irrespective of its effective ownership in that subsidiary's share capital, when the Group has the de facto majority power to both: a) direct the subsidiary's revenue-generating activities and b) affect the timing and amounts of profit distributions. Either by way of legally holding more than 50% of the voting rights or through a separate arrangement with the other shareholders.

Share capital. Ordinary shares are classified as equity. Share premium is the difference between the fair value of consideration received for the issue of shares and the nominal value of shares. The share premium account can only be used for limited purposes, which do not include distribution of dividends, and is otherwise subject to the provisions of Luxembourg legislation on reduction of share capital.

Property, plant and equipment. Property, plant and equipment items are stated at cost less accumulated depreciation and, where applicable, accumulated impairment. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. All repair and maintenance costs are expensed as incurred. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction-in-progress represents the cost of properties, plant and equipment which have not yet been completed less any accumulated impairment. This includes cost of construction works, cost of plant and equipment and other direct costs.

The Group does not own land, its agricultural land is leased under long-term lease agreements, mostly with individuals.

At each end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment is recognized in profit or loss. An impairment recognized for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Depreciation. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings and structures	5-30
Agricultural equipment	3-15
Vehicles and office equipment	3-17

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Borrowing costs. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Leases. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

• fixed payments, including in-substance fixed payments;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable under a residual value guarantee; and

• the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

The Group did not act as a lessor in 2024, but when it does, it determines at lease inception whether each lease is a finance lease or an operating lease.

Then, to classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Biological assets. Biological assets include crops and swines and are measured at fair value less costs to sell.

The Group believes that the valuation at fair value less costs to sell reflects proper future economic benefits.

Crops. The fair value of crops growing in the fields is determined by using valuation techniques, as there is no active market for winter crops or summer crops of the same physical condition. Fair value of crops is estimated as the present value of anticipated future cash flows for each type of crop and is based on the area sown, costs to date and the assessments regarding expected crop yields on harvest, time of harvest, future cultivation and harvest costs, and selling prices. The discount rate is determined by reference to weighted-average cost of capital based on the Group's risk profile.

Swines. The fair value of productive swines (sows) is determined by using valuation techniques, as there is no active market for sows of the same physical condition, such as weight, age and breed. Fair value of sows is based on expected litter of piglets (or "farrow"), expected volume of meat at the date of slaughter, expected meat prices, average expected productive lives of swines and future production costs. The discount rate is determined by reference to weighted-average cost of capital based on the Group's risk profile. The fair value of marketable swines (pigs and piglets) is determined with reference to local market prices for pigs and piglets sold in live weight. Local prices are used, as marketable swines are only sold domestically.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell at each subsequent reporting date is recognized in profit or loss in the period in which it arises.

Biological assets are classified as current or non-current depending on the expected pattern of consumption of economic benefits embodied in those biological assets. Sows and boars are classified as non-current while marketable pigs and piglets, and winter and summer crops are classified as current biological assets.

Where land cultivation works are performed on land plots which are “unsown” (i.e. do not contain biological assets), the costs of such works are capitalized as part of inventories as ‘land cultivation and harvesting’ until the seeds are planted, at which point the accumulated costs are reclassified as production costs of the related biological assets and remeasured at fair value.

When the Group renders land cultivation and harvesting services to other crop producers, it often purchases either part of the resulting harvest, or rights to the work in progress on the fields. The Group only classifies such work-in-progress as biological assets, if the rights to the work-in-progress were acquired by the Group prior to the reporting date. Otherwise, the costs of land cultivation and harvesting services are recognized in profit or loss for the period.

Agricultural produce. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated costs to sell at the date of harvest. This measurement is considered the cost of agricultural produce at that time. Agricultural produce is adjusted down to net realizable value in case it falls below cost.

Inventories. Inventories are recorded at the lower of cost and net realizable value. Cost of inventory is determined on the first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell.

Where land cultivation works are performed on land plots which are “unsown” (i.e. do not contain biological assets), the costs of such works are capitalized as part of inventories as ‘land cultivation and harvesting’ until the seeds are planted, at which point the accumulated costs are reclassified as production costs of the related biological assets and remeasured at fair value. The cost of work in progress comprises fuel and other raw materials, direct labor, depreciation and amortization, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Advances to suppliers are prepayments made to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are recognized in profit or loss when the services relating to the prepayment have been received. If there is an indication that the assets or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment is recognized in profit or loss.

Income taxes. Current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than taxes on income are recognized as administrative expenses.

Special tax for agricultural producers. In Ukraine, entities engaged in the production, processing and sale of agricultural products may opt to pay a special Fixed Agricultural Tax (“FAT”), as defined in the Tax Code of Ukraine, in lieu of corporate income tax, land tax, duties for special use of water objects, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents if the revenues from sale of their self-grown agricultural products constitute not less than 75% of their total gross revenues. The amount of FAT is assessed at 0.81% on the deemed value of the land plots owned or leased by the entity (as determined by the relevant State authorities). The Group's main operating entities KSG Dnipro LLC and Strong-Invest LLC are FAT payers.

Value added tax. In Ukraine, Value Added Tax ("VAT") is levied at two rates: 20% on sales and imports of goods within the country, works and services and 0% on the export of goods and provision of works or services to be used outside Ukraine.

Output VAT on the sale of goods and services is accounted for on the date the goods/services are delivered to a customer or the date the payment is received from the customer, whichever is earlier. Input VAT is accounted for as follows: entitlement to an input tax credit for purchases arises when VAT invoice is received, which is issued on the earlier of the date of payment to the supplier or the date on which the goods/services are received, or entitlement to an input tax credit for imported goods or services arises on the date the tax is paid.

VAT related to sales and purchases is recognized in the statement of financial position on a net basis and disclosed as an asset or a liability to the extent it has been declared in VAT returns. Prepayments to suppliers and advances from customers are disclosed in these consolidated financial statements net of the respective VAT balances as it is expected that such balances will be settled by delivery of the underlying product or service.

The Group's subsidiaries involved in the production and sale of agricultural produce and that meet certain other criteria are subject to a privileged VAT regime. For such qualifying entities, the net VAT payable is not transferred to the State authorities, but is retained in the business for use in agricultural production. Such net VAT liabilities are credited to profit and loss as 'Income from government grants' when significant.

Financial instruments

Key measurement terms

Depending on their classification financial instruments are carried at fair value or amortized cost as described below.

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure at fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments. Derivatives are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Derecognition of financial assets. The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Classification of financial assets. The Group classifies all of its financial assets as loans and receivables. Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Group intends to sell in the near term. Loans and receivables are accounted for at amortized cost using the effective interest method, net of allowance for impairment after their initial evaluation. Loans and receivables that mature more than 12 months after the reporting date are classified as non-current assets. The Group's financial assets include 'trade receivables', 'cash and cash equivalents' and 'other financial assets'.

Classification of financial liabilities. All of the Group's financial liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities that mature more than 12 months after the reporting date are classified as non-current liabilities. The Group's financial liabilities include 'bank and other loans', 'lease liabilities', 'trade payables' and 'other financial liabilities'.

Trade receivables. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss.

Impairment of financial assets carried at amortized cost. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). The maximum period considered when estimating expected credit losses is the maximum contractual period which the over Group is exposed to credit risk.

ECL`s are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The following other principal criteria are also used to determine whether there is objective evidence that an impairment has occurred:

- any portion or installment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganization;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or
- the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortized cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms.

Impairment is always recognized through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Uncollectible assets are written off against the related impairment allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment account within the profit or loss for the year.

However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Cash and cash equivalents. Cash and cash equivalents include cash on hand, cash in bank, and other short-term, highly liquid investments with original maturities of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts, if any.

Bank and other loans. Loans are initially recognized at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost using the effective interest method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the loan using the effective interest method. Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Bonds. Bonds are recorded at amortized costs less costs to sell.

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

Trade payables. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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 uses USD when monitoring operating results and financial conditions of the Group, the presentation currency of the financial statements is USD. All information in USD has been rounded to the nearest thousands, except when otherwise indicated.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities as at each reporting date are translated at respective closing rates as at each of those dates;
- income and expenses for each period are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences on translation are recognized in other comprehensive income.

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at year end, are recognized in profit or loss. Translation at year-end does not apply to non-monetary items.

When control over a foreign operation is lost, the previously recognized exchange differences on translation to a different presentation currency are reclassified from other comprehensive income to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

The exchange rates used for translating material foreign currency balances were:

	USD/UAH	**EUR/UAH**
As at 30 September 2024	41.1664	45.9541
Average for the nine months ended 30 September 2024	39.7200	43,1806
As at 30 September 2023	36.5686	38.5543
Average for the nine months ended 30 September 2023	36.5686	39.6290
As at the date these financial statements are being issued	41.2981	43.9949

***Segment reporting*.** Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets constitute ten percent or more of all the segments are reported separately.

Revenue recognition. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognizes revenue when it transfers control of a product or service to a customer.

If the Group agrees to transport goods to a specified location, revenue is recognized when the goods are passed to the customer at the destination point.

The Group recognizes revenue from each separate performance obligation and allocates part of the transaction price to carriage and freight services incorporated in some contracts that the Group undertakes to perform. The Group allocates the transaction price based on the relative standalone selling prices of the commodities and supporting services. The revenue from these carriage and fright services is recognized over time.

Revenues from rendering of services are recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Finance income and expenses. Finance income and expenses mainly comprise interest income on cash in bank, interest expense on loans and leases.

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

5. 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.

As disclosed in Note 6, Russia's invasion of Ukraine had started on February 24, 2022 and is 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 Russia's invasion.

Where possible, the judgments and estimates used in these consolidated 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.

6. 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.

7. Cash and cash equivalents

The balances of cash and cash equivalents were as follows:

	30 September 2024	31 December 2023
Cash in banks in EUR	-	-
Cash in banks in UAH	620	161
Cash in banks in USD	242	45
Cash on hand	-	-
Total	**862**	**206**

8. Inventories and Agricultural Produce

Agricultural produce is measured at fair value less costs to sell at the date of harvest while inventories are measured at the lower of cost and net realizable value.

(i) Where land cultivation works are performed on land plots which are "unsown" (i.e. do not contain biological assets), the costs of such works are capitalized as part of inventories until the seeds are planted, at which point the accumulated costs are reclassified as production costs of the related biological assets.

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

	30 September 2024	31 December 2023
Agricultural produce	795	3,604
Land cultivation and harvesting - third parties	-	1,054
Land cultivation and harvesting - fallow land (i)	1	1,056
Seeds, fertilisers, crop protection products	395	510
Construction materials	156	189
Fodder (raw materials)	459	384
Fodder (processed)	-	24
Fuel	558	709
Other materials	642	138
Total inventories and agricultural produce	**3,007**	**7,668**

9. Trade Receivables

	30 September 2024	31 December 2023
Receivables from customers	4,015	1,788
Less: expected credit loss	(461)	(499)
Total trade receivables	**3,554**	**1,289**

10. Bank and Other Loans, and Bonds

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

	30 September 2024	31 December 2023
Bank loans	8,791	10,514
Corporate bonds	4,460	3,037
Loan from Parent	2,000	2,000
Interest payable	150	287
Total bank and other loans	**15,401**	**15,838**

As at 30 September 2024 and 31 December 2023, the Group's bank loans were represented by the 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 20,5% 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. 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.

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.

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.

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

Bonds of series A and B terms and conditions are represented below:

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 nine months of 2024 KSG Dnipro, have also 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 of series C and D terms and conditions are represented below:

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

Bank and other loans were denominated in the following currencies:

	30 September 2024	**31 December 2023**
US Dollar (USD)	8,866	7,497
Ukrainian Hryvnia (UAH)	6,535	8,341
Total bank and other loans	**15,401**	**15,838**

11. Other Financial Liabilities

	30 September 2024	**31 December 2023**
Other payables	6,909	3,422
Short-term promissory notes issued	1,894	1,910
Company loans received	2,487	2,888
Wages and salaries payable	228	272
Total other financial liabilities	**11,518**	**8,492**

Company loans are unsecured noninterest-bearing loans with maturities of twelve months or less intended to facilitate agricultural and trading activities. Company loans are mostly provided to, and obtained from, related parties, but are also arranged with the Group's trade partners.

The fair value of other financial liabilities as at 30 September 2024 and 31 December 2023 approximates their carrying amount as at these dates.

12. Operating Segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO reviews internal management reports on a quarterly basis. The operations in each of the Group's reporting segments are:

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

- Crop Farming. Covers production of summer crops (sunflower, corn) and winter crops (wheat, barley, rapeseed), as well as provision of land cultivation services. Main factors affecting crop production are climate conditions, land quality, plant nutrition and moisture levels in the arable land.
- Pig Breeding. The segment which deals with breeding of pigs, own Danish purebred sows, and sale of pigs and piglets in live and dead weight.
- Other. This operating segment includes the production of fuel pellets, thermal energy, wholesale trading of crops and other goods, and rendering of other services to third parties.

Performance is measured based on segment profit or loss, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments relative to other entities that operate within these industries.

Seasonality of operations

Both winter and summer crops are harvested in the second half of the year, so segment results for Crop Farming in the first half of the year mainly reflect the sales of crops in stock from last season and revaluation of crops still growing in the field. 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.

Information about operating segments for the nine months ended 30 September 2024 is as follows:

	Pig Breeding	Crop Farming	Other	Total
Revenue, including:				
- total sales of goods	6,213	8,747	257	15,217
- less: inter-segment sales of goods (i)	-	-	-	-
- rendering of services	-	1,580	-	1,580
Revenue from external customers	**6,213**	**10,327**	**257**	**16,797**
Gain/(loss) on biological transformation, net	1,259	-	-	1,259
Cost of sales	(6,870)	(6,009)	89	(12,790)
Segment profit/(loss)	**602**	**4,318**	**346**	**5,266**

Information about operating segments for the nine months ended 30 September 2023 is as follows:

	Pig Breeding	Crop Farming	Other	Total
Revenue, including:				
- total sales of goods	3,906	6,640	108	10,654
- less: inter-segment sales of goods (i)	-	(1,170)	-	(1,170)
- rendering of services	-	2,420	-	2,420
Revenue from external customers	**3,906**	**7,890**	**108**	**11,904**
Gain/(loss) on biological transformation, net	580	1,380	-	1,960
Cost of sales	(2,814)	(6,254)	(88)	(9,156)
Segment profit/(loss)	**1,672**	**3,016**	**20**	**4,708**

13. Related parties

Significant transactions with related parties were as follows:

	Nine months 2024		Nine months 2023	
	Parent and owners	Entities under common control	Parent and owners	Entities under common control
Income				
Sales of pigs and pork		1,280		1,591
Other services				
Expenses				
Interest expense on loans	187		233	

14. Events After the Reporting Period

As at the date of this report, the Group has also finished harvesting sunflower on an area of 7.3 thousand hectares with a yield of 1.5 tons per hectare, which is well within the expected range.

Any relevant developments relating to the Russian Invasion of Ukraine have been disclosed in Note 6. There were no other material subsequent events.