

KSG Agro S.A.

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

**ANNUAL ACCOUNTS
AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE
FOR THE YEAR ENDED 31 DECEMBER 2021**

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MANAGEMENT REPORT 2021
of the Board of directors to the annual general meeting of Shareholders of the Company

Dear Shareholders,

The Board of directors of the Company (the **Board**) hereby presents the annual accounts, consisting of the balance sheet, the profit and loss account and the notes to the annual accounts for the financial year started from January 1st, 2021 and ended on December 31st, 2021 (the **Annual Accounts**) and submits for your approval such Annual Accounts, which are established in accordance with the applicable Luxembourg law provisions.

RESULTS

The Company appears to have a balance sheet total of USD 22.420.514,23 (twenty-two million four hundred twenty thousand five hundred fourteen United States Dollars and twenty-three cents), showing a profit of USD 22.270.047,73 (twenty-two million two hundred seventy thousand forty-seven United States Dollars and seventy-three cents) and losses brought forward of USD 41.429.661, 65 (forty-one million four hundred twenty-nine thousand six hundred sixty-one United States Dollars and sixty-five cents).

The Board of Directors considers that a partial reversal of the impairment booked in prior periods against the shares held in KSG Agricultural and Industrial Holding is justified based on the fair value of this investment. As a consequence the shares in that company are valued as at 31.12.2021 at USD 22.294.001,-. The impairment on the own shares (USD 112.440,17) has been completely reversed.

For further information on the performance of the Group, we refer to the management report on the consolidated financial statements as at December 31st, 2021.

Thus, we request your approval of the Annual Accounts and to carry forward the profit realized for the financial year ended December 31st, 2021 to the next financial year after allocation of an amount of USD 810,- to the legal reserve according to the articles 18.2 of the Company's articles of association.

STRATEGY IMPLEMENTATION

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 Group continues to grow wheat, barley, rapeseed in the winter and sunflower, corn in the summer. Current year harvest was exceptionally good compared to the previous year:

Crops harvested, in tonnes	Season	2021	2020
Wheat	Winter	31,021	17,952
Barley	Winter	8,561	4,865

Rapeseed	Winter	760	2,734
Sunflower	Summer	18,210	11,745
Corn	Summer	9,334	2,744
Total		67,886	40,040

Although the weather conditions were favorable to other agricultural producers as well, higher overall production of crops in Ukraine did not affect the local demand for the Group. For next year, an area of 6 thousand hectares is currently under winter crops and is expected to yield a total of 18.3 thousand tons of wheat, barley and rapeseed at harvest.

Crop farming revenue for 2021 more than doubled as compared to 2020, while revenues from pig breeding, less affected by the weather conditions, keep growing at a steady pace and remain the Group's key strategic focus:

Segment revenue, in USD million	2021	2020	Y-O-Y decrease, in USD-equivalent	Y-O-Y decrease, in contract currency
Crop Farming	18.3	8.4	118%	120%
Pig Breeding	11.2	10.3	9%	10%

As for pig breeding, pig production and sales were also in line with the previous year:

Marketable Pigs, in units	2021	2020
As at 1 January	41,416	38,420
Farrow	108,158	113,634
Sales	(105,515)	(109,958)
Transfers to/from nucleus herd, net	(358)	(680)
As at 31 December	43,701	41,416

The construction of an additional fattening shop for 2,340 pigs and an additional sow house for 360 sows should provide the Group with another production facility for fattening pigs and will offer an opportunity to increase the birth rate of piglets and improve their performance even more. Construction works on both projects are still under way.

Furthermore, in 2021 the Group purchased 900 new sows as part of its herd rejuvenation efforts and started reconstruction of the second stage of the pig-breeding complex, which will allow the Group to further increase its production capacity. Plans for the second stage include 10 workshops for a total of 58 thousand heads.

Improving Key Financial Ratios

During the year 2021, the Group also worked on improving its key financial ratios, specifically the negative net current assets and negative shareholders equity. Both goals were achieved primarily through disposal of several subsidiaries, as disclosed in Note 7 to the consolidated financial statements.

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

in USD million	As at 31 December 2021	As at 31 December 2020
Current Assets minus Current Liabilities	(3.5)	(6.3)
less: Other financial assets	(0.4)	(1.1)
less: Other financial liabilities	7.5	8.5
Adjusted Working Capital	10.6	1.1

In assessing day-to-day performance of the business, management excludes 'other financial assets' and 'other financial liabilities', as those mostly comprise old non-trade balances subject to restructuring, and analyses the change in the resulting 'adjusted working capital'. Based on management's assessment, the adjusted working capital is sufficient.

IMPACT OF THE WAR EVENTS IN UKRAINE

As disclosed in Note 27 to the consolidated financial statements, the Russian Invasion of Ukraine had started in late February 2022 and is ongoing as at the date of this report. Because the Group's key assets and operations are in Ukraine, the Group might be significantly affected by these events. Management's analysis of the risks and uncertainties surrounding the Invasion, as well as management's strategy and actions to mitigate those risks, are outlined in Note 3 to the consolidated financial statements. The outcome of the Invasion, however, is impossible to predict at this time.

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

As at the date of this report, the Group had successfully completed its spring sowing campaign, finished harvesting its winter crops and does not expect significant interruptions to its production cycle in the near future.

Additionally, the accompanying consolidated financial statements were compiled using pre-Invasion judgments and estimates, and do not take into account the subsequent war events. Both, because the Invasion started after the end of the reporting period and is, in itself, a non-adjusting event, and due to the inherent uncertainty regarding its outcome.

ACTIVITY IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company is not involved in any activity in the field of research and development.

BRANCHES

The Company has no branch.

OWN SHARES

No additional own shares were acquired during the year.

As at December 31st, 2021, the Company is the holder of thirty-two thousand one hundred seventy-two (32,172) own shares.

DIRECTORS

During the financial period under the review, the Board was composed of:

Name	Date of Appointment	Renewal mandate	Date of Resignation
Mr. Sergiy Kasianov – Director A	March 8, 2011	August 17, 2020	
Mr. Andriy Skorokhod – Director A	October 2, 2017	August 17, 2020	
Mr. Andrii Mudriievskyi – Director A	May 23, 2014	August 17, 2020	
Mr. Xavier Soulard – Director B	May 26, 2014	August 17, 2020	
Mr. Eric Tazzieri – Director B	May 26, 2014	August 17, 2020	

DISCHARGE

We propose that you grant full discharge at the Meeting by special vote to the members of the Company's Board of Directors and to the Company's independent auditor (réviseur d'entreprises agréé) on the execution of their respective mandates.

INFORMATION WITH RESPECT TO ARTICLE 11 OF THE LAW OF 19 MAY 2006 ON TAKEOVER BIDS

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

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

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

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

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

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

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

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

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

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

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

- OLBIS Investments LTD S.A. holds eight million seven hundred and five thousand five hundred (8,705,500) shares, representing 57.96% of the issued share capital of the Company.
- KSG Agro S.A holds thirty-two thousand one hundred seventy-two (32,172) shares, representing 0.21% of the issued share capital of the Company.
- In free float there are six million two hundred and eighty-two thousand three hundred twenty-eight (6,282,328) shares, representing 41.83% of the issued share capital of the Company.

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

There are no special control rights.

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

There is no employee share scheme.

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

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

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

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

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

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

The Board of Directors 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 is available at the official website of the Warsaw Stock Exchange.

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

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

There are no restrictions on voting rights.

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

With regard to the appointment and replacement of Directors, its Articles of Association (hereinafter referred to as the “Articles of Association”) and Luxembourg Law comprising the modified Law of August 10, 1915 on Commercial Companies (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 regulation govern the operation of the shareholders meetings and their key powers, description of their rights.

Transfer of shares

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

Meetings of the Board 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 which shall duly set out the reason for the urgency.

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

Audit Committee

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

Internal Control

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

KSG Agro S.A. maintains an effective internal control structure. It consists, in particular, of organizational arrangements with clearly defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures. An important element of the control environment is an ongoing internal

audit program. KSG Agro S.A.'s internal control system also contains monitoring mechanisms, and actions taken to correct deficiencies where they are identified.

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

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

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

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

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. Those considerations are presented below.

Key risks and uncertainties

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, crop farming and pig breeding, and of restructuring its old and overdue liabilities.

As at the date these consolidated financial statements are being issued, 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.

Risks and uncertainties: Russia-Ukraine war

The Group's operations are predominantly in Ukraine. Ukraine has been engaged in a lengthy war with Russia since as early as February 2014, a war still ongoing as at the date these consolidated financial statements are being issued.

2014-2021: Euromaidan, Annexation of Crimea, and the War in Donbas

In February 2014, after a series of anti-government protests (called 'Euromaidan') swept the country, the President of Ukraine fled, and the new Interim Government had been formed. In March 2014, using this political instability, Russia annexed the Crimean Peninsula, and then provoked and began actively supporting a continuing armed conflict between the Ukrainian army and Russian-backed separatists in the Donbas region of Ukraine. In May 2014, a new, pro-European, President of Ukraine was elected, and the country slowly started to recover.

The loss of Crimea, the conflict in Donbas, all resulted in radical market shifts for key export-oriented sectors. The Ukrainian economy suffered a deep slump throughout the whole of 2014 – 2016. As part of the government's stabilisation measures, the National Bank of Ukraine ("NBU") imposed numerous restrictions, including those on international money transfers. The Group lost a substantial chunk of its assets as a result of Russia's annexation of Crimea in 2014 and NBU's restrictions imposed significant difficulties with timely repayment of loans to the Group's international creditors.

Most of these loans also became immediately due, and so the Group had to negotiate restructuring of the loans to be able to make payments in the new conditions. Restructuring eventually started in 2017, when a letter of intent was signed with the Group's largest creditors to confirm preliminary restructuring terms. By summer of 2020, the Group had successfully settled all of its major loans.

By summer of 2020 the economy also mostly recovered. Overall macroeconomic stabilisation was evidenced by a rise in domestic investment, revival in household consumption, increase in agricultural and industrial production, construction activity and improved environment on external markets. Consumer price inflation has slowed down to, and was expected to remain around, 5% in future years.

As of 23 February 2022, political and economic situation in Ukraine remained relatively stable.

2022: Russian Invasion

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 both the regular Ukrainian Armed Forces and government-supported Territorial Defence Forces (which include civilians), Russian ground troops failed to gain a significant foothold in Ukraine fast enough and, after two weeks, their ground progress has essentially stalled. For details refer to Note 27 to the consolidated financial statements.

Due to the slow progress of the Russian troops, and because the Group's locations are in the very center of Ukraine, management currently estimates the risk that any fighting will reach the Group's pig farm to be low. The Group has also set up a backup office to Chernivtsi, a city close to the western border of Ukraine and further away from the Russian aggression than the Group's main office in Dnipro.

Management's Assessment of the Impact of the War

As at the date these consolidated financial statements are being issued, the War has been going on for 8 years already. But even amidst this war, Ukraine's economy and army have only been getting stronger. From 2016 and onwards, the exchange rates for the Ukraine's national currency Hryvnya have stabilised (data below is from NBU):

	2021	2020	2019	2018	2017	2016	2015	2014	2013
UAH for 1 EUR	32.3	30.8	28.9	32.1	30.1	28.3	24.2	15.7	10.6
UAH for 1 USD	27.3	27.0	25.8	27.2	26.6	25.6	21.8	11.9	7.9

And key macro-economic indicators have also improved (data below is from World Bank):

	2021	2020	2019	2018	2017	2016	2015	2014	2013
GDP, USD billion	200	155	154	131	112	93	91	134	190
Inflation, %	9.5	2.7	7.8	10.9	14.4	13.9	48.6	12.1	(0.2)

All of the Group's major problems in the past 8 years were the result of the ongoing war, but despite the difficulties, the Group still managed to overcome the odds and continues to do so.

Table 1. The Group's total obligations under bank and other loans as at 31 December over the years were as follows:

in USD million	2021	2020	2019	2018	2017	2016	2015	2014	2013
Non-current portion	24.9	24.5	17.5	20.5	22.5	20.9	17.5	11.1	43.6
Current portion	2.7	2.9	11.8	23.8	24.7	24.4	28.9	55.6	59.8
Total bank and other loans	27.6	27.4	29.3	44.3	47.2	45.3	46.4	66.7	103.4

Table 2. Improvements in the Group's working capital as at 31 December over the years were as follows:

in USD million	2021	2020	2019	2018	2017	2016	2015	2014	2013
Current Assets	25.9	18.9	20.4	22.4	17.5	13.9	20.3	20.6	88.0
Current Liabilities	(22.7)	(25.2)	(43.9)	(49.1)	(42.1)	(41.8)	(53.5)	(82.2)	(112.8)
Working Capital	3.2	(6.3)	(23.5)	(26.7)	(24.6)	(27.9)	(33.2)	(61.6)	(24.8)

Table 3. The Group's annual revenue and EBITDA over the years were as follows:

in USD million	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue	30.7	21.3	23.9	28.3	23.2	20.9	19.3	26.3	58.0
EBITDA	12.3	6.0	9.3	2.9	8.3	11.3	16.4	6.8	2.0

The above indicators suggest that the Group has an obvious track record of persevering through adversity. And, from the improvement in macro-economic indicators, we may further derive that other Ukrainian businesses exhibit the same trait. A trait that seems to be in the DNA of Ukrainian people, serving as a testament that the victory will be eventually ours.

Ukraine already received overwhelming international support, both politically and economically. In addition to receiving donations from sympathisers (major financial institutions and governments) across the globe, the Government of Ukraine also issued several rounds of war bonds to finance its military. Other financial aid packages from abroad are on their way. This aid should help the Government to stabilise and more or less secure its pre-Invasion financial position, as well as keep key macro-economic projections at their pre-Invasion levels.

For regions of Ukraine that are further away from the fighting, the current crisis feels in a way just like the continuation of COVID, people got used to movement restrictions and business lockdowns.

And, drawing further comparisons with COVID, we believe that the expected financial aid packages would serve as the much-needed vaccine booster shot, increasing the country's financial immunity against the devastating effects of a war.

A key priority, both for the Group and the country as a whole, was the spring sowing campaign. The Group itself was fully prepared: it had sufficient reserves of seeds, fuel, and fertiliser. Additionally, since the Russian Invasion started, TASCOMBANK, the Group's main lender, had already provided two tranches of UAH 40 million and UAH 60 million, respectively, (a total equivalent of USD 3.4 million of additional funds), to finance any cash gaps that the Group might incur during the sowing campaign. On a larger scale, smaller agricultural producers in Ukraine were receiving financial support from the Government; and the Government already estimates such support to be effective.

During the last several months, the prices for both crops and pork have increased substantially.

The recent droughts in various parts of Africa, a region which already greatly depends on imports of wheat from Russia and Ukraine, are projected to increase the price of wheat even higher. According to the United Nations, Russia and Ukraine produce more than a quarter of global wheat exports.

As a result, both the July harvest of winter crops, as well as the planned harvest of summer crops due around September, in addition to constant supply of pork, should maintain the Group's profitability at a sufficient level to both support its operational needs, as well as funding any scheduled repairs and maintenance of equipment, for at least the next twelve months from the date these consolidated financial statements are being issued.

Risks and uncertainties: long-term financing and cash gaps

The Group had very low liquidity indicators in the past which, to a considerable extent, were a result of unpaid and overdue loans. By August 2020, those loans had been fully settled and the new loans attracted from TASCOMBANK now have a reasonable repayment schedule. Refer to Table 1 above which shows the gradual reduction in both, the overall balance of loans and their short-term portion.

Most of the old loans were denominated in USD and EUR, while the Group's main revenue streams are in UAH. The new loans attracted from TASCOMBANK are, therefore, borrowed directly by the Group's Ukrainian operating subsidiaries, and are denominated in UAH.

According to management's five-year projections, the Group is expected to generate sufficient cash flow from operations to ensure overall repayment of the loans both in the long-term and in the next twelve-month period, while the unutilised loan capacity will be used to cover the occasional cash gaps. For their projections, where practical, management adopted a more conservative scenario, in order to account for various possible adverse effects of the Russian Invasion.

Risks and uncertainties: Coronavirus pandemic

The Group created the headquarters for countering the coronavirus at its pig breeding complex. Its functions include providing practical assistance for the prevention of coronavirus infection to employees of the pig complex, their families, all villagers during the quarantine period, as well as providing information and psychological support.

Special attention is paid to the de-concentration of employees at production sites. All personnel of the pig complex are provided with protective masks, without which transportation and passage through the sanitary inspection room are impossible.

Employees with clinical signs of infection (fever, cough, malaise, etc.) are not allowed to work. Every day, before the start of the working day, a clinical examination of the staff is carried out.

Development strategy: Continuing focus on crop farming and pig breeding

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 2022, during war time.

Please also refer to paragraph "STRATEGY IMPLEMENTATION" on page 1 and 2.

Overall, operational performance is considered satisfactory. At the date these financial statements are being issued, management do not observe any internal or external indicators of events or circumstances which might hinder or otherwise impede the Group's progress in achieving its short-term operational goals.

Development strategy: improving key financial ratios

The Group had very low liquidity indicators in the past which, to a considerable extent, were a result of unpaid and overdue loans. By August 2020, those loans had been fully settled and the new loans attracted from TASCOMBANK now have a reasonable repayment schedule (see Note 16 to the consolidated financial statements).

Since September 2020, management have focused their efforts on further improving the Group's key financial ratios, specifically its negative net current assets and negative shareholders equity. Both goals were achieved primarily through disposal of several subsidiaries in April of 2021, as disclosed in Note 7 to the consolidated financial statements.

Improvements in the Group's net current assets (i.e. working capital) over the years are presented in Table 2 above. The adjusted working capital in 2021 as compared to 2020 was as follows:

	As at 31 December 2021	As at 31 December 2020
in USD million		
Current Assets minus Current Liabilities	3.5	(6.3)
less: Other financial assets	(0.4)	(1.1)
less: Other financial liabilities	7.5	8.5
Adjusted Working Capital	10.6	1.1

In assessing day-to-day performance of the business, management excludes 'other financial assets' and 'other financial liabilities', as those mostly comprise old non-trade balances subject to restructuring and analyses the change in the resulting 'adjusted working capital'. Based on management's assessment, the adjusted working capital is sufficient.

In conclusion

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 annual accounts and the consolidated financial statements have been prepared on a going concern basis.

BUSINESS AND FINANCIAL RISKS

For more details on this matter we refer to the section “Business and Financial Risk” of the consolidated management report included in the consolidated financial statements as at December 31, 2021.

FINANCIAL INSTRUMENTS

The Company didn't use any financial instruments during the years 2021.

SUBSEQUENT EVENTS

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.

Within the first few weeks more than 5.6 million Ukrainians (mostly women with children) fled the country to the neighbouring Poland, Romania, Moldova, Hungary and Slovakia within the first few weeks. A quarter of the Ukrainian population was internally displaced. The UN has described it as the fastest growing humanitarian crisis since World War II.

Ukraine's response

The President of Ukraine immediately enacted martial law and general mobilisation. Civilian volunteers who were not drafted into the regular Ukrainian Armed Forces were able to join the Territorial Defence Forces, which are local civilian defence militias officially recognised and supported by the Government of Ukraine. The President of Ukraine turned to the international community for support.

The Government of Ukraine issued USD 270 million worth of war bonds to finance its additional military spending.

The National Bank of Ukraine suspended currency markets, fixed the official exchange rate of Hryvnia against foreign currencies, limited cash withdrawals in Hryvnia and prohibited withdrawal in foreign currencies. As at the date the annual accounts and the consolidated financial statements are being issued, some limitations were gradually loosened, but most are still in place.

The Government of Ukraine also initiated several programs to support local businesses, including direct financial aid, subsidies, and tax breaks. Most prominently, the Government:

- introduced a single 2% turnover-based tax rate, as an option available to most Ukrainian businesses, in lieu of existing value-added tax and corporate income tax, effective from 1 April 2022.
- specifically committed to provide financial support to smaller agricultural producers ahead of the spring sowing campaign, in an attempt to thwart a possible food crisis that the war could ensue.

International response

In response to Russian aggression, a large number of countries began applying sanctions with the aim of crippling the Russian economy. The sanctions were wide-ranging, targeting individuals, banks, businesses, monetary exchanges, bank transfers, exports, and imports.

Several countries that are historically neutral, such as Switzerland and Singapore, have agreed to sanctions.

Sanctions also included cutting off major Russian banks from SWIFT and freezing assets of the Russian Central Bank, which held USD 630 billion in foreign-exchange reserves. By 1 March 2022, the total amount of Russian assets being frozen by sanctions surpassed USD 1 trillion.

While sanctions are intended to weaken the Russian economy, financial support from governments and international financial institutions towards Ukraine are instead directed to support the Ukrainian economy and help it stay afloat. For that purpose, the frozen (or otherwise ceased) Russian assets could be provided to Ukraine as reparations.

In addition to having sanctions imposed on Russia, in addition to receiving political and financial support from countries across the globe, Ukraine is also receiving indirect military support from other countries, particularly its European allies, through supply of weapons to defend against the Russian aggression.

Major multinational companies from various sectors of the economy, including largest energy companies, major credit card networks, technology companies, have disengaged from Russia in support of Ukraine.

Group's response

The Group has increased security around the pig farm and set up a backup office in Chernivtsi, a city close to the western border of Ukraine and further away from the Russian aggression than the Group's main office in Dnipro.

Since most of the Group's production processes are vertically integrated, it is only dependable on suppliers of fertilizer, fuel, and pig feed. Therefore, during March and April of 2022, the Group:

- fully stocked with fertilizer and fuel for both, the sowing campaign of 2022 summer crops and the subsequent harvesting campaign of 2021 winter crops, to mitigate any potential risk of future shortage or logistical hurdles;
- procured a strategic three-month supply of raw materials for the production of compound feeds at its feed mill, to safeguard against the risk of temporary supply chain disruptions during wartime.

All these purchases were made in Ukrainian currency, so there is no foreign currency risk.

The Group also secured two tranches of additional financing from TASCOMBANK, the Group's main lender, in the amounts of UAH 40 million and UAH 60 million, respectively, (a total equivalent of USD 3.4 million of additional funds) These funds were used to prepay key production costs (fertiliser, fuel, feed components, and salaries) ahead of their anticipated price increases, as well as to fund the wartime reserve of key production supplies.

Current situation

Facing heavy resistance from both the regular Ukrainian Armed Forces and Territorial Defence Forces, Russian ground troops failed to gain a significant foothold in Ukraine fast enough and, after two weeks, their ground progress has essentially stalled. As of 1 April 2022, the Russian battalions attacking the northern regions of Ukraine ceased their assault and withdrew back to Russia, to join the other Russian forces in a unified attack on Donbas, in the east of Ukraine.

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

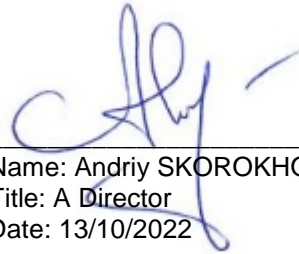
As at the date the annual accounts and the consolidated financial statements are being issued, the Group had successfully completed its spring sowing campaign, finished harvesting its winter crops and does not expect significant interruptions to its production cycle in the near future.

We invite you to approve this report following its lecture.

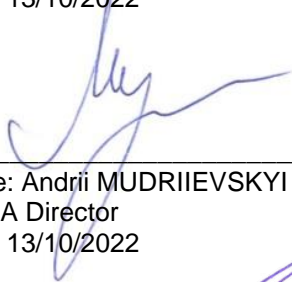
The Board remains at the full disposal of the shareholders for any further information in relation to the above.



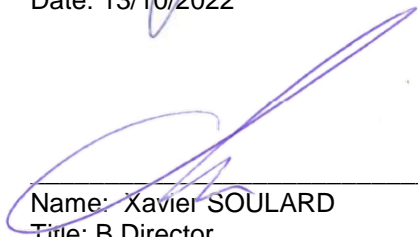
Name: Sergiy KASIANOV
Title: Chairman / A Director
Date: 13/10/2022



Name: Andriy SKOROKHOD
Title: A Director
Date: 13/10/2022



Name: Andrii MUDRIIEVSKYI
Title: A Director
Date: 13/10/2022



Name: Xavier SOULARD
Title: B Director
Date: 13/10/2022



Name: Eric TAZZIERI
Title: B Director
Date: 13/10/2022

Annual Accounts Helpdesk :**Tel. : (+352) 247 88 494****Email : centralebilans@statec.etat.lu**

RCSL Nr. :

Matricule :

BALANCE SHEET**Financial year from** ⁰¹ _____ **to** ⁰² _____ (in ⁰³ _____)

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called	1101 _____	101 _____	102 _____
II. Subscribed capital called but unpaid	1103 _____	103 _____	104 _____
	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 _____	110 _____
I. Intangible assets	1111 _____	111 _____	112 _____
1. Costs of development	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

RCSL Nr. :

Matricule :

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131 _____	131 _____	132 _____
4. Payments on account and tangible assets in the course of construction	1133 _____	133 _____	134 _____
III. Financial assets	1135 _____	135 _____	136 _____
1. Shares in affiliated undertakings	1137 _____	137 _____	138 _____
2. Loans to affiliated undertakings	1139 _____	139 _____	140 _____
3. Participating interests	1141 _____	141 _____	142 _____
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143 _____	143 _____	144 _____
5. Investments held as fixed assets	1145 _____	145 _____	146 _____
6. Other loans	1147 _____	147 _____	148 _____
D. Current assets	1151 _____	151 _____	152 _____
I. Stocks	1153 _____	153 _____	154 _____
1. Raw materials and consumables	1155 _____	155 _____	156 _____
2. Work in progress	1157 _____	157 _____	158 _____
3. Finished goods and goods for resale	1159 _____	159 _____	160 _____
4. Payments on account	1161 _____	161 _____	162 _____
II. Debtors	1163 _____	163 _____	164 _____
1. Trade debtors	1165 _____	165 _____	166 _____
a) becoming due and payable within one year	1167 _____	167 _____	168 _____
b) becoming due and payable after more than one year	1169 _____	169 _____	170 _____
2. Amounts owed by affiliated undertakings	1171 _____	171 _____	172 _____
a) becoming due and payable within one year	1173 _____	173 _____	174 _____
b) becoming due and payable after more than one year	1175 _____	175 _____	176 _____
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177 _____	177 _____	178 _____
a) becoming due and payable within one year	1179 _____	179 _____	180 _____
b) becoming due and payable after more than one year	1181 _____	181 _____	182 _____
4. Other debtors	1183 _____	183 _____	184 _____
a) becoming due and payable within one year	1185 _____	185 _____	186 _____
b) becoming due and payable after more than one year	1187 _____	187 _____	188 _____

RCSL Nr. :

Matricule :

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 _____	198 _____
E. Prepayments	1199 _____	199 _____	200 _____
TOTAL (ASSETS)		201 _____	202 _____

RCSL Nr. :

Matricule :

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
I. Subscribed capital	1301 _____	301 _____	302 _____
II. Share premium account	1303 _____	303 _____	304 _____
III. Revaluation reserve	1305 _____	305 _____	306 _____
IV. Reserves	1307 _____	307 _____	308 _____
1. Legal reserve	1309 _____	309 _____	310 _____
2. Reserve for own shares	1311 _____	311 _____	312 _____
3. Reserves provided for by the articles of association	1313 _____	313 _____	314 _____
4. Other reserves, including the fair value reserve	1315 _____	315 _____	316 _____
a) other available reserves	1429 _____	429 _____	430 _____
b) other non available reserves	1431 _____	431 _____	432 _____
V. Profit or loss brought forward	1433 _____	433 _____	434 _____
VI. Profit or loss for the financial year	1319 _____	319 _____	320 _____
VII. Interim dividends	1321 _____	321 _____	322 _____
VIII. Capital investment subsidies	1323 _____	323 _____	324 _____
	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 _____	338 _____
C. Creditors	1435 _____	435 _____	436 _____
1. Debenture loans	1437 _____	437 _____	438 _____
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 _____	446 _____
i) becoming due and payable within one year	1447 _____	447 _____	448 _____
ii) becoming due and payable after more than one year	1449 _____	449 _____	450 _____
2. Amounts owed to credit institutions	1355 _____	355 _____	356 _____
a) becoming due and payable within one year	1357 _____	357 _____	358 _____
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

RCSL Nr. :

Matricule :

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 _____	368 _____
a) becoming due and payable within one year	1369 _____	369 _____	370 _____
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 _____	380 _____
a) becoming due and payable within one year	1381 _____	381 _____	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 _____	452 _____
a) Tax authorities	1393 _____	393 _____	394 _____
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____	397 _____	398 _____
i) becoming due and payable within one year	1399 _____	399 _____	400 _____
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 _____	406 _____

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. :

Matricule :

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ _____ **to** ⁰² _____ (in ⁰³ _____)

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 _____	714 _____
5. Raw materials and consumables and other external expenses	1671 _____	671 _____	672 _____
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____	603 _____	604 _____
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____	621 _____	622 _____
9. Income from participating interests	1715 _____	715 _____	716 _____
a) derived from affiliated undertakings	1717 _____	717 _____	718 _____
b) other income from participating interests	1719 _____	719 _____	720 _____

RCSL Nr. :

Matricule :

	Reference(s)	Current year	Previous year
10. Income from other investments and loans forming part of the fixed assets			
a) derived from affiliated undertakings	1721 _____	721 _____	722 _____
b) other income not included under a)	1723 _____	723 _____	724 _____
	1725 _____	725 _____	726 _____
11. Other interest receivable and similar income			
a) derived from affiliated undertakings	1727 _____	727 _____	728 _____
b) other interest and similar income	1729 _____	729 _____	730 _____
	1731 _____	731 _____	732 _____
12. Share of profit or loss of undertakings accounted for under the equity method			
	1663 _____	663 _____	664 _____
13. Value adjustments in respect of financial assets and of investments held as current assets			
	1665 _____	665 _____	666 _____
14. Interest payable and similar expenses			
a) concerning affiliated undertakings	1627 _____	627 _____	628 _____
b) other interest and similar expenses	1629 _____	629 _____	630 _____
	1631 _____	631 _____	632 _____
15. Tax on profit or loss			
	1635 _____	635 _____	636 _____
16. Profit or loss after taxation			
	1667 _____	667 _____	668 _____
17. Other taxes not shown under items 1 to 16			
	1637 _____	637 _____	638 _____
18. Profit or loss for the financial year			
	1669 _____	669 _____	670 _____

KSG Agro S.A.
Société Anonyme
R.C.S. B 156.864

Notes to the annual accounts as at 31 December 2021

Note 1 – General Information

KSG Agro S.A. "the Company" was incorporated on 16 November 2010 under the name "Borquest S.A." and organised under the laws of Luxembourg in the form of a Société Anonyme for an unlimited period. On 8 March 2011, the Company's name was changed into its current denomination.

Its registered office is established at 24, rue Astrid, L-1143 Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December of each year.

The Company is listed on the Warsaw stock exchange.

The purpose of the Company shall be the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests. The Company may in particular acquire by way of subscription, purchase and exchange or in any other manner any stock, shares and securities of whatever nature, including bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents and other intellectual property rights.

The Company also prepares consolidated annual accounts, which are published according to the Luxembourg legal requirements.

These annual accounts were approved by the Board of Directors on 13 October 2022.

Note 2 – Significant accounting policies and valuation rules

2.1 General principles

The annual accounts are prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention and the going concern assumption. Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19 December 2002 determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present fairly the financial position and results.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company incurred a net profit of USD 22 270 043,73 during the year ended 31 December 2021. Moreover, the Company has positive equity of USD 21 429 615,96 as at 31 December 2021.

• Impact of the war events in Ukraine

The Russian Invasion of Ukraine had started in late February 2022 and is ongoing as at the date of this report. Because the Company indirectly hold subsidiaries whose key assets and operations are in Ukraine, it might be significantly affected by these events. Management's analysis of the risks and uncertainties surrounding the Invasion, as well as management's strategy and actions to mitigate those risks, are outlined in Note 3 to the consolidated financial statements. The outcome of the Invasion, however, is impossible to predict at this time.

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

As at the date of this report, management, therefore, does not expect significant interruptions to both its spring sowing campaign and its harvesting of winter crops shortly after.

Additionally, the annual accounts were compiled using pre-Invasion judgments and estimates, and do not take into account the subsequent war events. Both, because the Invasion started after the end of the reporting period and is, in itself, a non-adjusting event, and due to the inherent uncertainty regarding its outcome.

2.2 Significant accounting policies and valuation rules

The main accounting policies and valuation rules applied by the Company are the following, in accordance with the principles described above:

2.2.1 Financial assets

Shares in affiliated undertakings are valued at acquisition cost including the expenses incidental thereto.

In the case of a durable depreciation in value according to the opinion of the Board of the Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.2 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Cash at bank and in hand

Cash is valued at its nominal value.

2.2.4 Foreign currency translation

The annual accounts are expressed in USD.

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Fixed assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realisation.

2.2.5 Debts

Debts are valued at their reimbursement value.

Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

KSG Agro S.A.
Société Anonyme
R.C.S. B 156.864

Notes to the annual accounts as at 31 December 2021

Note 3 – Financial assets

The movements of the year are as follows:

	Shares in affiliated undertakings	Loans to affiliated undertakings	Participating interests	Loans to undertakings with which the undertaking is linked by virtue of participating interests	Investments held as fixed assets	Other loans	Total
	USD	USD	USD	USD	USD	USD	USD
Gross book value - opening balance	36,002,800.00	-	-	-	-	-	36,002,800.00
Additions for 2021	-	-	-	-	-	-	-
Disposals for 2021	-	-	-	-	-	-	-
Transfers for 2021	-	-	-	-	-	-	-
Gross book value - closing balance	36,002,800.00	-	-	-	-	-	36,002,800.00
Accumulated value adjustment - opening balance	(36,002,799.00)	-	-	-	-	-	(36,002,799.00)
Allocations for 2021	-	-	-	-	-	-	-
Reversals for 2021	22,294,000.00	-	-	-	-	-	22,294,000.00
Transfers for 2021	-	-	-	-	-	-	-
Accumulated value adjustment - closing balance	(13,708,799.00)	-	-	-	-	-	(13,708,799.00)
Net book value - opening balance	1.00	-	-	-	-	-	1.00
Net book value - closing balance	22,294,001.00	-	-	-	-	-	22,294,001.00

Name of undertakings (legal form)	Registered office	Ownership %	Last balance sheet date	Net equity at the balance sheet date of the company concerned	Profit or loss of the last financial year
				USD	USD
KSG Agricultural and Industrial Holding LTD	Cyprus	100%	31/12/2021	(16,917,552.00)	2,878,852.00

Note 4 – Debtors

Debtors are composed as follows :

	Within one year	After more than one year	Total 2021	Total 2020
	USD	USD		
1. Trade receivables	313.98	-	313.98	570.68
2. Amounts owed by affiliated undertakings				-
- Dividends receivable	1.00	-	1.00	1.00
- Other loan	-	-	-	-
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	-	-	-	-
4. Other debtors				
- Tax advances	11,849.19	-	11,849.19	6,686.85
- Other receivables	1.00	-	1.00	1.00
Total	12,165.17	-	12,165.17	7,259.53

The dividends receivable (before 2021) from the subsidiary KSG Agricultural and Industrial Holding Ltd with a gross value of USD 2 020 328,54 as at 31 December 2021 (USD 2 0 020 328,54 as at 31 December 2020) are impaired to a net book value of USD 1,- as at 31 December 2021 (USD 1,- as at 31 December 2020).

Note 5 – Investment securities

The movements for the year are as follows:

	Own shares	Total
	USD	USD
Gross book value- opening balance	112,440.17	112,440.17
Additions for the year	-	-
Disposals for the year	-	-
Transfers for the year	-	-
Gross book value - closing balance	112,440.17	112,440.17
Accumulated value adjustment- opening balance	(112,439.17)	(112,439.17)
Allocations for the year	-	-
Reversals for the year	112,439.17	112,439.17
Transfers for the year	-	-
Accumulated value adjustment- closing balance	-	-
Net book value- opening balance	1.00	1.00
Net book value- closing balance	112,440.17	112,440.17

Note 6 – Subscribed capital

The subscribed capital amounts to USD 150 200,- and is divided into 15 020 000 shares fully paid-up with a nominal value per unit of USD 0,01.

Note 7 – Share premium account

KSG Agro S.A.
Société Anonyme
R.C.S. B 156.864

Notes to the annual accounts as at 31 December 2021

The movements on the "Share premium account" item during the year are as follows:

	Share premium USD	Other premiums USD	2021 USD
Share premium account - opening balance	40,318,256.87	-	40,318,256.87
Movements of the year	-	-	-
Share premium account - closing balance	40,318,256.87	-	40,318,256.87

Note 8 – Legal reserve

In accordance with article 461-1 of the modified law of 10 August 1915 on commercial companies, Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve cannot be distributed.

Note 9 – Movements for the year on the reserves and profit/loss items

The movements for the year are as follows:

	Legal reserve	Reserves for own shares	Reserves provided for by the Articles of Association	Other reserves	Profit or loss brought forward	Result for the financial year	Dividends payment	Total
	USD	USD	USD	USD	USD	USD	USD	USD
As at 01-Jan-21	14,210.00	112,440.17	-	(5,877.16)	(41,246,383.89)	(183,277.76)	-	(41,308,888.64)
Movement for the year 2021	-	-	-	-	(183,277.76)	183,277.76	-	-
- Allocation of prior year's profit or loss	-	-	-	-	-	22,270,047.73	-	22,270,047.73
- Profit or loss of the year	-	-	-	-	-	-	-	-
- Other movements	-	-	-	-	-	-	-	-
As at 31-Dec-21	14,210.00	112,440.17	-	(5,877.16)	(41,429,661.65)	22,270,047.73	-	(19,038,840.91)

The allocation of the loss for the year 2020 was approved by the General Shareholders' meeting of 23 August 2021.

Note 10 – Creditors

Amounts due and payable for the accounts shown under "creditors" are as follows:

	After less than one year USD	After more than one year USD	Total 2021 USD	Total 2020 USD
1. Convertible debenture loans	-	-	-	-
a) Convertible loans	-	-	-	-
b) Non-convertible loan	-	-	-	-
2. Amounts owed to credit institutions	-	-	-	-
3. Payments received on account of orders in so far they are not shown separately as deductions from stocks	-	-	-	-
4. Trade creditors	203,034.43	-	203,034.43	236,301.39
5. Bills of exchange payable	-	-	-	-
6. Amounts owed to affiliated undertakings	609,244.51	-	609,244.51	446,890.14
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests.	-	-	-	-
8. Tax and social security debts	-	-	-	-
a) Tax	-	-	-	-
b) Social security	-	-	-	-
9. Other creditors	178,619.33	-	178,619.33	166,585.71
Total	990,898.27	-	990,898.27	849,777.24

Other creditors are mainly composed of a Promissory Note of USD 159 756,93 repayable to GEM Global Yield Fund Limited.

Amounts owed to affiliated undertakings consist of an interest free advance from KSG Agricultural and Industrial Holding Ltd (due to invoice payments made on behalf of the Company).

Note 11 - Staff

The Company had no employees in 2021.

Note 12 - Off balance sheet commitments

As at 31 December 2021, the following guarantee agreements are still applicable:

Creditors	Amount (excluding interests)	Interest %	Comments
EKF Denmark's Export Credit Agency	1,604,013.00 EUR	5,5 following default event	This amount in overdue corresponds to the sum of the 18 bills received initially by KSH AIH from Breeders of Denmark based on the agreement n°01.40.2012 signed on 18/10/2012. During 2015, collection of this debt was assigned to EKF. On June 19, 2019, KSH AIH was offered a Settlement agreement which has not been respected. As a consequence the total outstanding amount of € 1.604.013,- is due by KSG AIH as at 31.12.2021, at a rate of 5,5 per year. The Company was initially acting as guarantor and is still a guarantor following the transfer to EKF.

Note 13 - Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

In 2021 the Directors of the Company received no remuneration (2020: nil).

Note 14 - Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2020: nil).

Note 15 - Subsequent events

Except for the conflict between Russia and Ukraine described in note 2.1., there are no significant subsequent events after 31 December 2021.

To the Shareholders of
KSG Agro S.A.
Société anonyme
24, rue Astrid
L - 1143 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of KSG Agro S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 of the annual accounts which indicate that the Company's direct and indirect subsidiaries are exposed to significant risks related to the ongoing Russian military invasion of Ukraine started in late February 2022. The magnitude of the further developments and the timing of when those actions will cease are uncertain. These events or conditions, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged With Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"réviseur d'entreprises agréé"* to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as “réviseur d’entreprises agréé” since 2018, and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that no prohibited non-audit services referred to in the EU Regulation No 537/2014 were provided and that we remained independent of the Company in conducting the audit.

Bertrange, October 13, 2022

C-CLERC S.A.
Cabinet de révision agréé



Jean-Jacques Soisson
Réviseur d’Entreprises Agréé