

10.12.2021

## Rating of KSG Agro S.A. is updated

**December 10, 2021** the rating committee of RA “Expert-Rating” made decision to update a long-term credit rating of KSG Agro S.A. at the level **uaA+** according to the national scale (the rating according to the international scale is at the level BBB.) The borrower or the particular debt instrument with rating uaA is characterized by a high creditworthiness compared to other Ukrainian borrowers or debt instruments. The level of creditworthiness is susceptible to the impact of adverse commercial, financial and economic conditions. The Agency updated the credit rating after the analysis of data of the consolidated statements of KSG Agro S.A for the nine months of 2021.

Table

### Indicators of KSG Agro S.A for the nine months of 2021 year (th. USD, p.p., %)

Indicators	9 months of 2021 (30.09.2021)	9 months of 2020 (30.09.2020)	Change	Growth rate, %
<b>Balance sheet indicators and financial results</b>				
Fixed assets	15 435	17 163	-1 728	-10,07%
Long-term biological assets	30 739	27 787	2 952	10,62%
Current biological assets	9 935	9 458	477	5,04%
Stocks and agricultural products	6 257	10 443	-4 186	-40,08%
Cash and cash equivalents	1 985	187	1 798	961,50%
Accounts receivable	3 948	3 789	159	4,20%
<b>Total assets</b>	<b>73 914</b>	<b>71 136</b>	<b>2 778</b>	<b>3,91%</b>
Long-term bank and other loans	27 185	24 815	2 370	9,55%
Long-term liabilities, total	29 224	26 737	2 487	9,30%
Short-term bank and other loans	2 513	4 485	-1 972	-43,97%
Accounts payable	10 154	23 094	-12 940	-56,03%
Current liabilities, total	24 735	31 517	-6 782	-21,52%
<b>Total liabilities</b>	<b>53 959</b>	<b>58 254</b>	<b>-4 295</b>	<b>-7,37%</b>
<b>Shareholders' equity</b>	<b>19 955</b>	<b>12 882</b>	<b>7 073</b>	<b>54,91%</b>
Authorized (share) capital	150	150	0	0,00%
Revenue	20 940	14 666	6 274	42,78%
Net profit	17 284	4 767	12 517	262,58%
<b>Calculated indicators and coefficients:</b>				
EBITDA	7 351	6 655	696	10,46%
Ratio between shareholders' equity and liabilities, %	36,98%	22,11%	14,87 p.p.	-
Ratio between EBITDA and liabilities, %	13,62%	11,42%	2,20 p.p.	-
Ratio between EBITDA and total loans (excluding cash and cash equivalents), %	26,53%	22,86%	3,67 p.p.	-
ROS	82,54%	32,50%	50,04 p.p.	-
ROA	23,38%	6,70%	16,68 p.p.	-
ROE	86,61%	37,01%	49,60 p.p.	-

Source: consolidated financial statements of KSG Agro S.A. (unaudited), calculations by RA “Expert-Rating”

1. Throughout the period from 30.09.2020 to 30.09.2021 the shareholders' equity of KSG Agro S.A. grew in 1,55 times up to USD 19,96 mln. The key factor of the increase in the Company's shareholders' equity became its profitable activity and the reduction of retained loss. Throughout the analyzed period the liabilities of KSG Agro S.A. decreased by 7,37% down to USD 53,96 mln. The

decrease in liabilities of KSG Agro S.A. was mainly due to selling three subsidiary companies in May, 2021 and two subsidiary companies in September, 2021. The corresponding movement of indicators resulted in an increase in the ratio between shareholders' equity and liabilities of KSG Agro S.A. by 14,87 p.p. up to 36,98% in the analyzed period. The increase of KSG Agro S.A. provision level with shareholders' equity is appreciated by the Agency.

2. In the structure of long-term liabilities of KSG Agro S.A. as of 30.09.2021, the predominant share was occupied by long-term loans, their volume in the analyzed period grew by 9,55% up to USD 27,19 mln. Short-term loans, obtained by KSG Agro S.A., for the period from 30.09.2020 to 30.09.2021 decreased by 43,97% down to USD 2,51 mln.

3. Sales of the Company's products in the analyzed period increased significantly. In particular, sales revenue for the nine months of 2021 year compared to the same period in 2020 year increased by 42,78% up to USD 20,94 mln. At the same time, the amount of net profit according to the results of the three quarters of 2021 year amounted to USD 17,28 mln that in 3,63 times exceeded the indicator for the three quarters of 2020 year. The main factor in the growth of the Company's profit in the analyzed period was the sale of its subsidiaries and the increase in sales volumes. The increase in the financial results of KSG Agro S.A. led to a significant increase in its profitability indicators.

4. Analysis of the consolidated financial statements of KSG Agro S.A. showed that EBITDA in the 9 months of 2021 year compared to the same period of 2020 year grew by 10,46% up to USD 7,35 mln., and the ratio between EBITDA for the three quarters of 2021 year and the volume of loans as of 30.09.2021 grew up to 26,53%. The respective level of this indicator shows the Company's ability to service its debt liabilities.

Therefore, having analyzed the consolidated financial statements of KSG Agro S.A. for the nine months of 2021 year, the Agency notes: an increase in the level of shareholders' equity coverage with liabilities, a growth in sales revenue and net profit of the Company, as well as a good level of ratio between EBITDA and loans. profitable activity of the Company and a good level of ratio between EBITDA and loans.

*Analytical service of RA «Expert-Rating»*