



KERNEL

Kernel Holding S.A.

ANNUAL REPORT

For the year ended 30 June 2024

Kernel is a diversified, vertically integrated agricultural business, the largest exporter of agricultural products from Ukraine.

We are the world's leading producer and exporter of sunflower oil, the largest grain exporter from Ukraine, the operator of an extensive agricultural logistics network, and the leading producer of grain and oilseeds in Ukraine. In FY2024, we supplied 8 million tons of agricultural products from Ukraine worldwide.

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Key Highlights

<i>USD million except ratios and EPS</i>	FY2023	FY2024	y-o-y
Income statement highlights			
Revenue	3,455	3,581	4%
EBITDA ¹	544	381	(30%)
Net profit / (loss) attributable to equity holders of Kernel Holding S.A.	299	168	(44%)
EBITDA margin	15.8%	10.6%	(5.1pp)
Net margin	8.7%	4.7%	(4.0pp)
EPS, USD	3.86	0.65	(83%)
Cash flow highlights			
Operating profit before working capital changes	753	604	(20%)
Change in working capital	128	(21)	n/a
Finance costs paid	(120)	(78)	(35%)
Income tax paid	(44)	(32)	(26%)
Net cash provided by / (used in) operating activities	716	472	(34%)
Net cash used in investing activities	10	(113)	n/a
Liquidity and credit metrics			
Net interest-bearing debt	595	281	(53%)
Readily marketable inventories	282	247	(12%)
Adjusted net debt ²	313	34	(89%)
Shareholders' equity	1,742	1,865	7%
Net debt / EBITDA	1.1x	0.7x	(0.4x)
Adjusted net debt ³ / EBITDA	0.6x	0.1x	(0.5x)
EBITDA / Interest	4.4x	5.5x	1.1x
Non-financial highlights			
Number of employees (full-time equivalent) as of 30 June	10,733	10,904	2%
Rate of recordable work-related injuries, accidents per million worked hours	0.50	0.81	62%
Social spending, USD million	12.3	25.1	2.0x
Total GHG emission, thousand tons of CO ₂ equivalent	280	195	(30%)
Total energy consumption, thousand gigajoules	7,721	8,689	14%

Note: The financial year ends on 30 June.

1. Hereinafter, EBITDA is calculated as a sum of the profit from operating activities plus amortization and depreciation.

2. Commodity inventories are inventories such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets, and the international pricing mechanism. The Group used to call such inventories "Readily marketable inventories", but after the beginning of the war in Ukraine the Group faced difficulties selling such inventories, and therefore such inventories cannot any longer be considered readily marketable.

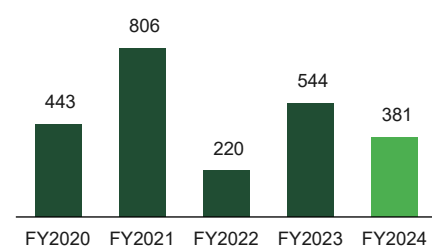
3. Adjusted debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing debt, long-term interest-bearing debt and lease liabilities, less cash and cash equivalents, and commodity inventories at cost.

4. Excluding employees related to assets held for sale as of the reporting date.

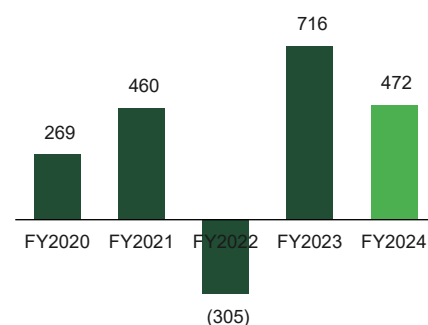
Hereinafter differences between totals and sums of the parts are possible due to rounding.

Hereinafter "Kernel" or "Group" refers to the Kernel Holding S.A. group of companies, while "the Company" refers to Kernel Holding S.A. as the Group's parent entity. This Strategic Report together with the "Sustainability" and "Corporate Governance" sections shall be read and perceived as Directors' Report for the purposes of the Luxembourg legislation.

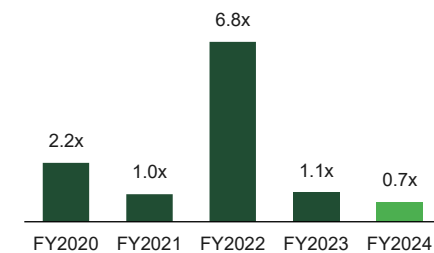
EBITDA
USD million



Net cash generated by operating activities
USD million



Net debt / EBITDA



Chairman's Statement



Andrii Verevskyi
Chairman of the Board of Directors,
Founder

Dear Stakeholders,

Reflecting on the fiscal year ending 30 June 2024, a year profoundly impacted by Russia's ongoing invasion of Ukraine, I am pleased to present the Kernel Holding S.A. annual report on behalf of the Board of Directors. This report provides an overview of the Group's financial results, operational achievements, and our strategic direction as we look ahead to FY2025 and beyond.

FY2024 highlights

The operating environment in FY2024 was marked by extreme volatility and elevated risks. The year began with the full blockade of our primary export route – Ukrainian deep-water Black Sea ports – after Russia's unilateral termination of the Black Sea Grain Initiative on 18 July 2023. Right after that, Russia escalated its attacks, launching frequent drone and missile strikes on Ukraine's port infrastructure. These strikes severely damaged our export terminal at Chornomorsk, reducing its transshipment capacity from 10 to 8 million tons per annum, and further damaging our transshipment assets along the Danube River.

As a result of these disruptions, our export volumes dropped significantly in Q1 FY2024, leading to reported losses for that period. Signs of improvement emerged only in late September 2023 after the Ukrainian Navy established a temporary corridor for vessels departing from Black Sea ports. By mid-October, vessels began actively using this new route, seeking to bypass the Russian blockade and revive sea-borne grain exports. The corridor proved effective, and from Q2 FY2024, we managed to significantly increase export volumes and resume operations closer to normal levels – though still nearly 50% below pre-war quarterly grain export peaks. It also resulted in the reduction of our carry-over stocks through FY2024 from 1.3 million tons of vegetable oil, meal, grain, and oilseeds at the beginning of the season to 0.8 million tons by the end. However, war-related risks remain, with periodic Russian strikes on port infrastructure, railway logistics, and civilian vessels continuing to pose significant threats, endangering and making sea-borne logistics costly or even leading to a complete shutdown of export routes.

Export disruptions were not the only challenges we faced due to the war. Russia targeted our inland assets, including silos and crushing plants, as well as Ukraine's key infrastructure like port railway networks and civilian vessels, and power generation and distribution systems. As the war dragged on, the conscription intensified. As of the date of this report, 779 of our colleagues are bravely serving in the Ukrainian military forces, defending our nation against Russian aggression. We stand

with them and their families, offering support and contributing to various military initiatives. Additionally, we are committed to aiding recovery efforts in areas impacted by Russian attacks, with our total social spending in FY2024 reaching USD 25 million. Yet, these efforts are small in comparison to the immense suffering endured by countless Ukrainians. Our hearts are heavy for the 56 Kernel employees who have lost their lives – both as soldiers and civilians. Their memories are honored on a dedicated [webpage](#). The loss of each life leaves an irreplaceable void, and it is heartbreaking to speak of such tragedies in the 21st century. We must ensure that their sacrifices are never forgotten. We also pray for 20 our employees who are listed as missing and keep in our thoughts the 114 employees who have sustained injuries. The physical and emotional scars they bear are a stark reminder of the brutal realities of war. For these individuals and all war veterans, we have implemented special work conditions, launched adaptation programs, and provided various forms of support to help them through their recovery.

Describing the financial performance, the **Group's EBITDA** in FY2024 fell 30% y-o-y to USD 381 million, primarily due to a USD 229 million impairment on oilseed processing plants, port facilities, and other assets, reflecting expected future performance decline and increased risks. After adjusting for this, the underlying performance remained relatively stable: margins were lower due to weak grain and vegetable oil prices, but this was partially offset by higher sales volumes, thanks to our recent investments in export infrastructure. Net profit attributable to shareholders decreased by 44% y-o-y, to USD 168 million. Additionally, foreign exchange translation losses of USD 97 million, driven by the depreciation of the Ukrainian hryvnia against the US dollar, brought total comprehensive income attributable to the Company's shareholders to USD 63 million, up 7% y-o-y.

Contributions by various business segments were as follows.

The **Oilseed Processing** segment delivered USD 83 million in EBITDA in FY2024, a 69% y-o-y decline, largely impacted by a USD 172 million impairment loss. Besides, the segment benefited from receiving a USD 27 million insurance payment for property damage and business interruption. Excluding these one-off factors, the segment's core performance remained robust. A strong sunflower seed supply, supported by a high harvest of 14.6 million tons, underpinned Kernel's 24% y-o-y growth in crushing volumes, reaching 3.2 million tons. This expansion was bolstered by the commissioning of Ukraine's largest oilseed processing plant in February 2024, which processed 231

Chairman's Statement **continued**

thousand tons of oilseeds – a project that has been in development since 2018. The increased crushing volumes drove a 30% rise in vegetable oil sales, totaling 1.5 million tons. Our diversified export routes, including access to the Danube River and reopened Black Sea ports, combined with our 2022-2023 investments to diversify transshipment options, enabled us to sustain export activities effectively. Kernel maintained its leadership as Ukraine's largest sunflower oil producer and exporter, securing 22% of Ukraine's sunflower oil exports and 9% of global exports. Additionally, our renewable energy investments, including a new 20 MW co-generation heat and power facility launched in December 2023, also paid off: the biomass-powered operations generated USD 24 million in EBITDA by selling green energy to the grid, enhancing energy resilience amid potential power shortages.

Despite these positive developments in volume growth and business expansion, crushing margins narrowed during FY2024, mainly due to persistently low global sunflower oil prices throughout the season.

The **Infrastructure and Trading** segment achieved USD 204 million in EBITDA in FY2024, up 33% y-o-y, which includes a USD 53 million contribution from Avere's global trading operations and a USD 45 million one-off loss from asset impairments. Adjusting for this and other one-offs, operations in Ukraine delivered USD 191 million EBITDA, up 56% y-o-y. The growth in EBITDA was primarily driven by **increased volumes**, with grain export and terminal throughput rising by half as compared to FY2023. Exporting 5.5 million tons of grain and oilseeds from Ukraine, we retained our position as a market leader, capturing a 10% share of Ukrainian exports and significantly reducing inventory levels throughout the year. This volume growth was further supported by **recent capital investments** in export infrastructure. The previously idle vegetable oil export terminal in the port of Chornomorsk, acquired at the start of FY2024, was fully revitalized, and transshipment operations began there in January 2024. This terminal is now evolving into a key hub for vegetable oil transshipment, capable of handling all the sunflower oil produced by our facilities, while also offering services to third parties and facilitating our purchases of sunflower oil from external sources. Additionally, we further invested in alternative export routes via the acquisition acquiring vegetable oil transshipment capabilities in the port of Reni and maintained operations in the Pivdennyi port. Finally, our acquired fleet of vessels fully contributed to our earnings in FY2024.

While contributions from our Ukrainian operations increased, the results were highly

volatile. The first quarter saw weak performance due to the closure of the Black Sea for exports, highlighting the lack of viable alternatives to sustain profitable operations. Conditions began to improve in Q2 as exports resumed and showed a strong recovery toward the end of the season. A key factor was stable export routes in Q2-Q4 FY2024, as a new export corridor established by the Ukrainian Navy appeared to be much more efficient than the Black Sea Grain Initiative in FY2023. Despite the damage inflicted on our terminal in Chornomorsk early in the season, we managed to transship 6 million tons of goods there – a 50% increase y-o-y.

Finally, a **strong 2023 grain harvest in Ukraine**, combined with substantial carry-over stocks from the previous season, ensured a solid domestic grain supply in FY2024, supporting both volumes and margins.

Our **Farming** segment delivered USD 171 million in EBITDA, a 23% y-o-y decline. This result comprises USD 85 million EBITDA from the sale of the 2023 crop, USD 82 million – from the sale of carry-over stocks from the 2022 crop, and USD 5 million contribution from other factors. While we benefited from strong crop yields and lower production costs, sales prices were significantly lower than in FY2023. The financial outcome was largely driven by high sales volumes and material inventory reduction.

Our strategic adjustments to the crop mix, including increased acreage for soybeans and rapeseeds and a reduced focus on corn, proved effective, as oilseeds farming was notably profitable in FY2024. On the other hand, storage capacity limitations in the previous season, driven by export logistics constraints, led to quality deterioration and subsequent losses of nearly 30 thousand tons of grain due to improper storage conditions.

Operating performance in FY2024 allowed us to de-lever the Group. In December 2023, following three debt restructuring processes since the onset of Russia's full-scale invasion, we repaid over USD 600 million in PXF and bilateral credit lines. This decision was driven by an improved export logistics environment, a stabilized business outlook, and a solid liquidity position. After this, our loan portfolio consisted of long-term facilities from EIB and EBRD (USD 164 million as of 30 June 2024), Eurobonds totaling USD 600 million, and USD 159 million in financing from local and international banks. The net-debt-to-EBITDA ratio as of 30 June 2024 was at a comfortable 0.7x level.

Following the reporting period, despite challenges posed by restrictive capital controls in

Ukraine due to the ongoing war and uncertainties about future operations, we successfully repaid the USD 300 million Eurobonds at maturity on 17 October 2024. This achievement underscores our commitment to maintaining a strong credit history, positioning us as one of Ukraine's most reliable borrowers. Additionally, we secured the first-ever financing provided by international lenders since the beginning of the full-scale war in Ukraine – a sunflower oil pre-export financing facility for the total amount of USD 150 million.

In light of the significant uncertainties and risks to the Group's future, the Board of Directors recommended shareholders not distribute dividends for the financial year ending 30 June 2024.

FY2025 outlook

The new season, like the three preceding ones, will be substantially shaped by geopolitics and war-related risks, with significant implications for Kernel:

- Our business remains **heavily dependent on the Black Sea** as the main export channel. Any disruptions to this route could severely impact our operations, as we experienced during some periods of FY2022-2024. While we have developed alternative export options, they are not sufficient substitutes should this risk materialize.
- The threat of **damage to our key assets** is significant and has already materialized in the past. Our port facilities suffered damage in the summer and autumn of 2023 and still remain under repair. Additionally, in August 2024, our largest oil extraction plant was hit by a Russian drone attack. The crushing plant in Vovchansk was wiped off the face of the earth as a result of Russia's offensive in the northern Kharkiv region, and our facility in Prykolotne sustained heavy bombing damage. With the ongoing intensification of Russian attacks on Ukraine's civil infrastructure and no insurance coverage available, this remains one of the most critical risks we face in FY2025.
- The protracted war in Ukraine has increased **risks related to human capital**, as ongoing conscription draws more men into military service. Although we have managed to adjust our operations to this challenge so far, the situation could deteriorate. Additionally, there is a potential for **increased tax obligations** if the Ukrainian government faces difficulties funding escalating war expenses, adding to the already high taxes and social donations we make.
- The threat of **power outages** looms large, especially in light of intensified Russian attacks on Ukraine's energy infrastructure. Although we have prepared most of our facilities to manage such scenarios, a severe power shortage could lead to rising costs and, in the worst case, substantially disrupt our operations.

Chairman's Statement **continued**

Another challenge in FY2025, not existing in two previous seasons will be significant **crop supply constraints in Ukraine** due to a smaller harvest and limited carry-over stocks. A summer heatwave has severely affected the yield potential for both sunflower and corn, two of our most critical crops:

- The **sunflower harvest** is projected to decline by 17% y-o-y, decreasing by 2.5 million tons to 12.1 million tons. This decline results not only from lower yields but also from a reduction in sunflower acreage to more sustainable levels, aligning with our previous year's guidance. This reduction comes at a time when crushing capacity is set to reach a record 20 million tons per annum for FY2025, leading to an unprecedented gap of 8 million tons between crushing capacity and the available sunflower harvest. The gap will be even more severe than the last major deficit of this nature observed in FY2021, when Kernel's Oilseed Processing segment achieved an EBITDA of just USD 37 per ton of oil sold, underscoring the margin pressures that could emerge in the coming year. While the past two seasons favored crushers, in FY2025 the negotiation power will definitely belong to farmers.
- The **corn harvest**, meanwhile, is estimated to drop by 6.5 million tons, down 21% y-o-y due to the summer heat waves. This shortfall is expected to negatively impact capacity utilization and margins across our grain export value chain.

Compounding these challenges is an unfavorable global situation where Ukraine faces a reduced harvest, while other major crop-producing regions are experiencing strong yields, leading to potentially weak prices. This rare combination could have a particularly adverse impact on Ukrainian farmers: they are contending with both lower crop yields and the inability to capitalize on high prices. A similar negative outcome is anticipated for Kernel's farming segment, making the year ahead exceptionally difficult.

Update on corporate matters

The Company is still in the process of delisting, which began in spring 2023, but it will be completed once the Polish Financial Supervision Authority approves it. This approval is currently on hold due to legal challenges from 8 minority shareholders, who collectively own 0.4% of the shares in Kernel and have contested the delisting decision in Luxembourg court.

The same group of minority shareholders also instrumentalize justice for their personal interest by initiating several other claims against the Company, including the requests to suspend and annul the share capital increase conducted in August-September 2023, and

also to suspend and annul the decisions taken at the annual general meeting of shareholders held on 11 December 2023. As the Board of Directors is confident that all the relevant decisions taken were legitimate and had a solid rationale, the Company is currently defending its position in courts.

Sustainability progress

Over FY2024, we continued developing our role as a reliable partner in the decarbonization of the food supply chain and contribution to the global climate actions in the agriculture sector. Within the Farming segment, we focused on strengthening our methodological approaches to managing carbon footprint from agriculture operations. We started working with Carbon Trust to undertake a gap analysis of our operational accounting of GHG emissions across individual fields and crops as a preparatory step for its verification and further automatization. At Oilseed Processing, we aim to leverage our existing capacities of green electricity production to minimize the carbon footprint of sunflower oil production. As a demonstration of such ambition, in FY2024, Kernel's oil extraction plant in Poltava has committed to the Science Based Targets initiative, becoming the first company in the Ukrainian food industry to join this global framework.

Regarding our social capital priorities, we continued to adamantly support the Armed Forces of Ukraine, local communities, and the society as a whole. We are proud to be among the top three private companies in Ukraine in terms of the total military and humanitarian aid provided since the beginning of the Russian full-scale invasion. In FY2024, our social spending amounted to USD 25 million. Further enhancement of our social responsibility and building the long-term value of the business are among the company's strategic priorities, reflecting the UN Global Compact Ten Principles.

I would like to express our sincere thanks to all our stakeholders for their continued support. The entire Kernel team deserves special recognition for their unwavering dedication and resilience in overcoming the challenges posed by the ongoing conflict. Their safety and well-being remain our top priority. We are also grateful to the international community for their invaluable assistance to Ukraine in its struggle against Russian aggression. A special and profound thanks go out to the brave Ukrainian defenders who are courageously protecting our nation and its people.

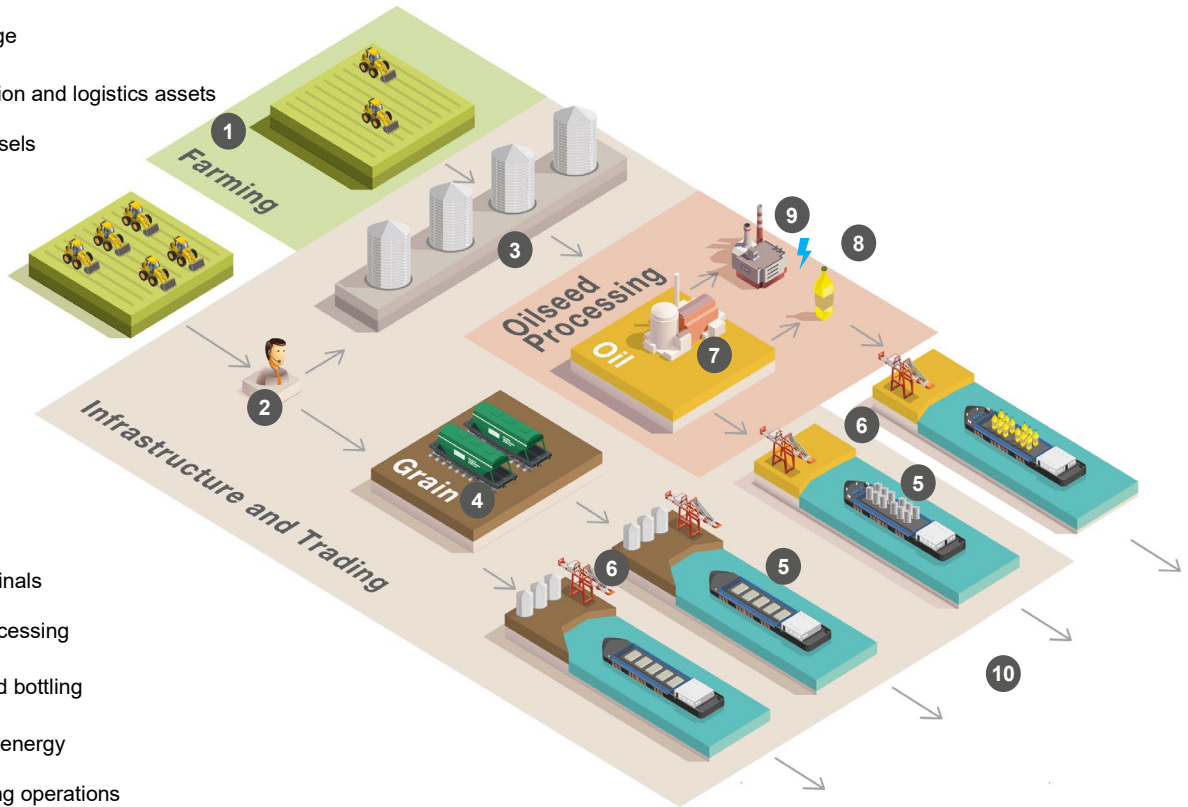


Andrii Verevskyi

Chairman of the Board of Directors, Founder

Our Business Model

- 1 Own farming
- 2 Origination and procurement
- 3 Grain storage
- 4 Transportation and logistics assets
- 5 Fleet of vessels



- 6 Export terminals
- 7 Oilseed processing
- 8 Refining and bottling
- 9 Renewable energy
- 10 Avere trading operations

Topping industry league tables in all segments



Oilseed Processing segment

- Leading sunflower oil producer (~6% of global production) and exporter (~9% of global exports);
- Leading bottled sunflower oil producer and marketer in Ukraine;
- 4.0 million tons annual sunflower seed processing capacity;
- Producer of renewable energy from biomass;



Infrastructure and Trading segment

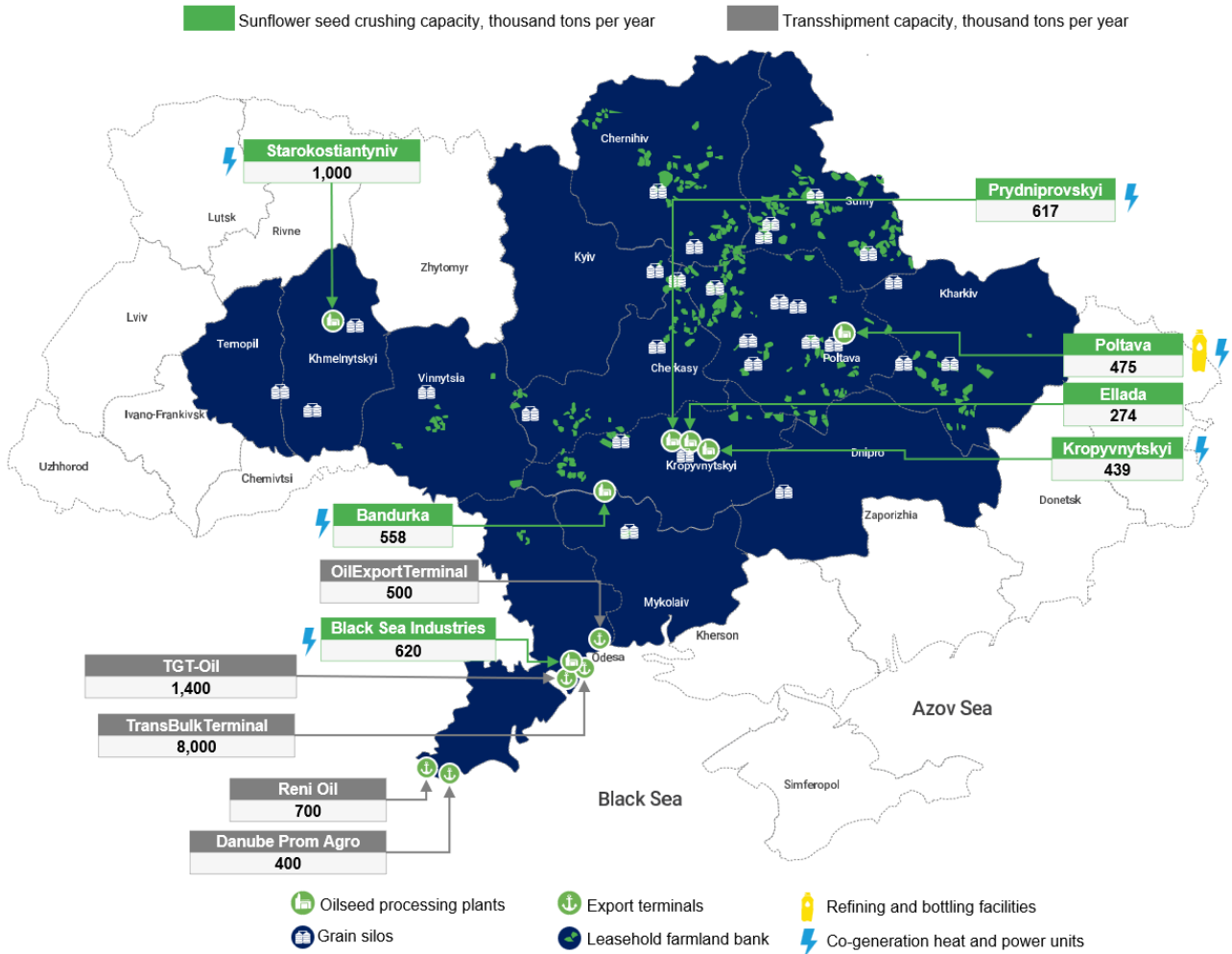
- Leading grain exporter from Ukraine with 10% of country's total grain export in FY2024;
- Leading grain export terminal operator with total annual capacity to transship 11 million tons of soft commodities;
- #1 private inland grain silo network in Ukraine with 2.2 million tons of one-time grain storage capacity;
- #1 private grain railcar fleet in Ukraine (3.4 thousand of accessible own railcars);
- Avere proprietary trading activities;



Farming segment

- Leading producer in Ukraine operating 358 thousand hectares of leasehold farmland;
- Modern large-scale machinery, sustainable agronomic practices, cluster management system and export-oriented crop mix;
- Nearly 100% of sales volumes flows through our Infrastructure and Trading and Oilseed Processing segments, earning incremental profits.

Kernel at Glance



Segment results summary

	Revenue, USD m			EBITDA, USD m			Volume, thousand tons ¹			EBITDA margin, USD/t ²		
	FY2023	FY2024	y-o-y	FY2023	FY2024	y-o-y	FY2023	FY2024	y-o-y	FY2023	FY2024	y-o-y
Oilseeds processing	1,908	1,864	(2%)	270	83	(69%)	1,139	1,477	30%	237	56	(76%)
Infrastructure & trading	2,602	2,011	(23%)	154	204	33%	3,705	5,452	47%	42	37	(10%)
Farming	695	481	(31%)	221	171	(23%)	1,849	1,813	(2%)	609	476	(22%)
Unallocated corporate expenses				(101)	(77)	(24%)						
Reconciliation	(1,750)	(775)	(56%)									
Total	3,455	3,581	4%	544	381	(30%)						

Note 1 Physical grain volumes exported from Ukraine (ex. Avere) for Infrastructure and Trading; harvest of grain and oilseeds in the Farming segment.

Note 2 USD per ton of vegetable oil sold for Oilseed Processing; USD per ton of grain exported (ex. Avere volumes) for Infrastructure and Trading; USD per hectare for Farming.

Financial Performance in FY2024



Fragile results in a turbulent environment



Kernel completed another turbulent season in FY2024. Like the previous year, the season began with the complete closure of Black Sea ports, leading to a predominantly negative outlook. Following the termination of the Black Sea Grain Initiative and the reinstated blockade of Ukrainian deep-water ports, Russia launched widespread attacks on agricultural and port infrastructure, deliberately targeting the Group's assets with missiles and drones. With export routes closed, we reported a loss-making first quarter, posting a USD 42 million total comprehensive loss attributable to shareholders. The overall sentiment remained negative, with no clear visibility on when the business environment might improve. High debt levels posed a significant threat to the Group's financial stability.

Fortunately, conditions improved significantly in the second quarter of FY2024, following the reopening of Ukrainian Black Sea ports by the Ukrainian Navy. Kernel returned to profitable operations, **generating an EBITDA of USD 381 million for the full FY2024**, down 30% y-o-y, and a total comprehensive income attributable to the Company's shareholders of USD 63 million, a 7% increase y-o-y. While the business expanded through the addition of new assets (a greenfield oilseed processing plant, a renewable energy generation facility, and newly acquired port transshipment terminals), the Group also recognized over USD 200 million in non-cash impairment losses due to a deteriorating business outlook and anticipated high risks for the future.

FY2024 was also a highly volatile year in terms of **debt management**. We began the year in difficult negotiations with creditors to restructure debt, as we were unable to meet all our maturing obligations. It wasn't until October 2023 that we completed the restructuring. However, by December 2023, with the operational environment improving, we decided to repay a significant portion of our debt, resulting in a relatively low debt level and a comfortable liquidity position for the Group.

Revenue

USD 3,581 million
+4% y-o-y

EBITDA

USD 381 million
-30% y-o-y

Our liquidity management strategy throughout the year was focused on maximizing cash balances to prepare for potential negative scenarios and risks, given the ongoing war in Ukraine. This approach led to maintaining the lowest level of working capital in the past five years, minimizing potential inventory losses, but also limiting opportunities for business expansion.

Looking ahead, our **outlook for FY2025** remains somewhat bearish, primarily due to the expected weak supply of grain and oilseeds in Ukraine, along with ongoing war-related risks. While we anticipate remaining profitable under current conditions, the business remains fragile and highly exposed to various risks. We will continue to follow a cautious capital allocation policy, prioritizing liquidity, seeking new financing opportunities, and fulfilling our existing commitments.

Financial Performance in FY2024 continued

Income statement highlights

In FY2024, the Group generated USD 3,581 million in **revenue**, up 4% y-o-y. This growth was driven by higher sales volumes across all key products – grain, sunflower oil, and sunflower meal – boosted by the reopening of Ukrainian Black Sea ports for exports in mid-October 2023. However, the increase was partially offset by lower realized prices. Freight and other services reached a record high of USD 405 million, accounting for 11% of total revenue. Export sales represented 94% of total revenue.

The Group recognized a USD 10 million loss from the **net change in the fair value of biological assets and agricultural produce** in FY2024, compared to a USD 115 million loss in the prior year. This reflects gains from revaluing crops in the fields to fair value less costs to sell as of 30 June 2024, and expensing of similar gains recorded in the previous year, as required by IAS 41.

Cost of sales in FY2024 increased by 7% y-o-y, reaching USD 2,889 million, in line with revenue growth. This rise was primarily driven by a 7% y-o-y increase in the cost of goods for resale and raw materials used, along with a 7% surge in shipping and handling expenses. Additionally, payroll and payroll-related costs grew by 24% year-on-year, totaling USD 81 million.

As a result, the **gross profit** for the period surged by 7% y-o-y, totaling USD 682 million.

Other operating income amounted to USD

71 million, up 33% y-o-y, primarily driven by a one-off insurance payment of USD 34 million for property damage and business interruption. This also included USD 9 million in gains from operations with securities (including Avere trading), income from stock-taking, gains on the sale of foreign currency, and income from contract wash-outs.

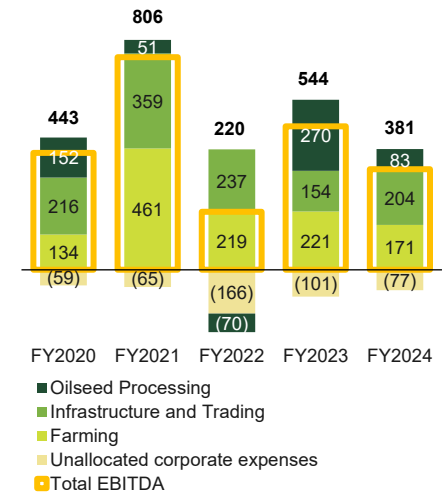
Other operating expenses totaled USD 23 million, down 34% y-o-y. This included USD 17 million in dispatch and other fines (due to extended waiting times during vessel loading and unloading at ports), and a USD 5 million loss from the Group's operations with securities and derivatives.

General, administrative and selling expenses in FY2024 increased by 4% y-o-y, reaching USD 213 million, primarily driven by higher payroll and payroll-related costs.

Additionally, the Group recognized USD 11 million in **net impairment losses on financial assets**, reflecting provisions made for accounts receivable and loans provided to third parties.

Kernel also recorded a USD 229 million **impairment loss** in FY2024, primarily resulting from the impairment of property, plant, and equipment (USD 117 million), goodwill impairment related to two oilseed processing plants acquired earlier by Kernel (USD 58 million), and the impairment of intangible assets related to Group's port transshipment business (USD 24 million). These impairments were driven by the anticipated deterioration in the

Kernel's EBITDA split by segments USD million



business outlook, growing competition in Ukraine, and increasing future risks for the business. Additionally, this line includes impairment of prepayments to suppliers and other current assets (USD 26 million), write-offs of assets destroyed by Russian strikes on the Group's assets (USD 14 million) and reversals of previously created inventory allowances and provisions for VAT receivable (USD 10 million).

Subsequently, **operating profit** declined by 37% y-o-y, to USD 276 million.

Finance costs in FY2024 decreased by 22% y-o-y, totaling USD 119 million, driven by the substantial repayment of the Group's bank loans in December 2023 and reduced lease payments following the divestment of part of the Group's farming business in March 2023¹. **Finance income** in FY2024 increased by 62% y-o-y, settling at USD 50 million, primarily driven by interest earned on financial assets held for cash management, as extra liquidity balances were allocated into interest-bearing instruments. This also included a USD 6 million non-cash gain from the repayment of some of the Group's credit facilities at a discount to par. Consequently, **net finance costs** decreased by 43% y-o-y, amounting to USD 69 million for FY2024.

Net foreign exchange gain settled at USD 33 million, primarily driven by the depreciation of the Ukrainian hryvnia against the USD during the reporting period and the corresponding revaluation of intra-group balances.

Other expenses, net, increased 2.5x y-o-y, reaching USD 29 million. This primarily

Income statement highlights

USD million

	FY2023	FY2024	y-o-y
Revenue	3,455	3,581	4%
Net IAS 41 gain	(115)	(10)	(91%)
Cost of sales	(2,704)	(2,889)	7%
Gross profit	636	682	7%
Other operating income	54	71	33%
Other operating expenses	(35)	(23)	(34%)
Net impairment losses on financial assets	4	(11)	n/a
Loss on impairment of assets	(15)	(229)	15.6x
General, administrative and selling expenses	(205)	(213)	4%
Operating profit	439	276	(37%)
Finance costs, net	(122)	(69)	(43%)
Foreign exchange gain, net	63	33	(47%)
Other (expenses), net	(12)	(29)	2.5x
Profit before income tax	368	211	(43%)
Income tax (expenses) / benefit	(69)	(43)	(37%)
Profit for the period	299	168	(44%)
Attributable to equity holders of Kernel Holding S.A.	299	168	(44%)
Non-controlling interest	(0.4)	(0.3)	(22%)
EBITDA	544	381	(30%)

¹ The reduction of interest on lease liabilities in FY2024 is linked to the divestment of selected farming entities with 134 thousand hectares of land. This divestment was completed as of 3 March 2023.

Financial Performance in FY2024 continued

included USD 25 million in charity expenses and social spending, USD 6 million in fines and penalties, and a USD 2 million gain on disposal of subsidiaries, as the Group completed the sale of three floor-type grain storages in FY2024 and recognized the respective gain.

With a **profit before income tax** of USD 211 million, the Group recognized **corporate income tax expenses** of USD 43 million in FY2024, resulting in a **net profit of USD 168 million attributable to the shareholders of Kernel Holding S.A.** After accounting for exchange differences in translating foreign operations (a loss of USD 97 million) and other items, the total comprehensive income attributable to equity holders of the Company amounted to USD 63 million in FY2024, up 7% y-o-y.

Considering significant uncertainties and risks related to the Group's future performance, the Board of Directors recommended the general meeting of shareholders to declare a dividend at nil for the year ended on 30 June 2024.

Cash flow highlights

The Group generated USD 604 million in **operating profit before working capital changes**, down 20% y-o-y. This figure was 59% higher than the EBITDA for the reporting period, reflecting the impact of substantial non-cash items recognized during the year.

The Group's **working capital** changes in FY2024 resulted in a cash outflow of 21 million, as compared to USD 128 million cash inflow in FY2023.

Interest paid in FY2024 amounted to USD 111 million (including USD 25 million interest on lease liabilities associated with the farmland rent agreements), down 25% y-o-y, while **interest received** totaled USD 33 million. After accounting for USD 32 million in income tax paid, Kernel generated USD 472 million in **cash from operating activities**, a 34% decrease y-o-y.

Net cash generated by investing activities totaled USD 113 million in FY2024. Major investments included USD 143 million for the purchase of property, plant, and equipment (both maintenance and expansion CapEx), USD 165 million in purchases of financial assets (highly liquid Ukrainian government bonds) as a temporary allocation of seasonally available liquidity in Ukraine, and USD 25 million for the acquisition of a subsidiary (a vegetable oil transshipment terminal in the Reni River port). Offsetting these expenditures, the Group received USD 92 million from the disposal of subsidiaries (primarily from the final payment for the divestment of farming entities completed in March 2023) and withdrew USD

121 million of pledged deposits previously used as collateral for certain credit facilities. In **financing activities**, the Group repaid USD 790 million in bank borrowings while raising USD 245 million, primarily from local banks in Ukraine. Additionally, the Group raised USD 60 million in new equity at the request of its creditors to complete the debt restructuring transaction negotiated at the beginning of FY2024. Finally, the financing activities included the repayment of USD 20 million of farmland lease liabilities.

As a result, the **total cash outflow** in FY2024 amounted to USD 145 million, compared to USD 507 million cash inflow in the previous year, and the Group's cash position settled at USD 810 million, down 15% y-o-y.

Debt overview

The Group's **debt liabilities** decreased by 35% during FY2024, to USD 1,090 million as of 30 June 2024, primarily driven by a 63% y-o-y reduction in outstanding bank debt. The Group's debt management approach in FY2024 was as follows:

- Early in the year, the Group was negotiating its third wartime debt restructuring with creditors to extend its debt maturity profile. These negotiations concluded in October 2023, when the Group secured waivers for USD 778 million in pre-war borrowings, deferring repayment, waiving debt covenants, and adjusting other conditions through 30 June 2024.
- Following the reopening of Ukrainian deep-water seaports for civilian navigation by the Ukrainian Navy in October 2023, the business environment for the Group improved significantly. After observing stable export activity for three months, confidence in business prospects increased, and the Group decided to repay a major portion of its bank debt in December 2023, including grain and sunflower oil PXF facilities and various bilateral loans.

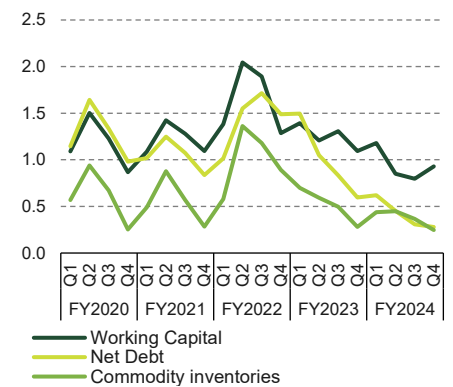
Liquidity positions and credit metrics

USD million, except for ratios

	30 June 2023	30 June 2024	y-o-y
Short-term interest-bearing debt	878	323	(63%)
Lease liabilities	198	170	(14%)
Eurobonds	596	598	0%
Debt liabilities	1,672	1,090	(35%)
Cash and cash equivalents	1,077	810	(25%)
Net debt	595	281	(53%)
Commodity inventories	282	247	(12%)
of which edible oil and meal	118	94	(20%)
Sunflower seeds	26	85	3.3x
Grains and other commodity inventories	138	68	(51%)
Adjusted net debt	313	34	(89%)
Shareholders' equity	1,742	1,865	7%
Net debt / EBITDA	1.1x	0.7x	-0.4x
Adjusted net debt / EBITDA	0.6x	0.1x	-0.5x
EBITDA / Interest	4.4x	5.5x	+1.0x

Working capital and debt position

USD billion



"Working Capital", "Net Debt" and "Commodity inventories" definitions as described in section [Alternative Performance Measures](#).

Kernel 2027 Eurobonds mid-YTM



Source: Refinitiv

- Between January and April 2024, the Group successfully exited waiver agreements with remaining lenders under long-term facilities and resumed servicing its debt according to the original repayment schedules.
- Between April and June 2024, the Group raised new financing, primarily from local Ukrainian banks, securing a total of USD

Financial Performance in FY2024 **continued**

149 million to meet the financing needs for the upcoming season.

Consequently, the Group's **total debt outstanding** as of 30 June 2024 amounted to USD 1,090 million, comprising:

- USD 598 million book value of **Eurobonds** maturing in October 2024 (USD 300 million principal) and October 2027 (USD 300 million principal). After the reporting date, the notes maturing in October 2024 were successfully repaid;
- USD 323 million in **other debt** (including USD 164 million owed to the EIB and EBRD, USD 148 million owed to other Ukrainian and international banks, and USD 11 million in accrued interest on bonds and bank loans);
- USD 170 million in **lease liabilities** arising from farmland lease agreements entered into by the Group.

As of 30 June 2024, the Group continued to classify its bank borrowings with long-term initial contractual maturity as short-term as the Group waived certain financial and non-financial covenants for a period of less than 12 months. Upon the exit from the standstill, the Group obtained waivers for covenants covering the period until March 2025.

The Group's **cash position** stood at USD 810 million as of 30 June 2024, a 15% y-o-y decline¹. As a result, the Group's **net debt** was reduced by more than half during FY2024, reaching USD 281 million as of 30 June 2024.

The **commodity inventories**² balance as of 30 June 2024 totaled USD 247 million, down 12% y-o-y, covering 88% of net debt outstanding. Inventories related to the oilseed processing business (sunflower seeds, edible oil, and meal) increased in value by 24% y-o-y, reaching USD 179 million, while grain inventories decreased by 51% y-o-y, to USD 68 million. As of 30 June 2024, Kernel had in stock 111 thousand tons of sunflower oil, 51 thousand tons of sunflower meal, 200 thousand tons of sunflower seeds, and 410 thousand tons of grain. These commodity inventories accounted for 89% of the total inventory balance.

As of the end of FY2024, the **net debt adjusted for commodity inventories** settled at USD 34 million, down 89% over the reported period.

The key leverage metrics as of 30 June 2024 improved to 0.7x Net debt / EBITDA, 0.1x Adjusted net debt / EBITDA, and 5.5x EBITDA / interest coverage.

In April 2024, **S&P affirmed Kernel's rating at "CC"**. Additionally, in October 2024, Fitch upgraded Kernel's credit rating to CCC-.

Undrawn facilities as of 30 June 2024 amounted to USD 206 million, primarily comprising short-term bank facilities in Ukraine and Avere's financing.

After the end of the reporting period, **the Group successfully repaid USD 300 million of the Eurobond** maturing on 17 October 2024, along with the respective coupon. Initially, the Group faced difficulties accumulating the required amount in accounts outside Ukraine due to capital and currency controls imposed by the National Bank of Ukraine. However, some of the easing of currency restrictions allowed the Group to accumulate the necessary liquidity and complete the Eurobond repayment, demonstrating its commitment to meeting financial obligations.

Additionally, in October 2024, we entered a **USD 150 million sunflower oil pre-export financing facility** with a syndicate of international banks to support the Group's export operations and meet working capital needs for the upcoming financial year. The facility matures in August 2025 with an option for extension. It is the first new financing provided by international lenders to Kernel since the onset of the full-scale war in Ukraine.

¹ As of 30 June 2023, the cash balance included a USD 123 million cash deposit that had been pledged as collateral for certain credit facilities in FY2023. However, this deposit was withdrawn during FY2024, as the pledge was no longer required. Although this deposit was not treated as cash available to the Group in the accounts, it was considered cash for the purposes of calculating credit and liquidity metrics.

² Commodity inventories are inventories such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets and the international pricing mechanism. The Group used to call such inventories "Readily marketable inventories", but after the beginning of the war in Ukraine the Group faced difficulties selling such inventories, and therefore such inventories cannot any longer be considered as readily marketable.

Oilseed Processing



Sustaining excellence amidst adversity



3.2 million tons of oilseeds processed in FY2024

Oilseed Processing remained **the Group's largest earnings contributor** for the second consecutive year, benefiting from a favorable sunflower seed supply-demand balance in Ukraine, business expansion through the construction of new assets, and increased resilience in the sunflower oil export value chain due to investments in transshipment and transportation assets. However, earnings were adversely impacted by a low-price environment in FY2024.

Ukraine's 2023 **sunflower harvest** reached 14.6 million tons (up 18% y-o-y), fueled by near-record yields and expanded farming acreage. Oilseed processing capacities increased by 12% y-o-y, driven by new asset construction and the reactivation of war-idled plants. Overall, **capacity utilization growth** in Ukraine in the FY2024 season positively supported crush margins.

In FY2024, we **completed the construction of Ukraine's largest oilseed processing plant**, which was 80% finished before the war. Originally launched in 2017, the project was delayed by the COVID-19 pandemic and then paused in 2022 due to the war. With renewed confidence in export capabilities, we resumed construction. The facility has increased our annual sunflower seed processing capacity by 1 million tons, bringing the total to 4 million tons and compensating for the loss of two plants in eastern Ukraine. As a result, we increased oilseed processing volume by 24% y-o-y to 3.2 million in FY2024, returning to pre-war levels.

We also **completed a large-scale green energy investment program**. In December 2023, we launched our fifth cogeneration heat and power facility with a 20 MW capacity, followed by the final 20 MW CHP unit in October 2024, bringing our total bioenergy portfolio to 84.4 MW.

Finally, **the resilience of our export value chain**

Revenue

USD 1,864 million

-2% y-o-y

EBITDA

(before unallocated head office expenses)

USD 83 million

-69% y-o-y

improved through strategic investments in port infrastructure and logistics assets. We now operate three vegetable oil transshipment terminals in different ports, along with a vegetable oil tanker and a fleet of rail tanks and tank containers¹, which diversify and strengthen our export capabilities.

Despite benefiting from favorable factors and the absence of major export disruptions due to war, the primary downside in FY2024 was the very low prices for sunflower oil. Given the adverse market conditions and forecasts, the Group recognized a USD 172 million loss on impairment of assets. Consequently, the segment's EBITDA declined by 69% y-o-y to USD 83 million, which also included a one-off USD 27 million insurance reimbursement for property damage and business interruption.

FY2025 outlook

The key factor driving the performance in FY2025 will be the unfavorable S&D balance in Ukraine, as sunflower harvest will reduce, but crush capacities keep growing to result in the largest-ever deficit of seeds in the country, sharpening the competition for the feedstock and depressing margins.

¹ Such investments are attributable to Infrastructure and Trading segment and provide services to the Oilseed Processing segment.

Oilseed Processing **continued**

Market overview

Historically, the two key factors were materially affecting Kernel's oilseed processing business: 1) the **global sunflower oil prices**, impacting the **combined earnings** of local sunflower seed farming and processing; and 2) the sunflower seed **supply-demand balance** in Ukraine, which determined the **profit distribution** between farmers and crushers in the country.

Since Russia's full-scale invasion of Ukraine in February 2022, capabilities to export sunflower oil and meal via channels other than Ukrainian Black Sea ports and the cost of such logistics became a new important factor. As new export routes have been established in FY2023 and Black Sea ports (specifically Odesa, Chornomorsk, and Pivdennyi) fully resumed operations starting from mid-October 2023, the market has returned to the normal course of business.

Supply-demand balance

Over the years, Ukraine's sunflower seed processing has been heavily localized, with the vast majority of sunflower seeds harvested by local farmers being then processed within the country. Import-export activities for sunflower seeds were negligible, and there was minimal carry-over stock between seasons. However, this landscape underwent a significant transformation following February 2022. Large volumes of sunflower seeds were **exported** during FY2022-FY2023. However, in FY2024 the situation on the market returned to normal so that only 0.3 million tons of sunflower seeds were exported, and the rest of the harvested seeds were processed.

In FY2024, **sunflower seed processing capacity** in Ukraine increased by 13% y-o-y, to 18.7¹ million tons (not including the plants on the occupied territories or those with suspended operations for the whole or part of the season due to the proximity of the frontline). Local crushers that ceased operations in the previous two seasons resumed production, increasing the competition for the feedstock.

Sunflower seed harvest increased by 2.2 million tons, to 14.6 million tons, driven by the larger harvested area and higher yields on the back of supportive weather conditions. At the same time, the **carry-in stock** was substantially lower than for FY2023, which all together **widened the gap between crushing capacities and supply of seeds**, squeezing the crushing margin over the season.

Global sunflower oil prices

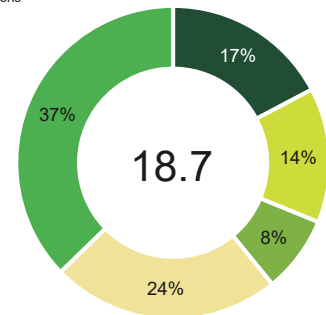
Sunflower oil is the **fourth-largest consumed vegetable oil in the world**, with a 9.6% market share in the 2023/24 season. The largest consumers and importers are India, EU, China, Turkey, Iran, Iraq, and Egypt, collectively accounting for 80% of the global imports. Meanwhile, **Ukraine stands as the largest global exporter**, contributing 42% to the total exports². Throughout the 2023/24 season, Ukraine exported 6.3 million tons of sunflower oil, marking an 18% y-o-y increase. In FY2024, we accounted for **~22% of Ukraine's sunflower oil export**³.

In FY2024, the vegetable oil market experienced significant volatility influenced by a complex interplay of geopolitical events, weather patterns, policies, and evolving demand dynamics. However, **vegetable oil prices** demonstrated adequate resilience, avoiding sharp declines and maintaining a relatively stable trajectory albeit remaining at low levels:

- A notable price rally occurred in July 2023, primarily driven by uncertainty over Black Sea exports and adverse weather conditions impacting North American soybean and canola crops. Concurrently, U.S. biodiesel demand was on the rise, particularly for soybean oil, as more states pushed for renewable fuel mandates. This surge in biodiesel demand further supported prices during the marketing year.
- Subsequently, the market experienced a period of stabilization as active oilseed crushing in the Northern Hemisphere was followed by a slowdown in global demand. However, concerns over Brazilian soybean planting conditions and continued strong U.S. biodiesel demand supported prices. By December, improved weather in Brazil and a record sunflower crop contributed to a more comfortable supply and demand balance.
- A palm oil deficit emerged in early 2024 in the main production areas of Malaysia and Indonesia, leading to a price hike that pulled up the values of all vegetable oils. Sunflower oil filled the shortage of palm oil in India, the biggest consumer of vegetable oils. Following the switches between different kinds of vegetable oils and further improvement in palm oil production, a downward correction occurred, causing a redistribution of the demand pool, which accelerated over time due to a more active crush and increased export supply of South American soybean oil during May-June 2024.
- Prices rebounded again in May and remained strong until mid-July, driven by tightening rapeseed supplies in Europe, drought

Processing capacities in FY2024

million tons



■ Kernel ■ Multinationals ■ MHP
■ Local big ■ Local small

Source: Kernel's estimates

Sunflower oil price, FOB 6 ports

USD per ton of unrefined oil sold in bulk



Source: Agricensus, Kernel

in the Black Sea area affecting sunflower crops, and tighter balance sheets in the energy markets, with crude oil and gasoil revisiting year highs.

Outlook for FY2025

In FY2025, the global vegetable oil market is projected to be relatively balanced.

Key factors shaping the prices include abundant soybean availability offsetting tighter supplies of palm, sunflower, and rapeseed oils, South American crop weather, and evolving policies. Given the anticipated tight supply, which will become more evident in the second part of the crop year, sunflower oil is expected to trade at a noticeable premium compared to competing oils, following the supply seasonality patterns predominantly in the Black Sea region.

Kernel's primary concern for FY2025 is the significant imbalance in Ukraine's sunflower seed market. The forecast for the season indicates the largest-ever gap between the oilseed harvest and processing capacities, posing a major challenge for the industry.

¹ Source: Kernel's estimate.

² Source: USDA.

³ Source: Kernel's estimate.

Oilseed Processing continued

Our business model

Market leader in oilseed processing

Kernel is the leading global producer and exporter of sunflower oil. In FY2024, we accounted for ~6% of global sunflower oil production and ~9% of global sunflower oil export¹.

Asset base

Kernel owns seven oilseed processing plants across various regions in Ukraine². Following the mid-season launch of its new plant in western Ukraine in February 2024, the Group effectively operated 3.2 million tons of sunflower seed processing capacity in FY2024 (17% of Ukraine's total³) but will have 4 million tons for full-season operation in FY2025 (20% of Ukraine's total⁴).

Most of the Group's crushing facilities are multi-seed, enabling the processing of soybeans or rapeseed as needed. These assets operate year-round, with maintenance typically scheduled for one month during the summer.

At our plants, we have constructed six cogeneration heat and power facilities (CHPs) that utilize sunflower husk (biomass) to generate electricity for sale to the national grid, with a combined capacity of 84.4 MW. These CHPs also enable us to power our crushing operations and achieve energy self-sufficiency during power outages in Ukraine.

The oilseed processing plant in Poltava is equipped with refinery, bottling, and packaging lines, featuring a maximum annual refining capacity of 131.4 thousand tons of oil.

The Group's crushing plants are modern, well-maintained facilities that are regularly upgraded, providing Kernel with processing cost advantages over many competitors. Energy self-sufficiency is also an important advantage in the current Ukrainian market. Additionally, Kernel's scale enables more efficient utilization of the Group's nationwide origination network and better allocation of overhead costs over larger volumes.

All the assets are located across the sunflower seed production belt in Ukraine in close proximity to farmers, which supports crush

capacities utilization rates and profitability, as the low density of sunflower seed negatively impacts the economics of long-distance seed transportation.

Origination and production

The Group heavily relies on procuring sunflower seeds from external farmers, as the Group's Farming segment secured only 11% of the sunflower seeds and 25% of the rapeseeds processed in FY2024.

Sunflower seed processing yields two primary products: sunflower oil and meal, both of which are exported globally. These products are loaded to vessels in ports primarily through the Group's own terminals.

Sunflower seed husk, a biomass by-product, is primarily burned in-house to generate steam for production purposes and electricity for internal use and sale to the national grid.

Sales

Vegetable oil in bulk

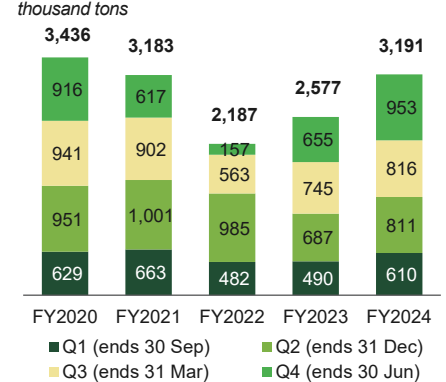
Oilseed processing is primarily export-oriented, with over 90% of produced sunflower oil exported in bulk to key markets such as India, Europe, UAE, China, and Iraq. In FY2024, 87% of bulk oils sales were on CIF/CFR terms, while FOB sales accounted for 7% of the Group's export volume⁵.

Nearly 600 thousand tons of vegetable oil were exported through Danube River ports, including our Reni port facility, as we decided to maintain this export channel considering the uncertainty in the export logistics. Another 600 thousand tons were shipped via our deep-water terminals in Chornomorsk and Pivdennyi, with the remaining volumes primarily transported by inland rail.

Our tanker 'Mavka' transported 219 thousand tons of oil to destinations such as Turkey, Italy, and Spain, while also serving as a shuttle between Reni and Constanta when Ukrainian Black Sea ports were unavailable.

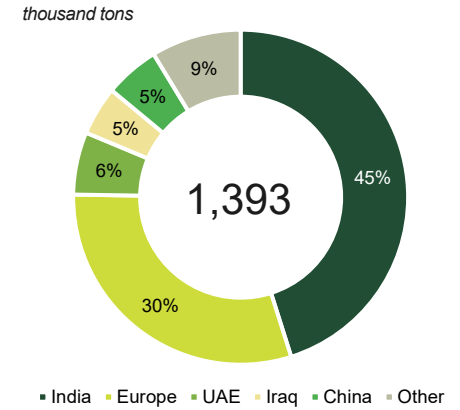
Kernel's main customers are soft commodity processors refine and bottle sunflower oil, and international traders. The largest customer in FY2024 was Gemini Edibles & Fats India Ltd, contributing 7.5% of total bulk oil sales.

Kernel oilseed processing volumes

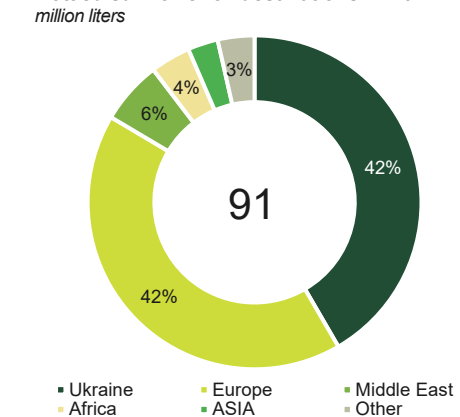


Note 1: We revised processing volumes, adding volumes processed under the tolling agreements

Edible oil sold in bulk destinations FY2024



Bottled sunflower oil destinations FY2024



¹ Source: USDA, Kernel analysis.

² Two of Kernel's oilseed processing plants, which were occupied by Russia at the beginning of the war in February 2022, remained non-operational during the reporting period, being located close to the Russian border and regularly suffering from Russian air attacks. Closer to the end of FY2024 and due to the Russian offensive in the Kharkiv region, these facilities sustained severe damages, making the restoration of processing capacities unfeasible in the foreseeable future. Both assets were fully impaired back in FY2022.

³ Source: Kernel's estimates.

⁴ Source: Kernel's estimates.

⁵ In previous years, bulk sunflower oil sales were primarily managed through our Avere subsidiary reaching CIF-basis destinations and earning additional margin for Infrastructure and Trading segment. However, since FY2023, we have shifted our strategy to focus more on direct sales. In FY2024, Avere handled only 11% of our total edible oil sales.

Oilseed Processing **continued**

Since FY2023, Kernel has been engaged in **sunflower oil trading**, purchasing oil on a CPT basis in Ukraine and exporting it on CIF/CFR terms. We exported 38 thousand tons of oil in such a way in FY2024, an 18% growth y-o-y, capturing trading margins from this business.

Vegetable meals

Sunflower meal is also a fully export-oriented product, with exports primarily handled through the Group's terminal in Chornomorsk, and some volumes shipped via Danube River ports and inland routes.

Bottled sunflower oil

In FY2024, about 9% (131 thousand tons) of crude sunflower oil was further refined, with 64% (84 thousand tons) of this refined volume bottled at our Poltava plant, generating additional margin from this higher value-added product. The remaining refined oil was sold in bulk.

In FY2024, 58% of bottled sunflower oil production was exported to Europe, the Middle East, Asia, and Africa under Kernel brands and private labels. Kernel held a 19% share of Ukraine's total refined bottled sunflower oil exports, supplying international retailers like Walmart and Maxima.

42% of bottled oil was sold domestically through 20 nationwide retailers and 28 regional distributors. Domestic sales were split 77% to retailers and 23% to distributors under brands like "Schedryi Dar," "Stozhar," and "Chumak."

Renewable energy

All renewable energy produced by Kernel's CHPs was previously sold under long-term power purchase agreements to the state-owned enterprise "Guaranteed Buyer," which was obligated to purchase the energy at a fixed feed-in tariff of 0.12 EUR/kWh until 2030. However, since September 2024, we have shifted to selling electricity on the open market, as the energy deficit in Ukraine – caused by Russian attacks on the country's energy infrastructure – has driven day-ahead market prices to levels that make selling to "Guaranteed Buyer" less attractive.

Contractual commitments

As of June 30, 2024, the Group had **contractual commitments to sell** 186 thousand tons of sunflower oil for USD 184 million (USD 988 per ton) and 11 thousand tons of sunflower meal for USD 40 million (USD 270 per ton).

Key developments

Completion of large-scale investment program

In FY2024, we completed strategic investment projects initiated back in FY2018, which had been delayed due to the COVID-19 pandemic and the war in Ukraine.

Renewable energy investment program

The project involved installing co-generation heat and power (CHP) units at our oil-extraction plants to burn sunflower husk, a biomass by-product, and generating electricity for both grid sale and internal use, as well as steam for sunflower oil production.

Before the full-scale war in Ukraine, four CHP units with a combined capacity of 44.4 MW were completed. In December 2023, we launched a fifth 20 MW unit at the Prydniprovskiy oil extraction plant, with total costs of USD 46 million. After the reporting period, in October 2024, we commissioned the final 20 MW CHP unit at our new plant in the Khmelnytskyi region, costing USD 48 million.

Although the loss of our plant in the Kharkiv region together with ready-to-install CHP equipment reduced the project's scope, we still became Ukraine's largest biomass electricity producer, with 84.4 MW of power generation capacity. This asset portfolio strengthens our resilience to power outages and supports the profitability of the Oilseed Processing segment. The project is strategically important nowadays, contributing to Ukraine's energy security, reducing power outage and business interruption risks for Kernel, and promoting environmental sustainability.

Total project investments amounted to USD 237¹ million.

Brand-new oilseed processing plant

In February 2024, the Group commissioned its state-of-the-art oilseed processing plant in the Khmelnytskyi region, western Ukraine. With an annual processing capacity of 1 million tons of sunflower seeds, it is the largest facility of its kind in Ukraine. By the end of the reporting period, the plant was operating at full capacity, processing both sunflower seeds and rapeseed.

War impact

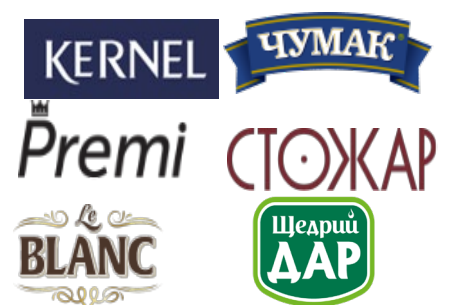
The ongoing war in Ukraine has had a profound impact on our operations, manifesting in several areas:

- **Assets destruction.** At the start of FY2024, two of our oilseed processing plants in the Kharkiv region, with a combined annual processing capacity of 0.5 million tons of

Kernel bottled oil selected customer



Kernel bottled oil core brands



sunflower seeds, remained shut down due to their proximity to active hostilities and frequent missile and artillery attacks. These facilities have been closed since FY2022. Many employees were relocated and redeployed at other Company plants, and valuable equipment was transferred to other facilities. However, by the end of FY2024, our Vovchansk oilseed processing plant in the Kharkiv region was completely destroyed following a Russian offensive and heavy fighting in the town. Our second plant in the region, located in Prykolotne, sustained severe damage from bombardments, tragically resulting in the loss of two employees and injuries to three more.

- **Logistics disruptions.** At the beginning of FY2024, Russia's unilateral termination of the Black Sea Grain Initiative and subsequent attacks on Ukraine's port infrastructure severely disrupted our logistics. With the blockage of seaborne exports, especially for sunflower meal, our oilseed processing operations were threatened. Stockpiling of sunflower meal led to plant stoppages, and during Q1 FY2024, we shipped

¹ Includes USD 19 million invested in CHP equipment at our Vovchansk oil extraction plant, which was written off in FY2022 due to the war.

Oilseed Processing **continued**

only 159 thousand tons of meal. Fortunately, the Black Sea was de-blocked by the Ukrainian navy in autumn 2023, allowing exports to resume. In Q2 FY2024 (October–December 2023), we shipped 399 thousand tons of meal, returning to a normal export pace. A more prolonged blockade would have severely disrupted our oilseed processing operations, as sunflower meal sales are crucial to the business, and it is unsustainable to export only sunflower oil without sunflower meal.

- **Power outages.** In the second half of FY2024, Russian attacks on Ukraine's energy infrastructure intensified, causing widespread blackouts and power outages. These outages, along with power surges, led to temporary stoppages of machinery and equipment. In some instances, it took several days to restore operations to normal, further impacting our production capacity.
- **Conscription of employees.** The ongoing war has also impacted our workforce, as employee conscription into the Ukrainian military created significant labor shortages at our crushing plants. Finding and retaining qualified personnel became increasingly difficult, especially in high-risk regions. The need to frequently replace conscripted employees disrupted operations and added pressure to the remaining workforce, affecting plant productivity and efficiency.

Headcount

In FY2024, the **headcount in the Oilseed Processing segment** decreased by 2% y-o-y, to 2,479 employees. No war-related staff cuts were introduced during FY2024.

Performance overview

In FY2024, **Kernel processed 3.2 million tons of oilseeds**¹, up 24% y-o-y, achieving 98% capacity utilization of its oil extraction plants. This increase was driven by the expansion of crushing capacity following the commissioning of the new oil extraction plant in western Ukraine in February 2024, as well as the uninterrupted operation of existing facilities. Processed volumes include 127 thousand tons of own rapeseeds and 188 thousand tons of oilseeds via tolling agreements in FY2024 (nil and 75 thousand tons respectively in FY2023), to maximize plants' capacity utilization. **Kernel's market share in Ukraine's sunflower seed processing** is estimated at 21% for FY2024, unchanged as compared to FY2023.

With increased processing volumes, **edible oil sales** grew by 30% y-o-y, reaching 1,477 thousand tons in FY2024 (1,430 thousand tons of sunflower oil and 47 thousand tons of

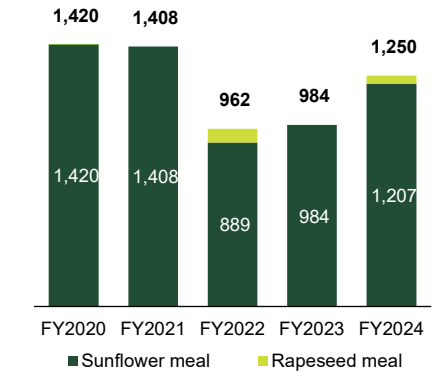
rapeseed oil). This includes 84 thousand tons of bottled sunflower oil (a 2% decrease y-o-y) and 38 thousand tons of sunflower oil purchased on a CPT basis in Ukraine and exported (an 18% increase y-o-y).

In addition to edible oil sales, the Group **sold 1,207 thousand tons of sunflower meal and 43 thousand tons of rapeseed meal**, both by-products of the oilseeds crushing process. While less valuable than oil, sunflower meal sales are essential for capturing the full crushing margin and preventing stockpiles, which could disrupt plant operations. Smooth sales are critical due to the relatively short shelf life of sunflower meal.

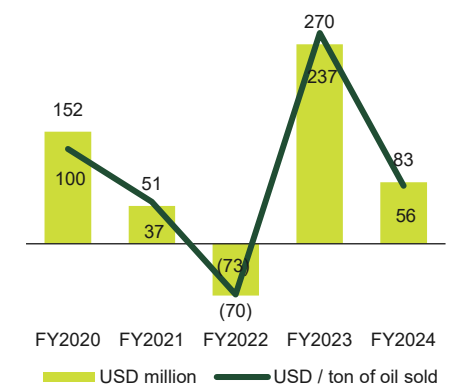
The Oilseed Processing segment **EBITDA** in FY2024 declined by 69% y-o-y to USD 83 million. Key elements influencing FY2024 earnings include:

- **A reduction in crushing margin**, primarily due to weak global sunflower oil prices, with reduced logistics costs and insurance premiums partially offsetting the impact.
- **Higher processing and sales volumes** driven by new capacities added in FY2024, though insufficient to fully compensate for margin decline.
- Due to the deteriorating market conditions, increased competition in Ukraine's oilseed processing sector, and higher future risks, we recognized a **one-off impairment loss** of property, plant, and equipment, as well as goodwill, totaling **USD 167 million**. Also, we recognized a USD 5 million loss on impairment of prepayments to suppliers and other current assets.
- **Increased contributions from the renewable energy** business line. Following the launch of the fifth CHP unit with a capacity of 20 MW, we sold to the grid or replaced the purchase from the grid of 369 GWh of electricity in FY2024 (vs 231 GWh in FY2023). As a result, **renewable energy generation resulted in USD 24 million EBITDA** in FY2024, up from USD 12 million a year ago.
- **Bottled oil sales** contributed USD 14 million EBITDA, down from a record USD 22 million in FY2023, as bottled oil premium over unrefined bulk oil normalized in FY2024.
- A **one-time gain** of USD 27 million from

Meal sales by type of oilseeds
thousand tons



Oilseed Processing segment EBITDA



insurance payments for property damage and business interruption due to the Russian invasion of Ukraine.

As a result, **EBITDA per ton of oil sold** in FY2024 was USD 56, down 76% y-o-y.

FY2025 outlook

The upcoming season is expected to bring significant challenges for the crushing business, worsened by the ongoing war in Ukraine. While we entered FY2025 with record-high processing capacity (7 plants with a total annual crushing capacity of 4 million tons), maximizing utilization will be a difficult task. Despite opening stocks of 200 thousand tons of sunflower seeds – nearly 3x higher than last

Oilseed Processing segment performance

		FY2023	FY2024	y-o-y
Oilseeds processed	thousand tons	2,577	3,191	24%
Edible oil sales	thousand tons	1,139	1,477	30%
Revenue	USD million	1,908	1,864	(2%)
EBITDA	USD million	270	83	(69%)
EBITDA per ton of oil sold	USD / ton	237	56	(76%)
EBITDA margin	% of revenue	14.2%	4.5%	(68%)

¹ Includes 188 thousand tons of oilseeds processed by Kernel plants in FY2024 via tolling agreements.

Oilseed Processing **continued**

year – this is unlikely to offset the unfavorable supply-demand environment expected in FY2025.

Supply-demand balance

Sunflower seed supply in Ukraine

We expect Ukraine's sunflower seed harvest in 2024 to decline by 17% y-o-y to 12.1 million tons, driven by:

- **Crop yield reduction:** dry weather during the pollination and ripening periods is expected to reduce yields by 12% y-o-y to 2.26 tons per hectare.
- **Reduced harvested area:** we estimate the 2024 sunflower acreage to decline by 6% y-o-y to 5.4 million hectares, as farmers, including Kernel's farming business, shift to a more sustainable crop mix, reducing sunflower plantings from the unsustainably high levels seen during the early war years in Ukraine.

While some relief may come from the surprisingly **high oil content** in sunflower seeds observed at the beginning of the season, it is unlikely to compensate for the production drop.

Oilseed processing capacities

Crushing capacity in Ukraine is expected to reach 20 million tons in FY2025, a 7% y-o-y increase driven by new plant construction. This will widen the gap between crushing capacity and sunflower seed supply to a record 8.1 million tons, with industry capacity utilization projected to fall to an all-time low of 60%. The most recent low point was FY2021 when Kernel generated just USD 37 EBITDA per ton of oil sold. Margin pressure is already evident at the beginning of the season, as farmers hold back oilseeds, expecting higher prices. Competition for oilseeds will be intense, leading to early shutdowns of processing plants and a shift towards processing other oilseeds. We will face a trade-off between optimizing capacity utilization and maximizing margins but aim to maintain above-market utilization levels.

At the start of the season, two of our oil extraction plants switched to rapeseed processing, and we plan to test soybean processing for the first time. Additionally, we will continue offering tolling services and processing oilseeds provided by third parties.

War impact

War risks remain the most significant threat to our business. There is a risk of damage to port infrastructure and crushing plants. Blackouts in Ukraine, due to ongoing Russian attacks on the country's energy grid, could also disrupt the inland railway transportation of sunflower oil and meal. Finally, the conscription of our employees may cause business interruptions.

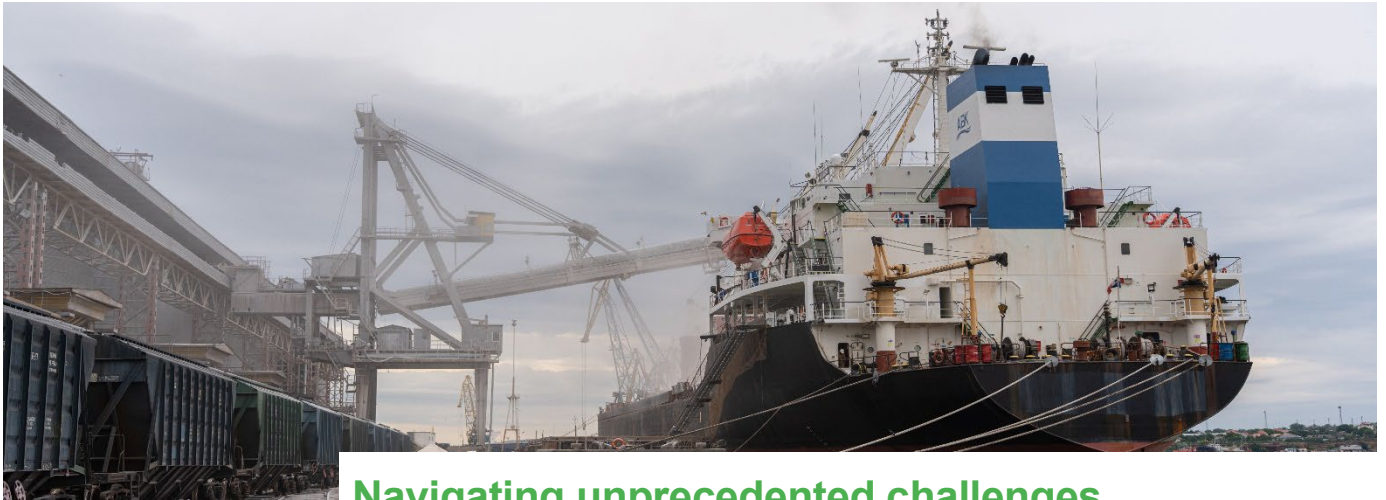
For example, in early August 2024, our largest oilseed processing plant in western Ukraine was damaged by a Russian drone attack, leading to a temporary shutdown. The estimated damage was USD 341 thousand. Operations resumed in September 2024 after a month of pre-season maintenance and repairs.

Although we have taken steps to reduce these risks by diversifying export channels and investing in energy self-sufficiency, the full impact of the war remains unpredictable.

Other profit drivers

Our electricity generation business is expected to grow in FY2025. In October 2024, we commissioned the final 20 MW CHP unit, bringing our total capacity to 84.4 MW. We aim to sell over 500 GWh to the grid in FY2025, a 36% y-o-y increase, which will serve as a basis for earnings growth.

Infrastructure and Trading



Navigating unprecedented challenges



Exported 5.5 million tons of grains from Ukraine in FY2024

FY2024 was one of the most challenging periods in Kernel's history, particularly for the Infrastructure and Trading segment, which faced severe disruptions in export logistics and the constant threat of war-related damage to core assets.

The season began as a total disaster: major export routes via Ukrainian Black Sea ports were blocked as Russia terminated the Black Sea Grain Initiative, key assets were hit by Russian missile and drone attacks, inventories remained high, and there was no clear outlook for improvement. The ongoing Russian invasion of Ukraine casted a long shadow over the Group's operations.

Fortunately, after three months of uncertainty, civil navigation through Ukrainian Black Sea ports resumed in October 2023, providing much-needed relief. This allowed Kernel to increase grain export volumes to 5.5 million tons in FY2024, up 47% y-o-y, reinforcing its position as Ukraine's largest grain exporter with a 10% market share. We also significantly reduced inventory levels – from 1.1 million tons at the start of the season to 0.4 million tons by season's end, much closer to pre-war norms. Finally, we resumed active grain procurements, originating 3.3 million tons of grain in Ukraine in FY2024, a 3.3x growth y-o-y.

Despite the adversities, Kernel demonstrated remarkable resilience, leveraging its extensive logistical network and adaptive strategies. Investments in additional transshipment capacity at Reni and Chornomorsk, alongside the expansion of rail and fleet assets, helped mitigate some of the logistical bottlenecks caused by the war.

Subsequently, the segment generated USD 204 million in EBITDA, including a USD 53 million contribution from Avere's global trading operations unrelated to Ukraine and a loss of USD 61 million due to impairment of assets.

Revenue

USD 2,011 million

-23% y-o-y

EBITDA

(before unallocated head office expenses)

USD 204 million

+33% y-o-y

FY2025 Outlook

The reliance on Black Sea ports remains critical, and any future escalation could once again halt export operations. Russia continues to jeopardize global food security by targeting civilian vessels carrying grain, as well as port infrastructure. Ongoing security concerns, fluctuating export routes, and the unpredictability of global markets will continue to test Kernel's Infrastructure and Trading segment for resilience in FY2025.

Additional pressure is expected due to a reduced grain supply in Ukraine available for export in FY2025, unlike the previous two seasons. Grain exports in FY2025 are projected to decline by 10.8 million tons y-o-y, a 22% drop. This will likely lead to underutilized capacities and depressed margins across the entire export value chain.

Despite these challenges, Kernel's commitment to adaptability, operational efficiency, and strategic investments will be crucial in navigating the uncertain and volatile environment ahead.

Infrastructure and Trading continued

Market overview

The key market factors impacting the performance of the Infrastructure and Trading segment include the availability of Ukrainian Black Sea ports for export operations, the size of the grain harvest in Ukraine, and global grain price dynamics. Additional factors include competition among grain traders and grain infrastructure assets, to name a few.

Grain export corridor

Following the termination of the UN-brokered Black Sea Grain Initiative (BSGI) on 17 July 2023, Russia withdrew its security guarantees for navigation to Ukraine's deep-sea ports and launched regular attacks on port and agricultural infrastructure. The BSGI had been crucial for the export of agricultural products from Ukraine in FY2023, and its termination posed a significant financial risk to the Group in FY2024.

On 16 August 2023, the first vessel departed from Odesa Port using a temporary corridor for commercial navigation established by the Ukrainian Navy. However, the first inbound vessel did not arrive until 16 September, with normal shipping traffic only resuming in mid-October 2023. From October 2023 to June 2024, 43.6 million tons of grain were exported from Ukraine¹, with 76% of this volume shipped via deep-water routes through the Black Sea ports.

Grain supply in Ukraine

In FY2024, Ukrainian farmers harvested **58 million tons**² of grain, up 11% y-o-y. Although acreage under grains (corn, wheat, and barley) decreased by 9% y-o-y to 10 million hectares as farmers shifted toward oilseeds, strong crop yields (up 14-23% y-o-y) contributed to the overall increase in crop size. Combined with high carry-in stocks of 8 million tons, this ensured a robust domestic grain supply for the FY2024 season.

Despite the closure of Ukrainian Black Sea ports for export operations from July to mid-October 2023, Ukraine's grain exports surpassed 50 million tons in FY2024, an 8% y-o-y increase. Ukraine became the third-largest global exporter in the 2023/24 season, following the USA, and Russia, and holding an 11% market share in global grain trade³.

Competition among grain traders

Historically, we have competed with established multinational trade houses such as COFCO, Cargill, ADM, Bunge, Louis Dreyfus, and Glencore, along with numerous local

peers. Over the past two years, many new, smaller players have entered the grain export market, swiftly managing trade operations and gaining market share by utilizing alternative export routes during turbulent times. In this increasingly competitive landscape, Kernel leverages its extensive infrastructure network and logistical assets to maintain a competitive edge.

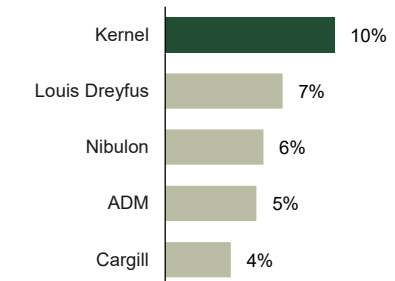
Global grain prices

FY2024 was marked by significant volatility in the grain markets, driven by geopolitical factors, weather conditions, and irregular purchasing activity:

- Russia's withdrawal from the BSGI in July 2023 triggered a sharp price spike due to concerns over future wheat supplies from the region. However, Ukrainian exports continued via Danube ports, albeit at reduced volumes. At the same time, the market was flooded with cheap Russian grain following a second consecutive bumper crop, and the corn market faced pressure from Brazil's record corn harvest, leading to a sharp price decline in August.
- Price stabilization occurred in September 2023, primarily due to short positions held by funds, ongoing tensions in the Black Sea, and drought conditions in Australia. Global grain oversupply intensified again in October and November as the Ukrainian maritime corridor reopened and record corn harvests in Brazil and the U.S. struggled to find sufficient import demand.
- China's unexpected purchase of U.S. wheat in late November provided a reprieve from downward price pressure. However, prices continued to decline due to overproduction and weak global demand. The crisis in the Red Sea increased freight rates, further exacerbating market bearishness and forcing sellers to lower their prices.
- In March 2024, wheat prices experienced a significant drop following the cancellation of 0.5 million tons of contracted wheat by Chinese buyers. This cancellation underscored the ongoing uncertainty in demand and contributed to bearish market sentiment. Subsequent price consolidation was supported by dry conditions in Brazil and the U.S., raising concerns about the harvests of safrinha corn and hard red winter wheat.
- A sharp rally in wheat prices began in the second half of April 2024, driven by severe drought conditions in Russia, which heightened fears about potential supply shortages. However, prices began to decline again in June ahead of the Northern Hemisphere harvest, as the market anticipated an abundant grain supply.

Top 5 grain exporters from Ukraine in FY2024

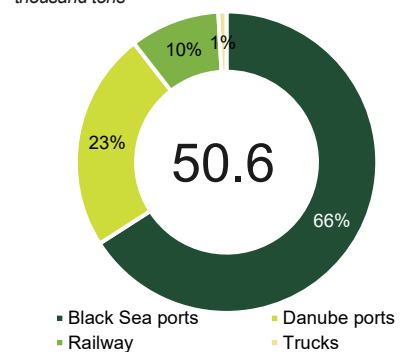
% of total grain export



Source: Ministry of Agrarian Policy and Food of Ukraine, Kernel

Grain exports from Ukraine by transport in FY2024

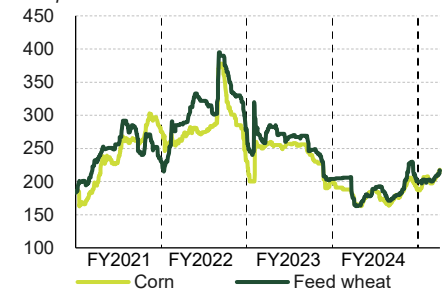
thousand tons



Source: Ministry of Agrarian Policy and Food of Ukraine, Kernel

Corn and feed wheat prices, FOB Ukraine

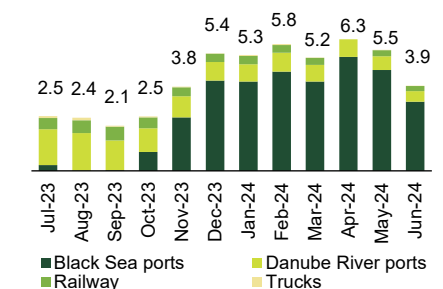
USD per ton



Source: Agricensus, Kernel

Grain exports by transport mode in FY2024

million tons



Source: Ministry of Agrarian Policy and Food of Ukraine, Kernel

¹ Three key grains: corn, wheat, and barley. Source: Ministry of Agrarian Policy and Food of Ukraine, Kernel's analysis.

² Three key grains: corn, wheat, and barley. Source: Kernel's estimates as of October 2024.

³ Three key grains: corn, wheat, and barley. Source: USDA, as of October 2024.

Infrastructure and Trading continued

Our business model

The Infrastructure and Trading segment consists of two business arms:

- **Grain and sunflower oil export value chain in Ukraine.** This arm comprises interconnected business units that form a supply chain linking Ukrainian farmers to global markets: silo services, transportation and logistics assets, export terminals, vessels, grain origination, and export operations in Ukraine.
- **Avere's global physical and proprietary trading operations.**

Grain export business in Ukraine

Kernel is the leading grain exporter from the Black Sea region and the largest from Ukraine. The Group sources grain from local growers, including its own Farming segment, and exports it from Ukraine, effectively navigating this low-margin business by leveraging the following:

- **Experienced procurement team** with nationwide presence and deep understanding of local trends and regional peculiarities;
- **First-hand access to the unique in Ukraine own infrastructure** – the largest private silo network, the largest private fleet of grain railcars, as well as the largest deep-water grain transshipment capacity in ports and own vessels;
- **Prudent risk management:** locking up the margins by selling grain through forward contracts in a similar time frame as purchasing it from farmers on the spot market¹;
- **Client-focused approach:** Kernel differentiates itself through strong farmer relationships managed via the IBuyMore CRM system and supported by numerous value-added initiatives:
 - Kernel, once a **major pre-crop financier** with loan amounts and prepayments to farmers reaching USD 120 million at its peak, suspended this initiative due to the war. However, it was resumed towards the end of the reporting period, albeit on a smaller scale
 - Through the **Open Agribusiness initiative**, Kernel shares expertise and provides various services to third-party farmers operating on a total of 148 thousand hectares of land.
 - Kernel also provides advanced IT solutions, such as an electronic document flow system to streamline paperwork and **Transithub**, a virtual truck navigation solution for logistics providers.

Approximately 2/3 of Kernel's grain exports are corn. Wheat is the second-largest export, accounting for 20-30% annually, with the remainder consisting of barley, soybeans, and

rapeseed. Most of the exported grain is used for **feed**, but we also export grain for **human consumption** (0.8 million tons of food-quality wheat in FY2024, flat y-o-y) and for **bioethanol production** (1.6 million tons of ISCC-compliant² corn exported in FY2024, granting a price premium over conventional corn).

In FY2024, more than 85% of Kernel's grain exports from Ukraine were sold on a **CIF/CFR basis**, with Kernel handling sea transportation to the destination port. **FOB sales** accounted for almost 12% of the Group's export volumes during the period.

Silo services

Kernel operates the **largest private inland silo network in Ukraine** consisting of 28 silos with a total grain storage capacity of 2.2 million tons. Our network includes both highly productive silos capable of loading shuttle trains (54 railcars) in a day, and smaller, less efficient floor-type storages.

Strategically located in Ukraine's key grain-producing regions, these silos provide a full range of services, including grain intake, drying, cleaning, storage, and off-loading, serving both our Farming segment and third-party farmers. Grain intake starts with wheat in July and ends with corn in November-December, enabling seasonal turnover of more than 1.0x storage capacity.

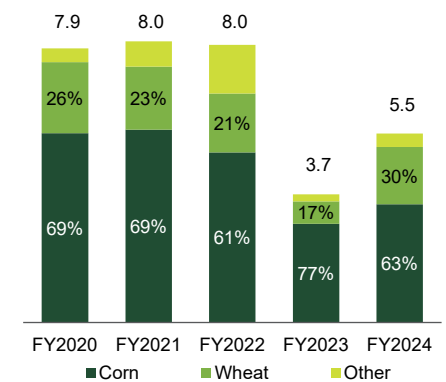
Beyond standard services, Kernel's **silo network is a critical grain origination tool**. It allows procurement teams to acquire grain and sunflower seeds from within a 100-kilometer radius, making Kernel a preferred partner for farmers. This network also strengthens relationships with farmers and provides valuable insights into Ukraine's grain supply.

Transportation and logistics assets

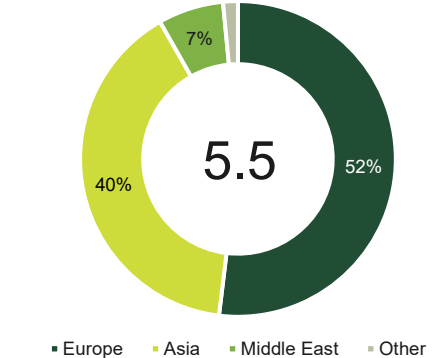
Kernel operates a fleet of transportation and logistics assets to deliver grain, sunflower oil, and meal to Ukrainian ports or for inland exports:

- **Grain railcars:** Kernel is the largest private operator of grain railcars in Ukraine, holding an 11% market share with 3,400 railcars. These railcars transport grain from Kernel-owned and third-party silos to transshipment terminals. Ownership allows Kernel to save on lease costs, though railway traction and infrastructure fees still apply. Since the war began, 8% of the Group's railcars have been stuck in Russian-occupied territories, but the remaining fleet strongly supports export operations.
- **Specialized containers:** Kernel owns 100

Kernel grain export from Ukraine
million tons



Kernel grain export from Ukraine destinations
million tons



specialized railway containers for transporting grain and sunflower meal, along with 400 tank containers for sunflower oil.

- **Rail flatcars:** the Group operates 99 flatcars to transport containers by rail.
- **Railway tanks:** Kernel has 77 railway tanks for sunflower oil transportation.
- **Vehicles:** the Group also owns 26 tanker trucks for sunflower oil and 77 trucks with trailers for grain transport.

Export terminals

Kernel is **one of the largest port operators in Ukraine**, with infrastructure that includes:

- **TransBulkTerminal** in the deep-water port of Chornomorsk, **the largest grain transshipment facility in Ukraine** with a capacity to handle 8.0³ million tons of grain per annum. It is capable of servicing over-Panamax vessels with deadweights of up to 100,000 tons and maximum berth loading of up to 80,000 tons. As a core asset for Kernel, it is critical for handling the Group's exports, with no viable alternative for this capacity.
- **TGT-Oil** terminal in Chornomorsk port,

¹ Deviations from such approach may appear during the business disruptions caused by the war in Ukraine.

² ISCC certification confirms that corn was produced in an environmentally and socially sustainable way, making it suitable for use in bioethanol production.

³ Transshipment capacity was revised after the missile attack on 19 July 2023 damaged the terminal's infrastructure.

Infrastructure and Trading **continued**

acquired in July 2023, with a sunflower oil transshipment capacity of 1.4 million tons per year and storage capacity of 97 thousand tons. It is a Group's core asset for sunflower oil loading to vessels.

- **OilExportTerminal** in the deep-water port of Pivdennyi, with an annual capacity to transship 0.5 million tons of sunflower oil.
- **Reni-Oil** terminal in the port of Reni on the Danube River, acquired in FY2024, with a capacity of 700 thousand tons of sunflower oil annually.
- **Danube Prom Agro** terminal in the river port of Reni, allowing to export of 0.4 million tons of grain/sunflower meal per annum.

Kernel's terminals primarily handle grain (75% of total throughput in FY2024), along with sunflower meal and oil.

The Group also has transshipment agreements with port facilities in Romania and the Netherlands to support export operations.

Vessels

Kernel owns and operates the bulk carrier *Rotterdam Pearl V* with a grain cargo capacity of 50 thousand tons and the tanker *Mavka* with a sunflower oil cargo capacity of 12.5 thousand tons. The Group also owned the bulk carrier *Eneida* (44 thousand tons of grain cargo capacity), which was sold in April 2024.

By controlling the entire value chain – from silos to railcars, port terminals, and vessels – Kernel enhances efficiency and reduces export logistics costs.

Avere operations

Founded in FY2018, Avere is a 100%-owned subsidiary of Kernel, headquartered in Switzerland with representative offices in the USA, Singapore, the Cayman Islands, Australia, Brazil, the UK, and China. Avere's team of 39 professionals specializes in research, trading, and execution. It focuses on merchandising and proprietary trading of grains, oilseeds, and related commodities in key global markets, operating independently of Kernel's Ukrainian operations.

Due to its trading nature, Avere's financial results can be volatile. Market risk is managed through various tools, including:

- **Drawdown:** Monitoring the difference between the most recent peak and trough in market value.
- **Value-at-Risk:** Managing the maximum potential loss over one day with 95% confidence.

Key developments

War impact

The Infrastructure and Trading segment is significantly affected by the war in Ukraine, as its

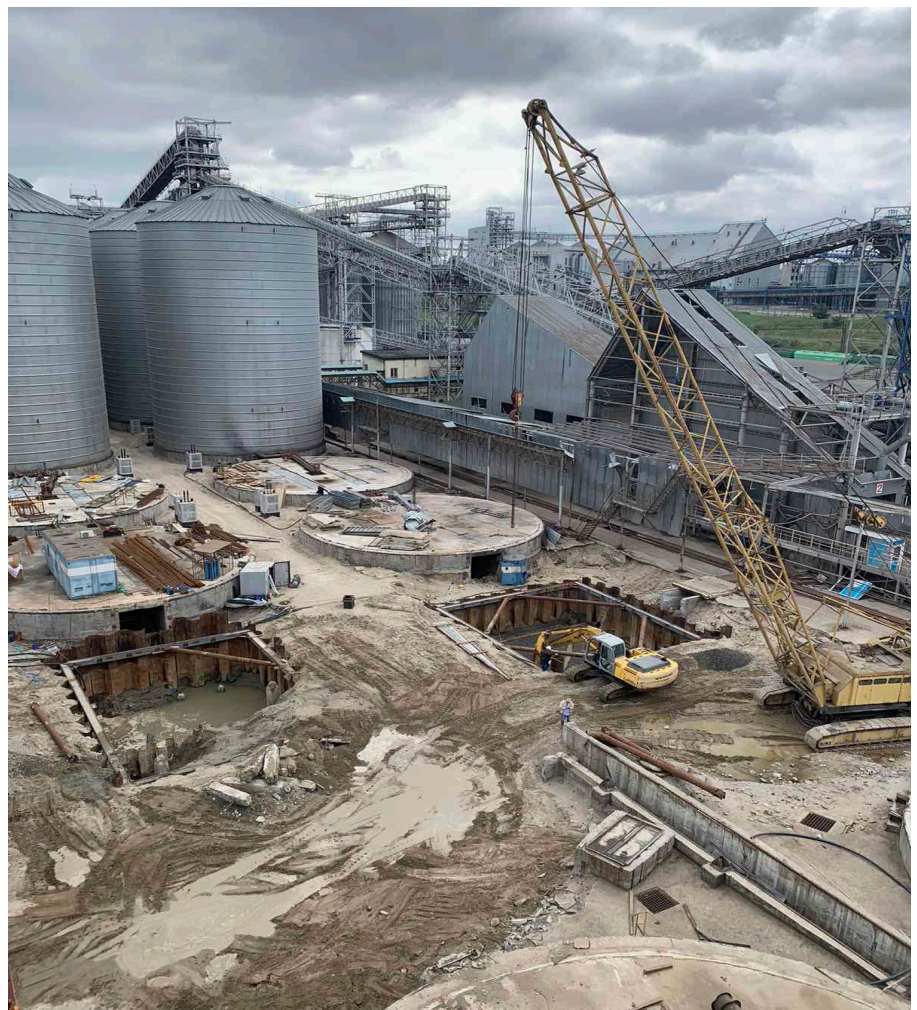
performance heavily depends on the availability of Ukrainian Black Sea ports for exports. With these ports blocked, viable alternatives for exporting grain are limited. Inland exports or exports via Danube River ports lack capacity and are associated with higher costs, rendering export operations unprofitable.

The Black Sea Grain Initiative, which was in place for most of FY2023 and allowed us to substantially reduce stock levels, was unilaterally terminated by Russia on July 17, 2023, at the beginning of FY2024. Our grain export volumes dropped to as low as 10 thousand tons per month in July 2023, with no clarity on when exports would recover.

What followed clearly demonstrates the terrorist nature of the regime in Russia, which launched a series of attacks on Ukrainian port infrastructure, also damaging Kernel's assets:

- **July 19:** A missile attack on the port of Chornomorsk targeted our TransBulkTerminal, damaging storage facilities, intake capacities, and loading equipment, and resulting in the loss of commodity inventories. We lost 136 thousand tons of storage capacity out of 480, and 2 million tons of annual transshipment capacity.
- **July 24:** Another missile attack targeted the Reni port, causing damage to our vegetable oil transshipment terminal. We lost 6 thousand tons of storage capacity, and railway intake capabilities and piping equipment were damaged.
- **August 6:** A major missile strike hit one of our largest inland silos in the Khmelnytskyi region, destroying 21 thousand tons of storage and truck unloading equipment. Additionally, 44 thousand tons of storage, drying facilities, and administrative buildings sustained substantial damage.
- **August 16:** Russian drones severely

Repair works at the Group's TransBulkTerminal in the port of Chornomorsk following damage from a Russian missile attack in July 2023



Infrastructure and Trading continued

damaged all grain storage facilities belonging to our grain transshipment terminal at the Reni port.

- **September 2:** Russia targeted key Danube port infrastructure in Ukraine, vital to the operations of our subsidiaries involved in sunflower oil exports from the region.
- **September 3:** Russian forces attacked grain flat storages operated by a port operator in the Danube region, which provided crucial grain transshipment services to Kernel.
- **September 6:** Another strike occurred, impacting our assets in the Danube ports, among other sites.

While the intensity of attacks reduced starting from October 2023, periodic strikes continued, affecting civilian vessels, transshipment facilities, and railway infrastructure.

- In April 2024, missile assaults on transport infrastructure near the port of Chornomorsk halted railway deliveries entirely. Our grain and sunflower oil transshipment assets in Chornomorsk rely heavily on railway intake, and the attack significantly impacted terminal throughput and increased logistics costs.
- Toward the end of the financial year, two of our elevators in the Poltava region were damaged due to missile attacks, destroying administrative buildings, silos, locomotives, and railcars.

Following damage assessments, we recognized an impairment loss on property, plant, and equipment totaling USD 11 million. Inventory write-offs amounted to USD 2.8 million, with USD 1.5 million attributed to losses in edible oil and the remainder to grain. Preliminary assessments indicate that restoring and rehabilitating damaged or destroyed equipment will require a minimum capital expenditure of USD 28 million. While some reconstruction could be deferred, immediate renovation was necessary since the grain harvesting season was in full swing.

In the autumn of 2023, **the Ukrainian Navy secured a new export corridor** – a highly unexpected and fortunate development for the Company. Normal shipping traffic resumed by mid-October after a pause in Russian attacks on port infrastructure, restoring business confidence in exporting goods through the Black Sea ports. This turnaround provided a critical boost to Kernel's operations amid the ongoing conflict. From October to December 2023, Kernel exported 1.7 million tons of grain, a significant recovery from the 0.2 million tons exported in Q1 FY2024. Over the remaining period of FY2024, the new export corridor functioned relatively well, allowing Kernel to export all produced goods. However, periodic Russian attacks continued to target port infrastructure and vessels, posing significant risks to Kernel's operations.

Strengthening the asset base

With the realization that the Black Sea Grain Initiative would not be extended, we urgently needed to secure sunflower oil transshipment capacity via the Danube River. In July 2023, we **agreed to acquire 100% of the corporate rights in Reni-Oil LLC** – a sunflower oil transshipment terminal with 15,000 tons of one-time sunflower oil storage at the Reni port – for USD 24.75 million. This terminal is the only facility among Ukrainian Danube River ports with proper intake, storage, and off-loading capacities, enabling the export of sunflower oil even if the Black Sea ports are blockaded. The deal was completed by the end of December 2023.

Additionally, to strengthen the resilience of our oilseed processing business – the Group's major earnings driver – we **acquired vegetable oil transshipment assets in the port of Chornomorsk** in July 2023 for USD 19.4 million. This facility offers a one-time sunflower oil storage capacity of 97 thousand tons. In the event of a Black Sea blockade, these additional storage facilities would enable us to

keep our crushing plants operational during transportation disruptions, as experienced heavily in FY2022–FY2023, thereby smoothing our logistics. If the Black Sea remains open for export operations, the facility becomes crucial for sunflower oil transshipment, allowing us to shift away from relying on third-party capacities and improving supply chain efficiency. Historically inactive and inadequately maintained, the terminal required rehabilitation. In Q2 FY2024, we allocated an additional USD 2.3 million for its restoration and preparation for operations. The facility became functional in January 2024, and we began transshipping sunflower oil. Now called **TGT-Oil**, it has an annual transshipment capacity of 1.4 million tons and serves as a vegetable oil transshipment and trading hub. It offers transshipment services to third parties and allows Kernel to procure sunflower oil on a CPT basis for further exports.

To further bolster Kernel's transportation and logistics capabilities, the Group **acquired a bulk carrier Rotterdam Pearl V** with a grain cargo capacity of 50,000 tons for USD 15.7 million in December 2023. In April 2024, amid an improved market climate in Ukraine and the stabilization of deep-water exports, we **decided to divest one of our bulk carrier vessels, Eneida**, due to its diminished importance for our export operations. The cash consideration received was USD 7.4 million.

In FY2024, the Group also completed several divestments of old, outdated, and inefficient grain storage facilities:

- In September 2023, we divested a floor-type grain silo located in the Kharkiv region for a cash consideration of USD 1.1 million.
- In June 2024, we divested two grain storage facilities in the Poltava region for a cash consideration of USD 1.7 million.

Headcount

As of June 30, 2024, the **headcount of the Infrastructure and Trading segment** increased by 6% year-on-year to 2,894 employees. The new hires are primarily associated with staffing the Group's newly acquired export terminals in Chornomorsk and Reni.

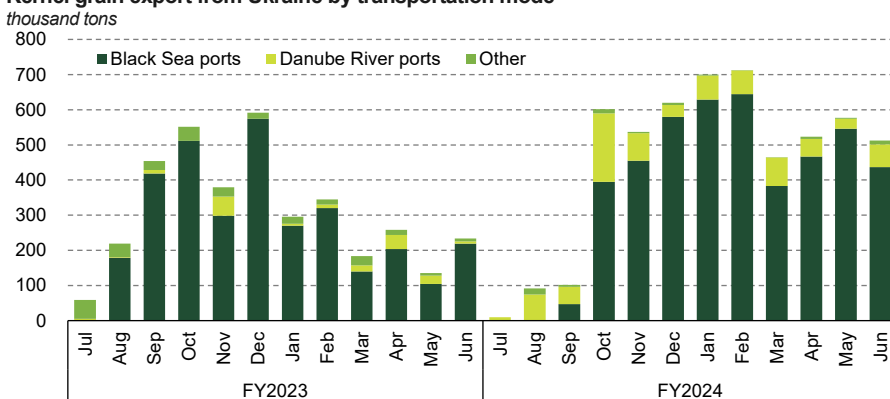
Performance overview

Operational performance

Grain export from Ukraine

Kernel began the season with 1.1 million tons of grain in carry-in stock – significantly above the pre-war average of 250–300 thousand tons but below the 1.8 million tons at the start of the previous season. When the Black Sea was inaccessible for exports in Q1 FY2024, we managed to export only 0.2 million tons of grain between July and September 2023. However, as the season progressed, the

Kernel grain export from Ukraine by transportation mode



Source: Kernel

Infrastructure and Trading continued

Infrastructure and Trading segment performance

		FY2023	FY2024	y-o-y
Grain export volumes	thousand tons	3,705	5,452	47%
Export terminal's throughput (Ukraine)	thousand tons	4,433	6,700	51%
Grain received in inland silos	thousand tons	2,825	2,801	(1%)
Revenue	USD million	2,602	2,011	(23%)
EBITDA	USD million	154	204	33%
EBITDA margin per ton of grain exported	USD	42	37	(10%)

Ukrainian Navy established a temporary corridor to the Black Sea ports, revitalizing export logistics by mid-October. This allowed Kernel to resume quarterly export volumes of 1.6–1.9 million tons in Q2–Q4 FY2024, although still below the pre-war quarterly maximum of 3.5 million tons.

In FY2024, the Group exported 5.5 million tons of grain, up 47% y-o-y, driven by well-functioning Black Sea export routes for most of the season. Corn made up 63% of the total exported volume, wheat accounted for 30%, and the remainder consisted of barley and other crops. More than half of Kernel's grain exports in FY2024 were produced by our Farming segment, with the remainder sourced from third-party farmers as we resumed procurement activities. During the reporting period, we procured 3.3 million tons of grain from other farmers, up 3.3x y-o-y though still below pre-war levels. By season's end, our grain inventories stood at 0.4 million tons, close to pre-war norms.

Nearly 80% of the exported grain volume was transshipped through our grain terminal in Chornomorsk, with the remainder delivered via Danube ports.

Thanks to the reopening of Ukrainian deep-water Black Sea ports and the team's efforts, **Kernel's market share in grain exports increased to 10% in FY2024**, up from 8% in the previous season, maintaining its position as **Ukraine's largest grain exporter**. We accounted for 12% of Ukraine's corn exports, 9% of wheat, and 7% of barley.

Export terminals throughput

During the reported period, **Kernel transshipped 6.7 million tons of goods** (grain, sunflower meal, and sunflower oil) through its port facilities, marking a 51% y-o-y increase. This growth was primarily driven by the reopening of export routes through deep-water ports in Q2 FY2024 and the commencement of vegetable oil transshipment operations in Q3 FY2024 at newly acquired terminals in Reni and Chornomorsk, which together contributed 0.6 million tons of sunflower oil transshipped. Grain accounted for 75% of the total transshipped volume in FY2024, edible oil

made up 12%, and meal comprised the remainder.

Starting in FY2024, the Group began offering transshipment services to third parties to improve terminal capacity utilization, handling a total of 486 thousand tons of third-party-owned grain¹.

Grain and oilseeds received in inland silos

The volume of **grain received in inland silos** in FY2024 amounted to 2.8 million tons, remaining flat y-o-y. Of this total, 1.9 million tons were produced by the Group's own Farming segment, with an additional 122 thousand tons procured by the Group. The remaining volume was supplied by third-party farmers who utilized the Group's storage and drying capacities.

The primary grains received were corn and wheat. Corn deliveries totaled 1.3 million tons, a 34% decline y-o-y, while wheat volumes doubled y-o-y to 0.8 million tons. The rest of the intake consisted of sunflower seeds, soybeans, and rapeseed.

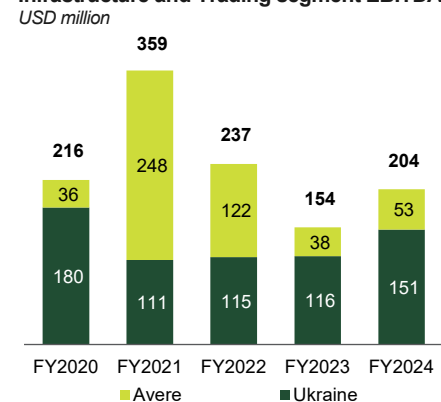
Financial results

The Infrastructure and Trading segment delivered USD 204 million in EBITDA in FY2024, marking a 33% y-o-y increase. Of that, Avere's trading business contributed USD 53 million in EBITDA (a 40% increase y-o-y), and the grain and sunflower oil export value chain in Ukraine generated USD 151 million in EBITDA (a 30% increase y-o-y).

Key performance drivers within the grain and sunflower oil export value chain in Ukraine were as follows:

- **Export terminals** achieved an EBITDA of USD 43 million, up 24% y-o-y, driven by growth in transshipment volumes and market transshipment rates. This result also includes a USD 47 million impairment loss recognized in FY2024.
- Unlike the previous reporting period, when high logistics costs nearly wiped out trading margins, **grain origination and trading** operations were profitable this year, generating USD 54 million in EBITDA.
- **Railcars business** saw its EBITDA decline significantly to USD 22 million from USD 72

Infrastructure and Trading segment EBITDA



million in FY2023. The drop was primarily due to a 56% y-o-y reduction in market lease rates for grain railcars, caused by an increase in the number of wagons available for grain transportation in Ukraine.

- Our own **fleet of vessels** contributed USD 12 million in EBITDA by transporting 475 thousand tons of grains and 219 thousand tons of oil. This business line did not contribute in FY2023.
- Due to a lack of rain during the harvesting period, demand for grain drying services decreased. Consequently, the **silos services business line** generated an EBITDA of USD 20 million, down 59% y-o-y.

FY2025 outlook

Grain supply for exports from Ukraine

Unlike the previous two seasons, when strong harvests and carry-over stocks ensured sufficient domestic grain supply, the grain export surplus in Ukraine is a major concern for the Group in FY2025. We estimate that FY2025 grain exports (corn, wheat, and barley) will decline by 10.8 million tons y-o-y, down 22%. This reduction is roughly split equally between the impact of lower harvests and reduced carry-in stocks.

While weather conditions have been largely favorable for winter crops, insufficient rainfall has negatively impacted spring crop yields. Corn yield is projected to decline by 22% y-o-y, despite stable planted areas of around 4 million hectares. As a result, the total grain harvest is expected to reach 52 million tons, down 11% y-o-y.

Signs of low grain supply are already visible in the first half of the season, with slow farmer selling driving prices higher. Unlike previous seasons, farmers feel less pressure to sell and have more silo capacity to store grain, opting to wait for better prices. The bargaining power is shifting from traders to farmers. A low supply

¹ This volume is included in the export terminal's throughput total figure.

Infrastructure and Trading **continued**

of grain will impact both margins across the entire value chain (storage, logistics, transshipment), but also will result in underutilized transshipment capacities in the second half of the season.

War impact

Despite a reduction in the intensity of Russian attacks on Ukraine's port infrastructure, these attacks continue periodically. For instance, in September 2024, a missile strike targeted a civilian vessel carrying Ukrainian wheat to Egypt. Later, another attack on transport infrastructure near the port of Chornomorsk damaged railcars and resulted in the loss of grain. In October 2024, a Russian drone attack targeted Ukraine's port infrastructure, causing damage to the Group's assets at the port of Chornomorsk, among others. These actions highlight two major risks for the Group:

- The potential damage or destruction of the Group's core port assets, disrupting export operations.
- The risk of Russia reinstating a blockade on Ukrainian Black Sea ports by regularly attacking civilian vessels.

Damaged silos in the Khmelnytskyi region following a Russian missile attack in August 2023



Farming



Managing one of the largest farmland banks in Ukraine



Produced 1.8 million tons of corn, wheat, soybean and sunflower in FY2024

#DigitalAgriBusiness
Kernel creates future

FY2024 posed significant challenges for Kernel's Farming segment, characterized by resilience amidst a volatile geopolitical environment. The segment's performance was heavily influenced by the fluctuating accessibility of export routes through Ukrainian Black Sea ports. The year began with severe disruptions, as the ports remained closed, hindering export activities and placing the business in a difficult position during the first quarter. Russian attacks on infrastructure and export routes, combined with logistical constraints and high carry-over stocks, resulted in losses early in the year.

However, starting in October 2023, the reopening of Ukrainian Black Sea ports by the Ukrainian Navy marked a pivotal shift. With export routes reestablished, Kernel rapidly increased its export activities, lowering inventory levels and stabilizing operations. This regained export capacity enabled the segment to continue selling grain and oilseeds despite challenging market conditions. Throughout FY2024, the segment realized 2.3 million tons of agricultural products, including 0.7 million tons of carry-over stock from the previous season, effectively destocking – especially considering the record crop yields for corn and wheat from the 2023 harvest.

Segment EBITDA reached USD 171 million, a 23% decline y-o-y, largely due to lower global prices for grain and oilseeds. However, the profitable sale of the previous year's crop provided a significant boost, contributing nearly half of the segment's EBITDA. Record crop yields were a positive surprise, but storage capacity limitations during the harvest season, compounded by blocked sales channels, led to grain losses due to quality deterioration because of improper storage.

FY2025 outlook

Looking ahead to FY2025, both **positive and negative factors are likely to influence the segment's performance**. On the positive side, a decline in 2024 crop production costs and an anticipated rise in

Revenue

USD 481 million

-31% y-o-y

EBITDA

(before unallocated head office expenses)

USD 171 million

-23% y-o-y

prices provide a potential upside. Conversely, lower crop yields from the 2024 harvest and reduced carry-over stocks from the previous year will limit the grain and oilseed supply available for sale. The stability of the Black Sea export routes remains a **critical risk factor** – any renewed disruptions or increased risk premiums could hamper exports and increase logistics costs, directly affecting profitability.

In this uncertain context, Kernel's strategic focus will be on maintaining operational resilience, optimizing costs, and ensuring flexibility to adapt swiftly to changing market and geopolitical conditions. The path forward requires a careful balance between managing risks and seizing opportunities, with an unwavering focus on sustaining profitability amidst ongoing challenges.

Farming continued

Our business model

Large-scale farming

Kernel is one of the largest crop producers in Ukraine. As of 30 June 2024, the total area of leasehold farmlands under Kernel's operations amounted to **358 thousand hectares**, including 332 thousand hectares under 2024 crops to be sold, 6 thousand hectares of land under seeds and crops grown for in-house use (cattle business), and 20 thousand hectares of fallow land¹. In FY2024, we harvested 1.8 million tons of corn, wheat, sunflower seeds, and soybeans.

We operate in the central and northern regions of Ukraine with highly fertile "chornozem" black soils and sufficient precipitation. Our land bank is divided into five production clusters, each with a decentralized operational decision-making structure that enables rapid responses to external factors. The central office is responsible for shaping our overall business strategy, procuring key inputs, and overseeing operations. A spirit of healthy competition among these clusters promotes ongoing efficiency enhancements.

Except for 2,884 hectares of irrigated land used for in-house seed production, all our farmland is rain-fed, with all the associated weather risks.

We adhere to a simple **crop mix dominated**

by corn and sunflower, covering in total of 80-85% of our farmland bank, and the remaining percentage stands for wheat, rapeseed, soybean, and other minor crops².

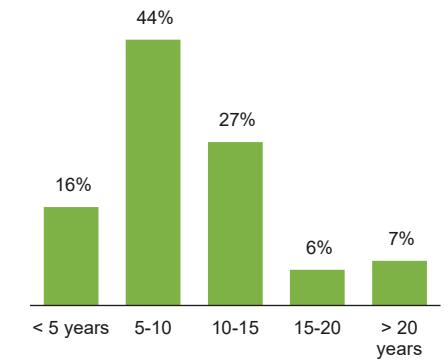
The Farming business is characterized by a **long working capital cycle** (~18 months), as illustrated in the "FY2024 crop production cycle" graph below.

Leasehold land operations

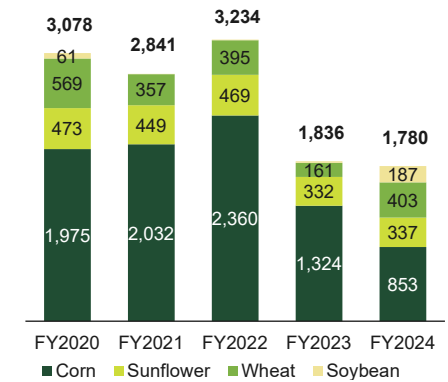
Approximately one-quarter of Ukraine's agricultural land is held by the state, municipalities, and state-owned companies. The remaining 75% consists of small land parcels, ranging from 1 to 10 hectares depending on the region, owned by private individuals who acquired these rights during the land distribution process in the 1990s following the collapse of the Soviet Union.

For the past two decades, all farmland in Ukraine has been subject to a moratorium, preventing its sale. Initially implemented in 2001, this moratorium has been repeatedly extended by the parliament, impeding the growth of the farming sector in Ukraine. Consequently, agricultural producers lease land from current owners, with new lease agreements since 2015 having a minimum term of seven years to ensure the stability of farmers' business operations. The **farmland market finally opened** on 1 July 2021, albeit with

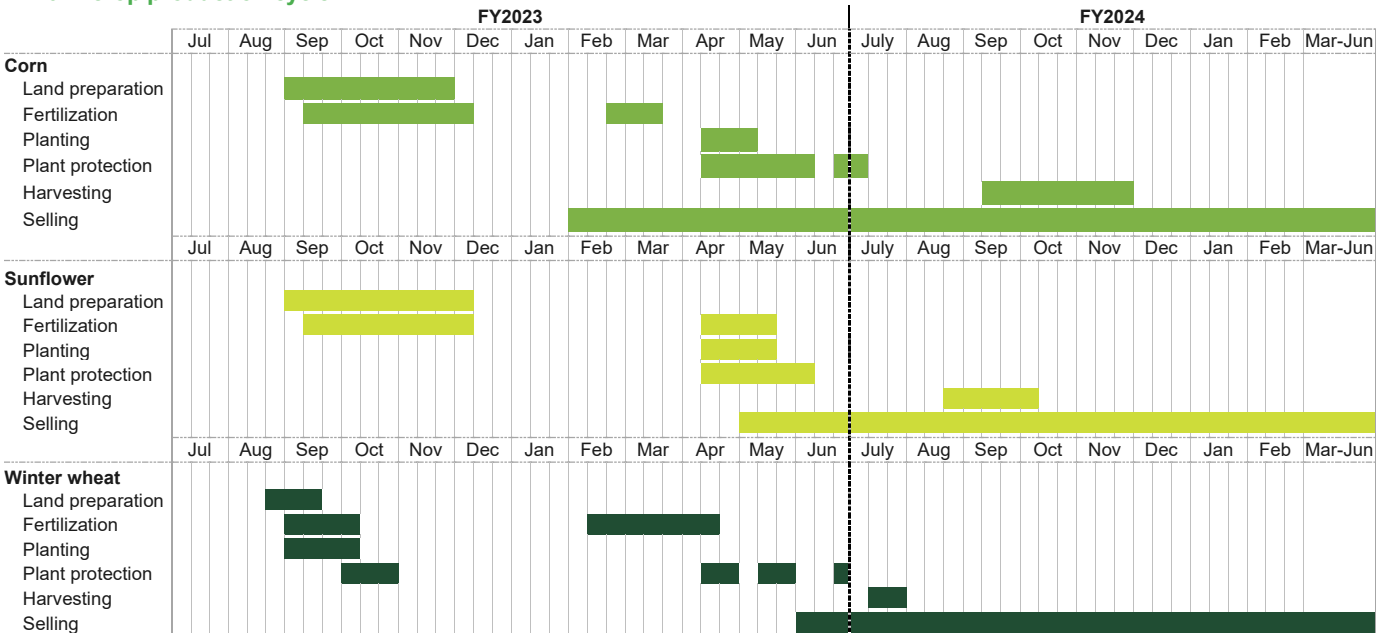
Kernel's farmland lease rights maturity
as % of total landbank



Kernel's production of key crops
thousand tons



FY2024 crop production cycle



¹ Part of this fallow land (13 thousand hectares), located near the hostilities and the Russian border, was subleased to local farmers.

² The Group substantially deviated from such an approach in FY2023 and in FY2024, when the share of sunflower seeds in the acreage substantially increased, and the Group re-introduced soybeans in the crop mix. However, such crop mix is not sustainable, and we will revert to our normal crop rotation practice in 2-3 years.

Farming continued

several restrictions. The most significant of these restrictions include:

- Ukrainian citizens initially were permitted to acquire agricultural land, but individual ownership was limited to a maximum of 100 hectares.
- Starting from 1 January 2024, also Ukrainian-incorporated legal entities became allowed to purchase agricultural land, and the ownership cap increased from 100 hectares to 10,000 hectares for both private individuals and legal entities.
- Foreign individuals and corporations, as well as legal entities with foreign shareholders under the Law of Ukraine, are prohibited from purchasing land unless a nationwide referendum decides otherwise.

Kernel leases all the land under operation, with lease contracts having an average maturity of 13 years. All lease contracts include the right of first refusal to prolong leases or to buy the land in case of being allowed to do so.

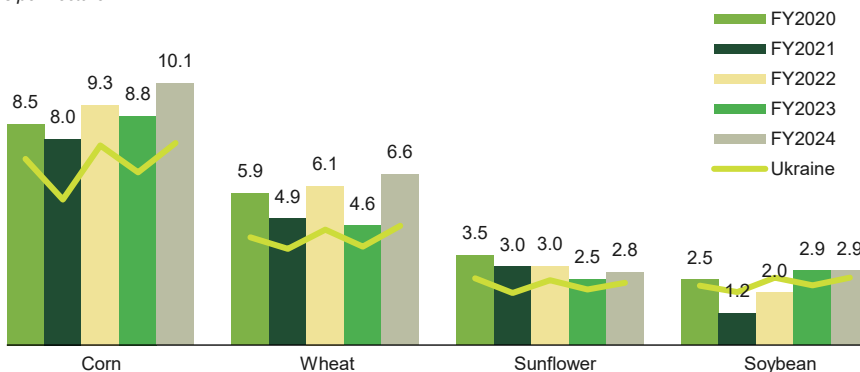
We've secured the use of 15,000 hectares of land through long-term land lease agreements, extending up until the year 2118. These agreements, known as 'emphyteusis' leases, involve making a single lump-sum payment of all rent to the lessor at the agreement's signing. This approach enables us to ensure the continuity of our operations for an extended duration, well beyond the scope of typical farmland lease contracts.

Private individuals own 88% of the landbank that we lease, and 12% is owned by the state.

Despite all the Group's efforts to maintain the integrity of its landbank, some landowners prefer not to extend the lease agreements, and as a result the Group naturally loses part of its farmland bank, in the range of 1-2% each year.

Starting from FY2020, land lease expenses

Kernel's crop yields
tons per hectare



FY2024 harvest results

	Acreage thousand ha			Net crop yields tons / ha ¹			Harvest size thousand tons ²		
	FY2023	FY2024	y-o-y	FY2023	FY2024	y-o-y	FY2023	FY2024	y-o-y
Corn	150	84	(44%)	8.8	10.1	14%	1,324	853	(36%)
Sunflower	131	120	(8%)	2.5	2.8	10%	332	337	1%
Wheat	35	61	75%	4.6	6.6	43%	161	403	2.5x
Soybean	6	65	10x	2.9	2.9	0%	18	187	10x
Other ³	41	28	(32%)						
	363	359	(1%)				1,836	1,780	(3%)

Note 1 One ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat and soybean.
Note 2 For the four main crops: corn, sunflower and wheat.
Note 3 Includes pea, rapeseed, barley, forage crops and other minor crops, as well as land left fallow for crop rotation purposes. Part of this fallow land (13 thousand hectares), located near the hostilities and the Russian border, was subleased to local farmers.

are not accounted for among operating expenses thus impacting segments EBITDA, but are reflected as amortization of rather as amortization of right-of-use assets and finance expenses attached to lease liabilities.

Performance overview

The performance of Kernel's Farming segment in FY2024 heavily depended on the availability of the Black Sea as a primary export route for the Group's agricultural produce. The year began with a complete blockade of the Black Sea, resulting in a challenging first quarter. However, from October 2023 onward, Ukrainian Black Sea ports reopened, allowing for the export of all available goods, which significantly improved the business environment.

As a result, the Farming segment sold 2.3 million tons of grains and oilseeds in FY2024, including 0.4 million tons of sunflower seeds and rapeseeds processed in Kernel's oilseed plants and 1.9 million tons sold for export. These sales included 702 thousand tons of corn and wheat from carry-over stocks of the 2022 crop.

Sales prices in FY2024 declined for all crops compared to the previous year. While lower logistics costs provided some relief, the overall impact on the Farming segment's

performance appeared to be significantly negative.

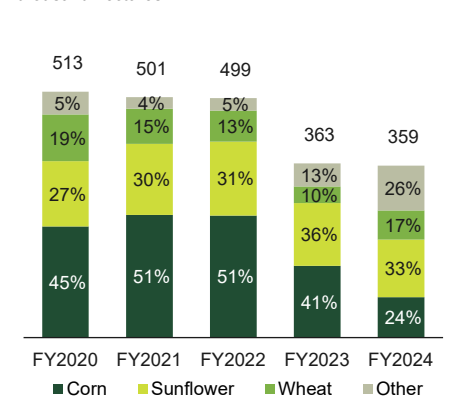
EBITDA of the segment reached **USD 171 million**, a 23% decline y-o-y, influenced by several factors:

1. USD 85 million in EBITDA from the sale of the 2023 crop.

The **crop mix** for 2023 was adjusted to reduce dependence on energy- and logistics-intensive corn, focusing on more sustainable alternatives like soybeans and winter wheat:

- **Corn acreage** decreased by 44% y-o-y to 84 thousand hectares, despite the initial plan to leave 50 thousand hectares of this land fallow due to uncertainties with export capabilities.
- **Sunflower acreage** decreased to 120 thousand hectares, accounting for 33% of the total crop mix, down 8% y-o-y. Despite the reduction, sunflower remained the largest crop, important for supporting the Group's oilseed processing operations.
- **Winter wheat acreage** expanded significantly to 61 thousand hectares, a 75% increase y-o-y.
- **Soybeans** were reintroduced into the crop mix, covering 65 thousand hectares. This proved to be a sound decision, as soybeans emerged as the most profitable crop within

Kernel's acreage harvested by crops
thousand hectares



Farming continued

the Farming portfolio.

We benefited from **record crop yields for corn and wheat**, reaching 10.1 and 6.6 tons per hectare, respectively – marking a 14% and 43% y-o-y increase. This improvement was largely due to consistently favorable weather conditions throughout the season, despite a reduced level of fertilizers applied due to local shortages of some crop inputs. **Sunflower yields** also increased by 10% y-o-y to 2.8 tons per hectare, while **soybean yields** remained stable at 2.9 tons per hectare. As a result, **Kernel harvested 1.8 million tons of grain and oilseeds**, with 1.6 million tons sold in FY2024 and 132 thousand tons of corn and wheat carried over as stock for FY2025.

Our **costs per hectare** decreased by 7% y-o-y on average, mainly due to savings on silo grain drying services, as the harvested corn had a low moisture content because of dry weather before harvesting. However, we faced inflation in the costs of fertilizers and crop protection agents, alongside increases in payroll and growth in repairs and maintenance costs, as we postponed investments in upgrading our machinery and vehicle fleet due to the war in Ukraine.

Logistical constraints early in the season, combined with large carry-in stocks and record crop yields, limited our silo storage capacity, forcing us to use flexi bags for grain storage. This storage method led to quality deterioration, resulting in a loss of ~30 thousand tons of corn out of 459 thousand tons of grain and oilseeds stored this way in FY2024.

2. USD 82 million in EBITDA from the sale of the 2022 crop.

In FY2024, we sold 702 thousand tons of corn and wheat from carry-over stocks of the previous season. It was a relatively low-cost good, as due to price fluctuations in FY2023 Kernel had already written it to a net realizable value of below actual cost. However, as we sold this grain in FY2024 at improved prices, the write-downs from the previous year contributed to profits in FY2024.

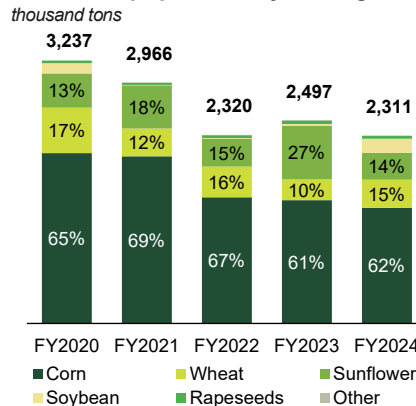
3. USD 10 million loss from the net change in the fair value of biological assets and agricultural produce,

compared to a USD 115 million loss a year ago, reflecting lower price volatility in FY2024.

4. USD 14 million from other impacts,

including a USD 8 million reversal of

Realized crops produced by Farming



previously recognized impairments.

It is important to note that, as required by IFRS 16, **farmland lease costs are not included in the segment's EBITDA**. Instead, they are presented as lease interest payments (disclosed under finance costs) and repayments of lease liabilities (disclosed under cash used in financing activities). In FY2024, these payments totaled USD 45 million.

The segment's earnings translated into USD 476 **EBITDA per hectare**, with 359 thousand hectares in operation in FY2024.

The **headcount of the Farming segment** remained relatively unchanged y-o-y, with 4,527 employees as of 30 June 2024.

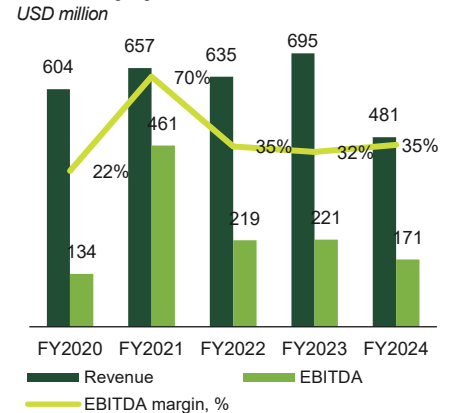
FY2025 outlook

Several key factors will influence the performance of the Farming segment in FY2025:

- **Availability of Ukrainian Black Sea ports for exports;**
- **Lower Crop Size:** The 2024 crop size is expected to be lower y-o-y, primarily due to reduced crop yields caused by unfavorable weather conditions.
- **Minimal Carry-Over Stock:** Unlike the previous year, we will have minimal carry-over stock to supplement sales volumes.
- **Higher Sales Prices:** Sales prices for most crops are anticipated to increase y-o-y, which could positively impact revenue, although the sustainability of this trend remains uncertain.
- **Reduced Production Costs:** Production costs are expected to decrease, driven by lower expenses in grain drying due to low rainfall during the harvesting of spring crops.

Further details on these factors are provided below.

Profitability dynamics



Availability of Ukrainian Black Sea ports for exports

Since October 2023, we have benefited from relatively stable export operations through Ukrainian Black Sea ports, and the stability of these routes remains crucial for Kernel. Any disruptions, such as Russian attacks on the Group's port assets or strikes on civilian vessels, could lead to a renewed blockade or a sharp increase in risk premiums and logistics costs, affecting navigation and the profitability of the entire export value chain. Any such disturbances would ultimately be absorbed into the farming business's profitability. Thus, the accessibility of these ports is essential for efficient grain exports, directly impacting sales volumes, logistics costs, and the overall performance of the Farming segment.

Harvest size 2024

For the 2024 crop (planted in FY2024 and to be sold in FY2025), the Group **adjusted its crop structure** to reestablish sustainable farming practices and crop rotation, which had been disrupted by Russia's invasion of Ukraine:

- **Sunflower acreage** was reduced by 44% y-o-y, to 67 thousand hectares, representing 19% of the total acreage, down from the elevated levels of 33-36% seen in 2022-2023. These higher levels marked a deviation from normal crop rotation practices, which, if extended over time, could lead to reduced yields due to increased risks of pests and diseases. However, maintaining such a high percentage of sunflower acreage in 2022-2023 was necessary given the uncertainties surrounding grain export logistics capacity at that time¹.
- The acreage under corn remained virtually unchanged, at 87 thousand hectares.
- Kernel expanded the winter wheat acreage to 93 thousand hectares, a 52% y-o-y

¹ For the 2025 harvest, the acreage under sunflower is planned to decrease further, to 12% of the total land bank (40 thousand hectares). After this reduction, we aim to gradually return to sustainable levels of around 25% of total acreage in subsequent years, aligning with long-term crop rotation practices.

Farming continued

increase, making up 26% of the total acreage. This is the highest proportion of wheat in the Group's crop structure since 2012.

- The Group increased plantings of soybeans and rapeseeds to 72 thousand hectares and 14 thousand hectares, respectively, driven by the strong profitability of oilseeds in FY2024.

As of the date of this report, the harvesting of all crops, except for corn, is complete, with crop yields showing a decline across most crops due to severe drought conditions in Ukraine during critical grain filling and maturation periods. Corn yields declined by 17% y-o-y to 8.4 tons per hectare (based on 98% of the acreage harvested), wheat by 8% y-o-y to 6.1 tons per hectare, soybeans by 24% y-o-y to 2.2 tons per hectare, rapeseeds by 27% y-o-y to 2.4 tons per hectare. Sunflower yields showed greater resilience, with yields remaining stable in our operating regions, despite more severe drought impacts in other crop-producing areas of Ukraine ¹. The drought had a particularly adverse effect on the growth and overall production of corn and soybeans.

As a result, the total crop size for 2024 is projected to be lower than the previous year.

At the start of FY2025, the Group expanded its land bank by acquiring an agricultural enterprise with lease rights over 3.6 thousand hectares. This acquisition aligns with the Group's strategy to maintain the integrity of its land

bank, offsetting the natural loss of land due to the non-renewal of lease agreements by land-owners.

Carry-over stock

As of 30 June 2024, the Farming segment held a total of 147 thousand tons of carry-over stock from the 2023 crop, consisting of 70 thousand tons of wheat and 62 thousand tons of corn, with the remainder primarily made up of soybeans and other crops.

Prices

In FY2025, prices have limited downside potential and are anticipated to improve y-o-y for all crops except soybeans, which already benefited from high price levels in FY2024. The upward trend in prices is evident at the beginning of the season, though it remains uncertain how sustainable this increase will be over time.

Production costs

We anticipate a 12% y-o-y decrease in production costs for the 2024 crop, driven mainly by a reduction in per-hectare costs for corn and wheat, down by 21% and 15%, respectively. This decrease is largely due to lower expenses for grain harvesting and delivery driven by lower crop yields and lower cost of silo services, as the dry conditions during harvesting reduced grain moisture levels, leading to lower drying costs.



¹ These are preliminary data; the final crop yields will be published at later stage.

Risk management

Risk management system

The Group's management defines risk as an event, action, or lack of action, which can lead to failure to achieve the Company's objectives.

Kernel has an evolving system of risk management aimed at **preserving the stability and solvency of the Company under extreme conditions to secure long-term sustainable value for shareholders.**

Based on the **Risk Management Policy** (adopted by the Board of Directors in November 2018) and underlying policies and procedures, Kernel monitors and assesses its risk exposures regularly and takes steps to minimize their impact.

Key roles

The Company's risk management is realized by the Board of Directors, Executive Management Team, and other management and staff, starting from the strategy development and impacting all activities and processes of the Company. These activities set out to identify and manage risks, to provide reasonable assurance of the Companies' goals accomplishment. Please see the details in the "Key roles and duties in the risk management process" chart.

Risk management cycle

The risk management cycle includes five stages:

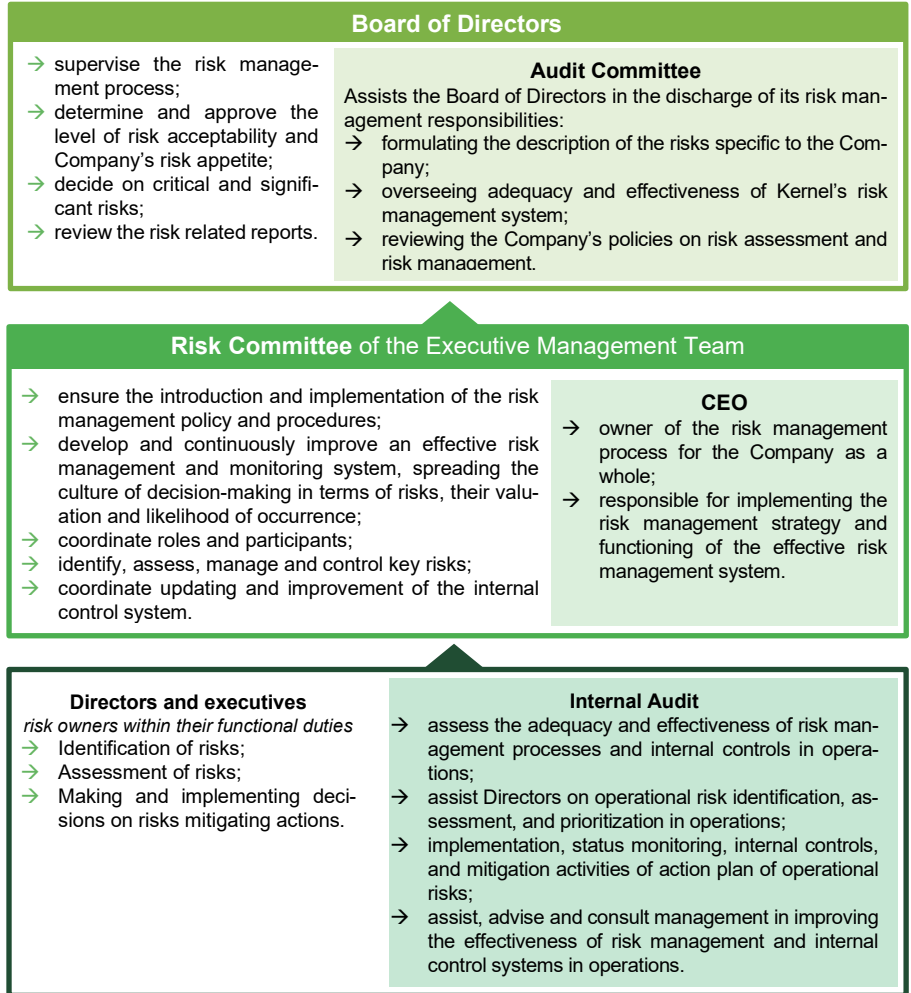
- risk identification;
- risk assessment and prioritization;
- development and execution of mitigation plan;
- monitoring of mitigation plan execution;
- risk management process enhancement.

Risk categories

The management classifies all risks into five categories:

- Strategic (Business)
- Operational
- Financial
- Regulatory
- Sustainability

Key roles and duties in the risk management process



Kernel's risk identification and mitigation system



Risk management continued

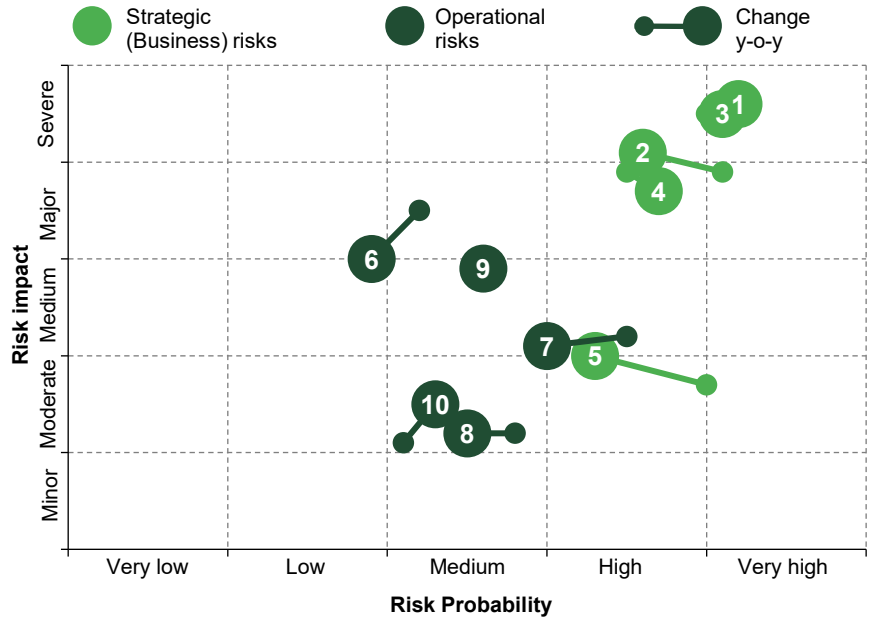
Top 10 risks

This section includes a summary of the main risks that Kernel may face during the normal course of its business. However:

- this section does not purport to contain an exhaustive list of the risks faced by Kernel and Kernel may be significantly affected by risks that it has not identified or considered not to be material;
- some risks faced by Kernel, whether they are mentioned in this section or not, may arise from external factors beyond Kernel's control;
- whereas mitigations are mentioned in this section, there is no guarantee that such measures will be effective (in whole or in part) to remove or reduce the effect of the risk;
- investors may face other risks when dealing with Kernel securities (shares and bonds).

As a result of the latest review cycle, the Board approved the Top 10 risks for the Group for FY2025 as depicted on the risk matrix. A list of risks, together with disclosure of change in assumptions on impact and probability, is presented in the table below.

Risks matrix



#	Risk Name	Change in estimates FY2025 vs FY2024		Rationale on changes in estimates
		Impact	Probability	
1	Weak harvest in Ukraine	New	New	<ul style="list-style-type: none"> • With high opening stocks in two previous seasons, the size of the harvest was not of big importance for a total supply of grain and oilseeds in Ukraine, and was not considered a top risk. However, as stocks normalized for the FY2025 season, the risk of a weak harvest has re-emerged as a significant concern. Moreover, unfavorable weather in 2024 lead to a material decline in crop size in Ukraine.
2	Logistics disruptions	Increase	Decrease	<ul style="list-style-type: none"> • Increased impact, since in addition to possible logistic disruption caused by the blockade of Ukrainian deep-sea ports, the Group is subject to Red Sea logistics risks. • Decreased probability due to a slightly more optimistic view on the operating environment as compared to the prior year.
3	Loss of critical infrastructure	No change	Increase	<ul style="list-style-type: none"> • Increased probability given the increased Group's footprint in Ukrainian ports following the acquisition of new assets in the last 2 years.
4	Low global soft commodity prices	Decrease	Increase	<ul style="list-style-type: none"> • Decreased impact and increased probability, as prices in FY2025 tend to rebound from low FY2024 levels.
5	Loss of Inventories	Increase	Decrease	<ul style="list-style-type: none"> • Decreased probability due to the reduced accumulation of inventories at terminals, direct loading to the vessels.
6	Trade position risk due to unforeseen market volatility	Decrease	Decrease	<ul style="list-style-type: none"> • Decreased impact and probability due to more predictable freight rates, allowing better control over contract execution periods.
7	Credit and counterparty risks	Decrease	Decrease	<ul style="list-style-type: none"> • Decreased impact and probability given increased creditworthiness of Ukrainian farmers (recipients of financing from the Group) since there are more sales opportunities, hence – sources of liquidity – as compared to the prior year.
8	Information security and IT risks	No change	Decrease	<ul style="list-style-type: none"> • Decreased probability as result of the mitigating actions implemented.
9	Disruption or limitation of electricity supply	New	New	<ul style="list-style-type: none"> • The risk was not in TOP 10 in FY2024 and was reinstated given Russian attacks targeting energy infrastructure of Ukraine.
10	Human capital risks	Increase	Increase	<ul style="list-style-type: none"> • Increased impact and probability considering the protracted war in Ukraine and ongoing conscription of men into military service.

Risk management **continued**

Kernel FY2025 Top 10 risks and mitigating factors		
Risk	Possible impact	Mitigating factors
1. Weak harvest in Ukraine	<ul style="list-style-type: none"> • Subdued Farming segment EBITDA because of reduced total harvest size due to unfavorable weather conditions while unchanged cost base. <ul style="list-style-type: none"> • Low crushing margins due to higher competition among crushers for the limited supply of oilseeds. • Low capacity utilization of the Company's oilseed processing plants due to the physical deficit of the oilseeds on the market; • Low profitability of grain export value chain (underutilized infrastructure capacities or depressed margins) given that a major portion of our grain export volumes originates from third-party farmers. 	<ul style="list-style-type: none"> → A diversified land bank reduces to some extent the overall Farming segment's exposure to weather risks. → Diversified oilseeds origination base: <ul style="list-style-type: none"> • Our oilseed origination areas cover the whole sunflower seed growing belt in Ukraine, thus reducing our exposure to weather volatility in any particular region. • Comprehensive data-driven procurement strategy based on regional supply-demand balances composed of the official statistics, market consensuses, and inputs from our farming and procurement teams. → Multi-seed processing: rapeseed processing has been in place at some of our plants. → The "Open Agribusiness" platform serves to share our farming know-how with third-party farmers (thus increasing their productivity) and to provide various services to crop producers, improving in such a way their loyalty to Kernel as a grain and oilseeds originator. → Pre-crop financing of third-party farmers conditional upon obligatory sale of future harvest (sunflower seeds and grain) to Kernel, thus covering part of our needs.
2. Logistics disruption: closed Ukrainian seaports due to the war;	<ul style="list-style-type: none"> • Reduction in export volumes of grain, sunflower oil, and meal in case of continued difficulties with the export of agriproducts via the Ukrainian Black Sea ports (a usual and most convenient export route for Ukrainian agricultural products); • Growing logistics costs (railway in Ukraine and EU, truck and barges services) caused by substituting cheap sea freight with more expensive auto, railway, and river logistics with multi-modal transshipment. It hurts margins including loss-making grain export business; • Increase in the shipment time resulting in more working capital required; quality deterioration of goods due to long-time multi-modal transportation. 	<ul style="list-style-type: none"> → In case of Ukrainian Black Sea ports being blocked, the Group will focus on transshipments via Ukrainian Danube River ports and railway deliveries to Constanta port in Romania, as other export channels proved to be not so efficient (higher costs and lower throughput capacities). → Capacity expansion. For the facilities under control, the Group undertakes regular capacity expansion initiatives. → Diversified load points in ports to mitigate risks related to any particular port. The Group has secured transshipment capacities in the following ports: Pivdennyi, Chornomorsk, and Reni. Additionally, the Group arranged for a provision of transshipment services with operators in the Izmail port in Ukraine, Rotterdam port in the Netherlands, and Constanta port in Romania. → Fleet investments to support river logistics. In FY2023, the Group acquired two vessels (a bulk carrier and a tanker) to support the export of grain/meal and sunflower oil.
3. Loss of critical infrastructure	<ul style="list-style-type: none"> • Undermined earnings generation capacity and additional CapEx required due to potential loss or damages of critical infrastructure (export terminals, oil-extraction plants, key silos) as a result of Russian missile or drone attacks. 	<ul style="list-style-type: none"> → Diversified asset base located relatively far from the regions of active military actions; → Grain and oil transshipment agreements with third-party export terminals; → Diversified load points in ports.
4. Low global soft commodity prices: grain and oilseeds, sunflower oil	<ul style="list-style-type: none"> • Undermined profitability of the Group's Farming segment (which is always in a naturally long position as a typical upstream business) in case of low global grain and oilseeds prices. • Undermined profitability of the Group's Infrastructure and Trading segment, as low prices do not allow to absorb high logistics costs, and farmers prefer to wait with sales of grain. • Compressed margins in the Oilseed Processing segment: low prices for sunflower oil reduce combined earnings shared by farmers and crushers in Ukraine in the short term and discourage farmers from expanding acreage under sunflower in the long term. 	<ul style="list-style-type: none"> → Hedging grain prices: we use various hedging tools, including CME corn and soybean futures and options, forward contracts for the Black Sea origin premium, and direct forward contracts (if available). Physical delivery forward contracts (if available) are typically used for shorter duration hedging, normally within six months; → A longer period of crop sales: under normal conditions, we start selling next year's crop as soon as we have the initial understanding of the next year's production costs, considering also the entire value chain margin; → Partial flexibility in determining the timing of sale of own crop, allowing to avoid sales during extremely low-price periods; → Deep analysis of global soft commodity fundamentals: Avere research and trading unit provides insights into the global soft commodity market, guiding the selection of proper timing and pricing of our hedging operations. → Active procurements of sunflower seeds at the beginning of the season (when a huge post-harvest supply of sunflower seeds allows for negotiating more attractive prices) to partially mitigate

Risk management **continued**

Kernel FY2025 Top 10 risks and mitigating factors		
Risk	Possible impact	Mitigating factors
		<ul style="list-style-type: none"> → long-term sunflower oil price weakness; → Careful sales management during the season to mitigate seasonal price declines.
5. Loss of inventories	<ul style="list-style-type: none"> • Physical loss of the Group's inventories due to Russian missile or drone attacks. 	<ul style="list-style-type: none"> → Expanding the Group's export capacities via alternative routes; → Regular inventory inspection of the commodities stored in the third-party-owned silos; → Investments into additional storage capacities (including plastic silo bags); signing of long-term contracts with third-party storage service providers; → Diversified load points in ports; → Minimizing onsite storage in ports in favor of direct loading.
6. Trade position risk due to unforeseen market volatility	<ul style="list-style-type: none"> • Losses arising from the Group's trade position mismanagement. For example, an open position in sunflower oil may hurt the Company's earnings in case of significant movements in sunflower oil prices; • Losses arising from Avere trading business. 	<ul style="list-style-type: none"> → Trade position control system: <ul style="list-style-type: none"> - maximum limits on the position (long/short) with daily control. Separate limits for various goods (e.g., for sunflower oil produced from own seeds, sunflower oil produced from purchased seeds, and sunflower oil purchased from third parties). Specific limits are set for sunflower seed procurement not covered by sunflower oil sold. Special approvals are required to exceed the limits. - a part of positions is controlled by restricting Value at Risk and drawdown limits with daily monitoring. - Constant monitoring of the impact of changes in market prices on existing trade positions and improvement of the monitoring system. → The "Balanced book" policy employed by the Company reduces the impact of the commodities price fluctuations through price and volume hedging. Such a policy presupposes the arrangement of the forward contracts for the sunflower seed sales, alongside the procurement of the same sunflower seeds from farmers. In such a manner, the Company reduces the risk exposure by ensuring the sales volumes, as well as locking the selling price. Deviations from the balanced book approach may appear during the business disruptions caused by the war in Ukraine; → Centralized contract execution and scheduling of shipments.
7. Credit and counterparty risks	<ul style="list-style-type: none"> • Defaults of third-party farmers under financing received from the Group (including the Open Agribusiness program); • Losses arising due to the Group's counterparties not performing their trade obligations. 	<ul style="list-style-type: none"> → Defined parameters and high criteria for selecting farmers to participate in the Group's financing program at the application submission and review stages. → Constant monitoring of solvency and business performance of the farmers who received financing from the Group; → Negotiating with farmers on extending the obligations repayment period or agreeing on alternative ways of repayment; → Active restructuring and claim work against counterparties in default.
8. Information security and IT risks	<ul style="list-style-type: none"> • The loss or disclosure of key information may threaten business operations and development of the business; • Interruption of business processes and decisions which are dependent on the continuity of IT applications and infrastructure. • Leakage of the information stored at assets currently occupied by Russia; • Cyber-attacks on the Group's IT infrastructure; • Damage to the Group's cloud IT infrastructure occurred due to the military actions in Ukraine; and lack of access to cloud services provided outside of Ukraine. 	<ul style="list-style-type: none"> → The backup data center was relocated to Lviv (Western Ukraine); → Access to the IT systems is denied at night for developers and contractors; → Implemented IT business continuity and data recovery policy; → Multifactor authentication is being implemented to reduce the risk of documents, correspondence, and other confidential data leakage; → Password policy, access control for external users to company IT systems; Privileged access management solutions. → Regular testing of IT recovery plan; regular vulnerability testing from inside and outside; → Patch management policy – regular installations of critical and security patches on servers and workstations; → Special solution to combat the advanced persistent threat (APT) and 0-day virus attacks; → Implementation of incident and change management processes in the IT infrastructure; → Improving the maturity of the access management process by

Risk management **continued**

Kernel FY2025 Top 10 risks and mitigating factors		
Risk	Possible impact	Mitigating factors
		<ul style="list-style-type: none"> → automating the process of reviewing access rights. → Regular training and testing of employees for knowledge and compliance with information security rules.
9. Disruption or limitation of electricity supply: oil extraction plants and export terminals	<ul style="list-style-type: none"> • Disruption of oilseed processing • Reduction in export volumes of grain, sunflower oil, and meal in case of continuing blackout. 	<ul style="list-style-type: none"> → Alternative electricity source. Major production and export sites are equipped with diesel electricity generation that allows continuing operations during blackouts although not always at full capacity. → The Group's own co-generation heat and power plants serve to mitigate power disruption risks.
10. Human capital risk	<ul style="list-style-type: none"> • Disruptions in business and support processes due to: <ul style="list-style-type: none"> – a shortage of staff in general and the challenge of replacing key employees due to the low qualifications of new candidates, exacerbated by significant emigration from Ukraine; – employee conscription for military service, a consequence of the protracted war in Ukraine; – increased mental stress among remaining employees as a result of the ongoing and prolonged war in Ukraine. 	<ul style="list-style-type: none"> → Competitive compensation: the level we pay matches or exceeds the benchmark in our industries. We aim to increase further compensation levels to successfully compete with neighboring countries along the way. The compensation system is regularly reviewed to match the Company strategy and HR strategy. We regularly measure employee satisfaction levels and react to the results; → Extensive social package: <ul style="list-style-type: none"> – Housing repayable loans to young employees in the regions; – Voluntary medical insurance (full cost coverage for employees and 50% cost coverage for employees' children); – Social monetary support in case of employee's personal life difficulties. → Talent management, professional development, and education of our employees. We have numerous education programs with extensive coverage and a system of individual development and career planning, as well as mental health education (as disclosed in the Sustainability section of the annual report); → Safe and convenient working conditions. Constant improvement of working conditions and infrastructure for staff. Remote work and flexible working hours. Support of employee affinity and networking groups; → Effective recruitment: we use various tools and channels to recruit the best people on the market. We actively work with universities and the business community and have a separate Kernel Chance program to develop and solicit new associates; → Employee involvement through an effective KPI system, responsibility delegation, rewards for operation efficiency improvement, and teambuilding events; → Comprehensive new employees' adaptation programs; → Labor productivity improvement through processes automation and optimization, job versatility, and employee fungibility increase; → HR brand development, creating a sustainable employer reputation. Corporate social responsibility strategy.

Other risks identified by the Company's management include (but are not limited to):

- Liquidity associated risks;
- Failure to maintain the integrity of the leasehold farmland bank;
- Fraudulent activities;
- A shortfall of proceeds from sales of renewable energy;
- Investment projects management associated risks;
- Increase in competition;
- Sustainability-related risks: non-compliance with environmental standards; undermined profitability due to more severe environmental requirements applicable to farming and oilseed processing related to the implementation of the European Green Deal; low sustainability rating of Kernel may increase the cost of capital;
- Weak economic growth, either globally or in the Group's key markets;
- Economic policy, political, social, and legal risks and uncertainties in countries other than Ukraine in which Kernel Holding S.A. operates;
- Any loss or diminution in the services of Mr. Andrii Verevskyi, Kernel Holding S.A.'s chairman of the Board of Directors;
- The risk that changes in the assumptions underlying the carrying value of certain assets, including those occurring as a result of adverse market conditions, could result in the impairment of tangible and intangible assets, including goodwill;
- The risk of fluctuations in the exchange rate of the Ukrainian hryvnia to the US dollar;
- The risk of disruption or limitation of natural gas;
- The risk of product liability claims;
- The risk of potential liabilities from investigations, litigation, and fines regarding antitrust matters;
- The risk that Kernel Holding S.A.'s governance and compliance processes may fail to prevent regulatory penalties or reputational harm, both at operating subsidiaries and in joint ventures; and
- The risk that Kernel Holding S.A.'s insurance policies may provide inadequate coverage.

Alternative Performance Measures

To comply with the ESMA Directive on Alternative Performance Measures (“APMs”), Kernel Holding S.A. (hereinafter “the Group”) presents this additional disclosure, which enhances the comparability, reliability, and comprehension of its financial information.

The Group presents its results in accordance with generally accepted accounting principles (IFRS), but management considers that certain supplemental non-IFRS measures, such as

- **EBITDA;**
- **EBITDA margin;**
- **Segment EBITDA;**
- **Segment EBITDA margin;**
- **Investing Cash Flows net of Fixed Assets Investments;**
- **Net Fixed Assets Investments;**
- **Operating Cash Flows before Working Capital Changes;**
- **Free Cash Flows to the Firm;**
- **Debt Liabilities;**
- **Net Debt;**
- **Commodity Inventories;**
- **Adjusted Net Debt;** and
- **Adjusted Working Capital;**

(together, the ‘**Alternative Performance Measures**’) provide investors with a supplemental tool to assist in evaluating current business performance.

The Group believes the **Alternative Performance Measures** are frequently used by securities analysts, investors, and other parties interested in evaluating companies in the Group’s industry. The **Alternative Performance Measures** have limitations as analytical tools, and investors should not consider any of them in isolation or any combination of them together as a substitute for analysis of the Company’s operating results as reported under IFRS. Other companies in the industry may calculate these **Alternative Performance Measures** differently or may use them for different purposes than Kernel Holding S.A., limiting their usefulness as comparative measures. Each of the **Alternative Performance Measures** is defined below.

Before FY2019, the Group used to report such APMs as **Funds from Operations** and **Free Cash Flows**, but since FY2019 the Group considers these metrics as not relevant anymore, being distortive going forward. The first APM included purchases of property, plant, and equipment distorting the operating cash generation capacity of the Group given the current heavy CapEx cycle for the Group. The second APM included dividends paid, thus distorting the cash flow available to repay debt

and distribute dividends to shareholders. Instead, two additional APMs were introduced (as defined below): **Operating Cash Flows before Working Capital Changes** and **Free Cash Flows to the Firm**.

EBITDA and EBITDA margin

The Group uses **EBITDA**¹ as a key measure of operating performance, and it is defined as profit from operating activities adding back amortization and depreciation.

The Group defines **EBITDA margin** as **EBITDA** divided by revenue during the reported period.

Kernel Holding S.A. views **EBITDA** and **EBITDA margin** as the key measures of the Group’s performance. The Group uses **EBITDA** and **EBITDA margin** in its public reporting, which is also related to the listing of the Company’s equity on the Warsaw Stock Exchange. The Group believes that these measures better reflect the Group and its subsidiaries’ core operating activities and provide both management and investors with information regarding operating performance, which is more useful for evaluating the financial position of the Group and its subsidiaries than traditional measures, to the exclusion of external factors unrelated to their performance.

EBITDA and **EBITDA margin** have limitations as analytical tools, and investors should not consider these measures in isolation or in any combination with Non-IFRS Measures as a substitute for analysis of the Group’s operating results as reported under IFRS. Some of these limitations are as follows:

- **EBITDA** and **EBITDA margin** do not reflect the impact of finance costs, the significance of which reflects macroeconomic conditions and has little effect on the Group’s operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of taxes on the Group’s operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of depreciation and amortization

Reconciliation of profit from operating activities to **EBITDA** and **EBITDA margin**:

<i>in thousand USD, except the margin</i>	FY2023	FY2024
Profit from operating activities	439,460	276,428
<i>add back:</i>		
Amortization and depreciation	104,786	104,723
EBITDA	544,246	381,151
Revenue	3,455,121	3,581,462
EBITDA margin	15.8%	10.6%

¹ In other documents (e.g. listing particulars) the Group could use the term Adjusted EBITDA, which is calculated as profit before income tax adding back net finance costs, net foreign exchange gain, net other expenses, share of income/(loss) of joint ventures, and amortization and depreciation, and coming to the same result as EBITDA

Alternative Performance Measures continued

Segment EBITDA and Segment EBITDA margin

The Group uses **Segment EBITDA** and **Segment EBITDA margin** as the key measures of segment operating performance. The Group defines **Segment EBITDA** as profit/(loss) from operating activities adding back amortization and depreciation.

The Group defines **Segment EBITDA margin** as **Segment EBITDA** divided by the segment revenue during the reporting period.

Investing Cash Flows net of Fixed Assets Investments

The Group uses **Investing Cash Flows less Net Fixed Assets Investments** as a measure of its expenditures on investments other than property plant and equipment and it is defined as net cash used in investing activities adding back:

- purchase of property, plant and equipment;
- proceeds from disposal of property, plant, and equipment.

Net Fixed Assets Investments

The Group uses **Net Fixed Assets Investments** as a measure of its expenditures on fixed assets maintenance and it is defined as net cash used in investing activities less **Investing Cash Flows net of Fixed Assets Investments** or, alternatively, may be calculated as cash used for purchase of property, plant and equipment less proceeds from disposal of property, plant, and equipment.

Operating Cash Flows before Working Capital Changes

The Group uses **Operating Cash Flows** as a measure of the cash generation of its core business operations and it is defined as net cash generated by operating activities less changes in working capital, including:

- change in trade receivables and other financial assets;
- change in prepayments and other current assets;
- change in restricted cash balance;
- change in taxes recoverable and prepaid;
- change in biological assets;
- change in inventories;
- change in trade accounts payable; and
- change in advances from customers and other current liabilities.

Calculation of Segment EBITDA and Segment EBITDA margin:

<i>in thousand USD</i>	FY2023	FY2024
Oilseed Processing		
Profit from operating activities	240,693	49,642
plus Amortization and depreciation	29,651	33,734
Segment EBITDA	270,344	83,376
Segment revenue	1,907,681	1,863,798
Segment EBITDA margin	14%	4%
Infrastructure and Trading		
Profit from operating activities	129,149	175,536
plus Amortization and depreciation	24,608	28,255
Segment EBITDA	153,757	203,791
Segment revenue	2,601,847	2,011,138
Segment EBITDA margin	6%	10%
Farming		
Profit from operating activities	174,059	131,966
plus Amortization and depreciation	47,068	38,836
Segment EBITDA	221,127	170,802
Segment revenue	695,155	481,359
Segment EBITDA margin	32%	35%
Other		
Loss from operating activities	(104,441)	(80,716)
plus Amortization and depreciation	3,459	3,898
Segment EBITDA	(100,982)	(76,818)

Reconciliation of net cash used in investing activities to **Investing Cash Flows net of Fixed Assets Investments**:

<i>in thousand USD</i>	FY2023	FY2024
Net cash used in investing activities	9,576	(112,548)
<i>Adding back:</i>		
Purchase of property, plant and equipment	(77,093)	(142,578)
Proceeds from disposal of property, plant and equipment	2,720	10,175
Investing Cash Flows net of Fixed Assets Investments	83,949	19,855

Reconciliation of net cash used in investing activities to **Net Fixed Assets Investments**:

<i>in thousand USD</i>	FY2023	FY2024
Purchase of property, plant and equipment	(77,093)	(142,578)
Proceeds from disposal of property, plant and equipment	2,720	10,175
Net Fixed Assets Investments	(74,373)	(132,403)

Reconciliation of net cash generated by operating activities to **Operating Cash Flows before Working Capital Changes**:

<i>in thousand USD</i>	FY2023	FY2024
Net cash generated by operating activities	716,132	472,136
<i>Less:</i>		
Changes in working capital, including:	127,633	(21,322)
Change in trade receivable and other financial assets	(443,226)	(8,803)
Change in prepayments and other current assets	(70,235)	30,859
Change in restricted cash balance	58	-
Change in taxes recoverable and prepaid	2,733	36,391
Change in biological assets	73,662	(17,181)
Change in inventories	508,182	(16,899)
Change in trade accounts payable	1,063	(45,292)
Change in advances from customers and other current liabilities	55,396	(397)
Operating Cash Flows before Working Capital Changes	588,499	493,458

Alternative Performance Measures continued

Free Cash Flows to the Firm

The Group uses **Free Cash Flows to the Firm** as a measure of the cash generation of its core business operations and it is defined as the sum of net cash generated by the operating activities and the net cash used in investing activities.

Commodity Inventories

The Group uses **Commodity Inventories** (hereinafter 'CI'), as an additional measure of its liquidity, which the Group uses to provide a supplemental tool to assist in evaluating current business performance and in calculating credit ratios under certain of the Group's financing arrangements. The Group defines **CI** as agricultural inventories, such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets, and the international pricing mechanism. The Group used to call such inventories "**Readily marketable inventories**", but after the beginning of the war in Ukraine the Group faced difficulties with selling such inventories, and therefore such inventories cannot be considered as readily marketable any longer.

Debt Liabilities

The Group uses three metrics as the measure of its leverage and indebtedness, which consists of **Debt Liabilities**, **Net Debt**, and **Adjusted Net Debt**. The Group defines **Debt Liabilities** as the sum of:

- bonds issued;
- current bond issued
- interest on bonds issued;
- long-term borrowings;
- current portion of long-term borrowings;
- short-term borrowings;
- lease liabilities and
- current portion of lease liabilities.

The Group defines **Net Debt** as **Debt Liabilities** less cash and cash equivalents and cash deposits pledged under credit facilities. Finally, the Group defines **Adjusted Net Debt**, as **Net Debt** less commodity inventories.

Adjusted Working Capital

The Group uses **Adjusted Working Capital** as a measure of its efficiency and short-term liquidity which is defined as current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding the short-term borrowings, the current portion of long-term borrowings, current portion of lease liabilities, the current bond issued, the interest on bonds issued, and liabilities associated with assets classified as held for sale).

Calculation of **Free Cash Flows to the Firm**:

<i>in thousand USD</i>	FY2023	FY2024
Net cash generated by operating activities	716,132	472,136
Net cash used in investing activities	9,576	(112,548)
Free Cash Flows to the Firm	725,708	359,588

The following table shows the Group's key inventories considered eligible for **CI** by type and the amounts of such inventory that the Group treats as **CI** as in the periods indicated:

<i>in thousand USD</i>	As of 30 June 2023	As of 30 June 2024
Sunflower oil & meal	117,971	93,850
Sunflower seed	25,627	84,789
Grains	137,092	67,839
Other	60,853	31,182
Total	341,543	277,660
<i>of which: Commodity Inventories</i>	281,855	246,749

Calculation of **Debt Liabilities, Net and Adjusted Net Debts** as on the dates indicated:

<i>in thousand USD</i>	As of 30 June 2023	As of 30 June 2024
Current bonds issued	596,211	597,580
Interest on bonds issued	7,612	7,612
Short-term borrowings	869,933	315,166
Lease liabilities	166,735	142,534
Current portion of lease liability	31,160	27,206
Debt Liabilities	1,671,651	1,090,098
less: cash and cash equivalents	1,076,806	809,584
Net Debt	594,845	280,514
less: commodity inventories	281,855	246,749
Adjusted Net Debt	312,990	33,765

Reconciliation of total current assets to **Adjusted Working Capital** as at the dates indicated:

<i>in thousand USD</i>	As of 30 June 2023	As of 30 June 2024
Total current assets	2,442,102	2,155,355
<i>less:</i>		
Cash and cash equivalents	954,103	809,584
Total current liabilities	1,898,804	1,367,062
<i>add back:</i>		
Short-term borrowings	869,933	315,166
Current portion of lease liabilities	31,160	27,206
Current bonds issued	596,211	597,580
Interest on bonds issued	7,612	7,612
Adjusted Working Capital	1,094,111	926,273

Alternative Performance Measures continued

The Management believes that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are used by the Management for performance analysis, planning, reporting and incentive setting purposes. The measures are also used in discussions with the investors, investment analyst community and credit rating agencies.

APM	Calculation	Why APM is the most important for management
EBITDA	Profit from operating activities adding back amortization and depreciation.	EBITDA is the main metric used by the management of the Group to measure operating performance. It is also widely used by investors when evaluating businesses, and by rating agencies and creditors to evaluate the leverage.
EBITDA margin	EBITDA divided by revenue during the reported period.	EBITDA margin is a metric widely used to measure profitability of Group's operations.
Segment EBITDA	Segment profit from operating activities adding back amortization and depreciation.	EBITDA is the main metric used by management of the Group to measure segment operating performance.
Segment EBITDA margin	Segment EBITDA divided by segment revenue during the reporting period.	Segment EBITDA margin is the metric widely used to measure profitability of Group's segment operations.
Investing Cash Flows net of Fixed Assets Investments	Net cash used in investing activities adding back purchase of property, plant and equipment, and proceeds from disposal of property, plant and equipment.	As the Group has grown and developed through acquisitions, this APM helps to monitor the M&A and other investing activities of the Group.
Net Fixed Assets Investments	Net cash used in investing activities less Investing Cash Flows net of Fixed Assets Investments .	The Group is executing a solid investment program, and fixed assets investment is an important measure to monitor capital expenditure as a part of the execution of investment program.
Operating Cash Flows before Working Capital Changes	Net cash generated by operating activities less changes in working capital activities, including: <ul style="list-style-type: none"> • change in trade receivables and other financial assets; • change in prepayments and other current assets; • change in restricted cash balance; • change in taxes recoverable and prepaid; • change in biological assets; • change in inventories; • change in trade accounts payable; and • change in advances from customers and other current liabilities. 	The Group uses this APM as a pre-working capital measure that reflects Group's ability to generate cash for investment, debt servicing and distributions to shareholders.
Free Cash Flows to the Firm	Sum of net cash generated by operating activities and net cash used in investing activities.	The Group uses this APM as it reflects the cash generating capability of the Group to repay debt and distribute dividends to shareholders.
Commodity Inventories	Agricultural inventories, such as corn, wheat, barley, soy-bean, sunflower seed, meal and oil.	The Group uses this APM as an additional measure of its liquidity, which the Group uses to provide a supplemental tool to assist management and investors in evaluating current business performance and in calculating credit ratios under certain of the Group's financing arrangements.
Debt Liabilities	Sum of bonds issued, current bonds issued, interest on bonds issued, long-term borrowings, current portion of long-term borrowings, short-term borrowings; lease liabilities and current portion of lease liabilities.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit investors and rating agencies.
Net Debt	Debt Liabilities less cash and cash equivalents and cash deposits pledged under credit facilities.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit and equity investors and rating agencies.
Adjusted Net Debt	Net Debt less commodity inventories.	The Group uses this APM as a supplemental measure of the Group's liquidity, which shows the amount of Debt Liabilities not covered by cash and commodity inventories.
Adjusted Working Capital	Current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding short-term borrowings, current portion of long-term borrowings, current portion of lease liabilities, current bonds issued, interest on bonds issued, and liabilities associated with assets classified as held for sale).	The indicator of working capital is important for the Group, as the Group is involved in trading and processing activities and hold large volumes of inventories on the balance. The Group also invests in business expansion, which needs working capital investments to increase efficiency. It is useful for users and investors because it measures both a Group's efficiency and its short-term financial health. It also helps management to keep a business operating smoothly and meet all its financial obligation within the coming year.

Sustainability report



Sustainability as a data-driven pathway of strategic business development

Over FY2024, we were focusing on advancing our methodological approaches to the management of decarbonization initiatives. We now have a working prototype of the operational accounting of GHG emissions from farming operations across individual fields and crops. This way we can capture the difference between agroclimatic conditions, soil characteristics, and agricultural technologies, including regenerative practices, for every field. This translates into a spectrum of carbon footprints, showing removals of GHG emissions as well. As a result, we can disclose more precise data, offer our clients differentiated low-carbon commodities, and plan our decarbonization efforts more efficiently.

We took the first steps towards setting concrete climate targets. Indeed, in FY2024 our Poltavsky Vegetable Oil Extraction Plant has committed to the Science-Based Targets (SBTi), becoming the first

company in the Ukrainian food industry to join this global initiative. We aim to develop a GHG emission reduction target for the plant within the next year, leveraging our capacity for green electricity production from biomass by our co-generation heat and power plants (CHPs). This exercise will equip us with practical knowledge of the SBTi procedures before cascading such a commitment to Kernel as a whole.

In terms of social capital development, we have prioritized supporting our employees serving in the Armed Forces of Ukraine and integrating veterans. We are among the Top 3 companies in Ukraine regarding the humanitarian and societal aid during wartime, having directed a total of USD 14 million of material support in FY2024.

Our values and purpose that help us manage ESG risks and opportunities in agriculture sector in Ukraine

Environment



Low-carbon development: scale up of decarbonization practices across the value chain, from carbon farming and precision agriculture on the field to low-carbon oilseed processing.



Biodiversity: promotion of soil health and biodiversity through integrated pest management, expansion of cover crops practices and control over seed quality with own laboratories

Social



National security and wellbeing: contributing towards Ukraine's victory against the Russian invasion through ongoing support of the Armed Forces of Ukraine and humanitarian aid



Human capital: proactive expansion of agriculture expertise by attracting and educating students through Open Agro University program



Diversity, equality and inclusion: integration of veterans back into the civilian life, providing them with opportunities for self-realization

Governance



Sustainable finance: groundwork for systematic attraction of sustainable finance through evidence-based approach of enhancing natural capital







Ethics and compliance: ensuring transparent business practices through systematic integration of relevant sustainability standards



Market leadership: sharing own experience with other key agriculture companies as well as small- and medium-size farmers to improve market maturity and institutional capacity in sustainable and low-carbon development

Key highlights

ESG Topics		Key indicators in FY2024
<p>ENVIRONMENTAL CAPITAL</p> <p>Contribution to SDGs:</p> 	<p>Energy management</p>	<ul style="list-style-type: none"> • 8,689 TJ – total electricity consumption • 2,146 MJ/t – energy intensity of sunflower seed processing in FY2023 • 71 MJ/t-% – energy intensity of drying grain • 630 MJ/t – energy intensity
	<p>Water and effluent management</p>	<ul style="list-style-type: none"> • 6,391 ML – the total volume of water withdrawn • 1,136 ML – total volume of water discharged
	<p>Waste management</p>	<ul style="list-style-type: none"> • 349 tons – total volume of hazardous waste generated • 49,915 tons – total volume of non-hazardous waste generated
	<p>Biodiversity management</p>	<ul style="list-style-type: none"> • Around 35 thousand ha of cover crops • Collaboration with NASA Harvest to monitor the impact of war on the agriculture and environment
<p>CLIMATE ACTION</p> <p>Contribution to SDGs:</p> 	<p>TCFD aligned disclosure</p>	<ul style="list-style-type: none"> • 179 thousand tCO2e – total Scope 1 GHG emissions, excluding 690.5 thousand tCO2 of biogenic emissions • 92 thousand tCO2e – total Scope 2 GHG emissions (location-based) • 150 thousand tCO2e – total Scope 2 GHG emissions (market-based) • 3,042 thousand tCO2e – total Scope 3 GHG emissions
	<p>Investment rating on climate performance</p>	<ul style="list-style-type: none"> • Confirmed CDP rating (Carbon Disclosure Project) at the level B, making Kernel the only company in Ukraine with such a rating
	<p>SBTi Commitment</p>	<ul style="list-style-type: none"> • Poltavsky Vegetable Oil Extraction Plant committed the SBTi, becoming the first company in the Ukrainian food industry to join this global initiative
<p>HUMAN CAPITAL</p> <p>Contribution to SDGs:</p> 	<p>Employment</p>	<ul style="list-style-type: none"> • 10,904 – a total number of employees • 2,464 – total number of new hires • 1,491 – total number of employee turnover • The Best Employer in the agriculture sector according to Delo.ua national rating • HR Brilliance Recruiting, 9th Annual HR Brilliance Awards (United Kingdom)
	<p>Training and career advancement</p>	<ul style="list-style-type: none"> • 200,188– total number of training hours • 1,676 – total number of employees, receiving regular performance and career reviews
	<p>Occupational health and safety</p>	<ul style="list-style-type: none"> • 15 – total number of recordable work-related injuries • 0.81 – lost time injury frequency rate
<p>SOCIAL CAPITAL</p> <p>Contribution to SDGs:</p> 	<p>Economic performance</p>	<ul style="list-style-type: none"> • USD 3,652 million – Direct economic value generated • USD 3,244 million – Total economic value distributed • Disclosure in line with the EU Taxonomy
	<p>Support of local communities and society as a whole</p>	<ul style="list-style-type: none"> • USD 25 million – total amount of social spendings, which includes support of the Ukrainian Army, humanitarian aid during military time and other charity expenses.

Environmental capital

Environmental capital

Energy management

Our management approach to energy resources and efficiency

Consumption of energy resources is one of the most material indicators of our operational activities. We constantly research and integrate various approaches towards the improvement of our energy efficiency, which in turn reduces our contribution to the national volume of GHG emissions. In addition, given our potential to be the largest producer of electricity from biomass in Ukraine, we strive to be a role model in the regional agriculture market in driving energy saving and climate actions.

Our management approach towards energy resources and energy efficiency is rooted in the corporate [Code of Conduct](#) and [Environmental protection policy](#). There are energy managers employed within each business segment, who are responsible for overseeing Kernel's energy-related operations and integrating energy efficiency measures. In fact, the team of nine specialists (Energy Management Service) covers Oilseed Processing and Infrastructure and Trading; in addition, there are engineers on production sites, providing technical support for the energy system. Energy efficiency issues in the Farming segment, namely efficient use of fuel by agricultural machinery, are managed by the Engineering service. The latter is also responsible for exploring and testing new technologies and machines, which can help decrease fuel consumption.

Our energy management performance

In FY2024, the overall consumption of energy slightly increased due to the gradual commissioning of the newly constructed Starokostiantyniv oilseed processing plant.

Our **Oilseed Processing** segment is the main consumer of electricity. Its most significant energy-intensive technological processes include drying of raw materials, wet heat treatment of raw materials, cooling, oil treatment by steam and cooling, drying and cooling of meals, steam condensation, and heat recovery processes. Natural gas is mostly consumed by **Infrastructure and Trading**, particularly by silos. It is used in grain drying operations, the most energy-intensive processes being purification and drying of production, handling, and shipment of raw materials and storage. With regards to the **Farming** segment, it predominantly uses liquid fuel, such as diesel and petroleum, in agricultural machinery.

Over the reporting period, the Group increased the volume of electricity sold to the national energy grid by 73%, reaching a total of 1,094 terajoules. This electricity was produced from biomass at five co-generation heat and power plants (CHPs), located at our Kropyvnytskyi, Prydniprovskyi, Poltava, Bandurka, and "Ukrainian Black Sea Industry" oil extraction plants (OEPs). Our 'green' electricity is particularly valuable since we do not produce biomass separately to be combusted on our CHPs but rather use sunflower seed husk, a side product of the main operational activity approved as a feedstock for advanced biofuels by **Annex IX.A. of RED II EU Directive**. These CHPs are a part of our USD 218 million investment project, resulting in a total of six CHPs with 84.4MW of power generation capacity, making Kernel the largest in Ukraine producer of electricity from biomass¹.

In addition to being sold to the national energy grid, the produced electricity is also used for our own needs, namely, to produce steam on our OEPs. The Group seeks to strengthen its energy efficiency efforts within the **Oilseed Processing** segment by scaling up the consumption of our own electricity produced at CHPs. This is one of the key aspects of Kernel's systematic approach to decarbonizing each stage of sunflower oil production.

In the **Farming segment**, our energy efficiency approaches the target for our agricultural machinery fleet. We continuously research the market and development projects of major global producers of agricultural machines. Besides, we upgrade our machines every 5-6 years to replace them with more efficient fuel-consuming options.

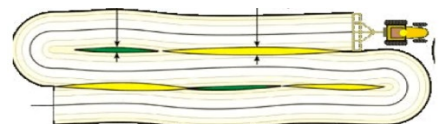
In addition, our existing machines, especially fuel-intensive ones, are equipped with GPS trackers and a remote system for monitoring fuel consumption. These help us to optimize the usage of fuel and decrease the fuel intensity of standard operations. For example, the operation of deep loosening with mineral fertilizers application executed by a machine using an RTK-guided autopilot system, which allows to avoid overlaps in application, saving around 4.2% of both fuel and fertilizers. Overall, Kernel dedicated significant resources to the development of its agricultural innovative solutions with the Digital Agribusiness system and application of AI to increase production efficiency. The company regularly collects and analyses data, both with agricultural machinery and remote sensing technology, on agrochemical and weather conditions from individual field plots. The long-term goal of such a

process is to operate based on a highly granulated understanding of soil characteristics and potential within every field. This allows us to apply a tailored set of practices and precise amounts of fertilizers or pesticides. Such approach helps to achieve higher productivity with minimum destruction of natural capital. In FY2024, Kernel continued testing the approach of a tailored combination of practices on a pilot set of fields. Preliminary calculations estimate savings of USD 28 per hectare from this method.

Over FY2024, Kernel also made efforts to reduce fuel consumption in the logistics department. The Group has integrated the eco-driving approach into the fleet of the road trains. Using special GPS-based tracking software, we collect detailed operational data from each vehicle, including actual fuel consumption and driving styles. By analyzing this data, we identify ways to improve routes and modes of transportation to increase fuel efficiency. The system ranks drivers according to their performance, and those with the highest grades receive additional remuneration as motivation. As a result of this program, we achieved a 3% reduction in overall fuel consumption by intergroup logistics (more than 200 thousand liters). The logistics department has also conducted training to raise awareness of the new approach and the need to improve energy efficiency.



Drone sprayers allow to reduce diesel consumption by 1.5-2.5 liters per hectare



RTK-guided autopilot system saves 4.2% of fuel and fertilizer avoiding application overlaps

¹ Vovchansk OEP in the Kharkiv region, along with ready-to-install CHP equipment, was lost, reducing the initial project scope. The total amount of USD 19 million investments directed in CHP equipment was written-off in FY2022.

Environmental capital continued

Key energy management indicators ¹

	FY2022	FY2023	FY2024
Energy consumption, terajoules			
Non-renewable fuel consumed	2,915.1	2,381.2	1,895.0
Natural gas	1,578.8	1,194.6	717.0
<i>Oilseed Processing</i>	149.1	112.0	212.2
<i>Infrastructure and Trading</i>	1,394.9	1,031.8	486.3
<i>Farming</i>	34.7	50.8	18.5
<i>Other</i>	-	-	0.0
Diesel	1,247.3	1,113.1	1,099.6
<i>Oilseed Processing</i>	8.2	3.6	9.1
<i>Infrastructure and Trading</i>	34.6	50.3	28.8
<i>Farming</i>	1,198.3	1,051.2	1,056.6
<i>Other</i>	6.2	7.9	5.2
Petroleum	39.7	37.9	43.4
<i>Oilseed Processing</i>	1.2	0.6	1.0
<i>Infrastructure and Trading</i>	4.5	4.2	5.8
<i>Farming</i>	25.8	32.4	29.2
<i>Other</i>	8.2	0.7	7.4
LNG	49.3	35.6	35.0
<i>Oilseed Processing</i>	0.3	0.2	0.2
<i>Infrastructure and Trading</i>	2.5	1.7	2.0
<i>Farming</i>	45.3	33.7	32.2
<i>Other</i>	1.2	-	0.5
Renewable fuel consumed (sunflower seed husk)	3,551.5	5,189.2	7,028.0
Electricity	736.4	782.6	820.9
Oilseed Processing	512.3	617.4	689.7
Infrastructure and Trading	171.9	127.3	83.8
Farming	49.7	38.0	47.5
Other	2.5	-	0.0
Heating	0.9	0.0	0.2
Oilseed Processing	-	-	-
Infrastructure and Trading	-	-	-
Farming	0.1	-	0.2
Other	0.7	-	-
Electricity sold to the grid	322.5	631.7	1,094.3
Total energy consumption	6,881.4	7,721.4	8,688.5
Oilseed processing	3,900.1	5,291.3	6,846.0
Infrastructure and Trading	1,608.6	1,215.3	652.6
Farming	1,353.9	1,206.1	1,176.9
Other	18.8	8.7	13.0
Energy intensity indicators, megajoules,			
Energy consumed per ton of sunflower seed crushed	1,425.6	2,058.7	2,279.6
Energy consumed per ton-% of grain dried	57.8	64.3	70.6
Energy consumed per ton of harvested grain	589.5	632.2	629.5

Note 1: Any discrepancies between data in this and previous reports (FY2023 and FY2022) are associated with clarifications of raw data and alignment of conversion factors.

Water and effluent management

Our management approach to water resources and efficiency

We constantly improve our approaches to rational water consumption and wastewater treatment, aiming to increase water use efficiency and decrease our impact on the environment. Our approach is embedded in Environmental protection policy. Kernel undertakes water withdrawal in line with valid 'Special water use' permits, fully compliant with national legislation.

Kernel closely monitors operations in water-stressed areas. Our water use accounting system includes information on assets' location in terms of water stress zones: two of our active oil extraction plants withdraw water in areas

with high water stress, and two plants operate in areas with medium water stress. In addition, we undertake strict measures to prevent water contamination from our operations, the highest risk of which is associated with farming activities. Specifically, we ensure the precise application of fertilizers and pesticides to the soil, allowing us to control the risk of their runoff to water bodies; in addition, we do not have farming and manure management operations in the protection buffer zones of water bodies.

Our water management performance

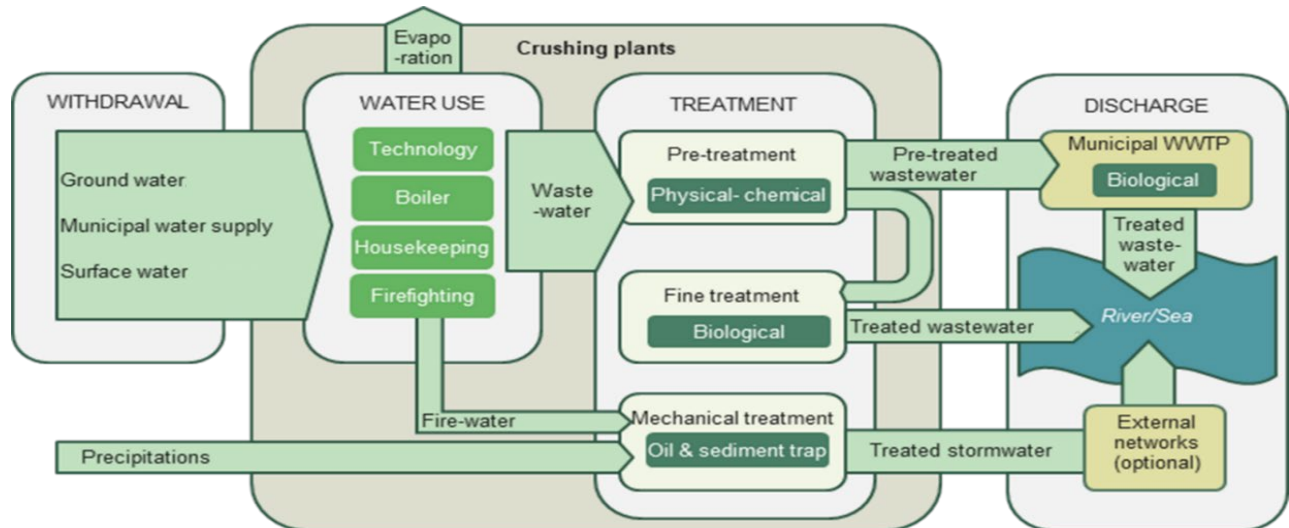
In the **Oilseed Processing** segment water is used primarily for technical purposes, namely production of steam, and domestic needs. Each of our OEPs has an emergency water reserve, used in case of fire, and six of our

plants have stormwater collection systems to prevent contamination of soil and groundwater with oil residue and solid particles. The collected stormwater is not used in the production processes, due to food safety requirements limitations.

Natural precipitation is the main source of water for our crop production operations, thus less than 1% of our landbank is irrigated. Consequently, irrigation purposes account for the largest share of the total volume of water used by the **Farming segment**. We apply advanced monitoring techniques to accurately identify the water needs of our crops and exploit the modern pumping and distribution equipment, allowing minimal technical loss of water. Kernel's irrigation experts have been

Environmental capital continued

Scheme of Kernel's water management cycle at oil extraction plants



actively involved in the working group, coordinated by the Ministry of Agrarian Policy of Ukraine, aimed at developing the foundation for the implementation of the Law of Ukraine "On the organization of water users and stimulation of hydro-technical melioration of land", adopted in March 2022. The Law provides for the establishment of **water use organizations (WOU)**, drive the development of irrigation systems in Ukraine and make them accessible for farmers.

In FY2024, Kernel's Prydniprovskiy Cluster successfully initiated the establishment of the two WUOs, namely Hradizka WOU in the Poltava region and Dmytrivka WOU in the Cherkasy region. This project contributes to the implementation of the broader Irrigation and Drainage Strategy of Ukraine, developed by the Ministry of Agrarian Policy. As part of this project, we modernized outdated and inefficient pumping equipment and automated water supply systems. We also improved components of the irrigation infrastructure, i.e. hydro-insulating intake canals. These developments are expected to enhance the efficiency of irrigation, reduce water usage costs, and improve overall agricultural productivity.

In the Farming division, water is also used for animal husbandry and technological purposes, such as dilution and application of crop protection chemicals and fertilizers. In the case of animal husbandry, we reduce water usage by applying a dry method of removing manure from cowsheds using conveyor scrapers. We also constantly test and integrate different avenues to reduce water use in the process of agrochemical application.

In addition to the water-saving measures on

the operational level, Kernel invests in technological solutions that allow it to increase water use efficiency in the long term. On our Bandurka and Black Sea Industry CHPs, we exploit dry cooling systems. These are three times more expensive than traditional wet cooling systems but allow us to save up to 320 megaliters of water annually.

In FY2024, Kernel implemented a project on the modernization of the system of steam supply and condensate removal from the heat exchanger and toaster at Poltava OEP. As a result, the plant reduced steam consumption by two tons per hour, which is about 15% lower compared to pre-project levels. The project also led to decreased volumes of water and chemicals involved in the process of water preparation. Furthermore, this allowed us to increase electricity generation capacity by 0.3 MW. Building upon these results, the Group plans to implement similar projects at four other plants.

Our management approach to wastewater treatment

All wastewater generated during our processing operations undergoes treatment before being discharged to water bodies. Four oil extraction plants have full-cycle water treatment systems in operations, which provide biological, physical, and chemical purification.

In FY2024, we purified 128.2 megaliters of wastewater on our water treatment system, 105.3 megaliters of which underwent physical-chemical and biological treatments, and 22.92 megaliters were treated through dissolved air flotation. In case an oil extraction plant is connected to a municipal wastewater treatment plant (WWTP), wastewater is pre-treated on

the site to meet the requirements of a WWTP and is directed at a proper external treatment. The quality of treated wastewater is monitored by our laboratories, which analyze water samples in line with the Ukrainian national regulation on maximum permissible discharges of pollutants, maximum levels of which are specified in a "Special water use" permit.

Such permits limit the volumes of withdrawn water and/or the volumes and quality of effluents based on surveys that define hydrological conditions, baseline water quality, and the assimilation capacity of a water body. The permitting authority uses information on water use within a watershed or aquifer to set permit conditions in a way that balances the interests of all users and keeps cumulative pollution levels within the national water quality standards. The regulatory requirements were the only criteria for setting permit conditions that define the quality of our effluents. Parameters of wastewater, controlled during laboratory testing, include eight substances, as well as biological (five-day) and chemical demands of oxygen. In FY2024, there were no incidents of non-compliance with quality requirements of wastewater quality.

Environmental capital continued

Key water management indicators

	FY2023		FY2024	
	Total	Areas with water stress	Total	Areas with water stress
Water withdrawal, megaliters	4,739.6	847.7	6,398.0	833.2
<i>by source</i>				
ground water	1,401.4	840.2	1,538.1	819.0
surface water	2,529.2	7.5	3,595.4	11.5
municipal suppliers (third-party water)	809.0	-	1,264.5	2.6
<i>by business segment</i>				
Oilseed Processing	1,666.5	752.3	2,319.0	754.9
Infrastructure and Trading	29.8	1.87	76.0	3.8
Farming, incl.:	3,043.3	93.6	4,040.4	74.5
Irrigation	2,518.1		3,530.0	
Animal husbandry	207.6		189.4	
Water discharge, megaliters	870.5	207.6	1,135.7	217.3
<i>by types of destination</i>				
surface water	98.1	98.1	105.3	105.3
municipal suppliers (third-party water)	772.4	109.5	1,030.4	112.0
<i>by business segment</i>				
Oilseed Processing	860.7	207.6	1,127.6	217.3
Infrastructure and Trading	151.9	0.0	271.7	0.0
Discharge of substances, tons				
dry residue (mineralization)	406.7	129.7	1,303.0	122.7
sulfates	96.4	57.3	313.1	57.1
chlorides	88.6	46.4	242.9	53.7
suspended particles	51.1	25.3	74.6	25.4
fats	10.8	8.7	10.5	8.2
other substances	240.3	110.6	251.2	114.0

Waste management

Changes in the Ukrainian waste management legislation

Over the reporting period, Kernel integrated the changes in its waste management approaches and accounting to reflect the requirements of the new Waste Management Law, which came into force on 9 July 2023. This law aims to align Ukraine's waste management system with European standards and practices.

Key highlights of the new legislation include:

- **Extended Producer Responsibility (EPR):** Producers are now accountable for the entire lifecycle of their products, particularly the waste they generate. This includes packaging, electrical and electronic equipment, batteries, and other products. Producers must finance the collection, recycling, and disposal of their products' waste.
- **Waste Management Hierarchy:** The law emphasizes a waste management hierarchy that prioritizes waste prevention, followed by preparation for reuse, recycling, other recovery operations (e.g., energy recovery), and disposal as a last resort.
- **Municipal Waste Management:** A municipal household waste management system is established and managed by an Administrator responsible for the effective collection, billing, and handling of claims related

to waste services.

- **E-Waste System:** A unified state electronic waste system (e-waste) will be introduced to manage waste data and interactions electronically, enhancing transparency and accountability.
- **Hazardous Waste Management:** Stricter regulations for hazardous waste, including the requirement for permits for collection, transport, and treatment, as well as specific requirements for waste incineration and landfill operations.

Further reforms are expected to be implemented by the end of 2024, focusing on integrating more comprehensive environmental and waste management practices as part of Ukraine's broader effort to integrate European

Union environmental standards and improve the sustainability of its waste management practices. The implementation of these laws is expected to foster a more efficient, transparent, and environmentally friendly waste management system in Ukraine.

Our management approach to waste generation and treatment

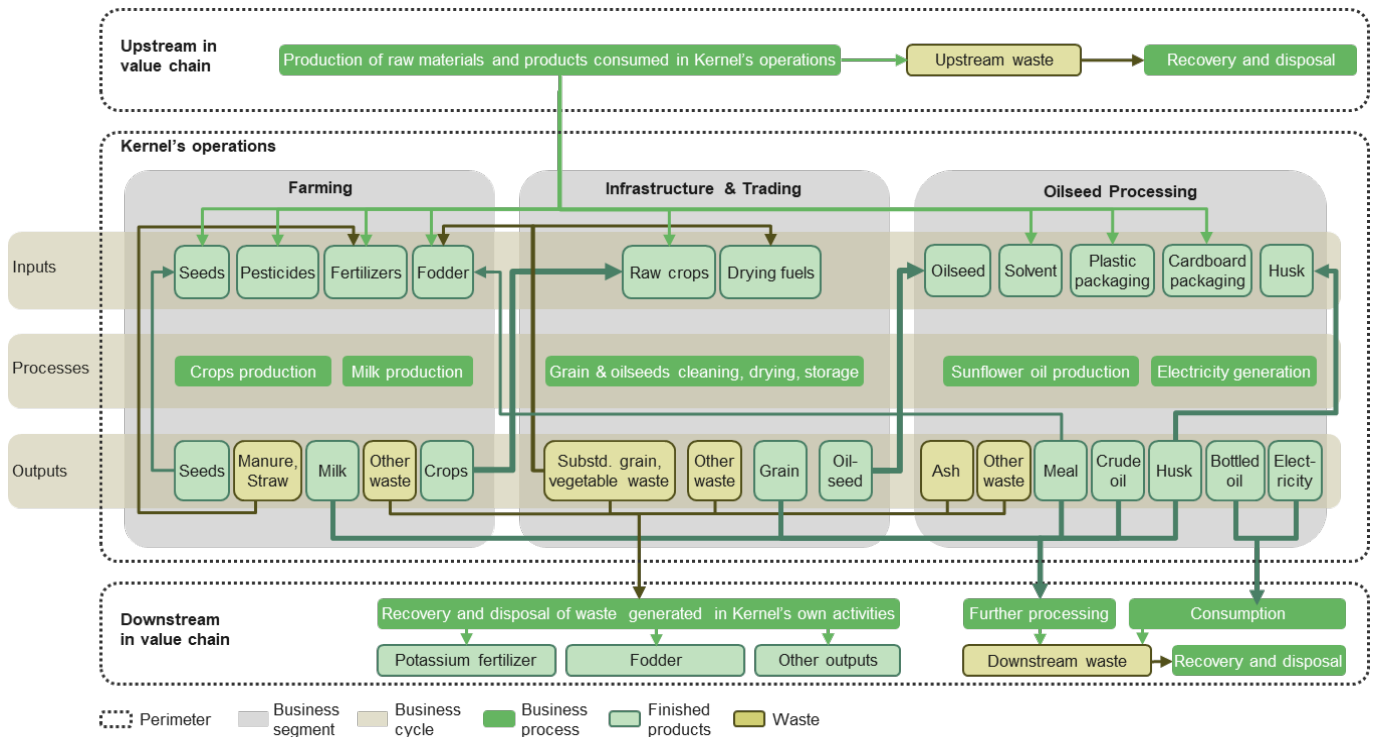
Minimization of waste, as well as its proper treatment, is one of the key indicators of our operational efficiency. We aim to identify and implement measures towards the reduction of the overall volume of waste through the modernization of technological processes, including the reuse of waste across divisions, contributing to the long-term sustainability of our

Key waste management indicators in FY2024

tons	
The volume of generated hazardous waste	349.3
<i>including by management approach</i>	
Transferred for utilization	266.1
Sold to 3d parties	81.2
Landfilling	-
Volume of generated non-hazardous waste	45,914.8
<i>including by management approach</i>	
Transferred for utilization	1,923.8
Sold to 3d parties	32,512.0
Landfilling	11,410.8

Environmental capital continued

Scheme of Kernel's waste management cycle



business, as well as through the establishment of controls over waste generation, transportation, and storage.

In FY2024, Kernel further optimized its waste management approach, emphasizing reduction, reuse, and responsible disposal. These practices are integrated into our Environmental Protection Policy and Code of Conduct. Waste that cannot be reused within the production chain is transferred to licensed disposal or recycling providers, selected from an official list maintained by the Ministry of Environmental Protection of Ukraine. The Ministry ensures compliance through regular verification, and violations can result in license revocation. We expect our contractors to adhere to the same waste management standards, requiring them to control waste generation and prevent mixing different types of waste. Contractors must also provide agreements with licensed disposal and recycling services as proof of compliance.

Our waste management performance

In the **Farming segment**, the waste from operational activities includes:

- **Crop residue** that is normally left distributed on the field and might also be incorporated in soil or mulched. Part of the straw is used for cattle management as bedding. No crop residue is burned on the field, as it is strictly forbidden.
- **Pesticide packaging** is collected

separately, depending on the class of hazard, and transferred to a licensed provider of waste disposal services.

- **Manure** is the main type of waste from animal husbandry. After manure is removed from cowsheds with scrapper conveyors, it is transported to embanked storage areas, where it undergoes natural composting in piles. All storage sites are located outside of settlements, in leeward areas, and away from water protection buffer zones to avoid contamination. Manure is mainly applied in fields as organic fertilizer, and part of it is distributed among local communities for gardening purposes. In FY2024, we applied organic fertilizers, namely manure and digestate, over an area of 1,738 ha.
- **Cows' carcasses** are disposed of in registered bio-thermal pits in compliance with the requirements of the [State Veterinary Committee](#).

Milk production does not generate packaging waste, as final products are sold in bulk.

In the **Infrastructure and Trading segment** generation of waste is associated mainly with the grain purification process and includes:

- **Fraction of substandard grain and crop residue**, separated from main products and mainly used as cattle fodder in our animal husbandry business or sold to third parties. In addition, we use crop residue as a fuel on one of our drying installations for the generation of steam.

Our main product in this segment, grain, is sold in bulk and does not generate additional packaging waste.

In the **Oilseed Processing segment**, the main source of waste is **sunflower ash**, produced from combustion during power generation and used as a raw material for fertilizer production. Ash is valuable for its chemical composition, namely its high potassium content and lack of hazardous admixture. Applying ash in fields allows us to return a part of harvested nutrients back to the soil.

In the **Oilseed Processing business**, the main final product is crude oil sold in bulk for further processing by customers. The remaining volume of produced oil is refined, bottled, and packed. Waste generation from plastic and cardboard packaging occurs downstream among customers.

Other types of waste result from operational household activities, such as machinery maintenance, construction and engineering works, and wastewater treatment.

By maintaining high standards in waste management, compliance, and continuous optimization, Kernel has set the benchmark in the agricultural industry for environmental responsibility and sustainability. The company's efforts reflect a dedicated approach to managing waste efficiently, adhering to regulations, and implementing innovative solutions for

Environmental capital continued

waste reduction and reuse.

Biodiversity management

Our management approach to biodiversity protection

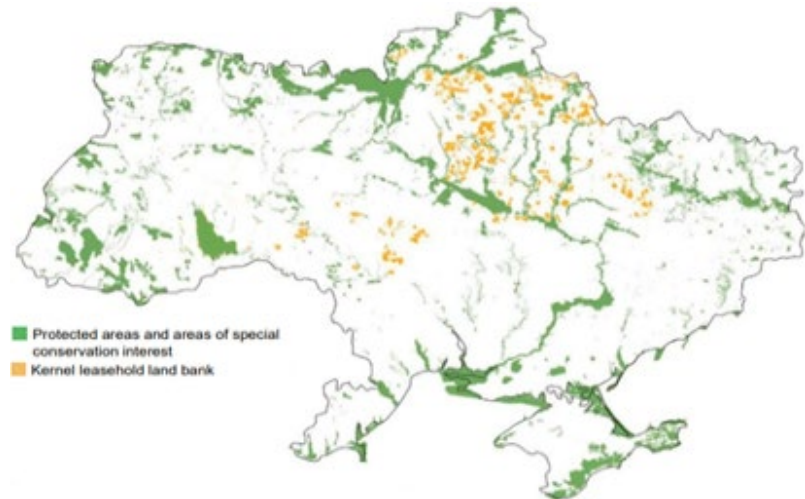
Given the nature of Kernel's business of operations, specifically farming activities, we are strongly committed to both minimizing our negative impact on biodiversity and undertaking specific measures to conserve and boost biodiversity. This approach is reflected in our Environmental protection policy.

The key principle in delivering this commitment is ensuring comprehensive and detailed monitoring of our farming activities, which we perform throughout our innovative **DigitalAgribusiness ecosystem**. We apply IT, AI, and Big Data solutions to accumulate information on fields and technological operations. This allows us to improve our practices of precise farming, to strengthen our risk management approaches, and to control interactions and impact on natural ecosystems. We exploit RTK-guided autopilot agriculture machinery on all our fields; we collaborate with other companies, sharing the RTK signal and increasing the area coverage where precise farming is applied. We also monitor our fields through **remote sensing technologies** by collecting data, such as **NDVI**¹, from satellites, helicopters, and on-site data collection facilities, which are then synchronized in databases and analyzed with **GIS** (Geographic Information Systems) programs. Additionally, these analytical tools are made accessible in operational activities on the ground: in their everyday work, our agronomists use tablets with installed **'Mobile Agronomist' scouting application**, making the process of risk assessment and decision-making more effective.

Furthermore, we undertake thorough due diligence before the conclusion of the lease, which includes evaluation of the physical condition, such as quality of soil and existing vegetation, as well as the legal status of the land, namely ownership rights, registered land use limitations and legal suitability for farming, which also includes proximity to conservation areas. Therefore, **we do not operate in the areas with high biodiversity value**, specifically in (1) protected natural zones as defined by the national legislation and (2) wildlife and natural habitats at the 377 Areas of Specified Conservation Interest (ASCI) that are part of the Ukrainian zone of the Emerald Network, established by the **Bern Convention**.

In addition, our farming operations and our

Map of Kernel's presence in areas with high biodiversity value in Ukraine



suppliers of grain and oilseed **are not associated with deforestation**. In Ukraine, forestry and agriculture land banks are governed by different laws that prohibit the conversion of forests into agricultural land. Furthermore, Ukraine is historically known for its large territories of agricultural land (almost 70% of the country's territories), which have not been forested over the last 50 years. Issues of illegal deforestation in Ukraine are specific to the lands of the forest fund and are not associated with agricultural activities. In addition to such legislative limitations, **Kernel adopted a non-deforestation commitment**. We are also committed to preventing the expansion of arable lands at the cost of natural habitats and other territories not intended for farming, both in our own operations and in supply chains.

Our biodiversity management performance

Our practical approaches to minimizing the adverse impacts of our farming operations on biodiversity include the following:

- **Promotion of soil biodiversity.** Kernel actively researches and tests applications of biological fertilizers, including phosphorus- and nitrogen-fixing bacteria. We are the first agriculture company in Ukraine to establish and run our own microbiological laboratory, where we closely evaluate the benefits of biological fertilizers on soil health. We also use bio destructors, namely bacteria and fungi, that contribute to maintaining the biodiversity of soil while also intensifying the decomposition of organic crop residues mulched and left in fields, leading to a subsequent return of nutrients from residue back to the soil. Bio destructors also have a

fungicidal effect, protecting crops from harmful microorganisms. In FY2024, the total area of application of biological products accounted for 484,695 ha.

We are closely researching agricultural technologies that have a high potential for reducing GHG emissions associated with farming operations and have a positive impact on biodiversity. Not only do the approaches such as reduced tillage, cover, and perennial crops allow us to sequester carbon, but also conserve ecosystems of microorganisms in the soil, crop residue, and plant biomass. In FY2024, Kernel sowed around 35 thousand hectares of cover crops.

- **Integrated pest management system.** When undertaking pest control actions to reduce crop exposure to diseases, we comply with applicable national and international regulations. We only use authorized plant protection products, listed in the State registry of pesticides and agrochemicals allowed to be used in Ukraine. Also, we do not apply chemicals prohibited by **the Stockholm Convention on Persistent Organic pollutants and products**, listed in **Annex 3 of the Rotterdam Convention**². We constantly improve our pest management approaches by adjusting them in line with legislative changes on pesticides in other countries. For example, since 2021, we have been gradually reducing the use of neonicotinoid products. In a few years, their application will be limited to Thiacloprid and Acetamiprid, which are used in certain EU countries and have lower toxicity for bees and wild insects. Before using a new

¹ Normalized Difference Vegetation Index quantifies vegetation by measuring the difference between near-infrared (which vegetation strongly reflects) and red light (which vegetation absorbs). NDVI is a standardized way to measure healthy vegetation – the higher the NDVI, the healthier vegetation.

² Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade

Environmental capital continued

substance on the operational scale, we test it on our R&D fields (more than 25 thousand hectares).

Pesticides are applied by self-propelled spraying machinery equipped with a positioning control system that deactivates sprayers outside field boundaries, preventing overlapping and re-application. In addition, machines have automatic remote controls for weather conditions, which account for wind, allowing for minimized off-the-field releases of pesticides.

- **Control of seed quality.** For sowing campaigns, Kernel only uses breeds and hybrids of seeds, listed in the State Registry of Plant Species Eligible for Cultivation in Ukraine, which excludes genetically modified seeds. All seeds, either produced internally or sourced from the market, undergo a thorough examination in Kernel's accredited laboratory before sowing.
- **Monitoring soil nutrients.** At least once per crop rotation cycle, we analyze soil quality at our agrochemical laboratory by taking over 2,000 soil samples (from 25-30 centimeters depths). Based on the evaluation results, we adjust our crop mix plans, production technology, and fertilization practices where required. A test-based approach to fertilizer application allows for maintaining a deficit-free balance of nutrients and thus prevents deterioration of soil quality.

In FY2024, Kernel developed and adopted comprehensive plans on biodiversity conservation and soil health management for each Farming cluster as part of the ISCC certification process. In line with these plans, Kernel, among other things, aims to integrate bioinsecticides and biofungicides in the plant protection program, to further improve spraying technology to minimize the contact of plant protection chemicals with the ecosystem and increase the application of destructors and soil amelioration.

Biodiversity conservation in the times of war

As a result of the Russian invasion of Ukraine, up to 174 thousand square kilometers of Ukrainian land have become potentially mined or damaged with explosive objects, a significant portion of which is agricultural land. Active work on their restoration, decontamination, and ensuring maximum safety is necessary to guarantee stable harvests.

In FY2024, Kernel's Data Science department joined the NASA Harvest initiative (NASA's program for global food security and agriculture) to assess the impact of hostilities on Ukrainian agriculture and agricultural

Key environmental monitoring indicators in FY2024

Scope of monitoring	# of checks	# of sites monitored	# of samples taken
Air quality	91	210	1,815
Conditions of emissions permit	15	95	1,143
Conditions of EIA	34	14	394
Areas at borders with SPA ¹	42	101	278
Water quality	34	86	192
Ground water	25	83	179
Surface water	9	3	13
Soil quality	23	101	102
Areas of waste storage	11	86	85
Areas at borders with SPA	12	15	17
Noise pollution	91	210	1,815
Vibration pollution	15	95	1,143

production in the occupied territories—with the support of the Ministry of Agrarian Policy and Food of Ukraine. A pilot project focuses on developing remote sensing-based machine-learning approaches to crop-type mapping. NASA Harvest maps were validated based on Kernel data and obtained around 90% accuracy in 2022 and 2023 for winter cereals, rapeseed, and sunflower. This groundwork will contribute to the development of a reliable tool of reliable monitoring of agricultural lands.

Monitoring of environmental impacts and ecological compliance

Our management approach towards regulation of the impacts of our operations on the environment is built on two pillars, namely (1) continuous monitoring of key environmental performance indicators to be aligned with **permit requirements** and to successfully pass environmental inspections, and (2) procedure of **environmental impact assessment (EIA)** and **strategic environmental assessment (SEA)** in line with the national legislation for planned activities that pose a high risk of significant environmental impacts.

These priorities are reflected in our **Code of Conduct** and in **Environmental protection policy** provisions which account for EBRD's Performance Requirements. We expect our suppliers to uphold the same level of environmental responsibility, as stated in our Code of Interaction with Suppliers. Mechanisms of environmental monitoring are practically implemented through a group-wide environmental management system (EMS), which is certified with the **ISO 14001 "Environmental management"** standard¹. Responsibility for performing environmental monitoring and ensuring compliance with relevant legislation lies on the assets-based team of environmental specialists (11 full-time employees). Given the nature of our business operations, we are

required to obtain permits for air emissions, water withdrawal, and discharge of wastewater to water bodies. The process of obtaining permits is performed both by Kernel's team of environmental specialists and by involving external contractors.

In FY2024, Kernel's assets obtained a total of 27 new permits, including 11 air emission permits, 15 water withdrawal permits, and 1 permit for subsoil use. Moreover, over the reporting period, Kernel has been working on completing the environmental impact assessment (EIA) process for seven projects.

In line with permit obligations, we have developed monitoring programs to control the environmental quality of our operations. These include analyzing air, soil, and water quality and assessing levels of noise and vibration pollution. The state environmental inspectorate did not perform environmental compliance inspections on our assets in FY2024, since inspections are forbidden during martial law.

Importantly, we considered and successfully resolved all four complaints regarding Kernel's operations from local citizens. In FY2024, we spent a total of USD 199 thousand on measures associated with mitigation of environmental impacts and environmental protection.

¹ Certification ISO 14001 covers key trading company Kernel-Trade, six oil crushing plants, two farming clusters, fifteen silos and one trading terminal

TCFD disclosure

Climate actions (TCFD disclosure)

Governance

Board oversight of climate-related risks and opportunities

Kernel's **Sustainability Committee** of the Board of Directors is the body responsible for (1) identifying, prioritizing, and advising the Board on the company's strategic activities in the areas of decarbonization, climate-related business opportunities, development of environmental, social and human capital, and sustainability governance (hereinafter – 'ESG') and sustainable finance; (2) critically reviewing and considering the ESG Strategy, which will incorporate SBTi aligned climate targets and decarbonization pathway; (3) ensuring the implementation of the ESG Strategy across business operations; (4) connecting ESG and climate corporate agendas with Kernel's business strategy, business objectives and capital allocation decision.

The Sustainability Committee consists of at least three members, appointed by the Board of Directors upon proposal of the Nomination and Remuneration Committee; the Chair of the Committee appoints a secretary, who is normally a sustainability manager of the Group. For that reason, the Sustainability Board Committee acts as an effective link between the Board of Directors and the Executive Management Team.

The Sustainability Committee meets twice a financial year. The purpose of such meetings is the following:

- update on priority business opportunities related to sustainability function and climate change
- when required, review of changes in relevant policies and procedures
- when required, review and approval of strategic targets, associated with decarbonization and sustainable development.

The **Audit Committee** critically reviews and prioritizes physical and transition climate risks as part of its responsibilities to assist the Board of Directors in delivering its risk management responsibilities by providing a description of risks specific to Kernel, overseeing the adequacy and effectiveness of Kernel's risk management system, and reviewing the company's policies on risk assessment and risk management.

Management's role in assessing and managing climate-related risks and opportunities

Kernel seeks to integrate ESG and climate corporate agendas in the company's overall business strategy and operations. For that reason, the Executive Management Team is

actively engaged in the implementation of ESG and climate action practices and initiatives within their respective functions, that are considered as priority at a specific time. Kernel plans and prioritizes such initiatives based on its vision of the role of the company and agricultural sector in general in delivering the goals of the **Paris Agreement** and our place within **the international climate arena**. We develop our vision based on our understanding of global dynamics in the areas of decarbonization and carbon markets, which is complemented by our ongoing dialogue with our key trade partners, and major global agriculture commodity traders.

The **Chief Executive Officer** of Kernel plays a key role in overseeing the integration of ESG and climate corporate agendas in business operations. The CEO provides a critical review and feedback on the development of Kernel's ESG and climate corporate strategy, including GHG emission reduction targets, approaches to the development of the sustainability and climate corporate strategy across operations, as well as on engagement in relevant business opportunities related to decarbonization.

Throughout FY2024, **Kernel's executive management** was addressing the following strategic targets, related to decarbonization and sustainable development, namely:

1. **Development of the framework for systematic attraction of sustainable finance:** Chief Financial Officer
2. **Research and realization of business opportunities associated with low-carbon development:** Heads of Trading
3. **Integration of operational accounting of GHG emissions from agriculture operations:** Director of Agribusiness, Director of IT, Chief Financial Officer

The **HR Director** provides overall support to initiatives related to low-carbon development. This includes the development of climate-related KPIs for the Executive Management Team, which are then cascaded across each corporate function. The head of the HR Department is also responsible for communicating the importance and benefits of sustainability practices and climate actions within the Group and supporting their implementation from the behavioral perspective. Kernel's Head of Sustainability is in direct subordination to the Head of the HR department. The Head of Sustainability is responsible for leading the development and improvement of Kernel's sustainability and climate corporate function.

The **Risk Committee** of the Executive Management Team is responsible for the identification, assessment, management, and control

of the key risks, including climate-related risks.

Strategy

In 2023, Kernel finalized the "Climate corporate governance and low-carbon pathway" project in partnership with EBRD, which involved the assessment of climate-related risks and opportunities (in line with TCFD recommendations), gap analysis of climate governance, feasibility analysis mitigation and adaptation measures.

Building on the results of this project, Kernel developed a comprehensive action plan, which includes actions of an organizational and investment nature aiming to improve Kernel's climate corporate governance performance. Such actions were developed across material groups: agribusiness, production, energy, carbon offsets, production, supply chain, GHG accounting, risk, strategy, governance, and sustainable finance. The action plan was reviewed by the Sustainability committee of the Board of Directors, prioritizing actions and reflecting them in respective KPIs for executive and operational managers. The action plan will serve as the cornerstone of the Group's future climate transition strategy and emission reduction targets aligned with the SBTi FLAG guidance.

As a part of preparing and implementing such an action plan, the Group is actively evaluating options for corporate GHG emission reduction targets by integrating a detailed operational accounting system and addressing business opportunities and risks associated with the application of low-carbon farming practices.

Approach to climate risk identification and management

Kernel's overall approach to managing risks, including climate physical and transitional risks, and to evaluating their impact on business is governed by the company's Risk Management Policy and underlying procedures. The policy reflects a comprehensive risk management framework developed by Kernel, which includes a 5-steps risk identification and mitigation system, namely:

- Risk identification;
- Risk assessment and prioritization;
- Development and execution of risk mitigation plan;
- Monitoring of plan execution;
- Enhancement of risk management process.

The risk management framework operates in five risk categories: strategic (business), operational, financial, regulatory, and sustainability. In terms of climate-related risks, strategic (business) and operational categories account for physical climate long-term and short-term risks, respectively. Transitional climate risks

TCFD disclosure **continued**

are covered by the regulatory category and sustainability category, covering a broader group of environmental and social risks.

For annual operational planning, the company re-evaluates and updates the matrix of the top 10 risks, subsequently approved by the Board of Directors. The risk of acute climate events in the production cycle is embedded in the risk category 'weak harvest in Ukraine'. The risk of weak harvest is applied to each business segment of the company: (1) Kernel's own farming operations (direct impact); (2) capacity utilization of Kernel's silos and export terminals due to physical shortage of grain on the market and oil crushing margins due to limited supply of oilseeds (indirect impact); (3) export value chain, because the majority of Kernel's grain export volumes normally originates from third-party suppliers.

The risk management process is implemented on an ongoing basis by the Board of Directors, executive management, and operational management. The board considers risks of substantial financial impact, and other risks are dealt with at the executive management and operational management levels. Indeed, the Executive Management Team ensures that all risks are systematically identified, quantified, monitored, mitigated, and managed daily.

Within the 'Climate change strategy and low-carbon pathway' project, Kernel works to integrate a more articulated approach to the identification, evaluation, and management of climate physical and transition risks in line with the TCFD recommendations. This includes an **assessment of the impacts of climate-related risks on the enterprise value**.

With regards to climate physical risks, such an approach involves the regular assessment of climate change information provided by the **Regional Climate Models** (specifically CMIP6 Projections using SSP 2.6-4.5 scenario also referred to as 'Net Zero 2050' and SSP 8.5 scenario also referred to as 'Nationally Determined Contributions' to inform management decisions) to understand the dynamics of climate change impact across Kernel's landbank in the long-term perspective. Relevant parameters of these scenarios are used for **stress-testing Kernel's financial model**, allowing it to evaluate the Group's exposure to long-term climate change impacts and their monetary interpretation (i.e. impact on EBITDA). Evaluation of transitional climate risks is also to be reflected in the company's financial model and accounts for implications of both domestic and European carbon regulations.

The interconnection between climate physical

and transitional risks is linked to the assumption that SSP 2.6-4.5 scenarios would imply that carbon regulations will be tightened significantly. It will strongly affect the Company's performance, but the Company will be less exposed to the physical risks. In contrast, the SSP 8.5 scenario implies that carbon regulations will be tightened moderately and softly affect the company's performance, but in turn, the company will be more exposed to physical risks.

Kernel's approaches to the identification, assessment, and management of climate risks are the following:

- **Climate physical risks** are evaluated on the operational level. Kernel's modeling and monitoring team, which includes experts in geographic information systems (GIS), along with financial and business analysts, continuously monitors key climate indicators. This involves data collected from the company's meteorological stations and satellite data, such as NDVI (Normalized Difference Vegetation Index) indicators, which reflect vegetation responses to weather conditions and their interconnections with financial and business performance. Furthermore, Kernel's farming segment holds strategic sessions twice a year, before spring and winter sowing campaigns, where Kernel's agricultural experts, building on this analysis, undertake short-term business planning, profound consultation, and decision-making on managing acute climate risks and adaptation practices.
- Monitoring of **chronic climate risks** is based on the company's practical observations and analysis of available agrometeorological research on changes in Ukraine's climate zones and yield dynamics. To that end, Kernel's business analysts undertake a regular analysis of harvest results of both Kernel and other agriculture companies in Ukraine and compare these indicators between geographic regions. Such exercises help to identify climate patterns and tendencies across the company's land bank, which are used to make informed long-term strategic decisions regarding the geographic location of assets. Such decisions are made at the level of the Executive Management Team or the level of the Board of Directors if the monetary implication of risk is higher than the established substantial strategic impact threshold.
- Kernel's sustainability function undertakes the identification of climate transitional risks through the ongoing monitoring of developments in domestic and EU carbon regulations. Material transitional risks are evaluated in terms of their monetary impact together with financial and business analytics. It is then brought up to the Executive Management Team or the Board of Directors' attention if the impact of the risk is considered

significant. Evaluation of climate transitional risks is based on analysis of **NGFS (Network for Greening the Financial System)** scenarios of carbon prices within EU ETS and in Ukraine. Analysis of these scenarios and financial implication of climate transitional risks, as well as information on key drivers of these risks (i.e. developments in EU and domestic climate regulations), are updated on an annual basis and approved by the Audit Committee at the Board of Directors.

In FY2024, Kernel updated the list of material climate transitional risks by removing the risk of the inclusion of maritime transport in the EU Emissions Trading Scheme (EU ETS) as it had already materialized. Indeed, since January 2024, the EU ETS has been extended to cover CO₂ emissions from all large ships entering EU ports, regardless of the flag they fly. This regulation is directly applied to Kernel's two own vessels.

Material climate-related risks **Chronic physical risks**

For Kernel's operations, chronic physical climate risks are relevant both from the perspective of long-term strategic impact on the location of assets, and impact on yields of key crops. Analysis of the overall dynamic in the climate system across the territory of Ukraine demonstrates a gradual shift in the boundaries of natural zones (woodlands, forest-steppe, steppe) towards the northwest. The shift in climate zones leads to an extension of land that falls under the category of risky farming and, therefore, to the increased price of lease agreements for agricultural land suitable for growing grain and oilseeds (the so-called 'corn belt of Ukraine').

Assessment and monitoring of dynamics in climate conditions on Kernel's landbank are ongoing and involve (1) analysis of meteorological data obtained from Kernel's meteorological stations (a total of 51 stations) and satellite climate change data obtained from GIS solutions frameworks such as GEOSIS, undertaken by the modeling and monitoring team, and (2) retrospective analysis of harvest from both Kernel's landbank and in Ukraine in general, made by the team of financial and business analysts.

Kernel has a subscription to the provider of GIS (geographic information system) solutions provided by GEOSIS Technologies for the ongoing monitoring of changes in the vegetation and visualization of climate-related data relevant to the regions of the company's operations and potential expansion. These solutions allow us to consolidate and analyze climate-related data and relevant patterns obtained from satellite images. The cost of the

TCFD disclosure **continued**

response to climate chronic physical risks also includes technical maintenance of Kernel's own agrometeorological stations, IT support and development of the company's Digital Agribusiness program, and maintenance of the company's own drones that undertake remote sensing of the landbank.

In FY2024, Kernel complemented its annual chronic climate risk assessment with the projections of Global Agro-Ecological Zoning for Ukraine, prepared by the Food and Agriculture Organization (FAO)¹.

Acute physical risks

The risk of acute climatic events resulting in decreased yields is a basic risk for the agriculture business. Within Kernel's risk management framework, this risk is reflected in the risk category 'Weak harvest in Ukraine', which is normally included in the top 10 Company's risks list. Likewise, the Company's financial modeling provides for conservative basic assumptions of reduced yields due to impacts of acute climate impacts. In addition, acute climate physical risks are also applicable to Kernel's infrastructure since extreme weather conditions would impact farming business across the whole country (impact on Kernel's supply chain and trading operations), leading to decreased capacity operations of the company's silos and oil crushing plants.

We evaluate acute physical risks based on the Regional Climate Model (RCM) of climate dynamics in the territory of Ukraine. RCM collects data on single levels from numerous experiments, models, domains, resolutions, ensemble members, time frequencies, and periods computed over several regional domains all over the World, particularly in the CMIP 6 of the **Coordinated Regional Climate Downscaling Experiment** (CORDEX) framework. The analysis showed that the frequency of acute climate events (droughts) in northern parts of Kernel's landbank would increase under the SSP 8.5 scenario in a long-term perspective.

In FY2024, Kernel enhanced the analysis of physical acute risks by evaluating the financial consequences of extreme weather events, particularly heatwaves and drought during the pollination period, on the 2024 harvest, and using it as a reference for future estimations. Kernel aims to undertake a more profound analysis of the historical dynamic of the Group's harvest and its correlation with extreme weather conditions to tailor the analysis to the actual on-the-ground data.

The company's response to this risk includes

the organization of strategic sessions of the Farming segment twice a year before the spring and winter sowing campaigns. During this meeting directors of Kernel's farming clusters (cluster is an organizational unit in Kernel's landbank and farming operations; there are a total of 5 clusters), agricultural experts, as well as business and financial analytics undertake broad consultations on results of previous harvest seasons; identify areas for improvement in agriculture practices; analyze available data and projections of weather conditions during the next harvest season; undertake short-term business planning, profound consultation and decision-making on management of climate acute risks and adaptation practices.

The response also includes technical expenses to support research and development centers, which are specifically dedicated fields where the company tests new farming practices, including resistant FAO hybrids, inhibitors of nitrification, biological destructors, etc.

Transitional risk: emerging carbon regulation in Ukraine

Regarding Ukraine's carbon tax, it increased from 10 UAH to 30 UAH per ton of CO₂ in 2021. Although the rate remained unchanged in FY2024, we anticipate that the rate of the carbon tax will continue growing over the next years to become aligned with an average price of a ton of CO₂ in the EU (these expectations are based on Ukraine's commitments under EU Association Agreement and its candidacy to EU, as well as Ukraine's possible response to EU CBAM requirements). Kernel evaluates the risk of the expected growth of carbon tax in the following years based on the average carbon tax value in EU member countries (EUR 20-120/tCO₂), which would lead to significant annual expenditures.

Ukraine's carbon tax applies to Kernel's combined heat and power plants that produce electricity from sunflower seed husk (side product to the oilseed crushing process, approved as a feedstock to provide advanced biofuels as per Annex IX.A. of RED II Directive). The nature of these risks lies in the fact that such regulation contradicts Ukraine's regulation on Monitoring, Verification, and Reporting (MRV) and the EU's position on the combustion of biomass and production of advanced biofuels, GHG emissions of which are considered to be zero.

Regarding Ukraine's national emission trading scheme (ETS), the key risk for Kernel is the significant increase in electricity price, when ETS is finalized and launched. This

assumption is based on EU average wholesale electricity prices of EUR 110/MWh in 2022, compared to Ukraine's industry electricity prices of approximately EUR 70/MWh in the same year. Although Ukraine's ETS development is in its early stages and not expected to be finalized for at least seven years, we closely monitor this risk. The potential financial implications are evaluated according to the **NGFS (Network for Greening the Financial System)** climate modeling of the carbon price dynamic in Ukraine.

As of FY2024, under the SSP 2.6-4.5 scenario, the carbon price in Ukraine is projected to increase up to EUR 177.94/tCO₂, and under the SSP 8.5, the price would reach EUR 5.10/tCO₂ by 2030. In the range of potential financial impact, the minimum figure is the combined impact of increased carbon tax and increased price of electricity once the UA ETS is implemented in 2030 under the SSP 8.5, whereas the maximum figure – under the SSP 2.6-4.5 scenario.

Kernel actively participates in business associations, namely the European Business Association and American Chamber of Commerce in Ukraine, where we contribute to the development of common business positions on different matters (i.e. energy transition, food-energy balance, as well as bioenergy and biofuels as integral pillars of the REPowerEU initiative) and their communication to the government. Tax on GHG emissions generated from biomass combustion is one of the key issues where Kernel demonstrates a strong position as the largest producer of electricity from biomass in Ukraine.

Transitional risk: emerging carbon regulation in EU (increasing cost of fertilizers)

EU's 'Fit for 55' package (under which EU seeks to cut its emissions by at least 55% before 2030) includes provisions on the ETS, namely the target to reduce the emissions by 61% before 2030 and to reduce the number of free allowances by 4.2% each year. GHG emissions from the production of nitric acid, ammonia, and hydrogen are covered by the EU ETS. Considering that nitric acid, ammonia, and hydrogen are intermediates in the production of NPK fertilizers, it is expected that the price of EU-sourced fertilizers will increase following the implementation of Fit for 55 provisions. As of FY2024, if produced in the EU, the price of fertilizers would reflect the price of EU allowances on GHG emissions, which are projected to increase up to EUR 263.21/tCO₂ under the SSP 2.6-4.5 scenario and to EUR 129.04/tCO₂ under the SSP 8.5 scenario by 2030 (according to NGFS climate

¹ Food and Agriculture Organization of the United Nations, GAEZ Data Portal, <https://gaez.fao.org/pages/country-profiles>

TCFD disclosure **continued**

data projections). In the case of domestically produced fertilizers, their price would account for a projected carbon price in Ukraine: EUR 177.94/tCO₂ under SSP 2.6-4.5 scenario and EUR 5.10/tCO₂ under SSP 8.5 scenario by 2030 (according to NGFS climate data projections). In the range of potential financial impact, the minimum figure is the combined impact of the increased price of carbon allowances under the EU ETS and the UA ETS once implemented in 2030 under the SSP 8.5,

whereas the maximum figure – under the SSP 2.6-4.5 scenario.

In FY2024, in response to this risk, Kernel continued engaging with current suppliers of nitrogen fertilizers to collect data on the carbon footprint of their production and include it in relevant Scope 3 calculations. The Group also began exploring sustainable finance opportunities to support efficient collaboration with fertilizer suppliers. In the long-term

perspective, this information would be applied to optimize the suppliers' portfolio and to initiate bilateral cooperation toward decreasing purchased fertilizers' carbon footprint. We expect that access to carbon footprint data will be simplified when fertilizer producers start disclosing this information under the CBAM regulations.

Metrics and targets

Kernel's Scope 1, Scope 2, and Scope 3

Material climate-related opportunities

In FY2024, Kernel re-evaluated material categories of business opportunities, associated with emerging decarbonization regulations in the EU, development of new markets that aim to incentivize companies to reduce emissions and contribute to energy transition, as well as partnerships to support low-carbon development of agriculture sector globally.

#	Product group	Specification
1.	Bioenergy	<p>Kernel explores opportunities associated with the production of biofuels, namely biomethane produced from plant-based feedstock such as silage corn or crop residue. This opportunity stems from the growing demand for energy sources both in Ukraine and in the EU (REPowerEU initiative aimed to reduce dependency on Russian natural gas), amid changes in regional energy geopolitics following Russian invasion of Ukraine.</p> <p>This opportunity is also supported by developments in relevant domestic legislations, which allow injection of biomethane in the gas transportation system and provides for establishment of national registry of renewable gas guarantees of origin (RGGO) for biomethane producers.</p>
2.	Diversification of financial assets with sustainability- and climate-linked finance	<p>We aim to effectively access markets of sustainability- and climate-linked finance, both in terms of receiving specialized interest rates on loans (linked to specific covenants) and project finance. It's understandable that there are yet no unified rules of such finance, particularly in agriculture sector in Ukraine, and standardized criteria for investing in nature and social capital.</p> <p>Therefore, the company started building focused dialogues with key investors, commercial banks and financial institutions to develop tailored approaches of attracting different types of sustainable- and climate finance in an evidence-based manner. Kernel seeks to develop a comprehensive sustainable finance framework, building on the outcomes of the 'Corporate climate governance and low-carbon pathway' project.</p> <p>The purpose of such framework is to develop evidence-based quantifiable criteria (covenants) of sustainability and climate-linked finance, tailored to different types of financial products and aligned with the company's overarching sustainability strategy; and to coordinate them with a pool of potential investors, IFIs, local commercial banks etc.</p>
3.	Voluntary carbon markets	<p>This opportunity is associated with the access to voluntary carbon markets. The company is currently testing collaboration with an accelerator of agriculture-based carbon offsets. The main purpose of such pilot interaction is to better understand different approaches of carbon marketplaces to calculate a baseline, changes in soil carbon stock due to tillage, crop rotation and application of cover crops for each kind of crops, impact of inhibitors of nitrification on reduction potential and other technical nuances of GHG emissions accounting for agriculture sector.</p> <p>Building on such observations the company seeks to align its operational accounting of carbon footprint and strategies on realizing this opportunity with the rules of global carbon market mechanism (Article 6.2 and Article 6.4 of the Paris Agreement). Exploration of carbon offsets markets, goes hand in hand with in-depth analysis of global market incentives towards decarbonizing supply chain of agriculture commodities, building relevant dialogue with reputable international organizations and exchanging knowledge with key trading partners.</p>
4.	Efficiency improvement through carbon farming practices	<p>The opportunity lies around the system of farming practices that promote accumulation of soil organic carbon, reduction of GHG emissions from tillage and nitrification, improving soil health and biodiversity. These practices are commonly referred to as regenerative, or carbon, farming which is one of the key pillars of the company's corporate climate strategy. We believe that this is a long-term direction of development, which would have a visible impact on capitalization, and over the last several years this subject has moved from purely theoretical discussion toward practical consideration during operational planning and testing.</p> <p>The company is undertaking an ongoing screening of possible channels for comprehensive monetization of carbon farming practices through its focused engagement with trade partners and other stakeholders (more details in C12.1d). For now, the performance of carbon farming practices can be quantified through optimization of nutrition rates (including through application of inhibitors of nitrification) and, therefore, operational expenses on nitrogen fertilizers. As of now, the potential impact of such measures can lead up to 20% lower application of N per hectare; this figure may vary as the company scales up its regenerative farming practices.</p>

TCFD disclosure **continued**

greenhouse gas (GHG) emissions and other air emissions

Kernel accounts for GHG emissions generated from operational activities in Ukraine, adhering to the **IPCC Guidelines for National Greenhouse Gas Inventories** and **Greenhouse Gas Protocol Guidance**.

Scope 1 emissions include direct GHG emissions associated with the company's operations of **fossil fuel stationary and mobile combustion, cattle farming, farmland cultivation (soil carbon stock change), and fertilizer application**. The company's total biogenic GHG emissions generated from the combustion of sunflower seed husk and changes in organic carbon stocks are reported as a separate figure. Emissions associated with farming operations are reported in the financial year, when the agricultural products were harvested, using data on mineral and organic fertilizers applied during the growth period in crops.

In FY2024, we developed a prototype operational accounting of GHG emissions from farming operations across key crops (winter wheat, corn, sunflower, winter rapeseed, and soybean) and individual fields (Kernel's whole landbank combined of around 5 thousand fields). The main purpose of such an approach is to reflect that the landbank is not homogeneous in terms of soil characteristics, agroclimatic conditions, and, therefore, agriculture technology and application rates. Therefore, it's correct to calculate the carbon footprint of farming operations (kgCO₂/t of yield and kgCO₂/ha) for each field rather than on average for the whole landbank. This approach also enables the demonstration of annual carbon removals (shown as negative values) resulting from changes in tillage practices, such as shifting from conventional to reduced tillage, sowing cover crops, and managing crop residue.

Additionally, Kernel started working with the consultancy, the Carbon Trust, to undertake an independent gap analysis of the prototype accounting system in preparation for its further verification. The goal is to automatize such accounting by integrating the methodology into existing ERP systems and to ensure traceability of the carbon footprint of each batch of grain (originating from a particular field) across the value chain. For these purposes we seek to ensure minimization of data uncertainty: calculations of changes in soil carbon due to tillage are performed using "measure and model" and "measure and re-measure" approaches (aligned with the Verified Carbon Standard methodology, VM0042) that account for availability of laboratory agrochemical data on soil organic carbon.

Key GHG emission indicators¹

thousand tCO₂e

	FY2022	FY2023	FY2024
Scope 1	255.6	279.6	194.5
<i>by GHG</i>			
CO ₂	88.4	135.2	44.1
CH ₄	22.8	23.3	23.4
N ₂ O	144.5	121.1	127.0
<i>by business segment</i>			
Oilseed Processing	9.1	6.6	12.7
Infrastructure and Trading	81.3	62.2	30.0
Farming	164.1	210.2	150.9
<i>Fuel use</i>	71.7	91.7	90.0
<i>Fertilizers application</i>	136.0	100.6	116.9
<i>Changes in stock of soil carbon</i>	-69.1	-18.5	-82.3
<i>Cattle methane from enteric fermentation</i>	25.5	26.2	26.3
Other	1.2	0.7	1.0
Biogenic (combustion of sunflower husk)	348.9	509.8	690.5
Scope 2 (Location based)	79.3	83.4	91.5
Scope 2 (Market based)	84.1	136.7	150.1
Scope 3	1,699.5	1,475.3	2,314.6
Cat.1. Purchased goods and services	1,339.6	787.2	934.7
Cat.2. Capital goods	22.5	4.3	8.6
Cat.3. Fuel- and energy-related activities (not incl.in S.1-2)	52.4	69.2	56.1
Cat.4. Upstream transportation and distribution	16.8	23.7	17.4
Cat.5. Waste generated in operations	4.99	4.4	6.6
Cat.9. Downstream transportation and distribution	253.5	591.7	1,262.4
Cat.10. Processing of sold products	3.1	3.5	28.1
Cat.12. End-of-life treatment of sold products	0.1	0.8	0.7

Note 1: Any discrepancies between data in this and previous reports (FY2022 and FY2023) are associated with the new (prototyped) accounting approach across key crops, farming operations and individual fields.

This approach will allow us to monitor field related carbon footprint of its commodities (in kgCO₂e/t of yield) and operations (in kgCO₂e/ha) from the stage of sowing planning until harvest, allowing the company to better evaluate the overall potential for decarbonization of farming operations, allowing it to prioritize geographic location and intensity of low-carbon practices and achieve reduction of GHG emissions with higher monetary efficacy.

Scope 2 (location-based) emissions refer to GHG emissions generated from energy (electricity and heating) the company consumes. The average specific emission factor for electricity production in Ukraine is calculated as the ratio of total emissions from electricity production in Ukraine (source: National Inventory Report to UNFCCC) to energy production itself (source from Ministry of Energy and Coal Mining).

Scope 2 (market-based) emissions refer to GHG emissions from energy (electricity and heating) consumed. Carbon intensity of heating both location and market-based approach is the same due to vertically integrated market and heating monopoly supply. Market-based carbon intensity of electricity supplied is higher than the grid average (location-based) due to a decreased share of low carbon capacities in

the electricity trade portfolio allocated for the relevant supplying contract (data from Kernel's electricity supplier) – a significant share of nuclear and hydro capacities in Ukraine are contracted for households by using special purpose agreements.

Scope 3. To calculate Scope 3 emissions, Kernel applies methodology, provided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We evaluated all 15 categories of Scope 3 emissions, namely:

- **Purchased goods and services:** This category of emissions includes three material types of purchased products: (1) purchased grains and oilseeds, (2) purchased agriculture machinery, and (3) purchased fertilizers. In case of emissions associated with the purchased grains, the accounting approach lies in the application of carbon intensity factors of Kernel's own crops to the volumes of the purchased grains. As for the emissions associated with purchased agriculture machinery, a spend-based method was used, where emission factors were calculated based on the carbon intensity of net revenue of machinery producers (material producers included CNH Industrial, John Deere, MAN, and Palfinger). In case of the emissions associated with the production of nitrogen fertilizers purchased by Kernel, the content of nitrogen was calculated, and a

TCFD disclosure continued

sector average emission factor was applied (kg CO₂e/kg N).

- Capital goods:** In this category, Kernel accounted for the emissions associated with the production of metal and concrete, used for the construction of assets. The company applied material use emission factors for metal and concrete from the UK Department of Environment, Food and Rural Affairs (DEFRA).
- Fuel-and-energy-related activities (not included in Scope 1 or 2):** To calculate this category of emissions, Kernel used primary data on energy consumption and applied Well-to-tank indicators (Activity A) from DEFRA; transmission and distribution losses data for Ukraine (Activity C); as well as average heat rate of local thermal power plants (Activity B) to calculate emissions across three types of activities: Activity A (39,369.9 tons CO₂e), Activity B (20,800.4 tons CO₂e), Activity C (9,066.0 tons CO₂e).
- Upstream transportation and distribution:** This category includes emissions from the transportation of purchased goods and internal logistics (i.e. transportation of grains from fields to silos and from silos to terminals). The company applied the Freighting goods emission factors for vans and HGV from DEFRA. In case of the spend-based method of emission accounting, the emission factors were calculated based on the carbon intensity of the net revenue of providers of logistics services.
- Waste generation in services:** For this category, Kernel used primary data on waste generation and approaches to waste utilization, including treatment of wastewater discharged to WWTPs. The company applied the Waste disposal emission factors from DEFRA.
- Business travel:** This category of emissions is not material in comparison to the total volume of Scope 3 GHG emissions. We evaluated this category of emissions and concluded that it remains immaterial for Kernel operations (less than 1 tCO₂e).
- Employee commuting:** This category of emissions is not material in comparison to the total volume of Scope 3 GHG emissions. We evaluated this category of emissions and concluded that it remains immaterial for Kernel operations (less than 1 tCO₂e).
- Upstream leased assets:** Kernel does not have leased assets within its operations.
- Downstream transportation and distribution:** This category includes the emissions associated with the marine freight of sold products (grain and oil) – from the combustion of fuel by ships, mostly Panamax class. Respective emission factors from DEFRA for the burning of marine fuel oil were applied considering the shipping costs and average fuel spent share.
- Processing of sold products:** This category includes emissions associated with the

Key GHG emissions intensity indicators (Scope 1&2)¹

	FY2022	FY2023	FY2024
GHG emissions per volume of harvested crop, kg CO₂e/ t of yields			
Corn	203.6	201.9	57.4
Sunflower	330.1	336.2	93.3
Wheat	130.8	232.6	66.0
Rapeseed	331.7	335.1	381.5
Soybean	321.7	320.9	-110.7
GHG emissions per area of sowed crop, kg CO₂e/ ha			
Corn	1,887.7	1,765.6	563.2
Sunflower	1,007.9	922.1	296.2
Wheat	803.7	1,224.5	377.0
Rapeseed	1,318.1	1,139.6	1,231.4
Soybean	650.9	913.2	-293.9
GHG emissions per sunflower seeds processed*, kg CO₂e/ t of seeds			
	32.1	28.2	27.0

Note 1: Any discrepancies between data in this and previous reports (FY2022 and FY2021) are associated with clarifications of raw data, alignment of relevant conversion factors and other corrections in calculations.

refining of sunflower oil. Unrefined sunflower oil purchased from Kernel typically undergoes a refining process at the facilities of a buyer. To calculate such emissions the company used the average electricity efficiency factor for its own refining process and applied grid emission factors for each country where sunflower oil was exported (The IFI Dataset of Default Grid Factors).

- Use of sold products:** Kernel sells final products, including grains, sunflower oil, and animal meal. In case the sold products are used in the energy sector, the sunflower oil-related biodiesel component of fuel is considered zero-carbon.
- End-of-life treatment of sold products:** this category includes the emissions associated with the treatment of the waste sold. Kernel used primary data on the waste sold and to its utilization approaches. The relevant Waste disposal emission factors from DEFRA were applied. However, this category of emissions is not material in comparison to the total volume of Scope 3 emissions.
- Downstream leased assets:** This category of emissions is not relevant to Kernel's business, as the company does not provide leased assets.
- Franchises:** This category of emissions is

not relevant to Kernel's business as the company neither acts as an investor nor does it have shares in emission-related portfolios.

- Investments:** This category of emissions is not relevant to Kernel's business as the Company neither acts as an investor nor does it have shares in emission-related portfolios.

To reduce N₂O emissions, Kernel applies **differentiated mineral fertilization** that prevents excessive volumes of nitrogen from ending up in the atmosphere. Based on crop monitoring data, this technique helps to reduce the portion of fertilizer by 10-15%. The **proper application timing** is equally important. For corn, winter wheat, rapeseed, and sunflower annual portion of nitrogen is applied in 2-3 phases.

We apply a **stabilized liquid nitrogen fertilizer** (urea-ammonia mixture) in spring to ensure the minimum time between application and crop undertaken. In autumn we use only **ammonia-based fertilizers** after the average daily soil temperature falls below 10°C.

Additionally, we apply **nitrification inhibitors** and cultivate cover crops. To limit CO₂

Other significant air emissions

	FY2022	FY2023	FY2024
Air pollutants, thousand tones			
Carbon oxide	0.64	0.67	0.92
Sulfur dioxide	0.06	0.05	0.08
Nitrogen oxides	0.41	0.42	0.84
Solid substances	1.32	1.26	1.22
Ozone-depleting substances, tCO₂e			
R-407C	95.8	95.8	-
R-134A	72.9	72.9	32.9
R-507A	1,195.5	1,195.5	1,195.5
Hexane, tones	942.5	958.7	1,231.0

TCFD disclosure **continued**

emissions, we reduce both specific fuel consumption and mileage of the field machinery through regular **modernization of the fleet and optimized routing**, respectively.

Emission of other significant emissions, such as air pollutants, are associated with the combustion of sunflower husk at oil extraction plants and are calculated by the sites' environmental specialists for statutory reporting purposes on a quarterly basis. Calculations are based on the volumes of combusted husk and established specific emission factors.

Hexane emissions, which are linked to its use as a solvent in edible oil extraction, are carefully regulated and minimized during transportation, storage, and application to ensure both resource efficiency and safety. All equipment in contact with hexane at Kernel's plants complies with the EU ATEX Directive the **EU ATEX Directive** (2014/34/EU 'Equipment for potentially explosive atmosphere'). The solvent is reused through multiple extraction cycles.

Emissions of ozone-depleting substances, namely refrigerants, are associated with the operation of industrial cooling equipment at two oil extraction plants and in the animal husbandry division.

To prevent dust emissions associated with grain and oilseed handling, we apply sophisticated design solutions and techniques that minimize contact of material flows with the atmosphere. This includes closed-type grain and oilseed unloading stations, conveyor lines, and ship-loading machines with advanced dust control features. Where prevention is not feasible, treatment equipment is applied.

Our oilseed processing plants operate six **electrostatic precipitators** (ESP) for removing PM from boilers' flue gases. These highly efficient (95-98%) filtration devices use electric energy to generate an electrostatic charge that captures fine particles. All grain handling installations at silos and transshipment terminals are equipped with cyclone filters.

In FY2024, Kernel paid a total of USD 487 thousand in environmental tax, of which USD 439 thousand for CO₂ emissions and USD 48 thousand for air-polluting emissions from stationary sources.

Emission reduction targets

In the **Oilseed Processing** segment, the company seeks to leverage its capacities of green electricity production from biomass (sunflower seed husk). In FY2024, Kernel's Poltava Vegetable Oil Extraction Plant has committed to

the SBTi, becoming the first company in the Ukrainian food industry to join this global initiative. Kernel is exploring opportunities to further decarbonize its processing activities, with 90% of the energy consumed by its plants already classified as low carbon. The remaining energy consumption, related to Scope 2 electricity usage, could potentially be offset by allocating self-generated renewable electricity for internal operations or sourcing external low-carbon electricity through market instruments such as Corporate Power Purchase Agreements (PPAs). This approach aligns with Kernel's commitment to achieving greater sustainability and reducing its carbon footprint.

In **Farming**, Kernel aims to establish targets of GHG emissions per ton of commodity in line with SBTi FLAG guidelines. Setting up the operational accounting of GHG emissions from agriculture practices across fields and crops is an important groundwork for the development of ambitious and realistic emission reduction targets.

Reduction of GHG emissions from agriculture practices is achieved with carbon farming practices, also known as regenerative agriculture, namely reduced tillage, application of nitrification inhibitors, and introduction of cover crops to crop rotations. According to prior estimations, such practices can potentially have the following emission reduction capacity: (1) nitrification inhibitors up to 10% reduction, (2) cover crops up to 31% reduction and (3) reduced tillage up to 85% reduction.

The majority of Kernel's landbank (more than 90%) is already cultivated with reduced technology. As of FY2024, the area under cover crops accounted for around 35 thousand ha.

As per the methodological approach for setting emission reduction targets, Kernel will rely on the SBTi Forest, Land, and Agriculture (FLAG) guidance. In line with this guidance, Kernel would seek to set two categories of emission reduction targets: an absolute target and specific targets for each key crop. However, due to the uncertainty resulting from Russia's invasion of Ukraine and ongoing military actions, the company had to postpone any decision-making on emission reduction targets until the next two years. Nevertheless, the company continues to work on researching business opportunities related to the decarbonization of its operations and remains committed to its climate ambition.

Human capital

Human capital

General employment information

Our management approach to employment and human resources

Kernel's approach towards managing human resources is defined by the [Code of Conduct](#) and is built on four principles, namely (1) involvement as internal entrepreneurship, (2) partnership and unity of goals (3) mutual respect and trust, and (4) development of human potential. Our practices are strictly aligned with the **Labor Code of Ukraine** and other relevant national legislatures as well as the **International Labor Organization's (ILO) Fundamental Conventions**.

We expect the same level of responsibility regarding relations with employees throughout our supply chain. Our counterparties are obligated to comply with our Code of interaction with suppliers, which requires them to ensure fair and safe working conditions for their employees and compliance with labor legislation. These requirements are reflected in the relevant contractual provisions.

We are committed to providing our employees with safe working conditions, strictly adhering to the regulations of occupational health and safety and the other relevant requirements; respective working hours; competitive, transparent remuneration and benefits (including all salary-related taxes and social contributions); support with childbirth and proper parental leave. Kernel has zero tolerance for any form of forced or compulsory labor or child labor.

As a result of an effective human resources management system, Kernel demonstrates low employee turnover (13% in FY2024), which indicates high levels of satisfaction, loyalty, and engagement among employees. Especially in terms of the Russian invasion of Ukraine, Kernel's main HR priority has been scaling up the approach to retaining existing staff and enhancing the competencies of engaged employees.

Remuneration approach and benefits

In FY2024 Kernel's total payroll accounted for a total of USD 260 million; 487 employees were receiving minimum wage (281 FTE basis). Overall, our remuneration is built on three pillars, namely:

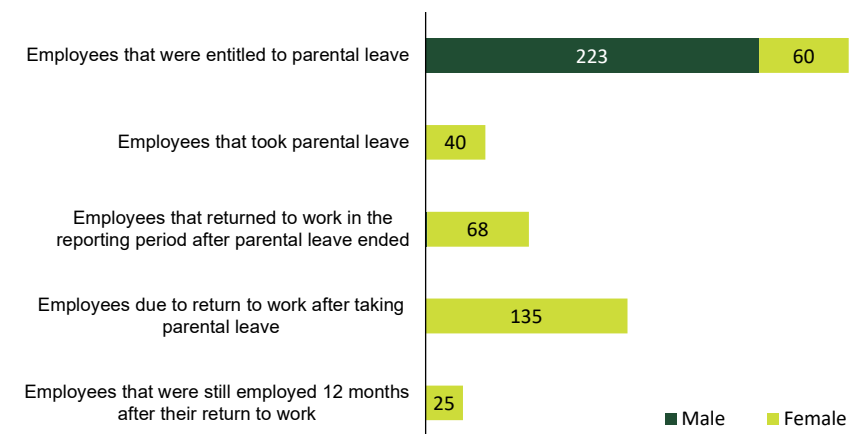
1. Base compensation and benefits. The basic level of Kernel's remuneration system includes:

- salaries and wage-based bonuses, that match or exceed the benchmark of other industries. It also includes additional payments and compensations, depending on working conditions, as well as fixed payments in case of retirement and financial support in case of an

Key human resources indicators

(as of 30 June)	FY2022	FY2023	FY2024
Total number of employees	10,223	10,733	10,904
<i>including by geography:</i>			
Ukraine	10,180	10,691	10,851
Other countries	43	42	53
<i>including by level:</i>			
Managers	870	885	879
Specialists	3,020	3,110	3,157
Workers	6,333	6,738	6,868
<i>including by business segment:</i>			
Oilseed Processing	2,291	2,530	2,479
Infrastructure and Trading	2,679	2,741	2,894
Farming	4,366	4,508	4,527
Head office and other	887	954	965
<i>including by age</i>			
less than 30 years old	1,464	1,585	1,548
up to 50 years old	6,271	2,992	6,110
more than 50 years old	2,488	6,156	3,246
<i>including by employment contract, by region:</i>			
Permanent	9,647	10,077	10,259
Ukraine	9,604	10,035	10,206
Other countries	43	42	53
Seasonal and temporary	576	656	645
Ukraine	576	656	645
Other countries	0	0	0
<i>including by employment contract, by gender:</i>			
Permanent	9,647	10,077	10,259
Male	6,876	7,347	7,469
Female	2,771	2,730	2,790
Seasonal and Temporary	576	656	645
Male	510	586	580
Female	66	70	65
<i>including by employment type, by gender:</i>			
Full-time	7,296	10,647	10,817
Male	5,461	7,877	7,987
Female	1,835	2,770	2,830
Part-time	63	86	87
Male	33	56	62
Female	30	30	25

Parental leave indicators in FY2024



Human capital continued

employee's difficult personal circumstances. When personnel optimization takes place, resulting in a reduction in the number of employees, the wage fund is not reduced correspondingly but is distributed among the rest of the team.

- healthcare services, including voluntary medical insurance for full-time employees, life insurance for employees, who cover insurance costs, and OHS insurance.
 - rewards for improvements in production, both monetary (such as one-time monetary incentives for operational accomplishments) and non-financial recognitions.
 - other benefits include sponsorship of educational opportunities and sports activities, provision of food at workplaces, free transportation to work, etc.
- 2. Reward for leadership.** Each year, employees undergo an assessment of their competencies, both self-assessment and evaluation by a linear manager. Based on the results, employees' base salaries may be reviewed (more information on annual performance appraisal and career advancement in the section Training and career advancement)
- 3. Incentive system.** This system aims to ensure that the career goals of our employees, business targets of business divisions, and long-term strategic goals of the Company are synchronized. Kernel annually establishes financial and operational quantitative and qualitative goals, which are cascaded down to specific KPIs of employees in relevant business segments. Employees can also establish their own KPIs. Annual performance assessment quantifies the achievement of KPIs and automatically

Key training and education indicators

	FY2022	FY2023	FY2024
Average hours of training per employee	22.8	30.4	27.2
<i>by gender:</i>			
Average hours of training per male	25.1	29.9	28.3
Average hours of training per female	18.4	31.4	27.8
<i>by employee category:</i>			
Average hours of training per manager	35.8	39.1	34.8
Average hours of training per specialist	32.7	40.0	34.0
Average hours of training per worker	7.9	18.8	19.3
Total number of training hours	152,804	207,596	200,188
<i>including by skill sets</i>			
Hard skills	111,309	161,037	128,298
Soft skills	41,495	46,559	71,890
<i>including by learning formats</i>			
Full-time training	21,964	63,293	60,120
Distance Learning	130,840	144,303	140,067
<i>including by frequency</i>			
Annual / regular training	67,507	95,758	41,508
One-time training	79,417	108,746	151,732
Modular development programs	5,880	3,092	6,948

impacts the size of the annual performance bonus. The system is fully transparent and prevents any prejudice. We provide employees with all the tools to directly affect KPIs and monitor the KPIs' execution on a close-to-online basis.

Support of employees during wartime

The safety and well-being of our employees have been the utmost priority amid military actions in Ukraine resulting from Russia's invasion. In FY2024, Kernel continued providing extensive support to its employees, especially those who are defending the country or who are internally displaced.

During FY2024, 143 of our employees were

enlisted in the Armed Forces of Ukraine, whereas 73 employees were demobilized. The total monetary support provided to enlisted employees over FY2024 amounted to USD 4,508 thousand. As of 30 June 2024, 776 of our employees are serving in the Armed Forces of Ukraine.

Furthermore, in FY2024, Kernel provided USD 682 thousand of financial support to employees who suffered disability as a result of military actions and the families of employees who were killed in action. In addition, employees who had a newborn child in FY2024 received USD 3.1 thousand in material assistance.

Kernel has also been assisting employees living in regions close to the frontlines by transferring them to safer cities and employing them at other production assets of the Group. In FY2024, we transferred 40 workers from the no longer operational Vovchansk and Prykolotne oil extraction plants in the Kharkiv region.

Moreover, Kernel continued showing its commitment to employees' mental health through its comprehensive Mental Health program, available across all regions. This program aims to activate employees' internal resources and provide additional support for enhancing their mental, social, physical, and creative well-being. It fosters a culture of self-care, particularly for those in small towns and rural areas, and addresses the stigma around seeking psychological support. The program includes both theoretical components, such as webinars, and practical activities, such as sports, sessions with psychologists, and a

Key employment indicators in FY2024

Total number of new hires	2,464
<i>by geography</i>	
Ukraine	2,456
Other countries	6
<i>by gender</i>	
Male	1,745
Female	717
<i>by age</i>	
less than 30 years old	735
up to 50 years old	1,320
more than 50 years old	407
Total number of employee turnover	1,4918
<i>by gender</i>	
Male	1,073
Female	418
<i>by age</i>	
less than 30 years old	320
up to 50 years old	411
more than 50 years old	760
Total number of employees that left Kernel due to retirement	77

Human capital continued

cinema club. It has successfully met all its key performance indicators (KPIs): turnover rate has decreased by 5%, over 70% of employees participate in program events, the number of requests for psychological support has tripled, and the project's Net Promoter Score (NPS) has reached 98.5.

Integration of veterans back into civilian life

As the wartime context became closely interlinked with the company's everyday life, last year Kernel started an adaptation program for veterans with the primary focus on the company's employees who were demobilized and going back to civilian life. The program seeks to help veterans in their self-realization and smooth integration into business processes. It consists of three key components, namely: (1) physical recovery, including compensation of costs of medical treatment and prosthetics; (2) mental recovery involving tailored work with professional psychologists; (3) integration into the workplace, which also implies specific training on communication skills and ethics for other employees. The latter might also include alterations of a working place or machinery to accommodate a person's prosthetics. Upon return to work, veterans may also change their previous professional qualifications with special support from the HR department. Kernel's veterans' adaptation program was recognized in Forbes Ukraine's Top-25 rating.

As of FY2024, Kernel Group employs 90 veterans, with the integration program involving over 400 participants, including HR managers, top managers, and colleagues. The program includes a mandatory protocol for managers who supervise veterans, requiring regular face-to-face meetings to review professional performance, KPIs, personal needs, and, most importantly, to provide care and mental health support. Managers are responsible for monitoring the well-being of veterans and offering timely assistance. Additionally, Kernel facilitates and supports gatherings for the corporate veteran community, including a dedicated networking channel for veterans on Telegram and occasional offline events. For example, at the end of FY2024, we organized a fishing trip, and recently, veterans attended a special therapeutic performance at the Kyiv Theater as part of an experimental healing practice. These interactions help us to receive feedback, better understand needs, and propose effective solutions.

New incentive program "Synergy of Change"

Last year, Kernel launched the "Synergy of Change" incentive program, designed to maximize operational efficiency across business segments. The program offers employees the

opportunity to submit their ideas and be rewarded if their suggestions increase the company's EBITDA. In FY2024, employees submitted over 100 ideas, many of which received support from top management. These ideas focused on enhancing supply chain efficiency, improving oil extraction processes, and optimizing reproduction costs. Several of these ideas were successfully implemented, and the employees contributing were awarded one-time bonuses. Therefore, Kernel plans to continue this initiative, as management believes it positively impacts corporate values.

Training and career advancement Our management approach to training and performance review

We manage the professional development of our employees based on the Competency Model. This model comprises eight key competencies established in line with Kernel's business strategy, priorities, and targets to maximize the Group's long-term value. These competencies were identified through company-wide research, focusing on the behavioral traits that managers across various business segments and operational levels value and promote in their teams.

Kernel's key professional competencies are the following:

1. Strategic thinking
2. Performance management
3. Organization of a unit's work
4. Responsibility
5. Readiness to change
6. Cooperation
7. Systematic thinking
8. Continuous improvement

Employees covered by the Competency Model undertake an annual assessment, after which they create an individual development plan. The individual development plan consists of three parts: (1) hard learning, which provides for the attraction of internal or external experts and the allocation of individual learning budgets; (2) soft learning, which is

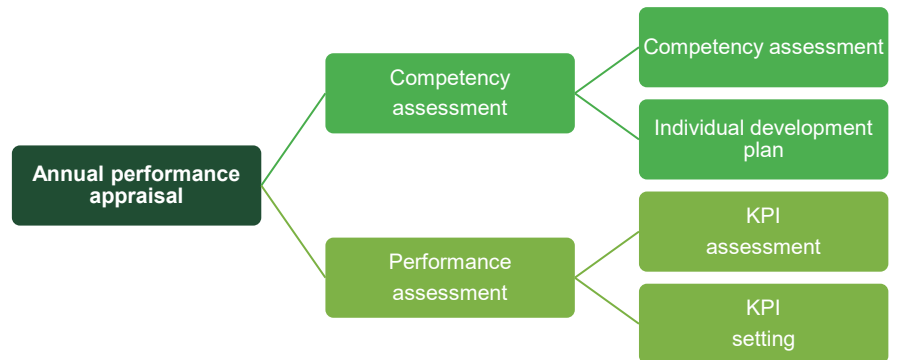
realized through Kernel's Institute of Internal Couches; and (3) distance learning, which employees can access through an online educational platform, Kernel Hub, which provides more than 1,000 e-books, 155 e-courses, and 200 training videos.

Together, these learning activities form the corporate minimum package, which includes one professional course and at least three general development courses. The competency model applies to both managers and specialists, ensuring that all employees receive professional education tailored to their development plans and job descriptions, which outline standard skill requirements for each position.

In FY2024, Kernel overhauled its annual performance appraisal system to better support employee competency development. The new approach encourages employees to participate in investment projects that address key business challenges across various areas, fostering the formation of cross-functional teams. Each employee received a "goal map" outlining their specific objectives for the project, while team leaders assigned clear, digital tasks to each member. This structure not only facilitates competency improvements but also allows employees to earn bonuses based on their contributions.

Starting next season, competency assessments will involve four parties: employees, two managers, and colleagues. Previously, colleagues did not participate in each other's evaluations. Additionally, in FY2024, Kernel introduced a chatbot for competency assessments, enabling employees without a Kernel system account to complete evaluations seamlessly. Feedback collection has also been significantly enhanced, now occurring twice annually – in winter and summer – to provide more timely and actionable insights for employee development.

Kernel's annual performance appraisal system



Human capital continued

During FY2024, 3,539 employees evaluated their competencies and created individual development plans. Throughout the year, 7,373 employees benefited from Kernel's educational programs, spending 200,188 hours of training (an average of 27.2 hours per employee), 64% of which were dedicated to improving hard skills and 36% to improving soft skills. Furthermore, 8,800 employees engaged in at least one course on Kernel Hub, our online educational platform.

Beyond competency assessments, employees undergo annual performance (KPI) evaluations through a dedicated digital system. Based on these evaluations, managers provide feedback and consultations on career development and review KPIs for the next financial year. Both competency and performance assessment mechanisms are key pillars in Kernel's annual performance appraisal system.

Kernel's overall expenditure on training and education of its employees in FY2024 accounted for USD 329 thousand.

Assistance with career growth and upgrading skills of our employees

Kernel has developed two programs to support employees' professional growth and career advancement, namely Kernel Growth and Kernel Leadership. These programs are fundamental pillars of the 'Talent Pool' project, which aims to create structured pathways for personnel advancement to top-management positions: (1) under Kernel Leadership heads of departments who aspire to become top managers, receive tailored training, mentorship from acting top managers, and assistance from coaches of personal development; whereas (2) Kernel Growth covers middle-level managers and specialists, who are motivated to actively build their career at Kernel. To participate in either program, employees undergo several selection stages that include analytical tests and business cases. In FY2024, the second wave of the Kernel Growth program was launched with 54 participants, while the Kernel Leadership project is currently mentoring 71 successors.

Additionally, in FY2024, Kernel initiated the selection process for the Agronomist and Engineer programs within the agribusiness sector and launched a project to form a 'Talent Pool' for agricultural services. The students of these programs are intended to fill positions such as Lead Agronomist, Chief Agronomist, and Cluster Production Deputy. By the end of the reporting year, we had 54 candidates for

Key employees' career development indicators

	FY2022	FY2023	FY2024
Total number of employees, receiving regular performance and career development reviews	1,777	1,647	1,676
<i>including by gender</i>			
Male	1,393	1,273	1,270
Female	384	374	406
<i>including by employee category</i>			
Managers	664	621	756
Specialists	1,113	1,026	920

selection. Furthermore, Kernel Growth for Silos has successfully trained 32 employees, who have now completed both their theoretical and practical components. The Talent Reserve Project aims to prepare candidates for the roles of Senior engineer and Silo Manager within the Storage Division. Currently, the project involves 32 participants divided into two groups. Each group has completed a series of training modules - one group finishing 7 modules and the other 6, totaling 104 hours. Group 1 gained valuable hands-on experience through practical training in production laboratories, applying their skills in real work conditions. Both groups concluded their internships as Senior Masters in June 2024.

Training to adapt to external challenges

We envision training and professional development as integral components of our human capital, empowering our ability to create long-term value and strengthen our adaptability to external risks and challenges. Amid wartime in Ukraine, Kernel takes active steps to adapt to new conditions. To ensure continuity of processing during martial law and ongoing mobilization to the Armed Forces, the company is building up the personnel reserve by training additional employees for the following two groups of positions: (1) directors of silos and (2) leading power engineers, mechanics and head of laboratory. In addition, since the beginning of the Russian invasion of Ukraine, Kernel has launched training on tactical medicine accessible to all employees. The participants of this training learn how to provide first aid in accordance with the Tactical Combat Casualty Care protocol MARCH (the acronym stands for the proper order of treatment, namely massive hemorrhage, airway, respiration, circulation, head injury/hypothermia). Our employees have demonstrated significant success in mastering the training, being able to apply a tourniquet in 45 seconds. Moreover, in FY2024 Kernel launched a project "At height" together with the KRUK UAV operator training center, which resulted in 473 trained UAV operators, 10 of which are our employees.

Occupational health and safety

Our management approach to occupational health and safety

The cornerstone of our approach to managing occupational health and safety (OHS) is the aspiration to have no work-related injuries and fatalities across all our working sites. We ensure that all employees are provided with appropriate and safe working conditions in line with Ukraine's national labor legislation and provisions of the International Labor Organization's Fundamental Conventions. Our approach is enshrined in the [Workplace health and safety policy](#), which outlines the establishment and continuous improvement of the occupational health and safety management system (hereinafter – OHSMS). We expect the same level of responsibility and dedication to ensure occupational health and safety from our suppliers: our agreements include a provision on compliance with Kernel's [Code of interaction with suppliers](#). This code requires our suppliers to provide their employees with a safe working environment and have proper OHS practices implemented. Our OHSMS encompasses all employees and contractors, including those working on our sites with whom we have limited functional control. To minimize risks of work-related injuries among our contractors, we provide them with comprehensive training on OHS practices and requirements¹. Additionally, we have appointed a dedicated OHS specialist responsible for managing an independent system that monitors the implementation of OHS practices and inspects compliance with safety requirements across our investment projects. Contractors are evaluated and ranked based on their OHS performance, and repeated violations result in penalties. In FY2024, there were no instances of work-related injuries or fatalities among contractors.

Kernel's OHSMS operates in line with the requirements of national regulations and ISO 45001 standards and is led by an OHS corporate manager who annually reports to a management committee headed by the company's CEO. Within the OHSMS, the process of identifying and assessing work-related hazards

¹ Before entering our working sites, any visitor or worker is briefed with description of the OHS risk identification and management system; they are also required to take an OHS e-course.

Human capital **continued**

and safety risks is exercised on a non-routine and annual basis. A non-routine procedure of risk identification takes place for new business operations and assets, and results in a list of hazards and risks. The risk identification on an annual basis is reflected in the responsibilities of managers, OHS professionals, and other employees to update the list of hazards, basing their inputs on results of internal and external labor safety audits, the outcomes of employees' engagement process, and feedback, conclusions drawn from incidents investigations, as well as results of OHS assessments and incorporation of world best practices. OHS assessments include self-assessments and statutory inspections, information on which is consolidated in a special database.

Once potential risks and hazards are identified, the OHSMS triggers the procedure of risk management which is organized in line with the ERIC/PD¹ hierarchy of hazard controls and consists of the following steps, taken in descending priority:

- Fully eliminate a risk or a hazard
- Reduce the potential impact of a risk or a hazard
- Isolate a risk or a hazard from employees
- Control a risk or a hazard, by providing employees with personal protective equipment, training, detailed instructions and information, means of first response, as well as lockout/tagout devices.

In the event of work-related incidents, we launch an investigation of each case, using the Ishikawa, or 'fishbone diagram' approach that aims: (1) to identify root causes of an incident, (2) to map risks and hazards that materialized, (3) to determine corrective actions in line with the ERIC/PD hierarchy of hazards control, and (4) to integrate lessons learned into required improvements of the OHSMS. This information is diligently recorded in the accident statistics, which also includes data on the frequency of occupational accidents, subsequent lost workdays, and the severity of injuries.

For every work-related accident, we create a special investigation commission that might also include representatives of relevant authorities. As the result of an investigation the commission issues a report detailing the circumstances of the incident and recommendations to improve the risk management approaches and to prevent the occurrence of such incidents in the future. Such an approach aims to ensure continuous improvement of the OHS practices to achieve the central target of zero work-related injuries and fatalities.

As of FY2024, a total of 25 assets² were certified with ISO 45001 standards. In FY2024, all covered employees were audited internally, whereas 6,902 of them also underwent external audit. The company's dedication to occupational health was evident in the extensive audit activities carried out during the reporting period. Internal audits, spanning 187 man-days, were complemented by external audits conducted by Bureau Veritas, which covered an additional 20 man-days. In the reporting year, Kernel introduced new safety protocols in response to emerging risks identified through internal and external audits. These protocols included updated guidelines for handling hazardous materials and emergency response procedures.

The financial investment in occupational health and safety was substantial, with expenditures reaching USD 2.1 million. These funds were allocated towards enhancing safety infrastructure, training, and health services for employees. Throughout the year, Kernel conducted two state inspections, with no fines being imposed, reflecting the company's compliance with regulatory standards. Regrettably, there was one fatality reported in FY2024 among Kernel's employees due to non-compliance with safety measures. This incident prompted a thorough review and enhancement of safety measures. In response, Kernel has intensified training programs, particularly focusing on the importance of

compliance with safety procedures and has strengthened its monitoring systems to prevent future occurrences. Additionally, the company has expanded its health resources and support services to better cater to the well-being of all employees.

Employee engagement and training on occupational health and safety

Training remained a cornerstone of the company's safety strategy. In FY2024, 587 employees participated in offline occupational health and safety (OH&S) training sessions, accumulating a total of 9,648 hours of training. Furthermore, 1,117 employees completed online courses, broadening their knowledge and skills in maintaining a safe working environment. The company also conducted 1,069 emergency response drills, involving 2,427 personnel, to ensure readiness for any unforeseen incidents.

Employee involvement in safety management was actively encouraged through various channels. The "Near Miss", "Stop Card", and "Walk The Talk" initiatives provided platforms for employees to report safety concerns, suggest improvements, and participate in safety projects. Information on occupational health and safety was disseminated through multiple mediums, including the safety department, direct supervisors, emails, phone calls, and dedicated on-site monitors. These efforts ensured that all employees were informed and

Key occupational health and safety indicators

<i>(as of 30 June)</i>	FY2022	FY2023	FY2024
Recordable work-related injuries	4	9	15
Oilseed Processing	1	-	3
Infrastructure and Trading	2	6	6
Farming	1	3	6
High-consequence work-related injuries (ex. Fatalities)	3	1	5
Oilseed Processing	1	-	1
Infrastructure and Trading	1	1	1
Farming	1	-	3
Fatalities resulted from work-related injuries	1	-	1
Oilseed Processing	-	-	-
Infrastructure and Trading	-	-	1
Farming	1	-	-
Rate of recordable work-related injuries (LTIFR)	0.22	0.50	0.81
Rate of fatalities as a result of work-related injury	0.06	-	0.11
Rate of high-consequence work-related injuries (excluding fatalities)	0.17	0.06	0.27
Workers covered by OHS management system	10,180	10,676	10,606
Workers covered by OHS management system, who were audited internally	10,180	10,676	10,606
Workers covered by OHS management system, who were verified internally and externally	7,358	4,585	6,902

¹ Acronym stands for Eliminate, Reduce, Isolate, Control, Personal Protective Equipment, Discipline.

² These include key trading company Kernel-Trade, six oil extraction plants, two farming clusters, fifteen silos and one grain transshipment terminal.

Human capital continued

engaged in creating a safer workplace.

Our approach to employee engagement in improving OHS practices is driven by behavioral incentives and material nudges, motivating staff to minimize and prevent hazardous situations. Such incentives include monitors installed at our production sites, which show a current and record number of days without work-related accidents, or monetary rewards for the best ideas on labor safety improvement and risk identification factors. In FY2024, Kernel expanded its health and well-being programs, offering free health screenings and mental health support services to employees and their families, aiming to improve overall employee well-being and reduce work-related stress.

We employ proactive methods to engage our employees in the development, implementation, and evaluation of the effectiveness of the OHSMS, as well as to communicate OHS information, namely via corporate surveys, the 'Gold Safety Rules' initiative, and the 'Walk the Talk' project¹.

At Kernel, any employee can flag and report occupational health and safety risks they observe and report about hazardous situations on a worksite by reaching out to their supervisor, field OHS specialist, or the company's corporate manager. Employees can also raise any OHS issues by submitting a 'Near Miss' and 'Stop Card' letterforms or contacting the corporate Hotmail. The reporting of 3,894 near misses over FY2024 was a testament to the effectiveness of the hazard identification processes in place. 99% of these near misses were resolved, demonstrating a strong commitment to mitigating potential risks. Additionally, 912 Walk the Talk sessions were held, providing employees with the opportunity to engage in discussions about safety improvements. Workplace health and safety policy ensures the protection of whistleblowers from any form of retaliation.

Kernel's OHS training program allows our employees to deepen their understanding of key principles in labor safety and OHSMS while gaining specific skills to prevent, minimize, and appropriately respond to hazardous situations on worksites. All employees are obligated to take OHS e-learning courses (a general course for all employees and specialized courses tailored to different business operations and professions) followed by a test. Employees involved in high-risk work take mandatory specialized training, followed by exams and authorization to begin work. In addition,

Key diversity and equality indicators

(as of 30 June)

	FY2022	FY2023	FY2024
Percentage distribution of individuals within the Board of Directors			
<i>by gender</i>			
Male	50%	62%	75%
Female	50%	38%	25%
<i>by age</i>			
30-50 years old	75%	88%	88%
more than 50 years old	25%	13%	13%
Percentage distribution of individuals within the Executive Management Team			
<i>by gender</i>			
Male	67%	80%	80%
Female	33%	20%	20%
<i>by age</i>			
30-50 years old	87%	87%	87%
more than 50 years old	13%	13%	13%
Percentage distribution of individuals among employees			
<i>by gender</i>			
Male	72%	74%	74%
Female	28%	26%	26%
<i>by age</i>			
less than 30 years old	14%	15%	14%
up to 50 years old	61%	28%	56%
more than 50 years old	24%	57%	30%

Kernel provides employees with training on appropriate response actions in dangerous situations, such as fire, that involve state rescue services and specialized equipment.

Human rights, diversity, and inclusion

Kernel has an unwavering commitment to human rights, which is a fundamental principle employed at every corporate level and extrapolated to our suppliers and business partners. Our position on internationally proclaimed human rights is defined in our [Sustainability development and corporate social responsibility policy](#) and aligned with the principles of the **UN Global Compact**, which Kernel signed in 2020.

As a signatory, Kernel is dedicated to safeguarding human rights and equal opportunities for women, persons with disabilities, local opportunities, smallholder farmers, and workers, including those under temporary contracts, sub-contractors, and migrant workers. We are also committed to not undertaking any activities that have a negative impact on the human rights of children and indigenous people. Indeed, there is no forced or child labor involved in any of Kernel's operations; the company was not complicit and did not commit violations of any other human rights in the reported period. We annually report our performance as part of the Communication on Progress on the UN Global Compact.

Our suppliers and business partners are

equally obligated to respect human rights as part of their mandatory compliance with Kernel's [Code of interaction with suppliers](#), a mandatory compliance requirement included in all agreements with counterparties. The Code requires our counterparties to ensure equal opportunities for their employees, diversity, and a ban on forced and child labor in their operations.

At Kernel, we believe in respect for diversity among our employees as one of the fundamental human rights and freedoms, and its empowerment is integral for ensuring our success, market competitiveness, and long-term value for our stakeholders. Our approach to safeguarding equal opportunities and a non-discriminatory working environment is guided by the Luxembourg Law of 23 July 2016² and our [Anti-Discrimination and Diversity, Equality and Inclusion](#) (hereinafter – DE&I policy) policies.

In line with DE&I policy, Kernel aspires to reach at least 30% representation of each gender within the company's corporate bodies, namely the Board of Directors and the Executive Management Team. We have designated individuals and teams responsible for implementing the DE&I Policy at every corporate level, ensuring the adoption of diversity, equality, and inclusion principles in all business activities of Kernel. At the Board of Directors' level, matters related to the integration of diversity principles are overseen by the

¹ 'Gold Safety Rules' initiative recognizes best set of labor safety requirements, composed by employees themselves; 'Walk the Talk' projects was launched to allow OHS specialists and manager explore gaps in OHSMS by interviewing employees and discussing their ideas on improvements.

² Luxembourg Law of 23 July 2016 on disclosure of non-financial and diversity information, implementing the European Directive 2014/95/EU.

Human capital **continued**

Nomination and Remuneration Committee, whereas the Chief Executive Officer is responsible for the implementation of the DE&I Policy throughout the company. Additionally, in FY2024, Kernel surveyed gender equality among workers. The results showed that 97% of employees are confident that the Group is committed to cultural diversity and equal opportunities and that their working environment supports gender equality.

Under the Anti-discrimination policy, we are committed to ensuring equal employment opportunities and a non-discriminatory working environment for all categories of individuals. In FY2024, the share of socially vulnerable employees was 8% out of the total number of employees, and 5% of all employees were individuals with disabilities.

Kernel has a grievance mechanism through which the company's employees and counterparties have an opportunity to submit complaints related to human rights violations or discriminatory actions, as well as to receive redress if an investigation determines that such violations took place¹.

Freedom of association and collective bargaining

At Kernel, we believe that every employee has a right to be a part of associations and collective bargaining agreements. Our stance is delineated in the [Freedom of associations and unions policy](#) and aligned with the principle of the UN Global Compact to uphold **the freedom of associations and the effective recognition of the right to collective bargaining**. As of the end of FY2024, 89% of our employees were covered by collective bargaining, and 6% of all employees were members of the trade union.

¹ Submissions to the grievance mechanism can be made via (1) a toll-free round-the-clock hotline, (2) form on Kernel's website, (3) via email by writing to hotline@kernel.lu or compliance@kernel.lu, (4) Telegram chatbot 'KernelHotline'.

Social capital

Social capital

Anti-corruption and compliance

Our management approach to anti-corruption

At Kernel, we have zero tolerance for any fraudulent and corrupt activities, both among our employees and counterparties. Our position on anti-corruption and approach towards ensuring ethical compliance is embodied in Kernel's [Corporate Governance Charter](#), [Code of Conduct](#), [Anti-corruption policy](#),¹ and [Code of Interaction with Suppliers](#). In addition, all our agreements and tendering processes include the [Anti-corruption clause](#).

The requirements to adhere to our anti-corruption rules also apply to our partners in the Open Agribusiness project (i.e. small farmers cannot participate in our programs if their land lease agreements are not properly registered, their crop sales and business processes are not formalized, also if they are found to be involved in shadow operations or avoid paying taxes); and students of Kernel's Open Agro University, who might be employed at the company after graduation. Responsibility to enforce provisions of these documents centrally lies on Kernel's compliance officer, who reports directly to the CEO and the Audit Committee on the Board of Directors, whereas the corporate culture of integrity and compliance is driven by the «Tone at the Top» principle. There are also regional compliance coordinators, whose role is to implement anti-corruption and compliance standards, as well as ensure ongoing improvement of ethically correct corporate culture on Kernel's operational assets. The compliance officer is also responsible for the provision of confidential advice on compliance practices to Kernel's employees at their request. In FY2024, there were 49 such requests.

Kernel is also a member of several professional associations and international initiatives, under which the company made public commitments to promote transparency and zero tolerance for fraudulent activities. Kernel is a member of the Ukrainian **Network of Integrity and Compliance (UNIC)** and a signatory to the **UN Global Compact** and the **UN Anti-corruption Collective Action Memorandum**. Additionally, for Kernel, these platforms are effective ways to exchange best corruption prevention practices between businesses and to drive the corporate culture of integrity in the agriculture sector.

Identification and prevention of corruption risks

Key anti-corruption and compliance indicators in FY2024

(as of 30 June 2024)

Number of confirmed incidents of corruption	55
Number of employees dismissed for corruption	36
Number of public legal cases on corruption brought against Kernel	0
Number of confirmed incidents of contracts with business partners being terminated due to corruption	0
Total number of submissions to Kernel's channels of informing on misconduct	25
Total number of managers and specialists who completed the procedure on declaration of conflicts of interest	2,854
Total number of employees who took anti-corruption trainings	123
<i>by employee category</i>	
Managers	5
Specialists under high compliance risks	99
Workers	19
Total number of Open Agro University students who took anti-corruption trainings	82

In FY2024, Kernel continued strengthening its compliance framework and anti-corruption measures, while also achieving significant milestones across various initiatives. All our operations are regularly screened against risks of corruption. The company identified a total of 19 risks; the most significant risks include: (1) obtaining undue benefits, that might lead to financial losses and reputational damages; (2) conflict of interest; (3) work for other companies and entrepreneurial activities. Managers and specialists are obligated to undergo annual conflict of interest declarations, and all employees are trained to recognize and mitigate potential conflicts. Screening for corruption risks is also integral to Kernel's hiring process, particularly for candidates with governmental backgrounds.

Regarding the identification of corruption incidents among counterparties, Kernel's security department conducted 116 compliance KYC (Know Your Customer) assessments for all counterparties. This department also processed all 960 signals received via the Hotline according to established procedures involving compliance officers for additional scrutiny in cases of medium or high corruption risks, conflicts of interest, or concerns about international sanctions (116 cases in FY2024). The compliance manager verifies contracts, especially when amendments to the Anti-corruption clause are proposed (98 cases in FY2024). Dedicated channels, including anonymous reporting, allow stakeholders to raise concerns about corruption risks, all managed by the compliance officer with protection in place for whistleblowers.

The implementation of electronic conflict of interest declarations, now available at any time, was a significant improvement over the last reporting period. A webinar on conflict of interest

was conducted for all employees to enhance awareness and understanding of the new process. Conflict situations identified through annual declarations were promptly addressed, with 36 compliance checks conducted for job candidates to mitigate conflicts of interest. Furthermore, in FY2024, Kernel conducted an ethics and compliance survey, revealing 100% awareness among workers, specialists, and managers regarding Kernel's internal standards, policies, and controls in compliance, anti-corruption, and corporate ethics.

Our anticorruption practices and approaches to enhancement of the culture of transparency and integrity are demonstrating positive results. Over the last four years, the occurrence of corruption has been steadily declining. In FY2024, a total of 55 cases of corruption were confirmed. Incidents of theft by employees have decreased by 38% compared to the previous reporting period and accounted for 37 cases in FY2024.

In FY2024, all internal compliance documents have been fully updated to adhere to the legislative and regulatory standards. The thorough updating of the Anti-corruption policy led to practical improvements within the company's corporate structure. Additionally, a comprehensive Sanctions Policy was developed, implemented, and effectively communicated to all employees. This policy plays a crucial role in managing critical issues such as exports to sanctioned countries. It provides Kernel's partners with a clear understanding of the Group's position on sanctions regulations, including those imposed as the result of the Russian invasion of Ukraine.

Kernel's leadership in compliance was further demonstrated through the launch of the Partner Compliance Program, featuring the

¹ Anti-corruption policy is aligned with requirements of national legislation, the US Foreign policy Corrupt Practices Act (FCPA), the UK Bribery Act (UKBA), the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and reflects provisions of anti-corruption legislation of the countries with Kernel's presence

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School of Integrity, accessible on Kernel's website. This initiative aims to promote a culture of compliance among partners and stakeholders, enhancing transparency and ethical practices throughout operations. The Group's commitment to ethical standards and regulatory compliance is evident in its continuous education efforts and the seamless integration of compliance measures into daily operational activities.

Our actions on gender-based violence

Throughout FY2024, Kernel proactively promoted gender equality and took steps to prevent gender-based violence. We introduced new posters around our offices highlighting issues of gender and domestic violence, aiming to raise awareness of available support and protection services. Additionally, we participated in the international corporate flash mob event 'The 16 Days Against Violence,' which began on the International Day for the Elimination of Violence against Women (November 25th). As part of this initiative, employees wore orange clothing, symbolizing the campaign, and shared their support on social media using the hashtag #WeAreAgainstViolence. This flash-mob aimed to spotlight the critical issue of violence and emphasize that help is always available.

Economic performance and impact

Economic performance is the most important KPI managing the performance-based part of compensation. As a diversified agro-industrial business in Ukraine with leading positions across all business segments, we generate a significant direct economic impact on our stakeholders in areas of all our operations. Direct economic impact includes our purchasing of goods from suppliers, dividends paid to shareholders, wages and benefits paid to our employees, financial expenses paid to creditors, income taxes paid to the public sector, and community investments. Additionally, economic value is retained for reinvestment, aimed at increasing the company's capitalization and supporting future growth.

EU Taxonomy

Kernel reports its contribution to the European Union's environmental objectives of climate change mitigation and climate change adaptation in line with the guidelines laid down in the **EU Taxonomy** regulations. In response to these requirements, we have undertaken a comprehensive analysis of our economic activities, the revenue they generate as well as our capital (CapEx) and operational (OpEx) expenditures. Besides, we identified the share of activities that meet the EU Taxonomy criteria or, in other words, are considered

Key economic performance indicators

USD million	FY2022	FY2023	FY2024
Direct economic value generated	5,409	3,394	3,642
Revenue	5,332	3,455	3,581
Net IAS 41 effect	13	(115)	(10)
Other operating income	64	54	71
Economic value distributed			
Operating costs, of which	(5,317)	(2,955)	(3,366)
<i>employee wages and benefits</i>	(245)	(229)	(257)
Finance costs	(119)	(122)	(69)
Community investments	(26)	(12)	(25)
Other costs	9	63	29
Total charges	(5,453)	(3,026)	(3,431)
Income tax	3	(69)	(43)
Dividends paid	(34)	-	-
Total economic value distributed	(5,484)	(3,095)	(3,474)
Economic value retained	(75)	299	168

'environmentally sustainable'.

The identified taxonomy-eligible economic activity falls under the category '**Electricity generation from bioenergy**'¹ and refers to the production of electricity from biomass, namely sunflower seed husk, at our co-generation heat and power (CHP) plants. This 'green CapEx' investment project, launched in 2017 and completed in 2024, resulted in six CHP units with a combined electricity generation capacity of 84.4 MW.

Our taxonomy-eligible activity has the potential to save up to 700 thousand tCO₂e of national emissions every year, contributing significantly to Ukraine's transition to a net-zero emissions economy. As of FY2024 Kernel has been operating five CHPs with the last plant to be commissioned in FY2025.

Support of local communities and society as a whole

Our management approach toward social impact

At Kernel, we are driven to maximize our

positive social impact within the area of our biggest expertise by sharing our knowledge and experience with farmers and educating future generations of specialists in agriculture and food sectors. We strive to be a responsible neighbor and reputable partner to local communities and support the Ukrainian society overall. These priorities are reflected in our **Sustainable development and corporate social responsibility policy**. The company's approach towards effective interaction with different groups of stakeholders is guided by the Stakeholder engagement policy aligned with the IFC's performance standard, which includes an extensive plan of our interactions with key stakeholders like local communities.

Responsibility for identification and practical interaction with stakeholders lies in a team of assets-based public relations managers, who act as Kernel's representatives in regions, communicating with landowners, local officials, and the media. They also reach out to communities in rural regions, helping them with employment on Kernel's assets, as well as coordinating our regional social projects

Taxonomy-eligible share of Kernel's economic activities

USD million	FY2023		FY2024	
	Amount	Share	Amount	Share
Revenue, including	3,455.0	100.00%	3,581.0	100.00%
<i>taxonomy-eligible</i>	28.8	0.83%	48.7	1.36%
<i>taxonomy non-eligible</i>	3,426.2	99.17%	3,532.3	98.64%
Capital expenditure¹, including	101.2	100.00%	158.8	100.00%
<i>taxonomy-eligible</i>	5.4	5.32%	5.7	3.58%
<i>taxonomy non-eligible</i>	95.8	94.68%	153.1	96.42%
Operational expenditure, including	2,955.0	100.00%	3,176.0	100.00%
<i>taxonomy-eligible</i>	18.3	0.62%	24.0	0.76%
<i>taxonomy non-eligible</i>	2,936.7	99.38%	3,152.0	99.24%

Note 1: Additions in CIP and uninstalled equipment for the respective period (Note 15).

¹ NACE code D35.11 in accordance with the statistical classification of economic activities, established by Regulation EC No 1893/2006

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and initiatives. Communication with representatives of local communities and other stakeholders is also performed via dedicated channels of information, and grievance mechanisms, through which they can submit their inquiries and receive extensive feedback (in FY2024 we received a total of 705 calls via a toll-free hotline).

Support of the Armed Forces of Ukraine and the society in wartime

People have always been the main value for Kernel and our mission to ensure their safety and wellbeing have been of highest priority amid wartime in Ukraine. From the beginning of Russia's full-scale invasion of Ukraine, Kernel has been taking a leadership position among Ukrainian businesses in providing help and support to the Ukrainian society and the army during wartime. Our support has been both financial, such as purchases of military equipment, medicine, and cars, and non-monetary, namely humanitarian aid directed to the army and internally displaced people, such as food supplies and provision of temporary shelter for internally displaced people.

Social projects and charity spending

We direct our charity and social investments towards the following categories of projects:

- **Infrastructure investments:** maintenance and repairs of roads, bridges, street lighting, waterpipes, bus stops and others.
- **Education:** maintenance and repairs of schools, kindergartens, and playgrounds; providing necessary equipment to educational institutions.
- **General charity:** targeted support of landowners in need, orphanages, and nursing homes, severely ill people, and cash donations to other charity organizations.
- **Sport and culture:** building and repairs of libraries, athletic fields, community cultural centers, and sacral buildings; supplying equipment for gyms; sponsorship of sports and cultural events.
- **Healthcare:** maintenance and renovation of rural health posts and purchases of medical equipment.

Educating the next generation of agriculture specialists

In FY2024 Kernel continued its educational project, Open Agro University, aimed to nurture the next generation of agricultural professionals. This program focuses on seven key agricultural, production, and technical professions, namely:

- Agronomist;
- Power engineer;
- Mechanical engineer in farming;
- Mechanical engineer in production;
- Engineers of process automated control systems;
- Technology engineer in oil production;

Key social impact indicators in FY2024

(as of 30 June 2024)

	25,129
Total amount of social spendings <i>USD thousand</i>	
Non-material support of the Armed Forces of Ukraine	
<i>psc</i>	
Military helmets	20
Military uniform sets	3,390
Means of communication	67
Thermal imagers	157
Unmanned aerial vehicle (UAV)	62
Quadcopters	2,345
Air defense systems	74
Humanitarian aid	
Sunflower oil, <i>liters</i>	3,394
Machinery and other aid, <i>psc</i>	423
Medical aid	
Medicine and medical equipment, <i>psc</i>	1,654

- Technology engineer in laboratories and silos.

By FY2024, 45 students have successfully graduated from the program, and 100 more are currently enrolled. Graduates and students receive high-quality education and hands-on experience, preparing them for successful careers in the agricultural sector. The team of experts includes more than 100 Kernel's in-house experts, professors from Ukraine's leading universities, global producers of agriculture machinery, fertilizers and crop protection agents, and international experts. Having successfully completed the program, project participants become employed at Kernel. The process of selecting the program's participants is inclusive and diversity-driven, providing equal opportunities for candidates of different genders from different background.

Sharing our expertise with farmers

Launched in 2018, Kernel's Open Agribusiness project is designed to help farmers in Ukraine sustainably increase their yields and improve technological and business management approaches to reduce cost, maximize income, and build resilience to risks and volatilities. We share our expertise and provide practical assistance to Open Agribusiness partners. In return, they supply a minimum of 80% of their yields to Kernel. As of the end of FY2024, the Open Agribusiness has 42 partners, which cover a total of 148 thousand hectares of landbank. Even during the war, Kernel continued to support these partners with agronomic consulting, technological mapping, and productivity improvements.

In addition, over FY2024 Kernel continued developing the market-wide practice of

establishing Water Use Organizations (WUOs). The idea behind WUOs is to unite small- and medium-sized farmers and to simplify their irrigation resources. Yes, as part of the support for Law 2079-IX "On Water User Organizations and the Stimulation of Land Hydrotechnical Reclamation" the Prydniprovskiy cluster of Kernel (PrJSC "Prydniprovskiy Krai") initiated the creation of two WUOs – "Hradizka" in the Poltava region and "Dmytrivska" in the Cherkasy region. The project was supported by the public union "All-Ukrainian Agrarian Council" and the European Bank for Reconstruction and Development.

Interactions with suppliers

Quality interactions with suppliers are one of the key aspects of Kernel's ESG and climate governance agenda. The main purpose is to identify opportunities for cooperation, explore ways to improve our climate-related performance (reduction of Scope 3 GHG emissions), and extrapolate our practices across our supply chain, which includes suppliers of grain and oilseed as well as our partners in the Open Agribusiness program.

In FY2024 we continued to communicate with our suppliers of nitrogen fertilizers to collect data on carbon footprint for the purpose of Scope 3 calculations. The purchase of fertilizers is one of the most material categories of Kernel's Scope 3 emissions and the purpose of such interaction is to minimize the uncertainty of calculations. In exchange, we are also prepared to provide our data on GHG emissions from the application of N-fertilizers and, therefore, contribute to the advancement of Scope 3 emissions accounting globally. We believe that the collection of such data from domestic producers of fertilizers will be simplified once companies begin reporting in line

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with CBAM regulations (Carbon Border Adjustment Mechanism).

The purpose of this exercise, from the long-term perspective, is also to identify ways to optimize the portfolio of suppliers to reduce the carbon footprint of purchased fertilizers. This would be an initial step in addressing one of the climate transitional risks associated with the target of the EU's 'Fit for 55' package to reduce emissions by 61% before 2030. Given that the production of intermediates for nitrogen fertilizers, namely nitric acid, ammonia, and hydrogen, is covered by the scope of the EU Emission Trading Scheme, it is expected that the cost of EU-originated fertilizers will increase significantly in the following years.

Kernel's process of supply chain management consists of four stages:

- Setting E&S standards.** Our expectations of suppliers' environmental and social performance are defined by relevant provisions of the Code of interaction with suppliers and the Anti-corruption Clause, which reflect Kernel's commitments to the principles of the UN Global Compact and Sustainable Development Goals. They include requirements on ethics, fair business practices, human rights, occupational health and safety, and environmental protection.
- Ensuring obligatory E&S compliance.** Before entering business relationships, all counterparties are obligated to sign Kernel's Anti-corruption clause of a contract. Kernel is entitled to verify compliance with relevant provisions and terminate contracts if non-compliance is identified.
- Compliance verification.** The procedure for confirming suppliers' compliance with Kernel's E&S requirements consists of two levels. First, all potential counterparties undergo initial screening by the corporate Economic Security Service. Environmental and social criteria are included in the scope of initial screening, focusing on the analysis of the location and nature of suppliers' operations, certification by relevant E&S standards, such as ISCC, ISO14001, and ISO18001, as well as the outcomes of environmental inspections, etc. The second level of verification is an audit that involves visits to suppliers.
- Production facilities, interviews with management and personnel, and review of relevant documentation.** In the process of verification, we provide feedback to suppliers regarding possible ways to improve their E&S performance, if required.
- Application of business consequences.** Based on the results of audits, Kernel either continues cooperation with counterparties or suggests corrective measures if non-compliance with our E&S requirements is identified and monitors their implementation. Another possible consequence of suppliers' non-observance is the termination of

business relationships.

Onsite contractors also undergo compliance checks for anti-corruption risks, OHS, and environmental performance at the stage of tendering. According to the template provisions in Kernel's counterparty contracts, onsite contractors are obligated to complete OHS drills before entering the company's facilities; prepare the OHS management plans, which need to be approved by Kernel; report on waste management procedures, etc.

Our overall approach to managing OHS of onsite contractors is implemented in line with the **ISO 45001:2018 standard**.

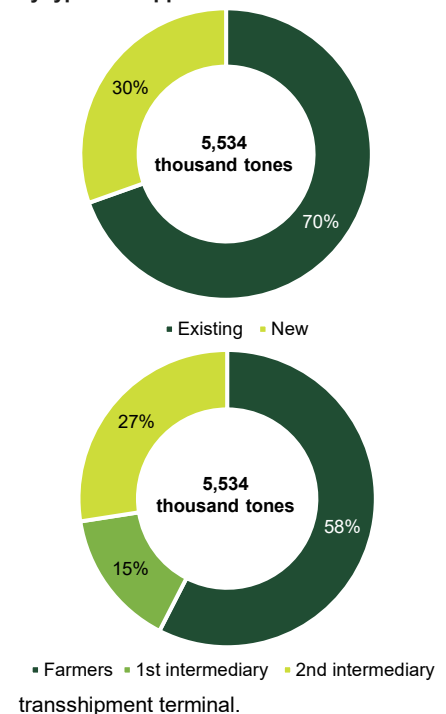
Product quality and customer safety *Our management approach to product quality and customer safety*

Kernel's FY2024 performance in product quality demonstrates our unwavering commitment to safety, compliance, and excellence in agricultural production. Our adherence to rigorous certification standards and proactive management of health and safety impacts ensure that our products meet the highest standards of quality. By maintaining and improving these practices, Kernel continues to set the benchmark in the industry, contributing to sustainable and safe agricultural production.

Our management approach towards ensuring the highest quality of our goods is embodied in Kernel's Product Quality and Safety Management policy. The policy is aimed at establishing a unified system of managing issues related to product quality and safety and creating conditions for its continuous development in line with international standards (ISO, GMP+, ISCC, IFS, BSCI, etc.) and Sustainable Development Goals. At the center of our approach is the preventive food management system, which seeks to mitigate potential risks of biological, chemical, and physical hazards before they become material.

We adhere to the highest standard of quality in both the final goods and production processes throughout the whole value chain. Our oil-extraction plants are certified with ISO 9001 "Quality management system" and ISO 22000 "Food safety management" standards, which integrate the principles of the Hazard Analysis and Critical Control Point (HACCP) system and application of procedures developed by the Codex Alimentarius Commission. The ISO 9001 standard also covers our export terminal. In addition, most of our assets are certified with ISO 14001 "Environmental management" and ISO 45001 "Occupational health and safety", namely key trading company Kernel-Trade, six oil extraction plants, two farming clusters, fifteen silos, and one

Volumes of purchased grains and oilseeds by types of suppliers in FY2024



Our approach and the overall system of food safety and quality are managed by an internal quality management team. Besides, they undergo regular inspection and verification by independent third-party auditors. The scope of the audit covers production, storage, distribution, and supply processes; 100% of significant products are assessed regarding the improvement of health and safety impacts. In FY2024, a total of

112 independent audits were successfully passed, which were performed throughout 259 days.

The number of days spent on audit in FY2024 increased by 83 days compared to the previous year because verification under the new ISCC certificates requires screening of the supply chain.

There were no instances of non-compliance with regulations or voluntary codes, which would have resulted in fines, penalties, or warnings.

Quality of sunflower oil

Kernel's oil-crushing and bottling processes in Poltava are certified under the BSCI standard (grade A), reflecting our commitment to social responsibility as an employer and maintaining high standards of social performance. Our laboratory is also certified (ISO 17025 "General requirements for the competence of testing

Social capital continued

and calibration laboratories”), and conducts regular sample analysis of sunflower oil, meal, and grain to confirm their compliance with quality standards. Our TransBulkTerminal is certified for conducting fumigation activities in accordance with Gafta standards.

Furthermore, our production assets are compliant with Kosher, Kosher Passover, Badatz, and Badatz Passover requirements of Jewish dietary regulations, as well as the Muslim Halal food standards. Four of our plants are registered by the U.S. Food and Drug Administration (FDA), making our sunflower oil, including high oleic sunflower oil, in bottles and flexi-tanks suitable for the USA market. In addition, Poltava OEP is certified in accordance with IFS, which allows us to sell bottled sunflower oil and sunflower oil in flexitanks to European countries. Additionally, one of our plants obtained a country-specific license to sell sunflower oil to South Korea. We supply bottled sunflower oil to reputable international retail chains (Metro, Walmart, Maxima, etc.).

Five of our oil extraction plants, as well as our trading entities, are certified in line with ISCC EU standards, which makes the production of sunflower oil and meal compliant with the legal sustainability requirements of the EU Renewable Energy Directive (RED II) and Fuel Quality Directive.

Quality of meals

Our whole value chain of protein meal is certified with the applicable feed quality and safety standard, namely GMP. All our oilseed processing plants are certified with GMP+B1; our export terminals, as well as trading entities, Kernel-Trade and Inerco, are certified with GMP+B3, ensuring feed safety in the collection, storage, transshipment, and trade of meals. Finally, our Switzerland-based trading entity, Inerco, is also compliant with GMP+B4, which demonstrates feed safety in transportation and affreightment.

In addition, three of our oil extraction plants, as well as two trading entities, Kernel-Trade and Inerco, are certified in line with ISCC PLUS, with regards to meal production. Our sunflower meal is also suitable for export to China as it complies with country-specific regulations.

Quality of crop production and storage

Within the whole landbank of Kernel, 363 thousand hectares are certified with ISCC EU requirements, which ensures that crop production is performed in environmentally and socially sound ways. Under this certification produced crops are considered compliant with biofuel supply chain sustainability requirements outlined in the EU RED II. At all our

Matrix of Kernel's product quality certification

Standard	Oilseed processing plants						Terminals			Trading		Farming	Total
	Bandurka	Kropyvnytskyi	Poltava	BSI	Prydniprovskiy	Starokostiantyniv	TransBulkTerminal	TransGrainTerminal	OilExportTerminal	Kernel-Trade	Inerco		
ISO 9001	✓	✓	✓	✓	✓	✓	✓						7
ISO 22000	✓	✓	✓	✓	✓	✓		✓	✓				8
GMP+R 1.0	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	15
ICS			✓										1
Kosher	✓	✓	✓		✓	✓							5
Kosher Passover			✓										1
Badatz Passover			✓										1
Halal	✓	✓	✓		✓	✓							5
FDA registration		✓	✓		✓								3
ISCC EU	✓		✓	✓	✓	✓				✓	✓	✓	8
ISCC PLUS	✓			✓	✓	✓				✓	✓		6
BRCGS			✓										1
IFS			✓										1
Gafta							✓						1
China (meal sunflower)	✓	✓	✓	✓	✓	✓							6
China (oil sunflower)	✓	✓	✓	✓	✓	✓							6
China (meal rapeseed)	✓			✓	✓	✓							4
China (oil rapeseed)	✓			✓	✓	✓							4
ISO 14001										✓			1
ISO 45001										✓			1
Total	11	8	14	9	12	11	3	2	1	5	3	6	85

✓ certificates obtained in FY2024

grain silos we build our food safety management system on the **HACCP principles** (Hazard Analysis Critical Control Point), namely: (1) conduct a hazard analysis, (2) determine critical control points (CCPs), (3) establish critical limits, (4) establish monitoring procedures, (5) establish corrective actions, (6) establish verification procedures, and (7) establish record-keeping and documentation procedures.

Implementation of these principles aims to prevent and reduce the occurrence of food safety risks through analysis and control of biological, chemical, and physical hazards throughout the production chain.

About the report

About the report

Disclosure of non-financial information as part of Kernel's Annual report is one of the key channels of communicating our performance to stakeholders in terms of sustainable development and climate actions, as well as our progress on creating long-term business value by integrating ESG principles in our operations.

This report is prepared in line with the Global Reporting Initiative (GRI) standard, Core option. When identifying the content of the report we also ensure compliance with relevant regulations, including the Luxembourg Law of 23 July 2016 on disclosure of non-financial and diversity information (the "Law of 23 July 2016"), implementing the European Directive 2014/95/EU.

Stakeholder engagement

Kernel identifies a total of 12 groups of stakeholders that are subject to inter-influence and ongoing interaction with the company. These influences and stakeholders' categorization are identified in Kernel's management vision, as well as an analysis of the dynamics in stakeholders' feedback and media screening. The company's management regularly reviews the list of stakeholder groups.

Our approaches towards interactions with stakeholders are governed by the Stakeholder Engagement Policy aligned with relevant IFC Performance Standards.

Material topics and report content

Evaluation of topics' materiality and content of the 'Sustainability' section of this report is based on the results of the stakeholder engagement process, throughout which we identified interests and expectations of key stakeholder groups, namely capital providers (shareholder and debt providers), regulatory authorities, employees, and environmental/social NGOs. This was complemented by the management's assessment of priorities and the importance of different aspects of the company's sustainability, or ESG, agenda.

The materiality of such topics has been assessed against two criteria: (1) influence on stakeholder assessments and decisions; and (2) significance of economic, environmental, and social impacts. The topics with the highest combination of scores for both criteria were defined as material. Furthermore, Kernel's executive management approved the list of topics that are subject to disclosure in the 'Sustainability' section of the report. Boundaries for material topics include Kernel subsidiaries where the company has operating control unless stated otherwise. All identified topics are considered material both internally and externally. The content of this section of the report

Methods of engagement with key stakeholder groups

Stakeholder groups	Engagement method
Employees	Learning and development programs Internal communications Corporate social media and the company's website Corporate hotline for submitting compliance related inquiries HR Conference and Strategic sessions for each business division
Shareholders, creditors, bondholders	Annual reports, three quarterly reports; Annual General Meetings Corporate social media and the company's website Online/offline one-to-one meetings Online communication via email and investors' questionnaires Roadshows and site visits; Investment conferences
Local communities	Environmental and social impact assessments Online/offline one-to-one meetings Dedicated channels of corporate social media and the company's website Hot line for submitting compliance related inquiries Printed material distributed among communities
National and local government	Online/offline one-to-one meetings Corporate social media, the company's website and the website of the charitable foundation "Together with Kernel" Local and national media Corporate hotline for submitting compliance related inquiries
Civil society organizations/NGOs	Online/offline one-to-one meetings Corporate social media and the company's website; Annual reports Corporate hotline for submitting compliance related inquiries
Local and national media	Corporate social media and the company's website Online/offline one-to-one meetings Email communications
Customers	Corporate social media; website of Company and company's brand names Brand exhibitions and specialized events; annual reports Corporate hotline for submitting compliance related inquiries Customer research and brand health tracking
Partners (Open Agribusiness)	Online/offline one-to-one meetings Online communication via email Brand exhibitions and specialized events
Suppliers	Supply Chain Sustainability Program Online/offline one-to-one meetings Corporate social media and the company's website
Certification bodies	Online/offline one-to-one meetings; site visits Disclosure/application requirements for certification bodies

also reflects our Communication on Progress in implementing principles of the UN Global Compact, namely:

- **Human rights and Labor** (chapter 'Human capital');
- **Environment** (chapter 'Environmental capital');
- **Anti-corruption** (chapter 'Social capital').

Matrix of Kernel's material ESG topics

Category of impact	Material topic	Topic boundary
Social capital	Economic performance and impact	All business segments
	Anti-corruption and compliance	All business segments
	Support of local communities and society as a whole	All business segments
	Product quality and customer safety	All business segments
Environmental capital	Interactions with suppliers	All business segments
	Energy management	All business segments
	Water and effluents management	All business segments
	Waste management	All business segments
	Biodiversity management	Farming
Human capital	Climate actions	All business segments
	Monitoring of environmental impacts and ecological compliance	All business segments
	Employment	All business segments
	Training and career advancement	All business segments
Human capital	Human rights, diversity, and inclusion	All business segments
	Freedom of associations and collective bargaining	All business segments

GRI Content Index

Material topic	Disclosure number	Disclosure title	References and comments
GRI 102: General Disclosures 2016. Organizational profile	102-1	Name of the organization	Kernel Holding S.A.
	102-2	Activities, brands, products, and services	Our business model (p.6), Kernel's corporate web-site
	102-3	Location of headquarters	Kyiv, Ukraine
	102-4	Location of operations	Key Kernel's assets located in Ukraine (p. 7)
	102-5	Ownership and legal form	Group structure (p.97), Share capital and significant shareholders (p.98)
	102-6	Markets served	Geographic locations: sunflower oil sold in bulk (p. 14) bottled sunflower oil (p.14), grain export markets (p.14) Sectors served: food and agriculture. Types of customers and beneficiaries: global soft commodity traders and processors of agricultural commodities, feed compounders, retail chains, and distributors
	102-7	Scale of the organization	Total number of employees: (p.55) Total number of operations: three business segments: Oilseed Processing, Infrastructure and Trading, and Farming (p.6, 7, 105). Net revenues: key highlights (p.2) Total capitalization: market capitalization (for updated figures please see Kernel profile on Warsaw Stock Exchange website); credit metrics (p.10) Quantity of products or services provided: Kernel a Glance (p. 7)
	102-8	Information on employees and other workers	General employment information (p.55) Workers who are not employees perform an insignificant portion of activities. Significant variations in the numbers include only seasonal variations of employees in the Kernel farming business, which does not exceed 6% of the total headcount. Data compiled by Kernel employee accounting system; General employment information
	102-9	Supply chain	Our Business Model (p.6), Interactions with suppliers (p.64) Types of suppliers: independent farmers-suppliers of grain and oilseeds, suppliers of inputs to crop production (seeds, fertilizers, crop protection agents, fuel), suppliers of other inputs (natural gas, energy)
	102-10	Significant changes to the organization and its supply chain	There were no significant changes to the Kernel supply chain in FY2024.
	102-11	Precautionary Principle or approach	The Group's entities apply the Precautionary Principle through maintaining compliance with the Law of Ukraine on Environmental Impact Assessment (p.47). The law requires a promoter to provide scientific evidence of no threats of serious or irreversible environmental damage associated with the planned development and activities. Unless such evidence is presented, no statutory authorization can be granted to the development and activities in question. The same principle works for environmental permitting. No emission or water use permit can be granted unless an applicant presents evidence of impacts staying below established thresholds (environmental quality standards). Kernel's subsidiaries hold all applicable environmental permits (p.47)
	102-12	External initiatives	Kernel endorses the following externally-developed economic, environmental, and social charters,

GRI Content Index **continued**

Material topic	Disclosure number	Disclosure title	References and comments
			principles, and other initiatives: International Labour Organization's Fundamental Principles and Rights at Work; United Nations Global Compact (UNGC); United Nations Universal Declaration of Human Rights; Carbon Disclosure Project (CDP); Task Force on Climate-Related Financial Disclosures (TCFD); Global Reporting Initiative (GRI).
	102-13	Membership of associations	Kernel, through its subsidiaries, is a member of several industry associations in Ukraine, including: European Business Association (incl. Logistics Committee); American Chamber of Commerce ; Ukrainian Grain Association ; Ukrainian Agrarian Association ; U.S.-Ukraine Business Council ; Federation of Oils, Seeds, and Fats Associations ; Grain and Feed Trade Association ; UkrOliyaProm ; Ukrainian Network of Integrity and Compliance ; UN Global Compact Association "Ukrainian Agribusiness Club" (UCAB) Bioenergy Association of Ukraine
GRI 102: General Disclosures 2016. Strategy	102-14	Statement from senior decision-maker	Chairman's statement (p.3)
GRI 102: General Disclosures 2016. Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Business ethics and compliance section on Kernel's corporate website Sustainability section on Kernel's corporate website
	102-17	Mechanisms for advice and concerns about ethics	Anti-corruption and compliance (p.62)
GRI 102: General Disclosures 2016. Governance	102-18	Governance structure	The governance structure of the organization (p.73) In FY2022 the Company established a Sustainability committee at the Board of Directors, responsible for overseeing the development of the ESG and climate corporate governance agenda.
GRI 102: General Disclosures 2016. Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder engagement (p.67)
	102-41	Collective bargaining agreements	Freedom of association and collective bargaining (p. 61)
	102-42	Identifying and selecting stakeholders	Stakeholder engagement (p.67)
	102-43	Approach to stakeholder engagement	Stakeholder engagement (p.67)
	102-44	Key topics and concerns raised	Stakeholder engagement (p.67)
GRI 102: General Disclosures 2016. Reporting practice	102-45	Entities included in the consolidated financial statements	Notes 1 to the Consolidated Financial Statements (p. 97)
	102-46	Defining report content and topic Boundaries	Material topics and report content (p.67)
	102-47	List of material topics	Material topics and report content (p.67)
	102-48	Restatements of information	No restatements of information took place in FY2024
	102-49	Changes in reporting	There were no changes in the list of material topics and topic boundaries
	102-50	Reporting period	The financial year 2024 ended on 30 June 2024. See also Note 1 to the Consolidated Financial Statements
	102-51	Date of most recent report	27 October 2023 is the date of the most recent previous report, as a sustainability section of the FY2023 annual report
	102-52	Reporting cycle	Annual

GRI Content Index **continued**

Material topic	Disclosure number	Disclosure title	References and comments
	102-53	Contact point for questions regarding the report	sustainability@kernel.ua; ir@kernel.ua
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI content index	p.68-72
	102-56	External assurance	The Company does not have a policy regarding external assurance. The FY2024 Sustainability report was not externally assured.
GRI 201: Economic Performance 2016	<i>GRI 103: Management Approach 2016</i>		<i>Economic performance and impact (p. 63)</i> <i>Material topics and report content (p.67)</i> <i>About the Report (p.67)</i>
	201-1	Direct economic value generated and distributed	Economic performance and impact (p. 63)
	201-2	Financial implications and other risks and opportunities due to climate change	Approach to climate risk identification and management (p.48) Material climate-related risks (p.49)
	201-4	Financial assistance received from the government	Economic performance and impact (p. 63)
GRI 203: Indirect Economic Impacts 2016	<i>GRI 103: Management Approach 2016</i>		<i>Support of local communities and society as a whole (p.63)</i> <i>About the Report (p.67)</i>
	203-1	Infrastructure investments and services supported	Social projects and charity spending (p.64)
	203-2	Significant indirect economic impact	Support of local communities and society as a whole (p.63)
GRI 205: Anti-corruption 2016	<i>GRI 103: Management Approach 2016</i>		<i>Anti-corruption and compliance (p.62)</i> <i>About the Report (p.67)</i>
	205-1	Operations assessed for risks related to corruption	Anti-corruption and compliance (p.62)
	205-2	Communication and training about anti-corruption policies and procedures	<i>Anti-corruption and compliance (p.62)</i> . We do not provide a breakdown of communication and training by region, as all such activities happen in Ukraine
	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption and compliance (p.62)
GRI 302: Energy 2016	<i>GRI 103: Management Approach 2016</i>		<i>Energy management (p.41)</i> <i>About the Report (p.67)</i>
	302-1	Energy consumption within the organization	Energy management (p.41)
	302-3	Energy intensity	Energy management (p.41)
GRI 303: Water and Effluents 2018	<i>GRI 103: Management Approach 2016</i>		<i>Water and effluents management (p. 42)</i> <i>About the Report (p.67)</i>
	303-1	Interactions with water as a shared resource	Water and effluents management (p. 42), Environmental Protection Policy
	303-2	Management of water discharge-related impacts	Water and effluents management (p. 42)
	303-3	Water withdrawal	Water and effluents management (p. 42)
	303-4	Water discharge	Water and effluents management (p. 42)
GRI 304: Biodiversity 2016	<i>GRI 103: Management Approach 2016</i>		<i>Biodiversity management (p.45)</i> <i>About the Report (p.67)</i>
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas	Biodiversity management (p.45) Reason for omission - Confidentiality constraints. We omit disclosure of details of each separate site falling within the territory of a national park, as all such sites are lands, we lease from third parties, and a detailed list of such sites constitutes commercial information, as we compete for leasing land

GRI Content Index **continued**

Material topic	Disclosure number	Disclosure title	References and comments
			with other players in Ukraine.
		<i>GRI 103: Management Approach 2016</i>	<i>Climate actions (TCFD disclosure) (p.48)</i> <i>About the Report (p.67)</i>
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Kernel's Scope 1, Scope 2, Scope 3 greenhouse gas emissions and other air emissions (p.51)
	305-2	Energy indirect (Scope 2) GHG emissions	Kernel's Scope 1, Scope 2, Scope 3 greenhouse gas emissions and other air emissions (p.51)
	305-3	Other indirect (Scope 3) GHG emissions	Kernel's Scope 1, Scope 2, Scope 3 greenhouse gas emissions and other air emissions (p.51)
	305-4	GHG emissions intensity	Kernel's Scope 1, Scope 2, Scope 3 greenhouse gas emissions and other air emissions (p.51)
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	
		<i>GRI 103: Management Approach 2016</i>	<i>Waste management (p.43)</i> <i>About the Report (p.67)</i>
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste management (p.43)
	306-2	Management of significant waste-related impacts	Waste management (p.43)
	306-3	Waste generated	Waste management (p.43)
		<i>GRI 103: Management Approach 2016</i>	<i>Monitoring of environmental impact and ecological compliance (p.47)</i> <i>About the Report (p.67)</i>
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Monitoring of environmental impact and ecological compliance (p.47)
		<i>GRI 103: Management Approach 2016</i>	<i>Interaction with suppliers (p.64)</i> <i>About the Report (p.67)</i>
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Interaction with suppliers (p. 64)
		<i>GRI 103: Management Approach 2016</i>	<i>General employment information (p.55)</i> <i>About the Report (p.67)</i>
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	General employment information (p.55)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remuneration approach and benefits (p.55)
	401-3	Parental leave	General employment information (p.55)
		<i>GRI 103: Management Approach 2016</i>	<i>Occupational health and safety (p.58)</i> <i>About the Report (p.67)</i>
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational health and safety (p.58)
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational health and safety (p.58)
	403-3	Occupational health services	Occupational health and safety (p.58)
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety (p.58). The Company does not have a formal joint management-worker health and safety committee.
	403-5	Worker training on occupational health and safety	Occupational health and safety (p.58)
	403-6	Promotion of worker health	Occupational health and safety (p.58), Remuneration approach and benefits (p.55)
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety (p.58)
	403-8	Workers covered by an occupational health and safety management system	Occupational health and safety (p.58). No workers have been excluded from this disclosure. OHSMS covers all Group's entities and, respectively, all Group workers.
	403-9	Work-related injuries	Occupational health and safety (p.58). The main types of work-related injuries include slips, trips, and falls. No workers have been excluded from this disclosure.

GRI Content Index **continued**

Material topic	Disclosure number	Disclosure title	References and comments
GRI 404: Training and Education 2016		<i>GRI 103: Management Approach 2016</i>	<i>Training and career advancement (p.57) About the Report (p.67)</i>
	404-1	Average hours of training per year per employee	Training and career advancement (p.57)
	404-2	Programs for upgrading employee skills and transition assistance programs	Training and career advancement (p.57). We do not provide any specific transition assistance programs to facilitate the management of career endings resulting from retirement or termination of employment, apart from one-off severance payment or retirement benefits.
	404-3	Percentage of employees receiving regular performance and career development reviews	Training and career advancement (p.57)
GRI 405: Diversity and Equal Opportunity 2016		<i>GRI 103: Management Approach 2016</i>	<i>Human rights, diversity and inclusion (p.60) About the Report (p.67)</i>
	405-1	Diversity of governance bodies and employees	Human rights, diversity and inclusion (p.60)
GRI 407: Freedom of Association and Collective Bargaining 2016		<i>GRI 103: Management Approach 2016</i>	<i>Freedom of association and collective bargaining (p. 61) About the Report (p.67)</i>
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of association and collective bargaining (p. 61). We have no operations in which workers' rights to exercise freedom of association may be violated or at significant risk. We have not identified suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated.
GRI 412: Human Rights Assessment 2016		<i>GRI 103: Management Approach 2016</i>	<i>Human rights, diversity and inclusion (p.60) About the Report (p.67)</i>
	412-2	Employee training on human rights policies or procedures	Human rights, diversity and inclusion (p.60)
GRI 413: Local Communities 2016		<i>GRI 103: Management Approach 2016</i>	<i>Support of local communities and society as a whole (p.63)</i>
	413-1	Operations with local community engagement, impact assessments, and development programs	Support of local communities and society as a whole (p.63) 100% of operations in our Farming segment are involved in local community engagement, impact assessments, and/or development programs
	413-2	Operations with significant actual and potential negative impacts on local communities	Kernel is not aware of any significant negative impacts on local communities as a result of its activities.
GRI 414: Supplier Social Assessment 2016		<i>GRI 103: Management Approach 2016</i>	<i>Interaction with suppliers (p. 64) About the Report (p.67)</i>
	414-2	Negative social impacts in the supply chain and actions taken	Interaction with suppliers (p. 64)
GRI 416: Customer Health and Safety 2016		<i>GRI 103: Management Approach 2016</i>	<i>Product quality and customer safety (p.65) About the Report (p.67)</i>
	416-1	Assessment of the health and safety impacts of product and service categories	Product quality and customer safety (p.65) We assess health and safety impacts for improvement for all our significant products.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product quality and customer safety (p.65)

Corporate Governance

Main characteristics of Kernel

Group structure

Kernel Holding S.A. (the “Company”) is a Luxembourg-based public limited liability company (RCS Luxembourg B109173) established on June 15, 2005, with its registered office at 9 Rue de Bitbourg, L-1273 Luxembourg. It serves as the holding entity for a group of companies, collectively referred to as the “Group” or “Kernel”.

The list of primary subsidiaries is disclosed on page 97 of this report.

Listing on the WSE

The Company's shares have been listed on the main market of the Warsaw Stock Exchange (the “WSE”) since November 2007.

On 13 April 2023, the Board of Directors decided to delist the Company from the WSE, and on 12 May 2023, the Company applied to the Polish Financial Supervision Authority (“PFSA”) for approval.

On 13 October 2023, the group of minority shareholders of the Company initiated legal proceedings to cancel the Board's delisting decision. Given that, in March 2024, the PFSA informed the Company about the suspension of the administrative proceedings on the delisting of the Company from the Warsaw Stock Exchange. The PFSA will not issue the decision on granting permission to withdraw the Company's shares from trading on the regulated market until the District Court in Luxembourg has resolved the allegations raised by minority shareholders. Consequently, **the process of the Kernel's delisting from the WSE was ongoing** as of 30 June 2024.

Share capital and significant shareholdings

The issued capital of the Company as of 30 June 2024 consisted of 293,429,230 fully paid ordinary single-class shares without indication of the nominal value. Ordinary shares have equal voting rights and rights to receive dividends.

According to notifications received by the Company, one shareholder owned more than 5% of the Company's voting shares as of 30 June 2024:

- Namsen Limited (hereinafter “Namsen”), a legal entity directly controlled by the

Ownership structure as of 30 June 2024

	Shares owned	%-age owned
Namsen Limited	276,914,889	94.4%
Other	16,514,341	5.6%
Total	293,429,230	100.0%

Governance structure

General meeting of shareholders

Board of Directors

Audit Committee

Sustainability Committee

Nomination and Remuneration Committee

Executive Management Team

Chairman of the Board of Directors and founder of the business, Mr. Andrii Vereskyi, owns 94.4% of voting shares.

The Company is unaware of other shareholders except Namsen who hold more than 5% of the share capital and total votes.

On 1 September 2023, the Company issued 216,000,000 new shares in the registered form (see details in the section “Share capital increase on 1 September 2023”).

Since February 2022, the Company held 6,602,000 shares as treasury stock, the Company's wholly-owned subsidiary, Etrecom Investments Limited following a series of share buybacks conducted in FY2022. On 21 March 2024, the Extraordinary General Meeting of shareholders approved the cancellation of these treasury shares. As a result, the total number of shares outstanding reduced from 300,031,230 to 293,429,230, and the Company held no treasury shares as of 30 June 2024.

Share capital increase on 1 September 2023

Following the request of the Board to have an emergency financing option in case the circumstances in Ukraine require it, the extraordinary general meeting of shareholders held on 23 September 2022 created the authorized share capital and granted authorization to the Board to issue new shares on such terms as the Board sees fit.

In the summer of 2023, while negotiating the third restructuring of the Group's loan portfolio during wartime in Ukraine, the Group's creditors demanded equity support from the Company's shareholders in order to proceed with the restructuring of the loan portfolio. Following several rounds of negotiations, the Group managed to reduce the amount of the demanded equity contribution and agreed to initiate the equity raise of USD 60 million. On 22 August 2023, the Company announced the share offering to qualified investors – existing shareholders of the Company. As a part of the book-building process, shareholders provided their subscription forms which altogether determined (via the mechanism of a Dutch auction) the number of shares to be issued and the issue price in such a way that the Company raised the necessary amount of USD 60 million and completed the requirement of the creditors. Consequently, the Company allotted 216,000,000 shares to several qualified investors (shareholders of the Company) at the issue price of USD 0.2777 per share.

On 1 September 2023, the Board approved the results of the offering and the share capital increase. These shares, all paid up in cash, were issued in the registered form and they will not be admitted to trading on any securities exchange, given the Company's pending delisting process. Each share offers its holder a single voting right at the Company's general meeting of shareholders. Additionally, each of these shares carries dividend rights congruent with the existing shares, except for the 6,602,000 shares owned by the Company's subsidiary Etrecom Investments Limited which does not have voting or dividend rights.

As a result of the share capital increase, the number of Company's shares issued increased to 300,031,230 shares. These shares collectively represent 293,429,230 voting rights for the Company's General Meeting, factoring in the 6,602,000 shares held by Etrecom Investments Limited, which are devoid of voting rights due to their treasury share nature. The stake of Namsen Limited increased to 91.61% of total shares issued, or 93.67% of shares with voting/dividend rights.

A group of minority shareholders holding 0.4% of Company's shares (same group opposing the delisting of the Company and other corporate actions) initiated legal actions against the Company aimed at suspension and, subsequently, annulment of the share offering and share capital increase. The respective litigations are currently pending.

Corporate Governance **continued**

2024.

As of 30 June 2024, there were no outstanding options granting rights to acquire shares of the Company to which the Company is a party.

Corporate governance framework

Kernel is committed to high standards of corporate governance and is guided by the corporate governance framework determined by:

- the corporate law of the Grand Duchy of Luxembourg as a place of incorporation (including voluntary compliance with most of the provisions of the X Principles of Corporate Governance of the Luxembourg Stock Exchange); and
- the corporate governance rules set out in the [Best Practice for WSE Listed Companies 2021](#) as a place of Company's shares listing. Paragraph 29 of the [Warsaw Stock Exchange Rules](#) requires issuers to publish a report indicating which rules the issuer complies with and which rules the issuer does not comply with permanently. The Company published such a report on 12 August 2021, available on the Company's [website](#). The Company applied all the principles except for detailed principles 1.4., 1.4.1., 1.4.2., 1.5., 2.1., 2.11.3., 2.11.5., 2.11.6., 3.6., 3.9., 6.2., 6.3., 6.4.

The key documents defining the Company's corporate governance principles include the Articles of Association and the Corporate Governance Charter. Additionally, Kernel has a Remuneration Policy, which is approved and periodically reviewed by the general meeting of shareholders and applies to both the Board of Directors and the Executive Management Team. All these documents can be accessed on the [Company's website](#).

Following a regular review of the Company's adherence to best corporate governance practices, the Board believes that the Company has made its best efforts to comply with:

- the applicable corporate governance principles;
- disclosure obligations concerning compliance with corporate governance principles defined in the [WSE Rules](#);
- regulations on current and periodic reports published by the Company as a securities issuer, according to [WSE Rules](#).

General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest governance body, possessing the broadest power to order, carry out, or ratify all acts relating to the Company's operations. Detailed information regarding the organization and functioning of the General Meeting of Shareholders can be found in the Articles of Association and the Corporate

Governance Charter, both of which are available on the [Company's website](#).

The annual general meeting held on 11 December 2023 (the "AGM 2023"):

- approved the management report of the Board of Directors, the consolidated financial statements of the Group, and standalone annual accounts of the Company, along with the report of the independent auditor for the year ended 30 June 2023;
- granted discharge to the directors of the Company for their mandates in FY2023;
- acknowledged the resignation of Mrs. Viktoriia Lukianenko as an executive director of the Company, effective 12 December 2023, and granted her discharge for the exercise of her mandate;
- appointed Mr. Sergiy Volkov as an executive director of the Company;
- renewed the mandates of all directors and approved the fees for executive and non-executive directors for the year ended 10 December 2024;
- re-appointed PwC as the independent auditor of the Company;
- amended the management incentive plan adopted by the extraordinary general meeting of shareholders held on 30 August 2021 and amended the remuneration policy.

The extraordinary general meeting of shareholders held on 21 March 2024

approved the reduction of the Company's share capital by USD 174,332.41 through the cancellation of 6,602,000 shares held by Etrecom Investments Limited, a wholly-owned subsidiary of the Company, and the subsequent amendment of Article 5 of the Company's Articles of Association.

As shareholders representing approximately 0.4% of the Company's share capital initiated legal actions to, among other things, suspend the effects of the minutes of the AGM 2023 and annul the decisions taken, there was a potential risk that the previous votes might be invalidated. Such frivolous litigations might have had a negative impact on Kernel, including disruption to the Company's orderly operations, potentially complicating reporting and auditing processes, and/or creating a vacuum of corporate powers and some stage. As a precautionary measure, shareholders were invited to vote again on each agenda item. This was to either maintain the effect of their vote expressed at the AGM 2023 (if applicable) or to cast a new vote on each agenda item (if no vote was expressed at the AGM 2023 or they wished to change their previous vote).

As a result, the **extraordinary general meeting of shareholders held on 12 August 2024** reapproved all the decisions made at the

AGM 2023 held on 11 December 2023.

The next annual general meeting of shareholders is scheduled for 10 December 2024.

Except for the meeting on 12 August 2024, all recent general meetings were conducted without the physical presence of shareholders, as those who chose to attend opted for direct electronic voting or indirect voting via the independent proxy.

All documents related to the general meetings of shareholders and the resolutions adopted are available on the [Company's website](#).

Board of Directors

The Company is managed by the Board of Directors (the "Board"), which is the ultimate decision-making body, except for powers reserved for the general meeting of shareholders as stipulated by law, the Articles of Association, and the Corporate Governance Charter. The Board is vested with the broadest powers to perform all acts of administration and disposition in compliance with the Company's corporate purpose. The Board resolves to take its decisions objectively, in the best corporate interest of the Company. The Board is collectively responsible and accountable to the shareholders for the proper conduct of the business, the long-term success of the Company, the effectiveness of the reporting system, and the corporate governance framework.

The responsibilities of the Board include approval and review of strategies and policies, governance of the Company, and management supervision. More detailed responsibilities are specified in the Company's [Corporate Governance Charter](#).






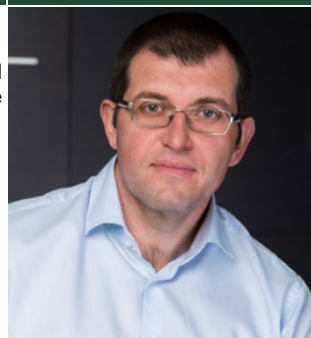


All Directors are equally accountable for the proper stewardship of the Company's affairs. The non-executive directors have a responsibility to ensure that the business strategies proposed are fully discussed and critically reviewed. This enables the Directors to promote the success of the Company for the benefit of its shareholders, while having regard to, among other matters, the interest of employees, the fostering of business relationships with customers, suppliers, and other stakeholders, as well as promoting the impact of the Company's operations on the communities and the environment in which the business operates.

The Board approves every investment, divestment, acquisition, disposal, and funding transaction exceeding in value 5% of the average 12 months trailing daily market capitalization of the Company.

Corporate Governance **continued**

Effective and experienced leadership

Kernel Holding S.A. is governed by the Board of Directors composing of eight members, including three non-executive directors, two of whom are independent). Key information on Directors is as follows (with further details available on Company's [website](#)).

Andrii Verevskiy, 50 Chairman of the Board, Founder	Andrii Miski-Oglu, 47 Independent non-executive director
 <p>Tenure: 17 years Skills and experience: Founded the Group's business in 1995, holding various executive positions within the Group. Presently, he oversees the strategic development and overall management of the Group. Board Committee: Nomination & Remuneration Committee</p>	 <p>Tenure: 3 years Skills and experience: 21 years' experience in public accounting and audit in EY, involved in major EY Global audit-related initiatives. Andrii is Certified Public Accountant in the US since 2011 and a member of The American Institute of Certified Public Accountants (AICPA). Board Committee: Chairman of the Audit Committee, Nomination & Remuneration Committee</p>
Daria Danilczuk, 37 Non-executive director	Mykhaylo Mishov, 42 Independent non-executive director
 <p>Tenure: 3 years Skills and experience: Agricultural commodity broker, specialized in Black Sea commodity markets, experienced in international trade and biofuels trade and regulatory framework. Board Committee: Chairwoman of the Sustainability Committee, Audit Committee</p>	 <p>Tenure: 3 years Skills and experience: Mr. Mishov has over 18 years' experience in consulting, including Ernst & Young, Deloitte and KPMG, leading numerous strategy and performance improvement projects for agribusiness clients. Board Committee: Chairman of the Nomination & Remuneration Committee, Audit Committee, Sustainability Committee</p>
Sergiy Volkov, 44 Chief Financial Officer	Yevgen Osypov, 48 Chief Executive Officer
 <p>Tenure: 1 year Skills and experience: Mr. Volkov is responsible for the overall financial management of Kernel. He holds CPA certification. Board Committee: None</p>	 <p>Tenure: 7 years Skills and experience: Mr. Osypov is responsible for the day-to-day management of the Company's subsidiaries, execution of strategy, budgets, and Board decisions. He completed several educational programs in Harvard Business School. Board Committee: Sustainability Committee</p>
Anastasiia Usachova, 53 Executive Director	Yuriy Kovalchuk, 43 Corporate Investment Director
 <p>Tenure: 17 years Skills and experience: Mrs. Usachova is responsible for the overall financial oversight of Kernel. She holds an MBA degree from IMD (Switzerland). Board Committee: Sustainability Committee</p>	 <p>Tenure: 13 years Skills and experience: Mr. Kovalchuk contributes to strategy formulation and is responsible for the execution of investment projects. Yuriy has been a Fellow with Association of Chartered Certified Accountants (FCCA), since September 2013. Board Committee: None</p>

Corporate Governance continued

Board composition

The Board is composed of eight directors, five of which are executive (including a Chairman) and three are non-executive directors. Two non-executive directors fulfill the criteria of being independent. None of the three non-executive directors have material relations with any shareholder who holds at least 5% of the total vote in the company.

Several **changes occurred in the Board's composition** in FY2024:

- At the general meeting on 11 December 2023, the resignation of Mrs. Viktoriia Lukianenko as Executive Director was accepted, and she was granted full discharge for the exercise of her mandate.
- Mr. Sergiy Volkov was appointed as Executive Director at the same meeting.

Mr. Volkov, who also serves as the Group's Chief Financial Officer and a member of the Executive Management Team (effective since 8 May 2023) brings new expertise to the Board.

Our non-executive directors are highly experienced and influential, with diverse backgrounds across various industries and countries. They bring a strong blend of skills and business acumen, significantly enhancing the Board and its Committees' effectiveness.

The Chairman's mandate expires at the annual general meeting in December 2025, while the mandates of all other directors expire in December 2024.

The Nomination & Remuneration Committee regularly reviews the Board's composition to ensure a diverse, balanced mix of competencies, skills, experience, and knowledge of the Company's affairs. Key principles for the nomination, appointment, and re-election of Directors are outlined in the Corporate Governance Charter, available on [Kernel's website](#).

Board diversity

Diversity among Directors enhances the Board's performance and efficiency, serving

the Company's best interests. The Board's diversity is supported by [Kernel's Diversity, Equality, and Inclusion Policy](#), adopted by management in 2018 and approved by the AGM on 10 December 2021. The policy is consistently applied by the Nomination & Remuneration Committee and the Executive Management Team in employee and management appointments.

The Company benefits from diversity in:

- **gender;**
- **age and tenure;**
- **professional experience** (industry and operations expertise, soft commodities trading, finance and audit, banking and investments, and sustainability);
- **nationality and culture** (the Board includes a majority of Ukrainian Directors, along with one Polish citizen, one U.S. citizen, and one U.S. resident).

Directors consider diversity when evaluating the Board's effectiveness. In the FY2024 annual self-evaluation, all Directors acknowledged the Board's sufficient range of expertise, attitudes, and external relationships.

Directors' independence

Each independent director annually submits a statement confirming compliance with the independence criteria outlined in Annex II of the European Commission Recommendation of 15 February 2005. These statements are published on the Company's website.

According to statements received in 2024, two of the three non-executive directors met the independence criteria.

Conflict of interest

A [Corporate Governance Charter](#) adopted in May 2018 emphasized the disclosure of conflicts of interest among Directors. Any Director having a direct or indirect conflict of interest must inform the Board thereof and shall refrain from deliberating or voting on the relevant item of the agenda. Any conflict of interest should be properly declared and documented.

Members of the Board shall refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the Company, and where a conflict of interest arises, immediately disclose it.

The following non-exhaustive list is an example of the duties that shall be followed by the Directors:

- duty not to accept any benefits from third parties, which may give rise to personal financial interest and/or gain;
- duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any arrangement with the Company; and
- duty to avoid conflicts of interest unless authorized.

In FY2024, one conflict of interest was declared by Directors: Mr. Yevgen Osyrov declared a conflict of interest regarding the amendment of the management incentive plan when discussing this matter during the Board meeting held on 7 November 2023.

As of October 2024, non-executive directors occupied the following positions in companies outside Kernel:

- Mrs. Daria Danilczuk is a commodities broker and trading expert at JDI Brokers, Switzerland.
- Mr. Mykhaylo Mishov is Supply Chain Strategy Lead at SC Johnson, Chicago, United States.
- Mr. Andrii Miski-Oglu does not occupy positions in companies outside Kernel at the date of publication of this report.

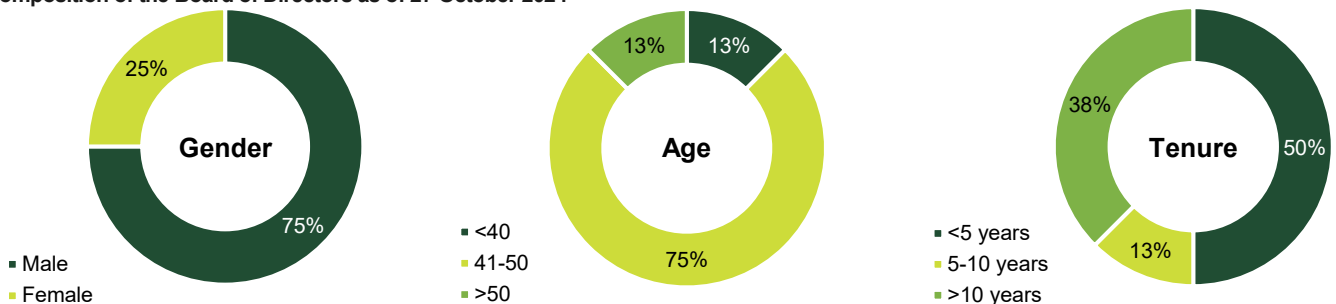
Board committees

The Board has established three committees:

- Audit Committee;
- Nomination & Remuneration Committee (hereinafter "N&R Committee");
- Sustainability Committee.

This structure ensures efficient performance, as specific matters are first discussed by specialized bodies with relevant expertise before

Composition of the Board of Directors as of 27 October 2024



Corporate Governance **continued**

being presented to the Board.

The Board regularly reviews the need for new committees to adapt to changing business needs. Following the annual review in July 2024, it was concluded that no new committees are needed at this time.

Board self-evaluation

In line with best corporate governance standards, the Board conducts a formal self-evaluation of its performance, effectiveness, operating efficiency, composition, organizational structure, compliance with governance rules, and relationships with executive management and stakeholders. The 2024 survey found no major issues in these areas. The Board recognized the quality and timeliness of information provided, the effectiveness of its practices and meetings, appropriate composition, clearly defined roles, and well-established committee practices.

Independent advice

All directors can consult the corporate secretary for assistance with governance, corporate administration, and legal matters. Directors may also seek advice from independent professional advisors on governance or business-related issues pertinent to their duties, at the Company's expense.

Board activity report

The Board held twelve meetings in FY2024, including one in-person meeting in Luxembourg and eleven via teleconference. The average attendance rate for all directors was 98% during this period.

Typically, at each meeting, the Chairman of the Board and other executive directors report on the strategy implementation and recent developments, along with management accounts. The Board's work plan (minutes and circular resolutions) for FY2024 included, among others, the following items:

- review of the impact of the Russia-Ukraine war on operations;
- review of the Company's mid-term strategy and budget approval;
- review and approval of annual, semi-annual, and quarterly accounts;
- review of operations updates and management accounts
- convening annual and extraordinary general meetings of shareholders;
- approvals of the share capital increase and cancellation of treasury shares;
- review of corporate-governance-related questions;
- oversight of risk management: approval of top risks for the Company and mitigation plan, review of reports on top risks

mitigation activities; update on implementing the risk management system; review of risk limits; review of outstanding legal cases;

- updates from Audit Committee, N&R Committee, and Sustainability Committee;
- review of the performance of the Group sustainability function;
- review and approvals of financing and investment transactions;
- matters related to the delisting of the Company from the Warsaw Stock Exchange;
- various ad-hoc items and other corporate decisions.

Executive Management Team

The Executive Management Team is responsible for the overall financial and operating results of the Company's subsidiaries, heading operating segments and providing support functions on a daily basis. The Executive Management Team focuses on strategy implementation, financial and competitive performance, commercial and technological developments, succession planning, and organizational development.

The Executive Management Team is headed by the Chief Executive Officer (the "CEO"), who is appointed and removed by the Board and reports directly to it. The CEO is responsible for the day-to-day management of the Company's subsidiaries, execution of strategy, budgets, and Board decisions. The CEO delegates his/her responsibilities to the other members of the Executive Management Team.

The Executive Management Team consists of 15 professionals including the CEO, benefiting from the diversity among its members. All the members of the Executive Management Team other than the CEO are appointed and removed, as applicable, by the Board upon proposal by the N&R Committee after prior consultation with the CEO, save where he is subject to the procedure.

The full list of the members of the Executive Management Team, including short biographies for each member is available on the [Company's website](#).

Responsibilities of the Executive Management Team are described in more detail in the Company's Corporate Governance Charter, available on the [Company's website](#).

Various committees are operating on the Executive Management Team level, including the Strategic Committee, the Investment Committee, the Trade Committee, and the Risk Committee.

Remuneration report

This remuneration report is published in accordance with article 7ter of the same law, the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings, as amended.

The compensation principles for the Board and the Executive Management Team are specified in the [Remuneration Policy](#) of the Company. The Group pays remuneration to the Board and the Executive Management Team only in accordance with the Remuneration Policy. The Remuneration Policy must be submitted to a vote by the general meeting at every material change and, in any case, at least every four years.

The AGM held on 11 December 2023:

- approved an amendment to the long-term management incentive plan in the form of share put option agreements; and
- approved the [Remuneration Policy](#), following the requirements of Article 7bis of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings, as amended.

Remuneration of the Board

Compensation of the Directors of the Company is comprised only of the fixed fees paid for the services provided by the Directors in their capacity as members of the Board of Directors of the Company. There is no performance-based variable component, pension, retirement, or similar benefits provided by the Company. This ensures a certain degree of independence when it comes to fulfilling the Board's duties towards the Executive Management Team. On top of that, Directors are reimbursed for certain travel, hotel, and other expenses related to the exercise of their duties. The fees paid to the independent directors and the fees paid to executive directors are approved at the annual general shareholders' meeting. See more details on the remuneration of the Board in the [Remuneration Policy](#) of the Company.

Three executive Directors in their capacity as members of the Executive Management Team also receive compensation for their services provided to subsidiaries of the Company, with such compensation being paid by the subsidiaries of the Company. One other executive Director not being a member of the Executive Management Team also receives compensation as an employee of the Company.

Non-executive Directors are reimbursed for educational expenses related to enhancing the competencies necessary for their duties.

Corporate Governance **continued**

Remuneration of the Executive Management Team

Compensation of the members of the Executive Management Team (15 people in total) is based on a pay-for-performance principle, rewarding sustainable growth and long-term value creation for shareholders of the Company. A significant portion of the remuneration comes from a variable part depending on the Group's consolidated financial performance.

For details, please see the figure below.

The principles of the remuneration of the Executive Management Team are specified in

the [Remuneration Policy](#).

Members of the Executive Management Team are not granted any pension, retirement, or similar benefits provided by the Company, apart from those required by the law.

The Company believes that the Remuneration Policy strongly contributes to the long-term shareholder value creation and the Company's stability.

Nomination and Remuneration Committee

The Nomination and Remuneration

Committee is a continuously operating collective body of the Board. It is established from among the members of the Board and consists of three members, including a chairman elected by the members of the N&R Committee amongst themselves. The majority of the members of the N&R Committee (including the chairman) are non-executive independent Directors.

The role of the N&R Committee is to assist the Board in fulfilling its responsibilities by reviewing, advising, and making recommendations to the Board, the Chairman, and the CEO on the nomination to the Board and Executive

Compensation structure of the Executive Management Team

Fixed remuneration	Members of the Executive Management Team receive a base salary determined at the discretion of the Board, commensurate with the respective position and the individual profile of the relevant members in terms of qualifications, skill set, and experience. All amounts are fixed and shall be paid monthly. In FY2024, the aggregated base salary for 15 members of the Executive Management Team amounted to USD 3,074 thousand paid by the subsidiaries of the Company.
Variable remuneration	<p>An annual variable monetary bonus (if applicable) is paid as well. Such bonus is determined by the formula approved by the Board of Directors upon the recommendation of the N&R Committee. The bonus shall reward the members of the Executive Management team for the financial performance of the Group, which derives from the financial performance of each of its subsidiaries where each respective member of the Executive Management Team is employed or has contractual obligations. The structure of the variable remuneration is as follows:</p> <ul style="list-style-type: none"> The bonus pool for 13 members of the Executive Management Team (the "Bonus Pool") is expressed as a percentage of the consolidated EBITDA of the Group less the consolidated financial costs of the Group normalized for the effect of certain one-off and nonrecurring transactions ("EBITDA Less Finance Costs"), with a minimum threshold level of USD 123 million required to activate the pay-out. The Bonus Pool as a percentage of EBITDA Less Finance Costs is gradually increasing starting from 0.46% of EBITDA Less Finance Costs in case EBITDA Less Finance Costs exceeds USD 123 million and reaching 3.66% of EBITDA Less Finance Costs in case EBITDA Less Finance Costs exceeds USD 443 million. The exact allocation of the Bonus Pool between the relevant members of the Executive Management Team is determined by the N&R Committee. Two members of the Executive Management Team have different metrics determining their variable remuneration, including the financial results of the business divisions they lead, the Group EBITDA and personal key performance indicators. <p>The variable remuneration is paid by the subsidiaries of the Company for duties and services provided by members of the Executive Management Team to subsidiaries of the Company. In FY2024, the aggregated variable remuneration for 15 members of the Executive Management Team amounted to USD 24,000 thousand to be paid by the subsidiaries of the Company.</p>
Long-term management incentive plan	<p>Six members of the Executive Management Team are subject to the long-term management incentive plan which shall reward such members of the Executive Management Team for accomplishing individual performance goals related to the duties and services provided by such individuals to subsidiaries of the Company, altogether contributing to the better financial and non-financial results of the group of companies to which the Company belongs over the long-term period and aligning the interests of the Executive Management Team with those of the shareholders of the Company. The long-term management incentive plan is duly reviewed by the N&R Committee and approved by the Board of Directors after the generic terms thereof having been approved by the general meeting of shareholders. Six members of the Executive Management Team are granted with put options providing the right but not the obligation to sell a fixed number of Company's shares owned by management at the moment at Put Price during the exercise period:</p> <ul style="list-style-type: none"> exercise period shall commence on 1 November 2024 and end on 31 December 2025 (or in certain cases 31 December 2026), if no put options are exercised during Exercise Period, then such put options shall lapse. Put option also provides for acceleration events which dictate that the put options may be exercised before the commencement of the exercise period if the following events occur: 1) the cessation of trading of Company's shares at the Warsaw Stock Exchange or any other recognized stock exchange; or 2) a change of control event where the shareholding of Namsen Limited or its ultimate beneficial owner in Kernel's total votes falls below twenty five percent (25%). In such cases, put options may be exercised only after 12 months following the occurrence of the relevant events. Put Price is determined as lower of (1) USD 23.80; or (2) operating profit before working capital changes minus interest paid plus interest received minus interest tax paid, minus maintenance capital expenditures in the fixed amount of USD 155,000,000, where all amounts, except for the maintenance capital expenditures, are specified in USD in the relevant paragraph of the consolidated statement of cash flows of the audited annual consolidated accounts of the Company and its subsidiaries for the Financial Years 2022-2024, divided by 3 divided by 12% and divided by 84,031,230.

Corporate Governance **continued**

Management Team and their remuneration. The N&R Committee assists the Board in nominating and assessing candidates for both directorship and managerial positions, establishing and reviewing the compensation principles specified in the Remuneration Policy. The N&R Committee ensures that only persons with adequate competencies, experience, and skills are appointed to the Board. The N&R Committee also supports the Board in preparing the Board's remuneration proposals for the shareholders' general meeting. A detailed list of N&R Committee responsibilities is available in the Corporate Governance Charter, published on the [Company's website](#).

Nomination and Remuneration Committee's activity report

The N&R Committee held three meetings during the reporting period, discussing the nomination of the new Director, the performance of the CEO and the Executive Management Team, the remuneration of the executive management team, and amendments to the management incentive plans.

At the additional meeting held in October 2024, the N&R Committee settled on the Executive Management Team compensation for FY2024 standing at USD 27,074 thousand (including a bonus of USD 24,000 thousand) for 15 key executives, as compared to the total compensation of USD 20,585 thousand (including a bonus of USD 17,902) a year ago for 15 executives.

Accountability and audit Going concern

The Group's business activities, together with the factors affecting its performance, position, and future development are set out in the management report on pages 1-38. The financials of the Group, its liquidity position, borrowing facilities, and applicable terms are described in the financial statement's accounts.

Current economic conditions have fostered the development of several risks and uncertainties for the Company, in particular, related to the war in Ukraine (see details in the [Risks and Uncertainties](#) section of this report).

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading and production performance, as well as the debt requirements. The results show that the **Company should be able to operate within the levels of its available capital**. Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going

Remuneration of the Board of Directors

USD thousands

	FY2020	FY2021	FY2022	FY2023	FY2024
Chairman of the Board	200	200	200	200	200
Other executive Directors	40	40	40	40	40
Non-executive Directors	260	260	275	240	240
Total Board of Directors	500	500	515	480	480

Excluding reimbursement of travelling expenses incurred by Directors in performing their duties.

Remuneration of the Executive Management Team

USD thousands

	FY2020	FY2021	FY2022	FY2023	FY2024
Total remuneration	8,834	29,334	8,492	20,585	27,074
Base salary	2,508	2,834	2,949	2,683	3,073
Short-term variable bonus	6,326	26,500	5,543	17,902	24,000
Number of executive managers	12	15	15	15	15

concern basis in preparing the annual report and accounts.

Takeover disclosure

The Company's shares are in electronic form (77,429,230 shares) and registered form (216,000,000 shares) and are freely transferable, subject only to the provisions of law and the Company's Articles of Association. There are no agreements between the Company and its employees or directors providing for compensation for the loss of office or employment (whether through resignation, purported redundancy, or otherwise) that would occur because of a takeover bid. Put options granted under management incentive plans incorporate accelerated vesting in the event of a takeover.

The Company in the ordinary course of business has entered into various agreements with customers and suppliers around the world. Some of the Company's borrowing agreements, which either by their nature or value may represent significant agreements, do provide for the right of termination upon a change of control of the Company. The commercial sensitivity of these agreements prevents their details from being disclosed.

Except for the preceding disclosure, there are no other significant agreements to which the Company is a party that take effect, alter, or terminate upon a change of control following a takeover of the Company.

Audit Committee

The Audit Committee is a continuously operating collective body of the Board. It consists of three members including a chairman, all of whom are non-executive directors and two of whom meet the independence criteria. The members have competence in accounting and audit, and competence relevant to the sector in which the company is operating. The Audit Committee is fully capable of overseeing the affairs of the Company in the areas of

adequacy and effectiveness of the Kernel's system of financial reporting, corporate governance, internal controls, and risk management.

The functioning and key responsibilities of the Audit Committee are described in the [Articles of Association](#) and further specified in the [Corporate Governance Charter](#).

Audit Committee activity report

The Audit Committee had seven meetings in FY2024, including one in-person in Luxembourg and the rest via teleconference. The average attendance rate for all Directors was 100% for the reporting period.

The Chief Financial Officer was invited and attended all the meetings of the Audit Committee. Additionally, the Audit Committee invited the CEO, head of internal audit, compliance officer, sustainability manager, and head of reporting and controls to its meetings. The representatives of the external auditor (PwC) were invited and attended three meetings of the Audit Committee. During its meetings, the Audit Committee had one closed session with the external auditor and one session with the internal auditor to communicate without the presence of executives. Additionally, the decisions of the Audit Committee were taken via two circular resolutions signed throughout FY2024.

To execute its key functions and discharge its responsibilities as outlined in the [Corporate Governance Charter](#), the Audit Committee, during FY2024:

- assisted the Board in **monitoring the reliability and integrity of the financial information provided**. The committee reviewed the consolidated quarterly, semi-annual, and annual financial reports of the Group, standalone annual accounts of the Company, Avere financial statements, reviewed critical accounting policies and management estimates, among other things;

Corporate Governance **continued**

- conducted **oversight over the performance of the internal audit function**, including the review of the internal audit activities and action plans and reports. The Audit Committee had one face-to-face discussion with internal auditors in the absence of executives;
- conducted **oversight over the performance of the external audit function** including review of the annual audit plan and scope of semiannual accounts review and areas of focus, review of auditor reports, presentations and additional auditors' report, and management letter review. The Audit Committee had one face-to-face discussion with the external auditors in the absence of executives. The Audit Committee monitored the fee cap of non-audit services, and reviewed the contract with auditors (including a review of expected fees for the audit and consulting services) and the independence of the external auditor;
- conducted **oversight over the risk management function**. The Audit Committee assisted the Board in the discharge of its risk management responsibilities, monitoring and examining the effectiveness of the Company's internal control and risk monitoring system; reviewing top risks, risk mitigation plans, and results of risk mitigation activities, overseeing group risk management procedures; reviewing trade management position risk mitigation activities; review of climate physical and transitional risks relevant to Kernel's operations;
- conducted **oversight over the compliance function**, including implementation of the [Corporate Governance Charter](#) provisions, compliance with good corporate governance practices concerning the functioning of the Audit Committee, and reviewing reports from the Kernel Compliance Officer on the progress achieved in the enhancement of the Company's compliance function;
- discussed various ad-hoc items.

After each meeting, the chairman of the Audit Committee reports to the Board on key matters discussed.

Throughout FY2024, the Audit Committee conducted an annual self-evaluation procedure, which indicated potential areas of Audit Committee performance and activities improvement and resulted in a clear action plan based on the results of the self-evaluation procedure.

Additionally, in 2024, the Audit Committee conducted an assessment of the efficiency of internal control, risk management and compliance systems, and internal audit function. The Audit Committee agreed that the overall assessment of the internal control and risk management system is rather effective, the overall assessment of the compliance system is

effective, and the overall assessment of the internal audit function is effective.

Internal audit

As an integral part of the system of internal control, the Company has an internal audit department headed by an experienced professional reporting directly to the Board of Directors via the Audit Committee and to the CEO of the Company as a chairman of the Risk Committee within the Executive Management Team, and working closely with the Board. Internal audit is a separate independent unit in the Group's organizational structure.

Internal Audit provides independent and objective assurance and consulting services in the areas of corporate governance, internal controls, and risk management, aimed at improving the operations and performance of the Company and its subsidiaries. The efficient internal audit function is adequate to the size of the Company and the type of and scale of the Company's activities.

The independence rules defined in generally accepted international standards of the professional internal audit practice apply to members of the internal audit department.

The main responsibilities of the internal audit are:

- to maintain continuous support for the Directors on risk management, internal controls, and mitigation activities by undertaking regular or ad hoc reviews;
- to provide an independent and objective evaluation of the effectiveness and efficiency of corporate governance, internal control, and risk-management systems within the operational framework of the Company;
- to assist personnel and management of the Company in improving the effectiveness of risk identification and internal control systems in operations; advise and consult them regarding how to effectively execute their responsibilities, including recommendations on specific improvements in policies and procedures; and
- to assist in open and two-way communication among internal and external auditors, management and personnel, the Audit Committee, and the Board.

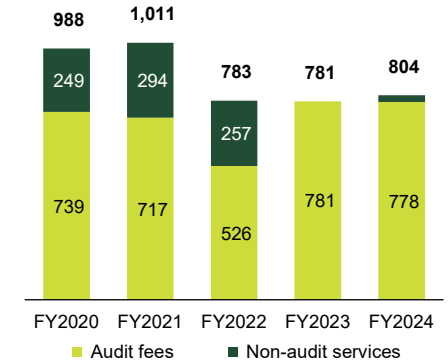
The Head of internal audit regularly presents the results of its work to the Audit Committee, including communication with the committee members in the absence of executives.

External audit

PwC *Société coopérative* ("PwC"), with its registered office at 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg and register number B 65 477 with the Luxembourg Trade and

External auditor's fees

USD thousand



Companies Register, acts as an external auditor of Kernel's consolidated and standalone accounts since FY2022.

PwC attended three meetings of the Audit Committee in FY2024, presenting the review of the semi-annual accounts, and audit plan for FY2024, and presenting to the Audit Committee the approach to accounting and audit of various business operations, among other things. The Audit Committee reviews and monitors the level of fees paid by the Company to the external auditor, preapproves permissible non-audit services, and monitors the cap on non-audit fees.

Remuneration to auditors in FY2024 amounted to USD 804 thousand (including USD 26 thousand non-audit services), as compared to USD 781 thousand in FY2023.

Sustainable development

The sustainability function at Kernel is governed by the Board via a Sustainability Committee, which has the purpose of overseeing the overall performance of the sustainability corporate function of the Company and the Group; ensuring the implementation of the environmental, social, and sustainability governance agendas across all business operations; and connect these agendas with the Group's strategy, business objectives, and capital allocation decisions.

The Sustainability Committee had two meetings during the reporting period, discussing the following:

- business opportunities related to the sustainability function and climate change;
- the EY summary presentation related to the project "Climate Corporate Governance and Low-Carbon Pathway";
- reporting requirements in accordance with the Corporate Sustainability Reporting Directive;
- registration of the Poltava Oil Extraction plant as the first company in the Ukrainian

Corporate Governance **continued**

food sector committed to the Science Based Targets initiative.

Business ethics and compliance

Kernel has embedded strong ethical standards in the Company's everyday operations, as outlined in the [Code of Conduct](#). Additionally, the AGM held on 10 December 2021 approved the [Diversity, Equality, and Inclusion Policy](#) of the Company and its subsidiaries.

In December 2016, Kernel initiated a **Corporate Compliance Program ("CCP")** – an action plan to bring the Company's compliance system in accordance with the best international standards. Progress on CCP implementation was monitored each quarter by Baker Tilly, with the final report presented in the summer of 2019, after completion of the CCP in June 2019. Baker Tilly recognized significant progress achieved in the implementation of Kernel's Compliance Program due to the actual execution of both internal and external control activities, also highlighting the aspects for further continuous improvement.

Since 2017, the compliance function within Kernel has been led by a dedicated compliance officer, who reports directly to the CEO and Board of Directors via the Audit Committee of the Board. The compliance officer attends all Audit Committee meetings and provides compliance system and control updates at least twice a year.

We prioritize strong relationships with counterparties, assessing their risks based on trustworthiness, corruption, and sanctions in line with our risk appetite. Anti-corruption and anti-sanctions clauses are included in all contracts with counterparties. These clauses consider both national and foreign legislation requirements in connection with the Russian war invasion of Ukraine. We've updated our anti-corruption provisions to align with legislative changes, strengthened controls, enhanced due diligence processes, and revised contract templates and clauses accordingly.

Since 2019 Kernel has been a member of the Ukrainian Network of Integrity and Compliance (UNIC) and a signatory of the UN Global Compact and the Memorandum of UN Collective Action to Combat Corruption. These platforms are effective for sharing best practices in preventing corruption between companies and promoting a corporate culture of integrity in the agricultural sector.

In recent years, Kernel has made continuous efforts to promote gender equality and inclusion, actively creating and supporting favorable workplaces. Gender diversity and equality

are core values, with dignity and honesty at the foundation. Kernel remains committed to addressing gender asymmetry across all areas of the company.

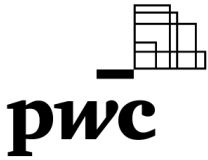
During 2023-2024, we strengthened our compliance system and integrated additional controls and instruments, including:

- Prohibition of any cooperation with counterparties from Russia;
- Implementation of an Anti-Sanctions Policy;
- Launch of the Compliance School for Kernel counterparties to share knowledge on compliance and ethics;
- annual conflict of interest declaration;
- Introduction of the UN General Assembly's "Anti-corruption" video course for approximately 6,000 employees;
- In-person compliance training for more than 100 employees.

Kernel's compliance efforts focus on:

- **preventing fraud, corruption, and other misconduct** (see details in section [Anti-corruption](#));
- **managing risks related to unreliable counterparties and international sanctions**. Compliance officer and security department check business partners for compliance risks: sanctions, corruption, money laundering, terrorism financing;
- ensuring the Company's activities **comply with various external initiatives** (GDPR; United Nations Global Compact; equality, diversity, and inclusion initiatives, etc.);
- ensuring **employee adherence to internal policies**, including the [Code of Conduct](#), [Policy for managing conflicts of interest](#), [combating fraud and corruption](#), and other internal documents on compliance. The compliance officer oversees incident management for all stakeholders.

To enhance employee awareness of business ethics, we offer an e-learning course on the Code of Conduct. All new employees must achieve a minimum 80% pass rate during onboarding.



Audit report

To the Shareholders of
Kernel Holding S.A.

Report on the audit of the consolidated financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the “Basis for qualified opinion” section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Kernel Holding S.A. (the “Company”) and its subsidiaries (the “Group”), as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for qualified opinion

As disclosed in Note 17, the Group disposed of all of its crypto assets during the year ended 30 June 2023, recording a loss on transactions with crypto assets of USD 2,412 thousand, as disclosed within the line Loss on impairment of assets in the consolidated statement of profit or loss (Note 30).

We have not obtained sufficient appropriate evidence to verify the opening balance of crypto assets as at 30 June 2022 and transactions in crypto assets during the year ended 30 June 2023 due to the lack of formalised controls around the authenticity of digital records. Consequently, we were unable to determine whether any adjustments to the crypto asset balances as at 30 June 2022 or loss recorded on transactions in crypto assets during the year ended 30 June 2023 were necessary. Our auditor’s report for the year ended 30 June 2023 was qualified for this matter.

Our opinion on the consolidated financial statements for the year ended 30 June 2024 is also qualified because of the possible effect of this matter on the comparability of the current period’s figures and the corresponding figures.



We conducted our audit in accordance with the EU Regulation No 537/2014, 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 EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We are independent of the Group 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 consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 29 to the consolidated financial statements.

Material uncertainty related to going concern

We draw attention to Note 4 in the consolidated financial statements, which highlights that since 24 February 2022 the Group's operations are significantly affected by the ongoing military invasion of Ukraine and the magnitude of further developments or the timing of the cessation of these circumstances, are uncertain. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group'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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the “Basis for qualified opinion” section and in the “Material Uncertainty Related to Going Concern” section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of property, plant and equipment in the oilseed processing segment</i>	Our audit procedures included the following: - Analysing judgements made in determining the CGUs.
As of 30 June 2024, the Group has property, plant and equipment	- Engaging our internal valuation experts to assess the appropriateness of the methodology applied by the Group in



(“PP&E”) in the oilseed processing segment with a carrying amount of USD 506 million.

During the reporting period, management identified impairment indicators, and performed impairment tests of property, plant and equipment, as required by IAS 36 Impairment of Assets.

Impairment was tested by comparing the carrying amount of the relevant Cash-generating unit (“CGU”) with its recoverable amount, which was determined for each CGU as higher of value in use and fair value less cost of disposal.

The assumptions with the most significant impact on the recoverable amount calculations were sales prices of sunflower oil, transportation costs, purchase price of sunflower seeds, processing volume and discount rates for the oilseed processing segment .

Taking into account significant management judgements and magnitude of the amounts involved, we considered this to be a key audit matter.

Refer to Notes 5 and 15 to the consolidated financial statements for the related disclosures.

Impairment of goodwill in the oilseed processing segment

In the year ended 30 June 2024, the Group recognised a goodwill impairment charge related to the oilseed processing segment in the amount of USD 58 million as the result of the impairment test required by IAS 36 Impairment of Assets.

calculating the CGUs recoverable amounts and to assess reasonableness of the discount rates used.

- Evaluating management's ability to reasonably estimate cash flow forecasts by comparing actual results to management's historical forecasts.
- Evaluating and challenging significant assumptions used by management in CGUs recoverable amount calculations, such as purchase price of sunflower seeds, sales prices of sunflower oil, processing volume and transportation costs, based on the internal and external data which supports these assumptions.
- Checking the sensitivity analysis over significant assumptions used.
- Verifying the mathematical accuracy and integrity of calculations and the adequacy of the Group's disclosures in Notes 5 and 15 to the consolidated financial statements.

Our audit procedures included the following:

- Analysing judgements made in determining the CGUs.
- Engaging our internal valuation experts to assess the appropriateness of the methodology applied by the Group in calculating the CGUs recoverable amount and to assess the reasonableness of the discount rates used.
- Evaluating management's ability to reasonably estimate cash flow forecasts by comparing actual results to management's historical forecasts.

For the purpose of an impairment test, management calculated the recoverable amount of each CGU to which goodwill is allocated, as the higher of value in use and fair value less costs of disposal.

The assumptions with the most significant impact on the cash flow forecasts were sales prices of sunflower oil, purchase price of sunflower seeds, transportation costs, processing volume and discount rates for the oilseed processing segment.

Taking into account significant management judgements and magnitude of the amounts involved, we considered this to be a key audit matter.

Refer to Notes 5 and 18 to the consolidated financial statements for the related disclosures.

- Evaluating and challenging significant assumptions used by management in CGUs recoverable amount calculations, such as the sales prices of sunflower oil, purchase price of sunflower seeds and transportation costs and processing volume based on the internal and external data which supports these assumptions.

- Checking the sensitivity analysis over significant assumptions used.

- Verifying the mathematical accuracy and integrity of calculations and the adequacy of the Group's disclosures in Notes 5 and 18 to the consolidated financial statements.

Valuation of current biological assets

The Group measures biological assets at the fair value less costs to sell in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. As of 30 June 2024, the Group has current biological assets comprising mainly winter and spring crops of the 2023/24 season, which were not yet harvested in the amount of USD 188 million.

The Group calculates the fair value less costs to sell on the basis of the discounted cash flow forecasts, applying the following significant assumptions:

- crop yields;

Our audit procedures included the following:

- Gaining an understanding of management's process for development of significant assumptions used by management in the valuation and assessing the appropriateness of valuation methodology applied.

- Evaluating and challenging significant assumptions used in the valuation, such as crop yields and grain sales prices net of transportation costs, based on the internal and external data which supports these assumptions.

- Checking the sensitivity analysis over significant assumptions used.

- Verifying the mathematical accuracy and integrity of calculations and the adequacy of the Group's disclosures in Note 5 and 13 to the consolidated financial statements.



- grain sales prices net of transportation costs.

Taking into account significant management judgements and magnitude of the amounts involved, we considered this to be a key audit matter.

Refer to Note 5 and 13 to the consolidated financial statements for the related disclosure.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 that fact.

As described in the "Basis for qualified opinion" section above, we were unable to obtain sufficient appropriate audit evidence to verify the opening balance of crypto assets as at 30 June 2022 and transactions in crypto assets during the year ended 30 June 2023. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").



Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report 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 EU Regulation No 537/2014, 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 consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group’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 the 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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Directors' 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 consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 11 December 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

We have checked the compliance of the consolidated financial statements of the Group as at 30 June 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.



In our opinion, the consolidated financial statements of the Group as at 30 June 2024 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 October 2024

A handwritten signature in blue ink, appearing to be 'A. Chizhov', written in a cursive style.

Andrei Chizhov

Statement of the Board of Directors' Responsibilities for the Preparation and Approval of the Consolidated Financial Statements

for the year ended 30 June 2024

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

We confirm that to the best of our knowledge and belief:

- The consolidated financial statements of Kernel Holding S.A. (the 'Company') presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the consolidated statements of comprehensive income, changes in equity and cash flows for the year that ended, and notes to the consolidated financial statements, including a summary of significant accounting policies; and
- The Management Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

28 October 2024

On behalf of the Board of Directors



Andrii Verevskyi
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer

Selected Financial Data

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

	USD ¹		PLN		EUR	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
I. Revenue	3,581,462	3,455,121	14,534,289	15,483,636	3,312,136	3,306,205
II. Profit from operating activities	276,428	439,460	1,121,800	1,969,378	255,641	420,519
III. Profit before income tax	211,052	367,824	856,491	1,648,351	195,181	351,971
IV. Profit for the period	167,628	298,774	680,268	1,338,913	155,022	285,897
V. Net cash generated by operating activities	472,136	716,132	1,916,022	3,209,245	436,631	685,267
VI. Net cash (used in)/generated by investing activities	(112,548)	9,576	(456,742)	42,913	(104,084)	9,163
VII. Net cash used in financing activities	(504,102)	(219,181)	(2,045,747)	(982,229)	(466,194)	(209,734)
VIII. Total net cash flow	(144,514)	506,527	(586,467)	2,269,929	(133,647)	484,696
IX. Total assets	3,396,911	3,885,169	13,696,345	15,954,835	3,175,432	3,585,234
X. Current liabilities	1,367,062	1,898,804	5,511,994	7,797,629	1,277,929	1,752,216
XI. Non-current liabilities	163,555	242,370	659,454	995,316	152,891	223,659
XII. Issued capital	7,749	2,219	31,244	9,113	7,244	2,048
XIII. Total equity	1,866,294	1,743,995	7,524,897	7,161,890	1,744,612	1,609,359
XIV. Weighted average number of shares	256,839,066	77,429,230	256,839,066	77,429,230	256,839,066	77,429,230
XV. Profit per ordinary share (in USD/PLN/EUR)	0.65	3.86	2.65	17.32	0.60	3.70
XVI. Diluted number of shares	256,839,066	77,429,230	256,839,066	77,429,230	256,839,066	77,429,230
XVII. Diluted profit per ordinary share (in USD/PLN/EUR)	0.65	3.86	2.65	17.32	0.60	3.70
XVIII. Book value per share (in USD/PLN/EUR)	6.35	22.50	25.60	92.40	5.94	20.76
XIX. Diluted book value per share (in USD/PLN/EUR)	6.35	22.50	25.60	92.40	5.94	20.76

¹ Please see Note 3 for the exchange rates used for conversion.

Consolidated Statement of Financial Position

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 30 June 2024	As of 30 June 2023
Assets			
Current assets			
Cash and cash equivalents	9, 37	809,584	954,103
Trade accounts receivable	10, 34, 37	305,246	321,579
Prepayments to suppliers	34	120,870	135,044
Corporate income tax prepaid		227	3,595
Taxes recoverable and prepaid	11	114,127	162,280
Inventory	12	277,660	341,543
Biological assets	13	187,712	147,895
Other financial assets	14, 34, 37	339,929	376,063
Total current assets		2,155,355	2,442,102
Non-current assets			
Property, plant and equipment	15	944,104	1,020,411
Right-of-use assets	16	172,931	205,644
Intangible assets	17	36,394	36,334
Goodwill	18	13,196	71,632
Deferred tax assets	25	35,626	21,353
Non-current financial assets	34	23,307	25,524
Other non-current assets	19	15,998	62,169
Total non-current assets		1,241,556	1,443,067
Total assets		3,396,911	3,885,169
Liabilities and equity			
Current liabilities			
Trade accounts payable	34, 37	109,672	158,567
Advances from customers and other current liabilities	20, 34	177,179	153,770
Corporate income tax liabilities		31,433	12,943
Short-term borrowings	22	315,166	869,933
Current portion of lease liabilities	23	27,206	31,160
Current bonds issued	24	597,580	596,211
Interest on bonds issued	24, 37	7,612	7,612
Other financial liabilities	21, 37	101,214	68,608
Total current liabilities		1,367,062	1,898,804
Non-current liabilities			
Lease liabilities	23	142,534	166,735
Deferred tax liabilities	25	20,035	20,557
Other non-current liabilities	37	986	55,078
Total non-current liabilities		163,555	242,370
Equity attributable to Kernel Holding S.A. equity holders			
Issued capital	2	7,749	2,219
Share premium reserve	2	457,935	500,378
Additional paid-in capital	2	39,944	39,944
Treasury shares	2	—	(96,897)
Revaluation reserve		96,178	104,303
Translation reserve		(1,029,114)	(932,089)
Retained earnings		2,291,951	2,123,999
Total equity attributable to Kernel Holding S.A. equity holders		1,864,643	1,741,857
Non-controlling interests		1,651	2,138
Total equity		1,866,294	1,743,995
Total liabilities and equity		3,396,911	3,885,169
Book value		1,864,643	1,741,857
Number of shares	2, 38	293,429,230	77,429,230
Book value per share (in USD)		6.35	22.50
Diluted number of shares	38	293,429,230	77,429,230
Diluted book value per share (in USD)		6.35	22.50

On behalf of the Board of Directors

Andrii Verevskiy
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer



Consolidated Statement of Profit or Loss

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	For the year ended 30 June 2024	For the year ended 30 June 2023
Revenue	26, 34	3,581,462	3,455,121
Net change in fair value of biological assets and agricultural produce	13	(10,447)	(114,705)
Cost of sales	27, 34	(2,888,959)	(2,704,014)
Gross profit		682,056	636,402
Other operating income	28	71,071	53,547
Other operating expenses	28	(22,883)	(34,867)
General, administrative and selling expenses	29, 34	(213,373)	(205,019)
Net (impairment)/reversal of impairment losses on financial assets	10	(11,217)	4,130
Loss on impairment of assets	30	(229,226)	(14,733)
Profit from operating activities		276,428	439,460
Finance costs	31	(119,079)	(153,249)
Finance income	31, 34	49,819	30,792
Foreign exchange gain, net	32	32,972	62,650
Other expenses, net	33, 34	(29,088)	(11,829)
Profit before income tax		211,052	367,824
Income tax expenses	25	(43,424)	(69,050)
Profit for the period		167,628	298,774
Profit for the period attributable to:			
Equity holders of Kernel Holding S.A.		167,952	299,192
Non-controlling interests		(324)	(418)
Earnings per share			
Weighted average number of shares	38	256,839,066	77,429,230
Profit per ordinary share (in USD)		0.65	3.86
Diluted number of shares	38	256,839,066	77,429,230
Diluted profit per ordinary share (in USD)		0.65	3.86

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors



Sergiy Volkov

Director, Chief Financial Officer



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Notes	For the year ended 30 June 2024	For the year ended 30 June 2023
Profit for the period	167,628	298,774
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Loss on revaluation of property, plant and equipment	(9,909)	—
Income tax related to components of other comprehensive income	1,784	—
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations ¹	(97,188)	(241,000)
Other comprehensive loss	(105,313)	(241,000)
Total comprehensive income for the period	62,315	57,774
Total comprehensive income attributable to:		
Equity holders of Kernel Holding S.A.	62,802	58,669
Non-controlling interests	(487)	(895)

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer



¹ Exchange differences on translating foreign operations increased mostly as a result of foreign exchange rate change.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Attributable to Kernel Holding S.A. shareholders

	Issued capital	Share premium reserve	Additional paid-in capital	Treasury shares	Revalua- tion reserve	Translation reserve	Retained Earnings	Total	Non- controlling interests	Total equity
Balance as of 30 June 2022	2,219	500,378	39,944	(96,897)	104,303	(816,490)	1,949,731	1,683,188	3,033	1,686,221
Profit for the period	—	—	—	—	—	—	299,192	299,192	(418)	298,774
Other comprehensive loss	—	—	—	—	—	(115,599)	(124,924)	(240,523)	(477)	(241,000)
Total comprehensive income for the period	—	—	—	—	—	(115,599)	174,268	58,669	(895)	57,774
Balance as of 30 June 2023	2,219	500,378	39,944	(96,897)	104,303	(932,089)	2,123,999	1,741,857	2,138	1,743,995
Profit for the period	—	—	—	—	—	—	167,952	167,952	(324)	167,628
Other comprehensive loss	—	—	—	—	(8,125)	(97,025)	—	(105,150)	(163)	(105,313)
Total comprehensive income for the period	—	—	—	—	(8,125)	(97,025)	167,952	62,802	(487)	62,315
Increase of share capital (Note 2)	5,704	54,280	—	—	—	—	—	59,984	—	59,984
Cancellation of treasury shares (Note 2)	(174)	(96,723)	—	96,897	—	—	—	—	—	—
Balance as of 30 June 2024	7,749	457,935	39,944	—	96,178	(1,029,114)	2,291,951	1,864,643	1,651	1,866,294

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors



Sergiy Volkov

Director, Chief Financial Officer



Consolidated Statement of Cash Flows

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 30 June 2024	As of 30 June 2023
Operating activities:			
Profit before income tax		211,052	367,824
Adjustments for:			
Amortization and depreciation		104,723	104,786
Finance costs	31	119,079	153,249
Finance income	31	(49,819)	(30,792)
Net impairment/(reversal) losses on financial assets	10	11,217	(4,130)
Loss/(Gain) on disposal of property, plant and equipment	33	530	(621)
Net foreign exchange gain	32	(32,717)	(61,201)
Loss on impairment of assets	30	229,226	14,733
Write-downs of inventories to net realisable value	12	2,783	65,690
Net change in fair value of biological assets and agricultural produce	13	10,447	114,705
Net (gain)/loss arising on financial instruments		(16,540)	29,656
Other accruals		14,021	(1,089)
Operating profit before working capital changes		604,002	752,810
Changes in working capital:			
Change in trade receivable		10,425	(177,380)
Change in other financial assets		(19,228)	(265,846)
Change in prepayments and other current assets		30,859	(70,235)
Change in restricted cash balance		—	58
Change in taxes recoverable and prepaid		36,391	2,733
Change in biological assets		(17,181)	73,662
Change in inventories		(16,899)	508,182
Change in trade accounts payable		(45,292)	1,063
Change in advances from customers and other current liabilities		(397)	55,396
Cash generated from operations		582,680	880,443
Interest paid		(110,878)	(148,436)
Interest received		32,777	28,128
Income tax paid		(32,443)	(44,003)
Net cash generated by operating activities		472,136	716,132
Investing activities:			
Purchase of property, plant and equipment		(142,578)	(77,093)
Proceeds from disposal of property, plant and equipment		10,175	2,720
Payment for lease agreements		(1,426)	(1,825)
Purchase of intangible and other non-current assets		(2,489)	(10,223)
Proceeds from disposal of intangible and other non-current assets		—	123,436
Acquisition of subsidiaries, net of cash acquired	8	(24,745)	(12,031)
Disposal of subsidiaries	8	92,452	89,705
Placement of pledge deposits	14	—	(122,703)
Pledge deposits withdrawal	14	121,400	—
(Payment to acquire)/Proceeds from disposal of financial assets		(165,337)	17,590
Net cash (used in)/generated by investing activities		(112,548)	9,576
Financing activities:			
Proceeds from borrowings		245,019	54,905
Repayment of borrowings		(790,455)	(247,717)
Financing for farmers		—	193
Repayment of lease liabilities		(20,046)	(23,179)
Proceeds from share premium reserve increase		54,280	—
Issued capital		5,704	—
Net cash used in financing activities		(505,498)	(215,798)
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,396	(3,383)
Net (decrease)/increase in cash and cash equivalents		(144,514)	506,527
Cash and cash equivalents, at the beginning of the year	9	954,093	447,566
Cash and cash equivalents, at the end of the year	9	809,579	954,093

For non-cash financing activities please see Note 9.

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors



Sergiy Volkov

Director, Chief Financial Officer



Notes to the Consolidated Statements

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

1. Corporate Information

Kernel Holding S.A. (hereinafter referred to as the 'Holding' or the 'Company') incorporated under the legislation of Luxembourg on 15 June 2005 (number B 109,173 in the Luxembourg Register of Companies) is the holding company for a group of entities (hereinafter referred to as the 'Subsidiaries'), which together form Kernel Group (hereinafter referred to as the 'Group' or the 'Kernel Group').

Kernel Holding S.A. has been a publicly traded company since 2007. Kernel Holding S.A. made an announcement on 13 April 2023, indicating that their Board of Directors had decided to withdraw the company's shares from trading on the Warsaw Stock Exchange's regulated market. However, as of 30 June 2024, and as of the date of these consolidated financial statements issue the delisting process has not been completed.

The Group's principal business activity is the production and subsequent export of sunflower oil and meal in bulk, the production and sale of bottled sunflower oil, the wholesale trade of grain (mainly corn, soybean, wheat, and barley), farming, and the provision of logistics and transshipment services. The majority of the Group's manufacturing facilities are primarily based in Ukraine. As of 30 June 2024, the Group employed 10,904 people (10,733 people as of 30 June 2023).

The Group's financial year runs from 1 July to 30 June.

The principal place of business of the Group is Ukraine. The principal operating office of the Group is located at 3 Tarasa Shevchenka Lane, Kyiv, 01001, Ukraine.

As of 30 June, the primary Subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Holding were as follows:

Subsidiary	Principal activity	Country of incorporation	Group's effective ownership interest and voting rights as of	
			30 June 2024	30 June 2023
Inerco Trade S.A.	Trading in sunflower oil, meal and grain.	Switzerland	100.0%	100.0%
Kernel-Trade LLC		Ukraine	100.0%	100.0%
Avere Commodities SA		Switzerland	100.0%	100.0%
Poltava OEP PJSC	Oilseed crushing plants. Production of sunflower oil and meal.	Ukraine	99.7%	99.7%
Bandurka OEP LLC		Ukraine	100.0%	100.0%
Kropyvnytskyi OEP PJSC		Ukraine	99.2%	99.2%
BSI LLC		Ukraine	100.0%	100.0%
Prydniprovskyi OEP LLC		Ukraine	100.0%	100.0%
Starokostiantynivskyi OEZ LLC		Ukraine	100.0%	100.0%
Estron Corporation Ltd		Provision of grain, oil, and meal handling and transshipment services	Cyprus	100.0%
Transbulkterminal LLC	Ukraine		100.0%	100.0%
Transgrainterminal LLC	Ukraine		100.0%	100.0%
Oillexportterminal LLC	Ukraine		100.0%	100.0%
Poltava HPP PJSC	Grain elevators. Provision of grain and oilseed cleaning, drying, and storage services.	Ukraine	94.1%	94.1%
Kononivsky Elevator LLC		Ukraine	100.0%	100.0%
Agro Logistics Ukraine LLC		Ukraine	100.0%	100.0%
Bilovodskyi KHP PJSC		Ukraine	91.12%	91.12%
Hliborob LLC		Agricultural farms. Cultivation of ag- ricultural products: corn, wheat, soy- bean, sunflower seed, rapeseed, for- age, pea and barley.	Ukraine	100.0%
Prydniprovskyi Kray ALLC	Ukraine		100.0%	100.0%
Druzhba-Nova ALLC	Ukraine		100.0%	100.0%
Druzhba 6 PE	Ukraine		100.0%	100.0%
AF Semerenky LLC	Ukraine		100.0%	100.0%
Hovtva ALLC	Ukraine		100.0%	100.0%

These consolidated financial statements were authorized for release by the board of directors of Kernel Holding S.A. on 28 October 2024.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

2. Change in Issued Capital

Since 15 June 2005, the parent company of the Group is Kernel Holding S.A. (Luxembourg). The issued capital of the Holding as of 30 June 2024, consisted of 293,429,230 ordinary electronic shares without indication of the nominal value (30 June 2023: 84,031,230). Ordinary shares have equal voting rights and rights to receive dividends (except for own shares purchased).

The shares were distributed as follows:

	As of 30 June 2024		As of 30 June 2023	
	Shares allotted and fully paid	Share owned	Shares allotted and fully paid	Share Owned
Equity holders				
Namsen Limited registered under the legislation of Cyprus	276,914,889	94.37%	62,222,460	74.05%
Free float	16,514,341	5.63%	15,206,770	18.10%
Own shares purchased	—	—	6,602,000	7.85%
Total	293,429,230	100.00%	84,031,230	100.00%

As of 30 June 2024 and 30 June 2023, the Company's immediate majority shareholder was Namsen Limited ('Namsen Ltd') and the Company was ultimately controlled by Mr. Andrii Verevskiy. As of 30 June 2024 and 2023, 100% of the beneficial interest in Namsen Ltd was held by Mr. Andrii Verevskiy.

As of 1 September 2023, the Company increased its share capital by USD 5,704 thousand, through the issuance of 216,000,000 new Ordinary Shares, each without indication of a nominal value. The total offering of USD 59,984 thousand was raised from qualified investors, with USD 54,280 thousand allocated to share premium.

On 21 March 2024, the Group decreased its share capital by USD 174 thousand through the cancellation of 6,602,000 shares held in treasury by its wholly owned subsidiary with USD 96,723 thousand decrease allocated to share premium.

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 issued capital. This reserve, in the amount of USD 221 thousand as of 30 June 2024 and 2023, may not be distributed as dividends.

3. Operating Environment

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine. As a response, Ukraine declared martial law which is still in place as of the date of signing of these consolidated financial statements as the military actions are still ongoing in the Eastern and Southern parts of Ukraine along the frontline, some towns and cities in these regions remain temporarily occupied while Russia conducts sporadic bombardments throughout the whole Ukrainian territory.

The Ukrainian economy has features inherent in emerging markets, and its development is heavily influenced by the fiscal and monetary policies adopted by the Ukrainian government, together with developments in the legal, regulatory, and political environment which changes rapidly.

According to the National Bank of Ukraine's ('NBU') forecast, during the second half of the 2024 calendar year, the inflation will pick up to 8.5%, but ease to 6.6% next year and go back to 5% target in the 2026 calendar year. Although the economic recovery will continue, its pace will slow to 3.7% this year, primarily due to significant damage to the energy system. In the next two years, real GDP growth will accelerate to 4% – 5%.

During August 2024, approximately USD 8.4 billion in external financing was received into the general fund of Ukraine's State Budget. Of this amount, USD 5.5 billion were grants, and USD 2.9 billion were concessional loans. Thus, over 65% of the funds raised were received on a non-repayable basis. Overall, in 2024, external financing reached USD 24.5 billion (including USD 6.6 billion in grants). The total assistance since the beginning of the full-scale war amounts to USD 98 billion.

The 'grain agreement' between Ukraine, Turkey, and the United Nations was effective until 17 July 2023, when Russia has officially withdrawn from the deal. In August 2023, a temporary sea corridor began to operate via Ukraine. In 2023, a total of 56.3 million tons of goods were exported through Ukrainian ports (2022: 47.8 million tons). Starting from 17 July 2023, up until today, 2,300 ships have entered Ukraine's Black Sea ports during the corresponding period of operation of the Black Sea maritime corridor, with a total cargo turnover of more than 64 million tons. Of this, nearly 44 million tons of grain were exported from Ukraine via this corridor. This enabled Ukrainian exporters to increase the physical volume of their sales by 35% in the first half of 2024 and to reach pre-war export levels.

As of 1 October 2024, Ukraine had USD 38,899 million in international reserves, early data show. In September 2024, they declined by 8.1%. Such dynamics were driven by the NBU's FX interventions to compensate for the structural deficit of foreign currency and smooth out exchange rate fluctuations, as well as by Ukraine's FX debt repayments. These transactions were partially offset by proceeds from the placement of FX domestic government debt securities and inflows of international assistance in September, which were one of the smallest since the beginning of the year, following the large inflows in August.

In accordance with the July 2024 NBU Inflation Report, external financing will enable Ukraine to maintain a sufficient level of international reserves. By the end of 2024, they will have come close to USD 41 billion. Going forward, as international support expectedly declines, reserves will gradually diminish to USD 37 billion in 2025 and USD 32 billion in 2026. However, they will be sufficient to preserve the sustainability of the FX market and ensure moderate two-way fluctuations in the exchange rate as market conditions change.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Starting from 14 June 2024, the Board of the National Bank of Ukraine has decided to cut the key policy rate from 13.5% to 13.0%. Considering the still moderate rate of inflation, ongoing improvement in inflation expectations, and the balance of risks for further inflation dynamics, the NBU continues the cycle of interest rate policy easing in order to support economic recovery. Beginning on 19 September 2024, NBU has decided to keep its key policy rate at 13% per annum.

In 2023 - 2024, Ukraine witnessed massive power outages for the population and businesses due to significant damage to power grids caused by missile attacks and shelling from the Russian Federation, which also caused problems with water and heat supply. The Government introduced a range of emergency measures to resolve those challenges and stabilize the economy. Effective from February 2023, the situation in the energy system of Ukraine improved and stabilized. However, in May-September 2024 missile attacks on the Ukrainian energy system resumed which has led to new outages.

As of October 2024, the war between Ukraine and the Russian Federation is ongoing, resulting in the significant destruction of property and assets in Ukraine and other serious consequences. The consequences of the war are changing daily, and the long-term implications are unclear. Further impact on the Ukrainian economy depends upon the way the Russian military invasion in Ukraine is resolved and upon the success of the Ukrainian Government in the realization of new reforms, recovery strategy after the invasion is stopped, and the transformation of the state to acquire the European Union membership, as well as cooperation with the international funds.

4. Summary of Material Accounting Policies

Basis of Preparation and Accounting

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment for the oilseeds processing segment, biological assets, agricultural produce and certain financial assets and liabilities measured at fair value. The consolidated financial statements have been prepared on a going concern basis.

The Group's Subsidiaries maintain their accounting records in local currencies in accordance with the accounting and reporting regulations of the countries of their incorporation. Local statutory accounting principles and procedures may differ from those generally accepted under IFRS Accounting Standards. Accordingly, the consolidated financial statements, which have been prepared from the Group's Subsidiaries' accounts under local accounting regulations, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS Accounting Standards.

Going concern

The Group's operations continued to be significantly affected by the Russian full-scale military invasion of Ukraine on 24 February 2022, causing widespread disruption within Ukraine and triggering economic, humanitarian, and environmental crises. Kernel Group's business activities have been adjusted, focusing on continuity and safeguarding operations. The Group has assessed the war's impact on its business, as follows:

- In 2024, Ukraine's grain exports underwent significant changes. Following the termination of the UN-brokered Black Sea Grain Initiative on 17 July 2023, Russia revoked its security guarantees for vessels navigating to Ukraine's deep-sea ports and commenced regular attacks targeting port and agricultural infrastructure, further destabilizing the region's ability to sustain export operations. In August 2023, the Ukrainian Navy established a temporary corridor for commercial navigation; however, normal ship traffic did not fully resume until mid-October. Russian attacks on civilian grain vessels continue to jeopardize Ukraine's export capabilities, placing immense pressure on companies relying on Black Sea routes. However, the temporary corridor has enabled a continuation of grain shipments throughout the 2024 financial year.
- Several of the Group's facilities, including 7 silos and 3 export terminals, have sustained significant damage from missile and drone attacks. These assaults caused substantial harm to storage facilities, intake capacities, and loading equipment, with a net book value of lost property, plant and equipment amounting to USD 11.2 million. Port railway infrastructure was attacked several times, causing logistics disruptions. The Vovchansk oil extraction plant in the Kharkiv region previously operated by the Group is fully destroyed because of heavy battles in the town. The Prykolotne oil extraction plant in the Kharkiv region also suffered severe damages as a result of the bombing and is currently inaccessible.
- The Group faces mobilization of employees to Ukraine's military forces. Since the invasion, 1,764 employees have joined Ukraine's military forces or territorial defense, of which approximately 826 have been demobilized. Most personnel have returned to their pre-war positions.
- As of 2024, the war in Ukraine has displaced millions of its citizens both internally and across Europe. Approximately 6.8 million Ukrainians have sought refuge in various European countries, with significant numbers being hosted in Poland, Germany, and the Czech Republic. Meanwhile, within Ukraine, around 8 million people have been displaced from their homes, fleeing conflict zones for safer regions, particularly in the west of the country. This mass displacement has created serious workforce shortages both inside and outside of Ukraine. As millions have left the country, businesses, particularly in key sectors such as agriculture, logistics, and manufacturing, have faced challenges in finding personnel to maintain normal operations. Skilled labor shortages are particularly acute, as many professionals and tradespeople were among those displaced or are now serving in the military. The active conscription poses additional human capital risks for the Group.
- As of 30 June 2024, the Group classified its bank borrowings with long-term initial contractual maturity in the amount of USD 130,594 thousand as short-term as the Group had waivers for technical and financial covenants for the period less than the final 12 months since the reporting date.
- The Group is seeking alternative sources of financing, such as loans from European and Ukrainian banks that have committed to providing financial support to businesses in Ukraine.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The management has undertaken a restructuring of the business processes in response to the impacts of the war:

- The Group achieved a total crushing volume of 3.2 million tons of oilseeds for the 2024 financial year, including 130 thousand tons of rapeseed. This includes 188 thousand tons processed for third parties under tolling agreements. This represents a 24% year-over-year increase, primarily driven by the additional crushing capacity introduced in February 2024 with the commissioning of a greenfield oil extraction plant in western Ukraine. The performance in FY2025 will be supported by stable export operations through Black Sea ports. However, the Group anticipates the largest-ever deficit of seeds in the country, which will intensify competition for feedstock and put downward pressure on margins
- The Group successfully increased product exports by 36% through the Black Sea ports and alternative routes, including Danube ports, rail, and trucks, thanks to additional investments in logistics assets and the dedicated efforts of the team. The Group acquired a 50,000-ton capacity bulk vessel, marking the third in Kernel's fleet. This addition enhanced the Group's logistics and export capacity.
- Grain procurement increased to 2.8 million tons on the back of stable export operations via Black Sea export routes for most of the year.
- As of 30 June 2024, the Group managed a land bank of 358 thousand hectares, with 95% of the land successfully planted. The Group has completed the harvesting of all crops, except for corn, which is now in the final phase of harvesting.
- To ensure uninterrupted operations the Group continues to invest in power generators and during the year ended 30 June 2024 USD 2.4 million were invested to support the electricity system (for the year ended 30 June 2023: USD 3.1 million).
- Since 2017, Kernel has been developing a biomass-based "green" energy project, achieving a combined turbine actual capacity of approximately 84.4 MW. In the context of the ongoing war, investing in this initiative has provided the Group with a reliable alternative energy source, reducing its dependency on external supplies and enhancing resilience against disruptions caused by the conflict.
- As of 30 June 2024, the Group has outstanding loans totaling USD 315,166 thousand. During the 2024 financial year, short-term borrowings of USD 790,455 thousand were repaid. Additionally, starting from December 2023, the Group resumed its regular repayment schedule with European banks, having fully repaid the previously outstanding principal to restore normal terms.
- After the reporting date the Group repaid USD 300,000,000 bonds (Note 24, 39) which were due 17 October 2024.
- The Group signed the new PXF agreement for financing of sunflower seeds purchase for USD 150,000 thousand which was arranged by European banks.
- Despite the disruptions caused by the war in Ukraine, as of 30 June 2024 the Group's current assets exceeded current liabilities by USD 788,293 thousand, and the Group generated profit for the period of USD 167,628 thousand and operating cash flow of USD 472,136 thousand.

Considering the above, management has assessed the going concern assumption based on which the consolidated financial statements have been prepared.

Management prepared cash flow forecasts for the next 12 months since the consolidated financial statements issue date. The following key assumptions were made by management:

- No significant further advancement of Russian troops into the territory of Ukraine and no further escalation of military actions that could severely impact the Group's assets;
- Deep water ports in Ukraine will remain open and operational during the next financial year, enabling the Group to continue exports.
- Deferral of non-essential capital expenditures that are not contractually committed or critical to operations;
- The settlement of the 2024 bonds occurred in October 2024;
- The Group will be able to settle the bank borrowings and bonds until their initial maturity date;
- The Group expects to utilize available credit lines or secure new financing within the 2025 financial year.

Management acknowledges that the future development of military actions, and their duration represent a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. Despite the material uncertainty relating to the war in Ukraine, management is continuing to take actions to minimize the impact on the Group and thus believes that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate.

Adoption of New and Revised Standards

The Group has adopted all new and revised IFRS Accounting Standards that became effective for annual periods beginning on or after 1 July 2023. The changes are as follows:

Amendments to IFRS 9, IFRS 17, IAS 1, IAS 8, IAS 12

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts.

Amendments to IFRS 17 addressed concerns and implementation challenges that were identified after IFRS 17 Insurance contracts were published.

Classification of liabilities as current or non-current (Amendments to IAS 1): The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due on potentially due to be settled within one year) or non-current.

Disclosure of Accounting policies (Amendments to IAS 1): The amendments require that an entity discloses its material accounting policies instead of its significant accounting policies.

Definition of accounting estimates (Amendments to IAS 8): The amendments replace the definition of a change in accounting estimates and clarify

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for entities distinguishing changes in accounting estimates from accounting policies.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12): The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Standards and Interpretations Issued but not Effective

At the date of authorization of these consolidated financial statements, the following standards, and interpretations, as well as amendments to the standards had been issued but were not yet effective:

Standards and Interpretations	Effective for the annual period beginning on or after
Lease liability in Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lack of Foreign Currency Exchangeability (Amendments to IAS 21)	1 January 2025
Presentation and Disclosure in Financial Statements (Amendments to IFRS 18)	1 January 2027
Subsidiaries without Public Accountability: Disclosure (Amendments to IFRS 19)	1 January 2027

Management anticipates that the adoption of these standards and interpretations will not have a material effect on the consolidated financial statements of the Group in future periods.

Functional and Presentation Currency

The Group's presentation currency is the United States dollar ('USD'). The functional currency of the majority of the Group's foreign Subsidiaries is their local currency, except for businesses engaged in the production and sale of sunflower oil and export terminals, for which USD was determined as the functional currency.

Foreign Currencies

Transactions in currencies other than the functional currencies of the Group's companies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Subsequently, monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in Consolidated Statement of Profit or Loss and Other Comprehensive Income accumulated in 'Translation reserve'.

The exchange rates during the period of the financial statements were as follows:

Currency	Closing rate as of 30 June 2024	Average rate for the year ended 30 June 2024	Closing rate as of 30 June 2023	Average rate for the year ended 30 June 2023
USD/UAH	40.5374	37.7892	36.5686	36.1678
USD/EUR	0.9348	0.9248	0.9228	0.9569
USD/PLN	4.0320	4.0582	4.1066	4.4814

Rates established by NBU might differ from the commercial rates. Therefore, these rates might not be the ones at which the assets could be realized, or liabilities could be settled. Additionally, certain NBU restrictions on transactions with foreign currency continued in 2024 financial year and until the date of these consolidated financial statements issue, although they were gradually eased during this period.

The average exchange rates for each period are calculated as the arithmetic mean of the exchange rates for all trading days during this period. The sources of exchange rates are the official rates set by the National Bank of Ukraine for USD/UAH and by the National Bank of Poland for USD/EUR and USD/PLN.

All foreign exchange gain or loss that occurs on revaluation of monetary balances, presented in foreign currencies, is allocated as a separate line in the Consolidated Statement of Profit or Loss.

Basis of Consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Holding and companies controlled by the Holding ('Subsidiaries') as of 30 June 2024.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its Subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders, or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a Subsidiary begins when the Company obtains control over the Subsidiary and ceases when the Company loses control of the Subsidiary. Specifically, income and expenses of a Subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the over Subsidiary.

All inter-company transactions and balances between the Group's enterprises are eliminated for consolidation purposes. Unrealized gains and losses resulting from inter-company transactions are also eliminated, except for unrealized losses that cannot be recovered.

Non-controlling interests in Subsidiaries are identified separately from the Group's equity therein. Non-controlling interests as of the reporting date represent the non-controlling equity holders' portion of the fair values of the identifiable assets and liabilities of the Subsidiary at the acquisition date and the non-controlling equity holders' portion of movements in equity since the date of acquisition. Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. The total comprehensive income of Subsidiaries is attributed to the equity holders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and equity interests issued by the Group in exchange for control of the acquire. Acquisition costs are expensed when incurred and included in general, administrative and selling expenses.

At the acquisition date, identifiable assets acquired, and liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- The Group shall recognize right-of-use assets and lease liabilities for leases identified in accordance with IFRS 16 in which the acquiree is the lessee. The Group shall measure the lease liability at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease were a new lease at the acquisition date. The Group shall measure the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with the market;
- The acquirer shall measure the value of a reacquired right recognized as an intangible asset based on the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value;
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets and liabilities that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

For each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at a proportionate share of the acquirer's identifiable net assets. If the initial accounting for a business combination cannot be completed by the end of the reporting period in which the combination occurs, only provisional amounts are reported, which can be adjusted during a measurement period of 12 months after the acquisition date.

Changes in the Group's ownership interests in Subsidiaries that do not result in the Group losing control over the Subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect changes in their relative interests in Subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Holding.

Goodwill

Goodwill arising from a business combination is recognized as an asset at the date that control is acquired (acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest (if any) in the entity net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

For impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) ('CGU') that are expected to benefit from the synergies of the combination. The cash-generated units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the legal entity, which represents a production site of the Group, except for the Farming segment where the whole segment is determined as one CGU and two grain export terminals which represent a single CGU.

Non-current assets held for sale and Discontinued Operations

In compliance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable within one year, and the asset or disposal group is available for immediate sale in its present condition. Non-current assets are measured at the lower of the previous carrying amount or the fair value less costs to sell.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control, and there is sufficient evidence that the Group remains committed to its plan to sell the asset. In such circumstances, the asset is measured at its fair value less costs to sell at each reporting date. Any impairment loss arising subsequent to reclassification as held for sale is recognized in the Consolidated Statement of Profit or Loss. Non-current assets and liabilities of a disposal group classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

If the criteria for classification of the asset as held for sale are no longer met at the reporting date, the Group ceases to classify the asset as held for sale.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a Subsidiary acquired exclusively with a view to resale.

The result from discontinued operations is presented in the Consolidated Statement of Profit or Loss as a separate item after the profit from continuing operations. If the criteria for classification of the disposal group held for sale are met after the reporting date, the disposal group is not presented as held for sale in those consolidated financial statements when issued. However, when those criteria are met after the reporting date but before the authorization of the consolidated financial statements for issue, the Group discloses the relevant information in the notes to the consolidated financial statements.

Fair Value Measurement

Fair value is the 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Consolidated Statements **continued**

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For the transactions and activities in financial instruments, the Group could conclude enforceable master netting or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis (Note 37). In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party or bankruptcy.

Inventories

Inventories are stated at a lower cost or net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Biological Assets and Agricultural Produce

The Group classifies crops in fields and cattle as biological assets.

Biological assets are stated at fair value less estimated costs to sell at both initial recognition and as of the reporting date, with any resulting gain or loss recognized in the Consolidated Statement of Profit or Loss. Costs of selling include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell estimated at the point of harvest. A gain or loss arising from the initial recognition of agricultural produce at fair value less costs to sell is included in the Consolidated Statement of Profit or Loss. The Group presents gain/(loss) on revaluation attributable to the agricultural produce sold during the year in the line Net change in fair value of biological assets and agricultural produce.

Biological assets for which quoted market prices are not available are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market-determined rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition.

Cost of agricultural preparation of fields before seeding is recorded as work-in-progress in inventories. After seeding, the cost of field preparation is recognized as biological assets held at fair value less costs to sell.

The Group classifies biological assets as current or non-current depending upon the average useful life of the group of biological assets. All of the Group's biological assets except non-current cattle were classified as current, as their average useful life is less than one year.

Property, Plant, and Equipment

Buildings, constructions, production machinery and equipment (Oilseed Processing segment) are accounted for at revalued amounts, being the fair value, which is determined using external professional expert evaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

If the asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to other comprehensive income and accumulated in the revaluation reserve in equity. However, such an increase is recognized in the Consolidated Statement of Profit or Loss to the extent that it reverses an impairment of the same asset previously recognized in the Consolidated Statement of Profit or Loss. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in the Consolidated Statement of Profit or Loss. However, such a decrease is debited directly to the Other Comprehensive Income or Loss to the extent of any credit balance existing in the revaluation surplus with respect to that asset.

Depreciation on revalued assets is charged to the Consolidated Statement of Profit or Loss. On the subsequent sale or retirement of revalued assets, the revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized. Property, plant and equipment are depreciated over the estimated useful economic lives of assets under the straight-line method.

Useful lives of property, plant, and equipment are as follows:

Buildings and constructions	20 - 50 years
Production machinery and equipment	10 - 20 years
Agricultural equipment and vehicles	5 - 30 years
Other fixed assets	5 - 20 years
Construction in progress (CIP) and uninstalled equipment	not depreciated

Except for land, building and constructions and production machinery and equipment of the Oilseed Processing segment, all other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Land is carried at cost less accumulated impairment losses and is not depreciated.

Notes to the Consolidated Statements **continued**

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Capitalized costs include major expenditures for improvements and replacements that extend the useful lives of assets or increase their revenue-generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are presented in the Consolidated Statement of Profit or Loss as incurred.

Construction in progress consists of costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overhead incurred during construction. Depreciation of these assets commences when the assets are put into operation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Profit or Loss.

Leases

The Group assesses whether a contract is, or contains, a lease at the inception of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less).

For the short-term leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The incremental borrowing rate is determined as reference interest rates which were derived from the yields of corporate bonds in the currency similar to the lease contracts, for a period of up to 10 years.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral, and conditions.
- To determine the incremental borrowing rate, the Group:
 - where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
 - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
 - adjusts specific to the lease, e.g., term, country, currency, and collateral

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any lease incentives received, and any initial direct costs. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets and lease liabilities are presented as separate lines in the consolidated statement of financial position.

Finance costs, which represent the difference between the total lease payments included in the measurement of the lease liability and the initial amount of the lease liability, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation and accumulated impairment losses. Amortization is primarily recognized within "Cost of Sales" on a straight-line basis over their estimated useful lives. The amortization method

Notes to the Consolidated Statements **continued**

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and estimated useful life are reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately shall not be amortized and are carried at cost less accumulated impairment loss.

Trademarks

The 'Schedry Dar', Stozhar', 'Zolota' and 'Domashnya' are separately acquired trademarks that have indefinite useful lives and are not amortized but tested for impairment by comparing their recoverable amount with their carrying amount annually on 30 June and whenever there is an indication that the trademarks may be impaired.

Crypto Assets

The following inherent characteristics are considered to classify crypto assets as intangible assets:

- Assets are identifiable;
- Assets have a lack of physical substance;
- Group has control over the resource; and
- Future economic benefits exist.

The crypto assets are carried initially at a cost comprised of purchase price and transaction costs. The Group considers that the crypto assets do not have a foreseeable limit to the period over which it is expected to generate net cash inflows for the Group, as a result, no amortization is required. The Group applies the cost model: crypto assets are measured at cost on initial recognition and are subsequently measured at cost less impairment losses, if any.

Impairment of tangible and intangible assets, except Goodwill

On each reporting date, the Group reviews the carrying amounts of the Group's non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The cash generating unit represents the lowest level within the Group at which the goodwill is monitored by management and which is not larger than a segment. An impairment loss is recognized immediately in the Consolidated Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Consolidated Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held with banks with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted balances are excluded from cash and cash equivalents for the consolidated statement of cash flows.

Financial Instruments

Financial assets and financial liability are recognized in the Group's Consolidated Statement of Financial Position when, and only when, the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories financial assets at amortized cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the business model and contractual cash flow characteristics of the financial assets or financial liabilities and is determined at the time of initial recognition.

The Group measures derivative instruments and investments made in debt instruments at FVTPL, all other financial instruments are measured at amortized cost.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables and trade payables that do not have a significant financing component which are measured at transaction price. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Amortized cost and effective interest method

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The effective interest method calculates the amortized cost of a debt instrument and allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss. The effect of initial recognition of financial assets and liabilities obtained/incurred at terms below the market is recognized net of the tax effect as an income or expense, except for financial assets and liabilities with shareholders or entities under control of the Beneficial Owner, whereby the effect is recognized through equity.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition;
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and all the risks and rewards to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in the Consolidated Statement of Profit or Loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized based on the relative fair values of those parts.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on a financial asset, other than those at FVTPL, at the end of each reporting period. The amount of ECL and other current assets is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Group applies a simplified approach permitted by IFRS Accounting Standards to measuring ECL which uses a lifetime expected loss allowance for trade receivables. The ECL on trade receivables and other current assets is estimated using a provision matrix, based on historical credit loss experience and credit rating of customers, adjusted on observable and reasonable information.

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.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or in the case of trade accounts receivable, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

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Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that is recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

1. the carrying amount of the liability before the modification; and
2. the present value of the cash flows after modification should be recognized in the statement profit or loss as the modification gain or loss within other operating income and expenses.

Derivatives and hedging activities

The Group enters a variety of derivative financial instruments including futures, options, and physical contracts to buy or sell commodities, that do not meet the own use exemption. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting period. The resulting gain or loss is recognized immediately in the profit or loss within Cost of sales (for the derivative purchase contracts) or Revenue (for settled forward sales contracts) unless the derivative is designated and effective hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Fair values are determined using quoted market prices, broker quotations, or using models and other valuation techniques. Derivatives expected to be settled

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

within a year after the end of the reporting period are classified as current liabilities or current assets.

The Group utilizes derivatives to hedge market risk exposures related to commodity price movements in relation to its sales. Those derivatives qualifying and designated as cash flow hedge of the exposure to variability in cash flows that is attributable to a risk or a highly probable forecast sale transaction. The gains and losses, the effective portion of changes in the fair value of derivatives are recognized in the cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge and recycled to profit or loss as the hedged transaction occurs. Amounts deferred in equity are transferred to the statement of profit or loss and classified as income or expense in the same periods during which the cash flows, such as hedged highly probable sales, affect the statement of profit or loss. Derivatives that do not qualify for hedge accounting have a gain or loss recognized in the income statement at the time of the transaction.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the Revenue line.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Share-based payments

Equity-settled share-based payments with employees are measured by reference to the fair value at the grant date and are recognized as an expense over the vesting period, which ends on the date the relevant employees become fully entitled to the award.

Fair value is calculated using the Monte Carlo Simulation model. No expense is recognized for awards that do not ultimately vest.

At each reporting date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense from the previous reporting date is recognized in the Consolidated Statement of Profit or Loss, with a corresponding entry in equity.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Treasury shares

Own equity instruments held by the Group ('Treasury shares') shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments. These treasury shares may be acquired and held by the entity or by other members of the Group. Any difference between the carrying amount and the consideration, if reissued, will be recognized in the share premium reserve.

Provisions

A provision is recognized in the Consolidated Statement of Financial Position when the Group has a legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Revenue recognition

Revenue is derived principally from the sale of goods and finished products, farming and rendering services. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The point of revenue recognition for sale of commodity goods is dependent upon contract sales terms (Incoterms). When goods are sold on a Cost and freight (CFR) or Cost, insurance, and freight (CIF) basis, the Group is responsible for providing services such as carriage and freight to the customer. 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 stand-alone selling prices of the commodities and supporting services. The revenue from these carriage and freight services is recognized over time.

A receivable is recognized by the Group when the control over goods is transferred to the wholesaler as this represents the point of time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The timing of billing is generally close to the timing of performance obligation satisfaction, respectively, the amount of contract assets and contract liabilities is not material. When the Group obtains a contract from a customer, the Group enters into a contract with one of those service providers, directing the service provider

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

to render freight and other services for the customer. The Group is obliged to pay the service provider even if the customer fails to pay.

Rendering of Services

Revenue is recognized over time for services provided by the Group. The main type of services provided by the Group a crop cleaning, drying and storage services by the Group's silos. Revenue from grain cleaning, drying and storage services is recognized on an accrual basis, based on the fees for the specific service, volumes of crops under service and days of storage.

Employee benefits

Wages, salaries, contributions to the pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The Group recognizes a liability and an expense for short-term bonuses and other short-term profit-sharing arrangements when the reporting entity has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate can be made of the amount payable.

Share-based options

The Group recognizes a compound financial instrument if an entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash). The Group measures the debt component of the compound financial instrument first and then measures the fair value of the equity component—considering that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the compound financial instrument is determined as the sum of the fair values of the two components.

Borrowing Costs

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 the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

Taxation

Income taxes have been provided for in the consolidated financial statements in accordance with legislation currently enacted in the legal jurisdictions where the operating entities are located. Income tax expense represents the sum of the tax currently payable and deferred tax expense.

Current and deferred tax for the year

Current and deferred tax are recognized in the Consolidated Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

The current income tax charge is the amount expected to be paid to, or recovered from, taxation authorities with respect to taxable profit or losses for the current or previous periods. It is calculated using tax rates that have been enacted or substantially enacted by the reporting date in the countries where the Holding and its Subsidiaries operate and generate taxable income. Taxable profit differs from 'profit before tax' because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible taxes other than income tax are recorded within operating expenses. Some of the Group's companies that are involved in agricultural production are exempt from income taxes and pay the Unified Agricultural Tax instead.

Deferred tax

Deferred income tax is recognized on temporary differences arising between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period that are expected to apply to the period when the temporary differences will reverse, or the tax loss carried forward will be utilized. Deferred tax assets for deductible temporary differences and tax losses carried forward are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities for taxable temporary differences associated with investments in Subsidiaries and joint ventures are recognized, except when the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset when:

- The Group has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities;
- The Group has the intention to settle on a net basis, or to realize the asset and settle the liability simultaneously;
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The application of IFRS Accounting Standards requires management to make reasonable judgments, assumptions and estimates. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. The estimates are based on the information available as of the reporting date. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revaluation of Property, Plant and Equipment

The Group recognizes the buildings, constructions, production machinery, and equipment used in the Oilseed Processing segment at the fair value, and assesses the carrying amount of items of property, plant, and equipment through the revaluation model to determine whether the carrying amount differs materially from fair value. All other classes of property, plant and equipment are recognized at historical cost less depreciation and impairment, if any.

The most recent valuation of the Group's buildings, constructions, production machinery and equipment used in the Oilseed Processing segment was performed as of 30 June 2022 by an independent appraiser following International Valuation Standards. Some machinery and equipment were valued using the market approach, which is within level 3 of the fair value hierarchy. Other items of buildings, constructions, machinery, and equipment were valued using the depreciated replacement cost approach, which is within level 3 of the fair value hierarchy. The results of the depreciated replacement cost and market approach were then compared with the results of the income approach (Level 3 of unobservable inputs) for corresponding assets to test whether impairment exists.

As of 30 June 2024, the Group analyzed whether the fair value of categories of property, plant, and equipment accounted for at fair value may differ from their carrying amounts and involved an external independent appraiser to conclude that the fair value of these fixed assets will not be significantly different from their book values other than those, for which impairment loss was recognized, as disclosed in Note 15.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimating uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of Property, Plant and Equipment

The Group performs impairment testing of non-financial assets whenever there is an indicator those assets might be impaired.

When there is an indication of impairment or a potential reversal of impairment concerning the Group's non-current assets, management conducts a thorough impairment review.

Management makes significant assumptions about factors which influenced due to the full-scale Russian invasion of Ukraine caused the following events which might indicate impairment:

- temporary breakouts of the operations;
- breaches of supply/purchase contracts;
- limitation of a market for product delivery;
- limitation of export routes;
- decline in profitability and physical damage as a result of the invasion; and
- commodity prices, considering future price and trends, where the typical deviation in 5-10 % is common in the industry.

As a result of the adverse events, the Group tested non-current assets for recoverability by comparing the net carrying value of the assets and their recoverable amount (higher in their value in use or fair value less cost to sell).

The Group performed the impairment test at the CGU level, for all CGUs of all segments, covering property, plant and equipment, intangible assets, right-of-use assets and goodwill. The recoverable amount of each CGU was determined based on the higher amount of value-in-use and fair value less costs to sell. In the case of impairment, the Group firstly allocates impairment to goodwill, then proportionally other intangible assets, property, plant and equipment and rights of use the assets.

In assessing for impairment, assets that do not generate independent cash flows are allocated to the appropriate cash-generating unit.

The Group determines the recoverable amount to be value in use that is based on estimated future cash flows that are discounted to their present value by applying the appropriate discount rate. Estimated future cash flows require management to make several assumptions that are disclosed in Note 15. Cash flow forecasts used in the value-in-use approach were based on financial budgets approved by management covering five years and extrapolated using the estimated growth rates for periods over 5 years.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The discount rate reflects the specific risks relating to the relevant segments and their functional currency and the country in which they operate. The discount rate and key assumptions used in the discounted cash flow forecasts and their sensitivities are disclosed in Note 15.

For assets or cash-generating units (CGUs) that were previously impaired, if their recoverable amount now exceeds their carrying amount, an impairment reversal is recognized in the consolidated statement of profit or loss.

Impairment of Right of Use Assets

The Group allocated the right of use assets to a cash generating unit, for impairment test within the respective CGU. The majority of the Group's right-of-use assets relate to leasehold land for agricultural purposes, being part of the Farming segment.

Details of the management assumptions used to assess the recoverable amount of cash-generating units in which right of use assets were allocated are provided in Note 5 under the Impairment of Property, Plant and Equipment section and Note 15.

Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives

The Group assesses CGU for impairment whenever events or changes in circumstances indicate that the carrying amount of assets or CGU may be impaired. Individual assets are grouped into CGUs to represent the lowest level within the entity at which the goodwill is monitored by management.

Determining whether goodwill is impaired requires an estimation of the value in use or fair value less costs to sell of the cash-generating units to which goodwill has been allocated. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. The calculation of value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate their present value.

Details of the management assumptions used to assess the recoverable amount of cash-generating units for which goodwill and intangible assets with indefinite useful lives have been allocated are provided in Note 5 under Impairment of Property, Plant, and Equipment section and Notes 15, 17 and 18.

Functional currencies of different entities of the Group

Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination of what the specific underlying economic conditions require judgment. In making this judgment, the Group evaluates among other factors, the location of activities, the sources of revenue and risks associated with activities, denomination of currencies of operations of different entities and degree of independence of subsidiaries' business model. Specifically, in determination of the functional currencies of Kernel Trade LLC, the Group based its judgement on the fact that the company operates internationally on the markets mainly influenced by the US Dollar (not Ukrainian Hryvnia) and its major activities include the sale of goods to foreign customers. Moreover, most of its operations are denominated in US Dollars and also, the US Dollar is the currency in which its business risks and exposures are managed, and the performance of their business is measured. In determining the functional currency of the oil-processing plants and transshipment terminals, the Group based its judgement on the degree of independence of those companies' business model of Kernel Trade LLC.

Fair Value of Biological Assets and Agricultural Produce

Biological assets are recorded at fair value less costs to sell. The fair value of growing crops is determined using a discounted cash flow model based on the expected crops' yield by sowing area size, the market price for respective crops, and after allowing for harvesting costs, contributory asset charges for the land and sowing areas and other costs yet to be incurred in getting the harvest to maturity.

The Group estimates the fair values of biological assets and agricultural produce based on the following assumptions:

- Expected crop yields (for crops in fields);
- Average weight and quality of animals;
- Productive life of one milk cow;
- Estimated future sales prices;
- Projected production costs and costs to sell; and
- Discount rate.

Although some of these assumptions are obtained from published market data, a majority of these assumptions are estimated based on the Group's historical and projected results (Note 13).

Fair value measurements

Derivative instruments are reported at their fair value, and the Group assesses the reliability and quality of the assumptions and data used for fair value measurement following the three hierarchy levels as outlined in IFRS 13 Fair Value Measurement. Fair values are determined through the following methods: firstly, they are externally verified by comparing them to quoted market prices in active markets (Level 1); secondly, they are calculated using models that rely on externally verifiable inputs (Level 2); or thirdly, they are established using alternative procedures, such as comparing them to similar instruments and/or utilizing models that involve unobservable market inputs, which necessitate the Group to make assumptions based on market conditions (Level 3). It's worth noting that Level 3 inputs involve the highest degree of estimation uncertainty. Further details regarding the management's estimates can be found in Note 36 of these consolidated financial statements.

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6. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting as provided to the chief operating decision-makers to allocate resources to the segment and to assess its performance. The executive management who are members of the Board of Directors of the Company are identified as chief operating decision makers.

Segments in the consolidated financial statements are defined in accordance with the type of activity, products sold, or services provided. Segmentation presented in these consolidated financial statements is consistent with the structure of financial information regularly reviewed by the Group's executive management, including the Chief Executive Officer. The operating segments' performance is assessed based on a measure of EBITDA.

The Group is presenting its segment results within three operating segments: Oilseed Processing, Infrastructure and Trading, and Farming. In the Oilseed Processing segment, the Group combines oilseed origination, edible oil production and sales of bottled sunflower oil. Sunflower oil in bulk is mostly sold further to the Infrastructure and Trading segment for global marketing.

In the Infrastructure and Trading segment, the Group combines results of grain trading, silo services and export terminals operations. These parts of the business form an integrated supply chain which is managed jointly. Under the current framework, the management considers export terminals and grain storage facilities as production assets which serve grain merchandizing business and consequently uses a combined throughput margin to evaluate performance of Infrastructure and Trading business. The results of the Infrastructure and Trading segment incorporate savings achieved by acquiring and employing the Group's own railcar park. Also, the Infrastructure and Trading segment includes the results of the Avere Commodities S.A. and its subsidiaries (hereinafter, Avere).

In the Farming segment, the Group reports result of its crop production business, which includes growing corn, wheat, soybean, sunflower seed, and rapeseed on the leasehold land, as well as some minor crops and small cattle farming operations.

Presentation of the operating segments' activities is as follows:

Operating segments	Activities
Oilseed Processing	Sunflower seed origination and sunflower oil production. Sales of bottled and bulk sunflower oil, Sales of sunflower meal and Sales of electricity produced from sunflower husk.
Infrastructure and Trading	Sourcing and merchandising of wholesale edible oils, grain, provision of silo services, operating the fleet of logistics assets for inland transportation and vessels, grain and sunflower oil handling and transshipment services.
Farming	Agricultural farming. Production of corn, wheat, soybean, sunflower seed, and rapeseed.

Income and expenses unallocated to any segment, which are related to the administration of the Group, were included in the 'Other' column.

The measures of profit and loss, and assets and liabilities are based on the Group accounting policies, which comply with IFRS Accounting Standards, as adopted by the European Union.

Reconciliation eliminates intersegment items. The segment data is calculated as follows:

- Intersegment sales reflect intergroup transactions effected on an arm's length basis.
- Capital expenditures, amortization and depreciation related to property, plant and equipment, and intangible assets are allocated to segments when possible.

The 'Other' column reflects income and expenses not allocated to segments.

Since the financial management of the Group's companies is carried out centrally, borrowings, bonds, deferred taxes, and some other assets and liabilities are not allocated directly to the respective operating segments and are presented in the 'Other' column. Consequently, the assets and liabilities shown for individual segments do not include borrowings, bonds, deferred taxes, and some other assets and liabilities.

Seasonality of operations

The Oilseed Processing segment normally has seasonally lower sales in the first quarter of the financial year, which corresponds to the end of the crushing season and lower production levels. The operations of the Farming segment reflect seasonality in the context of seeding and harvesting campaigns, which are conducted mainly in November-May and June-November, respectively. The Infrastructure and Trading segment usually experiences somewhat higher volumes in the several months after the commencement of the harvesting campaign (July for early grains and September for crops harvested in autumn). In addition, the farming segment usually reflects a higher effect from the IAS 41 valuation of biological assets in the last quarter of the financial year when more acreage is revalued to fair value less costs to sell and a higher effect from the IAS 41 valuation of agricultural produce in the first half of the financial year due to the completion of the harvesting campaign.

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7. Key Data by Operating Segment

Key data by operating segment for the year ended 30 June 2024:

	Oilseed Processing	Infrastruc- ture and Trading	Farming	Other	Reconcilia- tion	Total
Revenue (external)	1,675,616	1,836,730	69,116	—	—	3,581,462
Intersegment sales	188,182	174,408	412,243	—	(774,833)	—
Total revenue	1,863,798	2,011,138	481,359	—	(774,833)	3,581,462
Net change in fair value of biological assets and agricultural produce	—	—	(10,447)	—	—	(10,447)
Cost of sales	(1,652,609)	(1,678,238)	(332,945)	—	774,833	(2,888,959)
Other operating income	50,461	11,227	6,090	3,293	—	71,071
Other operating expenses	(19,038)	(2,024)	(83)	(1,738)	—	(22,883)
General, administrative and selling expenses	(18,154)	(99,078)	(20,370)	(75,771)	—	(213,373)
Net impairment losses on financial assets	(2,492)	(6,770)	—	(1,955)	—	(11,217)
(Loss)/reversal of impairment losses on assets	(172,324)	(60,719)	8,362	(4,545)	—	(229,226)
Profit/(loss) from operating activities	49,642	175,536	131,966	(80,716)	—	276,428
Amortization and depreciation	33,734	28,255	38,836	3,898	—	104,723
EBITDA	83,376	203,791	170,802	(76,818)	—	381,151
Reconciliation:						
Finance costs						(119,079)
Finance income						49,819
Foreign exchange gain, net						32,972
Other expenses, net						(29,088)
Income tax expense						(43,424)
Profit for the period						167,628
Total assets	1,324,217	1,297,675	685,423	89,596	—	3,396,911
Capital expenditures	45,349	88,095	24,811	2,881	—	161,136
Liabilities	86,828	200,274	193,454	1,050,061	—	1,530,617

Key data by operating segment for the year ended 30 June 2023:

	Oilseed Processing	Infrastruc- ture and Trading	Farming	Other	Reconcilia- tion	Total
Revenue (external)	966,517	2,445,638	42,966	—	—	3,455,121
Intersegment sales	941,164	156,209	652,189	—	(1,749,562)	—
Total revenue	1,907,681	2,601,847	695,155	—	(1,749,562)	3,455,121
Net change in fair value of biological assets and agricultural produce	—	—	(114,705)	—	—	(114,705)
Cost of sales	(1,674,132)	(2,412,481)	(366,963)	—	1,749,562	(2,704,014)
Other operating income	19,801	17,211	12,326	4,209	—	53,547
Other operating expenses	(23,481)	—	(28)	(11,358)	—	(34,867)
General, administrative and selling expenses	(11,656)	(70,226)	(25,234)	(97,903)	—	(205,019)
Net reversal of impairment losses/(impairment) on financial assets	557	941	(465)	3,097	—	4,130
Reversal of impairment losses/(loss) on assets	21,923	(8,143)	(26,027)	(2,486)	—	(14,733)
Profit/(loss) from operating activities	240,693	129,149	174,059	(104,441)	—	439,460
Amortization and depreciation	29,651	24,608	47,068	3,459	—	104,786
EBITDA	270,344	153,757	221,127	(100,982)	—	544,246
Reconciliation:						
Finance costs						(153,249)
Finance income						30,792
Foreign exchange gain, net						62,650
Other expenses, net						(11,829)
Income tax expense						(69,050)
Profit for the period						298,774
Total assets	1,859,659	1,207,011	585,219	233,280	—	3,885,169
Capital expenditures	45,523	52,100	4,436	1,566	—	103,625
Liabilities	113,473	188,527	239,979	1,599,195	—	2,141,174

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Revenue from sales of goods and services allocated by the operating segment for the year ended 30 June under requirements of IFRS 15 was as follows:

	For the year ended 30 June 2024				For the year ended 30 June 2023			
	Oilseed Processing	rastructure and Trading	Farming	Total	Oilseed Processing	Infrastructure and Trading	Farming	Total
Revenue from sales of commodities	1,466,990	1,639,867	69,116	3,175,973	813,095	2,282,563	42,966	3,138,624
Freight and other services	208,626	196,863	—	405,489	153,422	163,075	—	316,497
Total external revenue from contracts with customers	1,675,616	1,836,730	69,116	3,581,462	966,517	2,445,638	42,966	3,455,121

During the year ended 30 June 2024, revenues of approximately USD 206,668 thousand (2023: USD 228,327 thousand) were derived from a single external customer. These revenues are attributed to Oilseeds processing and Infrastructure and Trading segments. Also, during that period, export sales amounted to 93.5% of total external sales (2023: 91.9%).

During the year ended 30 June 2024, revenue from the Group's top five customers accounted for approximately 24.3% of total revenue (for the year ended 30 June 2023: 22.1%).

The Group's revenue from external customers (based on the country of incorporation of the sales counterparty) and information about its segment assets (non-current assets excluding non-current financial assets and deferred tax assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	For the year ended 30 June 2024	For the year ended 30 June 2023	As of 30 June 2024	As of 30 June 2023
Asia	1,828,406	1,731,439	Ukraine	1,166,255
of which India	669,655	586,894	Other locations	16,368
Hong Kong	422,405	270,103		
China	270,837	275,451		
Singapore	249,884	262,818		
Europe	1,641,656	1,512,780		
of which Switzerland	517,401	418,794		
Netherlands	239,699	203,975		
Ukraine	228,796	292,560		
Spain	222,434	56,247		
Other locations	111,400	210,902		
Total	3,581,462	3,455,121	Total	1,182,623
				1,396,190

None of the other locations represented more than 5% of total revenue or non-current assets individually.

8. Acquisition and Disposal of Subsidiaries

In September 2023, the Group divested one of its grain elevators located in the Kharkiv region. The net assets of the disposed entity as of the disposal date were valued at USD 178 thousand and the cash consideration received was USD 1,067 thousand (of which USD 711 thousand was received during this reporting period). The gain on disposal was USD 889 thousand.

On 22 December 2023, the Group completed the acquisition of 100% of the shares in an oil terminal, which constituted a business acquisition. This acquisition significantly enhanced the Group's sunflower oil export capacity via the Danube River. As of the acquisition date, the acquired net assets were valued at USD 25,125 thousand. These assets included property, plant, and equipment worth USD 1,449 thousand, and intangible assets valued at USD 23,692 thousand, according to a valuation provided by an independent appraiser. The total consideration amounted to USD 24,750 thousand and was fully settled during the financial year.

In June 2024, the Group divested two-grain storage facilities located in the Poltava region. The net assets of the disposed entities as of the date of disposal were equal to USD 182 thousand and the cash consideration received was USD 1,741 thousand (fully settled). The gain on disposal was USD 1,559 thousand.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

9. Cash and Cash Equivalents

The balances of cash and cash equivalents were as follows:

	As of 30 June 2024	As of 30 June 2023
Cash in banks in USD	634,531	906,676
Cash in banks in UAH	150,527	39,560
Cash in banks in other currencies	24,522	7,863
Cash on hand	4	4
Total	809,584	954,103
Less bank overdrafts (Note 22)	(5)	(10)
Cash for the purposes of cash flow statement	809,579	954,093

In accordance with the international rating agency of Fitch, credit ratings of the banks with which the Group had the accounts opened as of 30 June were as follows:

	As of 30 June 2024	As of 30 June 2023
International bank with F1+ rating	182,512	175,465
International bank with F1 rating	227,899	306,435
International bank with F2 rating	10,026	8,617
Banks with lower medium grade	193,172	160,047
Banks without international ratings	195,975	303,539
Total	809,584	954,103

As of 30 June 2024, the majority of balances held in banks without international ratings were bank accounts maintained in Ukrainian subsidiaries of international banks, totaling USD 195,974 thousand (as of June 30, 2023: USD 299,414 thousand), where international banks were primarily rated F2 or above by Fitch or similar rating agencies.

As of 30 June 2024 and 2023, the identified expected credit loss on cash and cash equivalents was immaterial.

The reconciliation in the table below presents changes in the Group's liabilities arising from financing activities by incorporating cash flows and non-cash changes over the reporting period.

	Bank borrowings (Note 22)	Lease liabilities (Note 23)	Bonds Issued (Note 24)	Total
As of 30 June 2022	1,093,087	239,552	602,650	1,935,289
Repayments net of proceeds	(269,391)	(48,579)	(39,750)	(357,720)
Non-cash movements				
Additions and change of terms of lease liabilities	—	38,904	—	38,904
Disposals of lease liabilities	—	(9,386)	—	(9,386)
Non-cash settlement of lease liabilities	—	(2,366)	—	(2,366)
Amortization of one-off and transaction costs	—	—	1,173	1,173
Interest expense accrued (Note 31)	75,605	27,294	39,750	142,649
Interest expense capitalized (Note 15)	5,504	—	—	5,504
Foreign exchange movements	(29,443)	(2,189)	—	(31,632)
Other changes	(5,429)	—	—	(5,429)
Translation difference	—	(45,335)	—	(45,335)
As of 30 June 2023	869,933	197,895	603,823	1,671,651
Repayments net of proceeds	(597,031)	(43,804)	(39,750)	(680,585)
Non-cash movements				
Additions and change of terms of lease liabilities	—	17,333	—	17,333
Disposals of lease liabilities	—	(7,270)	—	(7,270)
Non-cash settlement of lease liabilities	—	(1,888)	—	(1,888)
Amortization of one-off and transaction cost	—	—	1,369	1,369
Interest expense accrued (Note 31)	45,667	25,243	39,750	110,660
Interest expense capitalized (Note 15)	4,245	—	—	4,245
Foreign exchange movements	1,007	(642)	—	365
Other changes	(8,655)	—	—	(8,655)
Translation difference	—	(17,127)	—	(17,127)
As of 30 June 2024	315,166	169,740	605,192	1,090,098

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

10. Trade Accounts Receivable

The balances of trade accounts receivable were as follows:

	As of 30 June 2024	As of 30 June 2023
Trade accounts receivable	321,742	335,493
Allowance for expected credit losses	(16,496)	(13,914)
Total	305,246	321,579

The average credit period on sales of goods is 33 days (2023: 26 days). The carrying value of trade receivables approximates the fair value.

As of 30 June 2024, a receivable balance of USD 285,734 thousand was due from international customers and the remaining USD 19,512 thousand was receivable from Ukrainian buyers (30 June 2023: USD 271,465 thousand and USD 50,114 thousand accordingly).

The changes in expected credit loss provisions are recognized in the line Net reversal/(impairment) losses on financial assets. For the year ended 30 June 2024, an increase in loss allowance was USD 5,706 thousand (for the period ended 30 June 2023: decrease of USD 5,264 thousand). Subsequent recoveries of amounts previously written off are credited against the same line item.

On this basis, the loss allowance as of 30 June was determined for trade accounts receivables as follows:

	As of 30 June 2024				As of 30 June 2023			
	Current	Less than 90 days past due	More than 90 days past due	Total	Current	Less than 90 days past due	More than 90 days past due	Total
Expected loss rate ¹	0.3%	0.3%	99%		0.1%	1.1%	94.6%	
Gross carrying amount	262,717	43,215	15,810	321,742	288,747	32,625	14,121	335,493
Loss allowance	(708)	(141)	(15,647)	(16,496)	(185)	(374)	(13,355)	(13,914)
Total	262,009	43,074	163	305,246	288,562	32,251	766	321,579

The movement in allowance for credit loss relating to trade accounts receivables as of 30 June is presented below:

	Trade accounts receivables		
	Lifetime ECL	Individually as- sessed	Total
Loss allowance as of 30 June 2022	13,713	5,968	19,681
Decrease in loss allowance recognized in profit or loss during the year	(3,854)	(1,410)	(5,264)
Trade receivables written off during the year as uncollectible	—	(503)	(503)
Loss allowance as of 30 June 2023	9,859	4,055	13,914
Increase in loss allowance recognized in profit or loss during the year	3,442	2,264	5,706
Trade receivables written off during the year as uncollectible	(388)	—	(388)
Unused amount reversed	—	(2,736)	(2,736)
Loss allowance as of 30 June 2024	12,913	3,583	16,496

Trade receivables are written off when it is unlikely that they will be recovered, based on indicators such as a debtor's failure to make payments or other evidence demonstrating an inability to settle the outstanding amount.

11. Taxes Recoverable and Prepaid

The balances of taxes recoverable and prepaid were as follows:

	As of 30 June 2024	As of 30 June 2023
Value-added tax recoverable and prepaid	113,900	161,967
Other taxes recoverable and prepaid	227	313
Total	114,127	162,280

Value-added tax recoverable and prepaid mainly represents value-added tax ('VAT') credits in relation to purchases of agricultural products on the domestic market in Ukraine. Management expects that these balances will be recovered in full within 12 months after the reporting date through cash collection or set-off with respective VAT liabilities. For the year ended 30 June 2024, the amount of VAT refunded by the government in cash was USD 272,150 thousand (30 June 2023: USD 124,152 thousand).

¹ Differences in expected loss rate are possible due to rounding

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

12. Inventory

The balances of inventories were as follows:

	As of 30 June 2024	As of 30 June 2023
Raw materials	96,452	46,496
Goods for resale	72,699	76,249
Finished products	71,209	105,323
Products of agriculture	15,377	87,502
Fuel	8,331	10,338
Work in progress	2,179	4,372
Packaging materials	1,509	1,617
Other inventories	9,904	9,646
Total	277,660	341,543

As of 30 June 2024, no inventories were pledged as security for short-term borrowings (Note 22) (30 June 2023: USD 191,186 thousand).

As of 30 June 2024, write-downs of inventories to the net realizable value amounted to USD 2,783 thousand (30 June 2023: USD 65,690 thousand) recognized within the Cost of Sales.

The Group reversed an inventory impairment of USD 4,136 thousand (2023: USD 29,528 thousand), as the Group managed to sell them after restoration. Inventories recognized as an expense during the year ended 30 June 2024 amounted to USD 2,791 thousand (2023: USD 5,760 thousand) which were damaged as the result of the war and are recognized in the line Loss on impairment of assets (Note 30).

13. Biological Assets

The balances of biological assets were as follows:

	As of 30 June 2024	As of 30 June 2023
Non-current assets		
Non-current cattle	6,521	5,924
Total	6,521	5,924
Current assets		
Crops in fields	186,051	146,239
Current cattle	1,661	1,656
Total	187,712	147,895

For the year ended 30 June 2024, the Group incurred a net loss of USD 10,447 thousand due to the revaluation of the biological assets and agricultural produce to the fair value (2023: loss of USD 114,705 thousand). For the year ended 30 June 2024, the Group incurred a revaluation loss of USD 51,838 thousand on agricultural products at the point of harvest (2023: loss of USD 86,769 thousand) and a revaluation gain of USD 41,872 thousand on crop-bearing fields (2023: loss of USD 26,763 thousand) and a revaluation loss of USD 481 thousand on livestock. The changes in the fair value of biological assets were primarily driven by fluctuation in market prices at the time of valuation, along with reduced expected yields due to unfavorable weather conditions.

The balances of crops in fields were as follows:

	As of 30 June 2024		As of 30 June 2023	
	Hectares	Value	Hectares	Value
Wheat	93,112	62,009	61,009	35,471
Sunflower seed	66,946	45,031	119,589	38,144
Corn	86,486	42,020	83,685	34,588
Soybean	72,286	28,466	64,996	33,970
Rapeseed	13,720	8,332	10,151	3,980
Other	1,777	193	1,880	86
Total	334,327	186,051	341,310	146,239

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The following table represents the changes in the carrying amounts of crops in fields during the years ended 30 June 2024 and 2023:

	Capitalized expenditures	Effect of biological transformation	Fair value of biological assets
As of 30 June 2022	156,268	3,890	160,158
Expenditures capitalized in biological assets (harvest 2022)	89,784	—	89,784
Decrease due to harvest (harvest 2022)	(246,052)	(3,890)	(249,942)
Expenditures capitalized in biological assets (harvest 2023)	174,609	—	174,609
Loss arising from changes in fair value of biological assets (sowing under harvest 2023)	—	(26,763)	(26,763)
Translation difference	(1,900)	293	(1,607)
As of 30 June 2023	172,709	(26,470)	146,239
Expenditures capitalized in biological assets (harvest 2023)	100,871	—	100,871
Decrease due to harvest (harvest 2023)	(273,580)	26,470	(247,110)
Expenditures capitalized in biological assets (harvest 2024)	155,027	—	155,027
Gain arising from changes in fair value of biological assets (sowing under harvest 2024)	—	44,916	44,916
Translation difference	(10,848)	(3,044)	(13,892)
As of 30 June 2024	144,179	41,872	186,051

The fair value of agricultural produce at the date of harvest was estimated based on the prices obtained from the active markets and has been classified within level 2 of the fair value hierarchy. Crops in fields and non-current cattle of the Group are measured using the discounted cash flow technique, prices are quoted for the relevant region, and other metrics relevant to the groups of assets. These biological assets are included within level 3 of the fair value hierarchy. Current cattle are measured based on market prices of livestock of similar age, breed, and genetic merit, which is within level 2 of the fair value hierarchy. The change in the balances of livestock is represented by an increase in heads of milk cows within regular transfer from young calves to mature herd and the variation in prices and exchange rates between reporting dates.

In the table below biological assets are classified into the levels prescribed under the accounting standards:

(Levels in thousands of USD)

Measure	Quantity	As of 30 June 2024			As of 30 June 2023			
		Level 2	Level 3	Total	Quantity	Level 2	Level 3	Total
Livestock								
Mature – Milk cows	Heads	4,772	—	6,521	5,052	—	5,922	5,922
Immature – Milk cows	Heads	2,186	988	988	2,480	998	—	998
Immature – Calves	Heads	2,062	654	654	2,469	623	—	623
Other	Heads/Hives	318	19	19	1,106	37	—	37
Crops in fields	Hectares	334,327	—	186,051	341,310	—	146,239	146,239
Total			1,661	192,572	194,233	1,658	152,161	153,819

There have been no changes in the valuation technique and transfers between levels during the year.

This table summarizes the quantitative information about the significant unobservable inputs used in the fair value measurements of the crops in field and milk cows.

Description	Valuation techniques	Fair value		Unobservable Inputs	Range of unobservable inputs (average)		Relationship of unobservable inputs to fair value
		As of 30 June 2024	As of 30 June 2023		As of 30 June 2024	As of 30 June 2023	
Crops in field	Discounted cash flows	186,051	146,239	Crop yields	2.00 – 7.34 (4.68) tons per hectare	2.34 – 8.82 (4.78) tons per hectare	The higher the crop yield, the higher the fair value
				Grain sales prices net of transportation costs	153 – 411 (306) USD per ton	144 – 446 (273) USD per ton	The higher the market price, the higher the fair value
				Discount rate	25.00% (in UAH)	24.40% (in UAH)	The higher the discount rate, the lower the fair value
Milk cows	Discounted cash flows	6,521	5,922	Milk yield – liter per cow	18.42 – 22.18 (20.94) liters per cow per day	19.22 – 22.21 (21.22) liters per cow per day	The higher the milk yield, the higher the fair value
				Weight of 1 calf	29 – 32 (31) kg	29 – 32 (31) kg	The higher the weight, the higher the fair value
				Average yield of calves from 100 cows per year	26 – 64 (56) calves	55 – 64 (59) calves	The higher the yield, the higher the fair value
				Discount rate, %	25.00% (in UAH)	24.40% (in UAH)	The higher the discount rate, the lower the fair value

Notes to the Consolidated Statements **continued**

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If the above-mentioned inputs of the valuation model were 5 percent higher/lower while all other variables were held constant, as of 30 June 2024, the carrying amount of the current and non-current biological assets would increase/decrease by USD 20,524 thousand and USD 39,721 thousand, respectively (30 June 2023: by USD 31,014 thousand and USD 29,653 thousand, respectively).

14. Other Financial Assets

The balances of other financial assets were as follows:

	As of	As of
	30 June 2024	30 June 2023
Government bonds	185,310	16,058
Margin account with brokers (Note 37)	82,215	65,993
Derivative financial instruments (Note 37)	25,288	13,842
Loans granted	22,306	41,092
Short-term bank deposits	12,747	7,127
Pledge deposits	1,303	122,703
Receivable from the disposal of subsidiaries (Note 8, 34)	—	90,000
Other financial assets	10,760	19,248
Total	339,929	376,063

As of 30 June 2024, no other financial assets were pledged as security for short-term borrowings (30 June 2023: USD 130,702 thousand) (Note 22).

The Group's exposure to credit risks associated with other financial assets is disclosed in Note 36.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

15. Property, Plant and Equipment

The following table represents movements in property, plant and equipment for the year ended 30 June 2024:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Total
Net Book Value as of 30 June 2023	616,627	340,999	41,559	21,226	1,020,411
Land	266	1,035	30	1,048	2,379
Buildings and Constructions	272,068	139,352	12,767	16,947	441,134
Production machinery and equipment	132,714	77,337	1,348	964	212,363
Agricultural equipment and vehicles	6,541	104,034	25,843	1,276	137,694
Other fixed assets	1,906	1,557	675	988	5,126
CIP and uninstalled equipment	203,132	17,684	896	3	221,715
Additions in CIP and uninstalled equipment	44,973	87,804	24,218	1,654	158,649
Reclassification	(93)	87	8	(2)	—
Land	—	1	(13)	—	(12)
Buildings and Constructions	611	13	31	—	655
Production machinery and equipment	(657)	77	—	(4)	(584)
Agricultural equipment and vehicles	(1)	(2)	(41)	—	(44)
Other fixed assets	(2)	(2)	(6)	2	(8)
CIP and uninstalled equipment	(44)	—	37	—	(7)
Additions from acquisition of subsidiaries	—	1,449	—	—	1,449
Buildings and Constructions	—	1,367	—	—	1,367
Production machinery and equipment	—	13	—	—	13
Other fixed assets	—	7	—	—	7
CIP and uninstalled equipment	—	62	—	—	62
Transfers	—	—	—	—	—
Land	—	2,809	14	—	2,823
Buildings and Constructions	78,699	40,396	904	66	120,065
Production machinery and equipment	132,856	5,656	106	1	138,619
Agricultural equipment and vehicles	3,430	28,792	21,350	469	54,041
Other fixed assets	2,087	727	1,843	374	5,031
CIP and uninstalled equipment	(217,072)	(78,380)	(24,217)	(910)	(320,579)
Disposals (at NBV)	(1,091)	(8,456)	(423)	(735)	(10,705)
Land	(94)	—	(4)	—	(98)
Buildings and Constructions	(126)	(114)	(139)	—	(379)
Production machinery and equipment	(43)	(158)	(19)	(3)	(223)
Agricultural equipment and vehicles	(25)	(7,980)	(230)	—	(8,235)
Other fixed assets	(158)	—	(28)	(5)	(191)
CIP and uninstalled equipment	(645)	(204)	(3)	(727)	(1,579)
Disposal of Subsidiaries (at NBV)	—	(280)	—	—	(280)
Buildings and Constructions	—	(215)	—	—	(215)
Production machinery and equipment	—	(63)	—	—	(63)
Agricultural equipment and vehicles	—	(1)	—	—	(1)
CIP and uninstalled equipment	—	(1)	—	—	(1)
Depreciation expense	(33,047)	(27,027)	(12,173)	(1,731)	(73,978)
Buildings and Constructions	(13,639)	(6,081)	(1,258)	(587)	(21,565)
Production machinery and equipment	(17,028)	(6,817)	(291)	(435)	(24,571)
Agricultural equipment and vehicles	(1,508)	(13,418)	(10,125)	(468)	(25,519)
Other fixed assets	(872)	(711)	(499)	(241)	(2,323)
Impairment and reversal of property, plant and equipment	(121,075)	(17,647)	746	—	(137,976)
Land	—	(252)	—	—	(252)
Buildings and Constructions	(48,112)	(9,480)	—	—	(57,592)
Production machinery and equipment	(62,746)	(7,369)	—	—	(70,115)
Agricultural equipment and vehicles	—	(84)	—	—	(84)
Other fixed assets	—	—	746	—	746
CIP and uninstalled equipment	(10,217)	(462)	—	—	(10,679)
Translation difference	(683)	(8,049)	(4,656)	(78)	(13,466)
Land	—	(97)	(4)	—	(101)
Buildings and Constructions	(1)	(5,714)	(1,226)	(21)	(6,962)
Production machinery and equipment	—	(1,609)	(112)	—	(1,721)
Agricultural equipment and vehicles	(624)	(86)	(3,040)	(5)	(3,755)
Other fixed assets	(6)	(67)	(107)	(47)	(227)
CIP and uninstalled equipment	(52)	(476)	(167)	(5)	(700)
Net Book Value as of 30 June 2024	505,611	368,880	49,279	20,334	944,104
Land	172	3,497	23	1,048	4,740
Buildings and Constructions	289,500	159,524	11,079	16,405	476,508
Production machinery and equipment	185,096	67,067	1,032	523	253,718
Agricultural equipment and vehicles	7,813	111,255	33,757	1,272	154,097
Other fixed assets	2,955	1,511	2,624	1,071	8,161
CIP and uninstalled equipment	20,075	26,026	764	15	46,880

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The following table represents movements in property, plant and equipment for the year ended 30 June 2023:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Total
Net Book Value as of 30 June 2022	603,677	327,502	63,665	23,229	1,018,073
Land	266	502	45	1,048	1,861
Buildings and Constructions	281,955	152,231	15,187	17,540	466,913
Production machinery and equipment	141,285	83,424	1,378	1,588	227,675
Agricultural equipment and vehicles	4,745	70,774	44,222	1,702	121,443
Other fixed assets	2,125	1,596	—	647	4,368
CIP and uninstalled equipment	173,301	18,975	2,833	704	195,813
Additions in CIP and uninstalled equipment	44,946	51,796	3,819	591	101,152
Reclassification	24	(310)	656	(370)	—
Buildings and Constructions	375	(315)	370	—	430
Production machinery and equipment	(104)	(373)	270	(40)	(247)
Agricultural equipment and vehicles	(10)	10	(30)	(1)	(31)
Other fixed assets	(17)	6	46	66	101
CIP and uninstalled equipment	(220)	362	—	(395)	(253)
Additions from acquisition of subsidiaries	—	8,507	—	—	8,507
Land	—	632	—	—	632
Buildings and Constructions	—	6,387	—	—	6,387
Production machinery and equipment	—	915	—	—	915
Agricultural equipment and vehicles	—	29	—	—	29
Other fixed assets	—	28	—	—	28
CIP and uninstalled equipment	—	516	—	—	516
Transfers	—	—	—	—	—
Land	—	2	—	—	2
Buildings and Constructions	2,263	3,026	1,823	39	7,151
Production machinery and equipment	6,077	4,684	308	33	11,102
Agricultural equipment and vehicles	3,999	44,439	1,795	100	50,333
Other fixed assets	525	815	995	446	2,781
CIP and uninstalled equipment	(12,864)	(52,966)	(4,921)	(618)	(71,369)
Disposals (at NBV)	(1,042)	(348)	(416)	(17)	(1,823)
Land	—	—	(5)	—	(5)
Buildings and Constructions	—	—	(275)	—	(275)
Production machinery and equipment	(69)	(34)	(3)	(3)	(109)
Agricultural equipment and vehicles	(30)	(45)	(58)	(11)	(144)
Other fixed assets	(6)	(8)	(43)	(3)	(60)
CIP and uninstalled equipment	(937)	(261)	(32)	—	(1,230)
Disposal of Subsidiaries (at NBV)	—	(276)	—	—	(276)
Buildings and Constructions	—	(173)	—	—	(173)
Production machinery and equipment	—	(80)	—	—	(80)
Agricultural equipment and vehicles	—	(15)	—	—	(15)
Other fixed assets	—	(8)	—	—	(8)
Transfers from Right-of-Use Assets	—	—	703	—	703
Agricultural equipment and vehicles	—	—	703	—	703
Transfers to Assets classified as held for sale (at NBV)	(1,052)	—	—	—	(1,052)
CIP and uninstalled equipment	(1,052)	—	—	—	(1,052)
Depreciation expense	(29,056)	(23,708)	(14,194)	(1,851)	(68,809)
Buildings and Constructions	(12,525)	(6,254)	(1,297)	(583)	(20,659)
Production machinery and equipment	(14,475)	(7,288)	(329)	(614)	(22,706)
Agricultural equipment and vehicles	(1,347)	(9,497)	(12,256)	(486)	(23,586)
Other fixed assets	(709)	(669)	(312)	(168)	(1,858)
Impairment of assets	—	(1,439)	—	—	(1,439)
Agricultural equipment and vehicles	—	(1,439)	—	—	(1,439)
Translation difference	(870)	(20,725)	(12,674)	(356)	(34,625)
Land	—	(101)	(10)	—	(111)
Buildings and Constructions	—	(15,550)	(3,041)	(49)	(18,640)
Production machinery and equipment	—	(3,912)	(276)	—	(4,188)
Agricultural equipment and vehicles	(816)	(222)	(8,533)	(28)	(9,599)
Other fixed assets	(12)	(202)	(11)	—	(225)
CIP and uninstalled equipment	(42)	(738)	(803)	(279)	(1,862)
Net Book Value as of 30 June 2023	616,627	340,999	41,559	21,226	1,020,411
Land	266	1,035	30	1,048	2,379
Buildings and Constructions	272,068	139,352	12,767	16,947	441,134
Production machinery and equipment	132,714	77,337	1,348	964	212,363
Agricultural equipment and vehicles	6,541	104,034	25,843	1,276	137,694
Other fixed assets	1,906	1,557	675	988	5,126
CIP and uninstalled equipment	203,132	17,684	896	3	221,715

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The total cost of property, plant and equipment and total accumulated depreciation as of 30 June 2024 and 2023 were as follows:

	Cost as of 30 June 2024	Accumulated depreciation and impairment losses as of 30 June 2024	Cost as of 30 June 2023	Accumulated depreciation as of 30 June 2023
Land	4,991	(251)	2,379	—
Buildings and constructions	605,857	(129,349)	500,724	(59,590)
Production machinery and equipment	395,871	(142,153)	283,782	(71,419)
Agricultural equipment and vehicles	312,571	(158,474)	289,229	(151,535)
Other fixed assets	26,457	(18,296)	23,161	(18,035)
CIP and uninstalled equipment	46,880	—	221,715	—
Total	1,392,627	(448,523)	1,320,990	(300,579)

Had the Group's buildings and constructions and production machinery and equipment (Oilseed Processing segment) been measured on a historical cost basis, their carrying amount would have been as follows:

	As of 30 June 2024	As of 30 June 2023
Buildings and constructions	233,892	210,976
Production machinery and equipment	173,948	122,655
Total	407,840	333,631

In 2024, the Group completed the construction of Ukraine's largest oilseed processing plant (Starokostiantynivskiy OEZ LLC) and transferred it from CIP and uninstalled equipment to the respective classes of property, plant, and equipment. Transfers from CIP also included port infrastructure assets and vessels.

During the financial year 2024, due to damage caused by shelling from the Russian missiles, there was a write-off of port infrastructure assets in the amount of USD 9,795 thousand and elevator blocks due to shelling and emergencies in the amount of USD 1,367 thousand.

For the year ended 30 June 2024, interest was capitalized in the amount of USD 4,245 thousand (2023: USD 5,504 thousand) (Note 9). For the year ended 30 June 2024, there were no borrowing costs eligible for capitalization apart from project-specific borrowings.

As of 30 June 2024, prepayments for property, plant and equipment were in the amount of USD 9,467 thousand (30 June 2023: USD 21,268 thousand).

As of 30 June 2024, property, plant and equipment with a carrying amount of USD 437,930 thousand (30 June 2023: USD 406,731 thousand) were pledged by the Group as collateral against short-term and long-term bank borrowings (Note 22).

In 2023, the evaluation of value in use was based on probability-weighted discounted cash flow scenarios, which better reflected the recoverable amount of the asset or cash-generating unit, considering the increased risks and uncertainties caused by the war. The Group applied three probability-weighted scenarios, dependent on the timeline for Ukrainian Black Sea ports to resume full operations. This timeline significantly impacted key assumptions in the value-in-use calculation, such as product prices, transportation costs, and working capital. Should the Group exclude risk and uncertainties caused by at the war, from the assumptions the discount rate would have been 24.4% for UAH-denominated cash flows and 17.1% for USD-denominated cash flows. In 2024, in response to the ongoing military invasion of Ukraine, the Group reorganized its business processes to address current challenges and ensure governance continuity. As a result, the 2024 evaluation of the recoverable amount of assets or cash-generating units was based on a single model. Risks and uncertainties caused by the war are incorporated into the discount rate calculation, while cash flow forecasts are free from those risks and uncertainties.

As a result of impairment testing performed as of 30 June 2024 impairment losses on property, plant and equipment were recognized for the Starokostiantynivskiy OEZ LLC, Prydniprovskiy OEP LLC, Kropyvnytskyi OEP PJSC, Poltava-Zerno LLC, Danube Prom Agro LLC, Poltava HPP PJSC CGUs in the amount of USD 103,933 thousand, USD 5,862 thousand, USD 1,576 thousand, USD 4,731 thousand, USD 616 thousand, USD 1,156 thousand respectively and reversed the previously recognized revaluation surplus of USD 9,909 thousand. The reversal amount of impairment on property, plant, and equipment for farming, in the amount of USD 759 thousand, was recognized in the consolidated statement of profit and loss.

The recoverable amount of each CGU where impairment was identified was determined based on discounted cash flow projections based on reliable estimates of future cash flow calculations. Management determined the budgeted gross margin based on expectations of market developments. The weighted average growth rate used was consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

The results of the impairment test indicate that the recoverable amount of cash-generating units (CGUs) in the oil processing segment has significantly changed. This is primarily due to a decrease in selling prices for oil products and an increase in the purchase prices of oilseeds, which has led to a substantial decline in profit margins.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Oilseed Processing segment

The key assumptions used in the value-in-use and income approach calculations by the Group of CGUs in the Oilseed Processing segment are as follows:

Oilseed processing	Processing volume, thou- sand ton	Sales price of sunflower oil, USD per ton	Transportation costs, USD per ton	Purchase price of sunflower seeds, USD per ton
As of 30 June 2024	3,285	901 - 950	9 - 36	420 - 441
As of 30 June 2023	2,979	813 - 1,050	15 - 108	335 - 517

As of 30 June 2024, the discount rate 18.5% was used for five-year period and 15.5% for terminal period (30 June 2023 10.6% and 10.6% respectively).

As of 30 June 2024, the growth rate, used for extrapolating of the cash flows for periods over 5 years was set at the level of 2.21% (30 June 2023 – 2.1%).

As of 30 June 2024, the sensitivity analysis to the mentioned above key assumptions of the CGUs in the Oilseeds Processing segment are disclosed in the table below.

CGU	Inputs	Change in input by:	
Poltava OEP PJSC	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	Impairment of USD 31,064 required
	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	Impairment of USD 32,788 required
	Discount rates	Increase by 10.00%	Impairment of USD 12,173 required
	Processing volume, thousand ton	Decrease by 15.00%	Impairment of USD 12,632 required
	Transportation costs, USD per ton	Increase by 17.4 USD per ton	Impairment of USD 19,390 required
Bandurka OEP LLC	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	Impairment of USD 36,739 required
	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	Impairment of USD 38,822 required
	Discount rates	Increase by 10.00%	Impairment of USD 13,159 required
	Processing volume, thousand ton	Decrease by 15.00%	Impairment of USD 16,064 required
	Transportation costs, USD per ton	Increase by 16.9 USD per ton	Impairment of USD 22,606 required
BSI LLC	Sales price of sunflower oil, USD per ton	Decrease by 1.33%	Recoverable amount equals carrying amount
		Decrease by 3.00%	Impairment of USD 22,528 required
	Purchase price of sunflower seeds, USD per ton	Increase by 1.26%	Recoverable amount equals carrying amount
		Increase by 3.00%	Impairment of USD 24,850 required
	Discount rates	Increase by 9.33%	Recoverable amount equals carrying amount
	Increase by 10.00%	Impairment of USD 1,152 required	
Kropyvnytskyi OEP PJSC	Sales price of sunflower oil, USD per ton	Decrease by 10.48%	Recoverable amount equals carrying amount
		Decrease by 15.00%	Impairment of USD 7,718 required
	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	Impairment of USD 25,963 required
	Discount rates	Increase by 10.00%	Impairment of USD 27,407 required
	Processing volume, thousand ton	Decrease by 15.00%	Impairment of USD 7,494 required
Prydniprovskyi OEP LLC	Transportation costs, USD per ton	Increase by 16.9 USD per ton	Impairment of USD 9,251 required
	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	Impairment of USD 55,331 required
	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	Impairment of USD 58,437 required
	Discount rates	Increase by 10.00%	Impairment of USD 18,729 required
	Processing volume, thousand ton	Decrease by 15.00%	Impairment of USD 21,123 required
Starokostiantynivskyi OEZ LLC	Transportation costs, USD per ton	Increase by 16.9 USD per ton	Impairment of USD 33,970 required
	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	Impairment of USD 59,299 required
	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	Impairment of USD 62,599 required
	Discount rates	Increase by 10.00%	Impairment of USD 19,545 required
	Processing volume, thousand ton	Decrease by 15.00%	Impairment of USD 25,213 required
	Increase by 16.9 USD per ton	Impairment of USD 36,058 required	

As of 30 June 2024, the sensitivity analysis did not identify the recoverable amount as being sensitive to the reasonably possible changes of assumptions other than disclosed above.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Farming segment

As of 30 June 2024, the market selling prices of agricultural commodities have been taken into consideration while determining the assumptions for Farming CGU. The key assumptions used in the value-in-use and income approach calculations by segment are as follows:

Farming	Crop yields, tons per hectare	Sales price of crops, USD per ton	Transportation cost, USD per ton
As of 30 June 2024	2 - 13.3	194 - 472	8 - 29
As of 30 June 2023	2 - 9	213 - 552	28 - 108

As of 30 June 2024, the discount rate 25.0% was used for five-year period and 17.0% for terminal period (30 June 2023 17.5% and 17.5% respectively).

As of 30 June 2024, the growth rate, used for extrapolating of the cash flows for periods over 5 years was set at the level of 4.03% (30 June 2023 – 5.1%)

If the sales price of the crop used in the value-in-use calculation for the Farming CGU had been 5% lower than management's estimates, the Group would have had to recognize an impairment against the carrying amount of property, plant, and equipment of USD 77,231 thousand.

As of 30 June 2024, the sensitivity analysis did not identify the recoverable amount of Farming CGU as being sensitive to the reasonably possible changes of assumptions other than those disclosed above.

As of 30 June 2024 and 2023, as the result of the test, the recoverable amount of assets within the Farming segment was significantly low in their carrying value. Hence, the Group determined a recoverable amount based on the fair value less cost-to-sell method, using the adjusted market approach (level 2 of the fair value hierarchy).

Infrastructure and Trading segment

As of 30 June 2024 and 2023, the Infrastructure and Trading segment's CGU assumptions rely on transshipment rates and suggested proceeded volumes. The key assumptions used in the value-in-use and income approach calculations by Group of CGU in the Infrastructure and Trading segment are as follows:

Infrastructure and Trading	Transshipment rate, USD per ton	Transshipment volume, thousand ton
As of 30 June 2024	8 - 14	0 - 6,800
As of 30 June 2023	9 - 15	0 - 9,840

As of 30 June 2024, the discount rate 18,5% was used for five-year period and 15.5% for terminal period (30 June 2023 10.6% and 10.6% respectively).

As of 30 June 2024, the growth rate, used for extrapolating of the cash flows for periods over 5 years was set at the level of 2.21% (30 June 2023 – 2.1%).

CGU	Inputs	Change in input by:	
Transbulkterminal and Transgrainterminal	Transshipment rate, USD per ton	Decrease by 26.3%	Recoverable amount equals carrying amount
		Decrease by 30.0%	Impairment of USD 15,762 required
Poltava-Zerno LLC	Transshipment volume, thousand ton	Decrease by 2,0 thousand ton	Recoverable amount equals carrying amount
		Decrease by 2.7 thousand ton	Impairment of USD 36,435 required
Poltava-Zerno LLC	Transshipment rate, USD per ton	Decrease by 30.0%	Impairment of USD 19,698 required
	Transshipment volume, thousand ton	Decrease by 490 ton	Impairment of USD 21,291 required

As of 30 June 2023, the impairment test did not identify the CGUs in the Infrastructure and Trading segments as being sensitive to reasonably possible changes in key assumptions.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

16. Right-of-Use Assets

The following table represents movements in right-of-use assets for the year ended 30 June 2024:

	Land	Agricultural equip- ment and vehicles	Buildings	Total
Cost as of 30 June 2023	263,789	7,521	7,514	278,824
Additions and modifications	17,248	—	531	17,779
Disposals	(16,848)	(800)	(98)	(17,746)
Translation difference	(23,760)	(1,238)	(55)	(25,053)
Cost as of 30 June 2024	240,429	5,483	7,892	253,804
Accumulated depreciation and impairment as of 30 June 2023	(66,033)	(5,393)	(1,754)	(73,180)
Depreciation	(23,075)	(1,367)	(522)	(24,964)
Disposals	9,790	252	(25)	10,017
Impairment loss on right-of-use assets (Note 30)	(72)	—	—	(72)
Translation difference	5,926	1,336	64	7,326
Accumulated depreciation and impairment as of 30 June 2024	(73,464)	(5,172)	(2,237)	(80,873)
Net book value as of 30 June 2024	166,965	311	5,655	172,931

The following table represents movements in right-of-use assets for the year ended 30 June 2023:

	Land	Agricultural equip- ment and vehicles	Buildings	Total
Cost as of 30 June 2022	299,661	10,726	8,056	318,443
Additions and modifications	37,923	3,169	128	41,220
Transfer of assets to Property, Plant and Equipment	—	(3,995)	—	(3,995)
Disposals	(15,165)	(861)	(570)	(16,596)
Translation difference	(58,630)	(1,518)	(100)	(60,248)
Cost as of 30 June 2023	263,789	7,521	7,514	278,824
Accumulated depreciation as of 30 June 2022	(61,041)	(8,144)	(1,518)	(70,703)
Depreciation	(23,103)	(2,398)	(523)	(26,024)
Disposals	5,758	861	236	6,855
Transfer of assets to Property, Plant and Equipment	—	3,292	—	3,292
Translation difference	12,353	996	51	13,400
Accumulated depreciation as of 30 June 2023	(66,033)	(5,393)	(1,754)	(73,180)
Net book value as of 30 June 2023	197,756	2,128	5,760	205,644

The impairment testing of right-of-use assets, along with the property, plant, and equipment of the Farming segment, was conducted by internal specialists. The recoverable amount of the assets was determined using the value-in-use method, which is based on estimated future cash flows discounted to their present value using an appropriate discount rate. The cash flow forecasts applied in the value-in-use approach were derived from financial budgets approved by management, covering five years, and were extrapolated using estimated growth rates for periods beyond five years. The calculation of the discount rate is based on assumptions specific to the Group and the operating segments to which they apply.

For the year ended 30 June 2024 because of impairment testing, the Group recognized losses of USD 72 thousand. The impairment model level of sensitivity disclosed in Note 15 was not identified as being sensitive to reasonably possible changes in key assumptions.

17. Intangible Assets

The following table represents movements in intangible assets for the year ended 30 June 2024:

	Trademarks	Land lease rights	Other intangible assets	Total
Cost as of 1 July 2023	22,036	80,771	24,812	127,619
Additions	—	—	2,487	2,487
Additions from the acquisition of subsidiaries (Note 8)	—	—	23,692	23,692
Disposals	—	—	(185)	(185)
Translation difference	—	(7,268)	(201)	(7,469)
Cost as of 30 June 2024	22,036	73,503	50,605	146,144
Accumulated amortization and impairment losses as of 1 July 2023	(8,851)	(76,817)	(5,617)	(91,285)
Amortization charge	—	(222)	(1,958)	(2,180)
Disposals	—	—	187	187
Impairment and reversal of impairment of intangible assets	—	5,281	(29,138)	(23,857)
Translation difference	—	7,269	116	7,385
Accumulated amortization and impairment losses as of 30 June 2024	(8,851)	(64,489)	(36,410)	(109,750)
Net book value as of 30 June 2024	13,185	9,014	14,195	36,394

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The following table represents movements in intangible assets for the year ended 30 June 2023:

	Trademarks	Land lease rights	Crypto assets	Other intangible assets	Total
Cost as of 1 July 2022	22,036	94,486	100,195	17,254	233,971
Additions	—	—	7,750	2,473	10,223
Additions from acquisition of subsidiaries	—	—	—	11,631	11,631
Disposals	—	—	(125,745)	(720)	(126,465)
Transfer from current assets	—	—	17,800	—	17,800
Translation difference	—	(13,715)	—	(5,826)	(19,541)
Cost as of 30 June 2023	22,036	80,771	—	24,812	127,619
Accumulated amortization and impairment losses as of 1 July 2022	(8,769)	(92,256)	—	(8,748)	(109,773)
Amortization charge	—	(225)	—	(1,168)	(1,393)
Disposals	—	—	2,412	617	3,029
Impairment of intangible assets	(82)	—	(2,412)	—	(2,494)
Translation difference	—	15,664	—	3,682	19,346
Accumulated amortization and impairment losses as of 30 June 2023	(8,851)	(76,817)	—	(5,617)	(91,285)
Net book value as of 30 June 2023	13,185	3,954	—	19,195	36,334

Included in the intangible assets of Subsidiaries are the 'Schedry Dar', 'Stozhar', 'Zolota' and 'Domashnya' trademarks with net book values of USD 4,567 thousand, USD 5,459 thousand, USD 2,980 thousand, and USD 179 thousand, respectively, in 2024 (USD 4,567 thousand, USD 5,459 thousand, USD 2,980 thousand and USD 179 thousand, respectively, in 2023). These trademarks are used by the Group for the sale of bottled sunflower oil mostly in the Ukrainian market.

The trademarks that belong to the Group are considered to have an indefinite useful life and thus are not amortized but tested for impairment by comparing their recoverable amount with their carrying amount annually on 30 June and whenever there is an indication that the trademarks may be impaired.

As a result of impairment testing performed as of 30 June 2024, no impairment loss was recognized for trademarks. In comparison, as of 30 June 2023, impairment losses were recognized for the 'Stozhar' and 'Zolota' trademarks, amounting to USD 94 thousand and USD 9 thousand, respectively. Additionally, the impairment loss previously recognized for the 'Schedry Dar' trademark was reversed by USD 21 thousand.

The recoverable amount of the trademarks was based on the fair value less costs to sell method using the royalty approach of valuation and is classified within level 3 of the fair value hierarchy. This calculation uses cash flow projections based on financial budgets approved by management and covering five years. The total amount of the trademarks was allocated to the Oilseed Processing segment (as one cash-generating unit).

The impairment testing of the value of intangible assets including trademarks, as of 30 June 2024 was based on the same assumptions as the impairment test for property, plant and equipment (Note 15).

18. Goodwill

The following table represents movements in goodwill for the year:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Cost at the beginning of the year	132,293	132,281
Additions	—	12
Cost at the end of the year	132,293	132,293
Accumulated impairment losses at the beginning of the year	(60,661)	(60,661)
Impairment losses recognized in the year	(58,436)	—
Accumulated impairment losses at the end of the year	(119,097)	(60,661)
Balance at the end of the year	13,196	71,632

A summary of goodwill allocated to individual entities or groups of entities as separate CGU, was aggregated at the segment level and presented below:

Segment	CGU	Goodwill carrying value	
		As of 30 June 2024	As of 30 June 2023
Oilseed Processing	Kropyvnytskyi OEP PJSC	—	28,978
	Prydniprovskyi OEP LLC	—	29,446
Infrastructure and Trading	Transbulkterminal and Transgrainterminal	9,594	9,594
	RTK-Ukraine	3,602	3,602
	Oilexportterminal	—	12
Total		13,196	71,632

Notes to the Consolidated Statements **continued**

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The Group tests whether goodwill has suffered on impairment at the level of the CGU on an annual basis. The recoverable amount of a CGU was determined based on the higher value from value-in-use or fair value less cost of disposal. The impairment test of goodwill was based on the same assumptions as the impairment test for property, plant and equipment (Note 15). Sensitivity to the mentioned above key assumptions, as of 30 June 2024, is described in Note 15.

As of 30 June 2024, the Group recognized an impairment charge against goodwill in the amount of USD 58,436 thousand (as of 30 June 2023: nil) attributable to the Oilseed Processing and included within the line Loss on impairment of assets (Note 30).

19. Other non-current assets

The balances of other non-current assets were as follows:

	As of 30 June 2024	As of 30 June 2023
Prepayments for property, plant and equipment	9,467	21,268
Non-current biological assets	6,521	5,924
Other non-current assets	10	19
Value-added tax recoverable and prepaid	—	34,958
Total	15,998	62,169

As of 30 June 2024, the portion of VAT recoverable and prepaid presented under Other non-current assets was nil, as the planned utilization period for this amount is less than 12 months (30 June 2023: USD 34,958 thousand). The reversal of VAT allowance, amounting to USD 5,538 thousand, was recognized under Loss on impairment of assets (30 June 2023: expenses for USD 8,530) (Note 30).

20. Advances from Customers and Other Current Liabilities

The balances of advances from customers and other current liabilities were as follows:

	As of 30 June 2024	As of 30 June 2023
Accrued payroll, payroll-related taxes, and bonuses	118,747	87,773
Contract liabilities	38,059	49,042
Provision for unused vacations and other provisions	9,161	7,274
Taxes payable and provision for tax liabilities	6,938	4,284
Other current liabilities	4,274	5,397
Total	177,179	153,770

During the year ended 30 June 2024, the Group recognized USD 49,042 thousand of revenue related to the contract liabilities as of 30 June 2023 (2023: USD 11,528 thousand), which related to advances.

21. Other Financial Liabilities

The balances of other financial liabilities were as follows:

	As of 30 June 2024	As of 30 June 2023
Share-based options (Note 34)	66,241	—
Payable for legal claims (Note 35, 37)	16,502	40,558
Derivative financial instruments (Note 37)	10,446	18,327
Accounts payable for property, plant and equipment	5,896	5,587
Other current liabilities	2,129	4,136
Total	101,214	68,608

22. Borrowings

The balances of borrowings were as follows:

	As of 30 June 2024	As of 30 June 2023
Short-term borrowings	163,979	211,261
Bank credit lines	147,529	652,273
Interest accrued on short-term borrowings	3,653	6,389
Bank overdrafts (Note 9)	5	10
Total	315,166	869,933

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The balances of bank credit lines in details by tranches were as follows:

	Interest rate in range	Currency	Amount due 30 June 2024	Amount due 30 June 2023
Ukrainian subsidiary of European bank	7.75%	USD	35,000	—
Ukrainian bank	4.35% plus UIRD	UAH	23,348	—
Ukrainian bank	7.25%	USD	22,000	—
Ukrainian subsidiary of European bank	6.00%	USD	20,000	—
European bank	2.10% plus COF	USD	17,108	—
European bank	2.50% plus COF	USD	12,578	—
Ukrainian bank	7.00%	USD	10,000	—
Ukrainian subsidiary of European bank	6.75%	USD	4,500	—
Ukrainian subsidiary of European bank	6.50%	USD	3,000	—
European bank	from 2.30% to 3.50% plus LIBOR	USD	—	194,952
Ukrainian subsidiary of European bank	from 1.90% to 10.00%	USD	—	151,781
European bank	from 2.90% to 4.00% plus SOFR	USD	—	123,870
European bank	from 3.50% to 4.00% plus LIBOR	USD	—	63,063
Ukrainian subsidiary of European bank	from 13.50% to 22.00%	UAH	—	32,182
European bank	from 2.50% to 4.00% plus COF	USD	—	25,721
Ukrainian bank	7.00%	USD	—	19,142
Ukrainian bank	6.00% plus UIRD	UAH	—	18,230
Ukrainian bank	from 17.00% to 23.73%	UAH	—	16,435
European bank	from 2.20% to 2.97%	USD	—	6,907
Total			147,534	652,283

As of 30 June 2024, the Group classified its bank borrowings with long-term initial contractual maturity in the amount of USD 130,594 thousand as short-term as the Group had waivers for technical and financial covenants for the period less than 12 months since reporting date. In addition, as of 30 June 2024, the Group was not able to meet certain technical conditions specified in the loan agreements with two banks. They were duly waived after the reporting date.

The balance of the borrowings with an initial contractual maturity of more than 12 months of 30 June 2024 is disclosed in the table below by tranches:

	Initial contractual maturity	Interest rate in range	Currency	Amount due 30 June 2024	Amount due 30 June 2023
European bank	2030	from 3.03% to 3.10% plus SOFR	USD	71,137	—
European bank	2029	from 3.03% to 3.10% plus SOFR	USD	65,962	—
European bank	2027	4.50% plus SOFR	USD	23,040	—
European bank	2027	1.00%	USD	3,840	5,793
European bank	2030	from 2.77% to 2.84% plus LIBOR	USD	—	85,871
European bank	2029	from 2.77% to 2.84% plus LIBOR	USD	—	84,846
European bank	2027	4.50% plus LIBOR	USD	—	34,751
Total				163,979	211,261

As of 30 June 2024, the undrawn amount of bank borrowings amounted to USD 205,731 thousand including available facility amounts upon bank credit lines and long-term financing (30 June 2023: USD 130,620 thousand).

As of 30 June, bank borrowings were secured as follows:

	As of 30 June 2024	As of 30 June 2023
Property, plant and equipment (Note 15)	437,930	406,731
Inventory (Note 12)	—	191,186
Pledge deposits (Note 14)	—	122,703
Future sales receipts	—	49,165
Cash deposit (Note 14)	—	6,907
Ukrainian government bonds (Note 14)	—	1,092
Total	437,930	777,784

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

23. Lease liabilities

The following is the maturity analysis of lease payments under the lease agreements as of 30 June:

Maturity	As of 30 June 2024	As of 30 June 2023
Payable within one year	29,811	33,594
Payable in the second to fifth years	147,871	163,332
Payable after five years	215,448	247,574
Total	393,130	444,500
less		
Future finance charges	(223,390)	(246,605)
Present value of lease obligations	169,740	197,895
less		
Current portion	(27,206)	(31,160)
Lease obligations, long-term portion	142,534	166,735

24. Bonds issued

The balances of bonds issued were as follows:

	Maturity	As of 30 June 2024	As of 30 June 2023
US 300,000 thousand 6.75% coupon bonds (issued October 2020)	October 2027	298,087	297,660
US 300,000 thousand 6.50% coupon bonds (issued October 2019)	October 2024	299,493	298,551
Total		597,580	596,211

As of 30 June 2024, the bonds are rated CC by both S&P and Fitch (30 June 2023: CCC), in line with the rating of the Ukrainian sovereign.

All the notes are unsecured, ranking equally with all existing and future senior unsecured indebtedness of the Company, and have been unconditionally and irrevocably guaranteed by designated Group subsidiaries on the joint and several basis to the maximum extent permitted by law.

All the bonds contain certain restrictive covenants that limit the ability of the Company and, where applicable, its restricted subsidiaries to create or incur certain liens, make restricted payments, engage in amalgamations, mergers or consolidations, or combination with other entities; make certain disposals and transfers of assets; and enter into transactions with affiliates.

As of 30 June 2024 and 2023, the Group did not have an unconditional right (within the meaning of paragraph 69 d) of IAS 1 Presentation of Financial Statement) to defer settlement of its bonds for 12 months or longer as the effective bank waivers related to its loans covered period until 31 March 2025 and other factors (Note 22). Consequently, the Group therefore classified its long-term bonds as short-term. Nevertheless, management notes that, given the effective waivers from banks in place as of 30 June 2024, no cross-acceleration events of default under the bonds were triggered as of that date, and the Group remained otherwise in full compliance with the terms of its bonds.

As of 30 June 2024, accrued interest on bonds issued was USD 7,612 thousand (30 June 2023: USD 7,612 thousand).

25. Income Tax

The Group operates globally and is subject to the tax laws and regulations of numerous tax jurisdictions and authorities as well as tax agreements and treaties among these jurisdictions. The corporate income tax rate in Ukraine, where the main operations of the Group are located, was 18% as of 30 June 2024 and 2023.

The majority of the Group's companies involved in agricultural production pay the Unified Agricultural Tax (UAT) by the Tax Code of Ukraine. The UAT is calculated by local authorities and is based on the area and valuation of the land used.

The components of income tax (expenses)/benefit were as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Current income tax charge	(56,502)	(49,626)
Deferred tax benefit/(expenses) relating to the origination and reversal of temporary differences	13,078	(19,424)
Total income tax expenses recognized in the reporting period	(43,424)	(69,050)

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

The income tax expenses is reconciled to the profit before income tax per the Consolidated Statement of Profit or Loss as follows:

	As of 30 June 2024	As of 30 June 2023
Profit before income tax	211,052	367,824
Tax expenses at the Ukrainian statutory tax rate of 18%	(37,989)	(66,208)
Effect of income that is exempt from taxation (farming)	27,197	(18,225)
Effect of different tax rates of Subsidiaries operating in other jurisdictions	(13,973)	(18,459)
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	2,356	(4,900)
Other expenditures not allowable for income tax purposes and non-taxable income, net	(21,015)	38,742
Income tax expenses	(43,424)	(69,050)

For the year ended 30 June 2024, deferred tax recognized in other comprehensive income was USD 1,784 thousand (for the year ended 30 June 2023: nil).

The primary components of the deferred tax assets and deferred tax liabilities were as follows:

	As of 30 June 2024	As of 30 June 2023
Tax losses carried forward	20,304	17,112
Valuation of property, plant, and equipment	11,913	2,390
Valuation of inventories	2,367	10,257
Others	8,495	1,757
Deferred tax assets	43,079	31,516
Valuation of property, plant and equipment	(26,019)	(26,032)
Valuation of intangible assets	(1,209)	(1,525)
Others	(260)	(3,163)
Deferred tax liabilities	(27,488)	(30,720)
Net deferred tax assets	15,591	796

As of 30 June 2024, deferred tax assets in the amount of USD 31,166 thousand are expected to be recovered or settled within twelve months after the reporting period (30 June 2023: USD 29,126 thousand).

As of 30 June 2024, based upon projections for future taxable income over the periods in which the taxable temporary differences are anticipated to reverse, management believes it is probable that the Group will realize the benefits of deferred tax assets of USD 20,304 thousand (2023: USD 17,112 thousand) recognized concerning tax losses carried forward by the subsidiaries. The amount of future taxable income required to be generated by the Subsidiaries to utilize the tax benefits associated with the tax loss carried forward is approximately USD 112,800 thousand (2023: USD 95,067 thousand). However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

The Group does not recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries as it can control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group has unrecognized deferred tax assets in respect of a significant accumulated amount of unused tax loss carried forward. The tax loss carried forward expires in the period 2025-2041.

Certain deferred tax assets and liabilities have been offset following the Group's accounting policy. The following is an analysis of the deferred tax balances (after offset) as they are presented in the Consolidated Statement of Financial Position:

	As of 30 June 2024	As of 30 June 2023
Deferred tax assets	35,626	21,353
Deferred tax liabilities	(20,035)	(20,557)
Net deferred tax assets	15,591	796

26. Revenue

The Group's revenue was as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Revenue from edible oils sold in bulk, and meal	1,962,251	1,891,335
Revenue from agriculture commodities merchandising	1,412,005	1,347,681
Revenue from bottled sunflower oil	105,040	139,652
Revenue from transshipment services	48,917	34,904
Revenue from farming	42,054	35,074
Revenue from grain silo services	11,195	6,475
Total	3,581,462	3,455,121

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Revenue is obtained principally from the sale of commodities, recognized once the control of the goods has transferred from the Group to the customer. Revenue derived from freight, storage, and other services, presented in the line Revenue from edible oils sold in bulk, and meal, is recognized over time as the service is rendered. Disaggregated revenue for each reportable segment is presented in Note 7.

For the year ended 30 June 2024, the revenue from selling electricity, included within Revenue from edible oils sold in bulk, and meal used line, amounted to USD 39,866 thousand (2023: USD 21,894 thousand).

The transaction price allocated to outstanding performance obligations as of 30 June 2024 is USD 10,046 thousand (30 June 2023: USD 17,554 thousand). This amount represents revenue from carriage, freight, and insurance services under CIF/CFR Incoterms contracts which are to be executed in July 2024, when the goods are delivered to the point of destination and under which the Group has already recognized revenue from the sale of goods at a point in time as of 30 June 2024.

27. Cost of Sales

The cost of sales was as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Cost of goods for resale and raw materials used	2,069,486	1,941,524
Shipping and handling costs	639,819	596,855
Amortization and depreciation	98,863	100,378
Payroll and payroll-related costs	80,791	65,257
Total	2,888,959	2,704,014

For the year ended 30 June 2024 result on operations with commodity futures, options and unrealized forwards, included within the Cost of goods for resale and raw materials used line, decreased Cost of sales in the amount of USD 137,656 thousand (30 June 2023: USD 65,095 thousand decrease).

28. Other Operating Income and Expenses

Other operating income and expenses were as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Other operating income		
Insurance reimbursement	33,539	13,982
Gain on operations with securities	9,120	4,190
Stock-take	8,428	9,224
Gain on sale of foreign currency	7,796	15,884
Contracts wash-out (price difference settlement)	5,142	5,791
Other operating income	7,046	4,476
Total	71,071	53,547
Other operating expenses		
Other dispatch fees and fines	(17,418)	(24,185)
Loss on operations with derivatives	(5,465)	(10,682)
Total	(22,883)	(34,867)

In October 2023, the Group received a one-off insurance payment for property damage and business interruption due to the war in a total amount of USD 32,579 thousand.

The Group enters wash-out contracts to reduce administrative time and costs, these contracts can be offset based on a mutual agreement with the same partners who sold or purchased commodities.

29. General, administrative and selling expenses

General, administrative and selling expenses were as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Payroll and payroll related costs	176,151	163,417
Audit, legal and other professional fees	10,317	12,096
Repairs and material costs	6,120	7,271
Amortization and depreciation	5,841	4,409
Business trip expenses	3,362	3,957
Taxes other than income tax	3,042	2,319
Other expenses	8,540	11,550
Total	213,373	205,019

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Audit, legal and other professional fees for the year ended 30 June 2024 included the auditor's remuneration in the amount of USD 778 thousand and remuneration for non-audit services was USD 26 thousand (for the year ended 30 June 2023: USD 781 thousand and nil thousand, respectively). No consultancy services were provided by the auditors for the years ended 30 June 2024 and 2023.

30. Loss on Impairment of Assets

Loss on impairment of assets were as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Impairment and reversal of property, plant and equipment (Note 15)	117,115	—
Impairment loss of goodwill (Note 18)	58,436	—
Impairment of prepayments to suppliers and other current assets	25,596	—
Impairment of intangible assets (Note 17)	23,728	82
Write-offs of property, plant and equipment (Note 15)	11,162	1,438
Allowance and write-offs of inventories (Note 12)	2,791	5,760
Impairment loss on right-of-use assets (Note 16)	72	—
Impairment loss on crypto assets	—	2,412
Impairment of assets classified as held for sale	—	26,039
Reversal of loss on impairment of inventories	(4,136)	(29,528)
(Reversal of impairment)/write-off of VAT allowance (Note 20)	(5,538)	8,530
Total	229,226	14,733

31. Finance Costs and Income

Finance costs and income were as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Finance costs expensed		
Interest expense on bank loans (Note 9)	(45,667)	(75,605)
Interest on corporate bonds (Note 9)	(39,750)	(39,750)
Interest on lease liabilities (Note 9)	(25,243)	(35,180)
Other finance costs	(8,419)	(2,714)
Total	(119,079)	(153,249)
Finance income		
Interest received on financial assets held for cash management	42,553	28,128
Gain on modification of loan terms	6,436	—
Other financial income	830	2,664
Total	49,819	30,792

32. Foreign exchange gain, net

For the year ending 30 June 2024, the net foreign exchange gain amounted to USD 32,972 thousand (30 June 2023: USD 62,650 thousand). This result is primarily attributed to the fluctuations in exchange rates, impacting the revaluation of balances denominated in currencies other than the functional currency. These balances include trade balances, VAT, and borrowings (including intra-group balances where the Company's subsidiaries operate with different functional currencies and engage in intercompany financing, which, upon revaluation, can result in foreign exchange gains or losses for one of the Company's subsidiaries if they use different functional currencies).

33. Other Expenses, net

Other expenses, net was as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Social spending	(25,129)	(12,279)
Fines and penalties	(5,746)	(3,020)
Gain/(loss) on disposal of property, plant and equipment	530	(621)
Gain on disposal of Subsidiaries (Note 8)	2,448	4,091
Other expenses	(1,191)	—
Total	(29,088)	(11,829)

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

34. Transactions with Related Parties

As of 30 June 2024 and 2023, the Group is controlled by the Namsen Ltd (Note 2).

The Group had the following balances outstanding with related parties from sales or purchases of goods and services:

Related party	Statement of Financial Position line	Related party balances	
		as of 30 June 2024	as of 30 June 2023
Entities under Common control	Trade accounts receivable, net	23,303	13,776
	Prepayments to suppliers and other current assets	47,112	41,798
	Other financial assets	2,327	104,319
	Non-current financial assets	12,961	—
	Trade accounts payable	1,968	26,922
	Advances from customers and other current liabilities	18,177	—
Key management	Other financial assets	4,997	3,546
	Non-current financial assets	1,430	124
	Advances from customers and other current liabilities	11,166	20,345
	Other financial liabilities	66,279	—
	Other non-current liabilities	—	54,278
Entities under Key Management control	Other financial assets	115	18,250
	Non-current financial assets	1,984	—
Other related parties	Trade accounts receivable, net	80	39,563
	Prepayments to suppliers and other current assets	944	747
	Other financial assets	12,086	4,419
	Non-current financial assets	2,032	8,563
	Trade accounts payable	—	18,746

In July 2023, the Group received the remaining consideration of USD 90,000 thousand from a related party for the disposal of farming entities, completed as of 3 March 2023 presented within the line Other financial assets and it is due from the Entities under Common control as of 30 June 2023 (Note 8, 14).

As of 30 June 2024, the fair value of liability recognized in terms of share options amounted to USD 66,241 thousand presented within Other financial liabilities (30 June 2023: USD 54,278 thousand presented within Other non-current liabilities). The option exercise period is set for a period commencing on 1 November 2024 and expiring on 31 December 2026. During the year ended 30 June 2022, a new management incentive plan was introduced, according to which the Company granted management the option to sell to the Company 2,792,435 of its ordinary shares. The consideration for each share will be a minimum of (i) USD 23.80 and (ii) operating profit before working capital changes minus interest paid plus interest received minus interest tax paid minus maintenance capital expenditures in the fixed amount of USD 155,000 thousand, where all amounts, except for the maintenance capital expenditures, are specified in USD as appropriately classified and disclosed in the consolidated statement of cash flows of the audited annual consolidated accounts of the Company and its subsidiaries for the Financial Years 2022-2024, divided by three divided by 12% and divided by 84,031,230. The option exercise period is set for a period commencing on 1 November 2024 and expiring on 31 December 2026.

Transactions with related parties are performed on terms equivalent to those that prevail in arm's length transactions. The amount of outstanding balances is unsecured and will be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. Loans are provided at rates comparable to the average commercial rate of interest.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

Transactions with related parties were as follows:

Related party	Statement of Profit and Loss line	Related party transac-	Related party transac-
		tion for the year ended 30 June 2024	tion for the year ended 30 June 2023
Entities under common control	Revenue	50,889	7,010
	Purchases of various goods and services	(228,982)	(35,977)
	Cost of sales	(17,184)	—
	Other operating expenses	(2,839)	—
	Net impairment losses on financial assets	(7,595)	—
Entities under Beneficial Owner control	Revenue	—	16,161
	Purchases of various goods and services	—	(56,694)
	Cost of sales	—	(10,356)
Key management	General, administrative and selling expenses	(39,630)	(40,151)
	Financial costs	(1,638)	—
Entities under Key Management control	General, administrative and selling expenses	(20)	(820)
	Finance costs	(3,100)	—
Other related parties	Revenue	20,883	72,300
	Cost of sales	(40)	(611)
	Purchases of various goods and services	(3,333)	(3,621)
	Other operating income	—	8,045
	General, administrative and selling expenses	(7)	(1,639)
	Finance income	1,621	1,687
	Net impairment losses on financial assets	(994)	—

Remeasurement of liability related to options provided to key management as of 30 June 2024 resulted in a loss recognized in General, administrative, and selling expenses in the amount of USD 11,963 thousand (30 June 2023: a loss of USD 18,158 thousand recognized as a decrease in General, administrative and selling expenses).

During the year ended 30 June 2024, the Group sold goods to third parties in transactions involving a related party, being entity under common control, recognizing respective sales at market terms amounting to USD 88,950 thousand (2023: nil).

The Group's key management personnel are the members of the Board of Directors and management team. The remuneration of Directors and other members of key management personnel recognized in the Consolidated Statement of Profit and Loss and Other Comprehensive Income including salaries and other current employee benefits amounted to USD 27,554 thousand (for the year ended 30 June 2023: USD 21,065 thousand).

35. Commitments and Contingencies

Retirement and Other Benefit Obligations

Employees of the Group receive pension benefits from the government under the laws and regulations of Ukraine. The Group's contributions to the State Pension Fund for the year ended 30 June 2024 were USD 20,976 thousand (2023: USD 15,395 thousand).

As of 30 June 2024 and 2023, the Group was not liable for any significant supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Capital Commitments

As of 30 June 2024, the Group had commitments under contracts with a group of suppliers for a total amount of USD 17,833 thousand, mostly for the construction of the oil-crushing plant (30 June 2023: USD 21,749 thousand, mostly for the construction of the oil-crushing plant).

Contractual Commitments on Sales

As of 30 June 2024, the Group had entered into commercial contracts for the export of 672,500 tons of grain, 186,243 tons of sunflower oil, and 40,440 tons of sunflower meal and other related products, corresponding to an amount of USD 166,595 thousand, USD 184,097 thousand and USD 10,924 thousand, respectively, in contract prices as of the reporting date.

As of 30 June 2023, the Group had entered into commercial contracts for the export of 103,000 tons of grain, 157,545 tons of sunflower oil, and 129,373 tons of sunflower meal and other related products, corresponding to an amount of USD 25,751 thousand, USD 149,280 thousand and USD 43,838 thousand, respectively, in contract prices as of the reporting date.

Taxation and Legal Issues

The international tax environment is becoming more complex in terms of tax administration, which could increase tax pressure on taxpayers. In particular, a key part of the OECD/G20 BEPS Project is addressing the tax challenges arising from the digitalization of the economy. The Global Anti-Base Erosion Rules ('GloBE') are a key component of this plan and ensure large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. More specifically, the GloBE Rules provide for a coordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate. Kernel Holding S.A. belongs to the Kernel Group which is within the scope of the OECD Pillar Two Model Rules. Pillar Two legislation was

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for the year ended 30 June 2024 (in thousands of US dollars, unless otherwise stated)

enacted in Luxembourg, the jurisdiction in which Kernel Holding S.A. is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023. However, it was determined in terms of Pillar 2 rules that Namsen Limited residing in Cyprus should be considered as the Ultimate Parent Entity of the Kernel Group and should therefore have the obligation to apply the Income Inclusion Rule and be charged with the top-up tax (TUT) due on any low-taxed profits of itself and its low-taxed subsidiaries. Cyprus has not yet transposed the rules into the domestic legislation but is expected to do so in the course of 2024 with retroactive effect as of 31 December 2023, in line with the requirements of the EU Directive, and will therefore be effective for the Kernel Group from 1 July 2024. Since the Pillar Two legislation will not be effective at the closing date of the financial year, Kernel Group will not have related current tax exposure. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted legislation cannot yet be reasonably estimated. Kernel Group is currently engaged with advisors to confirm the modalities of the application of the legislation.

Tax risk management is embedded in overall Group risk management. As of 30 June 2024, companies of the Group had ongoing litigations with the tax authorities concerning tax issues for USD 20,441 thousand (as of 30 June 2023: USD 65,803 thousand). Management believes that based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and no respective provision is required in the Group's financial statements as of the reporting date.

Ukraine's tax environment is characterized by complexity in tax administration and arbitrary interpretation by tax authorities of tax laws and regulations that could increase fiscal pressure on taxpayers. Inconsistent application, interpretation, and enforcement of tax laws can lead to lawsuits resulting in the imposition of additional taxes, penalties, and penalty interest.

The transfer pricing legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented internal controls to comply with current transfer pricing legislation. Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. Potentially, with the evolution of the interpretation of transfer pricing rules, such prices could be challenged. However, the impact of any such challenge is uncertain and cannot be reliably estimated.

Key aspects of the Ukrainian tax system are the following:

- Ukraine operates a classic corporate income tax system, under which taxable profit of companies (i.e., financial profit adjusted by tax differences) is subject to 18% corporate income tax ('CIT').
- Transfer pricing rules apply to transactions with related non-residents and "low tax" non-residents (i.e., non-residents, taxed domestically at a significantly lower corporate income tax rate than the Ukrainian tax rate of 18%), subject to a company's minimum income threshold of UAH 150 million and turnover threshold with each separate non-resident of UAH 10 million.
- Domestic supply of goods and services, as well as the import of goods and certain services, are subject to value-added tax at the standard rate of 20%. A reduced tax rate of 0% applies to the export of goods from Ukraine. Starting from March 2021, also 14% tax rate applies to the domestic supply and import of certain agricultural commodities.
- Payment of passive income (i.e., interest, royalties, dividends, etc.) to non-residents is subject to withholding tax at a standard 15% rate unless double tax treaties or the Tax Code of Ukraine provide another tax rate.
- Agricultural producers of raw materials are allowed to apply a simplified tax system, given that at least 75% of their income is attributable to sales of agricultural raw materials produced by such company. Under the simplified tax system, companies are subject to a fixed tax, which depends on the type, location, and monetary value of farmland used by such companies.
- In March 2022 significant changes to the Tax Code of Ukraine have been introduced as a result of the war and adoption of Marital Law in Ukraine. Amongst others, these changes released the taxpayers from financial liability for any tax and other violations of legislation, the compliance with which is monitored by the customs and tax authorities, if such violations occur as a result of the force majeure circumstances (the war following the military aggression of the Russian Federation). At the same time, such obligations must be fulfilled immediately after the termination of the force majeure circumstances. The Law has also temporarily suspended certain types of tax audits, including transfer pricing audits. Since August 2023, other laws have been enacted that restore the obligations of taxpayers and the right of tax authorities to initiate tax audits with the right to review the list of taxpayers that are subject to tax audits monthly.
- The Diia City regime providing special tax benefits for IT companies was adopted in Ukraine. Among other novelties, this regime introduces certain protection from excessive interference from state bodies and control over IT business, simplification of formalities with hiring IT specialists (including special "gig contracts"), and reduced income tax and payroll tax rates for qualifying IT businesses.

The Company is currently a party to five legal cases in the District Court in Luxembourg, all initiated by eight shareholders who together held 1,210,430 shares as of February 2024, amounting to 0.4% of the Company's total issued shares:

- merits proceedings initiated on 13 October 2023 with the objective: 1) To establish that the Company's directors acted against the Company's interests, were conflicted, and lacked the necessary authority at the Board of Directors' meeting on 13 April 2023; 2) To invalidate all decisions made during the aforementioned Board meeting, including the resolution to delist the Company from the Warsaw Stock Exchange; 3) Alternatively, to appoint an expert to assess (i) the fairness of the public tender offer price announced by Namsen Limited on March 30, 2023, compared to the real value of the Company, and (ii) the economic impact of the Board of Directors' decisions, including the delisting, on the Company's corporate interests.
- summary proceedings initiated on 20 February 2024 related to the temporary suspension of decisions made by the Company's Board of Directors on 21 August 2023 (regarding the initiation of a share offering), and on 1 September 2023 (pertaining to the issuance of 216,000,000 new shares in the context of the increase in share capital following subscriptions received by certain shareholders in response to the share offering). Additionally, the claimants seek to suspend all actions taken by Namsen Limited, the Company's largest shareholder, following the capital increase, including the suspension of its voting rights related to the shares acquired thereafter.
- merits proceedings initiated on 20 February 2024 related mainly to the annulment of the Board of Directors' decisions made on 21 August and 1 September 2023, as mentioned above. Alternatively, the claimants seek compensation for damages from Namsen Limited.

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- summary proceedings initiated on 3 April 2024 related mainly to the suspension of the decisions taken at the AGM held on 11 December 2023.
- merits proceedings initiated on 26 April 2024 related mainly to the annulment of the decisions taken at the AGM held on 11 December 2023.

It is an early stage of the proceedings, and the outcome of the litigation cannot be assessed at the moment. However, the management of the Group believes there was no non-compliance with laws and regulations with regard to the facts appealed by the claimants.

36. Financial risk management

Capital Risk Management

The Group manages its capital, which is attributable to equity holders to ensure that entities in the Group will be able to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. Management considers the cost of capital and risks associated with each class of capital. The Group balances its overall capital structure through the payment of dividends, new share issues, repurchase of own shares as well as the issue of new debt or the redemption of existing debt. The Group monitors capital based on the carrying amount of equity, borrowings less cash and cash equivalents as presented in the statement of financial position.

The Group is not subject to any externally imposed capital requirements, except for bank borrowing and bonds covenants imposed by external lenders.

Gearing Ratio

The Group measures its capital by calculating a gearing ratio, defined as net debt divided by total capital. Net debt represents the obligation under financial lease, bonds and borrowings less cash and cash equivalents, while total capital includes equity from the consolidated balance sheet and net debt. The Group has not yet settled on an optimal gearing ratio. Presently, most of the debt is due within 2-5 years, and the Group is proactively looking to extend these credit terms in line with its long-term strategy.

	As of 30 June 2024	As of 30 June 2023
Debt liabilities ¹ (Notes 22, 23, 24)	1,090,098	1,671,651
Less cash and cash equivalents (Note 9)	(809,584)	(954,103)
Net debt	280,514	717,548
Equity ²	1,864,643	1,741,857
Total capital	2,145,157	2,459,405
Net debt liabilities to capital	15.0%	41.2%

Financial Risk

The Group is exposed to financial risk as the result of the normal course of business and includes the following risks:

- Credit risk
- Liquidity risk
- Market risk

Risk management policies have been established to identify, assess, and analyze the risks faced by the Group, to manage and continuously improve an effective risk management and monitoring system, spreading the culture of decision-making in terms of risks, their valuation and likelihood of occurrence. The Group coordinates roles and participants through training, management standards, and procedures.

Credit Risk

Credit risk is the risk of financial loss to the Group if counterparties may not be able to settle their contractual obligations due to the Group within their agreed payment terms.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The characteristics of the Group's customer base, including the default risk of the industry and country in which the major customers operate, have less of an influence on credit risk.

The management of the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes an assessment of the credit quality of the customer, considering its financial position, payment history, transaction volume, and other factors. Sales limits are established for each customer, which represent the maximum open amount without requiring approval from the management of the Group. These limits are reviewed annually. Customers who fail to meet the Group's benchmark for creditworthiness may only conduct transactions on a prepaid basis and are subject to an additional level of agreement approval. To reduce non-payment risk in international markets, the Group presents title documents via banking channels and uses payment instruments such as letters of credit, insurance arrangements, and bank guarantees. The Group holds collateral against loans provided to farmers, consisting of future harvests, encumbrances on movable property, and immovable property. The collateral is secured in quantities sufficient to cover the loans, based on the current market price. The Group's applied policy about expected credit losses is disclosed in Note 10 for all trade receivables. Other financial assets at amortized cost include loans to related parties, key management personnel, and other receivables that have a low credit risk.

¹ Debt includes short-term and long-term borrowings, obligations under finance leases, bonds issued and accrued interest. Debt liabilities do not include the liabilities associated with assets held for sale.

² Equity includes issued capital, share-premium reserve, additional paid-in capital, revaluation reserve, equity-settled employee benefits reserve, retained earnings, other reserve and translation reserve attributable to Kernel Holding S.A. shareholders.

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The Group's most significant customer is an international customer, who accounted for USD 31,643 thousand out of total trade accounts receivable as of 30 June 2024 (30 June 2023: one international customer accounted for USD 39,440 thousand).

The entity is also exposed to credit risk to debt investments in government bonds that are measured at fair value through profit or loss. Government bonds are represented by bonds issued by the Ukrainian government and the credit rating of Ukraine has been downgraded since the beginning of the war.

As of 30 June 2024, 59% (30 June 2023: 81%) of margin accounts with brokers and derivative financial instruments balances are conducted with the financial institutions rated at F1-B by Fitch (or analog). Short-term bank deposits and pledge deposits are held by the Group in the international banks and Ukrainian subsidiaries of international banks with high ratings (F1+ - F by Fitch). The Group's exposure to credit risk for derivative financial instruments and margin accounts with brokers is significantly reduced by placing them with financial institutions that hold a strong Fitch credit rating of 'B' or above, reflecting a high level of creditworthiness.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash and cash equivalents, as well as the availability of funding through the adequacy of the banking facilities by continuously monitoring forecasted and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Management diversifies funding sources to ensure that sufficient liquidity is maintained to meet liquidity requirements.

As of 30 June 2024, the carrying amount of the Group's maximum exposure to financial obligations (including lease liabilities) was USD 1,301,970 thousand (30 June 2023: USD 1,953,904 thousand).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as of 30 June 2024 and 2023. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
30 June 2024						
Non-derivative financial liabilities						
Trade accounts payable	109,672	(109,672)	(109,672)	—	—	—
Borrowings (Note 22)	315,166	(315,166)	(315,166)	—	—	—
Bonds issued (Note 24)	605,192	(605,192)	(605,192)	—	—	—
Other financial liabilities (Note 21)	90,768	(90,768)	(90,768)	—	—	—
Other non-current liabilities	986	(986)	—	(493)	(493)	—
Total	1,121,784	(1,121,784)	(1,120,798)	(493)	(493)	—
Derivatives						
Derivative financial instruments (Note 21)	10,446	(10,446)	(10,446)	—	—	—
Total	10,446	(10,446)	(10,446)	—	—	—
30 June 2023						
Non-derivative financial liabilities						
Trade accounts payable	158,567	(158,567)	(158,567)	—	—	—
Borrowings (Note 22)	869,933	(869,933)	(869,933)	—	—	—
Bonds issued (Note 24)	603,823	(603,823)	(603,823)	—	—	—
Other financial liabilities (Note 21)	50,281	(50,281)	(50,281)	—	—	—
Other non-current liabilities	55,078	(55,078)	—	(54,678)	(400)	—
Total	1,737,682	(1,737,682)	(1,682,604)	(54,678)	(400)	—
Derivatives						
Derivative financial instruments (Note 21)	18,327	(18,327)	(18,327)	—	—	—
Total	18,327	(18,327)	(18,327)	—	—	—

The concentration of liquidity risk is limited due to different repayment terms of financial liabilities and sources of borrowing facilities.

Market Risk

The Group's activities expose it primarily to market risk which is mainly presented as the risk of loss in the value of any financial instrument due to an adverse fluctuation in market prices, interest rates, and foreign exchange rates, whether arising out of factors affecting specific instruments or the market in general. The goal of market risk management is to control and manage market risk exposures within acceptable limits while maximizing the return on those risks.

Currency Risk

The functional currency of the majority of the Group's Subsidiaries is their local currency, except for businesses engaged in the production and sale of sunflower oil and transshipment services, for which USD was selected as the functional currency.

Currency risk is a risk of financial impact due to exchange rate fluctuations related to transactions and balances in currencies other than functional

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currency. The Group enters into such transactions denominated in other currencies, which include capital expenditures, operating expenses, certain sales of goods, and recognized assets and liabilities denominated in a currency that is not the functional currency of the entity. Exposure of currency risk is managed by utilizing currency forward contracts and fulfilling comparative analysis between subsidiaries.

Management of the Group mitigates the influence of currency risk in Ukrainian hryvnia through export sales expressed in USD and EUR: for the year ended 30 June 2024, out of total sales denominated in USD sales in the amount of USD 3,250,287 thousand, and denominated in EUR sales were in the amount of USD 64,367 thousand (2023: USD 3,070,642 thousand and USD 87,156 thousand, respectively).

The Group makes use of currency swaps, which are financial derivative contracts where two parties agree to exchange principal and interest payments in different currencies. These swaps serve a dual purpose: primarily, they help manage exposure to foreign exchange risk by mitigating potential losses from currency fluctuations. Additionally, they enable the Group to secure more favorable borrowing rates compared to what might be available in their domestic markets. The risk related to currencies other than the functional currency, arising from the Group's non-US dollar-denominated debts, was settled through the US dollar payment leg of these swaps.

Interest and principal on borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily in USD. This provides the Group with a natural hedge against currency risk and no derivatives are required to cover such risk.

The table below covers UAH and USD-denominated assets and liabilities carried by Subsidiaries having balances in currencies other than functional currencies.

The Group's exposure to foreign currency risk, including the balances outstanding between the Group's companies as of 30 June 2024 and 2023 was as follows:

	30 June 2024		30 June 2023	
	UAH	USD	UAH	USD
Cash and cash equivalents	132,254	163,471	36,175	37,353
Trade accounts receivable	50,856	94,427	75,764	61,198
Other financial assets	177,655	—	14,966	—
Trade accounts payable	(69,585)	(1,320)	(64,049)	(519)
Other financial liabilities	(277,303)	(642)	(323,763)	—
Current portion of lease liabilities (Note 23)	(644)	—	(739)	(121)
Other non-current liabilities	(3,081)	—	(368)	—
Borrowings from Ukrainian subsidiary of European bank (Note 22)	—	—	(27,654)	—
Borrowings from Ukrainian bank (Note 22)	—	—	(16,760)	—
Borrowings European Bank (Note 22)	—	(12,628)	—	(15,720)
Lease liabilities (Note 23)	(6,855)	—	(7,333)	—
Net exposure	3,297	243,308	(313,761)	82,191

The following table details the Group's sensitivity to a 10 % change of the UAH against the USD would prompt a fluctuation in the equity and profit and loss account by the amounts shown below. This sensitivity analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity analysis includes only outstanding monetary items denominated in a currency other than the functional currency.

A strengthening/depreciation of the UAH against USD on 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss before income tax by the amounts shown below:

	30 June 2024		30 June 2023	
	Strengthening	Depreciation	Strengthening	Depreciation
UAH (10% movement)	(21,789)	26,705	(38,848)	40,508

Interest Rate Risk

The Group's main interest rate risk arises from bank borrowings and lease liabilities with variable rates, which expose the group to cash flow interest rate risk.

The sensitivity analysis in the table below has been determined based on exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point ('bp') increase, or decrease, was used when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible changes in interest rates.

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The interest rate profile of the Group's interest-bearing financial instruments and its sensitivity to increase or decrease of variable interest rate was as follows:

	Carrying amount as of 30 June 2024	Gain/(loss) on profit for the year (before income tax) due to change of variable rate		Carrying amount as of 30 June 2023	Gain/(loss) on profit for the year (before income tax) due to change of variable rate	
		100 bp higher	100 bp lower		100 bp higher	100 bp lower
Fixed rate	873,561	—	—	1,034,904	—	—
Variable rate	216,538	(2,166)	2,166	636,752	(6,369)	6,369
SOFR	162,157	(1,622)	1,622	124,074	(1,241)	1,241
COF	29,686	(297)	297	26,558	(266)	266
UIRD	23,738	(237)	237	18,666	(187)	187
LIBOR	957	(10)	10	467,454	(4,675)	4,675
Total	1,090,099	(2,166)	2,166	1,671,656	(6,369)	6,369

As of 30 June 2024, the Group completed its transition to new interest rate benchmarks following the global phase-out of LIBOR. Specifically, all USD LIBOR-based contracts were transitioned to the Secured Overnight Financing Rate (SOFR) upon the LIBOR cessation date. The transition was carried out smoothly, ensuring minimal disruption to existing financial agreements and maintaining alignment with market standards. This change reflects the Group's commitment to adhering to regulatory requirements and adopting more robust and transparent benchmark rates, thereby reducing exposure to potential volatility in legacy rates.

The Group does not use any derivatives to manage interest rate risk exposure. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable-rate loans and borrowings.

Commodity Price Risk

The Group is exposed to fluctuations in commodity prices for inventories and the product of production which are not held to meet forward priced contracts.

In the marketing year 2024, the Group withstood a period of volatile markets and relatively low prices across main agricultural commodities, remaining exposed to war-induced limitations but to a lesser extent compared to the previous year. During Q1 (July–September 2023), we tested the limits of river barge logistics by ramping up export flows and optimizing both throughput and costs. This resulted in increased efficiency and cost savings, giving us confidence in our capability to maintain a sufficient pace of exports of oilseed crush products matching the Group's processing capacity. To a certain extent, this also applied to grains and oilseeds we farm, in case of temporary unavailability of deep-water Black Sea port navigation.

The opening and acceleration of shipments via the Black Sea later in the season and for the prevailing part thereof allowed for better predictability, planning of trading books, and market risk management. As exports from Ukraine normalized, there was higher confidence in Ukrainian-origin supply chains from the main regions of consumption.

A gradual decrease in freight premiums for Ukrainian Black Sea ports vis-à-vis the ports of Constanta and Varna, along with a similar trend in insurance premiums, contributed to the Group's bottom line and made our trade flows more agile and responsive to dynamic market changes.

From Q2 onwards, trading of vegetable oils was fine-tuned to changing parities between EU and Asian destinations. The Group's activities, primarily in the markets of India and the European Union - almost equally distributed between the Mediterranean and Northern EU - allowed us to manage exposure from both price environment and freight standpoints in a balanced manner. We became self-sufficient in vegetable oils throughput by utilizing two vegetable oil port terminals under our ownership, keeping operational risks under control while minimizing costs related to vessel demurrage. This also enhanced our trading book by introducing another layer of optimization through rhythmic shipments and port stock management. Carefully crafted trading of all the main products we manage allowed for moderate positions with a focus on cost reduction, book optimization, and arbitrage between destinations.

The Group measures and limits market risk exposure using a Value at Risk computation for commodity price risk related to its physical marketing activities.

Value at Risk (VaR) is used by management as a tool for the estimation of potential loss in value of risk positions over a given time period under normal market conditions. The Group calculates VaR over a one-day time horizon with a 95 percent confidence level. Limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved: The Group uses a Parametric VaR model based on a Log-Normal assumption of Returns. Parameters are estimated using an Exponentially Weighted Moving Average over a 75-day period with a 0.94 weight. The VaR model does not capture the liquidity of different risk positions and therefore does not estimate potential losses if the Group liquidates large positions over a short period of time. The VaR is based on statistical analysis of historical market data which might not reflect futures market prices. As of 30 June 2024, the Group's market risk VaR amounted to USD 6,100 thousand (30 June 2023: USD 5,063 thousand).

The Group's VaR should be interpreted in light of the limitations of the methodologies used. These limitations include the following:

- The VaR model does not capture the liquidity of different risk positions and therefore does not estimate potential losses if the company liquidates large positions over a short period.
- VaR is based on historical data that may not provide the best estimate of the joint distribution of risk factor changes in the future and may fail to capture the risk of possible extreme adverse market movements that have not occurred in the historical window used in the calculations.

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- Model Risk: VaR's accuracy depends on the method and assumptions used for calculation. For instance, the parametric method assumes a normal distribution, which may not hold in real markets

37. Financial Instruments

The following tables give information on the carrying and fair values of the financial instruments. Fair value is the 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. In the absence of market values, fair values have been estimated by discounting expected cash flows at prevailing market interest and exchange rates. These estimated fair values have been determined using market information and appropriate valuation methodologies but may not necessarily reflect the amounts that the company could realize in the normal course of business.

As of 30 June 2024 and 2023, the financial assets and liabilities are presented by class in the tables below at their carrying values:

	As of 30 June 2024			As of 30 June 2023		
	Amortized cost	FVTPL ¹	Total	Amortized cost	FVTPL ¹	Total
Assets						
Cash and cash equivalents (Note 9)	809,584	—	809,584	954,103	—	954,103
Trade accounts receivable (Note 10)	305,246	—	305,246	321,579	—	321,579
Other financial assets (Note 14) of which						
Margin account with brokers	82,215	—	82,215	65,993	—	65,993
Loans granted	22,306	—	22,306	41,092	—	41,092
Short-term bank deposits	12,747	—	12,747	7,127	—	7,127
Other financial assets	10,760	—	10,760	19,248	—	19,248
Pledge deposits	1,303	—	1,303	122,703	—	122,703
Receivables from disposal of subsidiary	—	—	—	90,000	—	90,000
Other financial assets (Note 14) of which						
Government bonds	—	185,310	185,310	—	16,058	16,058
Derivative financial instruments	—	25,288	25,288	—	13,842	13,842
Non-current financial assets	23,307	—	23,307	25,524	—	25,524

	As of 30 June 2024			As of 30 June 2023		
	Amortized cost	FVTPL ¹	Total	Amortized cost	FVTPL ¹	Total
Liabilities						
Trade accounts payable	109,672	—	109,672	158,567	—	158,567
Borrowings (Note 22)	315,166	—	315,166	869,933	—	869,933
Bonds issued and interest accrued (Note 24)	605,192	—	605,192	603,823	—	603,823
Other financial liabilities (Note 21) of which						
Payable for legal claims	16,502	—	16,502	40,558	—	40,558
Accounts payable for property, plant and equipment	5,896	—	5,896	5,587	—	5,587
Other current liabilities	2,129	—	2,129	4,136	—	4,136
Other financial liabilities (Note 21) of which						
Share-based options	—	66,241	66,241	—	—	—
Derivative financial instruments	—	10,446	10,446	—	18,327	18,327
Other non-current liabilities	986	—	986	800	54,278	55,078

The following table below represents a comparison of carrying amounts and fair value of the financial instruments for which they differ:

Financial liabilities ²	As of 30 June 2024		As of 30 June 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds issued (Note 24)	605,192	484,290	603,823	365,250

Due to the defined short-term nature of the borrowings, as of 30 June 2024, their carrying amount is considered to be approximately the same as their fair value. The fair value was calculated based on cash flows discounted using a current lending rate that is within level 2 of the fair value hierarchy.

The fair value of Bonds issued was estimated based on directly observable quotations within Level 2 of the fair value hierarchy.

Derivative instruments are carried at fair value for which the Group evaluates the quality and reliability of the assumptions and data used to measure fair value in the two hierarchy levels, Level 1 and 2, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1) or by observable quoted prices sourced from exchanges or brokers in active markets for identical assets or liabilities (Level 2).

¹ FVTPL – Fair value through profit and loss.

² Including accrued interests

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Valuation of the Group's commodity physical forward contracts categorized within level 2 is based on observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities and broker markups derived from observable quotations representing differentials, as required, including geographic location and local supply and demand.

The following table below represents the fair values of the derivative financial instruments including trade-related financial and physical forward purchase as of 30 June 2024 and 2023:

	As of 30 June 2024			As of 30 June 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Other financial assets						
Forwards	—	9,964	9,964	—	10,994	10,994
Futures/Options	15,324	—	15,324	2,848	—	2,848
Other financial liabilities						
Forwards	—	9,224	9,224	—	13,302	13,302
Futures/Options	1,222	—	1,222	5,025	—	5,025

The major part of other financial liabilities has contractual maturity due within 6 months.

Cash and cash equivalents and short-term borrowings and government bonds are classified as level 2 fair values in the fair value hierarchy due to the inclusion of directly and indirectly observable inputs. Trade receivables, other current assets and trade accounts payable, other current liabilities are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For the year ended 30 June 2024 and 30 June 2023, the fair value of other non-current assets recognized at amortized cost was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings of 5-10% that is within level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

There were no transfers between levels of the fair value hierarchy.

There were no changes in the valuation technique since the previous year.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when the Group has a legally enforceable right to offset the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

As of 30 June 2024, other financial assets include collaterals for derivatives in the amount of USD 76,049 thousand (30 June 2023: USD 49,693 thousand). The cash collateral does not meet the offsetting criteria in IAS 32, but it can be set off against the net amount of the derivative asset and derivative liability in the case of default and in accordance with associated collateral arrangements.

The financial assets and liabilities, which meet the criteria of offsetting as of 30 June 2024 were as follows:

	Amounts set off in the statement of financial position			Amounts not set off in the statement of financial position		Total as presented in the consolidated statements of financial position
	Gross amount of financial assets	Gross amount of financial liabilities	Net amount	Margin account with brokers	Not under master netting agreements	
Derivative assets (Note 14)	89,652	(74,328)	15,324	—	9,964	25,288
Derivative liabilities (Note 21)	250,988	(252,300)	(1,312)	—	(9,224)	(10,536)
Margin account with brokers (Note 14)	—	—	—	82,215	—	82,215
Total	340,640	(326,628)	14,012	82,215	740	96,967

The financial assets and liabilities, which meet the criteria of offsetting as of 30 June 2023 were as follows:

	Amounts set off in the statement of financial position			Amounts not set off in the statement of financial position		Total as presented in the consolidated statements of financial position
	Gross amount of financial assets	Gross amount of financial liabilities	Net amount	Margin account with brokers	Not under master netting agreements	
Derivative assets (Note 14)	66,633	(63,785)	2,848	—	10,994	13,842
Derivative liabilities (Note 21)	7,281	(12,306)	(5,025)	—	(13,302)	(18,327)
Margin account with brokers (Note 14)	—	—	—	65,993	—	65,993
Total	73,914	(76,091)	(2,177)	65,993	(2,308)	61,508

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38. Earnings per Share

Basic earnings per share are computed by dividing net income from continuing and discontinued operations available to ordinary shareholders by the weighted average number of ordinary shares outstanding (as of 30 June 2024 and 2023, 293,429,230 and 77,429,230 shares, respectively, and the weighted average number of ordinary shares in the number of 256,839,066 and 77,429,230 shares for the periods then ended, respectively), excluding any dilutive effects of stock options. Diluted earnings per share are computed in the same way as basic earnings per share, except that the weighted average number of ordinary shares outstanding is increased to include additional shares from the assumed exercise of stock options. The number of additional shares is calculated by assuming that outstanding stock options, except those that are not dilutive, were exercised and that the proceeds from such an exercise were used to acquire ordinary shares at the average market price during the reporting period. For calculating diluted earnings per share, as of 30 June 2024, an average number of 256,839,066 ordinary shares is considered (30 June 2023: 77,429,230).

39. Subsequent Events

In August 2024, Russian drones attacked and damaged the largest oilseed processing plant in western Ukraine, launched in February 2024. The attack caused an estimated USD 341 thousand damage to storage facilities and plant systems. An expert assessment will determine the exact losses. The production capacity was unaffected, and the plant continues to operate at normal capacity.

In October 2024, the Company's assets at the port of Chornomorsk were damaged due to a Russian drone attack on Ukraine's port infrastructure. Fortunately, there were no casualties, and transshipment operations were not suspended.

As of 16 October 2024, the Group entered into a pre-export credit facility with a syndicate of European banks. The Facility provides a total available limit of up to USD 150 million and matures on 1 August 2025, with the possibility of further extension.

In October Kernel Holding S.A. completed the scheduled redemption of its USD 300 million 6.5% coupon bonds due in 2024 (the '2024 Eurobonds'). The Company has fully settled the principal amount along with accrued coupon payment in accordance with the terms specified in the 2024 Eurobonds prospectus. This action effectively discharges all of the Company's obligations toward the holders of 2024 Eurobonds.

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Kernel Holding S.A. Investor Calendar

Q1 FY2025 Operations Update	28 October 2024
Annual general shareholders' meeting	10 December 2024
Q1 FY2025 Financial Report	13 December 2024
Q2 FY2025 Operations Update	20 January 2025
H1 FY2025 Financial Report	28 February 2025
Q3 FY2025 Operations Update	21 April 2025
Q3 FY2025 Financial Report	30 May 2025
Q4 FY2025 Operations Update	21 July 2025
FY2025 Financial Report	27 October 2025

Stock information

Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Shares issued as of 30 June 2024	293,429,230
Bloomberg	KER.PW
Refinitiv Eikon ticker	KER.WA
ISIN code	LU0327357389

Cautionary statement

Certain statements in this document are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties, or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties, or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this document or to correct any inaccuracies that may become apparent in such forward-looking statements.

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