



Current report no 23/2022

dated 26 April 2022

DIVESTMENT OF FARMING ENTITIES

Considering the continuous blockade of Ukrainian Black Sea ports owing to the unprovoked military aggression of Russia against Ukraine, the management of Kernel Holding S.A. (the “**Company**”) decided to divest part of its farming entities comprising 134 thousand hectares of farmland with related farming infrastructure, machinery and working capital (the “**Divestment Assets**”) to de-risk the business and improve the mid-term liquidity. Uncertainty regarding the timing and ability to resume the soft commodity exports via Ukrainian Black Sea ports along with the existing significant capacity limitations of alternative logistic export routes might translate into forced fallowing of the farmland in Ukraine going-forward, materially reducing the future financial performance of farming business.

The initiated formal sale process for the Divestment Assets gained no substantial traction from local and international strategic players considering the present operational environment and adverse prospects of the business. Consequently, none of the potential bidders decided to submit a non-binding offer for Divestment Assets. After due evaluation, an investment vehicle (the “**Buyer**”) directly controlled by Mr. Andrii Verevskyi, the person discharging managerial responsibilities at the Company as a Chairman of the Board of Directors, agreed to act as the investor of last resort to support the Company in the current circumstances.

Kernel Holding S.A informs that on 26 April 2022 the Company entered into the legally binding Share Purchase Agreement with the Buyer regarding the Divestment Assets. The consideration to be paid by the Buyer to the Company is US\$ 210 million, implying a material premium as compared to the current market capitalization of the Company in relation to its consolidated net assets. The transaction was approved by the Board of Directors of the Company, with all Directors including all 3 independent non-executive Directors voting in favor of the transaction after giving a due consideration to the price offered for the Divestment Assets by the Buyer and the impact of the transaction on of the Company. The Chairman of the Board abstained from the voting due to the declared conflict of interests. The completion of the transaction is conditional upon obtaining consents from some of the Company’s creditors and relevant regulatory requirements.

Legal grounds: Legal grounds: Art. 17 of REGULATION (EU) No 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Signatures of individuals authorised to represent the Company:

Viktoriiia Lukianenko

Yuriy Kovalchuk