Q1 FY2025

KERNEL

Condensed Consolidated Interim Financial Statements

for the three months ended 30 September 2024

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Management discussion and analysis

for the three months ended 30 September 2024

Income statement highlights

- Consolidated **revenue** of Kernel Holding S.A. group of companies (hereinafter "Kernel" or the "Group") in Q1 FY2025 reached USD 798 million, up 46% y-o-y on the back of the low comparative base driven by the absence of the stable grain export operations in July-September 2023. At the same time, revenues declined by 19% q-o-q during July-September 2024 due to seasonally lower sales volume of edible oils and grains.
- Stemming from the growth of global grains and oilseeds prices, the Group recognized a USD 42 million **net gain arising from changes in the fair value of biological assets**, as compared to the USD 10 million loss recognized in Q1 FY2024.
- Echoing the revenue decline, the Group's **cost of sales** in Q1 FY2025 dropped by 18% q-o-q to USD 675 million. Shipping and handling costs decreased by 38% q-o-q driven by lower sales volumes and decreased freight costs, and comprised 15% of the total cost of sales.
- As a result, **gross profit** for July-September 2024 declined by 20% q-o-q to USD 164 million, being at the same time 3.2x above the previous year's result of USD 52 million.
- **Other operating income** for three months ending 30 September 2024 totaled USD 23 million, primarily comprising gains on securities used for the purposes of the Group's liquidity management, contracts wash-outs (price difference settlement) resulted mostly from Avere operations and stock take.
- **Other operating expenses** during the reporting period amounted to USD 5 million, reflecting losses on operations with derivatives.
- **General and administrative expenses** in Q1 FY2025 increased by 16% y-o-y to USD 36 million, mostly driven by higher payroll and payroll-related costs, as well as an increase in legal and other professional fees.
- **Net impairment losses on financial assets** amounted to USD 7 million, primarily reflecting provisions recognized on the Group's accounts receivable.
- Kernel's **EBITDA** in Q1 FY2025 amounted to USD 169 million, with segment contributions being as follows:
  - The **Oilseeds Processing** segment contributed a mere USD 37 million in EBITDA, marking a 37% decline y-o-y. This drop was attributable to both lower sales of edible oils and decreased margins.
  - The **Infrastructure and Trading** segment generated USD 53 million in EBITDA, a 9x increase y-o-y, primarily due to the Black Sea's closure for export operations from Ukraine during the same period last year. This performance was fueled by profitable grain origination and transshipment operations in Ukraine, supported by the availability of deep-water ports, which ensured stable export activities.
  - The **Farming** segment delivered a strong USD 84 million in EBITDA, a sharp turnaround from the USD 23 million loss in Q1 FY2024. This improvement was primarily driven by a USD 42 million non-cash gain from the revaluation of biological assets, further supported by the sale of 521 thousand tons of grains and oilseeds during July–September 2024.
  - **Unallocated corporate expenses** for Q1 FY2025 amounted to USD 5 million, a 77% y-o-y decline, as a result of a gain from securities transactions that was not linked to any other business segment of the Group.
- During Q1 FY2025 the Group incurred finance costs of USD 24

USD million except ratios and EPS	Q1 FY2024	Q1 FY2025	y-o-y
Income statement highlights			
Revenue	546	798	*46%*
EBITDA[1]	19	169	*9x*
Net profit / (loss) attributable to equity holders of Kernel Holding S.A.	(31)	121	*n/a*
EBITDA margin	3%	21%	*18pp*
Net margin	(6%)	15%	*n/a*
Earnings per share, USD	(0.21)	0.41	*n/a*
Cash flow highlights			
Operating profit before working capital changes	52	148	*2.8x*
Change in working capital	(111)	(56)	*(50%)*
Interest paid and received	(17)	(2)	*(88%)*
Income tax paid	(20)	(35)	*74%*
Net cash generated by operating activities	(95)	56	*n/a*
Net cash used in investing activities	(68)	(20)	*(70%)*
Net cash generated by financing activities	21	20	*(5%)*
	30 Sep 2023	30 Sep 2024	y-o-y
Liquidity and credit metrics			
Net debt	620	261	*(58%)*
Commodity inventories [2]	439	435	*(1%)*
Adjusted net debt [3]	181	(174)	*n/a*
Shareholders' equity	1,760	1,966	*12%*
Net debt / EBITDA	1.6x	0.5x	*-1.1x*
Adjusted net debt [3] / EBITDA	0.5x	(0.3x)	*n/a*
EBITDA / Interest	3.5x	10.7x	*+7.3x*

Note: Financial year ends 30 June, Q1 ends 30 September.
1 Hereinafter, EBITDA is calculated as the sum of the profit from operating activities plus amortization and depreciation.
2 EPS is measured in US Dollars per share based on weighted average number of shares per period: 147.9 million shares for Q1 FY2024, 293.4 million shares for Q1 FY2025.
3 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 as "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.
4 Adjusted net 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.
5 Calculated based on 12-month trailing EBITDA.
6 Calculated based on 12-month trailing EBITDA and net finance costs.
Hereinafter differences between totals and sums of the parts are possible due to rounding.

Segment results summary

	Revenue, USD million			EBITDA, USD million			Volume, thousand tons[1]			EBITDA margin, USD/t[2]		
	Q1 FY2024	**Q1 FY2025**	y-o-y	Q1 FY2024	**Q1 FY2025**	y-o-y	Q1 FY2024	**Q1 FY2025**	y-o-y	Q1 FY2024	**Q1 FY2025**	y-o-y
Oilseed Processing	382	373	*(2%)*	58	37	*(37%)*	340	269	*(21%)*	171	136	*(20%)*
Infrastructure and Trading	307	455	*48%*	6	53	*9x*	203	1,477	*7x*	30	36	*22%*
Farming	22	107	*5x*	(23)	84	*n/a*						
Unallocated corporate expenses				(23)	(5)	*(77%)*						
Reconciliation	(165)	(136)	*(17%)*									
Total	**546**	**798**	***46%***	**19**	**169**	***9x***						

Note 1: Vegetable oil sales volumes for Oilseed Processing; physical grain volumes exported (ex. Avere) for Infrastructure and Trading.
Note 2: USD per ton of oil sold for Oilseed Processing; USD per ton of grain exported (ex. Avere volumes) for Infrastructure and Trading.

million while generating a finance income of USD 17 million (67% increase q-o-q), primarily from interest earned on financial assets held for liquidity management purposes. This resulted in a 51% q-o-q reduction in **net finance costs**, bringing them down to USD 7 million.

- **Other expenses** rose 3.4x y-o-y to USD 8 million, driven by higher social spending, including support for the Ukrainian Army, humanitarian aid during wartime, and other charitable contributions.
- Accounting also for USD 6 million income tax expenses, **net profit attributable to shareholders** in Q1 FY2025 reached USD 121 million, a significant improvement as compared to the USD 31 million loss recognized a year ago, highlighting the strong dependence of the Group earnings on the availability of the Black Sea for the export operations.

Cash flow highlights

- **Operating profit before working capital changes** for July-September 2024 increased 2.8x y-o-y, reaching USD 148 million, reflecting an improved EBITDA pattern on the back of the opened deep-water ports for export operations.
- **Changes in working capital** resulted in a USD 56 million cash outflow during the reporting period, largely due to the seasonal accumulation of commodity inventories amid the ongoing harvesting campaign in Ukraine.
- **Net cash used in investing activities** amounted to a USD 20 million outflow, mainly reflecting the purchase of property, plant, and equipment. With major investment projects completed in the previous financial year, the Group has shifted its focus to modernizing agricultural machinery and other maintenance activities.
- **Net cash generated by financing activities** for the three months ended 30 September 2024 totaled USD 20 million. This includes USD 114 million in proceeds from new borrowings, USD 83 million for the repayment of borrowings, and USD 11 million for the repayment of farmland lease liabilities.

Credit highlights

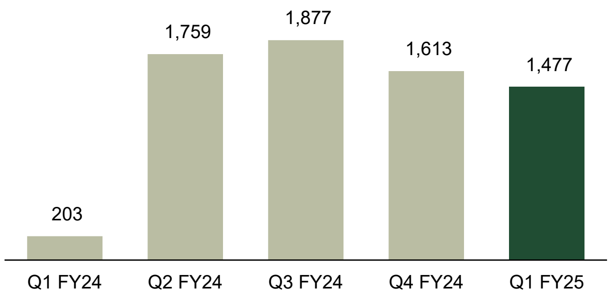
- The Group's **debt liabilities** increased by 4% during Q1 FY2025, reaching USD 1,129 million, reflecting the utilization of previously signed credit facilities from European and Ukrainian banks for the working capital financing.
- A 7% increase in cash balances from operating activities led to a 7% reduction in **net debt**, which stood at USD 261 million as of 30 September 2024, compared to USD 281 million as of 30 June 2024.
- **Commodity Inventories** rose by 76% during Q1 FY2025, totaling USD 435 million as of 30 September 2024. This increase reflects the seasonal accumulation of sunflower seeds and grains aligned with the ongoing harvesting campaign in Ukraine. The Commodity Inventories comprised 988 thousand tons of grains (primarily corn, wheat, and soybeans), 94 thousand tons of edible oil, 49 thousand tons of sunflower meal, and 340 thousand tons of sunflower seeds.
- As a result, Commodity Inventories as of 30 September 2024 exceeded net debt by USD 174 million, resulting in a negative adjusted net debt.
- The Group's **leverage** improved over Q1 FY2025, with the Net-debt-to-EBITDA decreasing to 0.5x and the interest coverage ratio rising to 10.7x EBITDA-to-Interest, calculated on the last twelve months basis.
- Following the reporting period, the Group successfully repaid USD 300 million of its Eurobond maturing on 17 October 2024, including the respective coupon payment.
- Additionally, in October 2024, the Group secured a USD 150 million sunflower oil pre-export financing facility with a syndicate of international banks to support export operations and meet working capital needs for the current financial year.
- On 3 December 2024, S&P Global Ratings upgraded Kernel's credit rating to CCC, reflecting the Group's improved financial position and repayment capacity following the successful settlement of its Eurobond maturing in October 2024.

Operating environment

Infrastructure and Trading

- At the start of this financial year, unlike Q1 FY2024, Ukraine's deep-sea ports were accessible for stable export operations, enabling Kernel to export 1.5 million tons of grain – a 7x y-o-y increase. However, grain export volumes saw an 8% q-o-q decline, primarily due to seasonality and limited grain supply, as farmers delayed sales of the new harvest in anticipation of higher prices.
- Supported by stable export operations via Black Sea ports, the Group **transshipped** 2.2 million tons of agricultural commodities (grains, edible oils, and vegetable meals) in July-September 2024, representing a slight decrease of 3% q-o-q but a significant 14x increase y-o-y.
  - Almost all volumes were handled via Kernel's terminals in Chornomorsk, underscoring the Group's critical reliance on the availability of Black Sea ports.
  - The Group continued providing grain and vegetable oil transshipment services this financial year, handling a total of 42 thousand tons of grain and edible oil for third parties in Q1 FY2025.
- An earlier start of the harvesting season, driven by weather conditions, led to a 53% y-o-y increase in **silo intake volume**, reaching 1,850 thousand tons. However, the summer drought affected grain humidity levels, reducing the demand for drying

Kernel's grain export volumes
thousand metric tons



Segment volumes

thousand tons	Q1 FY2024	Q4 FY2024	Q1 FY2025	y-o-y	q-o-q
Oilseeds processed	610	953	**684**	*12%*	*(28%)*
Sunflower oil sales	340	387	**269**	*(21%)*	*(31%)*
Grain and oilseeds received in inland silos	1,208	53	**1,850**	*53%*	*35x*
Export terminal throughput (Ukraine)	162	2,270	**2,199**	*14x*	*(3%)*
Grain export from Ukraine	203	1,613	**1,477**	*7x*	*(8%)*

Differences are possible due to rounding.

services and subsequently having a negative impact on silos' EBITDA.

- As a result, the Infrastructure and Trading segment generated USD 53 million in **EBITDA** for Q1 FY2025, a 9x increase y-o-y.
- Although the intensity of Russian attacks on Ukraine's port infrastructure has decreased, these attacks continue sporadically. In September 2024, a missile strike hit a civilian vessel transporting 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 strike targeted Ukraine's port infrastructure, causing damage to the Group's assets at the port of Chornomorsk, among other sites.

Oilseed Processing

- Kernel **processed 684 thousand tons of oilseeds** in Q1 FY2025, up 12% y-o-y, achieving a record high for the first quarter. This growth was supported by the additional capacity of our newly commissioned plant in February 2024 and an earlier start of sunflower harvesting, which improved seed availability during the reporting period. However, oilseed processing volumes declined by 28% q-o-q due to a month-long maintenance period during the summer, when plants remain idle for preparation for the new season.
  - Sunflower seeds accounted for 589 thousand tons, while rapeseed crush volumes amounted to 95 thousand tons.
  - To optimize capacity utilization, Kernel processed 132 thousand tons of sunflower seeds and rapeseeds supplied by third parties under tolling agreements.
- Reflecting the quarterly reduction in oilseed processing volumes, **edible oil sales** in Q1 FY2025 decreased by 31% q-o-q to 269 thousand tons, including 18 thousand tons of bottled sunflower oil.
- **EBITDA margin** reduced to USD 136 per ton of oil sold, down from USD 171 in Q1 FY2024 due to tougher competition for the lower feedstock supply in Ukraine.
- Consequently, the segment generated USD 37 million **EBITDA** in Q1 FY2025, down 37% y-o-y.
- We anticipate that the rest of the crushing season will be more adverse:
  - With the sunflower seed harvest now completed, we maintain our estimate of the new season's supply at 12.2 million tons. This relatively low harvest, combined with expanded oilseed processing capacities, continues to exert significant downward pressure on crushing margins.
  - Power supply disruptions may present a significant challenge this season, particularly during peak processing periods, potentially impacting operational efficiency and increasing costs due to reliance on alternative energy sources. With the onset of the cold season, Ukraine's critical energy infrastructure has once again come under threat from Russian shelling. While we are better equipped to manage potential outages this year, our operations remain dependent on the stability of the national grid. In October 2024, we bolstered our energy resilience by commissioning the final 20 MW combined heat and power (CHP) unit, bringing our total capacity to 84.4 MW.

These factors will result in the underutilization of processing capacities across industry and more active processing of soybeans and rapeseeds by multiseed crushing plants. Kernel also launched soybean processing at its three plants in October-December 2024 due to the deficit of sunflower seeds on the market.

Farming

- The Farming segment delivered USD 84 million **EBITDA** in July-September 2024, driven by a USD 42 million non-cash gain from changes in the fair value of biological assets, primarily reflecting higher anticipated sales prices for agricultural produce.
- Excluding the impact of biological asset revaluation, EBITDA stood at USD 42 million, a significant improvement compared to the USD 13 million loss recorded in the same period last year (excluding a USD 10 million IAS 41 adjustment):
  - While the summer drought significantly impacted corn yields, the early completion of the harvesting campaign shifted the seasonal sales pattern to earlier months, influencing the segment's quarterly results. Only 33 thousand hectares of corn remained unharvested as of 30 September 2024.
  - The Group successfully sold all incoming stocks from the 2023 crop, along with a portion of winter wheat from the 2024 crop, totaling 470 thousand tons of grains and 51 thousand tons of oilseeds realized during the reporting period.
  - Rising grain and oilseed prices further supported the segment, compensating for some of the challenges posed by adverse weather conditions and boosting revenue potential.
- As of December 2024, Kernel completed the harvesting of the 2024 crop. The summer drought had a significant adverse impact on the

Sunflower oil prices, FOB 6 Ports

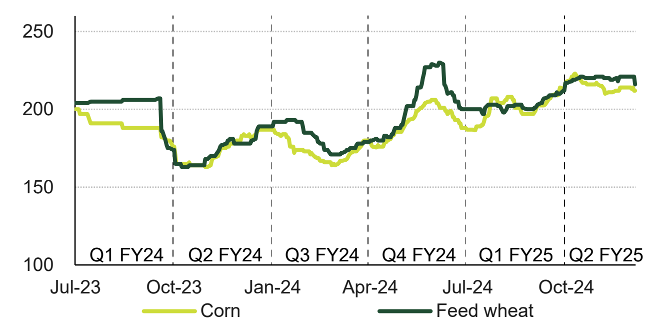
USD per ton of unrefined oil sold in bulk

Source: Agricensus, Kernel[1]

Note 1: the presented chart serves for illustration purposes only and does not necessary reflect prices for the sunflower oil of Black Sea origin.

Corn and wheat prices, FOB Ukraine

USD per ton



Source: Agricensus, Kernel

Harvest update

	Acreage, thousand hectares			Net yields[1], tons / hectare			Harvest size, thousand tons		
	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y
Corn	84	87	*3%*	10.1	8.4	*(17%)*	853	727	*(15%)*
Sunflower	120	67	*(44%)*	2.8	2.8	*0%*	337	186	*(45%)*
Soybean	65	72	*11%*	2.9	2.2	*(24%)*	187	160	*(15%)*
Wheat	61	93	*52%*	6.6	6.1	*(8%)*	403	563	*40%*
Other[2]	28	38	*35%*						
	359	**358**	***(0%)***				**1,780**	**1,637**	***(8%)***

Note 1 Net crop yields are preliminary figures based on the completed harvesting campaign for the 2024 crop. One ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat.
Note 2 Includes rapeseed, barley, rye, oats, forage crops, and other minor crops, as well as fallow land.
Differences are possible due to rounding.

growth and overall production of key crops. Corn yields declined by 17% y-o-y to 8.4 tons per hectare, wheat by 8% y-o-y to 6.1 tons per hectare, and soybeans by 24% y-o-y to 2.2 tons per hectare. Sunflower yields, however, demonstrated greater resilience, remaining stable in our operating regions despite more severe drought effects in other crop-producing areas of Ukraine.
- As of the date of this report, the Company has completed the planting of winter crops for the 2025 harvest, with 95 thousand hectares sown with winter wheat and 3.45 thousand hectares with rapeseeds.

Corporate highlights

- On 27 November 2024, the Vice-President of Luxembourg District Court issued a summary order pursuant to which all claims brought by the claimants in legal action against the Company and its majority shareholder, Namsen Limited, to seek the suspension of the resolutions adopted during the Company's Annual General Meeting on 11 December 2023, were declared inadmissible and, as a consequence, rejected. Additionally, the claimants were ordered to pay procedural indemnities to both the Company and Namsen Limited. This ruling reaffirms the Company's unwavering commitment to robust corporate governance geared towards ensuring long-term success and shareholder confidence, transparency, and strict adherence to legal frameworks. It highlights the unfounded nature of claims pursued by this small minority faction.
- On 10 December 2024, Kernel Holding S.A. held its Annual General Meeting of shareholders, which adopted the resolutions as disclosed in the current report no. 42/2024 dated 10 December 2024.

Alternative Performance Measures

for the three months ended 30 September 2024

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, nonetheless, 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 on the Group's performance. The assets of the Group, which are being depreciated and/or amortized, will need to be replaced in the future and such depreciation and amortization expenses may approximate the cost of replacing these assets in the future. By excluding this expense from **EBITDA** and **EBITDA margin**, such measures do not reflect the Group's future cash requirements for these replacements;
- **EBITDA** and **EBITDA margin** do not reflect the impact of the share of income/loss of joint ventures, which are accounted under the equity method;
- **EBITDA** and **EBITDA margin** do not reflect the impact of foreign exchange gain/(loss), which the Group does not consider to be part of its core operating performance because the main difference arises on transactions between entities of the Group with different functional currencies;
- **EBITDA** and **EBITDA margin** do not reflect the impact of other expenses; as such expenses are not a part of Group's core operations.

Reconciliation of profit before income tax to **EBITDA** and **EBITDA margin**:

in thousand USD except the margin	Q1 FY2024	Q1 FY2025
Profit from operating activities	**(1,382)**	**141,008**
add back:		
Amortization and depreciation	20,016	28,143
EBITDA	**18,634**	**169,151**
Revenue	**546,263**	**797,695**
EBITDA margin	**3.4%**	**21.2%**

[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

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.

Calculation of Segment EBITDA and Segment EBITDA margin:

in thousand USD	Q1 FY2024	**Q1 FY2025**
Oilseed Processing		
Profit from operating activities	50,553	27,914
plus Amortization and depreciation	7,721	8,706
Segment EBITDA	**58,274**	**36,620**
Segment revenue	381,671	373,002
Segment EBITDA margin	**15%**	**10%**
Infrastructure and Trading		
Profit from operating activities	(282)	46,164
plus Amortization and depreciation	6,316	7,155
Segment EBITDA	**6,034**	**53,319**
Segment revenue	307,315	454,532
Segment EBITDA margin	**2%**	**12%**
Farming		
Profit from operating activities	(27,744)	73,356
plus Amortization and depreciation	4,954	11,072
Segment EBITDA	**(22,790)**	**84,428**
Segment revenue	22,420	106,513
Segment EBITDA margin	**(102%)**	**79%**
Other		
Loss from operating activities	(23,909)	(6,426)
plus Amortization and depreciation	1,025	1,210
Segment EBITDA	**(22,884)**	**(5,216)**

Investing Cash Flows less Net 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 which 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.

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

in thousand USD	Q1 FY2024	**Q1 FY2025**
Net cash used in investing activities	**(68,094)**	**(20,133)**
Adding back:		
Purchase of property, plant and equipment	(47,029)	(19,673)
Proceeds from disposal of property, plant and equipment	280	151
Investing Cash Flows net of Fixed Assets Investments	**(21,345)**	**(611)**

Net Fixed Assets Investments

The Group uses **Net Fixed Assets Investments** as a measure of its expenditures on fixed assets maintenance and which is defined as net cash used in investing activities less **Investing Cash Flows less Net 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.

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

in thousand USD	Q1 FY2024	**Q1 FY2025**
Purchase of property, plant and equipment	(47,029)	(19,673)
Proceeds from disposal of property, plant and equipment	280	151
Net Fixed Assets Investments	**(46,749)**	**(19,522)**

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 which is defined as net cash generated by (used in) operating activities less changes in working capital, including:

- change in trade receivable 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.

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

in thousand USD	Q1 FY2024	**Q1 FY2025**
Net cash generated by operating activities	**(95,035)**	**55,832**
Less:		
Changes in working capital, including:	(110,973)	(55,672)
Change in trade receivable and other financial assets	31,670	(54,219)
Change in prepayments and other current assets	(30,199)	6,221
Change in taxes recoverable and prepaid	79,381	11,966
Change in biological assets	73,015	149,349
Change in inventories	(218,619)	(224,304)
Change in trade accounts payable	(18,807)	58,303
Change in advances from customers and other current liabilities	(27,414)	(2,988)
Operating Cash Flows before Working Capital Changes	**15,938**	**111,504**

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 which is defined as sum of net cash generated by operating activities and 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 as "**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, interest on bonds issued;
- long-term borrowings;
- current portion of long-term borrowings;
- short-term borrowings; and
- lease liabilities (including current portion).

The Group defines **Net Debt** as **Debt Liabilities** less cash and cash equivalents. 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 and which is defined as current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excl. short-term borrowings, current portion of long-term borrowings, current bond issued, current portion of lease liabilities, and interest on bonds issued.

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

in thousand USD	Q1 FY2024	**Q1 FY2025**
Net cash generated by operating activities	(95,035)	55,832
Net cash used in investing activities	(68,094)	(20,133)
Free Cash Flows to the Firm	**(163,129)**	**35,699**

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 at the periods indicated:

in thousand USD	As of 30 September 2023	**As of 30 September 2024**
Edible oil & meal	111,875	94,238
Sunflower seed	94,985	144,124
Grains	231,269	196,597
Other	122,807	96,982
Total	**560,936**	**531,941**
*of which: **Commodity Inventories***	438,608	435,171

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

in thousand USD	As of 30 September 2023	**As of 30 September 2024**
Current bonds issued	596,708	598,101
Interest on bonds issued	17,440	17,440
Short-term borrowings	837,197	346,340
Lease liabilities	168,091	150,281
Current portion of lease liabilities	22,573	16,633
Debt Liabilities	**1,642,009**	**1,128,795**
less: cash and cash equivalents[1]	1,022,148	867,652
Net Debt	**619,861**	**261,143**
less: readily marketable inventories	438,608	435,171
Adjusted Net Debt	**181,253**	**(174,028)**

Note 1: As of 30 September 2023, the cash balance included a USD 210 million cash deposit that had been pledged as collateral for certain credit facilities. 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 as cash for the purposes of calculating credit and liquidity metrics.

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

in thousand USD	As of 30 September 2023	**As of 30 September 2024**
Total current assets	**2,325,569**	**2,359,197**
less:		
Cash and cash equivalents	812,339	867,652
Total current liabilities	1,807,841	1,460,063
add back:		
Short-term borrowings	837,197	346,340
Current bonds issued	596,708	598,101
Current portion of lease liabilities	22,573	16,633
Interest on bonds issued	17,440	17,440
Adjusted Working Capital	**1,179,307**	**1,009,996**

Alternative Performance Measures continued

for the three months ended 30 September 2024

The Management believe 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: • 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, soybean, 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.

Selected Financial Data

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

		USD [1]		PLN		EUR	
		30 September 2024	**30 September 2023**	**30 September 2024**	**30 September 2023**	**30 September 2024**	**30 September 2023**
I.	Revenue	**797,695**	546,263	**3,110,978**	2,259,393	**726,223**	502,234
II.	Profit/(Loss) from operating activities	**141,008**	(1,382)	**549,926**	(5,716)	**128,374**	(1,271)
III.	Profit/(Loss) before income tax	**127,081**	(31,468)	**495,611**	(130,154)	**115,695**	(28,932)
IV.	Profit/(Loss) for the period	**120,675**	(30,865)	**470,628**	(127,660)	**109,863**	(28,377)
V.	Net cash generated by/(used in) operating activities	**55,832**	(95,035)	**217,743**	(393,073)	**50,830**	(87,375)
VI.	Net cash used in investing activities	**(20,133)**	(68,094)	**(78,518)**	(281,643)	**(18,329)**	(62,606)
VII.	Net cash generated by financing activities	**22,351**	21,362	**87,168**	88,355	**20,348**	19,640
VIII.	Total net cash flow	**58,050**	(141,767)	**226,393**	(586,361)	**52,849**	(130,341)
IX.	Total assets	**3,592,754**	3,813,709	**13,721,805**	16,664,764	**3,206,704**	3,594,802
X.	Current liabilities	**1,460,063**	1,807,841	**5,576,419**	7,899,723	**1,303,176**	1,704,071
XI.	Non-current liabilities	**164,834**	244,072	**629,550**	1,066,521	**147,122**	230,062
XII.	Issued capital	**7,749**	7,923	**29,596**	34,621	**6,916**	7,468
XIII.	Total equity	**1,967,857**	1,761,796	**7,515,836**	7,698,520	**1,756,406**	1,660,669
XIV.	Weighted average number of shares	**293,429,230**	147,864,013	**293,429,230**	147,864,013	**293,429,230**	147,864,013
XV.	Profit/(loss) per ordinary share (in USD/PLN/EUR)	**0.41**	(0.21)	**1.61**	(0.86)	**0.38**	(0.19)
XVI.	Diluted number of shares	**293,429,230**	147,864,013	**293,429,230**	147,864,013	**293,429,230**	147,864,013
XVII.	Diluted profit/(loss) per ordinary share (in USD/PLN/EUR)	**0.41**	(0.21)	**1.61**	(0.86)	**0.38**	(0.19)
XVIII.	Book value per share (in USD/PLN/EUR)	**6.70**	6.00	**25.59**	26.22	**5.98**	5.66
XIX.	Diluted book value per share (in USD/PLN/EUR)	**6.70**	6.00	**25.59**	26.22	**5.98**	5.66

[1] Please see Note 4 for the exchange rates used for conversion.

Condensed Consolidated Interim Statement of Financial Position

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Assets				
Current assets				
Cash and cash equivalents	7	867,652	809,584	812,339
Trade accounts receivable	15	291,969	305,246	248,975
Prepayments to suppliers	15	111,571	120,870	177,533
Corporate income tax prepaid		6,093	227	11,490
Taxes recoverable and prepaid		103,547	114,127	82,793
Inventory	8	531,941	277,660	560,936
Biological assets	9	33,647	187,712	35,470
Other financial assets	10, 15	412,777	339,929	396,033
Total current assets		**2,359,197**	**2,155,355**	**2,325,569**
Non-current assets				
Property, plant and equipment		943,185	944,104	1,048,943
Right-of-use assets		173,772	172,931	198,212
Intangible assets		36,191	36,394	36,483
Goodwill		13,196	13,196	71,632
Deferred tax assets		34,520	35,626	26,986
Non-current financial assets	15	14,781	23,307	36,407
Other non-current assets	15	17,912	15,998	69,477
Total non-current assets		**1,233,557**	**1,241,556**	**1,488,140**
Total assets		**3,592,754**	**3,396,911**	**3,813,709**
Liabilities and equity				
Current liabilities				
Trade accounts payable	15	169,833	109,672	139,663
Advances from customers and other current liabilities	15	170,362	177,179	127,554
Corporate income tax liabilities		7,742	31,433	4,693
Short-term borrowings	11	346,340	315,166	837,197
Current portion of lease liabilities		16,633	27,206	22,573
Current bonds issued	12, 17	598,101	597,580	596,708
Interest on bonds issued	12, 17	17,440	7,612	17,440
Other financial liabilities	15	133,612	101,214	62,013
Total current liabilities		**1,460,063**	**1,367,062**	**1,807,841**
Non-current liabilities				
Lease liabilities		150,281	142,534	168,091
Deferred tax liabilities		13,574	20,035	20,903
Other non-current liabilities	15	979	986	55,078
Total non-current liabilities		**164,834**	**163,555**	**244,072**
Equity attributable to Kernel Holding S.A. equity holders				
Issued capital		7,749	7,749	7,923
Share premium reserve		457,935	457,935	554,658
Additional paid-in capital		39,944	39,944	39,944
Treasury shares		—	—	(96,897)
Revaluation reserve		96,178	96,178	104,303
Translation reserve		(1,048,205)	(1,029,114)	(943,407)
Retained earnings		2,412,843	2,291,951	2,093,270
Total equity attributable to Kernel Holding S.A. equity holders		**1,966,444**	**1,864,643**	**1,759,794**
Non-controlling interests		1,413	1,651	2,002
Total equity		**1,967,857**	**1,866,294**	**1,761,796**
Total liabilities and equity		**3,592,754**	**3,396,911**	**3,813,709**
Book value		1,966,444	1,864,643	1,759,794
Number of shares	2	293,429,230	293,429,230	293,429,230
Book value per share (in USD)		6.70	6.35	6.00
Diluted number of shares		293,429,230	293,429,230	293,429,230
Diluted book value per share (in USD)		6.70	6.35	6.00

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Profit or Loss

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	For the three months ended 30 September 2024	For the three months ended 30 September 2023
Revenue	13, 15	797,695	546,263
Net change in fair value of biological assets and agricultural produce	9	41,526	(10,480)
Cost of sales	14, 15	(674,789)	(484,054)
Gross profit		**164,432**	**51,729**
Other operating income	15	23,069	9,709
Other operating expenses		(5,114)	(13,465)
General, administrative and selling expenses	15	(36,453)	(31,311)
Net impairment losses on financial assets		(6,928)	(16,764)
Reversal of impairment losses/(loss) on assets		2,002	(1,280)
Profit/(Loss) from operating activities		**141,008**	**(1,382)**
Finance costs	15	(24,050)	(36,473)
Finance income	15	17,151	9,868
Foreign exchange gain/(loss), net		527	(1,271)
Other expenses, net	15	(7,555)	(2,210)
Profit/(Loss) before income tax		**127,081**	**(31,468)**
Income tax (expenses)/benefit		(6,406)	603
Profit/(Loss) for the period		**120,675**	**(30,865)**
Profit/(Loss) for the period attributable to:			
Equity holders of Kernel Holding S.A.		**120,892**	**(30,729)**
Non-controlling interests		(217)	(136)
Earnings per share			
Weighted average number of shares		293,429,230	147,864,013
Profit/(loss) per ordinary share (in USD)		0.41	(0.21)
Diluted number of shares		293,429,230	147,864,013
Diluted profit/(loss) per ordinary share (in USD)		0.41	(0.21)

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

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Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	For the three months ended 30 September 2024	For the three months ended 30 September 2023
Profit/(Loss) for the period		**120,675**	**(30,865)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations [1]		(19,112)	(11,318)
Other comprehensive loss		**(19,112)**	**(11,318)**
Total comprehensive income/(loss) for the period		**101,563**	**(42,183)**
Total comprehensive income/(loss) attributable to:			
Equity holders of Kernel Holding S.A.		**101,801**	**(42,047)**
Non-controlling interests		**(238)**	**(136)**

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.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

for the three months ended 30 September 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	Revaluation reserve	Translation reserve	Retained Earnings	**Total**	Non-controlling interests	**Total equity**
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**
Loss for the period	—	—	—	—	—	—	(30,729)	**(30,729)**	(136)	**(30,865)**
Other comprehensive loss	—	—	—	—	—	(11,318)	—	**(11,318)**	—	**(11,318)**
Total comprehensive loss for the period	—	—	—	—	—	**(11,318)**	**(30,729)**	**(42,047)**	**(136)**	**(42,183)**
Increase of share capital (Note 2)	**5,704**	**54,280**	—	—	—	—	—	**59,984**	—	**59,984**
Balance as of 30 September 2023	**7,923**	**554,658**	**39,944**	**(96,897)**	**104,303**	**(943,407)**	**2,093,270**	**1,759,794**	**2,002**	**1,761,796**
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**
Profit for the period	—	—	—	—	—	—	120,892	**120,892**	(217)	**120,675**
Other comprehensive loss	—	—	—	—	—	(19,091)	—	**(19,091)**	(21)	**(19,112)**
Total comprehensive income for the period	—	—	—	—		**(19,091)**	**120,892**	**101,801**	**(238)**	**101,563**
Balance as of 30 September 2024	**7,749**	**457,935**	**39,944**	**—**	**96,178**	**(1,048,205)**	**2,412,843**	**1,966,444**	**1,413**	**1,967,857**

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

	Notes	For the three months ended 30 September 2024	For the three months ended 30 September 2023
Operating activities:			
Profit/(Loss) before income tax		**127,081**	**(31,468)**
Adjustments for:			
Amortization and depreciation		28,143	20,016
Finance costs		24,050	36,473
Finance income		(17,151)	(9,868)
Net impairment losses on financial assets		6,928	16,764
Loss on disposal of property, plant and equipment		32	210
Net foreign exchange (gain)/loss		(1,162)	591
(Reversal) of impairment losses/loss on assets		(2,002)	1,280
Write-downs of inventories to net realizable value	8	185	22,966
Net change in fair value of biological assets and agricultural produce	9	(41,526)	10,480
Gain on sales of subsidiaries and joint venture		—	(892)
Net loss/(gain) arising on financial instruments		21,474	(15,976)
Other accruals		2,030	1,801
Operating profit before working capital changes		**148,082**	**52,377**
Changes in working capital:			
Change in trade receivable		6,568	64,862
Change in other financial assets		(60,787)	(33,192)
Change in prepayments and other current assets		6,221	(30,199)
Change in taxes recoverable and prepaid		11,966	79,381
Change in biological assets		149,349	73,015
Change in inventories		(224,304)	(218,619)
Change in trade accounts payable		58,303	(18,807)
Change in advances from customers and other current liabilities		(2,988)	(27,414)
Cash generated from/(used in) operations		**92,410**	**(58,596)**
Interest paid		(12,076)	(26,316)
Interest received		10,027	9,708
Income tax paid		(34,529)	(19,831)
Net cash generated by/(used in) operating activities		**55,832**	**(95,035)**
Investing activities:			
Purchase of property, plant and equipment		(19,673)	(47,029)
Proceeds from disposal of property, plant and equipment		151	280
Payment for lease agreements		(744)	(353)
Purchase of intangible and other non-current assets		(733)	(625)
Amount advanced for subsidiary		—	(24,766)
Placement of pledge deposits	10	—	(87,106)
Pledge deposits withdrawal	10	33	—
Proceeds from disposal of subsidiaries		—	90,711
Proceeds from disposal of financial assets		833	794
Net cash used in investing activities		**(20,133)**	**(68,094)**
Financing activities:			
Proceeds from borrowings		114,271	—
Repayment of borrowings		(82,701)	(31,940)
Repayment of lease liabilities		(11,213)	(6,682)
Proceeds from share premium reserve increase		—	5,704
Issued capital		—	54,280
Net cash generated by financing activities		**20,357**	**21,362**
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,994	—
Net increase/(decrease) in cash and cash equivalents		58,050	(141,767)
Cash and cash equivalents, at the beginning of the year	7	809,579	954,093
Cash and cash equivalents, at the end of the year	7	867,629	812,326

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

for the three months ended 30 September 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 September 2024, and as of the date of these condensed consolidated interim 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.

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 September, the primary Subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Holding were as follows:

			Group's effective ownership interest and voting rights as of	
Subsidiary	**Principal activity**	**Country of incorporation**	**30 September 2024**	**30 September 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%	100.0%
Transbulkterminal LLC		Ukraine	100.0%	100.0%
Transgrainterminal LLC		Ukraine	100.0%	100.0%
Oilexportterminal 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 agricultural products: corn, wheat, soybean, sunflower seed, rapeseed, forage, pea and barley.	Ukraine	100.0%	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 condensed consolidated interim financial statements were authorized for release by the board of directors of Kernel Holding S.A. on 13 December 2024.

for the three months ended 30 September 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 September 2024, consisted of 293,429,230 ordinary shares without indication of the nominal value (30 June 2024: 293,429,230; 30 September 2023: 300,031,230). 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 September 2024		As of 30 June 2024		As of 30 September 2023	
Equity holders	**Shares allotted and fully paid**	**Share owned**	**Shares allotted and fully paid**	**Share owned**	**Shares allotted and fully paid**	**Share Owned**
Namsen Limited registered under the legislation of Cyprus	276,914,889	94.37%	276,914,889	94.37%	274,857,376	91.61%
Free float	16,514,341	5.63%	16,514,341	5.63%	18,571,854	6.19%
Own shares purchased	—	—	—	—	6,602,000	2.20%
Total	**293,429,230**	**100.00%**	**293,429,230**	**100.00%**	**300,031,230**	**100.00%**

As of 30 September 2024, 30 June 2024 and 30 September 2023, the Company's immediate majority shareholder was Namsen Limited ('Namsen Ltd') and the Company was ultimately controlled by Mr. Andrii Verevskyi. As of 30 September 2024, 30 June 2024 and 30 September 2023, 100% of the beneficial interest in Namsen Ltd was held by Mr. Andrii Verevskyi.

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 September 2024, 30 June 2024 and 30 September 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 condensed consolidated interim 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.

In October 2024, consumer inflation accelerated to 9.7% y-o-y, up from 8.6% y-o-y in September. In monthly terms, prices increased by 1.8%. Underlying inflationary pressures also came in stronger than projected. Specifically, core inflation rose to 8.3% in October, up from 7.3% in September.

In October 2024, the IMF disbursed another tranche to Ukraine in the amount of USD 1.1 billion as a result of the fifth review of the Extended Fund Facility ('EFF'). Around USD 300 million of concessional financing came from Canada. By the end of the calendar 2024 year, Ukraine is expected to receive more than USD 15 billion, of which USD 4.8 billion under the World Bank's SPUR program supported by financing from the United States. Taking into account the expected inflows, the NBU has improved its assumptions about external financial support for 2024–2026. The total amount of international financing is expected to reach USD 41.5 billion this year and USD 38.4 billion next year.

The waves of Russia's attacks on the energy infrastructure, an increase in migration, and labor shortages slowed the economic recovery. However, real GDP kept growing, in both second and third quarter of calendar 2024 year. That said, smaller shortages of electricity and somewhat larger harvests of early grain crops enabled the NBU to revise its forecast for real GDP growth in 2024 upward, to 4%. Significant budget stimuli, backed by large volumes of international financing, rising household income, growing outputs in crop farming, and sustained external demand will support further growth in the Ukrainian economy, at 4.3% – 4.6% in 2025 – 2026.

The 'grain agreement' between Ukraine, Turkey, and the United Nations ('UN') was effective until 17 July 2023, when Russia officially withdrew from the deal. During the period of the agreement, Ukraine exported 33 million tons of goods. Following the deal's termination, in August 2023, a temporary sea corridor began to operate via Ukraine. Since the Ukrainian corridor began operations, 3,118 vessels have passed through, handling a total of 83.5 million tons of cargo, including 55.6 million tons of grain. From the beginning of November, the ports of Odesa, Chornomorsk, and Pivdennyi have transshipped 4.1 million tons. In October, Ukrainian seaports shipped 8 million tons of goods, with 6.8 million tons exported via the Ukrainian maritime corridor.

As of 1 December 2024, Ukraine had USD 39,924.7 million in international reserves, preliminary data show. In November, the international reserves grew by 9.1% compared to October 2024. These dynamics were driven by large inflows from international partners on the one hand and decreased net foreign exchange sales by the NBU on the other hand.

As of 31 October 2024, the Board of the National Bank of Ukraine has decided to keep its key policy rate at 13%. If price pressures continue to rise above the forecast and threaten unanchored inflation expectations, the NBU will be ready to tighten its interest rate policy and apply additional monetary measures.

During the previous two winter seasons, Ukraine faced massive power outages affecting both the population and businesses due to significant damage to the power grid from the Russian missile strikes and shelling, which also caused problems with water and heat supply. The Government implemented various emergency measures to address these challenges and stabilize the economy. By February 2023, the situation in the energy system of Ukraine had improved and stabilized. However, in August - November 2024 missile attacks on the Ukrainian energy system resumed leading to new power outages.

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

As of December 2024, the war between Ukraine and Russia is ongoing, resulting in the significant destruction of property and assets in Ukraine and other serious consequences. The duration and nature of Russia's aggression will continue to notably impact Ukraine's inflation and eco-nomic development. A protracted high-intensity war will make it impossible for the economy to return to normal, and difficult for the NBU to bring inflation to its target. There is also a risk that international partners will reduce their support for Ukraine more significantly, in particular due to the effects of the election cycles in many countries.

4. Summary of Material Accounting Policies

Basis of Preparation and Accounting

The condensed consolidated interim financial statements of the Group for the three months ending 30 September 2024 have been prepared in accordance with International Accounting Standard ('IAS') 34 Interim Financial Reporting, as adopted by the European Union, and do not include all the information and disclosures required in the annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2024, except for the adoption of new and amended standards, which have become effective from 1 July 2024. The adoption of these standards and amendments did not have a material effect on the condensed consolidated interim financial statements of the Group.

The condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared on a going concern basis.

Going concern

The Group's operations have continued to be significantly impacted by Russia's full-scale military invasion of Ukraine on 24 February 2022, which caused widespread disruption across the country and triggered economic, humanitarian, and environmental crises. In response, Kernel Group has adapted its business activities, prioritizing continuity and safeguarding operations. The Group has assessed the war's impact on its business, and a detailed analysis of the observable effects can be found on pages 100-101 of the Annual Report, available at the Company's website. This analysis remains relevant for the current interim condensed consolidated financial statements. Updates on the economic conditions from July to September 2024 are provided in the "Operating Environment" section of this report.

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 the 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 September 2024	Average rate for the 3 months ended 30 September 2024	Closing rate as of 30 June 2024	Closing rate as of 30 September 2023	Average rate for the 3 months ended 30 September 2023
USD/UAH	41.1664	41.1412	40.5374	36.5686	36.5686
USD/EUR	0.8925	0.9104	0.9348	0.9426	0.9194
USD/PLN	3.8193	3.9000	4.0320	4.3697	4.1361

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 calendar year and until the date of these condensed consolidated interim financial statements issue, although they were gradually eased during this period.

The average exchange rates for each period are calculated as the arithmetic means 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 Condensed Consolidated Interim Statement of Profit or Loss.

5. 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 members of the Executive Management Team, who are members of the Board of Directors of the Company are identified as chief operating decision makers.

Segments in the condensed consolidated interim financial statements are defined in accordance with the type of activity, products sold, or services provided. Segmentation presented in these condensed consolidated interim 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, and electricity generation.

In the Infrastructure and Trading segment, the Group combines results of grain trading, silo services and export terminals operations, which also includes own railcars and vessels savings and results of the Avere Commodities S.A. and its subsidiaries (hereinafter, 'Avere'). 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 that serve the grain merchandising business and consequently uses a combined through-put margin to evaluate the performance of the Infrastructure and Trading business.

In the Farming segment, the Group reports the results 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	Oilseed origination and vegetable oil production. Sales of bottled and bulk vegetable oil, sales of vegetable meals and sales of electricity produced from sunflower husk.
Infrastructure and Trading	Sourcing and merchandising of wholesale grain, provision of silo services, operating the fleet of logistics assets for inland transportation and vessels, grain and sunflower oil handling and transshipment services, trading activities of the Avere subsidiary.
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 seedling 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.

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

6. Key Data by Operating Segment

Key data by operating segment for the three months ended 30 September 2024:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Reconciliation	Total
Revenue (external)	370,089	415,014	12,592	—	—	**797,695**
Intersegment sales	2,913	39,518	93,921	—	(136,352)	—
Total revenue	**373,002**	**454,532**	**106,513**	**—**	**(136,352)**	**797,695**
Net change in fair value of biological assets and agricultural produce	—	—	41,526	—	—	**41,526**
Cost of sales	(338,777)	(402,587)	(69,777)	—	136,352	**(674,789)**
Other operating income	1,534	8,637	2,137	10,761	—	**23,069**
Other operating expenses	—	—	(325)	(4,789)	—	**(5,114)**
General, administrative and selling expenses	(1,841)	(14,845)	(6,592)	(13,175)	—	**(36,453)**
Net (impairment)/reversal of impairment losses on financial assets	(5,375)	(2,253)	—	700	—	**(6,928)**
(Loss)/reversal of impairment losses on assets	(629)	2,680	(126)	77	—	**2,002**
Profit/(loss) from operating activities	**27,914**	**46,164**	**73,356**	**(6,426)**	**—**	**141,008**
Amortization and depreciation	8,706	7,155	11,072	1,210	—	**28,143**
EBITDA	**36,620**	**53,319**	**84,428**	**(5,216)**	**—**	**169,151**
Reconciliation:						
Finance costs						**(24,050)**
Finance income						**17,151**
Foreign exchange gain, net						**527**
Other expenses, net						**(7,555)**
Income tax expenses						**(6,406)**
Profit for the period						**120,675**
Total assets	1,406,342	1,402,485	732,793	51,134	—	**3,592,754**
Capital expenditures	8,063	3,302	9,014	716	—	**21,095**
Liabilities	160,029	168,917	228,537	1,067,414	—	**1,624,897**

Key data by operating segment for the three months ended 30 September 2023:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Reconciliation	Total
Revenue (external)	241,632	290,276	14,355	—	—	**546,263**
Intersegment sales	140,039	17,039	8,065	—	(165,143)	—
Total revenue	**381,671**	**307,315**	**22,420**	**—**	**(165,143)**	**546,263**
Net change in fair value of biological assets and agricultural produce	—	—	(10,480)	—	—	**(10,480)**
Cost of sales	(334,955)	(276,130)	(38,112)	—	165,143	**(484,054)**
Other operating income	262	2,913	2,441	4,093	—	**9,709**
Other operating expenses	(143)	(5,853)	—	(7,469)	—	**(13,465)**
General, administrative and selling expenses	(2,323)	(16,137)	(4,022)	(8,829)	—	**(31,311)**
Net reversal of impairment losses/(impairment) on financial assets	4,322	(9,959)	9	(11,136)	—	**(16,764)**
Reversal of impairment losses/(loss) on assets	1,719	(2,431)	—	(568)	—	**(1,280)**
Profit/(loss) from operating activities	**50,553**	**(282)**	**(27,744)**	**(23,909)**	**—**	**(1,382)**
Amortization and depreciation	7,721	6,316	4,954	1,025	—	**20,016**
EBITDA	**58,274**	**6,034**	**(22,790)**	**(22,884)**	**—**	**18,634**
Reconciliation:						
Finance costs						**(36,473)**
Finance income						**9,868**
Foreign exchange loss, net						**(1,271)**
Other expenses, net						**(2,210)**
Income tax benefit						**603**
Loss for the period						**(30,865)**
Total assets	1,960,948	1,166,736	545,713	140,312	—	**3,813,709**
Capital expenditures	13,212	31,720	2,737	553	—	**48,222**
Liabilities	57,802	160,909	258,269	1,574,933	—	**2,051,913**

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

Revenue from sales of goods and services allocated by the operating segment for the three months ended 30 September under requirements of IFRS 15 was as follows:

	For the three months ended 30 September 2024				For the three months ended 30 September 2023			
	Oilseed Processing	Infrastructure and Trading	Farming	Total	Oilseed Processing	Infrastructure and Trading	Farming	Total
Revenue from sales of commodities	342,586	334,545	12,592	689,723	208,671	273,645	14,355	496,671
Freight and other services	27,503	80,469	—	107,972	32,961	16,631	—	49,592
Total external revenue from contracts with customers	**370,089**	**415,014**	**12,592**	**797,695**	**241,632**	**290,276**	**14,355**	**546,263**

During the three months ended 30 September 2024, revenues of approximately USD 100,033 thousand (three months ended 30 September 2023: USD 35,685 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 93.1% of total external sales (for the three months ended 30 September 2023: 84.4%).

During the three months ended 30 September 2024, revenue from the Group's top five customers accounted for approximately 44.4% of total revenue (for the three months ended 30 September 2023: 26.9%).

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	
	For the 3 months ended 30 September 2024	For the 3 months ended 30 September 2023
Europe	500,271	280,783
of which Switzerland	207,068	76,086
Asia	282,838	258,585
of which India	106,847	157,750
Other locations	14,586	6,895
Total	**797,695**	**546,263**

	Non-current assets		
	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Ukraine	1,168,176	1,166,255	1,396,013
Other locations	16,080	16,368	28,734
Total	**1,184,256**	**1,182,623**	**1,424,747**

None of the other locations represented more than 10% of total revenue or non-current assets individually.

7. Cash and Cash Equivalents

The balances of cash and cash equivalents were as follows:

	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Cash in banks in USD	776,686	634,531	650,103
Cash in banks in UAH	66,507	150,527	144,618
Cash in banks in other currencies	24,456	24,522	17,611
Cash on hand	3	4	7
Total	**867,652**	**809,584**	**812,339**
Less bank overdrafts (Note 11)	(23)	(5)	(13)
Cash for the purposes of cash flow statement	**867,629**	**809,579**	**812,326**

As of 30 September 2024, 30 June 2024 and 30 September 2023, the identified expected credit loss on cash and cash equivalents was immaterial.

8. Inventory

The balances of inventories were as follows:

	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Raw materials	187,858	96,452	140,771
Products of agriculture	156,577	15,377	154,584
Finished products	75,219	71,209	85,129
Goods for resale	68,211	72,699	138,369
Work in progress	25,794	2,179	24,398
Fuel	7,297	8,331	7,283
Packaging materials	1,575	1,509	1,411
Other inventories	9,410	9,904	8,991
Total	**531,941**	**277,660**	**560,936**

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

As of 30 September 2024, no inventories were pledged as security for short-term borrowings (Note 11) (30 June 2024: nil; 30 September 2023: USD 175,187 thousand).

As of 30 September 2024, write-downs of inventories to the net realizable value amounted to USD 185 thousand (30 June 2024: USD 2,783 thousand; 30 September 2023: USD 22,966 thousand) recognized within the Cost of Sales.

The increase in inventories for the three months period ended 30 September 2024 is primarily attributed to the harvest campaign, which led to a seasonal increase, as well as an increase in sunflower seed residues intended for oil production.

9. Biological Assets

The balances of biological assets were as follows:

	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Non-current assets			
Non-current cattle	5,573	6,521	5,892
Total	**5,573**	**6,521**	**5,892**
Current assets			
Crops in fields	32,185	186,051	33,683
Current cattle	1,462	1,661	1,787
Total	**33,647**	**187,712**	**35,470**

For the three months ended 30 September 2024, a net gain of USD 41,526 thousand was generated from changes in the fair value of biological assets (for the three months ended 30 September 2023: loss of USD 10,479 thousand). This gain mainly consisted of USD 45,341 thousand from the revaluation of agricultural produce at the point of harvest, including the reversal of the revaluation for the realized 2023 harvest, and a loss of USD 3,012 thousand from the revaluation of crops in the fields to their fair value.

The balances of crops in fields were as follows:

	As of 30 September 2024		As of 30 June 2024		As of 30 September 2023	
	Hectares	Value	Hectares	Value	Hectares	Value
Corn	32,814	32,185	86,486	42,020	83,178	26,510
Wheat	—	—	93,112	62,009	—	—
Sunflower seed	—	—	66,946	45,031	20,100	898
Soybean	—	—	72,286	28,466	16,400	6,269
Rapeseed	—	—	13,720	8,332	—	—
Other	—	—	1,777	193	244	6
Total	**32,814**	**32,185**	**334,327**	**186,051**	**119,922**	**33,683**

10. Other Financial Assets

The balances of other financial assets were as follows:

	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Government bonds	189,439	185,310	17,028
Margin account with brokers	140,247	82,215	79,620
Loans granted	39,886	22,306	25,458
Derivative financial instruments	19,776	25,288	17,889
Pledge deposits	1,270	1,303	209,809
Short-term bank deposits	756	12,747	33,956
Other financial assets	21,403	10,760	12,273
Total	**412,777**	**339,929**	**396,033**

As of 30 September 2024, no other financial assets were pledged as security for short-term borrowings (30 June 2024: nil; 30 September 2023: USD 218,121 thousand) (Note 11).

11. Borrowings

The balances of borrowings were as follows:

	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Bank credit lines	187,076	147,529	621,551
Short-term borrowings	155,633	163,979	210,043
Interest accrued on short-term borrowings	3,608	3,653	5,590
Bank overdrafts (Note 7)	23	5	13
Total	**346,340**	**315,166**	**837,197**

for the three months ended 30 September 2024 (in thousands of US dollars, unless otherwise stated)

The balance of bank credit lines in details by tranches were as follows:

	Interest rates in range	Currency	Amount due 30 September 2024	Amount due 30 June 2024	Amount due 30 September 2023
Ukrainian subsidiary of European bank	from 6.75% to 6.90%	USD	45,000	4,500	—
Ukrainian subsidiary of European bank	10.50%	UAH	34,907	—	—
Ukrainian bank	7.25%	USD	29,112	22,000	—
Ukrainian bank	5.08% plus UIRD	USD	25,610	—	—
Ukrainian subsidiary of European bank	from 6.00% to 6.50%	USD	23,000	23,000	—
Ukrainian bank	4.35% plus UIRD	UAH	22,991	23,348	—
European bank	2.50% plus COF	USD	6,479	12,578	—
Ukrainian subsidiary of European bank	7.75%	USD	—	35,000	—
European bank	2.10% plus COF	USD	—	17,108	—
Ukrainian bank	7.00%	USD	—	10,000	14,357
European bank	from 2.90% to 4.50% plus SOFR	USD	—	—	405,155
Ukrainian subsidiary of European bank	from 3.00% to 10.00%	USD	—	—	150,845
Ukrainian subsidiary of European bank	from 13.50% to 23.00%	UAH	—	—	32,016
Ukrainian bank	from 15.60% to 23.73%	UAH	—	—	12,326
European bank	2.20%	USD	—	—	6,865
Total			**187,099**	**147,534**	**621,564**

As of 30 September 2024, the Group classified its bank borrowings with long-term initial contractual maturity in the amount of USD 122,247 thousand as short-term as the Group had waivers for technical and financial covenants for the period less than 12 months since the reporting date.

The balance of the borrowings with an initial contractual maturity of more than 12 months is disclosed in the table below by tranches:

	Initial contractual maturity	Interest rates in range	Currency	Amount due 30 September 2024	Amount due 30 June 2024	Amount due 30 September 2023
European bank	2030	from 3.03% to 3.10% plus SOFR	USD	68,281	71,137	85,871
European bank	2029	from 3.03% to 3.10% plus SOFR	USD	62,712	65,962	83,872
European bank	2027	4.50% plus SOFR	USD	21,120	23,040	34,542
European bank	2027	1.00%	USD	3,520	3,840	5,758
Total				**155,633**	**163,979**	**210,043**

As of 30 September 2024, the undrawn amount of bank borrowings amounted to USD 195,041 thousand including available facility amounts upon bank credit lines and long-term financing (30 June 2024: USD 205,731 thousand; 30 September 2023: USD 158,038 thousand).

Bank borrowings were secured as follows:

	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
Property, plant and equipment	389,791	437,930	401,378
Pledge deposits (Note 10)	—	—	209,809
Inventory (Note 8)	—	—	175,187
Future sales receipts	—	—	20,057
Cash deposit (Note 10)	—	—	6,907
Ukrainian government bonds (Note 10)	—	—	1,405
Total	**389,791**	**437,930**	**814,743**

12. Bonds issued

The balances of bonds issued were as follows:

	Maturity	As of 30 September 2024	As of 30 June 2024	As of 30 September 2023
US 300,000 thousand 6.75% coupon bonds (issued October 2020)	October 2027	298,309	298,087	297,873
US 300,000 thousand 6.50% coupon bonds (issued October 2019)	October 2024	299,792	299,493	298,835
Total		**598,101**	**597,580**	**596,708**

As of 30 September 2024, the bonds are rated CC by both S&P and Fitch (30 June 2024: CC; 30 September 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.

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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 lines, make restricted payments, engage in amalgamation, mergers or consolidations, or combination with other entities; make certain disposals and transfers of assets; and enter into transactions with affiliates.

As of 30 September 2024, 30 June 2024 and 30 September 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 11). 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 September 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 September 2024, accrued interest in bonds issued was USD 17,440 thousand (30 June 2024: USD 7,612 thousand; 30 September 2023: USD 17,440 thousand).

13. Revenue

The Group's revenue was as follows:

	3 months ended 30 September 2024	3 months ended 30 September 2023
Revenue from edible oils sold in bulk, and meal	385,445	429,276
Revenue from agriculture commodities merchandising	364,060	74,595
Revenue from bottled sunflower oil	24,078	24,638
Revenue from transshipment services	12,852	7,679
Revenue from farming	5,991	6,391
Revenue from grain silo services	5,269	3,684
Total	**797,695**	**546,263**

Revenue is obtained principally from the sale of commodities, recognized once the control of the goods has been 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 6.

For the three months ended 30 September 2024, the revenue from selling electricity, included within Revenue from edible oils sold in bulk, and meal used line, amounted to USD 6,548 thousand (30 September 2023: USD 6,552 thousand).

The transaction price allocated to outstanding performance obligations as of 30 September 2024 is USD 9,389 thousand (30 September 2023: USD 10,705 thousand). This amount represents revenue from carriage, freight, and insurance services under CIF/CFR Incoterms contracts which are to be executed in October 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 September 2024.

14. Cost of Sales

The cost of sales was as follows:

	3 months ended 30 September 2024	3 months ended 30 September 2023
Cost of goods for sale and raw materials used	528,413	348,570
Shipping and handling costs	99,197	104,601
Amortization and depreciation	26,850	18,724
Payroll and payroll-related costs	20,329	12,159
Total	**674,789**	**484,054**

For the three months ended 30 September 2024 result on operations with commodity futures, options and unrealized forwards, included within the Cost of goods for sale and raw materials used line, decreased Cost of sales by USD 15,470 thousand (30 September 2023: USD 35,084 thousand decrease).

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15. Transactions with Related Parties

As of 30 September 2024, 30 June 2024 and 30 September 2023, the Group is controlled by 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 September 2024	Related party balances as of 30 June 2024	Related party balances as of 30 September 2023
Entities under Common Control	Trade accounts receivable	46,610	23,303	31,340
	Prepayments to suppliers	50,182	47,112	41,953
	Other financial assets	16,283	2,327	1,982
	Non-current financial assets	257	12,961	12,585
	Trade accounts payable	16,038	1,968	22,636
	Advances from customers and other current liabilities	46,333	18,177	—
	Other financial liabilities	1,500	—	2,811
Key management	Other financial assets	5,015	4,997	3,510
	Non-current financial assets	3,004	1,430	119
	Advances from customers and other current liabilities	7,318	11,166	34,925
	Other financial liabilities	76,153	66,279	—
	Other non-current liabilities	—	—	54,278
Entities under Key Management control	Other financial assets	142	115	12,975
	Non-current financial assets	3,702	1,984	—
Other related parties	Trade accounts receivable	146	80	25,567
	Prepayments to suppliers	1,239	944	20,509
	Other financial assets	16,280	12,086	6,179
	Non-current financial assets	2,840	2,032	6,992
	Trade accounts payable	137	—	283
	Advances from customers and other current liabilities	—	—	4,094

As of 30 September 2024, the fair value of liability recognized in terms of share options amounted to USD 68,404 thousand presented within Other financial liabilities (30 June 2024: USD 66,241 thousand presented within Other financial liabilities; 30 September 2023: USD 54,278 thousand presented within Other non-current liabilities). The option exercise period is set to commence on 1 November 2024 and expires on 31 December 2026. During the year ending 30 June 2022, a new management incentive plan was introduced, according to which the Company granted management the option to sell 2,792,435 of its ordinary shares to the Company. 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.

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. No guarantees have been provided or received for any related party receivable or payable. Loans are provided at rates comparable to the average commercial rate of interest.

Transactions with related parties were as follows:

Related party	Statement of Profit and Loss line	Related party transaction for the 3 months ended 30 September 2024	Related party transaction for the 3 months ended 30 September 2023
Entities under Common Control	Revenue	19,078	13,834
	Purchases of various goods and services	(29,710)	(88,684)
	Cost of sales	(3,138)	(372)
	Other operating income	901	637
	Other expenses, net	(233)	—
Key management	General, administrative and selling expenses	(12,079)	(1,517)
	Finance income	1,527	—
Entities under Key Management control	General, administrative and selling expenses	—	(555)
	Finance income	1,718	—
Other related parties	Revenue	341	19,150
	Purchases of various goods and services	(2,696)	—
	Finance costs	(207)	—
	Finance income	379	411

Remeasurement of liability related to options provided to key management as of 30 September 2024 resulted in a loss recognized in General, administrative, and selling expenses in the amount of USD 2,163 thousand (for the three months ended 30 September 2023: nil).

The Group's key management personnel are the members of the Board of Directors and the 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 9,911 thousand (for the three months ended 30 September 2023: USD 1,407 thousand).

16. Commitments and Contingencies

Capital Commitments

As of 30 September 2024, the Group had commitments under contracts with a group of suppliers for a total amount of USD 18,978 thousand, mostly for construction of the oil-crushing plant (30 June 2024 and 30 September 2023: USD 17,833 thousand and USD 21,629 thousand respectively, mostly for the construction of the oil-crushing plant).

Contractual Commitments on Sales

As of 30 September 2024, the Group had entered into commercial contracts for the export of 755,000 tons of grain, 300,600 tons of sunflower oil, 187,364 tons of sunflower meal and other related products, corresponding to an amount of USD 170,174 thousand, USD 325,545 thousand and USD 48,247 thousand, respectively, in contract prices as of the reporting date.

As of 30 September 2023, the Group had entered into commercial contracts for the export of 204,337 tons of grain, 277,164 tons of sunflower oil and 156,156 tons of sunflower meal and other related products, corresponding to an amount of USD 49,386 thousand, USD 209,650 thousand and USD 64,961 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 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 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. 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 September 2024, companies of the Group had ongoing litigations with the tax authorities concerning tax issues for USD 20,073 thousand (as of 30 June 2024 and 30 September 2023: USD 20,441 thousand and USD 67,654 thousand, respectively). Management believes that based on the 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.

As of 30 September 2024, the Company was 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.
- 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.

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The management of the Group believes there was no non-compliance with laws and regulations with regard to the facts appealed by the claimants. On 27 November 2024, the Vice-President of Luxembourg District Court issued a summary order pursuant to which all claims brought by the claimants in legal action against the Company and its majority shareholder, Namsen Limited, to seek the suspension of the resolutions adopted during the Company's Annual General Meeting on 11 December 2023, were declared inadmissible and, as a consequence, rejected. Additionally, the claimants were ordered to pay procedural indemnities to both the Company and Namsen Limited.

17. 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.

The following table below represents a comparison of carrying amounts and fair value of the financial instruments for which they differ:

	As of 30 September 2024		As of 30 June 2024		As of 30 September 2023	
Financial liabilities [1]	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Bonds issued (Note 12)	615,541	525,630	605,192	484,290	614,148	360,540

Due to the defined short-term nature of the borrowings, as of 30 September 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).

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 September 2024, 30 June 2024 and 30 September 2023:

	As of 30 September 2024			As of 30 June 2024			As of 30 September 2023		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Other financial assets (Note 10)									
Forwards	—	17,914	**17,914**	—	9,964	**9,964**	—	12,280	**12,280**
Futures/Options	1,862	—	**1,862**	15,324	—	**15,324**	5,609	—	**5,609**
Other financial liabilities									
Forwards	—	12,881	**12,881**	—	9,224	**9,224**	—	7,220	**7,220**
Futures/Options	18,522	—	**18,522**	1,222	—	**1,222**	940	—	**940**

The major part of the 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 three months ended 30 September 2024 and 30 September 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 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 period.

[1] Including accrued interests

18. Subsequent Events

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 2024, 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.