

KERNEL

Kernel Holding S.A.

H1 FY2021 results and company presentation

February 2021



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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

LTM" and "Last twelve months" throughout this presentation means the period of January 2020 – December 2020, inclusively.

Content

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2. Kernel today

3. Balanced growth strategy

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Appendices

1.1 Q2 FY2021 highlights

- **Revenue** ↑ 29% y-o-y to US\$ 1,327m driven by Avere trading activities, and growing prices and volumes of grain and sunflower oil exported from Ukraine.
- **EBITDA** ↑ 2.5x y-o-y to US\$ 269m (or US\$ 238m ex IFRS16)
 - **Oilseed Processing** EBITDA ↓ 39% y-o-y to US\$ 24m
 - robust **sales volume**, but...
 - ...**EBITDA margin** at seasonally record low US\$ 56 per ton of oil sold, due to reduction of sunflower seed harvest in Ukraine;
 - **Infrastructure and Trading** EBITDA of US\$ 161m EBITDA, up 2.7x y-o-y
 - Avere trading results as a key growth driver
 - Lower y-o-y EBITDA from trading and infrastructure businesses in Ukraine due to margin erosion given the low grain harvest in Ukraine in the current season;
 - **Farming** EBITDA of US\$ 107m (or US\$ 99m ex IFRS16), ↑ 5.7% y-o-y
 - Growth fueled by rally seen in global grain and oilseeds prices, albeit...
 - ...negative impact from lower yields this season for all our key crops
- **Net profit attributable to shareholders** ↑ 3.1x y-o-y to US\$ 128m
- **Operating profit before W/C changes** of US\$ 225m, ↑ 2.4x y-o-y, in line with EBITDA increase.
- Group invested US\$ 120m in the portfolio of government bonds, which are held for trading
- **Strong leverage profile** as of 31 December 2020:
 - **Net debt** ↓ 24% y-o-y to US\$ 1,247m on the back of improved earnings
 - Improvement of all key leverage metrics:
 - 1.6x Net debt / EBITDA and 0.5x Adjusted net debt / EBITDA – **reaching three-year low**;
 - 5.0x EBITDA / interest coverage – **reaching three-year high**.

US\$ million except EPS	Q2 FY20	Q2 FY21	y-o-y	H1 FY20	H1 FY21	y-o-y
Income statement highlights						
Revenue	1,032	1,327	29%	1,882	2,267	20%
EBITDA ¹	109	269	2.5x	216	559	2.6x
Net profit attributable to equity holders	41	128	3.1x	100	332	3.3x
EBITDA margin	10.6%	20.2%	9.7pp	11.5%	24.6%	13.2pp
Net margin	4.0%	9.6%	5.7pp	5.3%	14.6%	9.3pp
EPS ² , US\$	0.50	1.52	3.0x	1.23	3.95	3.2x

Cash flow highlights						
Operating profit before working capital changes	89	217	2.4x	146	405	2.8x
Change in working capital	(426)	(223)	(48%)	(536)	(382)	(29%)
Finance costs paid, net	(14)	(43)	3.0x	(45)	(65)	46%
Income tax paid	(3)	(5)	2.0x	(5)	(13)	2.4x
Net cash generated by operating activities	(354)	(55)	(84%)	(440)	(55)	(87%)
Net cash used in investing activities	(121)	(158)	30%	(183)	(194)	6%

Financial year ends 30 June

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

Note 2 EPS is measured in US\$ per share based 84.0m shares for Q2 FY2021 and H1 FY2021, and 82.0m for Q2 FY2020 and H1 FY2020.

Credit metrics					
US\$ million, except ratios	31 Dec 2019	30 Sep 2020	31 Dec 2020	q-o-q	y-o-y
Short-term debt	457	97	172	77%	(62%)
Long-term debt	147	226	221	(2%)	50%
Lease liabilities	322	295	303	3%	(6%)
Eurobond	793	794	806	1%	2%
Debt liabilities	1,718	1,412	1,501	6%	(13%)
Cash and cash equivalents	74	395	254	(36%)	3.4x
Net debt	1,644	1,017	1,247	23%	(24%)
Readily marketable inventories ³	940	489	877	79%	(7%)
of which sunflower oil and meal	146	92	148	60%	1%
Sunflower seeds	417	307	420	37%	1%
Grains and other RMIs	377	90	309	3.4x	(18%)
Adjusted net debt	704	528	371	(30%)	(47%)
Shareholders' equity	1,501	1,636	1,713	5%	14%
Net debt / EBITDA ⁴	5.0x	1.6x	1.6x	-0.0x	-3.4x
Adjusted net debt / EBITDA ⁴	2.1x	0.8x	0.5x	-0.4x	-1.7x
EBITDA / Interest ⁵	3.0x	4.3x	5.0x	+0.7x	+2.0x

Note 3 Commodity-type inventories that could easily be converted into cash.

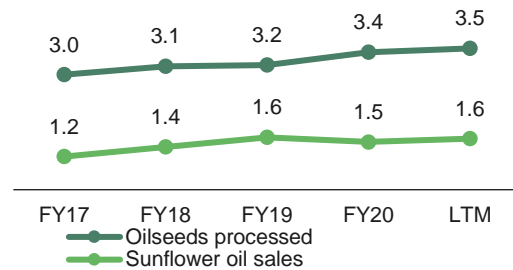
Note 4 Calculated based on 12-month trailing EBITDA.

Note 5 Calculated based on 12-month trailing EBITDA and net finance costs.

1.2 Segment results

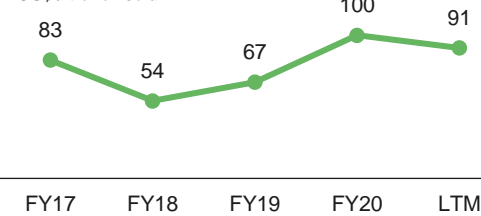
Segment volumes, m tons

Oilseed Processing

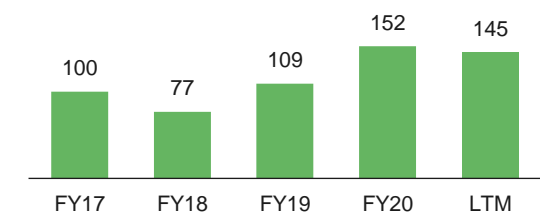


EBITDA margin

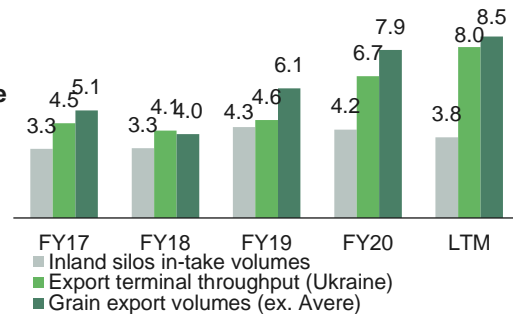
US\$ / t of oil sold



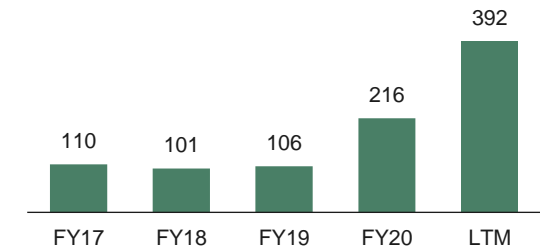
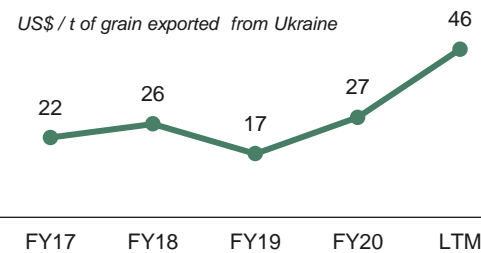
EBITDA, US\$ m



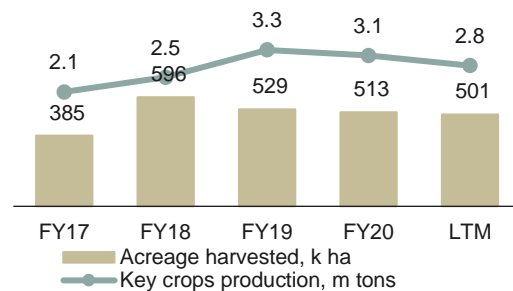
Infrastructure & Trading



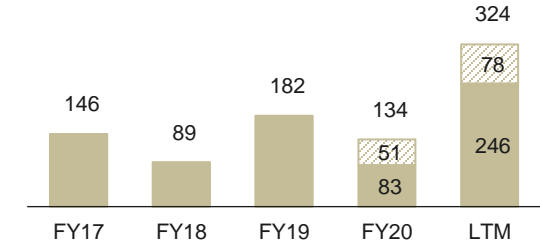
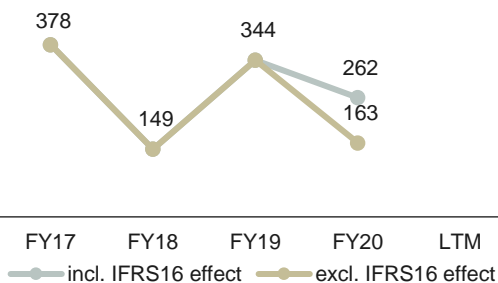
US\$ / t of grain exported from Ukraine



Farming



US\$ / ha



1.3 Segments results and harvest update

Segments results

	Revenue, US\$ m			EBITDA, US\$ m			Volume, k t ¹			EBITDA margin, US\$ / t ²		
	Q2	Q2	y-o-y	Q2	Q2	y-o-y	Q2	Q2	y-o-y	Q2	Q2	y-o-y
	FY20	FY21		FY20	FY21		FY20	FY21		FY20	FY21	
Oilseed Processing	365	486	33%	39	24 (39%)		346	425	23%	113	56	(50%)
Infrastructure and Trading	882	1,107	26%	61	161	2.7x	2,263	2,395	6%	27	67	2.5x
Farming	188	213	13%	19	107	5.7x						
Unallocated corporate expenses				(9)	(23)	2.5x						
Reconciliation	(403)	(480)	19%									
Total	1,032	1,327	29%	109	269	2.5x						

	Revenue, US\$ m			EBITDA, US\$ m			Volume, k t ¹			EBITDA margin, US\$ / t ²		
	H1	H1	y-o-y	H1	H1	y-o-y	H1	H1	y-o-y	H1	H1	y-o-y
	FY20	FY21		FY20	FY21		FY20	FY21		FY20	FY21	
Oilseed Processing	661	780	18%	62	55 (11%)		648	722	11%	95	76	(20%)
Infrastructure and Trading	1,577	1,918	22%	96	272	2.8x	3,884	4,521	16%	25	60	2.4x
Farming	323	303	(6%)	77	267	3.5x						
Unallocated corporate expenses				(19)	(36)	1.9x						
Reconciliation	(678)	(734)	8%									
Total	1,882	2,267	20%	216	559	2.6x						

Note 1 Physical grain volumes exported from Ukraine for Infrastructure and Trading

Note 2 US\$ per ton of oil sold for Oilseeds Processing; US\$ per ton of grain exported from Ukraine for Infrastructure & Trading;

Oilseed Processing segment

- **EBITDA margin** ↓ 50% y-o-y to US\$ 56 per ton of oil sold:
 - Sunflower seeds harvest in Ukraine in 2020 lost 2.4m tons y-o-y
 - The gap between industrial crushing capacity and harvest of sunflower seeds in current season almost doubled y-o-y → increased competition for the seeds reduced crushing margin.

- **Sunflower oil sales** volumes ↑ 23% y-o-y to 425k tons

- **EBITDA** ↓ 39% y-o-y, to US\$ 24m.

Infrastructure and Trading segment

- **EBITDA** ↑ 2.7x y-o-y to US\$ 161m:
 - Exceptional Avere performance
 - Solid results for grain export value chain in Ukraine, albeit...
 - ..margins remain under pressure due to high competition for the grain given the lower grain harvest in Ukraine this season

Farming segment

- **EBITDA** ↑ 5.7x y-o-y to US\$ 107m (or US\$ 99m EBITDA net of IFRS 16 impact)
 - The growth is concurrent with rally seen in global grain and oilseeds prices, outweighing the negative impact from lower yields this season for all our key crops

Harvest update

	Acreage thousand hectares			Net yield tons / ha ¹			Harvest size thousand tons		
	FY20	FY21	y-o-y	FY20	FY21	y-o-y	FY20	FY21	y-o-y
Corn	231	255	10%	8.5	8.0	(7%)	1,975	2,031	3%
Sunflower	137	149	9%	3.5	3.0	(13%)	473	449	(5%)
Wheat	97	73	(25%)	5.9	4.9	(16%)	569	358	(37%)
Other ²	48	24	(50%)						
Total	513	501	(2%)				3,017	2,838	(6%)

Note 1. 1 ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat and soybean

Note 2 Includes soybean, pea, rapeseed, barley, forage crops and other minor crops, as well as land left fallow for crop rotation purposes. Differences are possible due to rounding

Segment volumes

thousand metric tons	Q2 FY20	Q2 FY21	y-o-y
Oilseeds processed	951	1,001	5%
Sunflower oil sales ¹	346	425	23%
Grain and oilseeds received in inland silos	2,037	2,379	17%
Export terminal throughput (Ukraine)	1,692	2,383	41%
Grain export from Ukraine	2,263	2,395	6%

Note 1 Includes sales of sunflower oil in bulk and bottled sunflower oil.

Note 2 Excluding physical trading volumes reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading.

1.4 IFRS 16 impact

- Starting from Q1 FY2020, Kernel introduced IFRS 16 Leases with application of retrospective approach and did not restate comparatives, as permitted under the transitional provisions of the standard. Given that company leases all the farmlands under operations, introduction of IFRS 16 had significant impact on Company's financials. As a result of IFRS 16 implementation:
 - Company recognized US\$ 340 million right-of-use assets and US\$ 303 million corresponding lease liabilities as of 31 December 2020.
 - Rental payments disappeared and were replaced by amortization of right-of-use assets and finance expenses attached to lease liabilities. This effect was not fully observable during the first quarters after IFRS 16 implementation (FY2020), as company was expensing rental payments which had occurred before IFRS 16 introduction.

Effect on Statement of Profit or Loss

In US\$ million	H1 FY2020			H1 FY2021		
	prior to IFRS 16	IFRS 16 effect	with IFRS 16	prior to IFRS 16	IFRS 16 effect	with IFRS 16
Revenues	1,882	-	1,882	2,267	-	2,267
Revaluation of biological assets	39	5	44	114	14	128
Cost of sales	(1,715)	6	(1,709)	(1,863)	24	(1,839)
of which depreciation & amortization	(42)	(10)	(52)	(43)	(11)	(54)
Rental payments	(48)	16	(32)	(40)	35	(5)
Gross profit	206	11	218	518	38	556
Other operating income	(1)	-	(1)	36	-	36
General and administrative expenses	(54)	(0)	(54)	(88)	(1)	(89)
Operating profit	151	11	162	466	37	503
Finance costs	(44)	(27)	(72)	(59)	(23)	(82)
Other non-operating items	23	0	23	0	(0)	0
Profit before income tax	130	(16)	113	407	14	421
Income tax	(9)	-	(9)	(17)	-	(17)
Net profit	121	(16)	105	390	14	404
Net profit attributable to shareholders	117	(16)	100	390	14	332
Depreciation and amortization	(44)	(10)	(54)	(44)	(12)	(56)
EBITDA	195	21	216	510	49	559

Effect on Statement of Financial Position

In US\$ million	30 Dec 2019			30 Dec 2020		
	prior to IFRS 16	IFRS 16 effect	with IFRS 16	prior to IFRS 16	IFRS 16 effect	with IFRS 16
Current assets	1,955	(33)	1,921	2,208	(11)	2,198
Non-current assets	1,383	326	1,710	1,332	298	1,630
of which right-of-use assets	-	372	372	-	340	340
other non-current assets	1,383	(45)	1,338	1,332	(42)	1,290
Total assets	3,338	293	3,631	3,540	287	3,827
Current liabilities	814	53	867	724	28	752
of which current portion of lease liabilities	-	66	66	-	60	60
other current liabilities	814	(13)	801	724	(32)	692
Non-current liabilities	1,020	250	1,271	1,054	239	1,293
of which lease liabilities	-	256	256	-	244	244
other non-current liabilities	1,020	(5)	1,015	1,054	(5)	1,049
Equity	1,503	(10)	1,493	1,762	20	1,782
Total liabilities and equity	3,338	293	3,631	3,540	287	3,827

Based on management accounts, subject to auditors' review and approval

1.5 Outlook for FY2021

Oilseed Processing



- Full year **EBITDA margin** is expected at US\$ 45-55 per ton of oil sold, not accounting for earnings from the renewable energy business.
- We expect to process **3.3m tons** of sunflower seeds in FY2021 (vs 3.5m tons of our previous guidance).
- Incremental EBITDA: US\$ 10 million from renewable energy projects (partially to soften crush EBITDA decline)

Infrastructure & Trading



- The **outlook** for this segment for the full FY2021 remains bright
 - Exceptionally strong **Avere contribution** (based on year-to-date performance)
 - Reduced EBITDA from grain export value chain in Ukraine:
 - **8.5m tons** forecast for **grain export volume** from Ukraine for FY2021 (vs. 9.5m tons of our previous guidance and 7.9m t FY2020 result)
 - Lower y-o-y EBITDA margins across the whole export value chain (low grain harvest size this season → high competition for volumes)

Farming



- Strong prices for corn, wheat, and sunflower seeds as a key segment earnings driver in FY2021
- **Expected EBITDA** of US\$ 230 million (net of IFRS 16 impact and revaluation of biological assets)
 - US\$ 128m EBITDA net of IFRS 16 impact and revaluation of biological assets in FY2020
- We have contracted all the grain of our own produce of the harvest 2020, eliminating any price risks for FY2021 segment earnings.

Content

1. Q2 FY2021 results and outlook

2. Kernel today

3. Balanced growth strategy

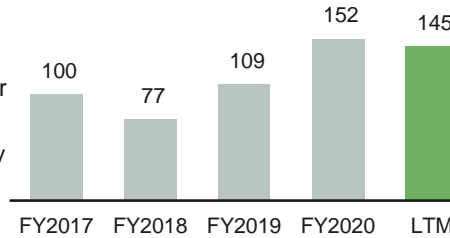
4. Financials

Appendices

2.1 Kernel today

Oilseed Processing segment

- **#1** sunflower oil producer (7% of global production) and exporter (15% of global export) in the world
- **Leading** bottled sunflower oil producer and marketer in Ukraine
- **8 oilseed processing plants** located across the sunflower seed belt in Ukraine
- **3.5 million tons** annual sunflower seed processing capacity
- Export-oriented business model with limited reliance on local economy

EBITDA ¹, US\$ million

Key financials		FY2017	FY2018	FY2019	FY2020	LTM
Revenue	US\$ m	2,169	2,403	3,960	4,107	4,491
EBITDA	US\$ m	319	223	346	443	786
Net profit ¹	US\$ m	176	52	189	118	349
EBITDA margin	%	14.7%	9.3%	8.7%	10.8%	17.5%
Net margin	%	8.1%	2.2%	4.8%	2.9%	7.8%
EPS	US\$	2.19	0.64	2.31	1.42	4.16

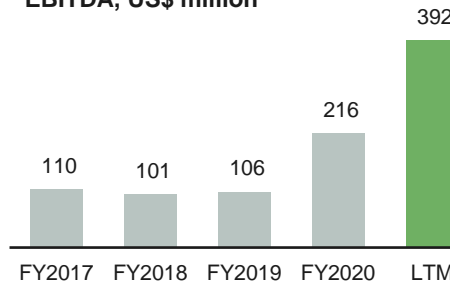
1. Net profit attributable to equity holders of Kernel Holding S.A.

Infrastructure and Trading segment

- **#1** grain exporter from Ukraine with 15% of country's total grain export in H1 FY2021
- 2 export terminals in Ukraine with 8.8 million tons combined annual grain transshipment capacity
- **#1** private inland grain silo network in Ukraine with **2.4 million tons** of storage capacity
- **#1** private grain railcars fleet in Ukraine (3.4k hoppers)
- Avere trading platform



EBITDA, US\$ million

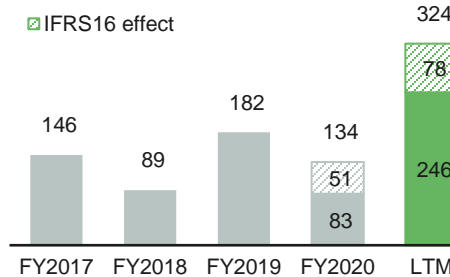


Farming segment

- **#1** crop producer in Ukraine operating 510 thousand hectares of leasehold farmland
 - The largest global producer of non-GMO corn
- Modern large-scale operations, sustainable agronomic practices, cluster management system and export-oriented crop mix
- Nearly 100% of sales volumes flows through our **Infrastructure and Trading** and **Oilseed Processing** segments, earning incremental profits



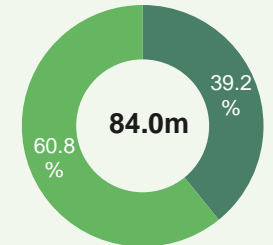
EBITDA, US\$ million



Stock information

Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Issued shares	84,031,230
Bloomberg ticker	KERN.PW
Reuters ticker	KERN.WA
ISIN code	LU0327357389

Shareholder structure



■ Namsen LTD / Andrii Verevskyi ■ Other

Market capitalization, US\$ bn



Note 1 Hereinafter, segment EBITDA is presented prior to certain unallocated G&A costs and net of discontinued operations and assets held for sale

2.2 What we do

1 Farming

- **#1 crop producer in Ukraine**, 510k ha of leasehold farmland
- 2.8m tons of grain and oilseeds produced in 2020 (export-oriented crop mix)
- Modern large-scale operations with sustainable agronomic practices

2 Procurement

- **8.1m tons of grain and oilseeds procured** from >4k farmers in Ukraine in FY2020
 - 5.1m t of grains
 - 3.0m t of sunflower seeds

3 Grain storages

- **#1 private inland grain silo network in Ukraine** with **2.4** million tons of storage capacity

4 Grain railcars

- **#1 private grain railcars fleet in Ukraine** (3.4k hoppers)

5 Export terminals

- 2 deep-water grain terminals in **Chornomorsk** (Ukraine) with 8.8m tons annual grain transshipment capacity
- **#1 grain exporter from Ukraine** with 15% of country's total grain export in H1 FY2021

6 Oilseed processing

- **#1 sunflower oil producer** (7% of global production) and **exporter** (15% of global export) in the world
- **8 oilseed processing plants** with 3.5m t annual sunflower seed processing capacity
- Export-oriented business model with limited reliance on local economy

7 Refining and bottling

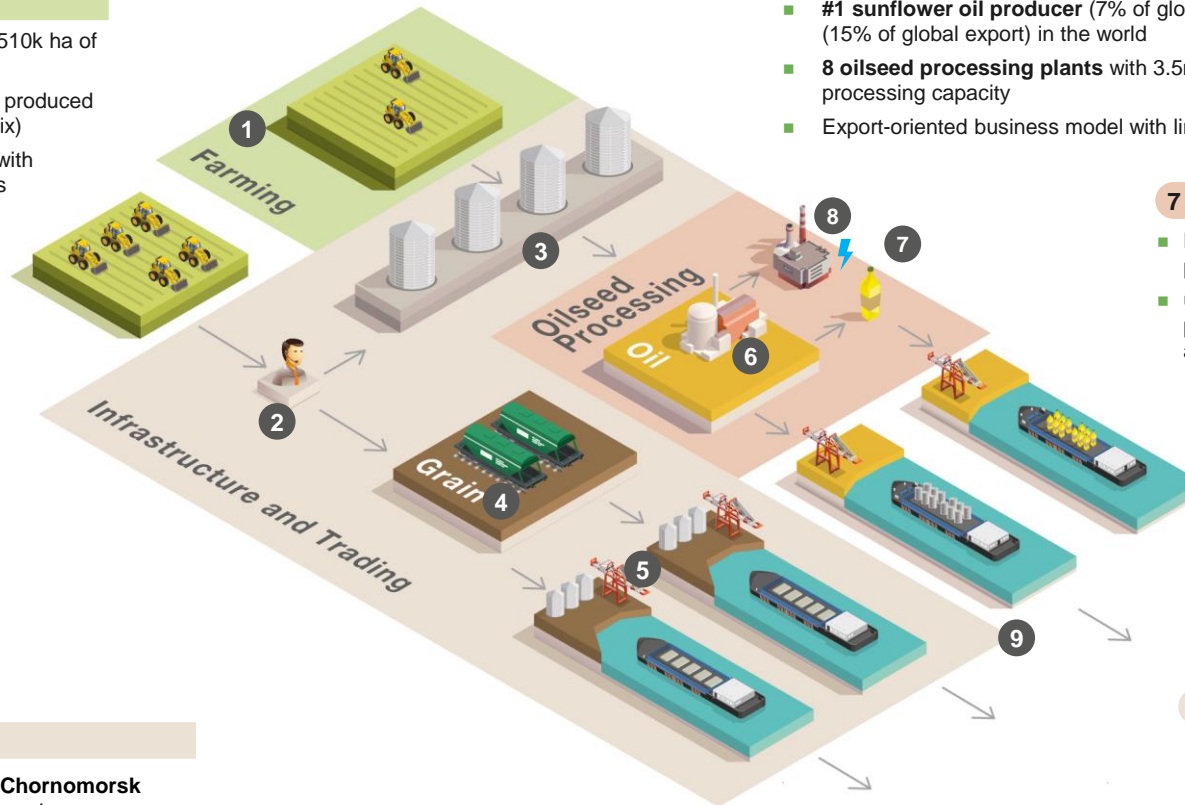
- Leading bottled sunflower oil producer and marketer in Ukraine
- up to 10% of crude sunflower oil produced is further refined, bottled and sold domestically and abroad.

8 Renewable energy

- Sunflower husk (biomass) is used to produce renewable energy
- 7.5MW cogeneration heat&power plant currently in operation;
- 95MW total installed capacity by FY2022, producing annually >700 GWh of renewable energy

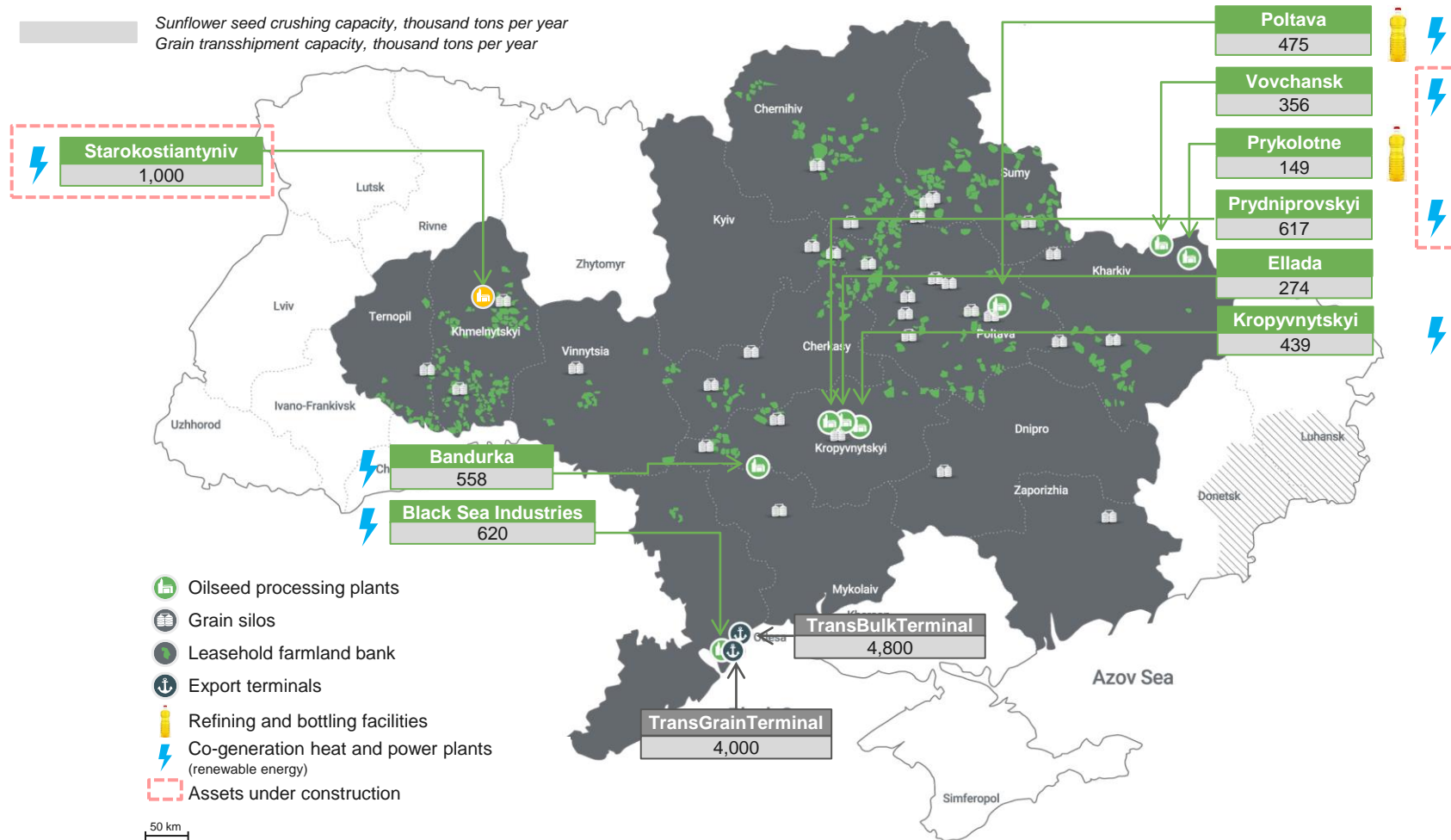
9 Avere operations

- research, knowledge and trading platform involved in:
 - the sale of Kernel's sunflower oil;
 - support with hedging of grain produced by farming segment;
 - proprietary trading.



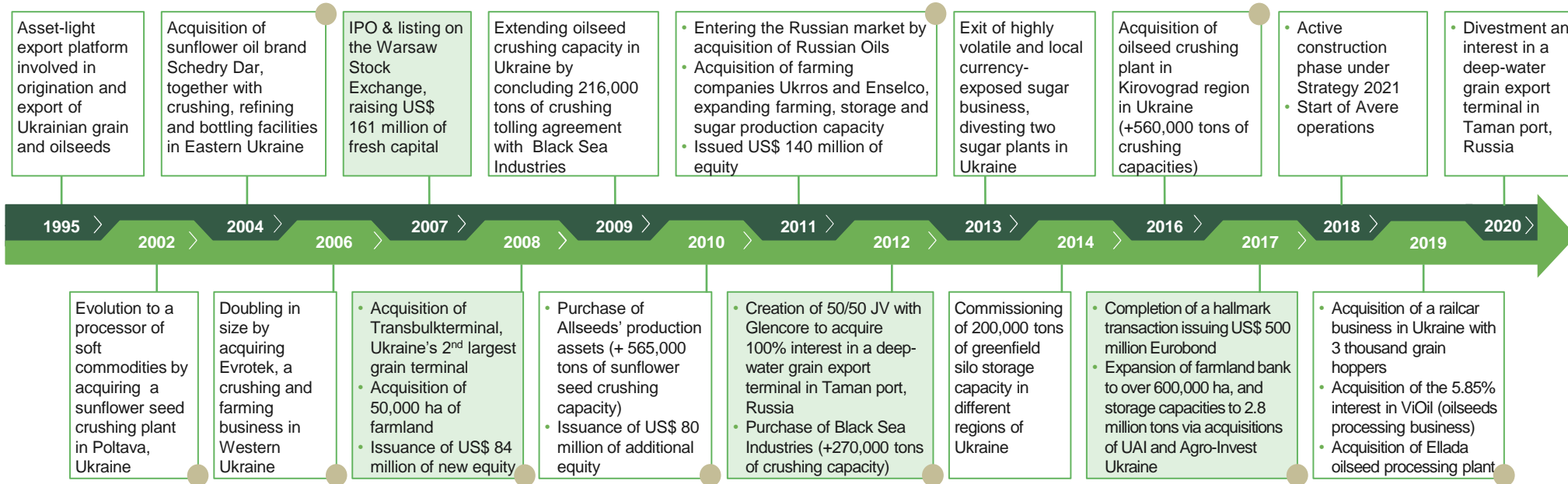
Kernel bridges Ukrainian farmers with the global marketplace using its efficient, scalable and integrated resources and processes

2.3 Efficient and well-invested asset base



Diversified and strategically located world-class asset base provides significant competitive advantages

2.4 Kernel's key milestones



● Asset growth through M&A

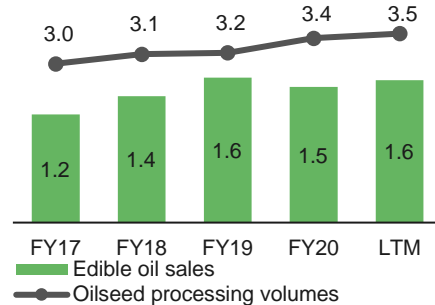
Unparalleled track record of continuous development

2.5 Oilseed Processing segment

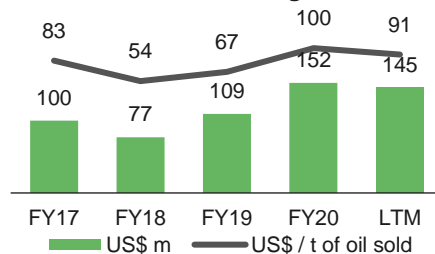


Segment performance

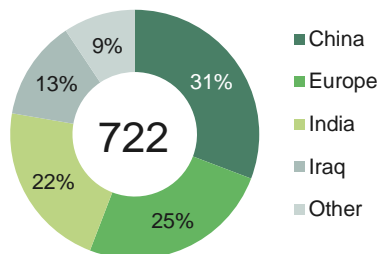
Segment volumes million tons



EBITDA and EBITDA margin



Sunflower oil sales markets in H1 FY2021 thousand tons



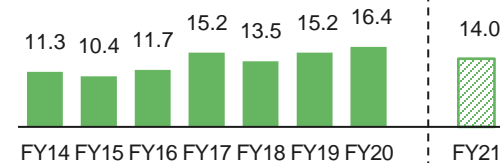
- **Record oilseed processing volumes:** 3.5m t on the LTM basis → 100% capacity utilization level;
- Sunflower oil sales largely in line with production volumes
- 3.3m t of sunflower seeds processing volumes and 1.4m t of sunflower oil sales volumes expected for FY2021

- Solid **EBITDA margin** on the LTM basis driven by FY2020 strong results, but substantial decline expected for the whole FY2021

- China, Europe, India and Iraq are key sunflower oil sales markets.

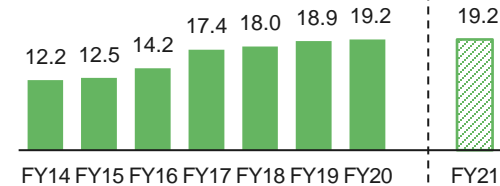
Profitability drivers and FY2021 outlook

1 Ukraine sunflower seed harvest million tons



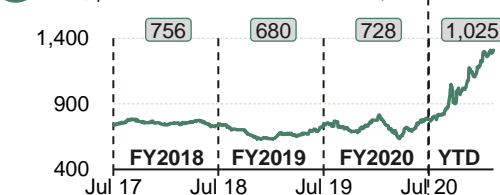
- Sunflower seeds harvest in Ukraine in 2020 lost 2.4m tons y-o-y
- Farmers are selling seeds very slowly

2 Industrial crushing capacities million tons



- No change envisaged for crush capacities for FY2021

3 Sunflower oil price US\$ per ton of unrefined oil sold in bulk, FOB-Chornomorsk



- Skyrocketing sunflower oil prices in the current season

Source: Bloomberg, USDA, Kernel's estimates

4 Sales volumes to reduce

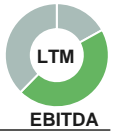
- Lower oilseed processing volumes expected

5 Contribution from new business (renewable energy)

- US\$ 10m expected FY2021 EBITDA

FY2021 EBITDA to decline vs FY2020 level

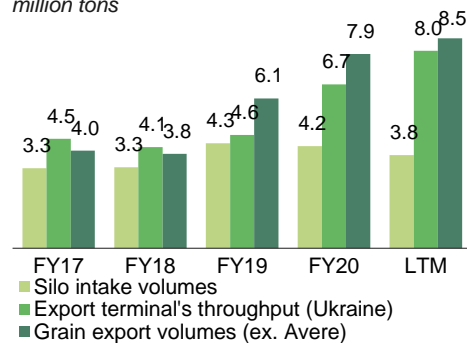
2.6 Infrastructure and Trading segment



Segment performance

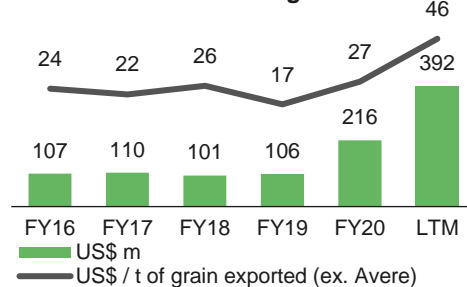
Segment volumes

million tons



- Record grain export volumes from Ukraine
 - #1 grain exporter, 15% share in total country grain export in H1 FY2021
- Record grain transshipment volumes following the launch of operations on our new terminal in Chornomorsk port

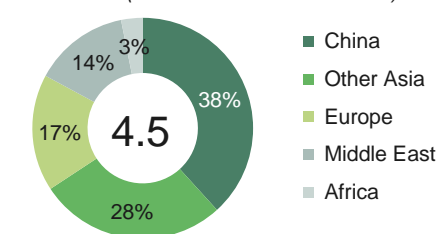
EBITDA and EBITDA margin



- LTM EBITDA** reached US\$ 392m
 - Exceptional Avere performance
 - Solid contribution from grain export value chain in Ukraine

Key export markets in H1 FY2021

million tons (excl. Avere traded volumes)

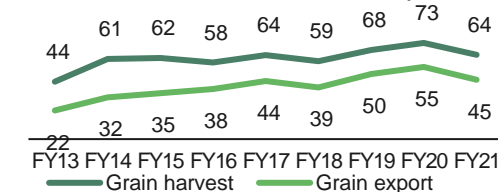


- Asia, Europe and Middle-East are key grain export markets.

Profitability drivers and FY2021 outlook

1 Grain supply in Ukraine

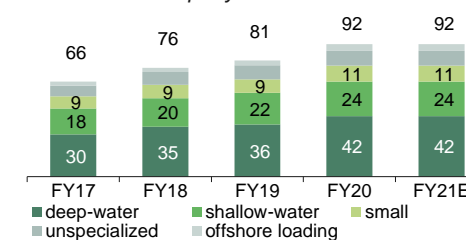
million tons of corn + wheat + barley



- In FY2021 crop size reduced to 64 million tons.

2 Demand: grain export terminals transshipment capacity

million tons per year



Source: USDA, Ports.ua, Zertech, Kernel

- No major changes in the transshipment capacities in FY2021

3 Growing export and transshipment volumes

4 Grain silo busines

5 Grain railcars

6 Avere activities

Lower FY2021 margins in value chain of grain export from Ukraine

- Target to export 8.5m t
- Full-year contribution from new terminal
- Normalization of profitability after market saturation
- Outstanding results year-to-date

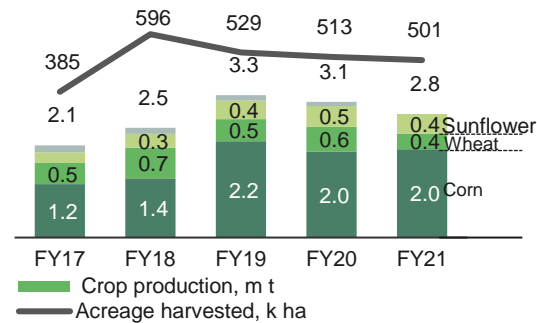
Total segment EBITDA in FY2021 will substantially exceed a record FY2020 EBITDA of US\$ 216 million

2.7 Farming segment

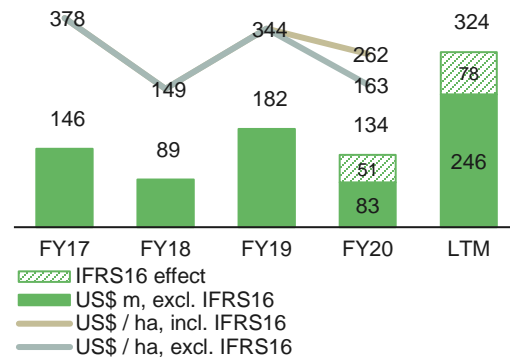


Segment performance

Kernel's key crop production



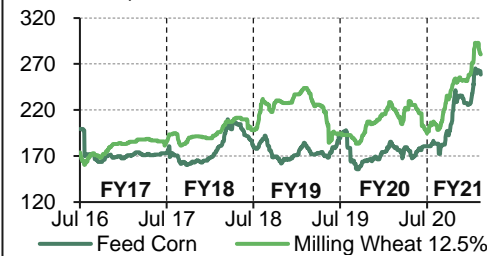
EBITDA and EBITDA margin



- 501k ha harvested in FY2021
- Yields expectedly reduced due to bad weather conditions:
 - Corn yield ↓7% y-o-y (vs ↓24% est. for Ukraine average)
 - Sunflower yield ↓13% y-o-y (vs ↓20% est. for Ukraine average)
 - Wheat yield ↓16% y-o-y (vs ↓10% est. for Ukraine average), as spring frosts and dryness hit our regions of operations more severely than most other regions in Ukraine
- Segment **EBITDA** on LTM basis amounted to US\$ 324m (or US\$ 246m net of IFRS 16 impact) driven by recent grain and oilseeds price boom.

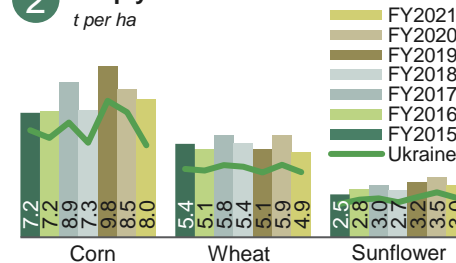
Profitability drivers and FY2021 outlook

1 Ukraine corn and wheat prices, US\$ per ton, FOB-Black Sea



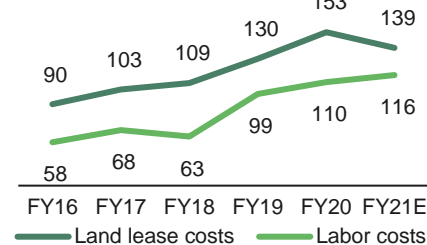
- Skyscraping prices in the current season serve as a key profitability driver

2 Crop yields t per ha



- Lower yields this season for all our key crops negatively impacts segment earnings

3 Selected farming costs US\$ per ha





- Weak Ukrainian hryvnia mitigates the negative cost impact in FY2021.

FY2021 segment EBITDA is expected at US\$ 230 million (net of IFRS 16 effect and revaluation of biological assets)

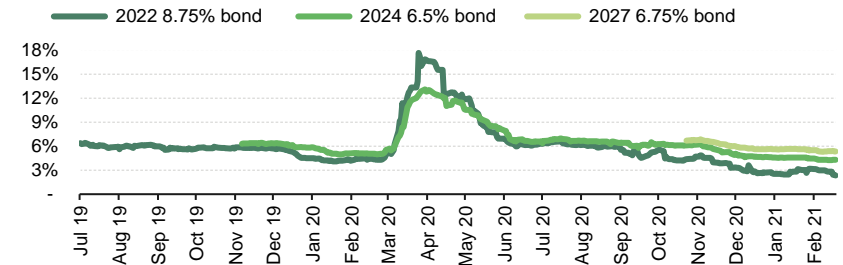
2.8 Credit highlights

Credit portfolio as of 31 December 2020, US\$ m

	Amount outstanding	Undrawn facilities / Limit	Interest rate	Maturity
Eurobond 2022	212		8.75%	Jan 2022
Eurobond 2024	297		6.50%	Oct 2024
Eurobond 2027	297		6.75%	Oct 2027
 European Investment Bank	180	70	Libor + 1.44% + CoF	2029- 2030
 EBRD / CTF	56	-	Libor + 4.5% Libor + 1.0%	May 2027
Oil PXF (pre-export facility)	-	300 / 300*	Libor + 3.95%	Aug 2022
Grain PXF (pre-export facility)	-	300 / 300*	Libor + 3.9%	June 2022
Other bank debt	139	352	Libor + 1.5-4.5%, 6.5%-7.5%	Short-term debt
Lease liabilities (IFRS 16)	303			
Accrued interest	17			
Total debt liabilities	1,501	1,021		
Cash and cash equivalents	254			
Net debt	1,247			
Readily marketable inventories	877			
of which sunflower oil and meal	148			
Sunflower seeds	420			
Grains and other RMIs	309			
Adjusted net debt	371			
Net debt / EBITDA	1.6x			
Adjusted net debt / EBITDA	0.5x			
EBITDA / Interest	5.0x			

* Maximum available limits of Oil PXF and Grain PXF depend on the season period and reach US\$ 300m for each in September - February / April

Kernel Eurobonds mid-YTM, %



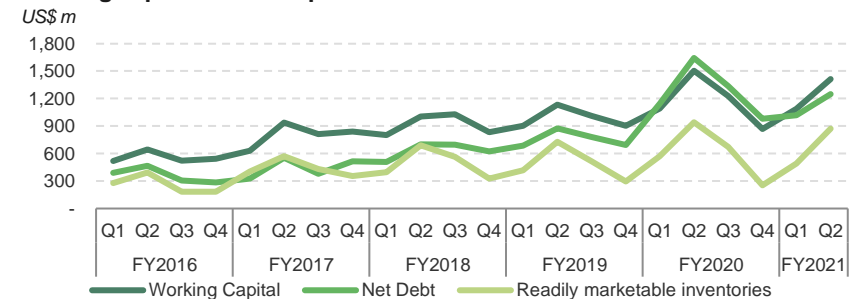
Credit ratings

FitchRatings

S&P Global
Ratings

Rating / Outlook	Date
BB- / Stable	18 Sep 2020
BB- / Stable	30 Sep 2019
B+ / Stable	12 Oct 2018
B+ / Stable	12 Feb 2017
B+ / Stable	5 Oct 2020
B / Stable	17 Apr 2020
B / Stable	30 Sep 2019
B / Stable	31 Oct 2018
B / Stable	20 Feb 2017

Working capital¹ and debt position



Note 1 Defined as 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 obligations under finance lease, current portion of lease liabilities and interest on bonds issued).

Content

1. Q2 FY2021 results and outlook

2. Kernel today

3. Balanced growth strategy

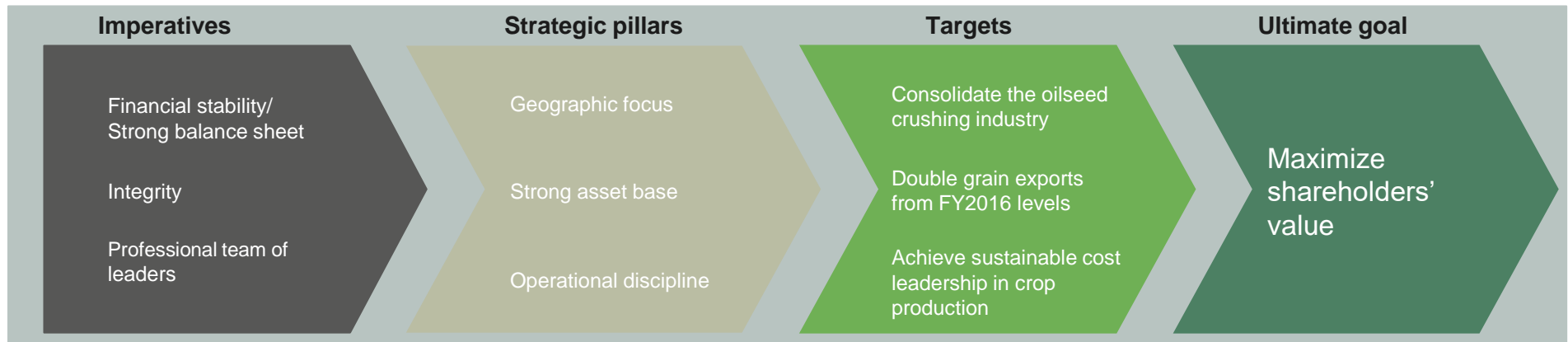
4. Financials

Appendices



3.1 Kernel's mid-term strategy

We aim to profitably double export volumes by FY2021, providing comprehensive solutions to our clients (customers and suppliers), with balanced development of our businesses by the efficient use of our asset base, investment in technology and innovation, strategic acquisitions, continuous development of our employees and strengthening of our operations.



Sunflower oil

Mid-term targets in detail

- Construction of 1-million-ton per year greenfield crushing plant in western Ukraine
- Substantial upgrade of the remaining crushing plants to drive efficiency

Key deliverables in FY2020

- Substantially **progressed on the construction** of our new processing plant in Western Ukraine and co-generation heat and power units adjacent to our crushing plants;
- **Acquired Ellada** oil-extraction plant
- Entered an exclusive **tolling agreement with Chuhuiv** oil-extraction plant, which has the capacity to process 0.2 million tons of sunflower seeds per annum



Grain and infrastructure

- Double grain exports in FY2021 through greenfield construction of 4.0-million-ton deep-water transshipment facility in Ukraine
- Expand and streamline silo network to serve growing in-house production and export volumes

- **Achieved the target ahead of time:** exported 7.9 million tons of grain from Ukraine, 2.0x growth vs FY2016;
- **Launched grain transshipment on our new 4.0-million-ton deep-water export terminal** in the port of Chornomorsk, which contributed with 1 million tons to our transshipment volumes in FY2020;
- **Further optimized our silo network** by divesting 5 silos;



Farming

- Achieve sustainable cost-efficient crop production via investment in technology
- Smooth integration of recently acquired assets to lift operational efficiency and productivity levels to Kernel's high standard

- **Increased labor productivity** to the highest level ever
- **Streamlined crop production mix** with more focus on corn and sunflower (including high-oleic)
- Achieved the **highest ever crop yields** for sunflower and wheat

3.2 Strategy 2021 serves as a solid basis for future growth across all business segments

Strategy 2021 investments pipeline overview:

US\$ million		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Total	Status (as of February 2021)	Segment
I	Leasehold farmland bank expansion (+ 200k ha)	152	47	-	-	-	-	199	✓	Farming
II	Construction of greenfield oilseed processing plant in Western Ukraine with co-generation heat and power unit ■ Annual sunflower seed processing capacity: 1 million tons	-	52	10	39	73	6	180	🟢	Oilseed Processing
III	Construction of co-generation heat and power units (renewable energy) on 6 our plants throughout (FY2019-2020)	0	12	30	64	63	-	169	🟢	Oilseed Processing
IV	Construction of new grain export terminal in the port of Chornomorsk ■ Annual throughput capacity: 4 million tons of grain ■ Commissioned in FY2020 ■ Intake capacity expansion in FY2021	1	3	46	45	42	2	139	✓	Infrastructure and Trading
V	Grain railcars investments (500 brand-new + 2,949 used)	-	16	65	8	-	-	89	✓	Infrastructure and Trading
VI	Construction and upgrade of silo facilities	-	19	36	7	1	-	63	✓	Infrastructure and Trading
VII	Acquisition of assets of Ellada oilseed processing plant	24	-	-	21	-	-	45	✓	Oilseed Processing
Total key expansion investments		177	150	186	184	179	8	883		
Maintenance and other various growth CapEx		35	61	72	68	88	59			
Total investments		211	211	258	252	267	67			

- The major portion of FY2021 expansion investments will be financed by debt attracted from the European Investment Bank

Content

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4.1 Consolidated statement of profit or loss

<i>US\$ million, except ratios and EPS</i>	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	LTM
Revenue	215	350	663	1,047	1,020	1,899	2,072	2,797	2,393	2,330	1,989	2,169	2,403	3,960	4,107	4,491
Net IAS 41 gain / (loss)	-	-	-	-	-	-	-	15	(17)	(7)	20	(3)	19	9	(21)	63
Cost of sales	(194)	(306)	(557)	(874)	(844)	(1,610)	(1,814)	(2,599)	(2,231)	(2,009)	(1,707)	(1,882)	(2,261)	(3,636)	(3,624)	(3,754)
Gross profit	21	44	106	174	177	289	258	213	145	314	302	284	160	334	462	801
Other operating income	1	8	25	17	18	26	66	67	60	83	45	41	59	42	7	44
G&A expenses	(11)	(13)	(20)	(24)	(27)	(38)	(67)	(78)	(77)	(68)	(59)	(60)	(80)	(107)	(132)	(167)
Profit from operating activities	12	39	112	167	167	277	257	201	129	328	287	265	140	269	337	678
Financial costs, net	(9)	(19)	(28)	(32)	(23)	(42)	(63)	(75)	(72)	(69)	(57)	(62)	(65)	(82)	(147)	(157)
FX gain(loss), net	(1)	(1)	3	(3)	11	2	5	3	(99)	(153)	30	(3)	5	13	(1)	(12)
Other non-operating items	(2)	(2)	5	(4)	(4)	(28)	(3)	(8)	(48)	(5)	(13)	(3)	(30)	(9)	(44)	(56)
Income tax	0	2	(9)	5	0	18	9	(6)	(11)	(0)	(4)	(19)	6	(12)	(22)	(30)
Net profit from continuing operations	0	19	82	132	152	226	206	115	(102)	101	244	179	56	179	123	422
Profit / (loss) from discontinued operations	-	-	-	-	-	-	5	(10)	(6)	(5)	(17)	-	-	-	-	-
Net profit	0	19	82	132	152	226	211	105	(107)	96	227	179	56	179	123	422
Net profit/(loss) attributable to shareholders	1	20	83	136	152	226	207	112	(98)	107	225	176	52	189	118	349
<i>EPS, US\$</i>		-	2.1	2.0	2.2	3.0	2.6	1.4	(1.2)	1.3	2.8	2.2	0.6	2.3	1.4	4.2
<i>ROE¹</i>		37%	36%	36%	32%	29%	19%	9%	(8%)	11%	24%	16%	5%	15%	8%	22%
<i>ROIC²</i>		21%	25%	26%	22%	23%	17%	9%	(1%)	11%	21%	15%	10%	13%	11%	7%
<i>Net Income / Invested Capital</i>		14%	36%	21%	23%	24%	15%	6%	(5%)	6%	17%	13%	4%	9%	5%	5%
EBITDA, incl.	17	46	123	190	190	310	319	288	223	397	346	319	223	346	443	786
Oilseeds Processing	-	-	81	89	101	202	198	199	178	213	129	100	77	109	152	145
Infrastructure and Trading	-	-	40	112	80	94	59	59	126	114	107	110	101	106	216	392
Farming	-	-	20	7	23	32	74	67	(44)	98	146	146	89	182	134	324
Unallocated expenses and other	-	-	(18)	(18)	(14)	(18)	(12)	(38)	(36)	(29)	(36)	(36)	(44)	(51)	(59)	(76)
<i>Gross margin</i>	<i>10%</i>	<i>13%</i>	<i>16%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>12%</i>	<i>8%</i>	<i>6%</i>	<i>13%</i>	<i>15%</i>	<i>13%</i>	<i>7%</i>	<i>8%</i>	<i>11%</i>	<i>18%</i>
<i>EBITDA margin</i>	<i>8%</i>	<i>13%</i>	<i>19%</i>	<i>18%</i>	<i>19%</i>	<i>16%</i>	<i>15%</i>	<i>10%</i>	<i>9%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>9%</i>	<i>9%</i>	<i>11%</i>	<i>17%</i>
<i>Net margin</i>	<i>1%</i>	<i>6%</i>	<i>13%</i>	<i>13%</i>	<i>15%</i>	<i>12%</i>	<i>10%</i>	<i>4%</i>	<i>(4%)</i>	<i>5%</i>	<i>11%</i>	<i>8%</i>	<i>2%</i>	<i>5%</i>	<i>3%</i>	<i>8%</i>

Note 1 Net profit attributable to shareholders divided by average equity attributable to shareholders over the period

Note 2 Sum of net profit attributable to shareholders and financial costs, divided by average over the period sum of the debt and equity

4.2 Balance sheet

Balance sheet highlights

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	31 Dec 2020
Cash & cash equivalents	6	25	89	129	59	116	83	79	65	129	60	143	132	77	369	254
Net trade accounts receivable	9	10	49	32	65	112	146	151	100	56	75	87	92	183	215	261
Prepayments to suppliers & other current assets	7	9	30	26	94	81	90	110	57	61	53	83	113	130	149	105
Prepaid taxes	9	22	23	73	206	221	236	210	156	105	138	143	122	127	133	214
Inventory	32	40	145	99	148	184	410	270	300	159	200	387	368	358	303	962
<i>of which: readily marketable inventories</i>	29	38	139	91	143	141	336	157	243	140	184	354	325	293	252	489
Biological assets	3	10	42	19	26	96	153	247	183	147	190	256	289	309	252	42
Other current assets	-	-	-	-	-	-	-	23	12	2	4	21	87	73	109	360
Intangible assets and goodwill	10	28	103	81	118	152	228	321	233	172	159	219	208	223	192	182
Net property, plant & equipment	72	128	232	222	379	503	728	763	643	535	539	570	588	765	984	1,014
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	347	340
Other non-current assets	5	3	43	19	29	109	41	187	170	100	91	100	210	220	110	94
Total assets	156	275	756	700	1,125	1,573	2,116	2,362	1,919	1,466	1,509	2,009	2,211	2,464	3,165	3,827
Trade accounts payable	1	6	6	8	11	27	25	47	33	27	42	53	74	136	88	143
Advances from customers & other current liabilities	5	9	22	26	131	102	155	202	80	63	77	89	105	105	171	247
Debt liabilities	93	157	256	295	345	422	693	725	743	463	339	655	751	768	1,350	1,501
Short-term debt	29	44	127	160	210	266	266	450	483	367	254	152	246	203	73	172
Long-term debt	54	102	98	133	135	156	427	276	260	95	84	8	11	69	172	221
Corporate bonds issued	10	10	31	2	-	-	-	-	-	-	-	494	495	496	794	806
Lease liabilities	5	3	7	11	8	3	13	19	12	6	2	3	8	5	310	303
Other liabilities	9	18	32	14	32	24	33	35	32	21	55	56	104	109	63	154
Total liabilities	108	190	315	342	520	575	906	1,009	888	575	512	851	1,033	1,118	1,671	2,045
Total equity	48	85	440	357	605	997	1,211	1,352	1,031	891	997	1,158	1,178	1,346	1,494	1,782
<i>Debt / equity ratio</i>	2.0x	1.8x	0.6x	0.8x	0.6x	0.4x	0.6x	0.5x	0.7x	0.5x	0.3x	0.6x	0.6x	0.6x	0.9x	0.8x
<i>Debt / assets ratio</i>	60%	57%	34%	42%	31%	27%	33%	31%	39%	32%	22%	33%	34%	31%	43%	39%

Liquidity position and credit metrics

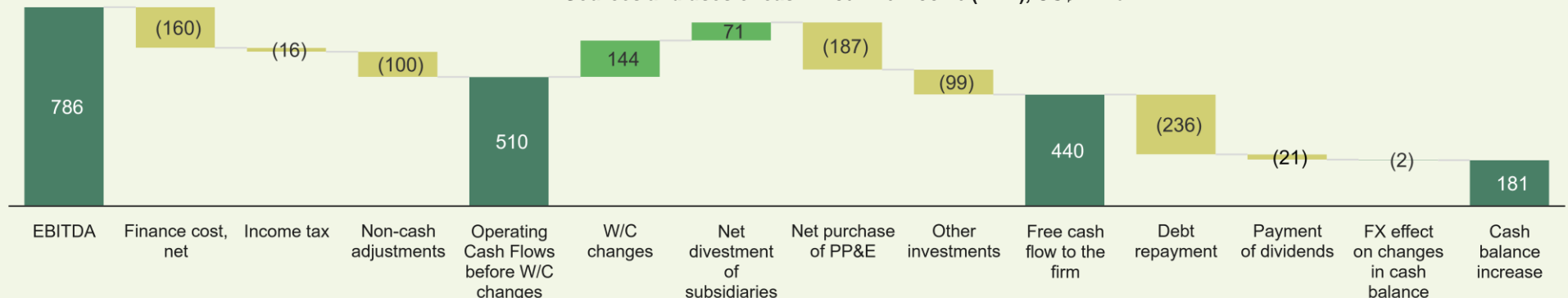
Debt liabilities	94	158	259	300	350	428	698	734	749	469	343	657	754	770	1,350	1,501
Cash	6	25	89	129	59	116	83	79	65	129	60	143	132	77	369	254
Net debt	88	133	170	170	291	312	616	655	684	339	283	514	622	694	980	1,247
Readily marketable inventories	29	38	139	91	143	141	336	157	243	140	184	354	325	293	252	871
Adjusted net debt	58	95	32	79	148	170	280	498	441	199	99	160	297	400	729	376
Net debt / EBITDA	5.2x	2.9x	1.4x	0.9x	1.5x	1.0x	1.9x	2.3x	3.1x	0.9x	0.8x	1.6x	2.8x	2.0x	2.2x	1.6x
Adjusted net debt / EBITDA	3.4x	2.0x	0.3x	0.4x	0.8x	0.5x	0.9x	1.7x	2.0x	0.5x	0.3x	0.5x	1.3x	1.2x	1.6x	0.5x
EBITDA / Interest	1.8x	2.5x	4.4x	5.9x	8.3x	7.3x	5.1x	3.8x	3.1x	5.8x	6.1x	5.1x	3.4x	4.2x	3.0x	5.0x

Note: financial year ends 30 June.

4.3 Cash flow statement

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	LTM
EBITDA	17	46	123	190	190	310	319	288	223	397	346	319	223	346	443	786
Finance cost paid	(9)	(18)	(28)	(32)	(23)	(36)	(67)	(76)	(72)	(68)	(58)	(35)	(64)	(72)	(140)	(160)
Income tax paid	(0)	(1)	(3)	(2)	(1)	(3)	(7)	(43)	(40)	(13)	(3)	(6)	(5)	(3)	(8)	(16)
Non-cash adjustments and non-operating items	(0)	(1)	7	(32)	12	(36)	(27)	1	(41)	(70)	(18)	5	(40)	23	(16)	(100)
Operating Cash Flow before Working Capital changes	7	26	99	124	179	235	218	169	70	245	268	283	113	293	279	510
Change in working capital	(36)	(15)	(210)	(25)	(97)	(180)	(242)	135	(1)	147	(136)	(206)	(31)	(94)	(10)	144
Acquisition of subsidiaries and JVs, net	-	(60)	(97)	(5)	(70)	(11)	(136)	(152)	(41)	2	(30)	(141)	(24)	(41)	46	71
Net purchase of PP&E	(6)	2	(24)	(89)	(56)	(48)	(93)	(91)	(42)	(23)	(30)	(40)	(140)	(157)	(210)	(187)
Other investments	1	0	(49)	(1)	1	(66)	(0)	(23)	(1)	(4)	(1)	(42)	8	(43)	(38)	(99)
Free cash flow to the Firm	(34)	(46)	(281)	4	(44)	(71)	(253)	38	(14)	369	71	(146)	(74)	(43)	67	440
Debt financing	32	62	81	36	(77)	(18)	220	(45)	7	(289)	(115)	178	98	50	233	(236)
Equity financing	(1)	3	235	-	81	141	5	(2)	-	(1)	-	15	-	-	14	-
Dividends paid	-	-	-	-	-	-	-	-	-	(20)	(20)	(20)	(20)	(20)	(21)	(21)
Financing cash flow	31	64	315	36	4	124	225	(48)	7	(310)	(134)	173	77	30	226	(257)
Cash at the year end	6	25	59	98	58	110	83	73	65	124	60	87	90	76	367	254
Cash conversion cycle	n/a	66	86	79	117	91	117	90	85	67	63	84	83	49	51	125
Payment period, days	n/a	(4)	(4)	(3)	(4)	(4)	(5)	(5)	(7)	(6)	(7)	(9)	(10)	(10)	(11)	(14)
Inventories processing, days	n/a	43	61	51	53	38	60	48	47	42	38	57	61	36	33	99
Receivables collection, days	n/a	10	16	14	18	17	23	19	19	12	12	14	14	13	18	21
VAT receivables, days	n/a	17	13	17	50	41	40	28	26	18	20	22	19	11	11	19

Sources and uses of cash in Jan'20-Dec'20 (LTM), US\$ million



Differences are possible due to rounding

IR contact and investor calendar

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Investor calendar

Q3 FY2021 Operations Update

23 April 2021

Q3 FY2021 Financial Report

28 May 2021

Q4 FY2021 Operations Update

22 July 2021

FY2021 Financial Report

4 October 2021

Content

1. Q2 FY2021 results and outlook

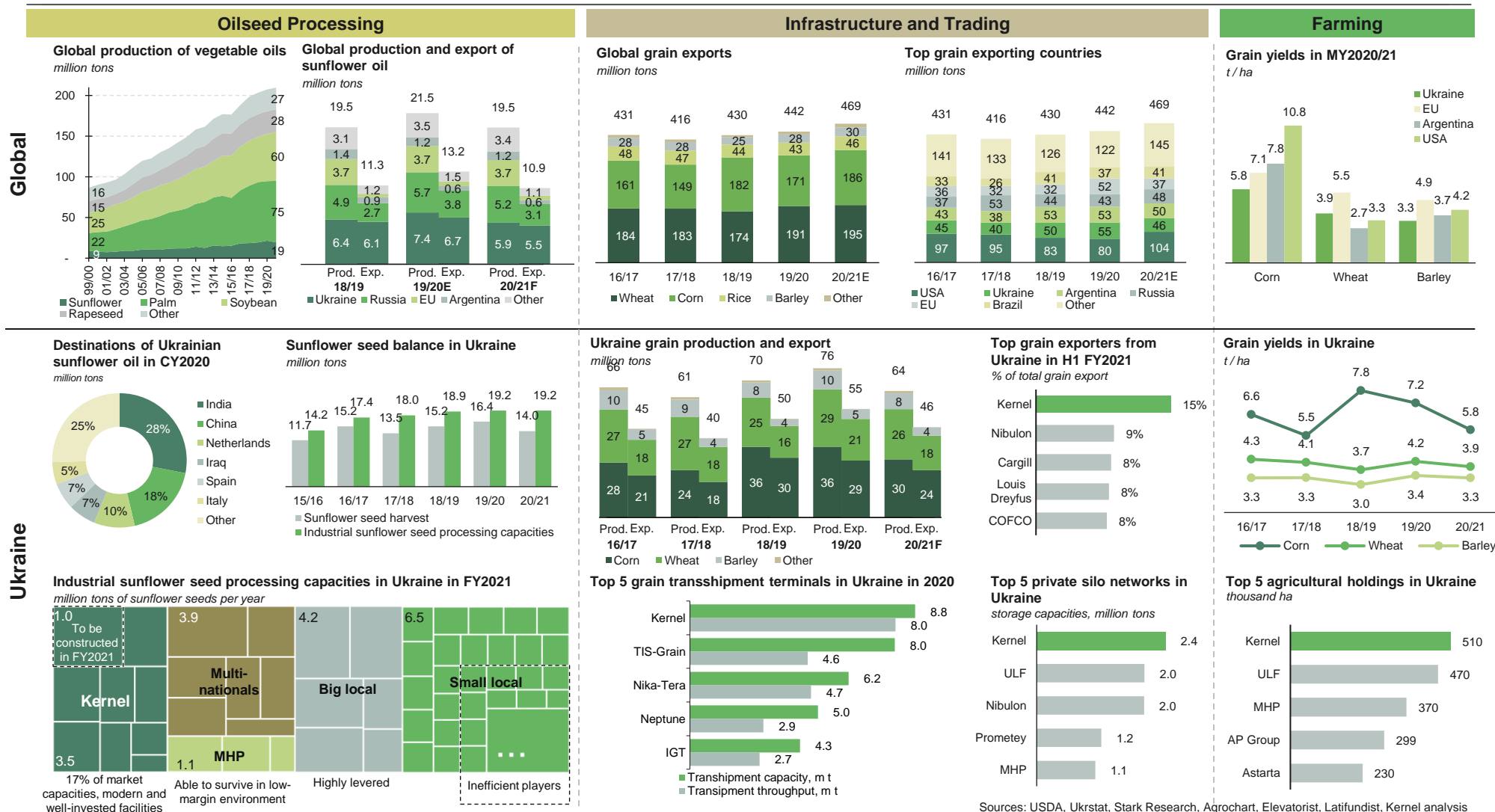
2. Kernel today

3. Balanced growth strategy

4. Financials

Appendices

A1. Markets and business environment



A2. Kernel sustainability approach

We aim to unlock the Ukrainian food production potential to feed the growing world population in a sustainable manner

Achievements

- **Proper set of internal policies and procedures** to drive sustainable development¹:
- Certified Environmental and OHS management systems (ISO 14001, 45001) at key assets.
- Robust sustainability disclosures: Sustainability Report (GRI + Independent assurance), CDP
- US\$ 169m **investment program in renewable energy** generation
- >50% of energy consumed is received from renewable sources
- Sustainability progress is regularly reviewed by the Board of Directors

Commitments

- Kernel is a signatory of **UN Global Compact** (the world's largest CSR initiative)
- First **ESG-related goal** was set in FY2020: to reduce energy and GHG emissions intensity by 5% over a 5-year horizon in Oilseed Processing.
- ISO 14001, 45001 (EMS and OHSMS) certification for all Kernel's assets until 2022.
- Zero-tolerance to corruption
- Kernel signed a [Declaration on gender equality and preventing domestic violence](#).

Recognitions

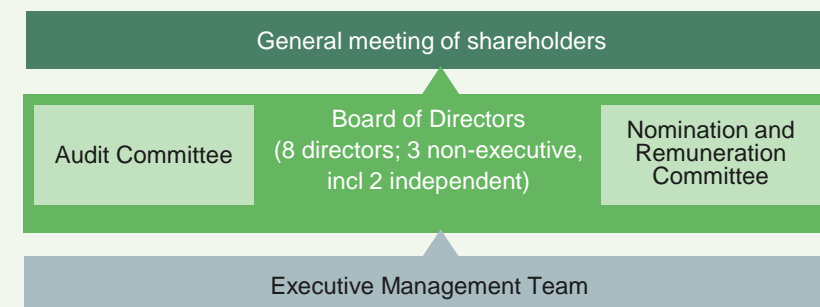
- **Top-3 corporate** in the Sustainable Ukraine – first professional integrated rating of corporate sustainability in Ukraine:
 - #1 corporate in Ukraine in resource efficiency, HR management and development;
 - #2 in corporate governance quality, health and safety, biodiversity approach, labor relations.
- Top employer in Ukraine (Vlast Deneg business magazine, [Best Employer Survey](#) by EY Ukraine)
- Shares in [WIG ESG index](#) (since Sep 2019).
- Kernel ESG approach was included in the first [Voluntary business progress review of achieving sustainable development goals in Ukraine](#), prepared by UN Global Compact Network in Ukraine

Note 1 Code of Conduct, Corporate Social Responsibility and Sustainable Development Policy, Environmental Protection Policy, The Code of Interaction with Suppliers, Anti-Corruption Clause, the Equality, Diversity, and Inclusion Policy, Good Neighborhood Policy

Key non-financial KPIs

Environment		FY16	FY17	FY18	FY19	FY20
Total GHG emission	ths t CO ₂ e	1,074	1,439	1,417	1,783	1,679
Direct (Scope 1)	ths t CO ₂ e	662	748	922	980	955
Biogenic (Scope 1)	ths t CO ₂ e	339	587	401	712	628
Gross indirect (Scope 2)	ths t CO ₂ e	73	104	94	90	96
GHG emissions per ton of seeds crushed	kg CO ₂ e	147	146	134	131	128
GHG emissions per ton of grain grown	kg CO ₂ e	375	419	343	386	365
Total energy consumption (net)	ths Gj	5,049	6,743	7,282	7,139	6,998
Energy spent per ton of seed crushed	MJ	1,455	1,517	1,446	1,420	1,285
Energy spent per ton-% of grain dried	MJ	62	68	61	67	63
Energy spent per ton of grain grown	MJ	708	618	662	538	524
Social						
Total number of full-time employees	ths	14	16	15	13	12
Total injury accidents	#	16	14	16	25	17
Injury frequency rate	x	0.53	0.45	0.55	0.88	0.68
Total training expenditures	ths US\$	194	445	474	456	637
Total social spending	ths US\$	1,668	2,616	2,440	2,303	7,714

Governance structure



- Adherence to **high standards of corporate governance**
 - Ten Principles of Corporate Governance of the Luxembourg Stock Exchange
 - [Best Practices of Warsaw Stock Exchange Listed Companies 2016](#)