

KERNEL HOLDING S.A.

Société Anonyme

9, rue de Bitbourg

L-1273 Luxembourg

R.C.S. Luxembourg B 109173

ANNUAL ACCOUNTS AS AT AND FOR THE YEAR ENDED

30 JUNE 2021

AND REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Table of contents

Report of the board of directors to the shareholders	3-9
Report of the réviseur d'entreprises agréé	10-14
Statement of the Board of Directors' responsibilities for the preparation and approval of annual accounts	15
Balance sheet	16-17
Profit and loss account	18
Notes to the annual accounts	19-41

KERNEL HOLDING S.A.

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R.C.S. Luxembourg B 109173

Report of the board of directors to the shareholders' ordinary general meeting deliberating on the approval of the annual accounts to be held on 10 December 2021

Dear Shareholders,

Kernel Holding S.A., (the "Company") was incorporated in Luxembourg on 15 June 2005 as a Société Anonyme ("S.A.") subject to the Luxembourg law for an unlimited period of time. Effective 12 April 2013.

On 8 February 2021, the Company has transferred its registered office to 9 rue de Bitbourg, L-1273 Luxembourg.

The Company is registered with the "Registre de Commerce et des Sociétés" in Luxembourg under the number B 109173.

The subsidiaries of Kernel Holding S.A. (forming together with the Company, the "Group") holds assets primarily in Ukraine and operate across the agricultural value chain.

The Group operates in farming, grain origination, storage, transport and marketing, and in the production, refining, bottling and marketing of sunflower oil.

The Group's goal is the continuous development of profitable and sustainable business that enhances its position a leader in the field of low-cost production, sourcing, processing and handling of agricultural commodities, bridging the resource-rich Black Sea region with large international consumer markets.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

We confirm that to the best of our knowledge and belief:

- The consolidated financial statements of Kernel Holding S.A. presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies; and
- The Board of Directors Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

Overview

Kernel Holdings S.A. being a holding company with no operational activity, the overview below is mainly done from the Group perspective, taking into account the performance of Kernel Holding S.A. as well as its subsidiaries.

During the year ended 30 June 2021, the Group generated USD 928,667 thousand EBITDA (up by 2.1x y-o-y) and USD 512,708 thousand net profit attributable to shareholders of Kernel Holding S.A. (up by 4.3x y-o-y).

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Acquisitions/ disposals

During the year ended 30 June 2021, the Etrecom Investments Limited issued and allotted additional ordinary shares. In fact, the increase in authorized capital of Etrecom Investments Limited was conducted in two stages: 4th August 2020 by 42,640,287 fully paid ordinary shares totaling EUR 42,640,287.00 (equivalent to USD 50,000,000.00) and 25th September 2020 by 51,018,000 fully paid ordinary shares totaling EUR 51,018,000.00 (equivalent to USD 60,000,000.00). The payments of shares in full were settled in cash in several tranches.

On 30 September 2020, the Company sold 12.5 % participation holding in Avere Commodities S.A. for an amount of CHF 12,500.00 (equivalent to USD 12,621.75).

During the year ended 30 June 2021, the Company increased value of its participation interest through additional financial contributions to the authorized capital of the following companies:

- Prydniprovskiy Oliinoekstraktiyni LLC for an amount of UAH 1,120,000,000.00 (equivalent to USD 37,000,000.00) in accordance with the agreement dated 17 April 2020;
- Transgrainterminal LLC for an amount of UAH 405,377,916.67 (equivalent to USD 13,065,000.00) in accordance with the agreement dated 5 May 2020;
- Agro Logistics Ukraine LLC for an amount of UAH 140,110,000.00 (equivalent to USD 5,000,000.00) in accordance with the agreement dated 20 August 2020.

As at 30 June 2021, considering the financial situation of some subsidiaries, the management decided to record the following impairments and reversals of value adjustment:

- USD 46,887,444.32 in relation to its participation held in Etrecom Investments Limited reducing the net book value of investment from USD 273,901,524.95 to USD 227,014,080.63.
- USD 193,221.27 in relation to its participation held in Cherkaskiy, Public Joint Stock Company reducing the net book value of investment from USD 680,010.69 to USD 486,789.42.
- USD 2,745,087.17 in relation to its participation held in Transgrainterminal Investments reducing the net book value of investment from USD 13,065,000.00 to USD 10,319,912.83.
- USD 31.72 in relation to its participation held in Transbulkterminal LLC reducing the net book value of investment from USD 49.00 to USD 17.28.
- USD 120,278.40 in relation to its participation held in Bilovodskiy Kombinat Khliboprodyktiv reducing the net book value of investment from USD 4,029,326.40 to USD 3,909,048.00.
- USD 73,077.39 in relation to its participation held in Avere Commodities has been reversed considering the net assets of the subsidiary and abovementioned disposal.

The Company performed impairment testing of investment in Kernel Trade LLC considering its direct and indirect ownership. Accordingly, the calculation of net asset value of Kernel Trade LLC exceeded its net balance value as of 30 June 2021, so no impairment indication was identified.

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1. Income statement highlights

The Group generated USD 5,647 million revenue in FY2021, up 38% y-o-y driven by high grain and sunflower oil prices (albeit lower physical export volumes from Ukraine) and active physical sales of soft commodities originated from 3rd-parties by our Avere subsidiary.

We recognized a USD 133 million gain from net change in fair value of biological as-sets and agricultural produce in FY2021, compared to a USD 21 million loss a year ago. This component included a gain from revaluing crops in fields to fair value less costs to sell as of 30 June 2021 and expensing the respective gain booked a year earlier, as well as a loss from change in the fair value of livestock. The recognized gain results from higher grain and oilseeds prices expected for FY2022 produce than those expected for FY2021 harvest.

Costs of sales in FY2021 increased by 34% y-o-y, to USD 4,877 million, driven by growing cost of goods for resale and raw materials used. We also managed to reduce payroll costs and other operating costs. Additionally, rental payments are disappearing from our in-come statement following the introduction of IFRS 16 standard¹. Consequently, gross profit for the period doubled y-o-y, totaling at USD 903 million.

Other operating income settled at USD 95 million, comprising primarily gains on con-tracts wash-out and stock-take, related mostly to Avere trading operations.

General and administrative expenses in FY2021 added 47% y-o-y, to USD 186 million, solely driven by payroll and payroll related costs increase, with higher annual performance bonus accrual for employees and management being the major growth factor. Consequently, operating profit increased 2.4x y-o-y, to USD 812 million.

Finance costs in FY2021 reduced 4% y-o-y, to USD 142 million, including USD 95 million interest expenses on bonds issued and bank loans, USD 45 million interest on rent arising as a result of IFRS 16 introduction, and USD 2 million other finance costs, net.

Group also recognized a USD 6 million foreign exchange loss. This item is mostly a non-cash gain recognized after the revaluation of our intra-group balances denominated in Ukrainian hryvnia following its depreciation against USD over the reporting period.

Other income, net, amounted to USD 11 million, mostly driven by USD 16 million gain on derivatives sales related to capturing arbitrage opportunities on FX market as a part of our liquidity management exercises. Corporate income tax expenses in FY2021 added 46% y-o-y, to USD 32 million, reflecting higher taxable profits achieved during the season.

As a result, net profit for 12 months ended 30 June 2021 totaled at USD 643 million, a 5.2x bigger than in the previous year and being more than Group generated in total over 4 previous years FY2017-FY2020. Net profit attributable to shareholders of Kernel Holding S.A. ended up at USD 513 million.

Distributing FY2020 profits, the Company paid a USD 35 million dividend in January 2021, increasing it by 70% from the level paid over six previous years. Based on the FY2021 results and considering also the final portion of our greenfield CapEx, the bond principal repayment, and potential additional share buybacks in FY2022, the Board of Directors recommends the general meeting of shareholders to approve the dividend of USD 0.44 per share, implying USD 35.6 million in total.

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2. Income statement highlights (continued)

The Group has three business lines: oilseed processing, infrastructure and trading, and farming segments. Diversity of the business model played out once again in the current season. For a detailed explanation of operating and financial performance for operations, please refer to the annual report of Kernel Group available at kernel.ua.

3. Allocation of results

The Company's financial year as of 30 June 2021 ends with a loss of USD 57,114,324.10.

The board of directors of the Company intends to propose to the Annual General Meeting of the Shareholders of the Company the following allocation of this result, taking into account the annual dividends:

Loss as at 30 June 2021	USD	(57,114,324.10)
Result brought forward (before dividends)	USD	552,146,900.92
Dividends	USD	(35,293,116.60)
To carry forward	USD	459,739,460.22

4. The Company's business has developed normally during the financial year under review.
5. Details on corporate governance are available on the Company website <http://www.kernel.ua> and in the consolidated annual report of the Company for the year ended 30 June 2021, available at the Company website.

6. Principal risks and uncertainties

At Kernel Holding S.A., management defines risk as an event, action or lack of action, which can lead to non-achievement of the Company's objectives. As a result of the latest review cycle, the Board approved Top-10 risks faced by the Group for FY2022 as depicted on chart below.

Strategic (Business) risks:

1. Weak harvest in Ukraine
2. Low global soft commodities prices
3. COVID-19 related risks
4. Shortfall of proceeds from renewable energy sale

Operational risks:

5. Trade position management issues
6. Fraudulent activities
7. Investment projects issues
8. Failure to maintain the integrity of the lease-hold farmland bank
9. General IT and information security risks
10. Human capital risks

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7. Principal risks and uncertainties (continued)

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

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

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8. Board of Directors

The board of Directors is formed of nine Directors, of whom four are independent directors. All nine Directors were elected to the Board by the Shareholders at General Meetings of the Shareholders:

(1) Mr. Andrii Verevskyi, chairman of the board of directors, reappointed for a five-year term at the general meeting of shareholders held on 10 December 2020. Mr. Verevskyi has founded the Group's business in 1995, holding various executive positions within the Group; presently, he oversees the strategic development and overall management of the Group.

(2) Mrs. Nathalie Bachich, independent non-executive director, re-elected for a one-year term at the general meeting of shareholders held on 10 December 2020. Mrs. Bachich has over 15 years of financial advisory services experience working in leading European financial institutions covering Western Europe, Asia and Central & Eastern Europe.

(3) Mr. Sergei Shibaev, independent non-executive director, elected for a one-year term at the general meeting of shareholders held on 10 December 2020. Mr. Shibaev has wide broad international experience in finance and strategy acquired during a 30-year career in serving as a non-executive director chairing audit committees for the several leading corporations (Russia, Ukraine, Kazakhstan).

(4) Mr. Andrzej Danilczuk, independent non-executive director, re-elected for a one-year term at the general meeting of shareholders held on 10 December 2020. Mr. Danilczuk is a senior executive with over 20 years' experience in business development, trading and marketing of agri-commodities.

(5) Mrs. Pieterneel Boogaard appointed as a Non-Executive Director of the Company in 2021. Mrs. Pieterneel has been in banking for more than 20 years in various commercial and managerial roles. In 2018, she joined Dutch development bank FMO as Global Head for agriculture.

(6) Mr. Yevgen Osypov was appointed to the Board for a one-year term by the shareholders at the general meeting of the shareholders held on 10 December 2020. Mr. Osypov oversees overall management of the Agribusiness units of Kernel and is responsible for the execution of strategy.

(7) Ms. Anastasiia Usachova was re-elected to the Board for a one-year term by the shareholders at the general meeting of the shareholders held on 10 December 2020. Ms. Usachova has served the Group since 2003, and today oversees the Group's financial reporting, auditing, budgeting, financial planning and risk assessment.

(8) Ms. Viktoriia Lukianenko, chief legal officer of the Company, re-elected for a one-year term at the general meeting of shareholders held on 10 December 2020. Ms. Lukianenko is responsible for providing legal advice and counselling in all aspects of Kernel's business operations.

(9) Mr. Yuriy Kovalchuk was elected to the Board for a one-year term by the shareholders at the general meeting of the shareholders held on 10 December 2020. Mr. Kovalchuk oversees investor relations and new investment opportunities for the Group.

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9. Looking ahead:

For a detailed outlook for the financial year ending 30 June 2021, please refer to the annual report of the Group which is available on web-site www.kernel.ua.

There are subsequent events as disclosed in note 20.

The Board of Directors

By:

Mr. Andrii Verevskyi

By:

Mrs. Nathalie Bachich

By:

Mr. Sergei Shibaev

By:

Mr. Andrzej Danilczuk

By:

Mrs. Pieterneel Boogaard

By:

Mr. Yevgen Osypov

By:

Ms. Anastasiia Usachova

By:

Ms. Viktoriia Lukianenko

By:

Mr. Yuriy Kovalchuk

To the Shareholders of
Kernel Holding S.A.
9, Rue de Bitbourg
L-1273 Luxembourg
Grand-Duchy of Luxembourg

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of Kernel Holding S.A. (the "Company"), which comprise the balance sheet as at June 30, 2021 and the profit and loss account for the year then ended and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at June 30, 2021 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé*" for the Audit of the Annual Accounts" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Shares in affiliated undertakings

Key audit matter description

As of June 30, 2021, the carrying amount of Shares in affiliated undertakings amounted to USD 1,099.4 million (2020: USD 984.3 million). The Company has valued Shares in affiliated undertakings at the lower of the purchase price including the expenses incidental thereto or the market value. A value adjustment is recorded where the market value of the Investments is lower than the purchase price or nominal value, and also when it is considered to be a permanent difference (see Note 2 and Note 3 to the annual accounts).

The Company is testing annually Shares in affiliated undertakings for impairment. This annual impairment testing is significant to our audit because of the significance of the specific balance and the assumptions and estimates used when determining the value in use of those investments. A potential impairment of those investments can have a significant impact on the Company's financial position.

How the matter was addressed in the audit?

- We obtained an understanding of management's controls around the assessment of impairment of affiliated undertakings;
- We obtained the impairment analysis prepared by management for all affiliated undertakings, and we assessed all the assumptions and estimates used in the specific analysis;
- We compared the historical cost of those affiliated undertakings to the respective net equity of the individual subsidiaries (or sub groups where applicable);
- In case, whereas the net equity of the individual subsidiary was below the historical cost of the affiliated undertaking we performed procedures to verify that the recoverable amount was still above the historical cost and there were no other indications of impairment;
- We considered the appropriateness of the related disclosures provided in annual accounts (Note 3 to the annual accounts).

Other Information

The Board of Directors of the Company is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Company for the Annual Accounts

The Board of Directors of the Company is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors of the Company determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé*" by the General Meeting of the Shareholders on December 10, 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remain independent of the Company in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*



Marco Crosetto, *Réviseur d'entreprises agréé*

Partner

Luxembourg, October 1, 2021

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Statement of the Board of Directors' responsibilities for the preparation and approval of annual accounts

For the year ended 30 June 2021

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Group may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Ukrainian economy.

We confirm that to the best of our knowledge and belief:

→ The annual accounts of Kernel Holding S.A. (the 'Company') presented in this Annual Report and established in accordance with Luxembourg legal and regulatory requirements under the historical cost convention give a true and fair view of the balance sheet, profit and loss accounts for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies; and

→ The Report of the Board of Directors includes a fair review of the development and performance of the business and position of the Company and the undertakings included, together with a description of the principal risks and uncertainties it faces.

1 October 2021

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors

Anastasiia Usachova

Director, Chief Financial Officer

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Balance sheet as at 30 June 2021

ASSETS			
	Notes	30.06.2021 USD	30.06.2020 USD
B. FORMATION EXPENSES		---	---
C. FIXED ASSETS		1,099,442,080.84	984,262,688.08
III. Financial assets	3	1,099,442,080.84	984,262,688.08
1. Shares in affiliated undertakings		1,099,442,063.56	984,262,639.08
5. Investments held as fixed assets		17.28	49.00
D. CURRENT ASSETS		749,174,881.32	961,494,415.64
II. Debtors	4	657,570,878.66	958,706,139.50
1. Trade debtors		12,408.17	---
a) becoming due and payable within one year		12,408.17	---
2. Amounts owed by affiliated undertakings		594,383,554.46	847,674,700.10
a) becoming due and payable within one year		26,923,917.67	154,752,348.67
b) becoming due and payable after more than one year		567,459,636.79	692,922,351.43
4. Other debtors		63,174,916.03	111,031,439.40
a) becoming due and payable within one year		56,198,916.03	103,305,439.40
b) becoming due and payable after more than one year		6,976,000.00	7,726,000.00
III. Investment		90,741,194.67	2,066,360.41
3. Other Investments	5	90,741,194.67	2,066,360.41
IV. Cash at bank and in hand		862,807.99	721,915.73
E. PREPAYMENTS	6	6,233,728.69	5,548,833.97
TOTAL ASSETS		1,854,850,690.85	1,951,305,937.69

Annual accounts for the year ended

30 June 2021

The accompanying notes form an integral part of the annual accounts

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Balance sheet as at 30 June 2021

LIABILITIES			
	Notes	30.06.2021 USD	30.06.2020 USD
A. CAPITAL AND RESERVES	7	969,249,325.08	1,061,656,765.78
I. Subscribed capital		2,218,928.64	2,218,928.64
II. Share premiums and similar premiums		507,069,043.22	507,069,043.22
IV. Reserves		221,893.00	216,374.01
1. Legal reserve		221,893.00	216,374.01
V. Profit or loss brought forward		552,146,900.92	185,210,923.84
VI. Profit or loss for the financial year		(57,114,324.10)	387,949,304.07
VII. Dividends		(35,293,116.60)	(21,007,808.00)
B. PROVISIONS	8	36,216,890.16	34,047,279.06
2. Provisions for taxation		---	---
3. Other provisions		36,216,890.16	34,047,279.06
C. CREDITORS	9	849,149,708.45	855,272,125.71
1. Debenture loans		828,491,608.48	822,225,068.32
b) Non convertible loans		828,491,608.48	822,225,068.32
i) becoming due and payable within one year		228,491,608.48	22,225,068.32
ii) becoming due and payable after more than one year		600,000,000.00	800,000,000.00
4. Trade creditors		1,139,207.15	798,640.79
a) becoming due and payable within one year		1,139,207.15	798,640.79
6. Amounts owed to affiliated undertakings		18,097,207.72	31,227,732.98
a) becoming due and payable within one year		18,097,207.72	31,227,732.98
8. Other creditors		1,421,685.10	1,020,683.62
a) tax authorities		1,405,379.85	989,391.11
b) social securities authorities		123.71	215.69
c) other creditors		16,181.54	31,076.82
i) becoming due and payable within one year		20,003.58	34,898.86
ii) becoming due and payable after more than one year		(3,822.04)	(3,822.04)
D. DEFERRED INCOME	10	234,767.16	329,767.14
TOTAL LIABILITIES		1,854,850,690.85	1,951,305,937.69

Annual accounts for the year ended

30 June 2021

The accompanying notes form an integral part of the annual accounts

KERNEL HOLDING S.A.

9, rue de Bitbourg
L-1273 Luxembourg
R.C.S. Luxembourg B 109173

Profit and loss account for the year ended 30 June 2021

PROFIT AND LOSS ACCOUNT			
	Notes	From 01/07/2020 to 30/06/2021	From 01/07/2019 to 30/06/2020
		USD	USD
4. OTHER OPERATING INCOME	3	209,535.66	398,946,196.78
5. RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES		(6,832,042.62)	(5,364,352.35)
b) Other external expenses	11/15	(6,832,042.62)	(5,364,352.35)
6. STAFF COSTS	12	(5,344.86)	(4,517.25)
a) Wages and salaries		(4,607.68)	(3,905.79)
b) Social security costs		(564.13)	(489.59)
c) Other staff costs		(173.05)	(121.87)
8. OTHER OPERATING EXPENSES	14	(4,312,160.35)	(129,273,114.14)
9. INCOME FROM PARTICIPATING INTERESTS		35,111,724.79	137,258,535.50
a) derived from affiliated undertakings	3	35,111,724.79	137,258,535.50
b) other income from participating interests		---	---
10. INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS		717,543.31	---
a) derived from affiliated undertakings		---	---
b) other income not included under a)		717,543.31	---
11. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		61,198,097.11	62,063,507.16
a) derived from affiliated undertakings	4	27,513,529.57	62,017,808.80
b) other interest and similar income		33,684,567.54	45,698.36
13. VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS	3	(49,946,062.88)	(15,626,008.85)
14. INTEREST PAYABLE AND SIMILAR EXPENSES		(93,249,796.78)	(59,946,596.40)
b) other interest and similar expenses	9	(93,249,796.78)	(59,946,596.40)
15. TAX ON PROFIT OR LOSS	4	---	(115,400.43)
16. PROFIT OR LOSS AFTER TAXATION		(57,108,506.62)	387,938,250.02
17. OTHER TAXES NOT SHOWN UNDER ITEMS 1 TO 16		(5,817.48)	11,054.05
18. PROFIT OR (LOSS) FOR THE FINANCIAL YEAR		(57,114,324.10)	387,949,304.07

Annual accounts for the year ended

30 June 2021

The accompanying notes form an integral part of the annual accounts

KERNEL HOLDING S.A.

9, rue de Bitbourg
L-1273 Luxembourg
R.C.S. Luxembourg B 109173

Notes to the annual accounts as at 30 June 2021

Note 1 – General information

Kernel Holding S.A. (the “Company”) was incorporated on 15 June 2005 and organized under the laws of Luxembourg in the form of a “Société Anonyme” (“S.A.”) for an unlimited period of time.

Effective 12 April 2013, its registered office is established at 19, rue de Bitbourg, L-1273 Luxembourg.

On 8 February 2021, the Company has transferred its registered office to 9, rue de Bitbourg, L-1273 Luxembourg.

The Company’s financial year starts on 1 July and ends on 30 June of each year.

The Company’s object is the acquisition, the management, the enhancement and the disposal of participations in whichever form in domestic and foreign companies.

The Company may also contract loans and grant all kinds of support, loans, advances and guarantees to companies, in which it has a direct or indirect participation or which are members of the same group.

It may open branches in Luxembourg and abroad. Furthermore, the Company may acquire and dispose of all other securities by way of subscription, purchase, exchange, sale or otherwise.

It may also acquire, enhance and dispose of patents and licenses, as well as rights deriving therefrom or supplementing them.

In addition, the Company may acquire, manage, enhance and dispose of real estate located in Luxembourg or abroad.

The Company is the holding company for a group of entities which together form the Kernel Group. The subsidiaries of the Kernel Group own assets primarily in Ukraine and Russian Federation and operate across the agricultural value chain.

On the basis of the offering prospectus (the “Prospectus”) approved on 25 October 2007 by the Commission de Surveillance du Secteur Financier, shares in the Company were offered to investors in the offering consisting of a public offering in Poland and an international offering by way of private placements to selected institutional investors in certain jurisdictions outside of Poland.

On 23 November 2007, the Company was listed on the Warsaw Stock Exchange (“WSE”).

On 27 June 2008, an additional 5,400,000 ordinary bearer shares of the Company were admitted to trading on the main market of the WSE.

On 3 June 2010, the Company issued 4,450,000 new shares, thereby increasing the Company’s share capital by USD 117,506.70, to a total amount of USD 1,932,681.54. Following the issuance of new shares, Kernel’s share capital was divided into 73,191,000 shares without indication of a nominal value, giving right to 73,191,000 voting rights at the General Meeting of the Company.

On 5 January 2011, the Company issued 483,410 new shares without indication of a nominal value. All of the newly issued shares were subscribed to by a stock option beneficiary under the Management and Incentive Plan. The issued price was PLN 24 per share. As a result of the increase, the Company’s share capital was increased by an amount of USD 12,764.92 and set at USD 1,945,446.46 divided into 73,674,410 shares without indication of a nominal value.

On 4 August 2011, the Company issued 6,009,000 new shares without indication of a nominal value. 5,400,000 newly issued shares have been subscribed by Namsen Limited, a company registered at 13, Agiou Prokopiou Street, Cyprus. The remaining newly issued shares have been subscribed by holders of stock options issued in connection with the Company’s management incentive plan. As a result of the increase, the Company’s share capital was set at USD 2,104,120.11 divided into 79,683,410 shares without indication of a nominal value.

Annual accounts for the year ended

30 June 2021

KERNEL HOLDING S.A.

9, rue de Bitbourg
L-1273 Luxembourg
R.C.S. Luxembourg B 109173

Notes to the annual accounts as at 30 June 2021

Note 1 – General information (continued)

On 1 December 2016, the Company issued 1,017,820 new shares without indication of a nominal value. 439,410 newly issued shares have been subscribed by Crouston Investments Limited. 458,410 newly shares have been subscribed by Sayfon Investments Limited. 60,000 newly shares have been subscribed by Avalis Limited. 60,000 newly shares have been subscribed by Kopfer & Co. As a result of the increase, the Company's share capital was increased by an amount of USD 26,876.55 and set at USD 2,130,996.66 divided into 80,701,230 shares without indication of a nominal value.

On 9 June 2017, the Company issued 1,240,000 new shares without indication of a nominal value. 40,000 newly issued shares have been subscribed by Bright Stone Inc. 40,000 newly issued shares have been subscribed by NLG Group Inc. 270,000 newly issued shares have been subscribed by Sayfon Investments Limited. 120,000 newly issued shares have been subscribed by Crouston Investments Limited. 300,000 newly issued shares have been subscribed by Jailbait Investments Limited. 300,000 newly issued shares have been subscribed by Emmark Capital Ltd. 50,000 newly issued shares have been subscribed by Everest Solutions Ltd. 60,000 newly issued shares have been subscribed by Kopfer & Co Ltd. 60,000 newly issued shares have been subscribed by Avalis Limited. As a result of the increase, the Company's share capital was increased by an amount of USD 32,743.44 and set at USD 2,163,740.10 divided into 81,941,230 shares without indication of a nominal value.

On 19 December 2019, the Company issued 2,090,000 new shares without indication of a nominal value. 810,000 newly issued shares have been subscribed by Navagio Limited. 360,000 newly issued shares have been subscribed by Crouston Investments Limited. 300,000 newly issued shares have been subscribed by Jailbait Investments Limited. 180,000 newly issued shares have been subscribed by Kopfer & Co Ltd. 180,000 newly issued shares have been subscribed by Avalis Limited. 150,000 newly issued shares have been subscribed by Sungear Trade Limited. 60,000 newly issued shares have been subscribed by Bright Stone Inc. 50,000 newly issued shares have been subscribed by Everest Solutions Ltd. As a result of the increase, the Company's share capital was increased by an amount of USD 55,188.54 and set at USD 2,218,928.64 divided into 84,031,230 shares without indication of a nominal value.

As at 30 June 2020 and 2021, the Company's shares are allocated as follows: 39.16% held by Namsen Limited Liability Company, and 60.84% are in free-float.

The Company also prepares consolidated financial statements which are published on the basis of the law dated 10 August 1915, as amended. The consolidated annual report of the Company for the year ended 30 June 2021 available at the Company website, <http://www.kernel.ua>.

Note 2 – Significant accounting policies

2.1 General principles

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002 and 10 December 2010, determined and applied by the Board of Directors.

The preparation of these annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise significant judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the annual accounts as at 30 June 2021

Note 2 – Significant accounting policies (continued)

2.2 Comparative figures

In accordance with the Luxembourg commercial law and the publication of the Grand-Ducal regulation of 12 September 2019 defining the content of the standard chart of accounts referred to in article 12 of the Commercial Code, the comparative figures in the current year report have been reclassified in order to comply with the new balance sheet and profit and loss presentation required in the new Luxembourg standard of accounts effective for the financial years beginning on or after 1 January 2020. These reclassifications did not have impact on the net equity and profit or loss of the year ended 31 December 2019.

Due to the legal amendment on the standard chart of accounts, the balances of the prior account “6681 – Penalties on markets and forfeits paid on purchases and sales” has been reclassified to the new account “6481 – Fines, sanctions and penalties” (2021: USD 2,169,764.93; 2020: USD 2,175,555.24). Therefore, the disclosure classification in the profit and loss table, in the notes to the annual accounts, has been moved from ‘Other external expenses’ to ‘Other operating expenses’.

Moreover, USD 99,045,348.78 in relation to income from shares in affiliated undertakings generated for the FY 2020, previously disclosed under ‘Other operating expenses’ has been moved to ‘Income from participating interests’.

In addition, USD 15,441,618.61 in relation to value adjustments on shares in affiliated undertakings for the FY 2020, previously disclosed under ‘Other operating expenses’ has been moved to ‘Value adjustments in respect of financial assets and of investments held as current assets’.

2.3 Significant accounting policies

The following are the significant accounting policies and valuation rules adopted by the Company in the preparation of these annual accounts.

2.3.1 Financial assets

Historical cost model

Shares in affiliated undertakings and shares in undertakings with participating interests are valued at the lower of the purchase price including the expenses incidental thereto or the market value. Investments held as fixed assets (“Investments”) shown under “Financial assets” are recorded at their nominal value. A value adjustment is recorded where the market value of the Investments is lower than the purchase price or nominal value, and also when it is considered to be a permanent difference. The probable market or recovery value estimated with due care and in good faith by the Board of Directors, without set-off of individual gains and losses in value, for unlisted securities that are not traded on another regulated market.

Market value/recovery value corresponds to:

The last available quote on the valuation day for securities listed on a stock exchange or dealt in on another regulated market;

The probable market or recovery value estimated with care and in good faith by the Board of Directors, without compensation between individual gains and losses in value, for unlisted securities or securities that are not dealt in on another regulated market, for securities listed on a stock exchange or dealt in on another regulated market where the latest quote is not representative as well as for the loans shown under “Assets”.

2.3.2 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Notes to the annual accounts as at 30 June 2021

Note 2 – Significant accounting policies (continued)

2.3.3 Investments

Transferable securities are valued at the lower of the purchase price including the expenses incidental thereto or at the market value. The market value or recovery value corresponds to:

- For securities listed on a stock exchange or traded on another regulated market, the fair value is based on the last available quote.
- For unlisted securities or securities that are not traded on another regulated market or where the last quote is not representative, the fair value is based from the most probable market value estimated with due care and in good faith by the Board of Directors.

2.3.4 Cash at bank and in hand

Cash is valued at its nominal value.

2.3.5 Foreign currency translation

The Company maintains its books and records in United-States dollar ("USD"). The balance sheet and the profit and loss account are expressed in USD.

Transactions expressed in currencies other than USD are translated into USD using the exchange rates prevailing at the dates of the transactions.

Financial assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at their historical exchange rates.

Cash at bank and in hand are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realization.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized loss is recorded in the profit and loss account and the net unrealized gains are not recognized.

Assets and liabilities items which are fair valued are converted at the exchange rates effective at the balance sheet date. Foreign exchange differences on those items which are accounted at fair value are recognized in the profit and loss account or revaluation reserves with the change in fair value.

2.3.6 Prepayments

Prepayments include expenditure items incurred during the financial year but relating to a subsequent financial year.

Loan issue costs included as part of prepayments is capitalized and amortized to the profit and loss account over the period of the related loan.

2.3.7 Provisions

Provisions are intended to cover losses or debts which originate in the financial year under review or in the previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date they will arise.

KERNEL HOLDING S.A.

9, rue de Bitbourg
L-1273 Luxembourg
R.C.S. Luxembourg B 109173

Notes to the annual accounts as at 30 June 2021**Note 2 – Significant accounting policies** (continued)

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Creditors becoming due and payable within one year". The advance payments are shown in the assets of the balance sheet under the "Debtors becoming due and payable within one year" item.

2.3.8 Creditors

Debts are valued at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

2.3.9 Deferred income

Deferred income includes income items received during the financial year but relating to a subsequent financial period.

Note 3 – Financial assets

For assets following the historical cost model the movements of the year are as follows:

	Share in affiliated undertakings USD	Investments held as fixed assets USD	Total 2021 USD
Gross book value – opening balance	987,773,602.17	49.00	987,773,651.17
Additions for the year	165,065,000.00	-	165,065,000.00
Disposals for the year	(12,621.75)	-	(12,621.75)
Transfers for the year	-	-	-
Gross book value – closing balance	1,152,825,980.42	49.00	1,152,826,029.42
Accumulated value adjustment – opening balance	(3,510,963.09)	-	(3,510,963.09)
Allocation for the year	(49,946,031.16)	(31.72)	(49,946,062.88)
Reversals for the year	73,077.39	-	73,077.39
Transfers for the year	-	-	-
Accumulated value adjustment – closing balance	(53,383,916.86)	(31.72)	(53,383,948.58)
Net book value – opening balance	984,262,639.08	49.00	984,262,688.08
Net book value – closing balance	1,099,442,063.56	17.28	1,099,442,080.84

KERNEL HOLDING S.A.

9, rue de Bitbourg
L-1273 Luxembourg
R.C.S. Luxembourg B 109173

Notes to the annual accounts as at 30 June 2021

Note 3 – Financial assets (continued)

During the year ended 30 June 2021, the Etrecom Investments Limited issued and allotted additional ordinary shares. In fact, the increase in authorized capital of Etrecom Investments Limited was conducted in two stages: 4th August 2020 by 42,640,287 fully paid ordinary shares totaling EUR 42,640,287.00 (equivalent to USD 50,000,000.00) and 25th September 2020 by 51,018,000 fully paid ordinary shares totaling EUR 51,018,000.00 (equivalent to USD 60,000,000.00). The payments of shares in full were settled in cash in several tranches.

On 30 September 2020, the Company sold 12.5 % participation holding in Avere Commodities S.A. for an amount of CHF 12,500.00 (equivalent to USD 12,621.75).

During the year ended 30 June 2021, the Company increased value of its participation interest through additional financial contributions to the authorized capital of the following companies:

- Prydniprovskiy Oliinoekstraktiyni LLC for an amount of UAH 1,120,000,000.00 (equivalent to USD 37,000,000.00) in accordance with the agreement dated 17 April 2020;
- Transgrainterminal LLC for an amount of UAH 405,377,916.67 (equivalent to USD 13,065,000.00) in accordance with the agreement dated 5 May 2020;
- Agro Logistics Ukraine LLC for an amount of UAH 140,110,000.00 (equivalent to USD 5,000,000.00) – agreement dated 20 August 2020.

As at 30 June 2021, considering the financial situation of some subsidiaries, the management decided to record the following impairments and reversals of value adjustment:

- USD 46,887,444.32 in relation to its participation held in Etrecom Investments Limited reducing the net book value of investment from USD 273,901,524.95 to USD 227,014,080.63.
- USD 193,221.27 in relation to its participation held in Cherkaskiy, Public Joint Stock Company reducing the net book value of investment from USD 680,010.69 to USD 486,789.42.
- USD 2,745,087.17 in relation to its participation held in Transgrainterminal Investments reducing the net book value of investment from USD 13,065,000.00 to USD 10,319,912.83.
- USD 31.72 in relation to its participation held in Transbulkterminal LLC reducing the net book value of investment from USD 49.00 to USD 17.28.
- USD 120,278.40 in relation to its participation held in Bilovodskiy Kombinat Khliboprodyktiv reducing the net book value of investment from USD 4,029,326.40 to USD 3,909,048.00.
- USD 73,077.39 in relation to its participation held in Avere Commodities has been reversed considering the net assets of the subsidiary.

The Company performed impairment testing of investment in Kernel Trade LLC considering its direct and indirect ownership. Accordingly, the calculation of net asset value of Kernel Trade LLC exceeded its net balance value as of 30 June 2021, so no impairment indication was identified.

Notes to the Annual accounts for the year ended 30 June 2021
Note 3 – Financial assets (continued)

Undertakings in which the Company holds a percentage in their share capital or in which it is a general partner are as follows:

Name of undertakings	Registered office	Ownership %	Last balance sheet date	Currency	Net equity at the balance sheet date (unaudited)	Currency	(Loss)/Profit the last financial year (unaudited)	Currency	Net Book Value
Inerco Trade S.A.	Rue Jules Gachet 9, CH1260 Nyon, Switzerland	100.00%	30.06.2021	USD	\$ 166,249,000.00	USD	\$ (22,778,000.00)	USD	\$ 3,532,673.50
Kernel Capital LLC	3 Tarasa Shevchenka lane, Kyiv, 01001 Ukraine	99.97%	30.06.2021	USD	\$ 361,275,016.05	USD	\$ (26,000.00)	USD	\$ 354,283,302.49
Kernel Trade LLC	3 Tarasa Shevchenka lane, Kyiv, 01001 Ukraine	15.87%	30.06.2021	USD	\$ 75,650,016.04	USD	\$ (58,373,000.00)	USD	\$ 231,867,105.22
Ukragrobusiness LLC	3 Tarasa Shevchenka lane, Kyiv, 01001 Ukraine	100.00%	30.06.2021	USD	\$ 338,461,000.00	USD	\$ (4,000.00)	USD	\$ 896,417.35
Estron Corporation Ltd	29A, Annis Komnini, P.C., 1061 Nicosia, Cyprus	100.00%	30.06.2021	USD	\$ (1,451,678.89)	USD	\$ (5,384,000.00)	USD	\$ 97,526,715.48
Etrecom Investments LTD	13, Agiou Prokopiou, 2406 Eghomi Cyprus	100.00%	30.06.2021	USD	\$ 227,014,080.63	USD	\$ (106,400,000.00)	USD	\$ 227,014,080.63
Bilovodskyi Kombinat Khiboprodyktiv	2, Bilovodska Street, Romny district, Sumy region, Bilovod village, 42065, Ukraine	91.12%	30.06.2021	USD	\$ 3,909,048.00	USD	\$ 19,000.00	USD	\$ 3,909,048.00
Avere Commodities SA	15 bis Rue des Alpes, 1201 Geneva, Switzerland	60.00%	30.06.2021	USD	\$ 200,151,600.00	USD	\$ 302,493,000.00	USD	\$ 60,455.64
Filstar Limited	Prosfygon, 4, Agia Varvara, 2560, Nicosia, Cyprus	100.00%	30.06.2021	USD	\$ (20,014.00)	USD	\$ (4,000.00)	USD	\$ -
Prydniprovskiy Krai ALLC	52/3 Obuhova str, Zolotonosha, Cherkas'ka region, 19700 Ukraine	99.99%	30.06.2021	USD	\$ 103,168,865.13	USD	\$ 42,979,000.00	USD	\$ 7,512,088.26
Chorna Kamianka LLC	20144, Cherkasy region, Mankivsky district, Pominik village, STREET Molodizna, house 1	99.99%	30.06.2021	USD	\$ -	USD	\$ -	USD	\$ 6,215,549.01
Agroservice LLC	66410, Odessa region, Ananyev district, village Stallions, STREET PRYOKZALNA, building 4	99.99%	30.06.2021	USD	\$ -	USD	\$ -	USD	\$ 1,170,213.96

Sub-total \$ 933,987,649.54

KERNEL HOLDING S.A.

R.C.S. Luxembourg B 109173

Notes to the Annual accounts for the year ended 30 June 2021**Note 3 – Financial assets (continued)**

Name of undertakings	Registered office	Ownership %	Last balance sheet date	Currency	Net equity at the balance sheet date (unaudited)	Currency	(Loss)/Profit the last financial year (unaudited)	Currency	Net Book Value
Ahrofirma Khliborob LLC	Nalyvayka, Holovanivs'kyi district, Kirovohrads'ka region, 26512 Ukraine	99.99%	30.06.2021	USD	\$ 104,104,753.34	USD	\$ 32,067,000.00	USD	\$ 12,504,851.06
Hovtva Agricultural LLC	38400, Poltava oblast, Reshetilovsky district, Reshetilovka city, POLTAVSKA STREET, building 96	99.99%	30.06.2021	USD	\$ 65,083,006.04	USD	\$ 26,952,000.00	USD	\$ 4,478,278.36
Enselco Agro LLC	59 Tsentra'na str, Sakhnivtsi, Starokostiantynivs'kyi district, Khmelnytskyi region, 31134 Ukraine	99.99%	30.06.2021	USD	\$ 197,560,242.00	USD	\$ 109,954,000.00	USD	\$ 742,196.36
Urozhai Agricultural LLC	26543, Kirovogradoblast, Golovanivskiy district, the village Moldovka	99.99%	30.06.2021	USD	\$ -	USD	\$ -	USD	\$ 2,740,328.51
Druzhba-Nova Agricultural LLC	59 Komarova str., Varva, Varvynskyi district, Chernihiv region, 17600 Ukraine	100.00%	30.06.2021	USD	\$ 316,574,401.58	USD	\$ 149,065,000.00	USD	\$ 76,452,610.43
Agropolis LLC	1 Ivana Franka str, Zavods'ke, Chortkivs'kyi district, Ternopil's'ka region, 48523 Ukraine	99.93%	30.06.2021	USD	\$ 31,648,830.30	USD	\$ 19,842,000.00	USD	\$ 346,464.80
Cherkaskyi Public Joint Stock Company	Retsyukivshchyna, Drabivs'kyi district, Cherkas'ka region, 19836 Ukraine	65.08%	30.06.2021	USD	\$ 486,789.42	USD	\$ (5,008,000.00)	USD	\$ 486,789.42
Mriia Agricultural LLC	Petrivka, Krasnohrads'kyi district, Kharkivs'ka region, 63340 Ukraine	99.97%	30.06.2021	USD	\$ 39,781,062.10	USD	\$ 18,486,000.00	USD	\$ 9,361,531.52
Ahro Lohistyka Ukraina LLC	24 Pavlenkivska square, Poltava, Poltava region, 36014 Ukraine	100.00%	30.06.2021	USD	\$ 6,231,000.00	USD	\$ 1,910,000.00	USD	\$ 5,006,000.00
Starokostiantynivskiy OEZ LLC	31100, Khmelnytskyi oblast, Starokostiantyniv city, VESNYANSKE SHOSE STREET, building 5	99.94%	30.06.2021	USD	\$ 52,345,944.66	USD	\$ (829,000.00)	USD	\$ 6,015,450.73
Prydniprovskiy Oliioekstraktsiyni Zavod LLC	Murmanska street, building 53, Kropyvnytskyi city, Kirovohrad oblast, 25014	71.27%	30.06.2021	USD	\$ 64,794,471.39	USD	\$ (4,345,000.00)	USD	\$ 37,000,000.00
Transgrainterminal Investments	Odessa region, Chernomorsk city, Transportna street, house 44	58.91%	30.06.2021	USD	\$ 10,319,912.83	USD	\$ (3,142,000.00)	USD	\$ 10,319,912.83
JV TransBulkTerminal LLC	Ukraine, 68000, Odesskaya district, city Illichivsk, 58, Sukhomlinskaya str.	<0.01%	30.06.2021	USD	\$ 17.28	USD	\$ 1,686,000.00	USD	\$ 17.28

Sub-total \$ 165,454,431.30

Total **\$ 1,099,442,080.84**

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors

Debtors are mainly composed of:

	becoming due and payable within one year USD	becoming due and payable after more than one year USD	Total 30.06.2021 USD	Total 30.06.2020 USD
Amounts owed by affiliated undertakings	26,923,917.67	567,459,636.79	594,383,554.46	847,674,700.10
Loan to affiliated undertakings (direct shareholding)	24,765,858.52	337,431,328.04	362,197,186.56	529,390,790.30
Loan to affiliated undertakings (indirect shareholding)	2,130,952.48	230,028,308.75	232,159,261.23	317,976,137.48
Current receivable from affiliated undertakings (direct shareholding)	27,106.67	---	27,106.67	62,218.38
Current receivable from affiliated undertakings (indirect shareholding)	---	---	---	245,553.94
Trade debtors	12,408.17	---	12,408.17	---
Receivable - Thompson Coburn	12,408.17	---	12,408.17	---
Other debtors	56,198,916.03	6,976,000.00	63,174,916.03	111,031,439.40
Receivable - Khmelnytskhhleboproduct - 24,9% *	---	3,124,794.37	3,124,794.37	3,124,794.37
Receivable - Stiomi - Holding 24,9% *	---	2,851,205.63	2,851,205.63	2,851,205.63
Receivable from Starokonstantynivskyi	---	---	---	29,000,000.00
Contribution advances to Transgrainterminal	---	---	---	36,000,000.00
Contribution advances to Prydniprovskyi Zavod LL	---	---	---	37,000,000.00
Contribution advances to Starokonstantynivskyi Oliioekstraktsiinyi Zavod	54,188,730.00	---	54,188,730.00	---
Loan to third party	768,986.30	1,000,000.00	1,768,986.30	1,753,986.31
VAT receivable	1,207,246.88	---	1,207,246.88	1,284,611.35
Advance Net Wealth Tax 2020	5,390.39	---	5,390.39	5,390.39
Receivable from third party	28,562.46	---	28,562.46	11,451.35
Total	83,135,241.87	574,435,636.79	657,570,878.66	958,706,139.50

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors (continued)

Loans to affiliated undertakings (direct shareholding)	Interest Rate %	Maturity	Currency	Interest Income for the year ending 30.06.21	Accrued Interest 30.06.21	Outstanding Principal 30.06.21	Accrued Interest 30.06.20	Outstanding Principal 30.06.20
Kernel Trade LLC (Contract 1)	8.75%	31/03/2021	USD	845,974.28	---	---	551,250.00	18,900,000.00
Kernel Trade LLC (Contract 2)	8.75%	31/03/2021	USD	1,290,560.74	---	---	726,250.00	24,900,000.00
Kernel Trade LLC (Contract 3)	8.75%	31/03/2021	USD	1,349,725.12	---	---	726,250.00	24,900,000.00
Kernel Trade LLC (Contract 4)	8.75%	31/03/2021	USD	1,410,807.31	---	---	726,250.00	24,900,000.00
Kernel Trade LLC (Contract 5)	8.75%	31/03/2021	USD	869,812.22	---	---	431,666.66	14,800,000.00
Kernel Trade LLC (Contract 7)	8.75%	31/03/2021	USD	416,459.54	---	---	201,250.00	6,900,000.00
Kernel Trade LLC - Credit Line	7.50%	15/10/2021	USD	11,202,186.37	16,780,355.57	149,568,493.15	5,578,169.20	149,568,493.15
Avere Commodities S.A.	5.00%	31/12/2020	USD	11,585.53	---	---	3,065,893.98	16,462,677.22
Etrecom Investment Limited	9.80%	31/12/2022	USD	226,428.98	1,548,337.60	2,310,500.00	1,321,908.62	2,310,500.00
Etrecom Investment Limited	6.80%	31/12/2022	USD	2,380,000.00	4,231,835.63	35,000,000.00	1,851,835.63	35,000,000.00
Inerco Trade S.A. (#1)	8.75%	31/12/2022	USD	1,080,500.59	82,515.99	1,739,391.20	732,977.39	57,404,831.20
Inerco Trade S.A. (#17/10)	6.50%	31/12/2022	USD	4,356,650.31	1,127,981.29	76,889,464.82	1,014,694.80	87,660,000.00
Inerco Trade S.A. (#10/12)	6.50%	31/05/2023	USD	2,658,840.67	994,832.44	71,923,478.87	488,595.20	42,210,000.00
Inerco Trade S.A. (#19/03)	1.25%	31/12/2021	EUR	6,589.29	---	---	100,177.25	5,957,120.00
				28,106,120.95	24,765,858.52	337,431,328.04	17,517,168.73	511,873,621.57

Loans to affiliated undertakings (indirect shareholding)	Interest Rate %	Maturity	Currency	Interest Income for the year ending 30.06.21	Accrued Interest 30.06.21	Outstanding Principal 30.06.21	Accrued Interest 30.06.20	Outstanding Principal 30.06.20
Avere Commodities Asia Pte. Ltd.	5.00%	31/12/2020	USD	---	---	---	41,479.46	---
Avere Commodities International	5.00%	N/A	USD	96,438.36	---	---	---	---
Restomon Limited (Inerco)	9.80%	31/12/2022	USD	18,427,779.96	1,432,725.21	164,619,109.34	3,098,386.42	189,178,829.96
Restomon Limited 21.12.2020	7.00%	N/A	USD	1,151,325.92	---	---	---	---
Restomon Limited 23.10.2020	6.75%	31/10/2020	USD	110,692.60	---	---	---	---
Restomon Limited 28.01.2021	7.00%	31/12/2022	USD	753,720.98	---	---	---	---
Restomon Limited (Jerste)	9.80%	31/12/2022	USD	10,457,326.15	698,227.27	65,409,199.41	2,024,864.52	123,632,577.12
				30,997,283.97	2,130,952.48	230,028,308.75	5,164,730.40	312,811,407.08

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors (continued)

Loan to third party	Interest Rate %	Maturity	Currency	Interest Income for the year ending 30.06.21	Accrued Interest 30.06.21	Outstanding Principal 30.06.21	Accrued Interest 30.06.20	Outstanding Principal 30.06.20
Emmark Capital	9.50%	20/12/2023	USD	94,999.98	---	1,000,000.00	---	1,000,000.00
Emmark Capital	2.00%	31/03/2022	USD	14,999.99	18,986.30	750,000.00	3,986.31	750,000.00
				109,999.97	18,986.30	1,750,000.00	3,986.31	1,750,000.00

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors (continued)

Loans to affiliated undertakings (direct shareholding)

Kernel Trade LLC (Contract 1)

During the financial year, the Company has received, aggregate repayments for loan principal amounting to USD 18,900,00.00 and for accrued interest amounting to USD 1,397,224.07.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 845,974.28.

Kernel Trade LLC (Contract 2)

During the financial year, the Company has received, aggregate repayments for loan principal amounting to USD 24,900,000.00 and for accrued interest amounting to USD 2,016,810.74.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 1,290,560.74.

Kernel Trade LLC (Contract 3)

During the financial year, the Company has received, aggregate repayments for loan principal amounting to USD 24,900,000.00 and for accrued interest amounting to USD 2,075,975.12.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 1,349,725.05.

Kernel Trade LLC (Contract 4)

During the financial year, the Company has received, aggregate repayments for loan principal amounting to USD 24,900,000.00 and for accrued interest amounting to USD 2,137,057.31.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 1,410,807.31.

Kernel Trade LLC (Contract 5)

During the financial year, the Company has received, aggregate repayments for loan principal amounting to USD 14,800,000.00 and for accrued interest amounting to USD 1,301,478.88.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 869,812.22.

Kernel Trade LLC (Contract 7)

During the financial year, the Company has received, aggregate repayments for loan principal amounting to USD 6,900,000.00 and for accrued interest amounting to USD 617,709.94.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 416,459.54.

Kernel Trade LLC – Credit Line

As at 30 June 2021, the outstanding loan balance is that of USD 149,568,493.15 and the interest income for the year amounted to USD 11,202,186.37.

Avere Commodities S.A.

During the financial year, the Company has received aggregate repayments amounting to USD 28,087,479.51, out of which USD 25,010,000.00 was for the remaining principal and USD 3,077,479.51 for the accrued interest.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 11,585.53.

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors (continued)

Etrecom Investment Limited

As at 30 June 2021, the outstanding loan balance is in total amount of USD 39,231,835.63, whereas principal amount is USD 35,000,000.00 and interest receivable is USD 4,231,835.63. The interest income for the year amounted to USD 2,380,000.00.

Etrecom Investment Limited

As at 30 June 2021, the outstanding loan balance is in total amount of USD 3,858,837.60, whereas principal amount is USD 2,310,500.00 and interest receivable is USD 1,548,337.60. The interest income for the year amounted to USD 226,428.98.

Inerco Trade S.A. (#1)

During the financial year, the Company made advances for an aggregate amount of USD 17,000,000.00. Moreover, an aggregate amount of USD 72,665,440.00 was repaid back to the Company. Also, during the year, an aggregate amount of USD 1,730,962.00 was received as interest repayment.

As at 30 June 2021, the outstanding loan balance is that of USD 1,739,391.20 and the interest income for the year amounted to USD 1,080,500.30.

Inerco Trade S.A. (#17/10)

During the financial year, the Company made advances for an aggregate amount of USD 40,700,000.00. Moreover, an aggregate amount of USD 51,470,535.18 was repaid back to the Company. Also, during the year, an aggregate amount of USD 4,243,363.72 in relation to accrued interest was settled, out of which USD 1,435,338.90 was netted off against an interest payment due for the Guaranteed Notes – 8.75% Eurobonds (31 January 2017), whereas the remaining settlement was done in cash.

As at 30 June 2021 the outstanding loan balance is that of USD 76,889,464.82 and the interest income for the year amounted to USD 4,356,650.21.

Inerco Trade S.A. (#10/12)

During the financial year, the Company made advances for an aggregate amount of USD 45,700,000.00. Moreover, an aggregate amount of USD 18,139,124.54 was settled, out of which USD 15,986,521.13 was for loan principal and USD 2,152,603.41 was for accrued interest. The aggregate amount of USD 12,350,124.54 has been netted off against an interest payment due for the Guaranteed Notes – 8.75% Eurobonds (31 January 2017), whereas, the remaining settlement was done in cash.

As at 30 June 2021 the outstanding loan balance is that of USD 71,923,478.87 and the interest income for the year amounted to USD 2,658,840.67

Inerco Trade S.A. (#19/03)

On 29 July 2020, the Company settled all of its outstanding loan for an aggregate amount of EUR 5,957,846.00 (USD 6,985,574.44), out of which EUR 5,860,710.00 (USD was for the loan principal and EUR 97,136.00 (USD 113,891.96) was for the accrued interest. The aggregate payment of EUR 5,957,846.00 (USD 6,985,574.44) has been netted off against an interest payment due for the Guaranteed Notes – 8.75% Eurobonds (31 January 2017).

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 6,589.29.

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors (continued)

Loans to affiliated undertakings (indirect shareholding)

Avere Commodities International and Avere Commodities Asia Pte. Ltd.

During the financial year, the Company has received USD 96,438.36 and USD 41,479.46 as a final interest repayments.

As at 30 June 2021, the outstanding principal and interest balances are fully repaid by both .

Restomon Limited #21-12

On 21 December 2020, the Company, as a “Lender”, entered into a new loan agreement #21-12 with Restomon Limited. During the financial year, the Company made advances for an aggregate amount of USD 100,000,000.00 and all of the USD 100,000,000.00 were repaid back to the Company. Also during the year, the Company received interest repayments for an aggregate amount of USD 1,151,325.92.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 1,151,325.92.

Restomon Limited #23/10

On 23 October 2020, the Company, as a “Lender”, entered into a new loan agreement #23/10 with Restomon Limited for an amount of USD 300,000,000.00. During the financial year, the Company made an advance for an amount of USD 299,280,000.00 and received full repayment of the outstanding loan for an aggregate amount of USD 299,390,692.60, out of which USD 299,280,000.00 was for loan principal and USD 110,692.60 was for interest.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 110,692.60.

Restomon Limited #28-01

On 28 January 2021, the Company, as a “Lender”, entered into a new loan agreement #28-01 with Restomon Limited. During the financial year, the Company made advances for an aggregate amount of USD 65,000,000.00 and all of the USD 65,000,000.00 were repaid back to the Company. Also during the year, the Company received interest repayments for an aggregate amount of USD 753,720.98.

As at 30 June 2021, the loan principal is fully repaid and the interest income for the year amounted to USD 753,720.98.

Restomon Limited (Jerste)

During the financial year, the Company has received loan principal repayments for an aggregate amount of USD 58,223,377.71, out of which USD 30,772,757.98 was a set-off against the dividend distributed to the shareholders.

In addition, the Company also received interest payments of an aggregate amount of USD 11,783,963.40, out of which USD 562,713.20 was a set-off against the dividend distributed to the shareholders.

As at 30 June 2021 the outstanding loan balance is that of USD 65,409,199.41 and the interest income for the year amounted to USD 10,457,326.15.

Notes to the annual accounts for the year ended 30 June 2021

Note 4 – Debtors (continued)

Restomon Limited (Inerco)

During the financial year, the Company received loan repayments for an aggregate amount of USD 44,653,161.79, out of which USD 24,559,720.62 was for loan principal and USD 20,093,441.17 was for accrued interest. The accrued interest settlement of USD 891,799.13 was set-off against the dividend distributed to the shareholders, whereas, the remaining settlement was done in cash.

As at 30 June 2021, the outstanding loan balance is that of USD 164,619,109.34 and the interest income for the year amounted to USD 18,427,779.96.

Loan to third party

Emmark Capital Ltd – 17th May 2018.

As at 30 June 2021, the outstanding loan balance is that of USD 1,000,000.00 and the interest income for the year amounted to USD 94,999.98.

Emmark Capital Ltd – 26th March 2020.

As at 30 June 2021 the outstanding loan balance is that of USD 750,000.00 and the interest income for the year amounted to USD 14,999.99.

Note 5 – Investments

Investments becoming due and payable within one year are composed of the following:

	30.06.2021 USD	30.06.2020 USD
Non-convertible loans		
Eurobonds - Guaranteed notes (Principal amount)	---	1,990,308.33
Eurobonds - Guaranteed notes (Accrued interest)	---	76,052.08
Listed debenture loans	90,741,194.67	---
Total	90,741,194.67	2,066,360.41

On 27 April 2020, the Company had purchased in its own name, 1,000 notes for an amount of USD 971,145.83, on the Irish stock exchange with ISIN code XS1533923238. The notes bore interest at a rate of 8.75% and were to mature on 31 January 2022.

On 31 July 2020, the Company received an interest payment on its notes held for an amount of USD 91,875.00.

On 22 September 2020, the Company sold off all of its 2,100 notes held in its own name, held at a value of USD 1,990,308.33, including also accrued interest of USD 26,541.47, for an aggregate amount of USD 2,237,841.67.

As at 30 June 2021, the interest income on the guaranteed notes amounted to USD 42,364.59 (30 June 2020: USD 30,552.08).

During the financial year, the Company traded in two different 'Investment certificates – Nominal Shares' investments. The Company purchased investment certificates with ISIN code UA4000125959 for an aggregate amount of USD 2,610,999.38 and sold off of USD 2,114,583.79 worth of investment certificates. Moreover, the Company purchased investment certificates with ISIN code UA4000179790 for an aggregate amount of USD 159,935,062.27 and sold off of USD 69,690,283.19 worth of investment certificates. In aggregate, for the year ending 30 June 2021, the Company made a loss on disposal on its investment certificates for an amount of USD 1,261,463.62.

Notes to the annual accounts for the year ended 30 June 2021

Note 6 – Prepayments

Prepayments are composed of:

	30.06.2021 USD	30.06.2020 USD
Eurobonds issuance fees	1,329,646.47	3,119,624.77
Eurobonds issuance fees - Amortisation	(1,174,521.06)	(2,131,743.62)
Eurobonds repayment premium	1,057,025.60	2,480,000.00
Eurobonds repayment premium - Amortisation	(933,705.94)	(1,694,666.67)
Issuance Cost/Discount - Eurobonds (\$300m)	4,234,732.33	4,234,732.33
Issuance Cost/Discount - Amortisation	(1,186,104.54)	(463,719.08)
Issuance Cost/Discount - Eurobonds issued 27.10.2020	3,039,419.17	---
Issuance Cost/Discount - Amortisation	(132,763.34)	---
Deferred Charges	---	4,606.24
Total	6,233,728.69	5,548,833.97

The above prepayments originate mainly from the issuance by the Company of new bonds. Please refer to Note 9.

Note 7 – Capital and Reserves

	Subscribed Capital USD	Share premiums and similar premiums USD	Legal reserve USD	Profit or loss brought forward USD	Result for the financial year USD	Dividends USD	Total USD
As at 30 June 2020	2,218,928.64	507,069,043.22	216,374.01	185,210,923.84	387,949,304.07	(21,007,808.00)	1,061,656,765.78
Movements for the year:							
• Allocation of prior year's result	---	---	5,518.99	366,935,977.08	(387,949,304.07)	21,007,808.00	---
• Profit for the year	---	---	---	---	(57,114,324.10)	---	(57,114,324.10)
• Dividend payments / allocation	---	---	---	---	---	(35,293,116.60)	(35,293,116.60)
As at 30 June 2021	2,218,928.64	507,069,043.22	221,893.00	552,146,900.92	(57,114,324.10)	(35,293,116.60)	969,249,325.08

The allocation of prior year's results was approved by the General Shareholders' Meeting of 10 December 2020.

Subscribed capital

The Company's share capital as at 30 June 2021 amounts to USD 2,218,928.64 divided into 84,031,230 shares without indication of a nominal value (30 June 2020: USD 2,218,928.64).

Share premium and similar premiums

The share premium account as at 30 June 2021 amounts to USD 507,069,043.22 (30 June 2020: USD 507,069,043.22).

Legal reserve

Under Luxembourg law, the Company is obliged to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve reaches 10% of the subscribed share capital. This reserve is not available for distribution.

During the annual general meeting held 10 December 2020, the board of directors approved allocation of USD 5,518.99 from the profit earned for the financial year ended 30 June 2020, to maintain a legal reserve of 10% of subscribed capital. As at 30 June 2021, the legal reserve amounts to USD 221,893.00 (30 June 2020: USD 216,374.01).

Note 7 – Capital and Reserves (continued)

Notes to the annual accounts for the year ended 30 June 2021

Dividends

On 10 December 2015, the Board of Directors announced the approval of the dividend policy, adopting the dividend per share approach (DPS). Starting from the FY 2015 results announcement, Kernel Holding S.A. maintains a sustainable annual dividend of USD 0.25 per share.

On 10 December 2020, the Company declared a dividend at USD 0.42 per ordinary share for the financial year ended 30 June 2020. The payment of the dividend has been done by a set-off against loan principal and interest receivables from Restomon Limited on 14 January 2021 (see Note 4).

Note 8 – Provisions

Provisions are made up as follows:

	30.06.2021 USD	30.06.2020 USD
Provision for liability (see Note 18)	36,216,890.16	34,047,279.06

During the financial year, the Company has increased the carrying amount of the provision for legal claims by USD 2,169,611.10 to USD 36,216,890.16 as of 30 June 2021. The increase from prior year relates to the accrued interest of 10% commencing on 27 February 2018. No payment has been made to the claimant pending the outcome of the challenge. For the details on the provision please see Note 18.

Note 9 – Creditors

Amounts due and payable for the accounts shown under “Creditors” are as follows:

	Due and payable within one year USD	Due and payable after one year and within five years USD	Total 30.06.2021 USD	Total 30.06.2020 USD
Non convertible loans	228,491,608.48	600,000,000.00	828,491,608.48	822,225,068.32
Eurobonds - Guaranteed notes (Principal amount)	213,110,000.00	600,000,000.00	813,110,000.00	800,000,000.00
Eurobonds - Guaranteed notes (Accrued interest)	15,381,608.48	---	15,381,608.48	22,225,068.32
Amounts owed to affiliated undertakings	18,097,207.72	---	18,097,207.72	31,227,732.98
Trade creditors	1,139,207.15	---	1,139,207.15	798,640.79
Tax authorities	1,405,379.85	---	1,405,379.85	989,391.11
Other creditors	16,305.25	---	16,305.25	31,292.51
Total	249,149,708.45	600,000,000.00	849,149,708.45	855,272,125.71

Notes to the annual accounts for the year ended 30 June 2021

Note 9 – Creditors (continued)

Non-convertible loans

In the table below presented aggregate information on guaranteed notes issued on the Irish stock exchange during 2017-2020 years and its principal amounts as at the reporting dates:

	Date of issuance	Maturity date	ISIN Code	30.06.2021 USD	30.06.2020 USD
Non convertible loans					
Guaranteed Notes - 8.75% Eurobonds	31 January 2017	31 January 2022	XS1533923238	213,110,000.00	500,000,000.00
Guaranteed Notes - 6.5% Eurobonds	17 October 2019	17 October 2024	XS2010040983	300,000,000.00	300,000,000.00
Guaranteed Notes - 6.75% Eurobonds	27 October 2020	27 October 2027	XS2244927823	300,000,000.00	---
Total				813,110,000.00	800,000,000.00

During the financial year, the Company has partially repaid for '8.75% Eurobonds' principal in total amount of USD 286,890,000.00. The repayment transaction was completed on 5 November 2020.

During the financial year, the Company also proceeded with interest payments for: '8.75% Eurobonds': USD 37,382,919.10, out of which USD 21,875,000.00 was netted off against loan principal and interest receivables from Inerco Trade S.A. (see Note 4) and the remaining USD 15,507,919.10 was settled in cash; '6. 5% Eurobonds': USD 19,500,000.00; and '6. 75% Eurobonds': USD 10,125,000.00.

For the year ended 30 June 2021, the interest expense on guaranteed notes in aggregate amounted USD 60,187,549.55 (2020: USD 57,495,901.65), whereas:

- USD 26,946,478.55 was accrued for the '8.75% Eurobonds' (2020: USD 43,750,000.00);
- USD 19,500,000.00 was accrued for the '6.5% Eurobonds' (2020: USD 13,745,901.65);
- USD 13,741,071.00 was accrued for the '6.75% Eurobonds' (2020: nil).

Note 10 – Deferred Income

Deferred income is made up as follows:

	30.06.2021 USD	30.06.2020 USD
Deferred accrued interest on loans - third party (see Note 4)	234,767.16	329,767.14

Notes to the annual accounts for the year ended 30 June 2021

Note 11 – Other external expenses

The other external expenses are composed as follows:

	2021 USD	2020 USD
Business trips expenses	(3,742,797.68)	-
Accounting and audit fees	(1,312,864.96)	(895,198.70)
Legal fees	(647,130.47)	(1,978,720.49)
Other insurances	(245,074.40)	(342,024.72)
Other fees	(244,551.80)	(321,356.71)
Account costs	(187,859.29)	(13,678.48)
Other fees- Arendt Services	(166,472.12)	(132,095.33)
Legal fees*	(70,037.95)	(238,311.23)
Contributions to professional associations	(36,776.77)	(33,971.85)
Rental of buildings	(22,717.13)	(20,926.55)
Tax advisory fees	(21,504.47)	(43,431.19)
Translation fees	(2,329.53)	(3,053.88)
Telephone and other telecommunication costs	(540.78)	(3,361.58)
Other sundry external charges	(131,385.27)	(1,338,221.64)
Total	(6,832,042.62)	(5,364,352.35)

Note 12 – Staff

During the financial year ended 30 June 2021 and 2020, the Company had one part-time employee.

Note 13 – Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

The emoluments granted to the members of the management and supervisory bodies in that capacity are broken down as follows:

	2021 USD	2020 USD
Directors' fees: amounts paid to the Directors during the year	739,924.38	226,571.89

During the year ended 30 June 2021, the Group decided to settle the fully vested equity-settled share-based payments in cash at a price below the fair value of the phantom share options repurchased, measured at this date. As a result of share-options repurchase, equity-settled employee benefits reserve and retained earnings decreased by USD 2,774 thousand and USD 8,710 thousand, respectively.

As of and during the year ended 30 June 2021, the fair value of the share-based options granted to the management was USD 1,850 thousand and no expenses were recognized, since all the existing options have been already vested (as of and during the year ended 30 June 2020: USD 4,624 thousand the fair value of the share-based options and USD 567 thousand expenses were recognized as a part of payroll and payroll related expenses).

Notes to the annual accounts for the year ended 30 June 2021

Note 14 – Other operating expenses

	2021 USD	2020 USD
Other operating expenses		
Director's fees (see Note 13)	(739,924.38)	(226,571.89)
Non-refundable VAT	(1,156,917.10)	(65,813.45)
Fines, sanctions and penalties (see Note 17)	(2,169,764.93)	(2,175,555.24)
Book value of shares sold in affiliated undertakings / participating interest	---	(126,805,173.56)
Book value write-off of current receivables	(245,553.94)	---
Total	(4,312,160.35)	(129,273,114.14)

During the financial year, the Company proceeded to write-off a receivable balance, of an amount of USD 245,553.94, it had in relation to a loan guarantee, as such balance was deemed to be no longer recoverable.

During the year ended 30 June 2020, the amount of book value of shares sold was majorly represented by the disposal of 50% interest in a joint venture, a deep-water grain export terminal in Taman port (the Russian Federation), in total amount of USD 97,536,807.25, and the remaining part of disposals occurred as a result of business optimization and reorganization during that year.

Note 15 – Audit fees

Audit fees are made up as follows:

	2021 USD	2020 USD
Audit fee	(925,511.89)	(744,550.64)

Note 16 – Off balance sheet commitments

The financial commitments of the Company are as follows:

The Company is a Guarantor under two syndicate pre-export credit facilities with European banks for a total amount of USD 500,000,000.00.

Also the Company guarantees all the obligations under long-term CapEX financing from European Investment Bank and European Bank for Reconstruction and Development Bank for the total amount of USD 306,000,000.00. As of 30 June 2021, outstanding principal amount under these financing stated USD 195,695,151.17 and USD 53,760,000.00, respectively.

In addition, within long-term CapEX financing, the Company guarantees all the obligations under financing from Ukrainian subsidiaries of European bank for the total amount of USD 3,000,000.00. As of 30 June 2021, balance payable due remained USD 308,144.41.

The Company has commitment as a Guarantor under agreements signed between Avere Companies and European banks for trading facility for the total amount of USD 254,000,000.00.

Additionally, the Company guarantees all the obligations under agreements in total amount of USD 305,088,374.80 signed by subsidiaries of Kernel Holding S.A. with Ukrainian subsidiaries of European banks (covering credit lines, contr-guarantees, letter of credit issuance and operations with non-deliverable forwards).

The Company is committed to issue shares for share option plan.

Notes to the annual accounts for the year ended 30 June 2021

Note 17 – Tax Status

The Company is fully taxable under Luxembourg tax regulations.

Note 18 – Contingencies

Capital Commitments

As of 30 June 2021, the Group had commitments under contracts with a group of suppliers for a total amount of USD 50,062 thousand, mostly for the construction of an oilseed crushing plant (30 June 2020: USD 61,488 thousand, mostly for the construction of an oilseed crushing plant and port terminal).

Contractual Commitments on Sales

As of 30 June 2021, the Group had entered into commercial contracts for the export of 3,296,959 tons of grain, 198,077 tons of sunflower oil and 305,642 tons of sunflower meal and other related products, corresponding to an amount of USD 784,281 thousand, USD 220,702 thousand and USD 112,012 thousand, respectively, in contract prices as of the reporting date.

As of 30 June 2020, the Group had entered into commercial contracts for the export of 761,000 tons of grain, 307,902 tons of sunflower oil and 416,036 tons of sunflower meal and other related products, corresponding to an amount of USD 146,112 thousand, USD 233,685 thousand and USD 84,371 thousand, respectively, in contract prices as of the reporting date.

Taxation and Legal Issues

In April 2012, the Group entered into a call option agreement to acquire Stiomi Holding, a farming company located in the Khmelnytskyi region of Ukraine. As of 30 June 2021, the consideration paid for Stiomi Holding by the Group comprised USD 33,472 thousand. A final payment was due and payable only after fulfilment of certain conditions to the satisfaction of the Group and subject to rights of set-off in respect of claims against the sellers. The Group submitted several claims to the sellers (the “Stiomi Sellers”) in respect of the non-fulfilment of the Stiomi Sellers’ obligations. In December 2012, the Group received a request for arbitration from the Stiomi Sellers in which the Stiomi Sellers claimed amounts alleged to be payable to them. The arbitral tribunal delivered its award in late February 2018. That award was in part subject to challenge by the Group in the High Court in London. In March 2019, the High Court remitted the award to the tribunal for reconsideration in certain respects and a further hearing took place before the tribunal in September 2019. Pursuant to the tribunal’s revised award, which was delivered in December 2019, the Group is required to pay the sellers an aggregate amount of approximately USD 30.3 million.

The Stiomi Sellers have made further claims against the Group for interest on the amounts due to them at the rate of 10% per annum (corresponding to USD 5,944 per day since the date of the initial arbitral award in late February 2019), and have initiated court proceedings in Luxembourg and Switzerland in respect of such interest due, as well as took actions enforce the payment of the arbitral award. The Group disputes the Stiomi Seller’s claims for interest due. In Switzerland, the Stiomi Sellers have obtained attachment orders against certain bank accounts of the Group. In Luxembourg, the Stiomi Sellers have initiated attachment proceedings to put in place conservatory measures against Kernel’s bank accounts. Furthermore, former counsel to the Stiomi Sellers has also obtained an attachment order against the Group, which prevents the Group from paying any amounts to the Stiomi Sellers until the attachment order is lifted. Finally, a third party brought claims in Swiss courts asserting that one of the Stiomi Seller’s claims has been assigned to them, which the Stiomi Sellers dispute. As a result of these conflicting claims and proceedings, the Group has been unable to discharge its payment obligations in respect of the arbitral award to the Stiomi Sellers, pending the resolution of these issues.

As of 30 June 2018, the Group recognised a provision regarding the arbitral and the related proceedings. The provision represents the directors’ best estimate of the maximum future outflow that will be required in respect of the award. The carrying amount of the payables for legal claims was USD 36,217 thousand as of 30 June 2021 (2020: USD 34,047 thousand), and related expenses in the amount of USD 2,170 thousand were recognised within the year ended 30 June 2021 (2020: USD 2,175 thousand) and included within the line “Other expenses, net”.

Notes to the annual accounts for the year ended 30 June 2021

Note 18 – Contingencies (continued)

On 16 December 2020, the Stadnyk Parties (the Stiom Sellers) filed a bankruptcy petition against Kernel. The judgment was rendered on 15 January 2021 in favor of Kernel as the Luxembourg court agreed that the conditions of bankruptcy were not fulfilled in the case at hand.

Subsidiary of the Group is currently involved in several legal proceedings related to their investment in LLC Agrodom. In one of the proceedings the court of first instance ruled in favor of the subsidiary, while Appeal court rejected on the appeal and one is currently being considered by the court, and the Group expects decision on the dispute by the end of December 2021. Management assessed risks related to these cases as remote and not material for the consolidated financial statements.

After 30 June 2021, the debt collection office informed Inerco Trade SA that certain intra-group loans due to Kernel Holding S.A. were attached. Accordingly, since the date of this notification receipt, these intragroup balances have remained non-movable.

As of 30 June 2021, the Group's management assessed its maximum exposure to tax risks related to VAT refunds claimed by the Group, the deductibility of certain expenses for corporate income tax purposes and other tax issues for total amount of USD 101,601 thousand (30 June 2020: USD 24,812 thousand), from which USD 87,687 thousand related to VAT recoverability (as of 30 June 2020: USD 18,240 thousand), USD 13,578 thousand related to corporate income tax (as of 30 June 2020: USD 4,847 thousand) and USD 328 thousand related to other tax issues (as of 30 June 2020: USD 1,724 thousand).

As of 30 June 2021, companies of the Group had ongoing litigations with the tax authorities concerning tax issues for USD 21,702 thousand (30 June 2020: USD 24,144 thousand), included in the abovementioned amount. Out of this amount, USD 4,507 thousand relates to cases where court hearings took place and where the court in either the first or second instance has already ruled in favor of the Group (30 June 2020: USD 1,924 thousand). Management believes that based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and no respective provision is required in the Group's financial statements as of the reporting date.

Note 19 – Operating environment

Since 2016, the Ukrainian economy has demonstrated signs of stabilization after years of political and economic tension. During the year ended 30 June 2021, the Ukrainian economy has quite a stable real GDP with 0.3% decline (2020: real GDP growth of around 2%), annual inflation comprised of 9.5% (2020: 2.4%), with devaluation of the national currency (by around 9.8% to USD and 18.5% to EUR comparing to previous year averages).

Ukraine continues to limit its political and economic ties with Russia, given annexation of Crimea, an autonomous republic of Ukraine, and an armed conflict with separatists continued in certain parts of Luhanska and Donetsk regions. As a result of this, the Ukrainian economy is continuing refocusing on the European Union (the "EU") market by realizing potentials of established Deep and Comprehensive Free Trade Area with the EU as well as other markets.

To further facilitate business activities in Ukraine, the National Bank of Ukraine (the "NBU") in 2019 has lifted the surrender requirement for foreign currency proceeds, cancelled all limits on repatriation of dividends and gradually decreased its discount rate for the first time during the recent two years, from 18.0% in April 2019 to 11.0% in January 2020. The discount rate was further decreased during 2020, with 6.0% valid from 12 June 2020 till 5 March 2021. Since 5 March 2021 it is started increasing to current 8.5% from 10 September 2021.

The degree of macroeconomic uncertainty in Ukraine in 2020 still remains high due to a significant amount of public debt scheduled for repayment in 2021, which requires mobilizing substantial domestic and external financing in an increasingly challenging financing environment for emerging markets. Further economic growth depends, to a large extent, upon success of the Ukrainian government in realization of planned structural reforms and effective cooperation with the International Monetary Fund (the "IMF").

Fitch's current rating of Ukraine's Long-Term Foreign- revised from stable to positive in August 2021, while Ukraine's Local-Currency Issuer Default Ratings was stated as "B" with stable outlook since April 2020.

Notes to the annual accounts for the year ended 30 June 2021

Note 19 – Operating environment (continued)

Starting from early 2020, a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world, resulting in announcement of the pandemic status by the World Health Organization (the “WHO”) in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have a significant impact on global financial markets. As the situation is rapidly evolving, it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to, such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company’s business largely depends on the duration and the incidence of the pandemic effects on the world and Ukrainian economy.

Note 20 – Subsequent events

On 30 August 2021, the Extraordinary General Meeting of Shareholders was held. According to one of the resolutions a new long-term management incentive plan in a form of share put option agreements was approved. Among the other resolutions, Board of directors was granted authorization to purchase in the name and on behalf of the Company a maximum of 19,200,000 shares of the Company for a total maximum consideration equivalent to USD 250 million during a period of two years starting from the date of this general meeting of shareholders.

On 1 October 2021, the Company through its 100%-owned Subsidiary acquired from two partners employed by Avere Commodities SA an additional stake in Avere Commodities SA, representing 25% of the paid-in capital of Avere Commodities SA.