

KERNEL

Kernel Holding S.A.

FY2021 results and company presentation

October 2021



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Content

1. FY2021 results and outlook

2. Kernel today

3. Balanced growth strategy

4. Financials

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1.1 FY2021 highlights

- **Revenue** ↑ 38% y-o-y to US\$ 5,647m reflecting the growth in global grain and sunflower oil prices, as well as active physical trade operations of Avere
- **EBITDA** ↑ 2.1x y-o-y to US\$ 929m
 - **Oilseed Processing EBITDA** ↓ 63% y-o-y to US\$ 56m
 - Decline in **sales volume** y-o-y, and...
 - ...**EBITDA margin** at historic low US\$ 41 per ton of oil sold, due to reduction of sunflower seed harvest in Ukraine;
 - **Infrastructure and Trading EBITDA** of US\$ 496m EBITDA, up 2.3x y-o-y
 - Avere trading results providing US\$ 385m EBITDA
 - Lower y-o-y EBITDA from trading and infrastructure businesses in Ukraine due to the margin decline given the low grain harvest in Ukraine in FY2021;
 - **Farming EBITDA** of US\$ 461m in FY2021, ↑ 3.4x y-o-y
 - Growth fueled by rally seen in global grain and oilseeds prices, albeit...
 - ...negative impact from lower yields this season for all our key crops.
 - US\$ 133 million net gain from revaluation of biological assets, reflecting a positive sentiment towards the earnings attributable to 2021 harvest
- **Net profit attributable to shareholders** of US\$ 513m
- **Operating profit before W/C changes** of US\$ 786m, ↑ 86% y-o-y, reflecting the growth in the Group's EBITDA.
- **Strong leverage profile** as of 30 June 2021:
 - **Debt liabilities** ↑ 4% y-o-y to US\$ 1,410m on the back of higher utilization of long-term facility provided by EIB to finance our CapEx program.
 - **Net debt** ↓ 15% y-o-y to US\$ 836m
 - Improvement of key leverage metrics:
 - 0.9x Net debt / EBITDA – the lowest for last 5 years
 - 0.6x Adjusted net debt / EBITDA
 - 6.6x EBITDA / interest coverage – the highest for last 10 years

US\$ million except EPS	FY2020	FY2021	y-o-y
Income statement highlights			
Revenue	4,107	5,647	38%
EBITDA ¹	443	929	+2.1x
Net profit attributable to equity holders	118	513	+4.3x
EBITDA margin	10.8%	16.4%	5.7pp
Net margin	2.9%	9.1%	6.2pp
EPS ² , US\$	1.42	6.10	+4.3x

Cash flow highlights			
Operating profit before working capital changes	422	786	86%
Change in working capital	(10)	(181)	+17.9x
Finance costs paid, net	(135)	(127)	(5%)
Income tax paid	(8)	(18)	+2.2x
Net cash generated by operating activities	269	460	71%
Net cash used in investing activities	(203)	(205)	1%

Financial year ends 30 June

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

Note 2 EPS is measured in US\$ per share based on 84.0m shares for FY2021 and 83.0m shares for FY2020

Credit metrics			
US\$ million, except ratios	30 June 2020	30 June 2021	y-o-y
Short-term debt	73	51	(31%)
Long-term debt	172	228	32%
Lease liabilities	310	324	5%
Eurobond	794	806	2%
Debt liabilities	1,350	1,410	4%
Cash and cash equivalents	369	574	56%
Net debt	980	836	(15%)
Readily marketable inventories ³	252	285	13%
of which sunflower oil and meal	96	205	+2.1x
Sunflower seeds	121	43	(65%)
Grains and other RMIs	34	38	11%
Adjusted net debt	729	551	(24%)
Shareholders' equity	1,493	1,946	30%
Net debt / EBITDA ⁴	2.2x	0.9x	-0.6x
Adjusted net debt / EBITDA ⁴	1.6x	0.6x	-0.6x
EBITDA / Interest ⁵	3.0x	6.6x	+1.2x

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

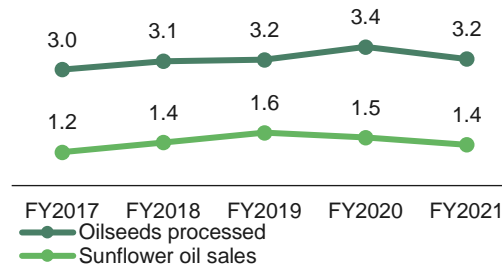
Note 4 Calculated based on 12-month trailing EBITDA.

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

1.2 Segment results

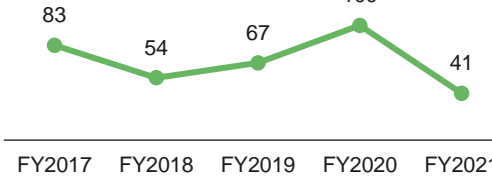
Segment volumes, m tons

Oilseed Processing

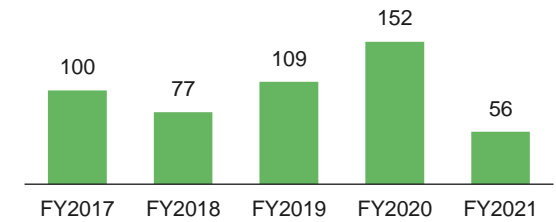


EBITDA margin

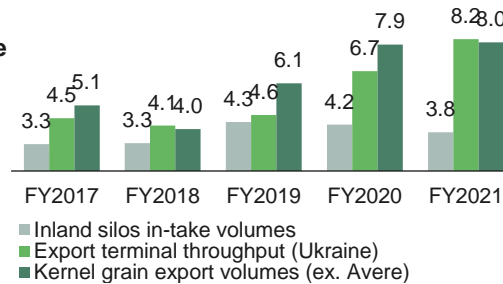
US\$ / t of oil sold



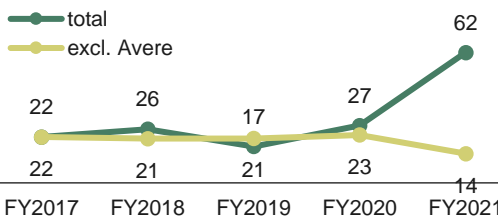
EBITDA, US\$ m



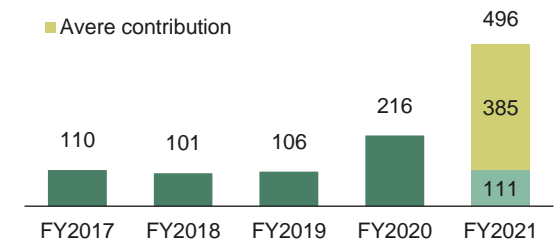
Infrastructure & Trading



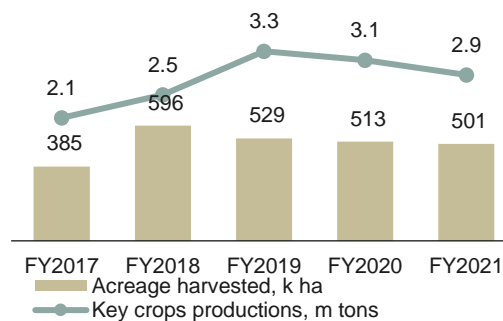
US\$ / t of grain exported from Ukraine



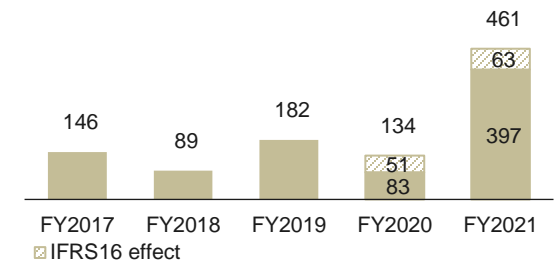
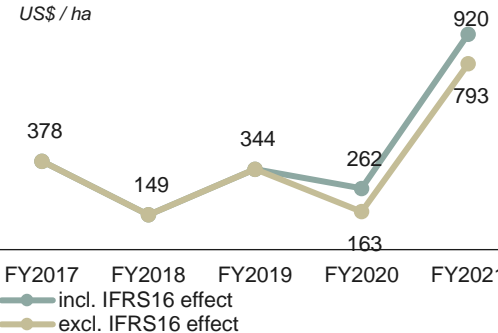
Avere contribution



Farming



US\$ / ha



1.3 Segments results

Segment results

	Revenue, US\$ m			EBITDA, US\$ m			Volume, k t ¹			EBITDA margin, US\$ / t ²		
	FY20	FY21	y-o-y	FY20	FY21	y-o-y	FY20	FY21	y-o-y	FY20	FY21	y-o-y
Oilseed Processing	1,547	1,747	13%	152	56	(63%)	1,518	1,367	(10%)	100	41	(59%)
Infrastructure and Trading	3,426	4,909	43%	216	496	2.3x	7,902	8,013	1%	27	62	2.3x
Farming	604	657	9%	134	461	3.4x	3,271	2,859	(13%)	262	920	3.5x
Unallocated corporate expenses				(59)	(84)	43%						
Reconciliation	(1,471)	(1,666)	13%									
Total	4,107	5,647	38%	443	929	2.1x						

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

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

Segment volumes

thousand metric tons	Q4 FY20	Q4 FY21	y-o-y	FY20	FY21	y-o-y
Oilseeds processed	916	617	(33%)	3,436	3,183	(7%)
Sunflower oil sales ¹	489	273	(44%)	1,518	1,367	(10%)
Grain and oilseeds received in inland silos	38	58	54%	4,158	3,801	(9%)
Export terminal throughput (Ukraine)	1,841	1,851	1%	6,666	8,159	22%
Grain export from Ukraine	1,863	1,668	(10%)	7,902	8,013	1%

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

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

Oilseed Processing segment

■ **EBITDA margin** ↓ 59% y-o-y to US\$ 41 per ton of oil sold:

- Sunflower seeds harvest in Ukraine in 2020 lost 2.8m tons y-o-y
- The gap between industrial crushing capacity and harvest of sunflower seeds in current season more than doubled y-o-y → increased competition for the seeds reduced crushing margin.
- trading loss on position recognized in the last quarter of the reporting year; and
- a one-off loss, as some of our suppliers defaulted under forward agreements

■ **Sunflower oil sales** volumes ↓ 10% y-o-y to 1.4m tons

■ **EBITDA** ↓ 63% y-o-y, to US\$ 56m

Infrastructure and Trading segment

■ **EBITDA** ↑ 2.3x y-o-y to US\$ 496m:

- Exceptional Avere performance with US\$ 385m EBITDA
- Results of the grain export value chain in Ukraine undermined by low harvest of grain in Ukraine (negative impact on margins)

Farming segment

■ **EBITDA** ↑ 3.4 y-o-y to US\$ 461m:

- Growth fueled by rally seen in global grain and oilseeds prices, albeit...
- ...negative impact from lower yields this season for all our key crops.
- US\$ 133 million net gain from revaluation of biological assets, reflecting a positive sentiment towards the earnings attributable to 2021 harvest

1.4 IFRS 16 impact

- Starting from Q1 FY2020, Kernel introduced IFRS 16 Leases with application of retrospective approach and did not restate comparatives, as permitted under the transitional provisions of the standard. Given that company leases all the farmlands under operations, introduction of IFRS 16 had significant impact on Company's financials. As a result of IFRS 16 implementation:
 - Company recognized US\$ 365 million right-of-use assets and US\$ 324 million corresponding lease liabilities as of 30 June 2021.
 - Rental payments disappeared and were replaced by amortization of right-of-use assets and finance expenses attached to lease liabilities.

Effect on Statement of Profit or Loss

In US\$ million	FY2020			FY2021		
	prior to IFRS 16	IFRS 16 effect	with IFRS 16	prior to IFRS 16	IFRS 16 effect	with IFRS 16
Revenue	4,107	-	4,107	5,647	-	5,647
Revaluation of biological assets	(45)	24	(21)	134	(2)	133
Cost of sales	(3,638)	10	(3,629)	(4,913)	36	(4,877)
of which depreciation & amortization	(83)	(17)	(101)	(85)	(26)	(111)
Rental payments	(53)	-	(53)	(73)	63	(11)
Gross profit	423	34	457	868	35	903
Other operating income	7	-	7	95	-	95
General and administrative expenses	(126)	(1)	(127)	(187)	1	(186)
Operating profit	304	33	337	776	36	812
Finance costs	(93)	(54)	(147)	(97)	(45)	(142)
Other non-operating items	(45)	(1)	(45)	5	(0)	4
Profit before income tax	166	(22)	145	683	(9)	675
Income tax	(22)	-	(22)	(32)	-	(32)
Net profit	144	(22)	123	651	(9)	643
Net profit attributable to shareholders	139	(22)	118	521	(9)	513
Depreciation and amortization	(88)	(18)	(106)	(89)	(27)	(116)
EBITDA	392	51	443	865	63	929

Effect on Statement of Financial Position

In US\$ million	30 June 2020			30 June 2021		
	prior to IFRS 16	IFRS 16 effect	with IFRS 16	prior to IFRS 16	IFRS 16 effect	with IFRS 16
Current assets	1,533	(2)	1,531	2,304	(21)	2,284
Non-current assets	1,331	303	1,634	1,392	321	1,713
of which right-of-use assets	-	347	347	-	365	365
other non-current assets	1,331	(44)	1,286	1,392	(44)	1,348
Total assets	2,864	301	3,165	3,696	300	3,997
Current liabilities	392	21	413	794	(11)	783
of which current portion of lease liabilities	-	45	45	(12)	49	37
other current liabilities	392	(24)	368	805	(60)	746
Non-current liabilities	998	260	1,258	860	271	1,131
of which lease liabilities	-	265	265	12	276	287
other non-current liabilities	998	(5)	993	849	(5)	844
Equity	1,474	20	1,494	2,042	41	2,083
Total liabilities and equity	2,864	301	3,165	3,696	300	3,997

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

1.5 Outlook for FY2022

Oilseed Processing



- The harvest of sunflower seeds in Ukraine is expected to reach a record **16.8m tons**
- **3.7m tons** targeted crushing volumes for the whole FY2022, accounting for:
 - seeds to be processed on the Chuhuiv oil-extraction plant under the tolling agreement;
 - expected processing volumes of our new plant in Starokostiantyniv.
- The **crushing margin** is likely to recover, assuming the sufficient supply of seeds after the record harvest.
- Increased contribution from the renewably energy business unit.

Infrastructure & Trading



- The new season is expected to be **fundamentally strong**
 - **record harvest of grain**, which we envisage to reach 79 million tons (corn, wheat, and barley), up 26% y-o-y
 - **margins** have a potential to improve, but possible downside factors:
 - skyrocketing energy costs
 - potential issues related to inability of state railway monopoly to handle the bumper crop.
- We expect the **normalization** of Avere trading results

Farming



- **Pricing environment** in FY2022 is likely to remain supportive.
 - we already sold a major portion of 2021 crop locking the prices, but still keep a sizable long position in corn.
- We already completed the wheat and rapeseed harvesting, and crop yields improved y-o-y.
 - for corn and sunflower the uncertainty still prevails.
- **Production costs** in the farming business are expected to be higher y-o-y.

Content

1. FY2021 results and outlook

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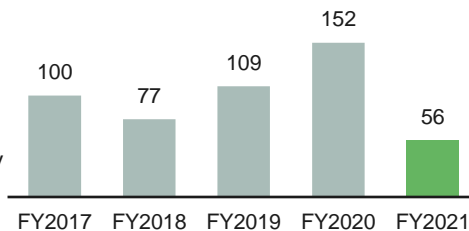
4. Financials

Appendices

2.1 Kernel today

Oilseed Processing segment

- #1 sunflower oil producer (7% of global production) and exporter (12% of global export) in the world
- Leading bottled sunflower oil producer and marketer in Ukraine
- 9 oilseed processing plants² located across the sunflower seed belt in Ukraine
- 3.7 million tons annual sunflower seed processing capacity
- Export-oriented business model with limited reliance on local economy

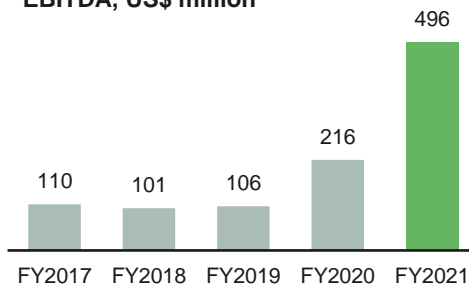
EBITDA ¹, US\$ million

Infrastructure and Trading segment

- #1 grain exporter from Ukraine with 18% of country's total grain export in FY2021
- 2 export terminals in Ukraine with 10 million tons combined annual grain transshipment capacity
- #1 private inland grain silo network in Ukraine with 2.3 million tons of storage capacity
- #1 private grain railcars fleet in Ukraine (3.4k hoppers)
- Avere trading platform



EBITDA, US\$ million



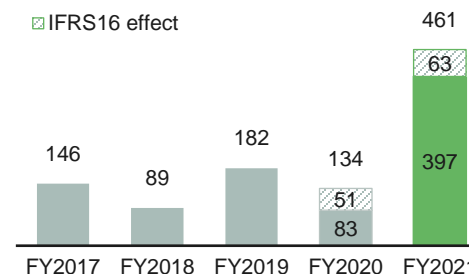
Farming segment

- #1 crop producer in Ukraine operating 506 thousand hectares of leasehold farmland
 - The largest global producer of non-GMO corn
- Modern large-scale operations, sustainable agronomic practices, cluster management system and export-oriented crop mix
- Nearly 100% of sales volumes flows through our Infrastructure and Trading and Oilseed Processing segments, earning incremental profits



EBITDA, US\$ million

IFRS16 effect



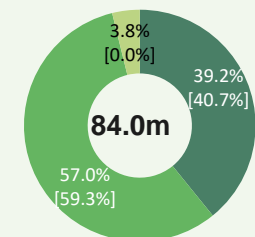
Key financials		FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	US\$ m	2,169	2,403	3,960	4,107	5,647
EBITDA	US\$ m	319	223	346	443	929
Net profit ¹	US\$ m	176	52	189	118	513
EBITDA margin	%	15%	9%	9%	11%	16%
Net margin	%	8%	2%	5%	3%	9%
EPS	US\$	2.2	0.6	2.3	1.4	6.1

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

Stock information

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

Shareholder structure



■ Namsen LTD / Andrii Verevskyi
 ■ Free float
 ■ Treasury shares
 [] % of shares with voting/dividend rights

Market capitalization, US\$ bn



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

Note 2 Including one plant operated under tolling agreement

2.2 What we do

1 Farming

- **#1 crop producer in Ukraine**, 506k ha of leasehold farmland
- 2.8m tons of grain and oilseeds produced in 2020 (export-oriented crop mix)
- Modern large-scale operations with sustainable agronomic practices

2 Procurement

- **8.1m tons of grain and oilseeds procured** from >4k farmers in Ukraine in FY2020
 - 5.6m t of grains
 - 2.5m t of sunflower seeds

3 Grain storages

- **#1 private inland grain silo network in Ukraine** with 2.3 million tons of storage capacity

4 Grain railcars

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

5 Export terminals

- 2 deep-water grain terminals in **Chornomorsk** (Ukraine) with 10m tons annual grain transshipment capacity
- **#1 grain exporter from Ukraine** with 18% of country's total grain export in FY2021

6 Oilseed processing

- **#1 sunflower oil producer** (7% of global production) and **exporter** (12% of global export) in the world
- **9 oilseed processing plants¹** with 3.7m t annual sunflower seed processing capacity
- Export-oriented business model with limited reliance on local economy

7 Refining and bottling

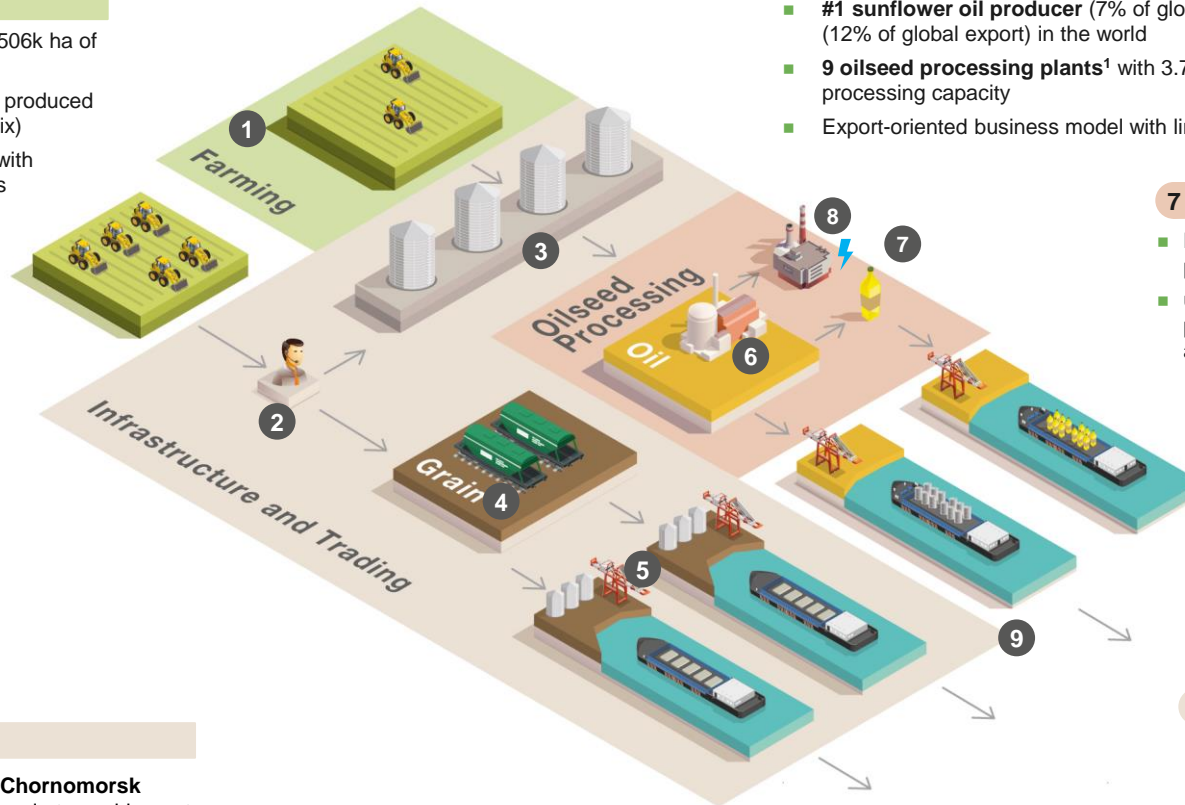
- Leading bottled sunflower oil producer and marketer in Ukraine
- up to 10% of crude sunflower oil produced is further refined, bottled and sold domestically and abroad.

8 Renewable energy

- Sunflower husk (biomass) is used to produce renewable energy
- 16.6MW cogeneration heat&power plants currently in operation;
- 94MW total installed capacity by FY2022, producing annually c.650 GWh of renewable energy

9 Avere operations

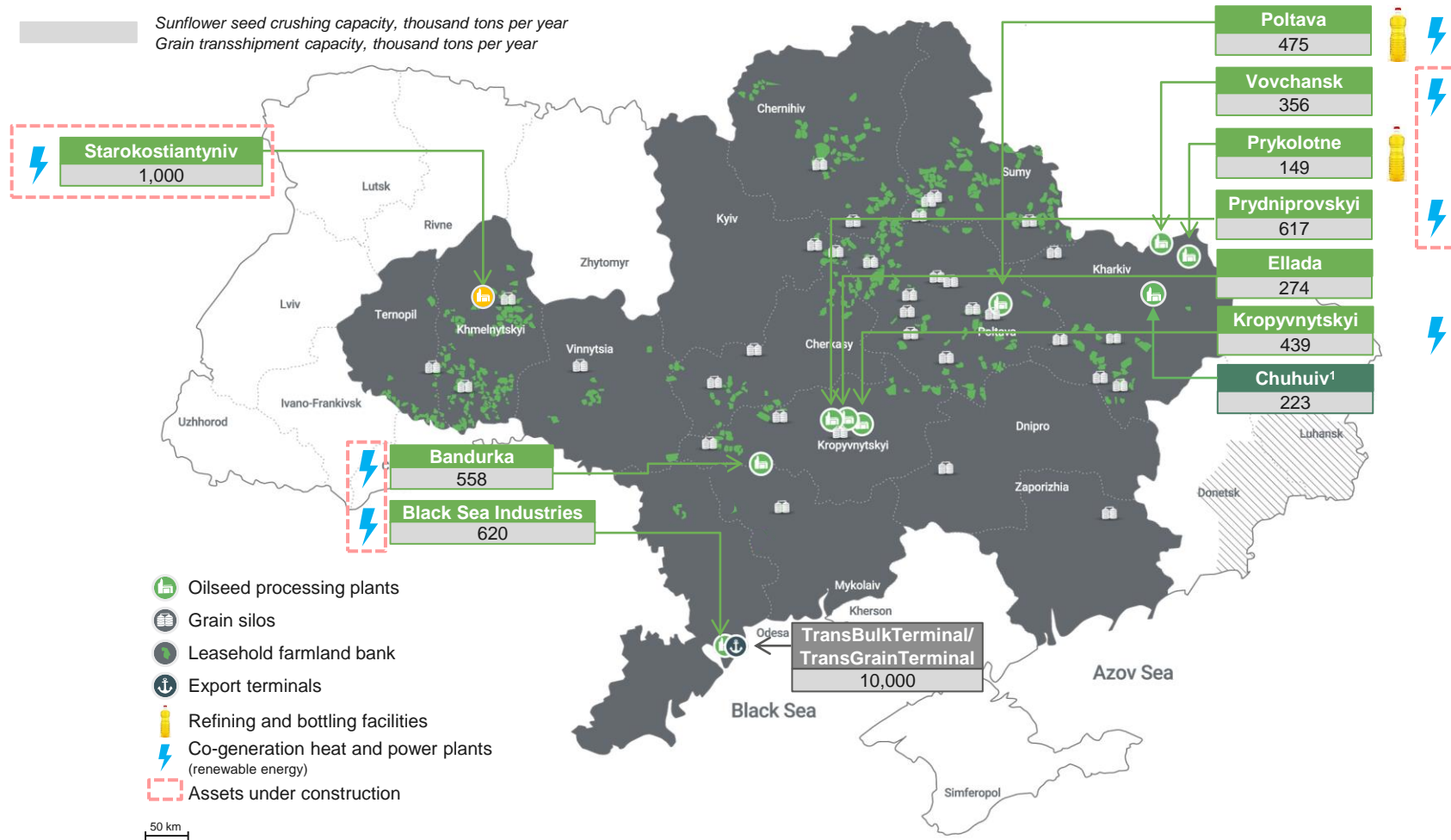
- Research, knowledge and trading platform involved in:
 - the sale of Kernel's sunflower oil;
 - support with hedging of grain produced by farming segment;
 - proprietary trading.



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

Note 1 Including one plant operated under tolling agreement (223 thousand tons of sunflower seed annual crushing capacity).

2.3 Efficient and well-invested asset base



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

Note 1 Operated under tolling agreement

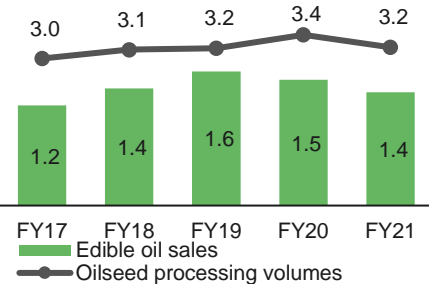
2.4 Oilseed Processing segment



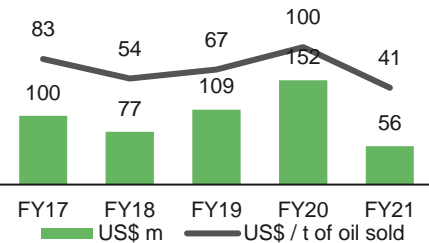
Segment performance

Segment volumes

million tons

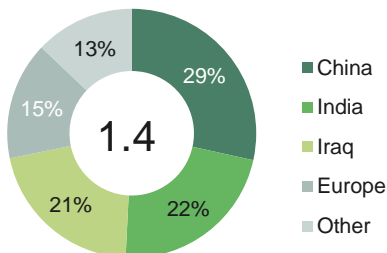


EBITDA and EBITDA margin



Sunflower oil sales markets in FY2021

thousand tons



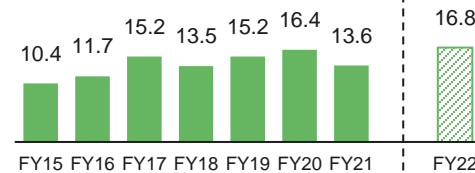
- Oilseed **processing volumes** reduced by 7% y-o-y, to 3.2 million tons
 - lower harvest of sunflower seeds in Ukraine.
- Operations under the exclusive **tolling agreement** to process sunflower seeds on Chuhuiv oil-extraction plant
- Sunflower oil sales largely in line with production volumes
- 3.7m t** of sunflower seeds processing volumes expected for FY2022
- EBITDA plummeted** by 63% y-o-y, to US\$ 56 million
 - Decline in **sales volume** y-o-y, and...
 - EBITDA margin** at historic low US\$ 41 per ton of oil sold, due to reduction of sunflower seed harvest in Ukraine;

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

Profitability drivers and FY2022 outlook

1 Ukraine sunflower seed harvest

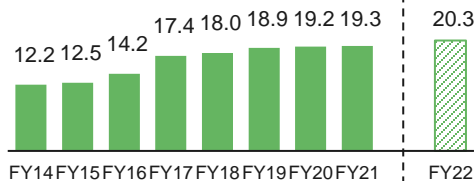
million tons



- Record sunflower seed harvest of 16.8m tons

2 Industrial crushing capacities

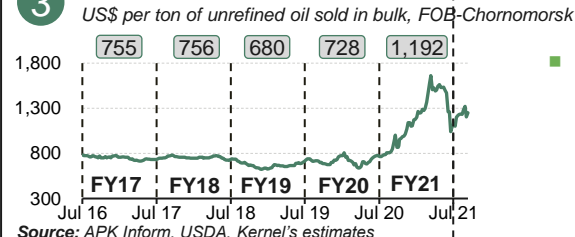
million tons



- Capacity growth due to commissioning of Kernel's Starokostiantyniv plant in the second half of the season

3 Sunflower oil price

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



- Global sunflower oil prices are likely to remain volatile in FY2022, but still at strong level

4 Electricity generation

- Increased contribution from the renewable energy business unit

5 Sales volumes to increase

- Crushing margin in FY2022 is likely to recover
- Higher oilseed processing volumes expected (3.7m tons)

FY2022 EBITDA to increase vs FY2021 level

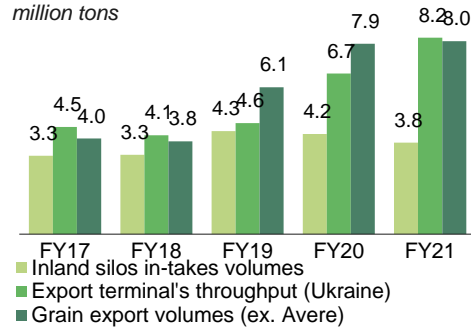
2.5 Infrastructure and Trading segment



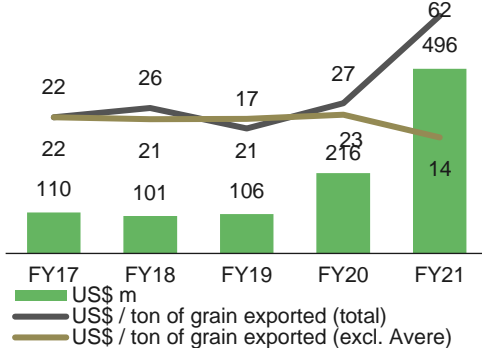
Segment performance

Segment volumes

million tons

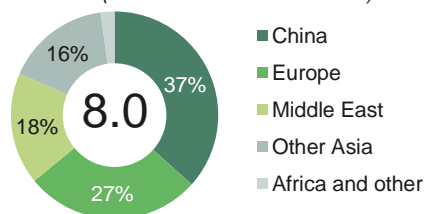


EBITDA and EBITDA margin



Key export markets in FY2021

million tons (excl. Avere traded volumes)



- Record grain export volumes from Ukraine
 - #1 grain exporter, 18% share in total country grain export in FY2021
- Record grain transshipment volumes following the launch of operations on our new terminal in Chornomorsk port

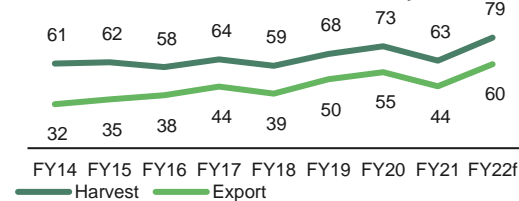
- EBITDA reached US\$ 496m, up 2.3x y-o-y
 - Exceptional Avere performance
 - Results of the grain export value chain in Ukraine undermined by low harvest of grain in Ukraine

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

Profitability drivers and FY2022 outlook

1 Grain supply in Ukraine

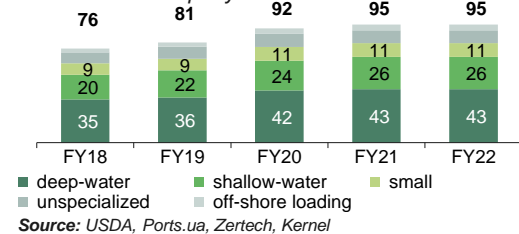
million tons of corn + wheat + barley



- Record harvest of grain, which we envisage to reach 79m tons, up 26% y-o-y.

2 Demand: grain export terminals transshipment capacity

million tons per year



3 Avere trading operations

4 Growing export and transshipment volumes

5 Grain silo business

6 Grain railcars

- No major changes in the transshipment capacities in FY2022

- Normalization of Avere results

Lower FY2022 margins in value chain of grain export from Ukraine

- Target to export 11m t

- Increase in cost savings

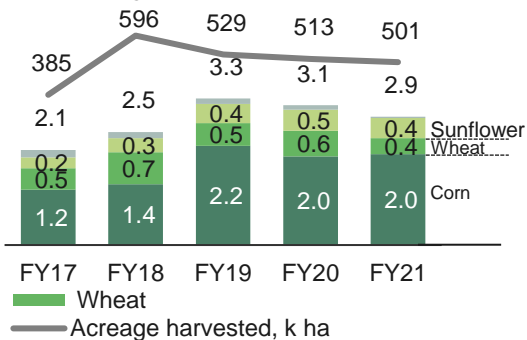
FY2022 EBITDA to decrease vs FY2021 level

2.6 Farming segment

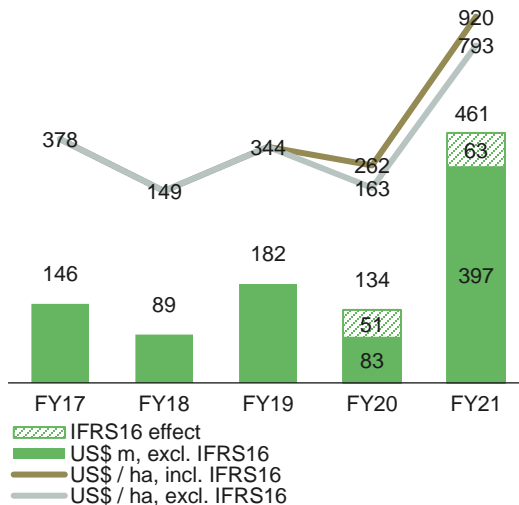


Segment performance

Kernel's key crop production



EBITDA and EBITDA margin

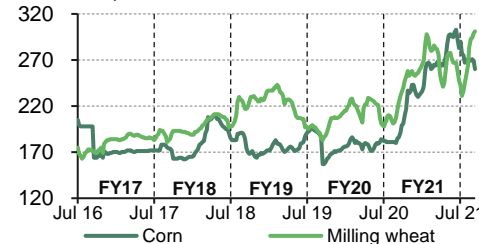


- 501k ha harvested in FY2021
- Crop yields for 2020 harvest (sold over our FY2021) declined for all three of our key crops.

- Farming segment reported US\$ 461 million EBITDA in FY2021, a 3.4x growth y-o-y
 - Growth fueled by rally seen in global grain and oilseeds prices, albeit...
 - ...negative impact from lower yields this season for all our key crops.
 - US\$ 133 million net gain from revaluation of biological assets, reflecting a positive sentiment towards the earnings attributable to 2021 harvest

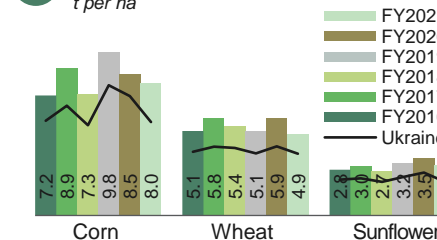
Profitability drivers and FY2022 outlook

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



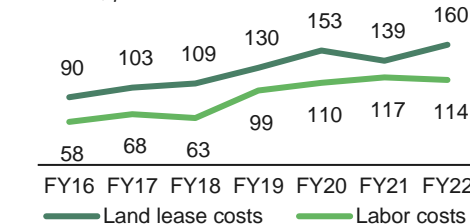
- Supportive pricing environment in FY2022

2 Crop yields t per ha



- Crop yields improved for wheat and rapeseeds, but uncertainty for corn and sunflower still prevails

3 Selected farming costs US\$ per ha





- Cheap fertilizer costs contracted in the previous summer.
- Higher price for grain drying, given the prevailing level of natural gas prices
- Increase in land lease cost and cost for 3rd party services used during harvesting

Higher production costs in FY2022

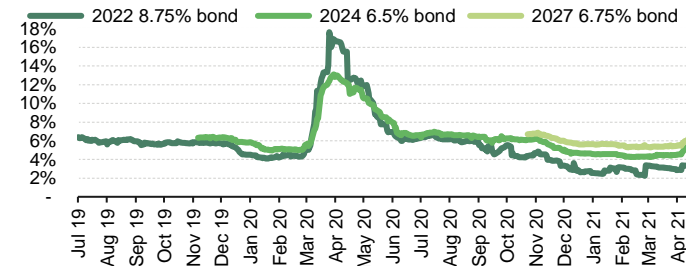
Generally favorable environment, with only final crop yields providing uncertainty

2.7 Credit highlights

Credit portfolio as of 30 June 2021, US\$ m

	Amount outstanding	Undrawn facilities	Interest rate	Maturity
Eurobond 2022	212	-	8.75%	Jan 2022
Eurobond 2024	297	-	6.50%	Oct 2024
Eurobond 2027	297	-	6.75%	Oct 2027
 European Investment Bank	196	51	Libor + 1.44% + CoF	2029- 2030
 EBRD / CTF	54		Libor + 4.5% Libor + 1.0%	May 2027
Oil PXF (pre-export facility)	-	206		Aug 2022 Aug 2023
Grain PXF (pre-export facility)	-	74		June 2022 June 2023
Other bank debt	13	525	Libor + 2.45-4.5%, 6.7%	Short-term debt
Lease liabilities (IFRS 16)	324	-		
Accrued interest	17	-		
Total debt liabilities	1,410	855		
Cash and cash equivalents	574			
Net debt	836			
Readily marketable inventories	285			
of which sunflower oil and meal	205			
Sunflower seeds	43			
Grains and other RMIs	38			
Adjusted net debt	551			
Net debt / EBITDA	0.9x			
Adjusted net debt / EBITDA	0.6x			
EBITDA / Interest	6.6x			

Kernel Eurobonds mid-YTM, %



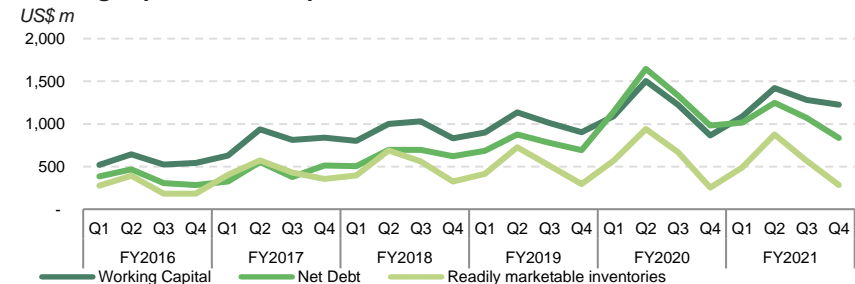
Credit ratings

FitchRatings

Rating / Outlook	Date
BB- / Positive	15 Sep 2021
BB- / Stable	18 Sep 2020
BB- / Stable	30 Sep 2019
B+ / Stable	12 Oct 2018
B+ / Stable	12 Feb 2017
B+ / Stable	5 Oct 2020
B / Stable	17 Apr 2020
B / Stable	30 Sep 2019
B / Stable	31 Oct 2018
B / Stable	20 Feb 2017

**S&P Global
Ratings**

Working capital¹ and debt position



Note 1 Defined as current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (short-term borrowings, current portion of long-term borrowings, current portion of lease liabilities, current bonds issued and interest on bonds issued).

Content

1. FY2021 results and outlook

2. Kernel today

3. Balanced growth strategy

4. Financials


Appendices



3.1 Kernel's mid-term strategy


We aim to sustainably increase the scale and efficiency of our low-cost business system to export annually 20 million tons of soft commodities from Ukraine by strategic acquisitions, fostering loyal relations with local farmers and constant development of our people.

Strategic targets




Oilseed Processing

- 6.0 million tons of oilseed processing annually with 35% originated via captive supplies¹



Infrastructure and Trading

- 15 million tons of grain export from Ukraine annually with 50% originated via captive supplies¹



Farming

- 4 million tons of in-house production annually on 0.7 million hectares of farmland under own operations

Strategic initiatives

Scale increase

- Acquisition via M&A / asset lease / tolling:
 - 1.5 million tons of sunflower seed processing
 - 5.0 million tons of grain transshipment capacity
 - 0.2 million hectares of farmland
- Upscale of CRM and market intelligence system
- Further expansion of the Open Agribusiness project

Efficiency enhancement

- Processes automation and digitalization
- Labor productivity gains
- Adoption of innovative solutions in farming
- Electronic document flow

Sustainability approach

- Contributing to relevant **UN Sustainable Development Goals**
- Supporting the objectives of the European Green Deal through **rigorous climate action**
- Acting as a **sustainable farming ambassador** in Ukraine through dissemination of resource-efficient, environmentally and socially responsible production practices among our partners in supply chains
- Providing fair and safe working conditions, proper resources and environment for learning, and equal opportunities for self-realization to remain an **ethical employer of choice**
- Actively contributing to the **improvement of local communities' well-being**

Note 1 Captive supplies include feedstock originated via Kernel's own farming operations, Open Agribusiness, pre-crop financing and pre-season forward contract programs with third-party suppliers.

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Appendices



4.1 Consolidated statement of profit or loss

<i>US\$ million, except ratios and EPS</i>	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue	215	350	663	1,047	1,020	1,899	2,072	2,797	2,393	2,330	1,989	2,169	2,403	3,960	4,107	5,647
Net IAS 41 gain / (loss)	-	-	-	-	-	-	-	15	(17)	(7)	20	(3)	19	9	(21)	133
Cost of sales	(194)	(306)	(557)	(874)	(844)	(1,610)	(1,814)	(2,599)	(2,231)	(2,009)	(1,707)	(1,882)	(2,261)	(3,636)	(3,624)	(4,877)
Gross profit	21	44	106	174	177	289	258	213	145	314	302	284	160	334	462	903
Other operating income	1	8	25	17	18	26	66	67	60	83	45	41	59	42	7	95
G&A expenses	(11)	(13)	(20)	(24)	(27)	(38)	(67)	(78)	(77)	(68)	(59)	(60)	(80)	(107)	(132)	(186)
Profit from operating activities	12	39	112	167	167	277	257	201	129	328	287	265	140	269	337	812
Financial costs, net	(9)	(19)	(28)	(32)	(23)	(42)	(63)	(75)	(72)	(69)	(57)	(62)	(65)	(82)	(147)	(142)
FX gain(loss), net	(1)	(1)	3	(3)	11	2	5	3	(99)	(153)	30	(3)	5	13	(1)	(6)
Other non-operating items	(2)	(2)	5	(4)	(4)	(28)	(3)	(8)	(48)	(5)	(13)	(3)	(30)	(9)	(44)	11
Income tax	0	2	(9)	5	0	18	9	(6)	(11)	(0)	(4)	(19)	6	(12)	(22)	(32)
Net profit from continuing operations	0	19	82	132	152	226	206	115	(102)	101	244	179	56	179	123	643
Profit / (loss) from discontinued operations	-	-	-	-	-	-	5	(10)	(6)	(5)	(17)	-	-	-	-	-
Net profit	0	19	82	132	152	226	211	105	(107)	96	227	179	56	179	123	643
Net profit/(loss) attributable to shareholders	1	20	83	136	152	226	207	112	(98)	107	225	176	52	189	118	513
<i>EPS, US\$</i>		-	2.1	2.0	2.2	3.0	2.6	1.4	(1.2)	1.3	2.8	2.2	0.6	2.3	1.4	6.1
<i>ROE¹</i>		37%	36%	36%	32%	29%	19%	9%	(8%)	11%	24%	16%	5%	15%	8%	30%
<i>ROIC²</i>		21%	25%	26%	22%	23%	17%	9%	(1%)	11%	21%	15%	10%	13%	11%	24%
<i>Net Income / Invested Capital</i>		14%	36%	21%	23%	24%	15%	6%	(5%)	6%	17%	13%	4%	9%	5%	18%
EBITDA, incl.	17	46	123	190	190	310	319	288	223	397	346	319	223	346	443	929
Oilseeds Processing	-	-	81	89	101	202	198	199	178	213	129	100	77	109	152	56
Infrastructure and Trading	-	-	40	112	80	94	59	59	126	114	107	110	101	106	216	496
Farming	-	-	20	7	23	32	74	67	(44)	98	146	146	89	182	134	461
Unallocated expenses and other	-	-	(18)	(18)	(14)	(18)	(12)	(38)	(36)	(29)	(36)	(36)	(44)	(51)	(59)	(84)
<i>Gross margin</i>	<i>10%</i>	<i>13%</i>	<i>16%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>12%</i>	<i>8%</i>	<i>6%</i>	<i>13%</i>	<i>15%</i>	<i>13%</i>	<i>7%</i>	<i>8%</i>	<i>11%</i>	<i>16%</i>
<i>EBITDA margin</i>	<i>8%</i>	<i>13%</i>	<i>19%</i>	<i>18%</i>	<i>19%</i>	<i>16%</i>	<i>15%</i>	<i>10%</i>	<i>9%</i>	<i>17%</i>	<i>17%</i>	<i>15%</i>	<i>9%</i>	<i>9%</i>	<i>11%</i>	<i>16%</i>
<i>Net margin</i>	<i>1%</i>	<i>6%</i>	<i>13%</i>	<i>13%</i>	<i>15%</i>	<i>12%</i>	<i>10%</i>	<i>4%</i>	<i>(4%)</i>	<i>5%</i>	<i>11%</i>	<i>8%</i>	<i>2%</i>	<i>5%</i>	<i>3%</i>	<i>9%</i>

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

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

4.2 Balance sheet

Balance sheet highlights

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Cash & cash equivalents	6	25	89	129	59	116	83	79	65	129	60	143	132	77	369	574
Net trade accounts receivable	9	10	49	32	65	112	146	151	100	56	75	87	92	183	215	381
Prepayments to suppliers & other current assets	7	9	30	26	94	81	90	110	57	61	53	83	113	130	116	128
Prepaid taxes	9	22	23	73	206	221	236	210	156	105	138	143	122	127	133	198
Inventory	32	40	145	99	148	184	410	270	300	159	200	387	368	358	303	332
<i>of which: readily marketable inventories</i>	29	38	139	91	143	141	336	157	243	140	184	354	325	293	252	285
Biological assets	3	10	42	19	26	96	153	247	183	147	190	256	289	309	252	377
Other current assets	-	-	-	-	-	-	-	23	12	2	4	21	87	73	142	294
Intangible assets and goodwill	10	28	103	81	118	152	228	321	233	172	159	219	208	223	192	183
Net property, plant & equipment	72	128	232	222	379	503	728	763	643	535	539	570	588	765	984	1,065
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	347	365
Other non-current assets	5	3	43	19	29	109	41	187	170	100	91	100	210	220	110	100
Total assets	156	275	756	700	1,125	1,573	2,116	2,362	1,919	1,466	1,509	2,009	2,211	2,464	3,165	3,997
Trade accounts payable	1	6	6	8	11	27	25	47	33	27	42	53	74	136	88	150
Advances from customers & other current liabilities	5	9	22	26	131	102	155	202	80	63	77	89	105	105	68	187
Debt liabilities	93	157	256	295	345	422	693	725	743	463	339	655	751	768	1,350	1,410
Short-term debt	29	44	127	160	210	266	266	450	483	367	254	152	246	203	73	51
Long-term debt	54	102	98	133	135	156	427	276	260	95	84	8	11	69	172	228
Corporate bonds issued	10	10	31	2	-	-	-	-	-	-	-	494	495	496	794	806
Lease liabilities	5	3	7	11	8	3	13	19	12	6	2	3	8	5	310	324
Other liabilities	9	18	32	14	32	24	33	35	32	21	55	56	104	109	165	167
Total liabilities	108	190	315	342	520	575	906	1,009	888	575	512	851	1,033	1,118	1,671	1,914
Total equity	48	85	440	357	605	997	1,211	1,352	1,031	891	997	1,158	1,178	1,346	1,494	2,083
<i>Debt / equity ratio</i>	2.0x	1.8x	0.6x	0.8x	0.6x	0.4x	0.6x	0.5x	0.7x	0.5x	0.3x	0.6x	0.6x	0.6x	0.9x	0.7x
<i>Debt / assets ratio</i>	60%	57%	34%	42%	31%	27%	33%	31%	39%	32%	22%	33%	34%	31%	43%	35%

Liquidity position and credit metrics

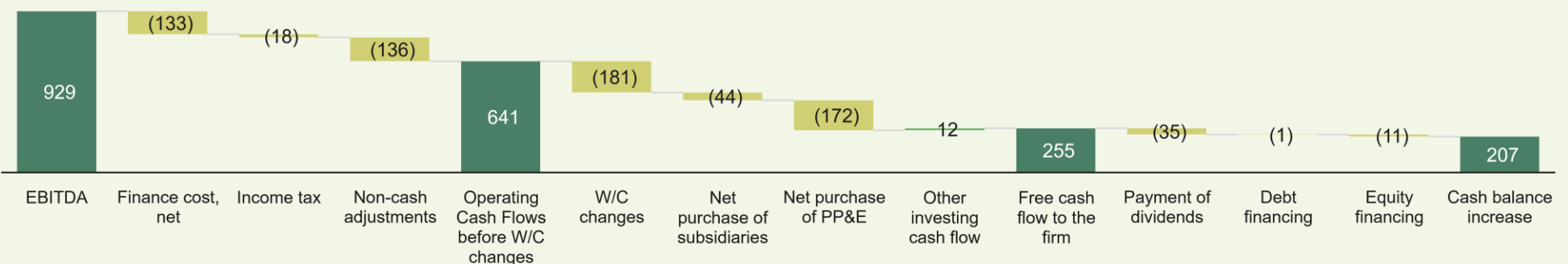
Debt liabilities	94	158	259	300	350	428	698	734	749	469	343	657	754	770	1,350	1,410
Cash	6	25	89	129	59	116	83	79	65	129	60	143	132	77	369	574
Net debt	88	133	170	170	291	312	616	655	684	339	283	514	622	694	980	836
Readily marketable inventories	29	38	139	91	143	141	336	157	243	140	184	354	325	293	252	285
Adjusted net debt	58	95	32	79	148	170	280	498	441	199	99	160	297	400	729	551
Net debt / EBITDA	5.2x	2.9x	1.4x	0.9x	1.5x	1.0x	1.9x	2.3x	3.1x	0.9x	0.8x	1.6x	2.8x	2.0x	2.2x	0.9x
Adjusted net debt / EBITDA	3.4x	2.0x	0.3x	0.4x	0.8x	0.5x	0.9x	1.7x	2.0x	0.5x	0.3x	0.5x	1.3x	1.2x	1.6x	0.6x
EBITDA / Interest	1.8x	2.5x	4.4x	5.9x	8.3x	7.3x	5.1x	3.8x	3.1x	5.8x	6.1x	5.1x	3.4x	4.2x	3.0x	6.6x

Note: financial year ends 30 June.

4.3 Cash flow statement

US\$ million	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
EBITDA	17	46	123	190	190	310	319	288	223	397	346	319	223	346	443	929
Finance cost paid	(9)	(18)	(28)	(32)	(23)	(36)	(67)	(76)	(72)	(68)	(58)	(35)	(64)	(72)	(140)	(133)
Income tax paid	(0)	(1)	(3)	(2)	(1)	(3)	(7)	(43)	(40)	(13)	(3)	(6)	(5)	(3)	(8)	(18)
Non-cash adjustments and non-operating items	(0)	(1)	7	(32)	12	(36)	(27)	1	(41)	(70)	(18)	5	(40)	23	(16)	(136)
Operating Cash Flow before Working Capital changes	7	26	99	124	179	235	218	169	70	245	268	283	113	293	279	641
Change in working capital	(36)	(15)	(210)	(25)	(97)	(180)	(242)	135	(1)	147	(136)	(206)	(31)	(94)	(10)	(181)
Acquisition of subsidiaries and JVs, net	-	(60)	(97)	(5)	(70)	(11)	(136)	(152)	(41)	2	(30)	(141)	(24)	(41)	46	(44)
Net purchase of PP&E	(6)	2	(24)	(89)	(56)	(48)	(93)	(91)	(42)	(23)	(30)	(40)	(140)	(157)	(210)	(172)
Other investments	1	0	(49)	(1)	1	(66)	(0)	(23)	(1)	(4)	(1)	(42)	8	(43)	(38)	12
Free cash flow to the Firm	(34)	(46)	(281)	4	(44)	(71)	(253)	38	(14)	369	71	(146)	(74)	(43)	67	255
Debt financing	32	62	81	36	(77)	(18)	220	(45)	7	(289)	(115)	178	98	50	233	(1)
Equity financing	(1)	3	235	-	81	141	5	(2)	-	(1)	-	15	-	-	14	(11)
Dividends paid	-	-	-	-	-	-	-	-	-	(20)	(20)	(20)	(20)	(20)	(21)	(35)
Financing cash flow	31	64	315	36	4	124	225	(48)	7	(310)	(134)	173	77	30	226	(48)
Cash at the year end	6	25	59	98	58	110	83	73	65	124	60	87	90	76	367	574
Cash conversion cycle	n/a	66	86	79	117	91	117	90	85	67	63	84	83	49	51	44
Payment period, days	n/a	(4)	(4)	(3)	(4)	(4)	(5)	(5)	(7)	(6)	(7)	(9)	(10)	(10)	(11)	(9)
Inventories processing, days	n/a	43	61	51	53	38	60	48	47	42	38	57	61	36	33	24
Receivables collection, days	n/a	10	16	14	18	17	23	19	19	12	12	14	14	13	18	19
VAT receivables, days	n/a	17	13	17	50	41	40	28	26	18	20	22	19	11	11	10

Sources and uses of cash in FY2021, US\$ million



Differences are possible due to rounding

IR contact and investor calendar

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Investor calendar

Q1 FY2022 Operations Update
Q1 FY2022 Financial Report
Annual general shareholders' meeting
Q2 FY2022 Operations Update
H1 FY2022 Financial Report
Q3 FY2022 Operations Update
Q3 FY2022 Financial Report
Q4 FY2022 Operations Update
FY2022 Financial Report

22 October 2021
26 November 2022
10 December 2021
21 January 2022
28 February 2022
22 April 2022
27 May 2022
22 July 2022
3 October 2022

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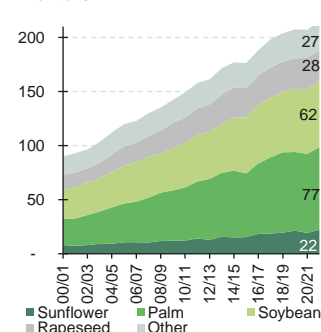
Appendices

A1. Markets and business environment

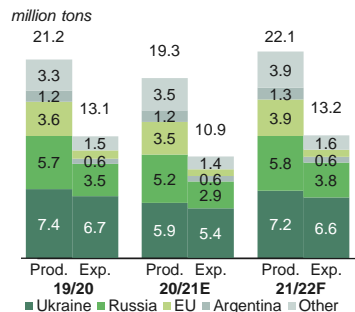
Oilseed Processing

Global

Global production of vegetable oils
million tons

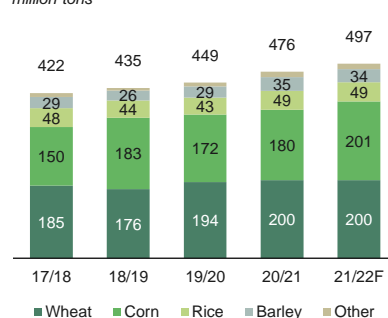


Global production and export of sunflower oil
million tons

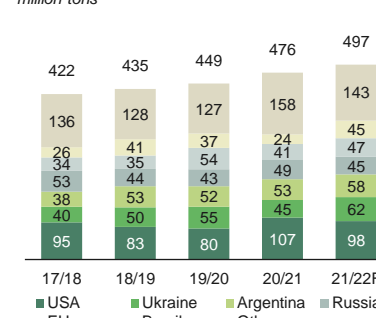


Infrastructure and Trading

Global grain exports
million tons

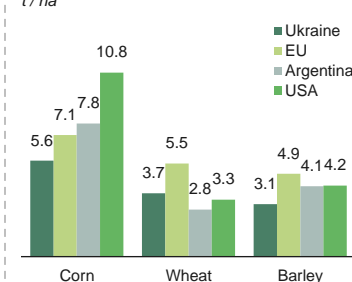


Top grain exporting countries
million tons

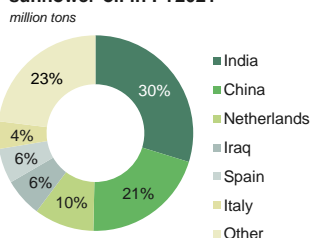


Farming

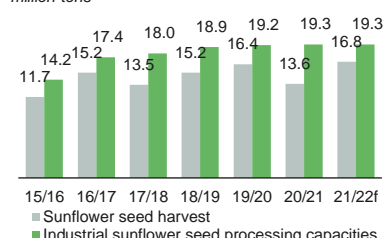
Grain yields in MY2020/21
t / ha



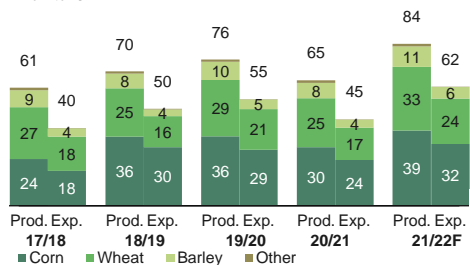
Destinations of Ukrainian sunflower oil in FY2021
million tons



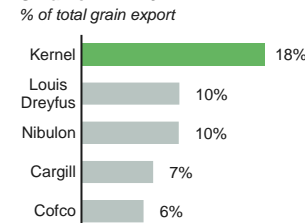
Sunflower seed balance in Ukraine
million tons



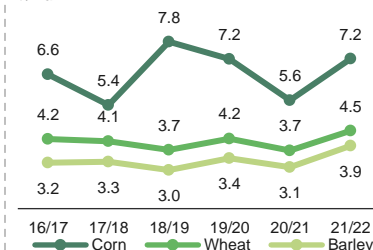
Ukraine grain production and export
million tons



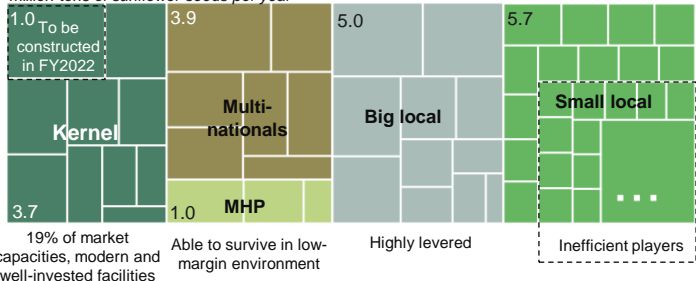
Top grain exporters from Ukraine in FY2021
% of total grain export



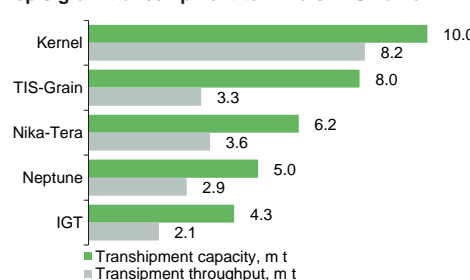
Grain yields in Ukraine
t / ha



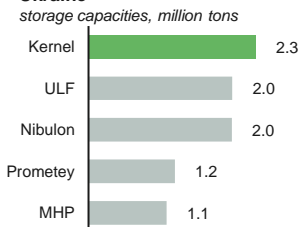
Industrial sunflower seed processing capacities in Ukraine in FY2021
million tons of sunflower seeds per year



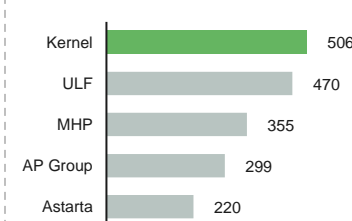
Top 5 grain transshipment terminals in Ukraine in FY2021



Top 5 private silo networks in Ukraine
storage capacities, million tons



Top 5 agricultural holdings in Ukraine
thousand ha



Sources: USDA, Ukrstat, Stark Research, Agrochart, Elevatorist, Latifundist, Kernel analysis

A2. Kernel sustainability approach

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

Achievements

- **Proper set of internal policies and procedures** to drive sustainable development¹:
- Certified Environmental and OHS management systems (ISO 14001, 45001) at all but one of our OEPs, grain export terminal, 2 farming clusters, 15 silos and trading company Kernel-Trade.
- Robust sustainability disclosures: Sustainability Report (GRI + Independent assurance), CDP, TCFD
- US\$ 248m **investment program in renewable energy** generation
- ~50% of energy consumed is received from renewable sources
- Sustainability progress is regularly reviewed by the Board of Directors
- Kernel has started reporting Scope 3 of GHG emissions
- In partnership with EY and Syngenta, Kernel launched a Climate Corporate Governance and Low-Carbon Pathway project, financed by EBRD and Clean Technology Fund
- Kernel launched a voluntary medical insurance program for all our permanent employees and their children
- To strengthen our ESG governance, a new board member with a sustainability background was appointed, and a sustainability professional headed the execution of the sustainability function.

Commitments

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

Recognitions

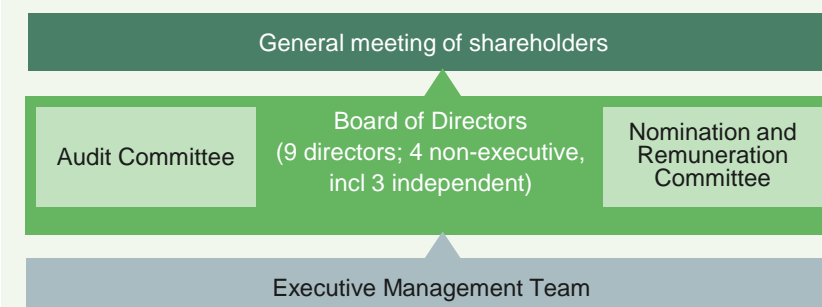
- Kernel ranked **#4** in the Forbes Ukraine top-50 employers in Ukraine rating, and **#1** employer in agriculture;
- Our sustainability approach was awarded by the local Ukrainian "EcoTransformation" project;
- Shares in **WIG ESG index** (since Sep 2019).

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

Key non-financial KPIs

Environment		FY17	FY18	FY19	FY20	FY21
Total GHG emission	ths t CO ₂ e	1,439	1,443	1,805	1,679	1,462
Direct (Scope 1)	ths t CO ₂ e	748	922	981	955	942
Biogenic (Scope 1)	ths t CO ₂ e	587	401	710	628	433
Gross indirect (Scope 2)	ths t CO ₂ e	104	120	114	96	87
GHG emissions per ton of seeds crushed	kg CO ₂ e	146	143	139	128	142
GHG emissions per ton of grain grown	kg CO ₂ e	419	343	386	365	318
Total energy consumption (net)	ths Gj	6,741	7,282	7,139	6,998	7,391
Energy spent per ton of seed crushed	MJ	1,517	1,446	1,420	1,285	1,421
Energy spent per ton-% of grain dried	MJ	68	61	67	63	56
Energy spent per ton of grain grown	MJ	618	662	538	524	586
Social						
Total number of FTE employees	ths	16	15	13	12	11
Total injury accidents	#	14	16	25	17	10
Injury frequency rate	x	0.45	0.55	0.88	0.68	0.46
Total training expenditures	ths US\$	445	474	456	637	589
Total social spending	ths US\$	2,616	2,440	2,303	7,714	3,923

Governance structure



- Adherence to **high standards of corporate governance**
 - Ten Principles of Corporate Governance of the Luxembourg Stock Exchange
 - [Best Practices of Warsaw Stock Exchange Listed Companies 2021](#)