

Q3 FY2023

KERNEL

Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2023



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Management Discussion and Analysis

for the three and the nine months ended 31 March 2023

Income statement highlights

- Consolidated **revenue** of Kernel Holding S.A. group of companies (hereinafter "Kernel", the "Company", or the "the Group") in Q3 FY2023 decreased by 51% y-o-y, standing at US\$ 825 million. It also implied a 33% decline as compared to Q2 FY2023, driven by both volumes and prices reduction.
- Net change in the fair value of biological assets** resulted in US\$ 11 million loss in January-March 2023, as compared to US\$ 74 million loss for the same period of the previous year.
- Mirroring the revenue decline, the Group's **cost of sales** in Q3 FY2023 reduced by 34% as compared to the previous quarter, to US\$ 624 million.
- Consequently, **gross profit** in Q3 FY2023 declined by 35% q-o-q, standing at US\$ 191 million.
- Other operating income** for three months ending 31 March 2023 amounted to US\$ 31 million, primarily comprising gain related to operations with securities, reimbursement received under political violence insurance, and contracts washouts (price difference settlements).
- Other operating expenses** during the reporting period totaled at US\$ 8 million, primarily comprising demurrage, dispatch fees and other fines.
- The Group also recognized a US\$ 20 million **loss on impairment of assets** in Q3 FY2023.
- General and administrative expenses** in Q3 FY2023 reached US\$ 65 million, adding 11% as compared to the previous quarter due to higher payroll-related accruals.
- Kernel's **EBITDA** in January-March 2023 dropped by 44% as compared to Q2 FY2023, to US\$ 155 million, with segment

contributions being as follows:

- On the back of record-high margins, the **Oilseeds Processing** segment generated an outstanding US\$ 109 million EBITDA in Q3 FY2023, up 66% q-o-q, as compared to US\$ 48 million loss in January-March 2022.
- The **Infrastructure and Trading** segment in Q3 FY2023 declined by 32% y-o-y, to US\$ 71 million EBITDA, with a 15% growth vs. the previous quarter result, supported by strong trading margins on the grain originated in Ukraine.
- Due to declining global prices for grain and oilseeds in January-March 2023, **Farming** segment recognized a US\$ 24 million loss in the reporting period.
- Unallocated corporate expenses** in the Q3 FY2023 amounted to US\$ 1.3 million, comprising, as usual, general and administrative expenses, but heavily distorted this quarter by one-off gain recognized on operations with securities and net impairment gains on financial assets which are not attributable to any other segments.
- Net finance costs** in Q3 FY2023 remained virtually flat q-o-q, totaling to US\$ 30 million.
- Accounting also for US\$ 2 million of net FX loss, US\$ 1 million of other expenses, net, and US\$ 31 million income tax expenses, **net profit attributable to shareholders** in Q3 FY2023 amounted to US\$ 69 million, a 67% decline q-o-q, as compared also to a US\$ 103 million loss recognized in Q3 FY2022.

US\$ million except ratios and EPS	Q3 FY2022	Q2 FY2023	Q3 FY2023	y-o-y	q-o-q	9M FY2022	9M FY2023	y-o-y
Income statement highlights¹								
Revenue	1,699	1,235	825	(51%)	(33%)	4,915	2,715	(45%)
EBITDA ²	(32)	277	155	n/a	(44%)	539	600	11%
Net profit attributable to equity holders of the Company	(103)	207	69	n/a	(67%)	320	437	36%
EBITDA margin	-1.9%	22.4%	18.7%	20.6pp	(3.7pp)	11.0%	22.1%	11.1pp
Net margin	-6.1%	16.7%	8.4%	n/a	(8.4pp)	6.5%	16.1%	9.6pp
Earnings per share ³ , US\$	(1.31)	2.67	0.89	n/a	(67%)	3.95	5.64	43%
Cash flow highlights								
Operating profit before working capital changes	57	299	155	2.7x	(48%)	436	634	46%
Change in working capital	73	127	117	61%	(8%)	(706)	53	n/a
Finance costs paid, net	(17)	(39)	(18)	7%	(53%)	(80)	(77)	(3%)
Income tax paid	(7)	(7)	(19)	2.9x	2.9x	(16)	(27)	67%
Net cash generated by/(used in) operating activities	106	379	235	2.2x	(38%)	(367)	583	n/a
Net cash generated by/(used in) investing activities	(171)	82	(3)	(98%)	n/a	(323)	39	n/a
	31 Mar 2022	31 Dec 2022	31 Mar 2023	y-o-y	q-o-q			
Liquidity and credit metrics								
Net debt	1,715	1,048	833	(51%)	(20%)			
Commodity inventories ⁴	1,181	593	497	(58%)	(16%)			
Adjusted net debt ⁵	534	455	336	(37%)	(26%)			
Shareholders' equity	2,022	1,801	1,875	(7%)	4%			
Net debt / EBITDA ⁶	2.5x	11.0x	3.0x	+0.4x	-8.0x			
Adjusted net debt / EBITDA ⁶	0.8x	4.8x	1.2x	+0.4x	-3.6x			
EBITDA / Interest ⁷	6.1x	0.7x	2.2x	-3.9x	+1.4x			

Note: Financial year ends 30 June, Q2 ends 31 December, and Q3 ends 31 March

¹ Q3 and 9M FY2022 figures were corrected, as explained in detail in the notes to the consolidated financial statements

² Hereinafter, EBITDA is calculated as the sum of the profit from operating activities plus amortization and depreciation

³ EPS is measured in US Dollars per share based on 78.7 million shares for Q3 FY2022; 81.1 million for 9M FY2022, and 77.4 million shares for Q2, Q3 and 9M FY2023

⁴ Commodity inventories are inventories such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets and the international pricing mechanism. The Group used to call such inventories as "Readily marketable inventories", but after the beginning of the war in Ukraine, the Group faced difficulties selling such inventories, and therefore such inventories cannot any longer be considered as readily marketable. When calculating Commodity inventories, the Group does not include inventories which are located on territories occupied by Russia and inventories which are recognized among the assets held for sale.

⁵ Adjusted debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing debt, long-term interest-bearing debt and lease liabilities, less cash and cash equivalents and commodity inventories at cost

⁶ Calculated based on 12-month trailing EBITDA

⁷ Calculated based on 12-month trailing EBITDA and net finance costs

Hereinafter differences between totals and sums of the parts are possible due to rounding

Management Discussion and Analysis continued

for the three and the nine months ended 31 March 2023

Segment results summary

	Revenue, US\$ million			EBITDA, US\$ million			Volume, thousand tons ¹			EBITDA margin, US\$/t ²		
	Q3 FY2022	Q3 FY2023	Y-o-Y	Q3 FY2022	Q3 FY2023	Y-o-Y	Q3 FY2022	Q3 FY2023	Y-o-Y	Q3 FY2022	Q3 FY2023	Y-o-Y
Oilseed Processing	495	494	(0%)	(48)	109	n/a	269	273	1%	(178)	399	n/a
Infrastructure and Trading	1,488	558	(63%)	105	71	(32%)	2,136	824	(61%)	49	86	77%
Farming	87	105	20%	(64)	(24)	(62%)						
Unallocated corporate expenses				(24)	(1)	(95%)						
Reconciliation	(371)	(331)	(11%)									
Total	1,699	825	(51%)	(32)	155	n/a						

	Revenue, US\$ million			EBITDA, US\$ million			Volume, thousand tons ¹			EBITDA margin, US\$/t ²		
	9M FY2022	9M FY2023	Y-o-Y	9M FY2022	9M FY2023	Y-o-Y	9M FY2022	9M FY2023	Y-o-Y	9M FY2022	9M FY2023	Y-o-Y
Oilseed Processing	1,527	1,444	(5%)	23	220	10x	906	820	(10%)	25	268	11x
Infrastructure and Trading	4,311	2,110	(51%)	311	194	(38%)	7,846	3,078	(61%)	40	63	58%
Farming	510	591	16%	284	261	(8%)						
Unallocated corporate expenses				(80)	(74)	(8%)						
Reconciliation	(1,433)	(1,430)	(0%)									
Total	4,915	2,715	(45%)	539	600	11%						

Note 1 Vegetable oil sales volumes for Oilseed Processing; physical grain volumes exported (ex. Avere) for Infrastructure and Trading.

Note 2 US\$ per ton of oil sold for Oilseed Processing; US\$ per ton of grain exported (ex. Avere volumes) for Infrastructure and Trading.

Cash flow highlights

- In Q3 FY2023, **operating profit before working capital changes** reduced by 48% as compared to the previous quarter, in line with the EBITDA contraction for the same period.
- The Group continued **releasing the working capital**, which resulted in US\$ 117 million cash inflow during three months ending 31 March 2023.
- Investing activities** of the Group resulted in US\$ 3 million **cash outflow**, comprising US\$ 12 million purchase of property, plant and equipment, and US\$ 9 million proceeds from disposal of financial assets.
- Financing activities** of the Group in Q3 FY2023 included only repayment of borrowings as a part of the cash sweep mechanism agreed with Group's creditors, totaling US\$ 29 million.

Credit highlights

- The Group's **debt liabilities** as of 31 March 2023 remained virtually unchanged as compared to the previous quarter, standing at US\$ 1.7 billion.
- The Group's cash position as of the end of Q3 FY2023 further improved, to US\$ 881 million, driven by operating profits generated by the Group's and efforts in the working capital release. Given that, **net debt** reduced by 20% over Q3 FY2023, to US\$ 833 million as of 31 March 2023.
- Commodity Inventories**¹ ("CI") during Q3 FY2023 plummeted by 16%, to US\$ 497 million as of 31 March 2023.
 - Inventories related to oilseed processing business** (sunflower seeds, sunflower oil and meal) reduced in value by 20% q-o-q, and structure switched substantially in favor of ready products (Kernel had in stock 156 thousand tons of sunflower oil, and 128 thousand tons of sunflower meal of the reporting date).

- Grain inventories reduced by 13% q-o-q, to US\$ 262 million, reflecting 1.7 million tons of grains. Group procurements of grain remained limited in Q3 FY2023.
- As a result, **Net debt adjusted for CI** ended up at US\$ 336 million at the end of the reporting period, down 26% q-o-q.
- The Group's **leverage** as of 31 March 2023 normalized to 3.0x Net-debt-to-EBITDA and 1.2x Adjusted-net-debt-to-EBITDA. The interest coverage ratio improved to 2.2x EBITDA-to-Interest, calculated on the last-twelve-months basis.
- As of 31 March 2023, the Group has started the negotiations with all the banks on the principal repayments' postponement for another period of 12 months due to challenging operating environment in Ukraine caused by the war with Russia. The Group expects to finalize such negotiations by 30 June 2023. Kernel keeps servicing interest payments on the entire portfolio of its outstanding corporate debt, as well as keeps paying coupons due under the bonds issued.

Market environment and operations

Black Sea Grain Initiative

- The Grain Deal** – a U.N.-brokered agreement on the safe export of grain, oilseeds and oilseed crush products from Ukrainian Black Sea ports – continues to **hold great significance** for the Ukrainian agricultural sector and Kernel's operations, increasing export capabilities and reducing associated logistics costs. However, Russia keeps paralyzing the grain corridor by 1) threatening about non-extension of the deal² and 2) obstructing vessels inspections. Moreover, in May 2023 the port of Pivdennyi was de-facto cut out of a deal. All of that contributed to the lowest monthly export in May 2023 since the beginning the UN-backed grain deal was signed in July 2022, and blurs the perspectives of the efficiency of the grain corridor going forward. At the same time, exports via alternative

¹ Commodity inventories are inventories such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets, and the international pricing mechanism. The Group used to call such inventories as "Readily marketable inventories", but after the beginning of the war in Ukraine the Group faced difficulties selling such inventories, and therefore such inventories cannot any longer be considered as readily marketable. When calculating Commodity inventories, the Group does not include inventories which are located on territories occupied by Russia and inventories which are recognized among the assets held for sale.

² Uncertainties surrounding the extension of the grain deal have complicated logistics planning. The deal was extended in March 2023, but different interpretations of the extension length caused further confusion. Another extension was subsequently granted in May 2023 for two more months, de-facto shortening the renewal period from 4 months initially to 2 months.

Management Discussion and Analysis continued

for the three and the nine months ended 31 March 2023

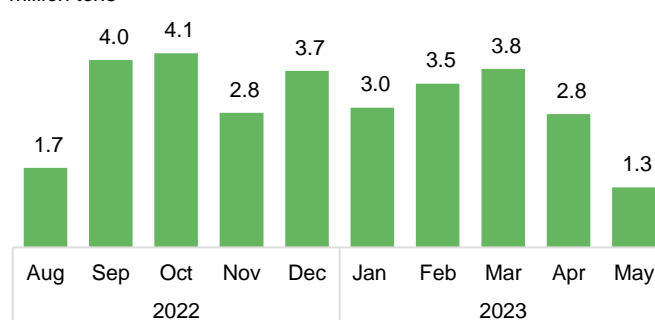
routes in May 2023 exceeded deep-sea export for the first time since September 2023.

- Market response to the drop in the number of vessel inspections was **an increase in the average vessel size**, allowing to partially mitigate the severities of the inspections' sabotage.
- Having the pressure from large domestic stock of agricultural products reduced, Ukraine is no longer so heavily dependent on seaborne grain shipments. Capacity of alternative export routes allow to export appr. 3 million tons of goods per month, which, even in case of challenging performance of the grain corridor, shall allow to offload the 2023 harvest, although at a way higher cost.
 - At the same time, the government of Ukraine introduced in Jun 2023 the mechanism of insurance for carriers who bypass the grain corridor. Nonetheless, the effectiveness of such mechanism is still to be tested.
- Black Sea remains a dominant channel for Kernel's exports**, but given the recent difficulties with grain corridor the share of shipments via Danube started recently to increase. Notwithstanding that, malfunctioning of the grain corridor remains the key risk for the Group today.

Oilseed Processing

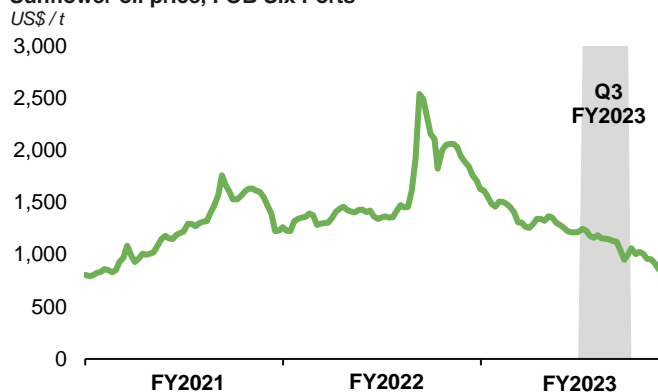
- Kernel **processed 744 thousand tons of sunflower seeds** in Q3 FY2023 (up 32% y-o-y and up 14% q-o-q), operating six oilseed processing plants. Two group-owned crushing plants remain inaccessible in high-risk zone of Kharkiv region with regular shelling by Russian invaders. The Group managed to increase the capacity utilization of its plants in January-March 2023 as compared to the previous quarter, given stabilized power supplies in Ukraine and prioritizing export of sunflower oil and meal over grain exports from Ukraine.
 - As of 31 March 2023, the Group had 245 thousand tons of sunflower seeds in stock, representing the lowest inventory level at that part of the season since FY2016.
- Edible oil sales volume** in Q3 FY2023 ended up at 273 thousand tons (including 20 thousand tons of bottled sunflower oil), down 21% as compared to the previous quarter, reflecting intensified difficulties with export logistics. As sales lagged production, **stock of sunflower oil** at the end of the period increased by 52% q-o-q, to 156 thousand tons.
- Kernel generated strong US\$ 109 million **EBITDA** in Q3 FY2023, a 66% growth q-o-q, and up from a US\$ 48 million loss recognized by the segment for the same period a year ago. The result also includes a US\$ 10 million reimbursement received in Q3 FY2023 under political violence insurance and allocated to the oilseed processing business. Ultimately, the Group managed to deliver the highest 9M Oilseed Processing EBITDA in its history – US\$ 220 million.
- EBITDA margin** in the reporting period spiked to US\$ 399 per ton of oil sold, rewarding those players who managed to arrange a proper sunflower oil and meal export logistics from Ukraine, and combining the impact of the following factors:
 - Sunflower seed S&D balance** in Ukraine in current season **has not suffered a lot**. Some local crushers ceased operations having their facilities either destroyed by military actions or occupied in southern and eastern regions of Ukraine and thus being unable to properly operate. Others were not able to utilize their capacities in the best way due to power outages or export logistics difficulties. At the same time, FY2022 carry-over stock together with the current season harvest provided enough feedstock for quite decent overall crush capacities utilization.
 - High crush margins over the course of the season priced the **substantially increased risks** related to operations in Ukraine in FY2023:
 - risks related to VAT refund for exporters in Ukraine**: 1) probable government defaults on such refunds due to the war in Ukraine; 2) large delays with the VAT reimbursement prevailing on the market, which dilutes the working capital for

Departure of vessels with agricultural products from Ukrainian Black Sea ports
million tons



Source: Joint Coordination Centre of the Black Sea Grain Initiative

Sunflower oil price, FOB Six Ports¹



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

crushers and increases exposure to potential FX losses (as VAT outstanding is denominated in Ukrainian hryvnia);

- unpredictability of export logistics** implying potential for growing logistics costs and higher exposure to goods quality deterioration risks;
- general business continuity risks** in Ukraine due to ongoing war;
- lack of proper hedging strategy**. In previous seasons, a regular way to run a crushing business was to lock the margin via buying sunflower seeds and selling sunflower oil approximately simultaneously. In the current season, crushers need to take substantial long positions, increasing business **vulnerability to global price declines**.
- Luckily, albeit declining, **global sunflower oil prices** still **remained relatively high** in January-March 2023 as compared to historical levels;
- Large uncertainty prevails for **FY2024 business outlook**:
 - Global sunflower oil prices were constantly reducing in FY2023, dropping by the end of the season to a level not observed since FY2020. With increased crop production costs in Ukraine and expensive export logistics, such price level leaves tiny (if any) profits for farmers for next season, threatening also crush margins.
 - Ambiguity exists also for the next year sunflower crop. While the acreage harvested will add 10-15% y-o-y, market expectations for the crop size vary from 11.8 million tons (USDA) to 13.5-14.0

Management Discussion and Analysis continued

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million tons, as compared to 11.6 million tons crop size estimated for 2022 harvest.

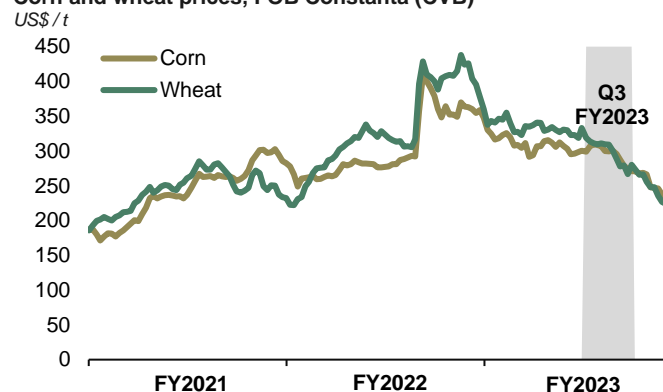
Infrastructure and Trading

- Continued difficulties with the Black Sea grain logistics stipulated decline of **grain export volume from Ukraine** in Q3 FY2023 by 61% y-o-y, to 0.8 million tons, which is also a 46% decline as compared to the previous quarter. To maximize profits, the Group prioritized vessels for sunflower oil and meal over grain bulkers (given more attractive margins in the Group's oilseed processing business), though such approach undermines grain export volumes, as logistic capabilities remain the key bottleneck.
 - Kernel grain export market share** in January-March 2023 substantially reduced to approx. 5%, as compared to pre-war levels of 17-18%. Such a decline is also stipulated by the existing mechanism of allocation of quotas to export goods via grain corridor, which is unfavorable for market leaders like Kernel, as historically smaller operators handling relatively lower volumes got disproportionately high allocations.
- Export terminals throughput volume** in Ukraine in Q3 FY2023 practically halved y-o-y, amounting to 1.1 million tons of grain, sunflower oil and meal as compared to 1.7 million tons throughput delivered in the previous quarter.
- Driven by the delayed 2022 harvesting campaign which moved to winter 2022/2023, Group's **silo in-take volume** in Q3 FY2023 reached unusually high 687 thousand tons. Nevertheless, volumes for the nine months of the season reduced by 34% y-o-y, to 2.7 million tons, reflecting lower crop size in 2022 as compared to 2021 season.
- Segment **EBITDA** in Q3 FY2023 declined by 15% y-o-y, to USD 71 million, but added 17% as compared to the previous quarter. While performance was undermined by low volumes, strong trading margin was captured on the grain originated in FY2022 (at relatively low prices) but sold over the course of the FY2023.
 - When adjusting for Avere contribution, 9M FY2023 segment EBITDA (US\$ 194 million) is similar to the pre-war result generated for nine months ending 31 March 2022. Such a solid result is largely attributable to high global grain prices in the current season, which allowed to cover soaring export logistics costs caused by the war in Ukraine and left space for healthy margins, rewarding players who control the infrastructure and logistics and who were able to organize large trading programs. Similar to the Oilseed Processing segment, strong margins in the Infrastructure and Trading value chain were pricing various skyrocketing business risks, some of which may still materialize.
- As of 31 March 2023, the Group had **1.7 million tons of grain in inventories**, up 10% y-o-y on the back of late winter harvesting of 2022 crop, low export volumes in Q3 FY2023 and limited origination from third parties.

Farming

- As at the date of the publication of this report, Kernel completed 2023 crop planting campaign, making significant changes to the crop mix in order to minimize the acreage under the most energy-intensive and logistics-heavy crop, corn, in favor of less energy-intensive options, such as soybeans and partially winter wheat:
 - Acreage under **sunflower** normalized to 33% of total crop mix,

Corn and wheat prices, FOB Constanta (CVB)



Planted areas update

	FY2023 harvested area		FY2024 planted area		y-o-y
	th hectares	% of total	th hectares	% of total	
Sunflower	130.6	36%	119.6	33%	(8%)
Corn	149.7	41%	84.0	23%	(44%)
Soybean	6.3	2%	64.5	18%	10.2x
Wheat	34.9	10%	60.5	17%	73%
Rapeseed	4.7	1%	10.0	3%	2.1x
Other ¹	36.7	10%	20.4	6%	(45%)
Total	362.9	100%	359.0	100%	(1%)

Note 1 Includes forage crops and other minor crops, as well as fallow land. Differences are possible due to rounding.

at 120 thousand hectares, down 8% y-o-y, as Kernel reverted to a more sustainable crop rotation practice. Nevertheless, sunflower became the largest crop in Group's acreage structure for the first time in Group's history, reflecting the importance of this crop for Group's in-house processing operations.

- While the situation with grain export remained challenging during spring 2023, the Group decided not to leave large part of land as fallow, and planted 84 thousand hectares of **corn**, which is still down 44% y-o-y.
- Kernel re-introduced **soybeans** into its crop mix, with 65 thousand hectares sown this season,
- The acreage under **winter wheat** for the 2023 crop is above 60 thousand hectares, an increase of 73% y-o-y.
- As of the date of this report, weather conditions have been generally supportive both for winter and spring crops, and plants in the fields are in satisfactory/good conditions. At the same time, the **exposure of crops to various risks** at the current stage of the season is estimated to be higher than usual:
 - Kernel substantially **reduced the application of phosphorus and potassium fertilizers**, which are important for plant drought and disease resistance, as such fertilizers are hardly available in Ukraine due to disruptions of import logistics caused by the war in Ukraine. It increases risks of low crop quality and low yields.

Segment volumes

thousand metric tons	Q3 FY2022	Q2 FY2023	Q3 FY2023	y-o-y	q-o-q	9M FY2022	9M FY2023	y-o-y
Oilseeds processed	563	653	744	32%	14%	2,031	1,858	(8%)
Sunflower oil sales	269	345	273	1%	(21%)	906	820	(10%)
Grain and oilseeds received in inland silos	51	1,516	687	13.5x	(55%)	4,120	2,727	(34%)
Export terminal throughput (Ukraine)	2,077	1,716	1,067	(49%)	(38%)	7,269	3,505	(52%)
Grain export from Ukraine	2,136	1,522	824	(61%)	(46%)	7,846	3,078	(61%)

Differences are possible due to rounding.

Management Discussion and Analysis continued

for the three and the nine months ended 31 March 2023

- **Application rates for nitrogen fertilizers are 5-15% lower than usual**, which may also have a negative impact on crop yields.
- Delays with 2022 crop harvesting and rainy weather during spring 2023 resulted in **suboptimal soil preparation and slightly delayed sowing campaign**, which may have negative impacts on crop yields on later stages of plants development during summer 2023.
- Segment **EBITDA** evolution in 3Q FY2023 was primarily determined by declining global (and domestic) prices for grains and oilseeds, and, as a result, a US\$ 24 million loss was recognized for January-March 2023.

Asset damages

- In Q3 FY2023, Kernel did not experience any critical damages to its assets and infrastructure as a result of missile or artillery strikes. Therefore, no significant war-related losses were recognized during the reporting period.
- However, assets located near the Russian border (two oilseed processing plants) are regularly hit by missile and artillery strikes. As a result, such assets are currently not operational and are difficult to reach, making it challenging to estimate the full extent of the damages at this time.

M&A and investments update

- In February 2023, Kernel **acquired a grain terminal in the Reni port of Ukraine**. The terminal has flat warehouses with a one-time storage capacity of 12,000 tons, and the acquisition is part of Kernel's strategy to secure backup options in case the Black Sea ports become inaccessible as a result of the termination of the grain deal in March 2023. The Group intends to keep investing in its operations in the Reni port to expand the transshipment capacity, and such investments will be leveraged by the Agricultural Resilience Initiative of the USAID who agreed to procure and supply the equipment needed for such expansion.
- On 3 March 2023, Kernel **completed the divestment of selected farming entities**, comprising 134,000 hectares of farmland, along with related farming infrastructure, machinery, and working capital, as previously agreed in April 2022. The consideration was set to be US\$ 210 million, of which a prepayment of US\$ 20 million was received in April 2022, US\$ 100 million was received in April 2023, and the remaining is to be received by 30 August 2023.
- In May 2023, Kernel launched the **construction of a brand-new grain and sunflower oil transshipment terminal** in the Reni port of Ukraine, at the Danube river. Total investments are expected to amount to US\$ 14 million.
- Management of the Group decided to resume **the construction of the largest in Ukraine oilseed processing plant** in Starokostiantyniv, western Ukraine. The facility will have the capacity to process 1 million tons of sunflower seeds per year. Total investments are estimated at US\$ 278 million, of which US\$ 230 were already depleted and the remaining is to be invested in FY2024, targeting to commission the facility in spring 2024. The plant will be equipped with a co-generation heat and power unit having 22.5MW electricity generation capacity.

Employees defending Ukraine

- Since the beginning of the war, 1,431 of Kernel's employees were mobilized to serve in the Armed Forces of Ukraine or joined the Territorial Defense units. Out of this number, 590 have been demobilized and returned to work. Unfortunately, the Group has also suffered the confirmed loss of 27 employees who were killed while defending Ukraine, while 78 others have been injured as a result of the military actions. Kernel remains committed to supporting its employees and their families, as well as other civilians in need and the defenders of Ukraine.

Corporate highlights

- On 13 April 2023 the Board of Directors decided to **withdraw the Company's shares from trading on the regulated market operated by the Warsaw Stock Exchange**. The decision was adopted by seven out of eight Directors. The chairman of the Board of Directors abstained from voting due to conflict of interest.
- On 12 May 2023, the Company received from Namsen Limited, a legal entity directly controlled by Andrii Verevskyi, a chairman of the Board of Directors of the Company, a **notification about purchasing 30,248,449 shares of the Company**, representing approximately 36% shares in the share capital of the Company, which entitle to 30,248,449 votes on the shareholders meeting of the Company, representing approximately 39% of total number of votes on the shareholders meeting of the Company, as a part of the delisting tender offer. As a result of the acquisition, **Namsen Limited directly holds 62,222,460 shares in the Company**, representing approximately 74.05% of shares in the share capital of the Company, which entitle to 62,222,460 votes on the shareholders meeting of the Company, representing approximately 80.36% of total number of votes on the shareholders meeting of the Company.
- On 15 May 2023, the Company submitted to the Polish Financial Supervision Authority an **application for approval of the withdrawal of the Company's shares from trading on the regulated market operated by the Warsaw Stock Exchange S.A.** Such application was submitted in execution of the resolution adopted by the company's Board of Directors on 13 April 2023 on the withdrawal of the Company's shares from trading on the regulated market operated by the WSE, the adoption of which was announced by the Company in current report No. 13/2023 of 13 April 2023. The application concerns all shares of the Company that have been admitted to trading on the regulated market of the WSE, i.e. 84,031,230 ordinary bearer shares. As of the date of this report, no respective decision of the Polish Financial Supervision Authority has been received.
- Mrs. Viktoriia Lukianenko **resigned from her position as Chief Legal Officer** of the Group with effect as of 25 April 2023. In light of this development, the Board of Directors has **appointed Mr. Artem Filipyev as the new Chief Legal Officer** of the Group (as a member of the Executive Management Team), effective 26 April 2023.
- Mrs. Anastasiia Usachova **resigned from her position as Chief Financial Officer** of the Group with effect as of 5 May 2023. Mrs. Usachova remains a director of Kernel Holding S.A. In light of this development, the Board of Directors has **appointed Mr. Sergiy Volkov as the new Chief Financial Officer** of the Group (as a member of the Executive Management Team), effective 8 May 2023.

Alternative Performance Measures

for the three and the nine months ended 31 March 2023

To comply with ESMA Directive on Alternative Performance Measures ("APMs"), Kernel Holding S.A. (hereinafter "the Group") presents this additional disclosure, which enhances the comparability, reliability and comprehension of its financial information.

The Group presents its results in accordance with generally accepted accounting principles (IFRS), but nonetheless, management considers that certain supplemental non-IFRS measures, such as

- **EBITDA;**
- **EBITDA margin;**
- **Segment EBITDA;**
- **Segment EBITDA margin;**
- **Investing Cash Flows net of Fixed Assets Investments;**
- **Net Fixed Assets Investments;**
- **Operating Cash Flows before Working Capital Changes;**
- **Free Cash Flows to the Firm;**
- **Debt Liabilities;**
- **Net Debt;**
- **Commodity Inventories;**
- **Adjusted Net Debt;** and
- **Adjusted Working Capital;**

(together, the 'Alternative Performance Measures') provide investors with a supplemental tool to assist in evaluating current business performance.

The Group believes the **Alternative Performance Measures** are frequently used by securities analysts, investors, and other parties interested in evaluating companies in the Group's industry. The **Alternative Performance Measures** have limitations as analytical tools, and investors should not consider any of them in isolation or any combination of them together as a substitute for analysis of the Company's operating results as reported under IFRS. Other companies in the industry may calculate these **Alternative Performance Measures** differently or may use them for different purposes than Kernel Holding S.A., limiting their usefulness as comparative measures. Each of the **Alternative Performance Measures** is defined below.

Before FY2019, the Group used to report such APMs as **Funds from Operations** and **Free Cash Flows**, but since FY2019 the Group consider these metrics as not relevant anymore, being distortive going forward. The first APM included purchases of property, plant and equipment distorting the operating cash generation capacity of the Group given the current heavy CapEx cycle for the Group. The second APM included dividends paid, thus distorting the cash flow available to repay debt and distribute dividends to shareholders.

Instead, two additional APM's were introduced (as defined below): **Operating Cash Flows before Working Capital Changes** and **Free Cash Flows to the Firm**.

EBITDA and EBITDA margin

The Group uses **EBITDA**¹ as a key measure of operating performance, and it is defined as profit from operating activities adding back amortization and depreciation.

The Group defines **EBITDA margin** as **EBITDA** divided by revenue during the reported period.

Kernel Holding S.A. views **EBITDA** and **EBITDA margin** as the key measures of the Group's performance. The Group uses **EBITDA** and **EBITDA margin** in its public reporting, which is also related to the listing of Company's equity on the Warsaw Stock Exchange. The Group believes that these measures better reflect the Group and its subsidiaries' core operating activities and provide both management and investors with information regarding operating performance, which is more useful for evaluating the financial position of the Group and its subsidiaries than traditional measures, to the exclusion of external factors unrelated to their performance.

EBITDA and **EBITDA margin** have limitations as analytical tools, and investors should not consider these measures in isolation or in any combination with Non-IFRS Measures as a substitute for analysis if the Group's operating results as reported under IFRS. Some of these limitations are as follows:

- **EBITDA** and **EBITDA margin** do not reflect the impact of finance costs, significance of which reflects macroeconomic conditions and have little effect on the Group's operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of taxes on the Group's operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of depreciation and amortization on the Group's performance. The assets of

the Group, which are being depreciated and/or amortized, will need to be replaced in the future and such depreciation and amortization expenses may approximate the cost of replacing these assets in the future. By excluding this expense from **EBITDA** and **EBITDA margin**, such measures do not reflect the Group's future cash requirements for these replacements;

- **EBITDA** and **EBITDA margin** do not reflect the impact of share of income / loss of joint ventures, which are accounted under equity method;

- **EBITDA** and **EBITDA margin** do not reflect the impact of foreign exchange gain/(loss), which the Group does not consider to be part of its core operating performance because the main difference arises on transactions between entities of the Group with different functional currencies;
- **EBITDA** and **EBITDA margin** do not reflect the impact of other expenses; as such expenses are not a part of Group's core operations.

Reconciliation of profit from operating activities to **EBITDA** and **EBITDA margin**:

<i>in thousand US\$ except the margin</i>	Q3 FY2022	Q3 FY2023	9M FY2022	9M FY2023
Profit from operating activities	(60,961)	131,026	433,959	517,852
add back:				
Amortization and depreciation	29,348	23,540	104,767	82,236
EBITDA	(31,613)	154,566	538,726	600,088
Revenue	1,698,637	825,071	4,915,377	2,714,855
EBITDA margin	(2%)	19%	11.0%	22%

¹ In other documents (e.g. listing particulars) the Group could use the term Adjusted EBITDA, which is calculated as profit before income tax adding back net finance costs, net foreign exchange gain, net other expenses, share of income/(loss) of joint ventures, and amortization and depreciation, and coming to the same result as EBITDA

Alternative Performance Measures continued

for the three and the nine months ended 31 March 2023

Segment EBITDA and Segment EBITDA margin

The Group uses **Segment EBITDA** and **Segment EBITDA margin** as the key measures of segment operating performance. The Group defines **Segment EBITDA** as profit/(loss) from operating activities adding back amortization and depreciation.

The Group defines **Segment EBITDA margin** as **Segment EBITDA** divided by the segment revenue during the reporting period.

Calculation of Segment EBITDA and Segment EBITDA margin:

in thousand US\$	Q3 FY2022	Q3 FY2023	9M FY2022	9M FY2023
Oilseed Processing				
Profit from operating activities	(55,904)	101,561	(457)	197,226
plus Amortization and depreciation	7,974	7,355	23,434	22,395
Segment EBITDA	(47,930)	108,916	22,977	219,621
Segment revenue	495,161	493,985	1,527,206	1,443,964
Segment EBITDA margin	(10%)	22%	2%	15%
Infrastructure and Trading				
Profit from operating activities	98,630	64,890	293,285	175,439
plus Amortization and depreciation	5,943	6,317	18,165	18,101
Segment EBITDA	104,573	71,207	311,450	193,540
Segment revenue	1,487,607	557,658	4,311,126	2,110,131
Segment EBITDA margin	7%	13%	7%	9%
Farming				
Profit / (loss) from operating activities	(79,376)	(33,280)	223,147	221,494
plus Amortization and depreciation	14,916	8,975	61,125	39,260
Segment EBITDA	(64,460)	(24,305)	284,272	260,754
Segment revenue	87,132	104,842	510,017	590,617
Segment EBITDA margin	(74%)	(23%)	56%	44%
Other				
Loss from operating activities	(24,311)	(2,145)	(82,016)	(76,307)
plus Amortization and depreciation	515	893	2,043	2,480
Segment EBITDA	(23,796)	(1,252)	(79,973)	(73,827)

Investing Cash Flows less Net Fixed Assets Investments

The Group uses **Investing Cash Flows less Net Fixed Assets Investments** as a measure of its expenditures on investments other than property plant and equipment and which is defined as net cash used in investing activities adding back:

- purchase of property, plant and equipment;
- proceeds from disposal of property, plant and equipment.

Net Fixed Assets Investments

The Group uses **Net Fixed Assets Investments** as a measure of its expenditures on fixed assets maintenance and which is defined as net cash used in investing activities less **Investing Cash Flows less Net Fixed Assets Investments** or alternatively may be calculated as cash used for purchase of property, plant and equipment less proceeds from disposal of property, plant and equipment.

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

in thousand US\$	Q3 FY2022	Q3 FY2023	9M FY2022	9M FY2023
Net cash used in investing activities	(170,598)	(3,460)	(322,515)	39,176
<i>Adding back:</i>				
Purchase of property, plant and equipment	(26,891)	(11,991)	(116,348)	(68,049)
Proceeds from disposal of property, plant and equipment	1,892	295	4,317	559
Investing Cash Flows less Net Fixed Assets Investments	(145,599)	8,236	(210,484)	106,666

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

in thousand US\$	Q3 FY2022	Q3 FY2023	9M FY2022	9M FY2023
Purchase of property, plant and equipment	(26,891)	(11,991)	(116,348)	(68,049)
Proceeds from disposal of property, plant and equipment	1,892	295	4,317	559
Net Fixed Assets Investments	(24,999)	(11,696)	(112,031)	(67,490)

Operating Cash Flows before Working Capital Changes

The Group uses **Operating Cash Flows before Working Capital Changes** as a measure of the cash generation of its core business operations and which is defined as net cash generated by (used in) operating activities less changes in working capital, including:

- change in trade and other accounts receivable;
- change in prepayments and other current assets;
- change in restricted cash balance;
- change in taxes recoverable and prepaid;
- change in biological assets;
- change in inventories;
- change in trade accounts payable; and
- change in advances from customers and other current liabilities.

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

in thousand US\$	Q3 FY2022	Q3 FY2023	9M FY2022	9M FY2023
Net cash generated by operating activities	129,935	272,345	(270,828)	686,944
<i>Less:</i>				
Changes in working capital, including:	72,824	117,408	(706,350)	52,567
Change in trade and other accounts receivable	28,362	(25,793)	18,992	(273,767)
Change in prepayments and other current assets	28,937	(71,540)	12,796	(107,879)
Change in restricted cash balance	52	-	90	58
Change in taxes recoverable and prepaid	(19,062)	22,674	(135,056)	6,673
Change in biological assets	(9,286)	38,332	482,343	113,207
Change in inventories	22,839	43,611	(1,227,761)	225,460
Change in trade accounts payable	1,897	29,627	75,560	(12,542)
Change in advances from customers and other current liabilities	19,085	80,497	66,686	101,357
Operating Cash Flows before Working Capital Changes	57,111	154,937	435,522	634,377

Alternative Performance Measures continued

for the three and the nine months ended 31 March 2023

Free Cash Flows to the Firm

The Group uses **Free Cash Flows to the Firm** as a measure of the cash generation of its core business operations and which is defined as sum of net cash generated by operating activities and net cash used in investing activities.

Commodity Inventories

The Group uses **Commodity Inventories** (hereinafter 'CI'), as an additional measure of its liquidity, which the Group uses to provide a supplemental tool to assist in evaluating current business performance and in calculating credit ratios under certain of the Group's financing arrangements. The Group defines **CI** as agricultural inventories, such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets and the international pricing mechanism. The Group used to call such inventories as "Readily marketable inventories", but after the beginning of the war in Ukraine the Group faced difficulties with selling such inventories, and therefore such inventories cannot be considered as readily marketable any longer.

Debt Liabilities

The Group uses three metrics as the measure of its leverage and indebtedness, which consists of **Debt Liabilities**, **Net Debt** and **Adjusted Net Debt**. The Group defines **Debt Liabilities** as the sum of:

- bonds issued, interest on bonds issued;
- long-term borrowings;
- current portion of long-term borrowings;
- short-term borrowings; and
- lease liabilities (including current portion).

The Group defines **Net Debt** as **Debt Liabilities** less cash and cash equivalents. Finally, the Group defines **Adjusted Net Debt**, as **Net Debt** less commodity inventories.

Adjusted Working Capital

The Group uses **Adjusted Working Capital** as a measure of its efficiency and short-term liquidity and which is defined as current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excl. short-term borrowings, current portion of long-term borrowings, current bond issued, current portion of lease liabilities, and interest on bonds issued).

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

<i>in thousand US\$</i>	Q3 FY2022	Q3 FY2023	9M FY2022	9M FY2023
Net cash used in operating activities	106,142	234,506	(366,648)	582,628
Net cash used in investing activities	(170,598)	(3,460)	(322,515)	39,176
Free Cash Flows to the Firm	(64,456)	231,046	(689,163)	621,804

The following table shows the Group's key inventories considered eligible for **CI** by type and the amounts of such inventory that the Group treats as **CI** as at the periods indicated:

<i>in thousand US\$</i>	As of 31 March 2022	As of 31 December 2022	As of 31 March 2023
Sunflower oil & meal	200,697	99,099	152,119
Sunflower seed	501,804	189,736	79,789
Grains	478,076	302,167	261,605
Other	193,773	107,860	143,333
Total	1,374,350	698,862	636,845
<i>of which: Commodity Inventories</i>	1,180,877	592,945	496,932

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

<i>in thousand US\$</i>	As of 31 March 2022	As of 31 December 2022	As of 31 March 2023
Bonds issued	-	595,782	596,047
Current bonds issued	594,895	-	-
Interest on bonds issued	17,440	7,612	17,440
Long-term borrowings	205,713	-	-
Current portion of long-term borrowings	28,717	-	-
Short-term borrowings	906,935	937,012	909,129
Lease liabilities	278,635	148,591	154,024
Current portion of lease liabilities	-	38,145	37,295
Debt Liabilities	2,032,335	1,727,142	1,713,935
less: cash and cash equivalents	372,993	679,223	880,822
Net Debt	1,659,342	1,047,919	833,113
less: Commodity Inventories	1,180,877	592,945	496,932
Adjusted Net Debt	478,465	454,974	336,181

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

<i>in thousand US\$</i>	As of 31 March 2022	As of 31 December 2022	As of 31 March 2023
Total current assets	2,879,418	2,555,883	2,565,360
less:			
Cash and cash equivalents	372,993	679,223	880,822
Assets classified as held for sale	-	228,227	-
Total current liabilities	1,605,424	2,021,025	1,938,594
add back:			
Short-term borrowings	906,935	937,012	909,129
Current portion of long-term borrowings	28,717	-	-
Current portion of lease liabilities	-	595,782	596,047
Current bonds issued	55,835	38,145	37,295
Interest on bonds issued	17,440	7,612	17,440
Adjusted Working Capital	1,909,928	1,205,959	1,305,855

Alternative Performance Measures continued

for the three and the nine months ended 31 March 2023

The Management believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are used by the Management for performance analysis, planning, reporting and incentive setting purposes. The measures are also used in discussions with the investors, investment analyst community and credit rating agencies.

APM	Calculation	Why APM is the most important for management
EBITDA	Profit from operating activities adding back amortization and depreciation.	EBITDA is the main metric used by the management of the Group to measure operating performance. It is also widely used by investors when evaluating businesses, and by rating agencies and creditors to evaluate the leverage.
EBITDA margin	EBITDA divided by revenue during the reported period.	EBITDA margin is a metric widely used to measure profitability of Group's operations.
Segment EBITDA	Segment profit from operating activities adding back amortization and depreciation.	EBITDA is the main metric used by management of the Group to measure segment operating performance.
Segment EBITDA margin	Segment EBITDA divided by segment revenue during the reporting period.	Segment EBITDA margin is the metric widely used to measure profitability of Group's segment operations.
Investing Cash Flows net of Fixed Assets Investments	Net cash used in investing activities adding back purchase of property, plant and equipment, and proceeds from disposal of property, plant and equipment.	As the Group has grown and developed through acquisitions, this APM helps to monitor the M&A and other investing activities of the Group.
Net Fixed Assets Investments	Net cash used in investing activities less Investing Cash Flows net of Fixed Assets Investments .	The Group is executing a solid investment program, and fixed assets investment is an important measure to monitor capital expenditure as a part of the execution of investment program.
Operating Cash Flows before Working Capital Changes	Net cash generated by operating activities less changes in working capital activities, including: <ul style="list-style-type: none"> • change in trade receivables and other financial assets; • change in prepayments and other current assets; • change in restricted cash balance; • change in taxes recoverable and prepaid; • change in biological assets; • change in inventories; • change in trade accounts payable; and • change in advances from customers and other current liabilities. 	The Group uses this APM as a pre-working capital measure that reflects Group's ability to generate cash for investment, debt servicing and distributions to shareholders.
Free Cash Flows to the Firm	Sum of net cash generated by operating activities and net cash used in investing activities.	The Group uses this APM as it reflects the cash generating capability of the Group to repay debt and distribute dividends to shareholders.
Commodity Inventories	Agricultural inventories, such as corn, wheat, barley, soybean, sunflower seed, meal and oil.	The Group uses this APM as an additional measure of its liquidity, which the Group uses to provide a supplemental tool to assist management and investors in evaluating current business performance and in calculating credit ratios under certain of the Group's financing arrangements.
Debt Liabilities	Sum of bonds issued, current bonds issued, interest on bonds issued, long-term borrowings, current portion of long-term borrowings, short-term borrowings; lease liabilities and current portion of lease liabilities.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit investors and rating agencies.
Net Debt	Debt Liabilities less cash and cash equivalents.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit and equity investors and rating agencies.
Adjusted Net Debt	Net Debt less commodity inventories.	The Group uses this APM as a supplemental measure of the Group's liquidity, which shows the amount of Debt Liabilities not covered by cash and commodity inventories.
Adjusted Working Capital	Current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding short-term borrowings, current portion of long-term borrowings, current portion of lease liabilities, current bonds issued, interest on bonds issued, and liabilities associated with assets classified as held for sale).	The indicator of working capital is important for the Group, as the Group is involved in trading and processing activities and hold large volumes of inventories on the balance. The Group also invests in business expansion, which needs working capital investments to increase efficiency. It is useful for users and investors because it measures both a Group's efficiency and its short-term financial health. It also helps management to keep a business operating smoothly and meet all its financial obligation within the coming year.

Selected Financial Data

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

		USD ¹		PLN ¹		EUR ¹	
		31 March 2023	31 March 2022 ²	31 March 2023	31 March 2022 ²	31 March 2023	31 March 2022 ²
I.	Revenue	825,071	1,698,637	3,622,474	7,004,330	769,131	1,514,335
II.	Profit/(Loss) from operating activities	131,026	(60,961)	575,270	(251,374)	122,142	(54,347)
III.	Profit/(Loss) before income tax	97,636	(87,791)	428,671	(362,007)	91,016	(78,266)
IV.	Profit/(Loss) for the period	66,491	(103,386)	291,929	(426,313)	61,983	(92,169)
V.	Net cash generated by operating activities	234,506	106,142	1,029,598	437,676	218,606	94,626
VI.	Net cash used in investing activities	(3,460)	(170,598)	(15,191)	(703,461)	(3,225)	(152,088)
VII.	Net cash used in by financing activities	(29,452)	(16,140)	(129,309)	(66,553)	(27,455)	(14,389)
VIII.	Total net cash flow	201,594	(80,596)	885,098	(332,338)	187,926	(71,851)
IX.	Total assets	4,040,547	4,756,417	17,347,684	19,882,298	3,710,434	4,273,640
X.	Current liabilities	1,938,594	1,622,037	8,323,159	6,780,277	1,780,211	1,457,400
XI.	Non-current liabilities	224,308	1,147,507	963,044	4,796,694	205,982	1,031,035
XII.	Issued capital	2,219	2,219	9,527	9,276	2,038	1,994
XIII.	Total equity	1,877,645	1,986,873	8,061,481	8,305,327	1,724,241	1,785,205
XIV.	Weighted average number of shares	77,429,230	78,666,730	77,429,230	78,666,730	77,429,230	78,666,730
XV.	Profit/(Loss) per ordinary share (in USD/PLN/EUR)	0.89	(1.31)	3.91	(5.42)	0.83	(1.17)
XVI.	Diluted number of shares	77,429,230	78,666,730	77,429,230	78,666,730	77,429,230	78,666,730
XVII.	Diluted profit/(loss) per ordinary share (in USD/PLN/EUR)	0.89	(1.31)	3.91	(5.42)	0.83	(1.17)
XVIII.	Book value per share (in USD/PLN/EUR)	24.22	25.59	103.99	106.97	22.24	22.99
XIX.	Diluted book value per share (in USD/PLN/EUR)	24.22	25.59	103.99	106.97	22.24	22.99

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

² During the three months ended 31 March 2023, the Group made certain corrections, please see Note 4 for more details.

Condensed Consolidated Interim Statement of Financial Position

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 31 March 2023	As of 31 December 2022	As of 30 June 2022	As of 31 March 2022 ¹
Assets					
Current assets					
Cash and cash equivalents	9	880,822	679,223	447,625	372,993
Trade accounts receivable	19	298,933	392,417	142,738	369,436
Prepayments to suppliers	19	185,622	149,567	107,167	106,200
Corporate income tax prepaid		2,001	3,893	12,228	5,363
Taxes recoverable and prepaid		149,490	170,696	204,686	296,286
Inventory	10	636,845	698,862	953,922	1,374,350
Biological assets	11	23,645	66,383	161,911	51,617
Other financial assets	12,19	388,002	166,615	205,811	303,173
Assets classified as held for sale		—	228,227	287,068	—
Total current assets		2,565,360	2,555,883	2,523,156	2,879,418
Non-current assets					
Property, plant and equipment	13	1,024,792	1,025,630	1,018,073	1,092,696
Right-of-use assets		203,441	202,338	247,740	358,837
Intangible assets		36,030	35,985	124,198	209,813
Goodwill		68,993	68,993	71,620	81,610
Deferred tax assets		35,932	33,429	41,568	12,076
Non-current financial assets	19	30,622	31,751	52,532	69,004
Other non-current assets		75,377	75,208	106,725	52,963
Total non-current assets		1,475,187	1,473,334	1,662,456	1,876,999
Total assets		4,040,547	4,029,217	4,185,612	4,756,417
Liabilities and equity					
Current liabilities					
Trade accounts payable	19	140,918	114,570	161,342	233,423
Advances from customers and other current liabilities	19	153,191	155,225	89,200	124,111
Corporate income tax liabilities		15,235	18,488	7,411	58,829
Short-term borrowings	14	909,129	937,012	1,093,087	906,935
Current portion of long-term borrowings	14	—	—	—	28,717
Current portion of lease liabilities		37,295	38,145	39,111	55,835
Current bonds issued	15	596,047	595,782	595,038	—
Interest on bonds issued		17,440	7,612	7,612	17,440
Other financial liabilities	19	69,339	59,820	128,537	196,747
Liabilities associated with assets classified as held for sale		—	94,371	116,848	—
Total current liabilities		1,938,594	2,021,025	2,238,186	1,622,037
Non-current liabilities					
Long-term borrowings	14	—	—	—	205,713
Lease liabilities		154,024	148,591	200,441	278,635
Deferred tax liabilities		25,036	6,789	21,893	20,134
Bonds issued	15	—	—	—	594,895
Other non-current liabilities	2, 19	45,248	47,210	38,871	48,130
Total non-current liabilities		224,308	202,590	261,205	1,147,507
Equity attributable to Kernel Holding S.A. equity holders					
Issued capital		2,219	2,219	2,219	2,219
Share premium reserve		500,378	500,378	500,378	500,378
Additional paid-in capital		39,944	39,944	39,944	39,944
Treasury shares	2	(96,897)	(96,897)	(96,897)	(96,897)
Revaluation reserve		104,303	104,303	104,303	62,174
Translation reserve		(936,464)	(1,066,942)	(816,490)	(817,051)
Retained earnings		2,261,887	2,317,847	1,949,731	2,290,494
Total equity attributable to Kernel Holding S.A. equity holders		1,875,370	1,800,852	1,683,188	1,981,261
Non-controlling interests	4	2,275	4,750	3,033	5,612
Total equity		1,877,645	1,805,602	1,686,221	1,986,873
Total liabilities and equity		4,040,547	4,029,217	4,185,612	4,756,417
Book value		1,875,370	1,800,852	1,683,188	1,981,261
Number of shares	2	77,429,230	77,429,230	77,429,230	77,429,230
Book value per share (in USD)		24.22	23.26	21.74	25.59
Diluted number of shares		77,429,230	77,429,230	77,429,230	77,429,230
Diluted book value per share (in USD)		24.22	23.26	21.74	25.59

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors

Anastasiia Usachova

Director

Sergiy Volkov

Chief Financial Officer of Kernel Holding S.A.
group of companies

¹ During the three months ended 31 March 2023, the Group made certain corrections, please see Note 4 for more details.

Condensed Consolidated Interim Statement of Profit or Loss

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	3 months ended 31 March 2023	9 months ended 31 March 2023	3 months ended 31 March 2022 ¹	9 months ended 31 March 2022 ¹
Revenue	16, 19	825,071	2,714,855	1,698,637	4,915,377
Net change in fair value of biological assets and agricultural produce	11	(10,651)	(12,505)	(73,560)	37,946
Cost of sales	17, 19	(623,731)	(2,044,254)	(1,597,663)	(4,250,479)
Gross profit		190,689	658,096	27,414	702,844
Other operating income	19	30,654	62,070	37,659	51,837
Other operating expenses		(8,448)	(28,293)	(6,901)	(27,890)
General, administrative and selling expenses	18, 19	(65,451)	(168,447)	(43,316)	(215,173)
Net impairment gains and (losses) on financial assets		3,958	5,751	(15,168)	(17,010)
Loss on impairment of assets		(20,376)	(11,325)	(60,649)	(60,649)
Profit/(Loss) from operating activities		131,026	517,852	(60,961)	433,959
Finance costs		(39,210)	(115,533)	(30,366)	(93,118)
Finance income	19	8,955	19,395	2,475	7,786
Foreign exchange gain/(loss), net		(2,305)	64,286	16,426	11,114
Other expenses, net	19	(830)	(1,988)	(15,365)	(14,188)
Profit/(Loss) before income tax		97,636	484,012	(87,791)	345,553
Income tax expenses		(31,145)	(47,213)	(15,595)	(25,015)
Profit/(Loss) for the period		66,491	436,799	(103,386)	320,538
Profit/(Loss) for the period attributable to:					
Equity holders of Kernel Holding S.A.		68,964	437,080	(103,344)	320,446
Non-controlling interests		(2,473)	(281)	(42)	92
Earnings per share					
Weighted average number of shares		77,429,230	77,429,230	78,666,730	81,103,208
Profit/(Loss) per ordinary share (in USD)		0.89	5.64	(1.31)	3.95
Diluted number of shares		77,429,230	77,429,230	78,666,730	81,103,208
Diluted profit/(loss) per ordinary share (in USD)		0.89	5.64	(1.31)	3.95

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director

Sergiy Volkov
Chief Financial Officer of Kernel Holding S.A.
group of companies

¹ During the three months ended 31 March 2023, the Group made certain corrections and reclassifications, please see Note 4 for more details.

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

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

	3 months ended 31 March 2023	9 months ended 31 March 2023	3 months ended 31 March 2022 ¹	9 months ended 31 March 2022 ¹
Profit/(loss) for the period	66,491	436,799	(103,386)	320,538
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Increase in revaluation reserve	—	—	—	5,956
Income tax related to components of other comprehensive income	—	—	—	(1,072)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations ²	5,552	(245,375)	(102,311)	(111,850)
Gain arising on cash flow hedge	—	—	10,409	1,736
Income tax related to cash flow hedge	—	—	(1,546)	(243)
Other comprehensive income/(loss), net	5,552	(245,375)	(93,448)	(105,473)
Total comprehensive income/(loss) for the period	72,043	191,424	(196,834)	215,065
Total comprehensive income/(loss) attributable to:				
Equity holders of Kernel Holding S.A.	74,518	192,182	(199,558)	212,209
Non-controlling interests	(2,475)	(758)	2,724	2,856

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director

Sergiy Volkov
Chief Financial Officer of Kernel Holding S.A.
group of companies

¹ During the three months ended 31 March 2023, the Group made certain corrections and reclassifications, please see Note 4 for more details.

² Exchange differences originated on different presentation currency of the Group and functional currencies of the subsidiaries.

Condensed Consolidated Interim Statement of Changes in Equity

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

Attributable to Kernel Holding S.A. shareholders												
	Share Issued capital	Additional premium reserve	Equity- settled paid-in capital	employee benefits reserve	Treasury shares	Revaluation reserve	Other reserves	Translation reserve	Retained Earnings	Total	Non- controlling interests	Total equity
Balance as of 31 December 2021¹	2,219	500,378	39,944	—	(50,786)	62,174	(8,266)	(712,571)	2,393,838	2,226,930	2,888	2,229,818
Loss for the period ¹	—	—	—	—	—	—	—	—	(103,344)	(103,344)	(42)	(103,386)
Other comprehensive income/(loss) ¹	—	—	—	—	—	—	8,266	(104,480)	—	(96,214)	2,766	(93,448)
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	8,266	(104,480)	(103,344)	(199,558)	2,724	(196,834)
Repurchase of treasury shares	—	—	—	—	(46,111)	—	—	—	—	(46,111)	—	(46,111)
Balance as of 31 March 2022¹	2,219	500,378	39,944	—	(96,897)	62,174	—	(817,051)	2,290,494	1,981,261	5,612	1,986,873
Balance as of 31 December 2022	2,219	500,378	39,944	—	(96,897)	104,303	—	(1,066,942)	2,317,847	1,800,852	4,750	1,805,602
Profit/(Loss) for the period	—	—	—	—	—	—	—	—	68,964	68,964	(2,473)	66,491
Other comprehensive income/(loss)	—	—	—	—	—	—	—	130,478	(124,924)	5,554	(2)	5,552
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	—	130,478	(55,960)	74,518	(2,475)	72,043
Balance as of 31 March 2023	2,219	500,378	39,944	—	(96,897)	104,303	—	(936,464)	2,261,887	1,875,370	2,275	1,877,645

On behalf of the Board of Directors

Anastasiia Usachova
Chairman of the Board of Directors

Sergiy Volkov
Director

Anastasiia Usachova
Chief Financial Officer of Kernel Holding S.A.
group of companies

¹ During the three months ended 31 March 2023, the Group made certain corrections and reclassifications, please see Note 4 for more details.

Condensed Consolidated Interim Statement of Cash Flows

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	3 months ended 31 March 2023	9 months ended 31 March 2023	3 months ended 31 March 2022 ¹	9 months ended 31 March 2022 ¹
Operating activities:					
Profit before income tax		97,636	484,012	(87,791)	345,553
Adjustments for:					
Amortization and depreciation		23,540	82,236	29,348	104,767
Finance costs, net		30,255	96,138	27,891	85,332
Change in loss allowance for expected credit losses on trade and other receivables		(3,958)	(5,751)	15,168	17,010
Other accruals		14,101	28,285	5,899	11,462
Loss/(gain) on disposal of property, plant and equipment		(40)	390	(598)	(1,793)
Net foreign exchange (gain)/loss		2,624	(62,477)	(14,932)	(7,576)
Loss on impairment of assets		20,376	11,325	60,649	60,649
Net change in fair value of biological assets and agricultural produce	11	10,651	12,505	73,560	(37,946)
Loss/(Profit) on sales of Subsidiaries	8	(2,666)	(2,666)	—	—
Net gain/(loss) arising on financial instruments		(27,526)	436	(52,083)	(139,599)
Other gains		(10,056)	(10,056)	—	(2,337)
Operating profit before working capital changes		154,937	634,377	57,111	435,522
Changes in working capital:					
Change in trade receivable and other financial assets		(25,793)	(273,767)	28,362	18,992
Change in prepayments and other current assets		(71,540)	(107,879)	28,937	12,796
Change in restricted cash balance		—	58	52	90
Change in taxes recoverable and prepaid		22,674	6,673	(19,062)	(135,056)
Change in biological assets		38,332	113,207	(9,286)	482,343
Change in inventories		43,611	225,460	22,839	(1,227,761)
Change in trade accounts payable		29,627	(12,542)	1,897	75,560
Change in advances from customers and other current liabilities		80,497	101,357	19,085	66,686
Cash generated from/(used in) operations		272,345	686,944	129,935	(270,828)
Interest paid		(25,408)	(92,177)	(20,661)	(90,179)
Interest received		7,052	14,753	3,519	10,441
Income tax paid		(19,483)	(26,892)	(6,651)	(16,082)
Net cash generated by/(used in) operating activities		234,506	582,628	106,142	(366,648)
Investing activities:					
Purchase of property, plant and equipment		(11,991)	(68,049)	(26,891)	(116,348)
Proceeds from disposal of property, plant and equipment		295	559	1,892	4,317
Payment for lease agreements		(158)	(1,192)	(410)	(1,777)
Purchase of intangible and other non-current assets		(241)	(9,639)	(154,324)	(158,094)
Proceeds from disposal of intangible and other non-current assets		—	111,311	—	—
Acquisition of subsidiaries, net of cash acquired	8	(13)	(6,427)	—	—
Amount advanced for subsidiary		—	—	1,969	2,869
Amount advanced to related parties		—	—	(1,348)	(19,790)
Proceeds from return of loans by related parties		—	—	7,038	14,972
Proceeds from disposal of / (Payment to acquire) financial assets		8,648	12,613	1,476	(48,664)
Net cash (used in)/generated by investing activities		(3,460)	39,176	(170,598)	(322,515)
Financing activities:					
Proceeds from borrowings		—	54,906	182,039	1,029,913
Repayment of borrowings		(29,487)	(208,624)	(86,855)	(137,496)
Repayment of dividends		—	—	(34,069)	(34,069)
Proceeds/(Financing) for farmers		—	196	(4,173)	(13,788)
Repayment of lease liabilities		—	(32,931)	(1,256)	(17,477)
Repurchase of treasury shares		—	—	(46,111)	(96,897)
Repayment of corporate bonds		—	—	—	(213,110)
Premium for early repayment of bonds		—	—	—	(1,888)
Net cash (used in)/generated by financing activities		(29,487)	(186,453)	9,575	515,188
Effects of exchange rate changes on the balance of cash held in foreign currencies		35	(2,103)	(25,715)	(26,886)
Net decrease in cash and cash equivalents		201,594	433,248	(80,596)	(200,861)
Cash and cash equivalents, at the beginning of the year	9	679,220	447,566	453,585	573,850
Cash and cash equivalents, at the end of the year	9	880,814	880,814	372,989	372,989

On behalf of the Board of Directors

Anatoliy Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director

Sergiy Volkov
Chief Financial Officer of Kernel Holding S.A.
group of companies

¹ During the six months ended 31 March 2023, the Group made certain corrections and reclassifications, please see Note 4 for more details.
The accompanying notes are an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

1. Corporate Information

Kernel Holding S.A. (hereinafter referred to as the 'Holding' or the 'Company') incorporated under the legislation of Luxembourg on 15 June 2005 (number B 109,173 in the Luxembourg Register of Companies) is the holding company for a group of entities (hereinafter referred to as the 'Subsidiaries'), which together form Kernel Group (hereinafter referred to as the 'Group' or the 'Kernel Group').

Kernel Holding S.A. has been a publicly traded company since 2007. Its ordinary shares are traded on the Warsaw stock exchange.

The Group's principal business activity is the production and subsequent export of sunflower oil and meal in bulk, the production and sale of bottled sunflower oil, the wholesale trade of grain (mainly corn, soybean, wheat and barley), farming, and the provision of logistics and transshipment services.

The Group's financial year runs from 1 July to 30 June.

The principal place of business of the Group is Ukraine. The principal operating office of the Group is located at 3 Tarasa Shevchenka Lane, Kyiv, 01001, Ukraine.

As of 31 March, the primary Subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Holding were as follows:

Subsidiary	Principal activity	Country of incorporation	Group's effective ownership interest and voting rights as of			
			31 March 2023	31 December 2022	30 June 2022	31 March 2022
Inerco Trade S.A.	Trading in sunflower oil, meal and grain.	Switzerland	100.0%	100.0%	100.0%	100.0%
Kernel-Trade LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Avere Commodities SA		Switzerland	100.0%	100.0%	100.0% ¹	60.0% ²
Poltava OEP PJSC	Oilseed crushing plants. Production of sunflower oil and meal.	Ukraine	99.7%	99.7%	99.7%	99.7%
Bandurka OEP LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Vovchansk OEP PJSC		Ukraine	99.4%	99.4%	99.4%	99.4%
Prykolotne OEP LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Kropyvnytskyi OEP PJSC		Ukraine	99.2%	99.2%	99.2%	99.2%
BSI LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Prydniprovskyi OEP LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Estron Corporation Ltd	Provision of grain, oil and meal handling and transshipment services	Cyprus	100.0%	100.0%	100.0%	100.0%
Transbulkterminal LLC		Ukraine	100.0%	100.0%	100.0%	—
Transgrainterminal LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Oilexportterminal LLC		Ukraine	100.0%	100.0%	—	—
Poltava HPP PJSC	Grain elevators. Provision of grain and oilseed cleaning, drying and storage services.	Ukraine	94.1%	94.1%	94.1%	94.1%
Kononivsky Elevator LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Agro Logistics Ukraine LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Bilovodskyi KHP PJSC		Ukraine	91.12%	91.12%	91.12%	91.12%
Hliborob LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Prydniprovskyi Kray ALLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Enselco Agro LLC		Ukraine	— ³	100.0%	100.0%	100.0%
Druzhba-Nova ALLC	soybean, sunflower seed, rapeseed, forage, pea and barley.	Ukraine	100.0%	100.0%	100.0%	100.0%
Druzhba 6 PE		Ukraine	100.0%	100.0%	100.0%	100.0%
AF Semerenky LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Hovtva ALLC		Ukraine	100.0%	100.0%	100.0%	100.0%

These condensed consolidated interim financial statements were authorized for release by the board of directors of Kernel Holding S.A. on 13 June 2023.

¹ 40% were repurchased by the Company on 9 March 2022.

² Economic ownership of Avere was 60% based on structure of dividend distribution and 100% based on the fact that it's part of employee profit sharing arrangement, but voting rights was 85% for the Group.

³ The company was disposed on 3 March 2023.

Notes to the Condensed Consolidated Interim Financial Statements continued

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

2. Change in Issued Capital

Since 15 June 2005, the parent company of the Group is Kernel Holding S.A. (Luxembourg). The issued capital of the Holding as of 31 March 2023 and 2022, consisted of 84,031,230 ordinary electronic shares without indication of the nominal value. Ordinary shares have equal voting rights and rights to receive dividends (except of own shares purchased).

The shares were distributed as follows:

Equity holders	As of 31 March 2023		As of 31 December 2022		As of 31 March 2022	
	Shares allotted and fully paid	Share owned	Shares allotted and fully paid	Share owned	Shares allotted and fully paid	Share owned
Namsen Limited Liability Company registered under the legislation of Cyprus (hereinafter the 'Major Equity Holder')	31,974,011	38.05%	31,974,011	38.05%	31,974,011	38.05%
Free float	45,455,219	54.09%	45,455,219	54.09%	45,455,219	54.09%
Own shares purchased	6,602,000	7.86%	6,602,000	7.86%	6,602,000	7.86%
Total	84,031,230	100.00%	84,031,230	100.00%	84,031,230	100.00%

As of 31 March 2023, and 2022, and 31 December 2022, 100% of the beneficial interest in the Major Equity Holder was held by Andrii Mykhailovych Verevskyi (hereinafter the 'Beneficial Owner').

During the year ended 30 June 2022, a new management incentive plan was introduced, according to which the Company shall grant to the management of the put options the right to sell to the Company and the obligation to the Company to purchase in total up to 2,792,435 ordinary shares of the Company. The consideration for each share will be a minimum of (i) USD 23.80 and (ii) operating profit before working capital changes minus interest paid plus interest received minus interest tax paid minus maintenance capital expenditures in the fixed amount of USD 155,000 thousand, where all amounts, except for the maintenance capital expenditures, are specified in United States Dollars ('USD') as appropriately classified and disclosed in the consolidated statement of cash flows of the audited annual consolidated accounts of the Company and its subsidiaries for the Financial Years 2022-2024, divided by three divided by 12% and divided by 84,031,230. The option exercise period is set for a period commencing on 1 November 2024 and expiring on 31 December 2025. Fair value of the put options were calculated using a Monte Carlo model and at the grant date the Group's liability amounted to USD 44,830 thousand, out of which USD 44,282 thousand were recognized through Retained earnings and USD 548 thousand expensed in General, administrative and selling expenses (part of Payroll and payroll related expenses). As of 31 March 2023, the fair value of the put options equaled to USD 44,438 thousand.

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income until this reserve equals 10% of the subscribed issued capital. This reserve, in the amount of USD 221 thousand as of 31 March 2023 and 2022, and 31 December 2022, may not be distributed as dividends.

3. Operating Environment

On 24 February 2022 the Russian Federation started a full-scale military invasion of Ukraine which, due to broad security concerns, became challenging for the further stable development of economical and finance segments in Ukraine, and the operating environment remains risky and with high levels of uncertainty since then.

As a result of the military invasion of the Russian Federation and the start of the full-scale war, the economy of Ukraine suffered serious consequences. In 2022, the drop in Ukraine's GDP reached 30.3% (in 2021, real GDP grew by 3.2%). Starting from February 2022, the inflation rate increased in annual terms up and reached 26.6% by the end of the year (2021: 10.0%) because of the disruption of supply chains and production processes, uneven demand, increased business costs, increased global prices, limited supply of certain commodities, as well as physical destruction of assets of a range of companies caused by the Russian attack on Ukraine. The national currency devalued, according to the official exchange rates at the end of 2022, by 34% against USD and by 26% against EUR comparing to the averages at the end of 2021.

Given the fast-moving nature of the situation and the unpredictability of war, it will likely take time to assess the economic fallout. For now, the government has prioritized defense and social spending. In February 2023, annual inflation in Ukraine had reached 24.9%, easing further from 26.6%. The Ukrainian economy experienced significant challenges and the government heavily relied on international financial support.

The Ukrainian government received financing and donations from international organizations and various countries to support financial stability and to finance social related payments and military needs (International Monetary Fund, European Union, and directly from numerous countries). As of May 31, 2023, the Ukrainian government has received USD 7.5 billion in financial aid from the EU. In the period between June and December 2023, an additional USD 10.5 billion will be provided.

The NBU increased the key policy rate to 25% in June 2022 and has decided to keep this rate unchanged in 2023.

From the onset of the full-scale war, the National Bank of Ukraine (the 'NBU') has introduced a range of temporary protective measures, such as restriction of cross-border payments in foreign currency, fixing the official exchange rate for major currencies (on 21 July 2022, the NBU adjusted the official UAH/USD exchange rate by 25% to UAH 36.5686 per USD 1). Despite the increase in the official exchange rate of USD, the disparity between the official and market exchange rates remains. From the beginning of the war, the NBU fixed the discount rate at the level of 10% due to the forced administrative restrictions, however, later, in June, the NBU increased it to the level of 25%. In 2023, the NBU additionally tightened the requirements to obligatory reserves of banks. The NBU stated it would revert to the traditional format of inflation targeting.

Notes to the Condensed Consolidated Interim Financial Statements continued

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

In October 2022-February 2023, Ukraine witnessed massive power outages for the population and businesses due to a significant damage to power grids caused by shelling from the Russian Federation, which also caused problems with water and heat supply. The Government introduced a range of emergency measures to resolve those challenges and stabilize the economy. Effective from February 2023, the situation in the energy system of Ukraine improved and stabilized.

The ongoing military attack has led to significant damage to infrastructure, dislocation of the population, and disruption to economic activities in Ukraine. All Ukrainian ports in the Black Sea area stopped working from February to August 2022, which resulted in complete suspension of exports and imports made via seaports. Airports, many roads, and bridges were closed, damaged, or destroyed, further crippling transportation and logistics. Transportation of goods inbound and outbound was performed by railway and trucks, as well with involvement of European carriers, which made it possible for most companies in Ukraine, effective from May-June 2022, to restore and arrange transportation and logistics of their products. On 22 July 2022, in Istanbul, representatives of Ukraine signed an agreement with Turkey and the United Nations effective from 1 August 2022 on unblocking of ports and resumption of grain exports, which had been blocked in the Black Sea ports due to the war. The Russian Federation also signed a 'mirror agreement' with Turkey and the United Nations. The agreement was extended in March 2023 for another two months. On 17 May 2023, in Istanbul, the parties agreed to extend "the grain agreement" for another 60 days. More than 31 million tons of agricultural goods were transported from Ukrainian seaports during the period from the agreement's inception until the date of publication of this report.

It should be noted that starting from April 2022, economic activity began to restore itself: businesses and the Ukrainian population showed adaptation to the new conditions. According to research of the result of 2022 year only 73.5% of enterprises have completely or almost completely resumed their business activities before the war remained level. This indicator is lower than in November 2022, when 31.7% of enterprises remained completely or almost completely inactive.

4. Basis of preparation

Basis of Preparation and Accounting

The condensed consolidated interim financial statements of the Group for the three months ended 31 March 2023 have been prepared in accordance with International Accounting Standard ('IAS') 34 Interim Financial Reporting, as adopted by the European Union, and do not include all the information and disclosures required in the annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2022, except for the estimation of income tax which is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year and the adoption of new and amended standards, which have become effective from 1 July 2022. The adoption of these standards and amendments did not have a material effect on the condensed consolidated interim financial statements of the Group.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment for oilseeds processing segment, biological assets, agricultural produce and certain financial assets and liabilities measured at fair value. The condensed consolidated interim financial statements have been prepared on a going concern basis.

Going concern

The Group has faced significant disruptions and operational challenges in its business as explained in the annual report, due to the invasion by Russia.

The safety and well-being of its employees and their families are the Group's utmost concern. The Group endeavors to facilitate the evacuation of its employees from areas affected by ongoing military strikes, covering relocation expenses and offering additional support as necessary. Business operations have been restructured to adapt to the prevailing difficulties and ensure the Group's activities continue uninterrupted.

To address the ongoing business impacts of the war, management has prepared adjusted financial forecasts, including cash flow projections, for the next twelve months starting from the approval date of these financial statements. However, military actions occurring after 24 February 2022 create material uncertainty for the Group in the future, including the risk of damage of assets (and insurance unlikely to meet the replacement costs), loss of inventory as a result of military actions, the ability of Black Sea ports to continue its operations, availability of alternative export routes and disruptions of the farming and oilseed processing business for the Group and for Ukraine in general. The full extent of the impact of further development of military actions on the Group's business is unknown, but its magnitude might be severe.

Management acknowledges that future development of military actions and their duration represent a single source of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Adoption of new and revised International Financial Reporting Standards

The adoption of the new or updated Standards had no impact on the Group's financial position or performance, and there were no modifications to the Group's accounting policies, or the figures presented in the condensed consolidated interim financial statements.

Functional and Presentation Currency

The Group's presentation currency is the USD. The functional currency of the majority of the Group's foreign Subsidiaries is their local currency, except for businesses engaged in the production and sale of sunflower oil and grain transshipment terminals, for which USD was determined as the functional currency.

Notes to the Condensed Consolidated Interim Financial Statements continued

for the three months ended 31 March 2023 (in thousands of US dollars, unless otherwise stated)

Foreign Currencies

Transactions in currencies other than the functional currencies of the Group's companies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Subsequently, monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in Consolidated Statement of Profit or Loss and Other Comprehensive Income accumulated in 'Translation reserve'.

The exchange rates during the period of the condensed consolidated interim financial statements were as follows:

Currency	Closing rate as of 31 March 2023	Average rate for the 3 months ended 31 March 2023	Average rate for the 9 months ended 31 March 2023	Closing rate as of 31 December 2022	Closing rate as of 31 March 2022	Average rate for the 3 months ended 31 March 2022	Average rate for the 9 months ended 31 March 2022
USD/UAH	36.5686	36.5686	36.0348	36.5686	29.2549	28.5545	27.3735
USD/EUR	0.9183	0.9322	0.9692	0.9386	0.8985	0.8915	0.8712
USD/PLN	4.2934	4.3905	4.5821	4.4018	4.1801	4.1235	4.0111

As disclosed in Note 3, rates established by the NBU might differ from the commercial rates. Therefore, these rates might not be the ones at which the assets could be realized, or liabilities could be settled. Additionally, the NBU imposed certain restrictions on the transactions with foreign currency, and hence net assets of Ukrainian subsidiaries of the Group temporarily cannot be distributed to the parent company of the Group. NBU's Board Resolution No. 21 dated 24 February 2022 allowed the purchase of foreign currency and cross-border transfer of currency valuables only for buying of goods from the list of critical imports, defined by the Cabinet of Ministers of Ukraine. Additionally, the NBU reduced the settlement deadlines for export and import transactions that were executed after 5 April 2022 from 365 to 90 calendar days to prevent capital outflows from Ukraine.

Corrections and reclassifications

Certain corrections have been made to the comparative financial information in the condensed consolidated interim financial statements as of 31 March 2022 and for the period then ended to conform to the current period presentation.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In preparing condensed consolidated interim financial statements management applies judgments, assumptions and estimates. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements. The estimates are based on the information available as of the reporting date. Actual results could differ from these estimates.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant changes in the accounting judgements, estimates and assumptions applied in preparing these condensed consolidated interim financial statements compared to consolidated financial statements for the year ended 30 June 2022, apart from those described below.

6. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting as provided to the chief operating decision makers in order to allocate resources to the segment and to assess its performance. The executive management who are members of the board of directors of the Company are identified as chief operating decision makers.

Segments in the condensed consolidated interim financial statements are defined in accordance with the type of activity, products sold, or services provided. Segmentation presented in these condensed consolidated interim financial statements is consistent with the structure of financial information regularly reviewed by the Group's management, including the Chief Executive Officer. The operating segments' performance is assessed based on a measure of EBITDA.

The Group is presenting its segment results within three operating segments: Oilseed Processing, Infrastructure and Trading, and Farming.

In the Oilseed Processing segment, the Group combines oilseed origination, edible oil production and sales of bottled sunflower oil, as well as sales of electricity to the grid. Sunflower oil in bulk is mostly sold further to the Infrastructure and Trading segment for global marketing.

In the Infrastructure and Trading segment, the Group combines results of grain trading, silo services and export terminals operations. These parts of the business form an integrated supply chain which is managed jointly. Under the current framework, the management considers export terminals and grain storage facilities as production assets which serve grain merchandizing business and consequently uses a combined

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throughput margin to evaluate performance of Infrastructure and Trading business. 100% of the Group's export terminals capacity and majority of grain storage capacity are used for the Group's own export volumes. The results of the Infrastructure and Trading segment incorporate savings achieved by acquiring and employing the Company's own railcar park. Also, the Infrastructure and Trading segment include the results of the Avere Commodities S.A. and its subsidiaries (hereinafter, Avere).

In the Farming segment, the Group reports results of its crop production business, which includes growing of corn, wheat, soybean, sunflower seed and rapeseed on the leasehold land, as well as some minor crops and small cattle farming operations.

Presentation of the operating segments' activities is as follows:

Operating segments	Activities
Oilseed Processing	Sunflower seed origination and sunflower oil production. Sales of bottled and bulk sunflower oil. Sales of electricity to the grid.
Infrastructure and Trading	Sourcing and merchandising of wholesale edible oils, grain, provision of silo services, grain handling and transshipment services, railcars services, trading activities of Avere.
Farming	Agricultural farming. Production of corn, wheat, soybean, sunflower seed and rapeseed.

Income and expenses unallocated to any segment, which are related to the administration of the Group, were included in the 'Other' column.

Reconciliation eliminates intersegment items. The segment data is calculated as follows:

- Intersegment sales reflect intergroup transactions effected on an arm's length basis.
- Capital expenditures, amortization and depreciation related to property, plant and equipment and intangible assets are allocated to segments when possible.

Since financial management of the Group's companies is carried out centrally, borrowings, bonds, deferred taxes and some other assets and liabilities are not allocated directly to the respective operating segments and are presented in the 'Other' column. Consequently, the assets and liabilities shown for individual segments do not include borrowings, bonds, deferred taxes and some other assets and liabilities.

Seasonality of operations

The Oilseed Processing segment normally has seasonally lower sales in the first quarter of the financial year, which corresponds to the end of the crushing season and lower production levels. The operations of the Farming segment reflect seasonality in the context of seeding and harvesting campaigns, which are conducted mainly in November-May and June-November, respectively. The Infrastructure and Trading segment usually experiences somewhat higher volumes in the several months after the commencement of the harvesting campaign (July for early grains and September for crops harvested in autumn). In addition, the farming segment usually reflects a higher effect from the IAS 41 valuation of biological assets in the last quarter of the financial year when more acreage is revalued to fair value less costs to sell and a higher effect from the IAS 41 valuation of agricultural produce in the first half of the financial year due to the completion of the harvesting campaign.

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7. Key Data by Operating Segment

Key data by operating segment for the three months ended 31 March 2023:

	Oilseed Processing	Infrastructure and Trading	Farming	Other ¹	Reconciliation	Total
Revenue (external)	270,186	541,511	13,374	—	—	825,071
Intersegment sales	223,799	16,147	91,468	—	(331,414)	—
Total revenue	493,985	557,658	104,842	—	(331,414)	825,071
Net change in fair value of biological assets and agricultural produce	—	—	(10,651)	—	—	(10,651)
Cost of sales	(383,219)	(475,364)	(96,591)	29	331,414	(623,731)
Other operating income	13,428	554	2,357	14,315	—	30,654
Other operating expenses	(7,649)	—	—	(799)	—	(8,448)
General, administrative and selling expenses	(2,579)	(33,787)	(10,017)	(19,068)	—	(65,451)
Net impairment gains and (losses) on financial assets	(19,523)	17,179	511	5,791	—	3,958
Loss on impairment of assets	7,118	(1,350)	(23,731)	(2,413)	—	(20,376)
Profit/(Loss) from operating activities	101,561	64,890	(33,280)	(2,145)	—	131,026
Amortization and depreciation	7,355	6,317	8,975	893	—	23,540
EBITDA	108,916	71,207	(24,305)	(1,252)	—	154,566
Reconciliation:						
Finance costs						(39,210)
Finance income						8,955
Foreign exchange gain, net						(2,305)
Other expenses, net						(830)
Income tax expenses						(31,145)
Profit for the period						66,491
Total assets	1,671,818	1,367,211	617,326	384,192	—	4,040,547
Capital expenditures	7,497	6,823	1,043	211	—	15,574
Liabilities	73,659	191,326	237,450	1,660,467	—	2,162,902

Key data by operating segment for the three months ended 31 March 2022:

	Oilseed Processing	Infrastructure and Trading	Farming	Other ¹	Reconciliation	Total
Revenue (external)	208,247	1,479,144	11,246	—	—	1,698,637
Intersegment sales	286,914	8,463	75,886	—	(371,263)	—
Total revenue	495,161	1,487,607	87,132	—	(371,263)	1,698,637
Net change in fair value of biological assets and agricultural produce	—	—	(73,560)	—	—	(73,560)
Cost of sales	(489,746)	(1,377,187)	(86,752)	(6,778)	371,263	(1,597,663)
Other operating income	3,363	30,548	1,774	1,974	—	37,659
Other operating expenses	—	—	—	(6,901)	—	(6,901)
General, administrative and selling expenses	(4,033)	(19,774)	(7,822)	(11,687)	—	(43,316)
Net impairment losses on financial assets	—	(14,101)	(148)	(919)	—	(15,168)
Loss on impairment of assets	(60,649)	—	—	—	—	(60,649)
Profit/(Loss) from operating activities	(55,904)	98,630	(79,376)	(24,311)	—	(60,961)
Amortization and depreciation	7,974	5,943	14,916	515	—	29,348
EBITDA	(47,930)	104,573	(64,460)	(23,796)	—	(31,613)
Reconciliation:						
Finance costs						(30,366)
Finance income						2,475
Foreign exchange loss, net						16,426
Other expenses, net						(15,365)
Income tax expenses						(15,595)
Loss for the period						(103,386)
Total assets	1,570,849	1,768,500	1,022,860	394,208	—	4,756,417
Capital expenditures	11,046	6,410	15,640	1,137	—	34,233
Liabilities	91,992	363,418	402,337	1,911,797	—	2,769,544

¹ Income, expenses, assets and liabilities unallocated to any segment, included in the 'Other' column.

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Revenue from sales of goods and services allocated by operating segment for the three months ended 31 March under requirements of IFRS 15 was as follows:

	For the 3 months ended 31 March 2023				For the 3 months ended 31 March 2022			
	Oilseed Processing	Infrastructure and Trading	Farming	Total	Oilseed Processing	Infrastructure and Trading	Farming	Total
Revenue from sales of commodities	203,264	505,360	13,374	721,998	184,136	1,406,771	11,246	1,602,153
Freight and other services	66,922	36,151	—	103,073	24,111	72,373	—	96,484
Total external revenue from contracts with customers	270,186	541,511	13,374	825,071	208,247	1,479,144	11,246	1,698,637

During the three months ended 31 March 2023, revenues of approximately USD 117,897 thousand (the three months ended 31 March 2022: USD 139,352 thousand) are derived from a single external customer. These revenues are attributed to Oilseeds processing, Infrastructure and Trading segments. Also, during that period, export sales amounted to 93.1% of total external sales (the three months ended 31 March 2022: 97.5%).

During the three months ended 31 March 2023, revenue from the Group's top five customers accounted for approximately 35.5% of total revenue (for the three months ended 31 March 2022, revenue from the top five customers accounted for 27.8% of total revenue).

Among the other, intersegment sales between Oilseed Processing segment and Infrastructure and Trading segment comprise of sunflower oil which is marketed by Avere, the activities of which are included in Infrastructure and Trading segment results.

The Group's revenue from external customers (based on the country of incorporation of the sales counterparty) and information about its segment assets (non-current assets excluding non-current financial assets and deferred tax assets) by geographical location are detailed below:

	Revenue from external customers			Non-current assets		
	3 months ended 31 March 2023	3 months ended 31 March 2022		As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
Asia	424,933	1,010,850	Ukraine	1,380,481	1,375,129	1,792,553
of which India	118,461	110,813	Switzerland	16,274	15,311	2,632
Singapore	87,489	412,557	USA	688	678	264
China	78,620	227,635	Other locations	11,190	17,036	470
Hong Kong	71,908	—				
Europe	373,959	557,029				
of which Switzerland	175,862	127,710				
Ukraine	56,749	67,839				
Belgium	40,131	72,785				
Netherlands	37,355	144,271				
Other locations	26,179	130,758				
Total	825,071	1,698,637	Total	1,408,633	1,408,154	1,795,919

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

Gain/loss from Avere operations with financial derivatives are presented within the Infrastructure and Trading segment.

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8. Acquisition and Disposal of Subsidiaries

In accordance with the legally binding agreement to purchase shares, which was executed on 26th April 2022, the Group completed the disposal of a part of its farming entities as of 3 March 2023. The assets of the disposed entities are mainly composed of 134 thousand hectares of farmland, along with the accompanying farming machinery and equipment.

The carrying amounts of assets and liabilities as at the date of the disposal were:

	As of 3 March 2023
Current assets	
Cash and cash equivalents	10,295
Trade accounts receivable	84,624
Prepayments to suppliers	35,716
Taxes recoverable and prepaid	9,566
Inventory	119,138
Biological assets	20,798
Other financial assets	30,493
Total current assets	310,630
Non-current assets	
Property, plant and equipment	17,513
Right-of-use assets	31,005
Intangible assets	906
Other non-current assets	3,591
Total non-current assets	53,015
Total assets	363,645
Current liabilities	
Trade accounts payable	7,606
Advances from customers and other current liabilities	51,346
Current portion of lease liabilities	17,530
Other financial liabilities	13,352
Total current liabilities	89,834
Non-current liabilities	
Lease liabilities	66,464
Other non-current liabilities	13
Total non-current liabilities	66,477
Total liabilities	156,311
Net assets	207,334

The amount to be paid by the buyer is USD 210,000 thousand, however, prior to the disposal date, the buyer made a prepayment of USD 20,000 thousand (Note 12).

Details of the sale of the subsidiary:

Consideration received and receivable	210,000
Carrying amount of net assets sold	207,334
Gain on sale of entities	2,666

On 22 February 2023, the Group acquired 100% of the issued share capital of LLC "DANUBE PROM AGRO". The acquired company is specialised in rendering services at its own warehouses, specifically focusing on the reception and storage of grain and oilseed crops, as well as the loading of these commodities onto maritime vessels. The loading process is facilitated through a berth located in the waters of the Reni seaport.

The total consideration equaled to USD 3 thousand (fully settled). The fair value of intangible assets and property, plant and equipment were assessed by independent appraisers, while the net assets of the acquired company were valued at USD 49 thousand, as of the acquisition date.

No entities were acquired or disposed during the three months ended 31 March 2022.

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9. Cash and Cash Equivalents

The balances of cash and cash equivalents were as follows:

	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
Cash in banks in USD	833,440	612,334	328,747
Cash in banks in UAH	34,455	39,634	4,619
Cash in banks in other currencies	12,923	27,251	39,620
Cash on hand	4	4	7
Total	880,822	679,223	372,993
Less bank overdrafts (Note 14)	(8)	(3)	(4)
Cash for the purposes of cash flow statement	880,814	679,220	372,989

As of 31 March 2023, cash deposit in amount of USD 7,039 thousand (31 December 2022: USD 7,277 thousand; 31 March 2022: nil) have been pledged as security for short-term borrowings (Note 14).

10. Inventory

The balances of inventories were as follows:

	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
Products of agriculture	163,470	183,616	206,485
Raw materials	150,156	243,014	586,596
Finished products	139,196	78,111	158,233
Goods for resale	116,979	153,200	315,626
Work in progress	45,696	20,364	87,178
Fuel	11,016	11,292	7,180
Packaging materials	2,144	2,424	1,775
Other inventories	8,188	6,841	11,277
Total	636,845	698,862	1,374,350

As of 31 March 2023, write-downs of inventories to the net realizable value amounted to USD 27,063 thousand (31 March 2022: USD 5,930 thousand, respectively).

As of 31 March 2023, inventories with a carrying amount of USD 263,833 thousand (31 December 2022: USD 376,969 thousand; 31 March 2022: USD 684,312 thousand) have been pledged as security for short-term borrowings (Note 14).

As of 31 March 2023, the previously recognized inventory impairment provision was reversed in the amount of USD 250 thousand since the Group become capable to transfer those inventories from territories, which were occupied before previous reporting dates, and so, as at the reporting date, Group was able to use those inventories in its operating activities.

11. Biological Assets

The balances of crops mix and its fair value as of the reporting dates were as follows:

	As of 31 March 2023		As of 31 December 2022		As of 31 March 2022	
	Hectares	Value	Hectares	Value	Hectares	Value
Wheat	61,313	18,994	60,700	8,394	71,427	27,524
Rapeseed	10,854	3,078	10,936	487	16,293	22,322
Corn	—	—	43,287	55,812	—	—
Other	403	—	1,102	189	422	—
Total	72,570	22,072	116,025	64,882	88,142	49,846

For the three months ended 31 March 2023, the Group incurred loss due to change in the fair value of biological assets in the total amount of USD 10,651 thousand. The primary cause of this loss can be attributed to the revaluation of agriproducts, specifically the reversal of revaluation for sold goods, totaling USD 15,086 thousand, and a loss of USD 595 thousand resulting from the revaluation of livestock. However, this overall loss was partially equalized by a gain of USD 5,030 thousand from the revaluation of crop-bearing fields due to their biological transformation.

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12. Other Financial Assets

The balances of other financial assets were as follows:

	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
Receivables from disposal of Subsidiaries (Note 8)	190,000	—	—
Margin account with brokers	92,808	87,058	84,060
Loans granted	42,330	37,297	24,246
Derivative financial instruments (Note 21)	31,218	10,303	130,394
Corporate and government bonds	16,105	15,239	58,877
Other financial assets	15,541	16,718	5,596
Total	388,002	166,615	303,173

As of 31 March 2023, 554,400 Ukrainian government bonds in amount of USD 16,105 thousand (31 December 2022: USD 15,239 thousand; 31 March 2022: nil) were pledged as security for short-term borrowings (Note 14).

13. Property, Plant and Equipment

During the three months ended 31 March 2023, the Group acquired property, plant and equipment in the amount of USD 15,330 thousand (31 March 2022: USD 16,568 thousand). These purchases were mainly for infrastructure and trade, such as rail cars and containers (31 March 2022: construction of an oil-crushing plant).

During the three months ended 31 March 2023, depreciation of property, plant and equipment amounted to USD 17,081 thousand (31 March 2022: USD 20,283 thousand).

As of 31 March 2023, the result of testing for impairment performed for the oil processing segment did not reveal additional impairment to be recognised in respect of property, plant and equipment and goodwill.

14. Borrowings

The balances of borrowings were as follows:

	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
Current liabilities			
Bank credit lines	688,461	710,298	904,045
Short-term borrowings	214,165	221,811	—
Interest accrued on short-term borrowings	6,495	4,900	1,775
Bank overdrafts (Note 9)	8	3	4
Current portion of long-term borrowings	—	—	28,717
Interest accrued on long-term borrowings	—	—	1,111
Total	909,129	937,012	935,652
Non-current liabilities			
Long-term borrowings	—	—	205,713
Total	—	—	205,713

The balances of short-term borrowings in details by tranches were as follows:

	Interest rate in range	Currency	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
European bank	from 2.50% to 4.00% plus LIBOR	USD	261,742	270,848	331,700
Ukrainian subsidiary of European bank	from 5.70% to 10.00%	USD	148,037	153,770	30,000
European bank	from 2.90% to 4.00% plus SOFR	USD	125,661	130,032	159,200
Ukrainian bank	6.00% plus UIRD	UAH	43,967	43,967	—
Ukrainian subsidiary of European bank	from 7.00% to 21.00%	UAH	28,024	28,570	111,061
European bank	from 2.50% to 4.00% plus COF	USD	26,092	27,000	27,000
Ukrainian bank	7.00%	USD	19,142	19,142	—
Ukrainian bank	from 17.00% to 23.73%	UAH	18,239	18,953	—
European bank	from 1.50% to 2.3% plus LIBOR	USD	7,007	7,251	36,500
Ukrainian subsidiary of European bank	from 1.90% to 5.50%	USD	6,000	6,209	146,244
Ukrainian subsidiary of European bank	from 21.00% to 23.00%	UAH	4,558	4,559	—
European bank	from 4.10% to 5.00% plus SOFR	USD	—	—	9,300
European bank	from 1.50% to 2.30% plus COF	USD	—	—	53,044
Total			688,469	710,301	904,049

As of 31 March 2023, the Group classified its long-term bank borrowings as short-term. Although effective waivers were in place, such waivers had an expiry date within 12 months, i.e. as of 31 March 2023, and, accordingly, the Group did not have an unconditional right to defer settlement for 12 months or longer with respect to its bank loans as of 31 March 2023 and as of 30 June 2022. Signed in 2022 waivers contain certain restrictive requirements that limit the ability of the Group and, where applicable, its restricted subsidiaries to incur capital expenditures over the

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agreed limits, acquire or invest into non-core assets, except for certain curve-outs incur new indebtedness and provide loans, make certain disposals and transfers of assets and other restrictions.

The balance of the borrowings with initial contractual maturity more than 12 month as of 31 March 2023 are disclosed in the table below by tranches:

	Initial contractual maturity year	Interest rate in range	Currency	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
European bank	2030	from 2.77% to 2.84% plus LIBOR	USD	87,578	90,543	91,422
European bank	2029	from 2.77% to 2.84% plus LIBOR	USD	85,459	88,708	95,968
European bank	2027	from 1.00% to 4.50% plus LIBOR	USD	35,253	42,560	47,040
European bank	2027	1.00% to 4.50%	USD	5,875	—	—
Total				214,165	221,811	234,430

As of 31 March 2023, the undrawn amount of bank borrowings amounted to USD 91,866 thousand including available facility amounts upon bank credit lines (31 December 2022: USD 12,365 thousand; 31 March 2022: USD 50,907 thousand).

Libor-based borrowings are exposed to 1M and 3M USD Libor, which will be discontinued in mid-2023. The Group's management has reached the agreement with the Lenders to determine SOFR as alternative benchmark. Respective changes to the facilities documentation are expected to be signed prior to 30 June 2023. In accordance with the management's expectation, the impact of alternative benchmark, once determined, is not expected to be material to the Group.

The bank borrowings were secured as follows:

	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
Property, plant and equipment	401,805	399,193	307,153
Inventory (Note 10)	263,833	376,969	684,312
Future sales receipts	63,197	148,836	549,186
Other financial assets (Note 12)	16,105	15,239	—
Cash and cash equivalents (Note 9)	7,039	7,277	—
Total	751,979	947,514	1,540,651

15. Bonds issued

The balances of bonds issued were as follows:

	Initial contractual maturity	As of 31 March 2023	As of 31 December 2022	As of 31 March 2022
US 300,000 thousand 6.75% coupon bonds	October 2027	297,667	297,568	297,328
US 300,000 thousand 6.50% coupon bonds	October 2024	298,380	298,214	297,567
Total		596,047	595,782	594,895

In October 2020, the Group issued USD 300,000 thousand bonds priced at par, that will mature on 27 October 2027. The bonds bear interest at the rate of 6.75% per annum payable semi-annually in arrears starting from 27 April 2021.

In October 2019, the Group issued USD 300,000 thousand unsecured notes, that will mature on 17 October 2024. These notes bear interest at the rate of 6.5% per annum payable semi-annually in arrears starting from 17 April 2020.

All the notes are unsecured, ranking equally with all existing and future senior unsecured indebtedness of the Company and have been unconditionally and irrevocably guaranteed by designated Group subsidiaries on the joint and several basis to the maximum extent permitted by law.

All the bonds contain certain restrictive covenants that limit the ability of the Company and, where applicable, its restricted subsidiaries to create or incur certain liens, make restricted payments, engage in amalgamations, mergers or consolidations, or combination with other entities; make certain disposals and transfers of assets; and enter into transactions with affiliates.

As of 31 March 2023, although effective bank waivers relating to its loans were in place, such waivers had an expiry date within 12 months of 31 March 2023, and, accordingly, the Group did not have an unconditional right to defer settlement of its bank loans for 12 months or longer (Note 14). Accordingly, there was a risk that such loans would be accelerated and become due and payable at a future date within 12 months of the end of the reporting period, which could in turn trigger a cross-acceleration event of default under the Group's outstanding bonds. As a result, the Group also did not have an unconditional right (within the meaning of paragraph 69 d) of IAS 1 Presentation of Financial Statements) to defer settlement of its bonds for 12 months or longer. The Group therefore classified its long-term bonds as short-term. Notwithstanding such classification, management notes that, in view of the effective waivers from banks that were in place as of 31 March 2023, cross-acceleration events of default under the bonds were not triggered as at such date, and the Group remained otherwise in full compliance with the terms of its bonds.

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16. Revenue

The Group's revenue was as follows:

	3 months ended 31 March 2023	3 months ended 31 March 2022
Revenue from edible oils sold in bulk, meal and cake	447,553	761,897
Revenue from agriculture commodities merchandizing	325,983	872,234
Revenue from bottled sunflower oil	31,008	47,982
Revenue from farming	11,304	11,246
Revenue from transshipment services	6,596	4,193
Revenue from grain silo services	2,627	1,085
Total	825,071	1,698,637

Revenue is obtained principally from the sale of commodities, recognized once the control of the goods has transferred from the Company to the customer. Revenue derived from freight, storage and other services is recognized over time as the service is rendered. Disaggregated revenue for each reportable segment is presented in Note 7.

The transaction price allocated to unsatisfied performance obligations as of 31 March 2023 is USD 16,340 thousand (31 March 2022: nil). This amount represents revenue from carriage, freight and insurance services under CIF/CFR Incoterms contracts which are to be executed in April 2023, when the goods are delivered to the point of destination and under which the Group has already recognized revenue from sale of goods at a point in time as of 31 March 2023.

17. Cost of Sales

Cost of sales was as follows:

	3 months ended 31 March 2023	3 months ended 31 March 2022
Cost of goods for resale and raw materials used	444,980	1,416,935
Shipping and handling costs	136,361	137,846
Amortization and depreciation	22,454	27,749
Payroll and payroll related costs	19,936	15,133
Total	623,731	1,597,663

For the three months ended 31 March 2023, the result of operations with commodity futures, options and unrealized forwards was included within Cost of goods for resale and raw materials used and decreased Cost of sales in the amount of USD 29,388 thousand (31 March 2022: USD 11,088 thousand increase).

18. General, administrative and selling expenses

General, administrative and selling expenses were as follows:

	3 months ended 31 March 2023	3 months ended 31 March 2022
Payroll and payroll related costs G&A (Note 2)	55,852	30,486
Audit, legal and other professional fees	3,063	3,016
Repairs and material costs	2,486	1,657
Insurance	1,349	397
Amortization and depreciation	1,086	1,483
Expense relating to leases of low-value assets	477	1,012
Business trip expenses	171	1,770
Taxes other than income tax	117	1,263
Other expenses G&A	850	2,232
Total	65,451	43,316

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19. Transactions with Related Parties

Related parties are the Beneficial Owner and companies under control of the Beneficial Owner, the Group's key management personnel, entities under Key Management control and other related parties, which has significant influence over the reporting entity.

The Group had the following balances outstanding with related parties from sales or purchases of goods and services:

Related party	Statement of Financial Position line	Related party balances as of 31 March 2023	Related party balances as of 31 December 2022	Related party balances as of 31 March 2022
Entities under Beneficial Owner control	Trade accounts receivable	12,805	6,014	1,159
	Prepayments to suppliers	72,948	11,261	3,778
	Other financial assets	204,957	12,435	126
	Non-current financial assets	29	—	20,350
	Trade accounts payable	55,127	6,208	764
	Advances from customers and other current liabilities	331	20,000	—
	Other financial liabilities	15,257	192	—
Key management	Other financial assets	2,146	1,931	107
	Non-current financial assets	129	230	2,099
	Advances from customers and other current liabilities	28,262	19,390	17,633
	Other non-current liabilities	44,438	46,400	—
Entities under Key Management control	Other financial assets	20,325	18,585	13,957
	Non-current financial assets	—	338	5,731
Other related parties	Trade accounts receivable	21,534	261	414
	Prepayments to suppliers	1,624	9,124	2,584
	Other financial assets	4,205	4,314	4,180
	Non-current financial assets	8,618	8,923	10,320
	Trade accounts payable	425	1,034	601

As of 31 March 2023, the Entities under Beneficial Owner control had debt for the purchase of farming entities in the amount of USD 190,000 thousand, recorded in the line "Other financial assets" of the Group's Statement of Financial Position (Note 12).

The management of the Group has been provided with options to sell shares of the Holding to the Company according to a management incentive plan adopted at the Extraordinary General Meeting of Shareholders held on 30 August 2021, which was initially recognized in equity and fair value of which as of 31 March 2023 amounted to USD 44,438 thousand and were recognized in Other non-current liabilities (Note 2).

Transactions with related parties are performed on terms equivalent to those that prevail in arm's length transactions. The amount of outstanding balances is unsecured and will be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. Loans provided at rates comparable to the average commercial rate of interest.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Transactions with related parties were as follows:

Related party	Statement of Profit and Loss line	Related party turnovers for the 3 months ended 31 March 2023	Related party turnovers for the 3 months ended 31 March 2022
Entities under Beneficial Owner control	Revenue	5,212	1,011
	Cost of sales	(10,574)	(14)
	Finance income	123	345
	Other income, net	2,813	—
Key management	General, administrative and selling expenses	(9,124)	(786)
Entities under Key Management control	Finance income	27	274
	General, administrative and selling expenses	770	—
Other related parties	Revenue	32,610	—
	Other operating income	4,082	—
	General, administrative and selling expenses	(130)	(252)
	Finance income	409	391

The Group's key management personnel are the members of the Board of Directors and management team. The remuneration of Directors and other members of key management personnel recognized in the Consolidated Statement of Profit and Loss including salaries and other current employee benefits amounted to USD 8,782 thousand (for the three months ended 31 March 2022: USD 889 thousand). Members of the Board of Directors and management team are not granted any pensions, retirement, or other long-term benefits by the Group.

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20. Commitments and Contingencies

Capital Commitments

As of 31 March 2023, the Group had commitments under contracts with a group of suppliers for a total amount of USD 23,769 thousand, mostly for construction of the oil-crushing plant (31 December 2022 and 31 March 2022: USD 23,872 thousand and USD 38,315 thousand, mostly for construction of the oil-crushing plant).

Contractual Commitments on Sales

As of 31 March 2023, the Group had entered into commercial contracts for the export of 555,598 tons of grain, 175,823 tons of sunflower oil and 151,015 tons of sunflower meal and other related products, corresponding to an amount of USD 160,498 thousand, USD 198,631 thousand and USD 56,345 thousand, respectively, in contract prices as of the reporting date.

As of 31 December 2022, the Group had entered into commercial contracts for the export of 1,046,010 tons of grain, 106,993 tons of sunflower oil and 90,779 tons of sunflower meal and other related products, corresponding to an amount of USD 307,324 thousand, USD 157,924 thousand and USD 35,979 thousand, respectively, in contract prices as of the reporting date.

As of 31 March 2022, the Group had entered into commercial contracts for the export of 1,285,500 tons of grain, corresponding to an amount of USD 370,233 thousand, in contract prices as of the reporting date.

Taxation and Legal Issues

As of 31 March 2023, 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 70,579 thousand (as of 31 December 2022: USD 71,408 thousand), from which USD 64,683 thousand related to VAT recoverability (as of 31 December 2022: USD 65,378 thousand), USD 5,830 thousand related to corporate income tax (as of 31 December 2022: USD 5,830 thousand) and USD 66 thousand related to other tax issues (as of 31 December 2020: USD 200 thousand).

As of 31 March 2023, companies of the Group had ongoing litigations with the tax authorities concerning tax issues for USD 69,212 thousand (as of 31 December 2022: USD 71,408 thousand), included in the abovementioned amount. Out of this amount, USD 6,638 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 (as of 31 December 2022: USD 6,673 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.

Ukraine's tax environment is characterized by complexity in tax administration, arbitrary interpretation by tax authorities of tax laws and regulations that could increase fiscal pressure on taxpayers. Inconsistent application, interpreting, and enforcement of tax laws can lead to lawsuits resulting in the imposition of additional taxes, penalties, and penalty interest.

21. Financial Instruments

Due to the defined short-term nature of the borrowings as of 31 March 2023, their carrying amount is considered to be approximately the same as their fair value. The fair value was calculated based on cash flows discounted using a current lending rate that is within level 2 of the fair value hierarchy.

The following table below represents comparison of carrying amounts and fair value of the bonds issued for which they differ:

Financial liabilities	As of 31 March 2023		As of 31 December 2022		As of 31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Bonds issued (Note 15)	613,487	321,570	603,394	205,680	612,335	307,500

Derivative instruments are carried at fair value for which the Group evaluates the quality and reliability of the assumptions and data used to measure fair value in the two hierarchy levels, Level 1 and 2, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1) or by observable quoted prices sourced from exchanges or brokers in active markets for identical assets or liabilities (Level 2).

Valuation of the Group's commodity physical forward contracts categorized within level 2 is based on observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities and broker mark ups derived from observable quotations representing differentials, as required, including geographic location and local supply and demand.

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The following table below represents the fair values of the derivative financial instruments including trade related financial and physical forward purchase as at reporting dates:

	As of 31 March 2023			As of 31 December 2022			As of 31 March 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Other financial assets (Note 12)									
Forwards	—	10,201	10,201	—	1,141	1,141	—	99,732	99,732
Futures/Options	21,017	—	21,017	9,162	—	9,162	30,662	—	30,662
Other financial liabilities									
Forwards	—	3,890	3,890	—	4,442	4,442	—	89,873	89,873
Futures/Options	4,790	—	4,790	800	—	800	2,985	—	2,985

The major part of other financial liabilities has contractual maturity due within 6 months.

For the three months ended 31 March 2023, the fair value of other non-current assets recognized at amortized cost was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings of 5-10% that is within level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For the three months ended 31 March 2023, fair value of other non-current liabilities is classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

There were no transfers between levels of fair value hierarchy.

There were no changes in the valuation technique since the previous period.

22. Subsequent Events

As of 13 April 2023, the Board of Directors of the Company decided to withdraw the Company's shares from trading on the regulated market operated by the Warsaw Stock Exchange. As the result of delisting, the Board of Directors decided that after the withdrawal from trading on the Warsaw Stock Exchange, the shares of the Company shall be converted into registered form.

As of 2 May 2023, European Commission adopted exceptional and temporary preventive measures on imports of some products from Ukraine. These measures concern only on agricultural products as wheat, corn, rapeseed and sunflower seed with origination in Ukraine. The measures entered into force on 2 May 2023 and will last until 5 June 2023.

On 12 May 2023, the Company received from Namsen Limited, a legal entity directly controlled by Andrii Verevskyi, a chairman of the Board of Directors of the Company, a notification about purchasing 30,248,449 shares of the Company, representing approximately 36% shares in the share capital of the Company, which entitle to 30,248,449 votes on the shareholders meeting of the Company, representing approximately 39% of total number of votes on the shareholders meeting of the Company, as a part of the delisting tender offer. As a result of the acquisition, Namsen Limited directly holds 62,222,460 shares in the Company, representing approximately 74.05% of shares in the share capital of the Company, which entitle to 62,222,460 votes on the shareholders meeting of the Company, representing approximately 80.36% of total number of votes on the shareholders meeting of the Company.

On 15 May 2023, the Company submitted to the Polish Financial Supervision Authority an application for approval of the withdrawal of the Company's shares from trading on the regulated market operated by the Warsaw Stock Exchange S.A. Such application was submitted in execution of the resolution adopted by the company's Board of Directors on 13 April 2023 on the withdrawal of the Company's shares from trading on the regulated market operated by the WSE, the adoption of which was announced by the Company in current report No. 13/2023 of 13 April 2023. The application concerns all shares of the Company that have been admitted to trading on the regulated market of the WSE, i.e. 84,031,230 ordinary bearer shares. As of the date of this report, no respective decision of the Polish Financial Supervision Authority has been received.