



KERNEL

Kernel Holding S.A.

ANNUAL REPORT

For the year ended 30 June 2025

Kernel is a diversified, vertically integrated agricultural business, the largest exporter of agricultural products from Ukraine.

We are the world's leading producer and exporter of sunflower oil, the largest grain exporter from Ukraine, the operator of an extensive agricultural logistics network, and the leading producer of grain and oilseeds in Ukraine. In FY2025, we supplied 8 million tons of agricultural products from Ukraine worldwide.

1-38

Management Report

3	Key Highlights
4	Chairman's Statement
7	Our Business Model
8	Kernel at Glance
9	Financial Performance in FY2025
13	Segment Performance
13	Oilseed Processing
19	Infrastructure and Trading
25	Farming
30	Risk Management
35	Alternative Performance Measures

39-89

Sustainability Statement

90-99

Corporate Governance

100-158

Financial Statements

100	Independent Auditor's Report
107	Statement of Management Responsibilities
108	Selected Financial Data
109	Consolidated Statement of Financial Position
110	Consolidated Statement of Profit or Loss
111	Consolidated Statement of Profit or Loss and Other Comprehensive Income
112	Consolidated Statement of Changes in Equity
113	Consolidated Statement of Cash Flows
114	Notes to the Consolidated Financial Statements
158	Corporate Information

Key Highlights

USD million except ratios and EPS	FY2024	FY2025	y-o-y
Income statement highlights			
Revenue	3,581	4,115	15%
EBITDA ¹	381	466	22%
Net profit attributable to equity holders of Kernel Holding S.A.	168	238	42%
EBITDA margin	10.6%	11.3%	0.7pp
Net margin	4.7%	5.8%	1.1pp
EPS, USD	0.65	0.81	24%

Cash flow highlights

Operating profit before working capital changes	604	434	(28%)
Change in working capital	(21)	(103)	4.8x
Finance costs paid	(78)	(46)	(41%)
Income tax paid	(32)	(44)	36%
Net cash provided by operating activities	472	242	(49%)
Net cash used in investing activities	(113)	(40)	(64%)

Liquidity and credit metrics

Net interest-bearing debt	281	143	(49%)
Commodity inventories ²	247	299	21%
Adjusted net debt ³	34	(155)	n/a
Shareholders' equity	1,865	2,078	11%
Net debt / EBITDA	0.7x	0.3x	(0.4x)
Adjusted net debt ³ / EBITDA	0.1x	(0.3x)	(0.4x)
EBITDA / Interest	5.5x	14.4x	8.9x

Non-financial highlights

Number of employees (full-time equivalent) as of 30 June ⁴	10,904	10,760	(1%)
Rate of recordable work-related injuries, accidents per million worked hours	0.76	0.85	12%
Social spending, USD million	25.1	30.4	21%
Total GHG emission, thousand tons of CO ₂ equivalent	3,022	2,044	(32%)
Total energy consumption, thousand gigajoules	9,456	9,417	(0%)

Note: The financial year ends on 30 June.

1. Hereinafter, EBITDA is calculated as profit from operating activities, adding back depreciation and amortization.

2. 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 "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 readily marketable.

3. 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.

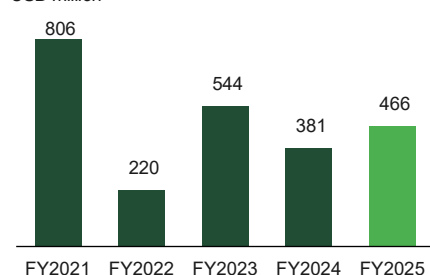
4. Excluding employees related to assets held for sale as of the reporting date.

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

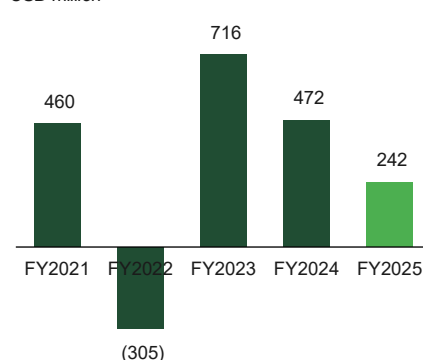
Hereinafter "Kernel" or "Group" refers to the Kernel Holding S.A. group of companies, while "the Company" refers to Kernel Holding S.A. as the Group's parent entity.

This Management Report together with the "Sustainability Statement" and "Corporate Governance" sections shall be read and perceived as Directors' Report for the purposes of the Luxembourg legislation.

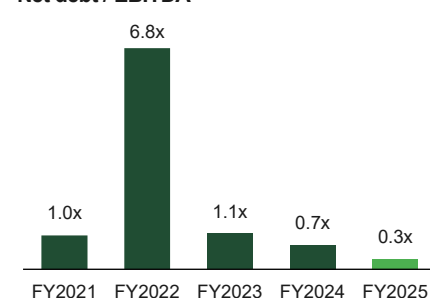
EBITDA
USD million



Net cash generated by operating activities
USD million



Net debt / EBITDA



Chairman's Statement



Andrii Verevskyi
Chairman of the Board of Directors,
Founder

Dear Stakeholders,

On behalf of the Board of Directors of Kernel Holding S.A., I am pleased to present the results and key developments of the Group for the financial year ended 30 June 2025. The Group delivered **EBITDA** of USD 466 million, down 16% y-o-y if adjusting the FY2024 result for one-off impairments and other material nonrecurring items. Net profit attributable to shareholders amounted to USD 238 million, and the Group ended the year with a net debt-to-EBITDA ratio of 0.3x, reflecting our cautious indebtedness approach.

FY2025 highlights

The FY2025 marked our **fourth year of operations** under the extreme conditions of a **full-scale war in Ukraine**. The stability of the Black Sea export corridor was pivotal to our performance. We were fortunate that our assets were spared from damage, an outcome for which we credit the heroic efforts of the defenders of Ukraine. They protect our people, our operations, and the country's economic lifelines, and we extend to them our deepest gratitude. Thanks to these circumstances, Kernel successfully **exported 8.0 million tons of agricultural goods** from Ukraine in FY2025, matching the previous year's result, contributing to global food security while also standing as the country's largest overall exporter.

The **market environment** in FY2025 proved exceptionally challenging. Our operations were constrained by a tight supply of grain and oilseeds in Ukraine, the result of a poor harvest and depleted carry-over stocks. This scarcity was severely exacerbated by a shift in farmers' selling strategy. Unburdened by liquidity pressure and with sufficient storage capacity, producers aggressively withheld crops, speculating on future price increases. These highly atypical selling patterns fueled intense competition for grain and oilseeds and directly eroded our margins throughout the year. The support from elevated global prices was modest and insufficient to meaningfully offset the profound negative impact of these domestic market dynamics.

The performance of our **Oilseed Processing** segment starkly reflected the hostile market environment, with EBITDA collapsing by 34% y-o-y¹ to USD 148 million. This was a direct consequence of deteriorating crush margins, driven by a 20% drop in Ukraine's sunflower seed harvest to 11.8 million tons. This created a severe structural deficit, with domestic crushing capacity exceeding the available raw material supply by an estimated 8.5 million tons.

This market imbalance forced us to abandon our long-standing single-crop model and begin processing soybeans and rapeseed for the first time. The transition has been challenging, introducing significant operational complexities we had not previously faced. We view this, however, as an irreversible and necessary adaptation to the new supply-demand reality in Ukraine. While we have made progress, our ability to efficiently manage three crops is still developing. The first full-year contribution from our new western Ukraine plant helped lift total processed volumes by 8% to 3.5 million tons, including 314 thousand tons of soybeans, positioning Kernel among the largest soybean processors in Ukraine. We kept our plants running at a high 87% utilization rate, but this figure masks the underlying weakness, as we were forced to process lower-margin crops to maintain a minimum positive contribution. Nevertheless, we maintained our leadership as Ukraine's largest producer and exporter of sunflower oil.

In FY2025, the Group sold 1.4 million tons of vegetable oil (down 5% y-o-y), accounting for 27% of national sunflower oil exports and 10% of global exports. We also sold 1.4 million tons of vegetable meals, representing a 14% y-o-y growth driven by soybean meal.

The financial trajectory for the segment reflects a margin erosion. Excluding contributions from electricity sales, EBITDA margins steadily deteriorated throughout the year, falling from USD 121 per ton in the first quarter to just USD 66 in the fourth, translated into an average margin of USD 94 per ton of oil sold. The intense competition for a scarce supply of seeds continues to suppress profitability, a dynamic we see no signs of abating.

The **Infrastructure and Trading** segment reported EBITDA of USD 218 million in FY2025, a 7% increase y-o-y. This overall result was driven by two sharply contrasting performances within the division.

Our **Avre** proprietary trading business delivered a strong USD 99 million in EBITDA, a significant increase from the prior year's USD 53 million. While a positive result, we recognize the inherent volatility of trading income and do not consider this level of performance to be recurring.

In contrast, our **Ukrainian grain and vegetable oil export value chain** faced considerable pressure from tight domestic fundamentals. EBITDA from these operations declined 21% to USD 119 million. This was caused by a smaller grain harvest of 55 million tons, slow farmer selling, and intensified competition,

¹ if adjusting the FY2024 result for one-off impairments and other material nonrecurring items.

Chairman's Statement **continued**

which left parts of the logistics system underutilized. Within these operations, export terminals were a relatively bright spot, with EBITDA rising to USD 67 million on record transshipment of 9.1 million tons (36% y-o-y). However, handling rates were diluted by sector-wide capacity underutilization. Other sub-lines faced headwinds: grain origination and trading EBITDA declined to USD 39 million on squeezed margins; the railcar business fell to USD 8 million amid an approximately 68% drop in market lease rates; silo services contributed USD 4 million as dry-harvest conditions reduced demand for drying; and the owned vessel fleet added USD 1 million due to weaker freight and dry-dock off-hire.

Our **Farming** segment reported an EBITDA of USD 184 million, an 8% increase y-o-y, supported by a combination of factors. Strong global grain and oilseed prices provided a significant tailwind. Additionally, a dry summer resulted in low crop moisture, which reduced the need for drying services and contributed to a roughly 13% y-o-y decline in average operating costs per hectare. However, these positive effects were partly offset by adverse weather that reduced corn yields, limiting our total harvest size and our ability to fully capitalize on the favorable pricing environment. During the year, we sold our entire production along with carry-in stocks from the 2023 harvest, totaling approximately 1.8 million tons. This strategic decision means the Group enters the 2026 financial year with minimal carry-over inventory for the first time since the onset of the full-scale war.

In FY2025, we continued our strategy of leveraging the business in response to ongoing geopolitical and operational risks. In October 2024, we **repaid USD 300 million Eurobond**, remaining committed to maintaining our strong credit history. Bond repayment was not an easy task, considering the existing capital controls in Ukraine and the war environment, but our team did its best to reconfirm the positioning of Kernel as the most reliable Ukrainian borrower. During the year, the Group also secured the first new international financing since the start of the full-scale war – a one-year USD 150 million sunflower oil pre-export facility from a syndicate of European banks. After passing the peak of working capital needs, the Group fully repaid its outstanding obligations to the EBRD and the sunflower oil PXF in March 2025 and made advance repayments on a portion of the amounts due to the EIB. Consequently, the Group's **indebtedness as of 30 June 2025** reduced by 30% y-o-y, to USD 761 million, and net debt reduced to USD 143 million, down 49% y-o-y. The net debt-to-EBITDA ratio bottomed at a record over the past decade, 0.3x.

Reflecting the ongoing uncertainties of the war in Ukraine and the Group's strategic priority to preserve liquidity, the Board of Directors has recommended that **no dividend be paid for the financial year ended 30 June 2025**. This approach ensures that capital is retained to support our operational and strategic priorities in a volatile environment.

FY2026 outlook

Looking into FY2026, Kernel will continue to operate under conditions of high uncertainty, where war-related risks can reshape our operating environment without warning. In such circumstances, flexibility and preparedness remain central to our approach. We are focused on protecting our people and assets, ensuring business continuity, and restoring operations swiftly whenever disruptions occur. A key priority in this regard for the upcoming year is to make our grain transshipment terminal, which was substantially damaged in 2023, fully functional again. This ability to adapt and recover has become one of Kernel's defining strengths and will guide us through the year ahead.

Our most material risks remain unchanged. Agricultural and logistics assets across Ukraine remain vulnerable to attack, and with no insurance coverage for these war-related risks, our exposure is significant. Export performance will therefore continue to depend on stable access to the Black Sea, as the capacity of alternative routes is not comparable. Alongside these logistical challenges, human capital risk also intensifies with each year of the war through conscription, displacement, and sustained psychological pressure on our workforce. Retaining key talent and supporting our employees remain daily priorities.

Beyond these direct operational risks, Ukraine's agricultural sector continues to operate under significant structural pressure. The large carry-over stocks that once cushioned the domestic market have been depleted, exposing the full impact of reduced acreage. This is compounded by a shift in farmer selling patterns, where many now delay sales, tightening near-term supply. At the same time, a recent wave of investment in crushing, rail, and port infrastructure has created structural overcapacity, compressing margins and intensifying competition for volumes.

In such an environment, sustainable performance will demand superior efficiency, disciplined capital allocation, and an integrated value chain. For Kernel, this means deepening farmer relationships to secure volumes, maintaining asset flexibility, and preserving robust liquidity to withstand operational shocks. We expect the operating environment to remain demanding, defined less by price strength and

more by origination access, cost leadership, and execution quality.

Building on our existing portfolio of biomass-fueled cogeneration plants, we are exploring opportunities to **expand our renewable energy footprint**. Our focus is on potential investments in wind, solar, and energy storage, and we have taken initial steps with several pilot projects. Our approach remains cautious and exploratory. We are actively monitoring market developments and assessing how various options may align with our long-term strategy. While we see potential for gradual expansion in the coming years, no major investment decisions have been made at this stage.

Update on corporate matters

The Company is still in the process of delisting, initiated in spring 2023, which will be finalized once approval is obtained from the Polish Financial Supervision Authority. This approval remains pending due to legal challenges filed in Luxembourg by a group of eight minority shareholders, collectively holding 0.4% of Kernel's shares. The same group has also contested other corporate decisions, including the share capital increase conducted in August-September 2023 and the resolutions adopted at the Annual General Meeting of Shareholders on 11 December 2023.

During FY2025, the Company achieved favorable outcomes in two proceedings, with Luxembourg courts declaring the claims inadmissible and dismissing them. These rulings reaffirm Kernel's firm commitment to sound corporate governance, transparency, and strict compliance with applicable legal frameworks, as well as its focus on long-term value creation for all shareholders. They also underscore the unsubstantiated nature of the claims pursued by this fraction of the minority group.

Nonetheless, the claimants have continued to appeal and deliberately delay proceedings, repeatedly extending deadlines in what the Company regards as obstructive and opportunistic behavior. The Board of Directors considers these actions a form of corporate harassment, aimed not at safeguarding shareholder value but at impeding the Company's strategic objectives and development for the selfish personal benefit of these shareholders. Confident in the legitimacy and strong rationale behind its decisions, the Company remains committed to vigorously defending its position in court.

Changes in the Executive Management Team

I would like to announce changes to our Executive Management Team. Mr. Yurii Puhach stepped down as Director of Production

Chairman's Statement **continued**

Assets Management, effective 19 August 2025, and Mr. Oleg Tkachenko as Director of Security, effective 26 August 2025. On behalf of the Board, I extend our sincere gratitude to both for their significant contributions during a period of profound operational transformation. I am pleased to confirm they will continue their careers within Kernel in new capacities, ensuring we retain their valuable experience.

To lead these functions, the Board appointed Mr. Hryhorii Kapustian as the new Director of Production Assets Management and Mr. Aibiek Toktomushev as Director of Security. Both bring extensive industry knowledge and proven leadership skills that are closely aligned with our strategic priorities. These appointments underscore our commitment to maintaining a capable, forward-looking management team to guide Kernel through a complex operating environment.

Sustainability progress

In FY2025, Kernel strengthened its sustainability framework by aligning its Sustainability disclosure with the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). During FY2025, we worked extensively on shaping **Kernel's ESG Strategy**, laying the foundations for a structured and ambitious approach to sustainability. With this report, we are proud to take the next decisive step – committing to forward-looking ESG targets through 2030. By doing so, we position Kernel at the forefront of Ukraine's agribusiness sector as a pioneer of sustainable transformation. Our strategy underscores our determination to lead by example in addressing global and national challenges, including climate change, biodiversity preservation, and social inequality.

Despite the continued challenges posed by the war, Kernel remained committed to sustainability and resilience. This year's efforts included measurable reductions in greenhouse gas emissions, an increase in the use of renewable energy, a geospatial analysis of biodiversity risks, and the screening of plant protection products against the criteria of relevant EU regulations. We also reinforced our social responsibility as an employer and community partner, prioritizing workforce resilience, veteran reintegration, and support of local communities. Through these efforts, Kernel continues to lead the sustainable and low-carbon development of Ukraine's agricultural sector.

As the war continues, many of our colleagues remain conscripted and are now serving in the Armed Forces of Ukraine. As of the date of this report, 835 Kernel employees are defending our country against Russian aggression. We stand with them and their families, offering

ongoing support and contributing to initiatives that strengthen Ukraine's resilience.

Tragically, war has also taken lives. We mourn 62 colleagues who have been killed, and we continue to keep in our thoughts the 44 employees listed as missing. In addition, 151 of our people have sustained injuries while serving or as civilians. Each of these numbers represents a story of sacrifice and suffering, and the Board and management remain committed to ensuring that their dedication is never forgotten. Their memories are honored on a [webpage](#).

For those who return from military service, Kernel has developed a support program to help them reintegrate into the workplace and wider community. This includes tailored working conditions, psychological and social support, and training for teams to better understand and support colleagues who are veterans. As part of these efforts, Kernel adopted the Working with Veterans policy, which guides the integration of demobilized employees into professional and social environments, ensuring they are welcomed back with empathy and respect. We also provide care for those who can no longer serve, as well as for the families who continue to carry the burdens of war.

As part of our broader effort, Kernel's social spending amounted to USD 30 million in FY2025, directed to military aid, humanitarian relief for affected communities, and support for our employees and veterans. These initiatives reflect not only our responsibility as an employer but also our role as a corporate citizen, standing firmly with Ukraine in its fight for freedom and independence.

In conclusion, I would like to extend my deepest gratitude to our employees, whose courage and professionalism make our achievements possible, to our partners for their trust, and to our stakeholders for their continued support. Together, we remain committed to delivering long-term value and building a resilient future for Kernel. We are equally grateful to the international community for its vital assistance to Ukraine in these unprecedented times, and we pay special tribute to the Ukrainian defenders whose bravery safeguards our country and its people. As we look ahead, Kernel will continue to adapt, invest, and contribute to Ukraine's recovery and to global food security.



Andrii Verevskyi
Chairman of the Board of
Directors, Founder

Our Business Model

SBM-1, 42



Farming segment

- Leading producer in Ukraine operating 358 thousand hectares of leasehold farmland;
- Modern large-scale machinery, sustainable agronomic practices, cluster management system and export-oriented crop mix;
- Nearly 100% of sales volumes flows through our Infrastructure and Trading and Oilseed Processing segments, earning incremental profits



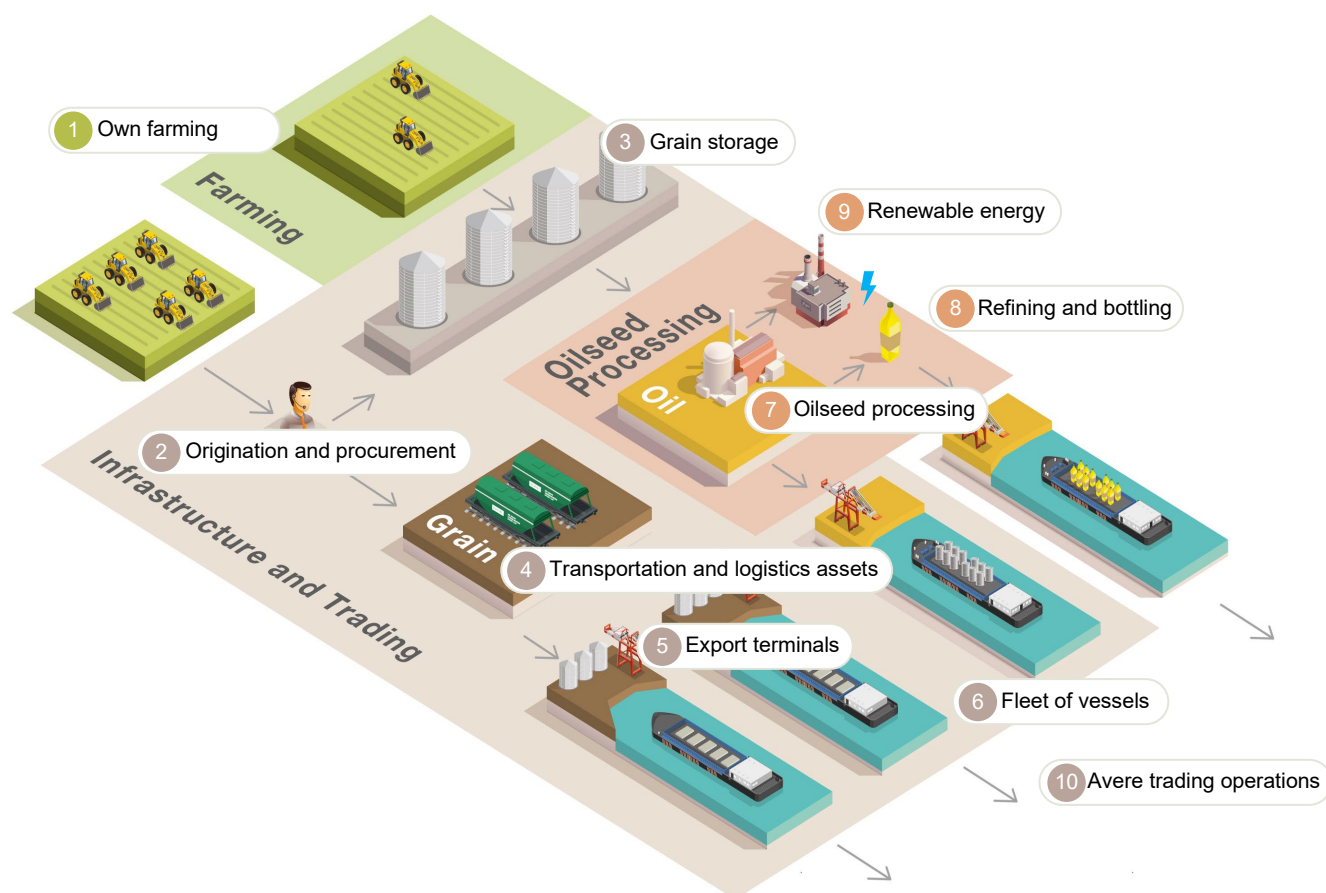
Infrastructure and Trading segment

- Leading grain exporter from Ukraine with 12% of country's total grain export in FY2025;
- Leading grain export terminal operator with total annual capacity to transship 11 million tons of soft commodities;
- #1 private inland grain silo network in Ukraine with 2.2 million tons of one-time grain storage capacity;
- #1 private grain railcar fleet in Ukraine (3.4 thousand of accessible own railcars);
- Avere proprietary trading activities

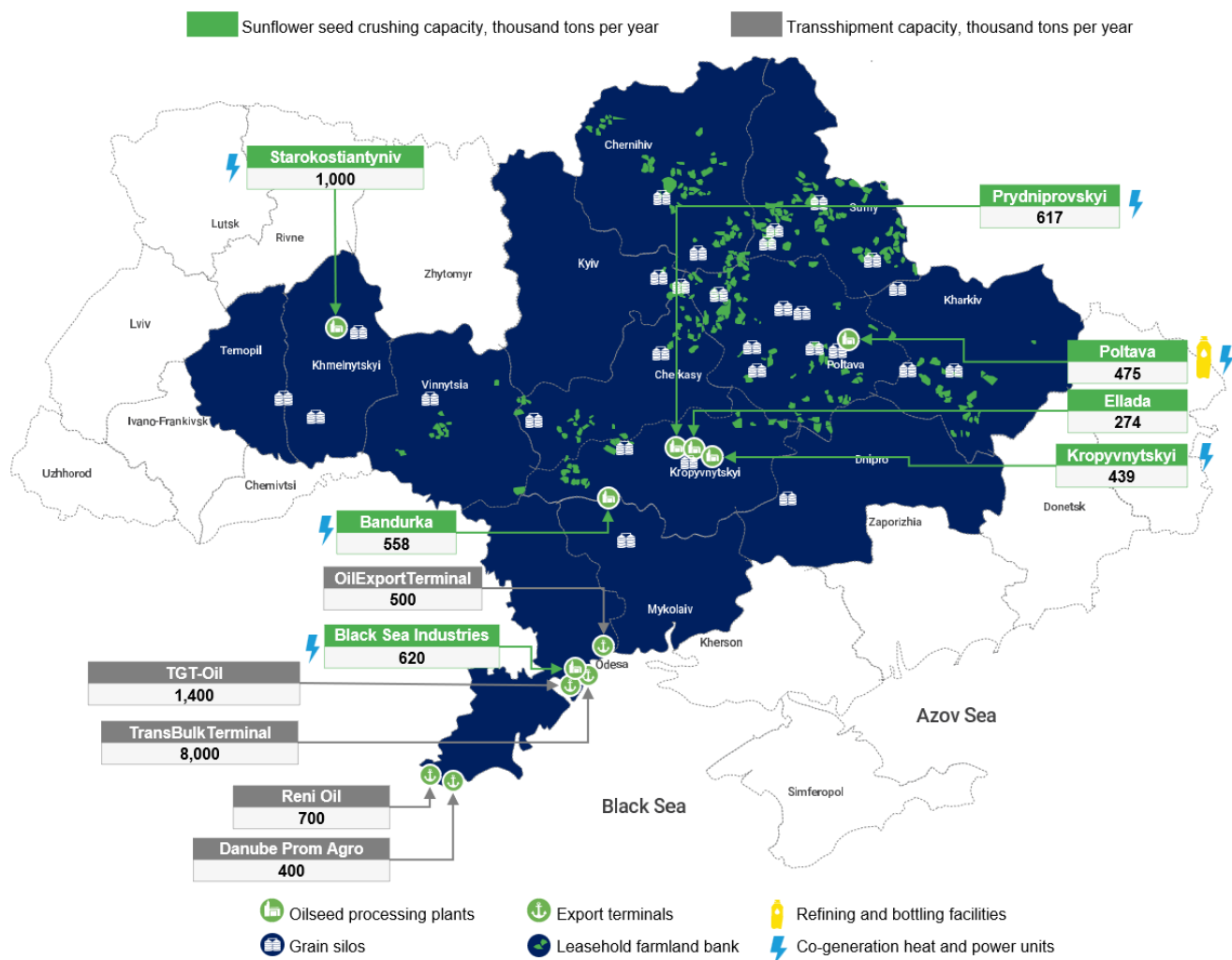


Oilseed Processing segment

- Leading sunflower oil producer (~7% of global production) and exporter (~10% of global exports);
- Leading bottled sunflower oil producer and marketer in Ukraine;
- 4.0 million tons annual sunflower seed processing capacity;
- Producer of renewable energy from biomass



Kernel at Glance



Segment results summary

	Revenue, USD m			EBITDA, USD m			Volume, thousand tons ¹			EBITDA margin, USD/t ²		
	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y
Oilseeds processing	1,864	2,107	13%	83	148	77%	1,477	1,407	(5%)	56	105	86%
Infrastructure & trading	2,011	2,169	8%	204	218	7%	5,452	5,427	(0%)	37	40	8%
Farming	481	468	(3%)	171	184	8%	1,813	1,658	(9%)	476	515	8%
Unallocated corporate expenses				(77)	(84)	9%						
Reconciliation	(775)	(629)	(19%)									
Total	3,581	4,115	15%	381	466	22%						

Note 1: Physical grain volumes exported from Ukraine (ex. Avere) for Infrastructure and Trading; harvest of grain and oilseeds in the Farming segment.

Note 2: USD per ton of vegetable oil sold for Oilseed Processing; USD per ton of grain exported (ex. Avere volumes) for Infrastructure and Trading; USD per hectare for Farming.



FINANCIAL PERFORMANCE

FY2025 marked the first full year of relative operational stability since the onset of the full-scale war in Ukraine in February 2022. While uncertainty remained elevated, uninterrupted export operations via the Black Sea ports enabled the Group to fully leverage its integrated value chain, with 8 million tons of agricultural goods sold (flat y-o-y).

The Group's EBITDA amounted to USD 466 million, representing a 16% y-o-y decline when compared to the FY2024 result adjusted for one-off impairments and other nonrecurring items, given the highly challenging operating environment:

- **Oilseed Processing** delivered USD 148 million in EBITDA, down 34% y-o-y. Limited sunflower seed supply shifted bargaining power from crushers to farmers, constraining margins throughout the year and resulting in USD 105 EBITDA per ton of oil sold. Nevertheless, diversification into soybeans and rapeseed allowed the Group to sustain high utilization rates.
- **Infrastructure and Trading** generated USD 218 million EBITDA (up 7% y-o-y), supported by record 9.1 million tons of transshipment volumes and an exceptional USD 99 million of Avere's contribution, partially offset by narrowed trading margins and weaker contributions from railcar and silo services.
- **Farming** achieved USD 184 million in EBITDA (up 8% y-o-y), supported by higher crop prices and reduced per-hectare costs, partially offsetting drought-affected yields.
- **Unallocated corporate expenses** increased by 9% y-o-y to USD 84 million.

Net profit attributable to the shareholders of Kernel Holding S.A. soared by 42% y-o-y to USD 238 million.

Kernel also materially improved its debt profile. A key milestone was the **full repayment of USD 300 million Eurobonds maturing in October 2024**. Together with broader deleveraging and disciplined

Revenue

USD 4,115 million
+15% y-o-y

EBITDA

USD 466 million
+22% y-o-y

cash flow management, this reduced total debt by 30% to USD 761 million and net debt by 49% to USD 143 million. With USD 618 million in cash at year-end, the Group entered FY2026 with a strengthened balance sheet, robust liquidity, and enhanced financial flexibility.

Our outlook for FY2026 remains cautious, reflecting both opportunities and risks. Stable Black Sea export operations are expected to continue supporting sales volumes and infrastructure utilization, while a projected recovery in Ukraine's harvest size is likely to be modest and uneven, offering only partial relief to supply constraints across the core business lines. However, geopolitical risks remain elevated, with ongoing hostilities and the persistent threat of disruptions to export logistics. Against this backdrop, Kernel will maintain a disciplined approach to financial and operational management, prioritizing resilience, cost efficiency, and prudent capital allocation, while safeguarding liquidity and reinforcing the Group's ability to adapt to rapidly changing market conditions.

Financial Performance in FY2025 continued

Income statement highlights

The Group's **revenue** grew by 15% y-o-y, exceeding USD 4.1 billion in FY2025. The increase was primarily driven by higher global grain and edible oil prices, while physical sales volumes remained broadly unchanged. Revenue from freight and other services declined by 35% y-o-y to USD 265 million, reflecting the higher share of sales executed under FOB Incoterms. Export sales continued to dominate, accounting for 95% of total revenue.

In FY2025, we recognized a USD 7 million gain from the **net change in fair value of biological assets and agricultural produce**, compared to a USD 10 million loss recorded a year ago. This reflects gains from revaluing crops in the fields to fair value less costs to sell as of 30 June 2025, and expensing of similar gains recorded in the previous year, as well as losses from changes in the fair value of live-stock, as required by IAS 41.

Cost of sales rose by 23% y-o-y to USD 3,553 million, largely due to a 45% y-o-y rise in costs of goods available for sale and raw materials, reflecting heightened competition for feedstock and constraints in grain supply. In contrast, shipping and handling expenses plummeted by 44% y-o-y, supported by lower freight rates. Payroll and payroll-related expenses increased by 13% y-o-y, reaching USD 91 million.

Driven by the surge in the cost of sales, which outpaced revenue growth, the **gross profit** for the reporting period diminished by 17% y-o-y, totaling USD 568 million.

Other operating income totaled USD 68 million, down 11% y-o-y. Unlike the prior year, which included a one-off insurance

reimbursement of USD 34 million for property damage and business interruption, this year's result was mainly composed of USD 26 million gains on securities related to liquidity management, USD 15 million gains from contract wash-outs, USD 10 million income from stock-takes, and other minor items.

Other operating expenses rose 1.6x y-o-y to USD 46 million, mainly reflecting losses from derivative operations and currency swaps, partly offset at the other operating income level by higher gains on securities and improved yields on interest-bearing instruments.

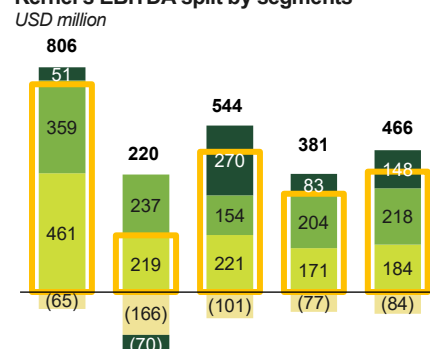
General, administrative and selling expenses in FY2025 expanded by 10% y-o-y, to USD 235 million, mainly on the back of higher payroll and payroll-related costs.

In FY2025, the Group recognized a USD 9 million **reversal of impairment losses** following asset revaluation, compared with a USD 229 million impairment loss recorded a year ago, which had been driven by the anticipated deterioration in the business outlook, growing competition in Ukraine, and increasing future risks for the business.

Consequently, **operating profit** in FY2025 surged by 31% y-o-y, to USD 361 million.

Finance costs in FY2025 declined by 35% y-o-y, coming to USD 78 million, reflecting the redemption of USD 300 million of Eurobonds maturing in October 2024 and the Group's broader deleveraging efforts. Meanwhile, **finance income** in the reporting period contracted by 9% y-o-y, settling at USD 45 million, primarily comprising interest earned on financial assets held for cash management, as extra liquidity balances were allocated into

Kernel's EBITDA split by segments



interest-bearing instruments. Consequently, **net finance costs** more than halved y-o-y, settling at USD 32 million.

The Group recognized a **net foreign exchange loss** of USD 5 million for the year ended 30 June 2025, primarily driven by the revaluation of balances denominated in Ukrainian hryvnia (UAH).

Other expenses, net, increased 25% y-o-y to USD 36 million, reflecting higher charity and social spending as well as support of Ukrainian defenders of USD 30 million (up 21% y-o-y) and a USD 5 million loss on the disposal of a subsidiary.

With a **profit before income tax** of USD 287 million, the Group recognized **corporate income tax expenses** of USD 50 million in FY2025, resulting in a **net profit of USD 238 million attributable to the shareholders of Kernel Holding S.A.** After accounting for exchange differences in translating foreign operations (a loss of USD 26 million) and other items, the total comprehensive income attributable to equity holders of the Company amounted to USD 220 million in FY2025, up 3.5x y-o-y.

Considering the significant uncertainties and risks related to the Group's future performance, the Board of Directors recommended that the general meeting of shareholders declare a dividend of nil for the year ended on 30 June 2025.

The Group generated USD 434 million in **operating profit before working capital changes**, down 28% y-o-y, in line with the EBITDA pattern, considering the prior-year one-off non-cash impairment that distorted

Income statement highlights

USD million	FY2024	FY2025	y-o-y
Revenue	3,581	4,115	15%
Net IAS 41 gain	(10)	7	n/a
Cost of sales	(2,889)	(3,553)	23%
Gross profit	682	568	(17%)
Other operating income	77	68	(11%)
Other operating expenses	(28)	(46)	1.6x
Net impairment losses on financial assets	(11)	(2)	(78%)
Loss on impairment of assets	(229)	9	n/a
General, administrative and selling expenses	(213)	(235)	10%
Operating profit	276	361	31%
Finance costs, net	(69)	(32)	(53%)
Foreign exchange gain, net	33	(5)	n/a
Other (expenses), net	(29)	(36)	25%
Profit before income tax	211	287	36%
Income tax (expenses) / benefit	(43)	(50)	14%
Profit for the period	168	238	42%
Attributable to equity holders of Kernel Holding S.A.	168	238	42%
Non-controlling interest	(0.3)	(0.6)	74%
EBITDA	381	466	22%

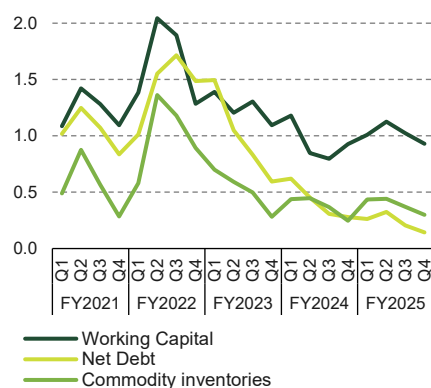
Cash flow highlights

The Group generated USD 434 million in **operating profit before working capital changes**, down 28% y-o-y, in line with the EBITDA pattern, considering the prior-year one-off non-cash impairment that distorted

Financial Performance in FY2025 continued

Working capital and debt position

USD billion



"Working Capital", "Net Debt" and "Commodity inventories" definitions as described in section [Alternative Performance Measures](#).

EBITDA in FY2024.

The Group's **working capital** changes resulted in a cash outflow of 103 million in FY2025, as compared to a USD 21 million cash outflow in FY2024. The outflow primarily reflected the accumulation of oilseed processing products, such as edible oils and vegetable meals, at year-end, coupled with the higher valuation of such inventories.

Interest paid in FY2025 totaled USD 78 million, down 29% y-o-y, while **interest received** remained broadly flat y-o-y at USD 32 million. After accounting for USD 44 million in income tax paid, the Group generated USD 242 million in **cash from operating activities**, down 49% y-o-y.

Net cash used in investing activities totaled USD 40 million in FY2025, primarily comprising USD 73 million expenditures on the property, plant, and equipment related to the replacement of out-of-date agricultural machinery, reconstruction of the damaged terminal in

Kernel 2027 Eurobonds mid-YTM



Source: Bloomberg

Chornomorsk, and other maintenance activities, and USD 12 million outflow from the purchase of intangible and other non-current assets. These expenditures were partially offset by USD 43 million of inflows from the disposal of financial assets previously allocated for liquidity management.

Within the **financing activities**, the Group repaid USD 300 million of Eurobonds maturing in 2024 and USD 223 million of bank borrowings, while securing USD 150 million from new borrowings and USD 14 million in net proceeds from credit lines, primarily with Ukrainian banks. In addition, USD 34 million was used to repay farmland lease liabilities.

As a result, the **total cash outflow** during the reporting period reached USD 192 million, compared with a USD 145 million cash outflow a year earlier. Therefore, the Group's cash position as of 30 June 2025 settled at USD 618 million, down 24% y-o-y.

Debt overview

Despite operating under wartime conditions, a disciplined approach to debt management allowed the Group to reduce total debt liabilities

by 30% y-o-y:

- The Group successfully **repaid USD 300 million of the Eurobond** maturing on 17 October 2024, along with the respective coupon. Initially, the Group faced difficulties accumulating the required amount in accounts outside Ukraine due to capital and currency controls imposed by the National Bank of Ukraine ("NBU"). However, some of the easing of currency restrictions implemented by the NBU allowed the Group to accumulate the necessary liquidity and complete the Eurobond repayment, demonstrating its commitment to meeting financial obligations.
- Additionally, on 23 October 2024, a **USD 150 million sunflower oil pre-export financing facility** became effective to support the Group's export operations and meet working capital needs for the upcoming financial year. This financing was secured from a syndicate of European banks and international financial institutions. The facility was scheduled to mature in August 2025, with an option for extension. It was the first new financing provided by international lenders to Kernel since the onset of the full-scale war in Ukraine.
- After passing the seasonal peak of working capital financing, the Group fully repaid its obligations to the EBRD and the sunflower oil PXF in March 2025 and made advance repayments on a portion of the amounts due to the EIB.

Therefore, at year-end, the Group's **total debt outstanding** amounted to USD 761 million, comprising:

- USD 298 million book value of **Eurobonds** maturing in October 2027 (USD 300 million principal);
- USD 205 million in **lease liabilities** arising from farmland lease agreements entered into by the Group;
- USD 175 million in **short-term debt** (including USD 147 million owed to Ukrainian and international banks, USD 22 million on the current portion of long-term debt owed to the EIB and Ukrainian bank, and USD 6 million in accrued interest on bonds and bank loans);
- USD 82 million in **long-term debt** (including USD 70 million owed to the EIB and USD 12 million owed to the Ukrainian bank). During the year, the Group successfully secured an extended waiver from one of its long-term lenders, effective until 30 June 2026. This has enabled the Group to reclassify its bank borrowings with an initial long-term contractual maturity as non-current liabilities, reflecting improved financial stability and visibility.

The Group's **cash position** totaled USD 618 million at the year-end, down 24% y-o-y. Accordingly, the Group's **net debt** reduced by

Liquidity positions and credit metrics

USD million, except for ratios	30 June 2024	30 June 2025	y-o-y
Short-term interest-bearing debt	323	175	(46%)
Long-term interest-bearing debt	-	82	n/a
Lease liabilities	170	205	21%
Eurobonds	598	298	(50%)
Debt liabilities	1,090	761	(30%)
Cash and cash equivalents	810	618	(24%)
Net debt	281	143	(49%)
Commodity inventories	247	299	21%
of which edible oil and meal	94	208	2.2x
Sunflower seeds	85	46	(46%)
Grains and other commodity inventories	68	44	(35%)
Adjusted net debt	34	(155)	n/a
Shareholders' equity	1,865	2,078	11%
Net debt / EBITDA	0.7x	0.3x	(0.4x)
Adjusted net debt / EBITDA	0.1x	(0.3x)	(0.4x)
EBITDA / Interest	5.5x	14.4x	8.9x

Financial Performance in FY2025 **continued**

49% y-o-y during FY2025, standing at USD 143 million as of 30 June 2025.

The **commodity inventories** balance as of 30 June 2025 totaled USD 299 million, up 21% y-o-y, exceeding the net debt by USD 155 million. Inventories related to oilseed processing (sunflower seeds, edible oils, and meals) rose 1.4x y-o-y to USD 254 million, while grain inventories contracted by 35% to USD 44 million:

- Volume-wise, as of 30 June 2025, Kernel had in stock 175 thousand tons of edible oil, 58 thousand tons of sunflower meal, 85 thousand tons of sunflower seeds, and 209 thousand tons of grains (primarily corn and wheat);
- Noticeably, inventory value increased significantly, with sunflower seed costs per ton up 28% y-o-y and grain inventory costs up 27% y-o-y, reflecting tighter feedstock availability amid a smaller national harvest of both grains and oilseeds.

Consequently, commodity inventories surpassed net debt by USD 155 million, resulting in a **negative adjusted net debt** of USD 155 million as of 30 June 2025.

Over FY2025, the key leverage metrics improved to 0.3x Net debt / EBITDA and 14.4x EBITDA / Interest as of 30 June 2025.

In December 2024, **S&P upgraded Kernel's rating to "CCC"**. Additionally, in May 2025, Fitch affirmed Kernel's credit rating at CCC-.

Undrawn facilities as of 30 June 2025 amounted to USD 313 million, primarily comprising short-term credit lines in Ukraine and Avere's financing.

OILSEED PROCESSING



3.5 million tons of
oilseeds processed

The operating environment for the Oilseed Processing segment in FY2025 was defined by a pronounced imbalance between supply and capacity. Global sunflower oil prices remained firm throughout the year, supported by constrained global supply and weather-driven disruptions in key producing regions. Domestically, however, the **Ukrainian processing industry faced growing pressure** as crushing capacity expanded to 20.3 million tons while the sunflower seed harvest declined to 11.8 million tons. This widened the supply-capacity gap to a new high of 8.5 million tons, intensifying competition for feedstock and compressing margins.

During the year, the Group achieved a significant milestone by processing three crops – sunflower, soybeans, and rapeseeds – for the first time. Total processing volumes reached 3.5 million tons, up 8% y-o-y, supported by the full year operation at the new oilseed processing plant in western Ukraine. Expanding beyond sunflower enabled the Group to maintain a **high utilization rate** of 87% across its crushing plants, despite temporary shutdowns at several facilities caused by limited sunflower seed availability.

Edible oil sales totaled 1,407 thousand tons, down 5% y-o-y. This volume also includes 82 thousand tons of bottled oil, which remained flat y-o-y, and 67 thousand tons of edible oils procured on a CPT basis and resold.

Segment **EBITDA** rose to USD 148 million in FY2025, up 77% y-o-y from USD 83 million recorded in the previous year, although the prior-year result was adversely affected by one-off USD 167 million impairment loss.

FY2026 outlook

The structural imbalance between sunflower seed supply and crushing capacity is expected to persist.

Revenue

USD 2,107 million
+13% y-o-y

EBITDA

(before unallocated head office expenses)

USD 148 million
+77% y-o-y

The sunflower seed harvest is projected at only 11.4 million tons, broadly flat y-o-y, while total crushing capacities are anticipated to expand further to 21 million tons.

The recently introduced 10% export duties on soybeans and rapeseed are intended to channel raw materials into domestic processing, reduce shadow exports, and boost higher value-added exports. While this measure should improve overall industry utilization, its direct effect on Kernel is expected to remain limited, given the Group's already high utilization rate.

Looking ahead, Kernel will focus on enhancing operational efficiency in soybean and rapeseed processing, which remain relatively new crops for its portfolio and offer considerable potential for further processes and costs optimization.

Oilseed Processing **continued**

Market overview

While remaining mindful of the ongoing war and associated risks that may impact operations, we identify two key factors materially affecting Kernel's oilseed processing business: 1) **the oilseeds supply-demand balance** in Ukraine, with sunflower remaining the principal crop and the main driver of processing volumes, determining the profit distribution between farmers and crushers; and 2) **the global vegetable oil prices**, which influence the combined earnings of domestic oilseed farming and processing.

Oilseed supply

Ukraine's sunflower seed processing industry is predominantly localized, with the majority of seeds harvested by domestic farmers and processed within the country. Typically, import and export volumes of sunflower seeds are minimal, resulting in negligible carry-over stocks across seasons. In FY2025, a reduction in both harvested area and yield led to a 2.8 million tons decrease in the **sunflower seed harvest** as compared to the previous year, which totaled 11.8 million tons for the year. With rapeseeds and soybeans added, the total oilseeds harvest in Ukraine in FY2025 resulted in 22.4 million tons, down 9% y-o-y.

With sufficient storage capacity and comfortable liquidity levels, farmers refrained from selling oilseeds immediately after harvest, opting instead to delay sales in anticipation of higher prices. This disrupted the usual processing patterns, as a significant portion of oilseeds only reached the market in March-April.

Demand for oilseeds

At the same time, **sunflower seed processing capacity** in Ukraine increased by 9% y-o-y, to 20.3¹ million tons driven by the commissioning of our state-of-the-art plant in western Ukraine and two other small local plants. This widened the gap between crushing capacity and sunflower seed supply to a new high of 8.5 million tons, creating a tight supply-demand environment that pressured crushing margins and limited plant utilization throughout the season. Taking into account all available oilseed processing facilities (incl. those for soybeans and rapeseeds), Ukraine's total capacity in FY2025 exceeded 22 million tons of oilseeds.

Global sunflower oil export and prices

Sunflower oil is the **fourth-largest consumed vegetable oil in the world**, with an 8.5% market share in the 2024/25 season. The largest

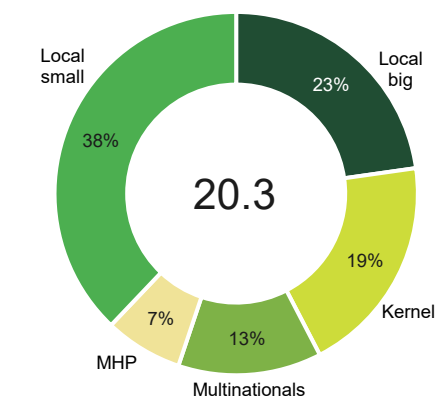
consumers and importers are India, the EU, Turkey, Iran, China, Iraq, and Egypt, collectively accounting for 77% of the global imports. Meanwhile, **Ukraine stands as the largest global exporter**, contributing 37% to the total exports².

Throughout the 2024/25 season, Ukraine's sunflower oil export decreased by 25%, reaching 4.7 million tons. Kernel accounted for **~27% of Ukraine's sunflower oil export**³.

Prices of major vegetable oils are highly correlated due to their substitutability and shared demand drivers, particularly the food industry and biofuel production. Palm and soybean oils, as the most liquid markets, serve as the primary benchmarks for global price trends. Nonetheless, regulatory shifts or changes in demand patterns may cause temporary deviations. For Kernel, which focuses primarily on sunflower oil, it is noteworthy that sunflower oil proved the most resilient among the oils over the past twelve months, despite considerable volatility:

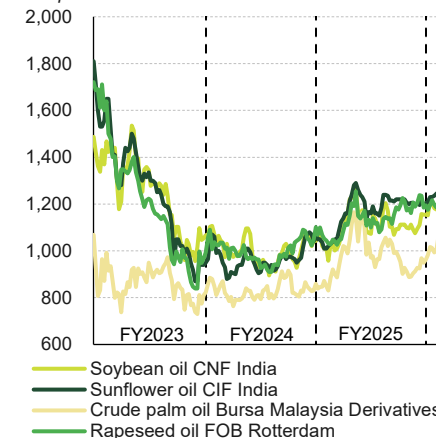
- Sunflower oil prices opened the 2024/25 marketing year above USD 1,000 per ton and rose by more than USD 200 per ton by November, driven by tight global supply conditions resulting from adverse weather in key producing regions. Although the market experienced a modest correction during winter, prices maintained a robust level throughout spring and summer;
- Palm oil dominated the broader market narrative. Supply shortages in Indonesia and Malaysia, combined with stronger domestic demand from biodiesel mandates, restricted export availability and fueled a sharp early-season rally. A correction followed as buyers shifted to cheaper alternatives, particularly soybean oil. Still, palm oil occasionally maintained a premium, supported by seasonal dips in output and a weaker Malaysian ringgit. Prices later moved into discount territory in spring and early summer but began recovering toward the close of the season, once again supporting the broader vegetable oil complex;
- Soybean oil also emerged as a key market trend throughout the year. While it remained the most competitively priced option amid ample global supply for much of the period, sustained demand from the biodiesel and renewable diesel sectors in the United States and Brazil helped sustain price levels. Later in the season, soybean oil experienced a sharp rally driven by expectations of increased U.S. blending mandates, restrictions on imported feedstocks, and new tax incentives designed to promote

Sunflower processing capacities in FY2025
million tons



Source: Kernel's estimates

Major vegoils prices
USD per ton of oil sold in bulk



Source: Kernel

domestic biofuel production – all of which contributed to a more optimistic outlook for U.S. consumption.

As we move into the new season, sunflower oil remains well-supported, while broader market dynamics continue to reflect the balance between biodiesel policy, crop outcomes, and shifting trade flows.

¹ Source: Kernel's estimate, not including the plants on the occupied territories or those with suspended operations for the whole or part of the season due to the proximity of the frontline.

² Source: USDA.

³ Source: Kernel's estimate.

Oilseed Processing **continued**

SBM-1

Our business model

Market leader in oilseed processing

Kernel is the leading global producer and exporter of sunflower oil. In FY2025, we accounted for **~7% of global sunflower oil production** and **~10% of global sunflower oil export**¹.

Asset base

Kernel owns seven oilseed processing plants across various regions in Ukraine², with the combined **sunflower seed processing capacity of 4 million tons** in FY2025 (19% of Ukraine's total³). Four of the Group's **crushing facilities are multi-seed**, enabling the processing of soybeans or rapeseed as needed. These assets operate year-round, with maintenance typically scheduled for one month during the summer.

At our plants, we have constructed six **cogeneration heat and power facilities (CHPs)** that utilize sunflower husk (biomass) to generate electricity for sale to the national grid or for our own production needs, with a combined capacity of 84.4 MW. These CHPs also enable us to power our crushing operations and achieve energy self-sufficiency during power outages in Ukraine.

The oilseed processing plant in Poltava is equipped with **refinery, bottling, and packaging lines**, featuring a maximum annual refining capacity of 131.4 thousand tons of oil.

The majority of refined oil is bottled and sold through retail channels, while the remainder is distributed in bulk on the domestic market and exported by rail.

The Group's crushing facilities are state-of-the-art and regularly upgraded, ensuring a competitive processing cost advantage over many industry participants. Energy self-sufficiency further enhances operational resilience, particularly within the current Ukrainian market landscape. The scale of Kernel's operations allows for optimal utilization of the nationwide origination network and facilitates more efficient allocation of overhead costs across higher volumes.

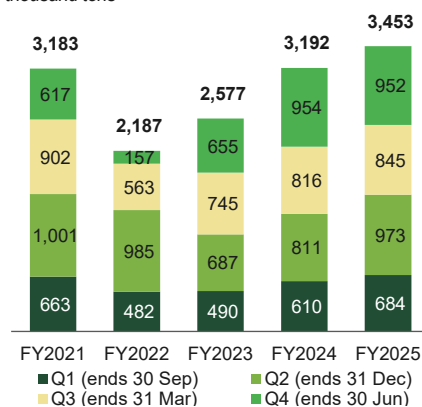
All assets are strategically located within Ukraine's sunflower seed production belt, in close proximity to farmers. This supports crush capacities utilization rates and profitability, as the low density of sunflower seed negatively impacts the economics of long-distance seed transportation.

Origination and production

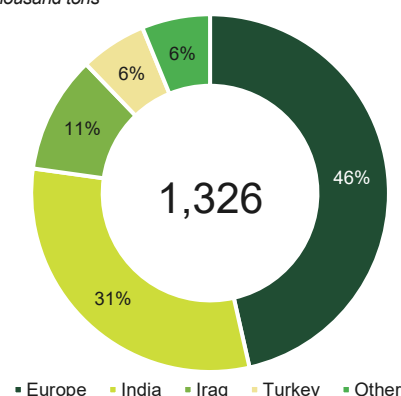
The Group heavily relies on procuring sunflower seeds from external farmers, as the Group's Farming segment secured only 11% of oilseeds processed during FY2025.

The processing of sunflower seeds primarily results in two key products: sunflower oil and meal. A detailed visualization of the crushing process is provided below. These products are predominantly exported to international

Kernel oilseed processing volumes
thousand tons

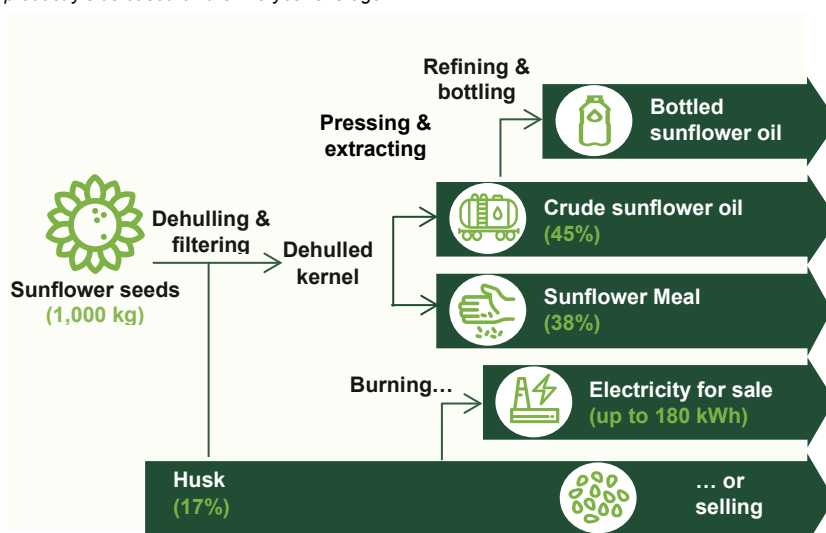


Edible oil sold in bulk destinations FY2025
thousand tons



Sunflower seed crushing process

product yields based on the five-year average



An edible oil rich with Omega-3 and Omega-6 acids. A traditional vegetable oil of choice for many regions of the world, sunflower oil is used only for culinary purpose, primarily for salad dressing and frying.

A protein-rich livestock feed, used for compound feed production for hog, cattle, and poultry industries across the world. It is the third most important meal globally after soybean and rapeseed.

Electricity is sold to the national grid as renewable energy.

A biomass is used to produce steam and energy on our plants but can also be pelletized and sold to third parties.

¹ Source: USDA, Kernel analysis.

² Two of Kernel's oilseed processing plants, occupied by Russia at the onset of the war in February 2022, sustained severe damage due to the Russian offensive in the Kharkiv region toward the end of FY2024. The restoration of processing capacities is not considered feasible in the foreseeable future. Both assets were fully impaired back in FY2022.

³ Source: Kernel's estimates.

Oilseed Processing **continued**

markets via maritime shipping through the Group's transshipment terminals.

Additionally, the sunflower seed husk, a bio-mass by-product of the crushing process, is mainly utilized on-site as fuel to generate steam for production needs and electricity for both internal consumption and sale to the national grid.

For other oilseeds, product yields vary: soybean processing results in approximately 20% oil and 73% meal, while rapeseed processing yields about 44% oil and 54% meal.

Sales

Vegetable oil in bulk

Oilseed processing is primarily export-oriented, with over 90% of the produced sunflower oil exported in bulk to key markets such as India, Europe, the UAE, Turkey, and Iraq. In FY2025, 72% of bulk oils sales were on CIF/CFR terms, while FOB sales accounted for 11% of the Group's export volume.

Almost 75% of the bulk vegetable oil sales were exported through our vegetable oil deep-water transshipment terminal in Chornomorsk, acquired in July 2023. The remaining volumes were primarily transported by inland rail.

While the Group primarily relies on chartered vessels, during the reporting period our own tanker "Mavka" transported 84 thousand tons of vegetable oil to destinations including the Netherlands, Portugal, and Italy.

Kernel's primary customers include soft commodity processors involved in refining and bottling sunflower oil, international trading companies, as well as buyers who use our oil as feedstock for biofuel production. The largest customer in FY2025 was Vitterra B.V., contributing 11% of total bulk oil sales.

The Group continued procuring edible oils in Ukraine on a CPT basis, subsequently exporting them on CIF/CFR terms to capitalize on additional trading margins. This year, we doubled the volume of sunflower oil purchased to 57 thousand tons, while rapeseed oil purchases totaled 10 thousand tons.

Vegetable meals

Vegetable meals are also a fully export-oriented product, with the majority of volumes shipped through the Group's terminal in Chornomorsk, supplemented by exports via inland logistics routes.

Bottled sunflower oil

In FY2025, 120 thousand tons of crude sunflower oil were further refined, with 70% (84 thousand tons) of this refined volume bottled

at our Poltava plant, generating additional margin from this higher value-added product. The remaining refined oil was sold in bulk.

In FY2025, 66% of bottled sunflower oil production was exported to Europe, the Middle East, Asia, and Africa under Kernel brands and private labels. Kernel held a 20% share of Ukraine's total refined bottled sunflower oil exports, supplying international retailers like Walmart and Maxima.

The remaining 34% of bottled oil was sold domestically through 19 nationwide retailers, 25 regional distributors, and 34 other customers, including charitable foundations, government institutions, and local customers. Domestic sales were split 75% to retailers and 25% to distributors under brands like "Schedryi Dar", "Stozhar", and "Chumak".

Renewable energy

All renewable energy produced by Kernel's CHPs was previously sold under long-term power purchase agreements to the state-owned enterprise "Guaranteed Buyer". These agreements fixed the feed-in tariff at 0.12 EUR/kWh until 2030. However, starting September 2024, we shifted to selling electricity on the open market. This strategic change was driven by the energy deficit in Ukraine, prompted by Russian attacks on the country's energy infrastructure, which has caused day-ahead market prices to rise, making the terms with "Guaranteed Buyer" less economically advantageous.

Contractual commitments

As of 30 June 2025, the Group had **contractual commitments to sell 270 thousand tons of edible oil for USD 291 million (USD 1,076 per ton)** and 98 thousand tons of sunflower meal for USD 29 million (USD 290 per ton).

Key developments

Non-core oilseeds processing

Constraints in sunflower seed availability, coupled with continuously expanding processing capacities, created new challenges for market participants in FY2025. The widening gap between seed supply and crushing demand, which reached 8.5 million tons during the year, prompted the Group to diversify its processing portfolio beyond sunflower seeds into other oilseeds, including soybeans and rapeseed. While rapeseed had already been part of Kernel's processing mix, FY2025 marked the Group's first large-scale experience with soybeans.

Over the reporting period, Kernel's plants processed 314 thousand tons of soybeans and 138 thousand tons of rapeseed. This positioned the Group as one of Ukraine's largest

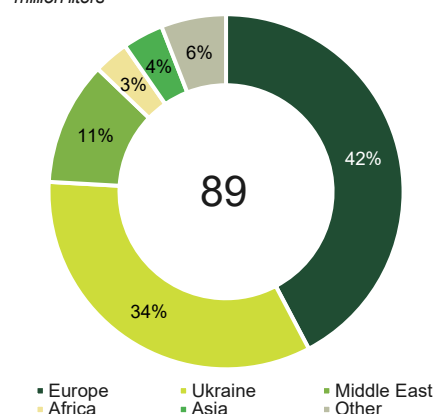
Kernel bottled oil core brands



Kernel bottled oil selected customers



Bottled sunflower oil destinations FY2025 million liters



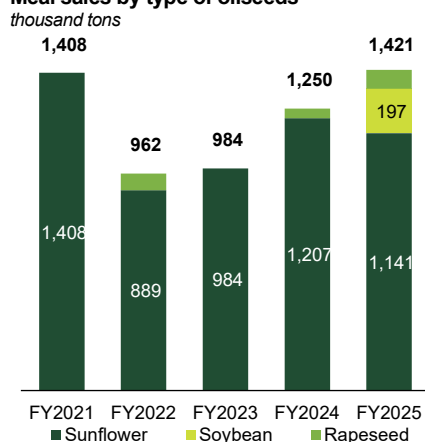
soybean processors, with the majority of volumes handled at the state-of-the-art facility commissioned in February 2024. Diversifying into multiple oilseeds was not without challenges, yet the Group successfully adapted and sustained high efficiency levels across its crushing plants. This resilience enabled Kernel to mitigate the impact of constrained sunflower seed supply while laying a strong foundation for future growth in alternative oilseed processing.

Renewable energy

In October 2024, the Group commissioned its final 20 MW CHP unit, increasing total installed capacity to 84.4 MW. As a result, in FY2025, Kernel **sold to the grid or substituted purchased electricity totaling 380 GWh**, compared with 369 GWh in FY2024. Generation volumes fell short of expectations,

Oilseed Processing **continued**

Meal sales by type of oilseeds



primarily due to limited sunflower seed availability, which reduced the supply of husk used for power production. In addition, the actual husk yield was lower than forecast, further constraining output. Currently, we are exploring options to use biomass other than husk in our co-generation heat and power plants to diversify the fuel base, enhance operational resilience, and reduce dependence on sunflower seed harvest dynamics.

The Group secured USD 328 thousand in co-financing from the Jumbo Impact Fund for the substation reconstruction project at the Poltava oilseed extraction plant. The investment supported a low-carbon production initiative that enabled the refinery at the Poltava oilseed extraction plant to operate entirely on renewable energy generated from sunflower husks. Consequently, the plant was officially certified as a renewable energy consumer by Bureau Veritas Group.

Bottled oil

Over the course of the year, we placed strong emphasis on expanding and improving sales within the Food Service segment. Our efforts focused on strengthening relationships with key partners in the hospitality, catering, and institutional sectors, as well as enhancing our product offering and service quality to better meet the needs of professional kitchens.

This year, we also introduced our new bag-in-box (BIB) packaging format for the first time – a durable, multi-layer pouch encased in a rigid cardboard box. This packaging was certified under the BRCGS Global Food Safety Standard, ensuring high product quality and safety.

War impact

The ongoing war in Ukraine continues to impact our operational performance across multiple areas:

Oilseed Processing segment performance

		FY2024	FY2025	y-o-y
Oilseeds processed	thousand tons	3,192	3,453	8%
Edible oil sales	thousand tons	1,477	1,407	(5%)
Revenue	USD million	1,864	2,107	13%
EBITDA	USD million	83	148	77%
EBITDA per ton of oil sold	USD / ton	56	105	86%
EBITDA margin	% of revenue	4.5%	7.0%	57%

- **Asset damage:** in early August 2024, our largest oilseed processing facility in western Ukraine was damaged by a Russian drone attack, leading to a temporary shutdown of the operations. The repair costs amounted to USD 206 thousand, with operations successfully resumed in September 2024 following a month of pre-season maintenance and repairs.
- **Conscription of employees:** employee conscription into the Ukrainian military resulted in notable labor shortages at our crushing facilities, complicating recruitment and retention of qualified personnel, particularly in high-risk regions. The frequency of personnel turnover has disrupted operational continuity and exerted additional strain on remaining staff, thereby affecting overall productivity and efficiency.

Headcount

In FY2025, the **headcount in the Oilseed Processing segment** decreased by 12% y-o-y, to 2,193 employees, as we eventually had to lay off staff from our destroyed plants in the Kharkiv region who could not be transferred to other facilities.

Performance overview

Over FY2025, **Kernel processed 3.5 million tons of oilseeds**¹, representing an 8% y-o-y increase, despite the supply-demand constraints that affected seasonal processing patterns. There are two key drivers behind the increase in processing volumes:

- the commissioning of the state-of-the-art oilseed extraction plant in western Ukraine in February 2024, which was operational for the whole FY2025, adding the annual sunflower seed processing capacity of 1 million tons.
- the Group's ability to adapt its processing mix to include alternative oilseeds, mitigating the impact of limited domestic sunflower seed availability during the year. Of the total oilseeds processed, soybeans accounted for 314 thousand tons, while rapeseeds comprised 138 thousand tons. This flexibility helped achieve a combined utilization rate of 87% across the Group's oilseed extraction plants, compared with 75% if based solely on sunflower seed processing.

With a total of 3 million tons of sunflower seeds

processed, **Kernel's market share in Ukraine's sunflower seed processing** is estimated at 26% for FY2025, the highest level in the Group's history and an increase of 5pp compared to FY2024. This record performance reflects not only the strong operational efficiency of our crushing assets but also the solid relationships built with farmers and the effective work of our procurement team in securing raw material supply.

While processing volumes increased compared to the previous year, **edible oil sales** declined by 5% y-o-y to 1,407 thousand tons in FY2025, primarily due to variations in oil content across the oilseeds processed (as described in the Origination and production section above). The total sales volume included 82 thousand tons of bottled sunflower oil (down 2% y-o-y) and 67 thousand tons of edible oils purchased on a CPT basis in Ukraine for trading purposes and subsequently exported.

During the reporting period, the Group also sold 1,421 thousand tons of **vegetable meals** – another key product generated from the oilseeds processing operations. Sunflower meal accounted for 80% of the total, with soybean meal and rapeseed meal making up the remainder. Although vegetable meals have lower value compared to the oil itself, their sales are strategically vital for optimizing overall crushing margins and mitigating inventory buildup that could potentially disrupt plant operations. Ensuring efficient sales channels is imperative given the limited shelf life of vegetable meals, thereby supporting operational continuity and profitability.

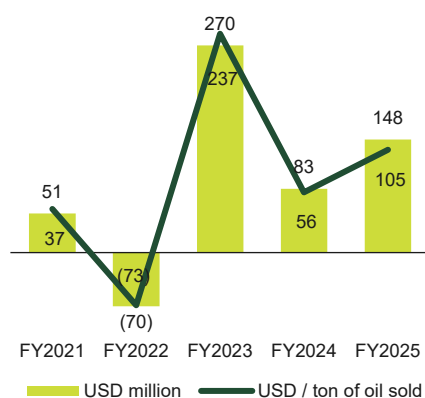
The Oilseed Processing segment generated USD 148 million **EBITDA** in FY2025, up 77% y-o-y from USD 83 million in FY2024. The prior-year result, however, included a one-off impairment loss of USD 167 million and a USD 27 million gain from insurance payments for property damage and business interruption due to the Russian invasion of Ukraine. Adjusting for these one-offs, EBITDA in FY2025 reduced by 34% y-o-y.

Despite a decline in edible oil sales volumes, overall processing output remained broadly

¹ Includes 272 thousand tons of oilseeds processed by Kernel plants in FY2025 via tolling agreements.

Oilseed Processing continued

Oilseed Processing segment EBITDA



stable, as lower sunflower oil production was offset by higher soybean crushing, which in turn supported increased sales of soybean meal. Profitability, however, came under pressure as crushing margins narrowed significantly during the year, despite stronger vegetable oil prices. The key factor was a reduced sunflower seed harvest in Ukraine, which shifted bargaining power from crushers to farmers. With sufficient liquidity and storage capacity, farmers delayed sales until late in the season, creating a tight and highly competitive raw material market. This dynamic constrained margins throughout the year, with pressure most pronounced in the final quarter.

EBITDA contribution from renewable energy generation amounted to USD 10 million, down 61% y-o-y, mainly reflecting a 60% increase in the cost of sunflower husk, the key consumable used for electricity production. **Bottled oil sales** added USD 12 million in EBITDA, down 13% y-o-y.

As a result, **EBITDA per ton of oil sold** reached USD 105 in FY2025, up 86% y-o-y. However, after adjusting for the one-off USD 167 million impairment loss and USD 27 million insurance reimbursement recognized in FY2024, EBITDA per ton of oil sold declined by 30% y-o-y. This decrease underscores the adverse impact of constrained seed supply and heightened competition among processors, occurring despite a 21% y-o-y increase in global sunflower oil prices.

FY2026 outlook

Supply-demand balance

For the upcoming sunflower seed harvest, total production is projected at 11.4 million tons, broadly flat y-o-y, as unchanged acreage was offset by a sharp deterioration in yields. Prolonged drought in the south and east severely reduced crop potential, and while conditions in the north and west were more favorable, they were insufficient to counterbalance the overall decline. At the same time, Ukraine's sunflower

seed crushing capacity is expected to rise to 21 million tons with the commissioning of new processing plants. This will widen the gap between available feedstock and processing demand to a record 9.7 million tons, intensifying competition for raw materials and further pressuring margins across the industry.

Soy and rapeseed export duties

In July 2025, the Ukrainian parliament introduced a 10% export duty on soybeans and rapeseed, which became effective in September 2025 following the President's approval. The duty applies only to traders exporting these oilseeds, while agricultural producers exporting their own harvest are exempt from the duty. Such a measure is intended to stimulate domestic processing of these oilseeds, reduce the scale of shadow exports, and increase exports of higher value-added products such as oils and meals.

The initiative is expected to support higher processing volumes of soybeans and rapeseed by domestic processors. At the same time, a number of new processing facilities are under construction, with several close to commissioning. The direct impact on the Group is anticipated to be limited, as its existing oilseed processing facilities already operate at a utilization rate of 87%.

Ukraine has prior experience with the introduction of restrictive export duties, most notably on sunflower seeds, which laid the foundation for the development of a strong domestic sunflower processing industry and enabled the country to become a global leader in sunflower oil production.

INFRASTRUCTURE AND TRADING



Exported 5.4 million
tons of grains

The uninterrupted functioning of the Black Sea commercial navigation corridor, established by the Ukrainian Navy in October 2023, was the most important factor impacting the operational performance of the Infrastructure and Trading segment throughout FY2025. This stability enabled the Group to **export 5.4 million tons of grain**, slightly below the previous year's volume. More than 95% of exports were transhipped through the Group's grain terminal in Chornomorsk, while the remainder was routed via Danube ports. Despite the observable shortage of the grains available for export this season, Kernel maintained its position as **Ukraine's largest grain exporter**, with market share rising by 2pp to 12%.

The Group also leveraged its extensive infrastructure platform, handling a record **9.1 million tons** of grain, edible oils, and vegetable meals through its export terminals – the **highest transshipment volume in Kernel's history**. This achievement highlights the strategic importance of Kernel's integrated infrastructure, which remains a key competitive advantage in sustaining export leadership under highly challenging market and wartime conditions.

From a financial perspective, the Infrastructure and Trading segment recorded **EBITDA of USD 218 million**, representing a 7% y-o-y increase. Avere's trading business contributed USD 99 million in EBITDA, reflecting exceptional trading gains supported by market expertise and disciplined risk controls, though such performance remains highly volatile. Meanwhile, grain origination and export operations in Ukraine delivered USD 119 million in EBITDA, down 21% y-o-y, as limited grain supply weighed on export volumes and margins.

FY2026 Outlook

For the upcoming financial year, the Group's export operations will remain highly dependent on the accessibility of Black Sea ports, with exportable grain

Revenue

USD 2,169 million
+8% y-o-y

EBITDA

(before unallocated head office expenses)

USD 218 million
+7% y-o-y

volumes continuing to be a key determinant of financial and operational results. In the first months of the new financial year, trading activity remained subdued, primarily due to weak farmer selling, as producers were reluctant to release stocks while anticipating higher price levels. This temporary slowdown is expected to sustain pressure on margins in the near term.

The Group targets to reach grain exports of 6.6 million tons in FY2026, while continuing to leverage its unique export value chain to navigate ongoing geopolitical and market challenges. In October 2025, the reconstruction of the Group's grain transshipment terminal in Chornomorsk, damaged by a Russian missile strike in 2023, is expected to be completed. Upon commissioning, the terminal's transshipment capacity will be fully restored to its pre-strike level of 10 million tons per annum.

Infrastructure and Trading **continued**

Market overview

The key market factors impacting the performance of the Infrastructure and Trading segment include the size of the grain harvest in Ukraine, the availability of Ukrainian Black Sea ports for export operations, and global grain price dynamics. Additional factors include competition among grain traders and grain infrastructure assets, to name a few.

Grain supply and export in Ukraine

In FY2025, Ukrainian farmers **harvested 55 million tons¹** of grain, a 7% y-o-y decline. While acreage under major crops remained unchanged at around 10 million hectares, a severe summer drought significantly reduced yields of the most productive crop, corn. Combined with low carry-in stocks, this resulted in a domestic grain shortage and drove an 18% y-o-y decrease in exports of grains and oilseeds to 46 million tons in FY2025.

Throughout the year, grain exports were primarily supported by deep-water Black Sea ports, while Danube routes were used selectively by players for whom such logistics were more cost-efficient given the location of their core assets. In FY2025, 89% of grain volumes were shipped from Ukraine via maritime routes. However, overall terminal utilization remained below capacity, as the share of grain available for export has declined since the onset of the full-scale war and has yet to recover. This was further reinforced by the lack of expansion in cultivated land, constrained by the ongoing war in Ukraine.

In the 2024/25 season, Ukraine ranked as the world's fifth-largest grain exporter after the United States, Argentina, Russia, and Brazil, accounting for 8% of global grain trade².

Global grain prices

Global wheat and corn prices remained broadly stable during the 2024/25 marketing year, shaped primarily by production dynamics. Wheat output expanded worldwide, exerting downward pressure on prices, while lower corn production provided relative price support. Regional harvest pressures, shifting trade flows, and biofuel demand added further influence. Early in the season, corn prices dropped to four-year lows on weak export demand, but later recovered as adverse weather in South America and reduced crop expectations in the EU and Black Sea tightened supply. In contrast, wheat prices came under sustained pressure from large harvests in Australia and Argentina and intensified Russian exports, which narrowed the traditional wheat-corn price spread.

In the second half of the season, both markets experienced heightened volatility. Wheat briefly rallied in February on U.S. and Black Sea crop concerns, before easing again as record South American harvests materialized and geopolitical factors softened risk premiums. Corn gained support in April from slow U.S. planting progress and stronger ethanol demand, but came under renewed pressure in May-June as Brazil's record Safrinha crop and expanded U.S. acreage lifted global supply forecasts. Wheat stabilized into the summer, with a June rally driven by heavy rains in the U.S., active import demand, and drought risks in the Black Sea and China, amplified by technical fund buying.

In Ukraine, FOB corn prices demonstrated upward momentum in the first half of the season, supported by restrained farmer selling, before entering a correction phase in early 2025 amid abundant global supply from Brazil and the U.S. The market remained under pressure from structural surpluses, which limited upside potential and kept margins subdued. Wheat prices followed a similar trajectory: seasonal weakness during harvest was offset by temporary support from quality premiums and slower farmer sales, but ultimately, global oversupply weighed heavily, resulting in a noticeable decline in prices toward the end of the reporting period.

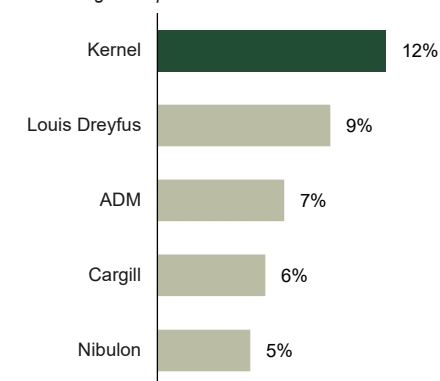
Competition among grain traders

Historically, we have competed with established multinational trade houses such as COFCO, Cargill, ADM, Bunge, Louis Dreyfus, and Glencore, as well as numerous regional competitors. However, many of the multinational traders scaled down or exited the Ukrainian market at the onset of the full-scale war in 2022. Since then, the market has seen the rise of smaller, agile entrants that have rapidly expanded their trading activities by capitalizing on alternative export routes during periods of heightened volatility. In this environment, Kernel leverages its integrated infrastructure and logistical capabilities to sustain and strengthen its competitive position.

During the reporting period, farmer behavior added a further layer of complexity. Sales of harvested crops were spread more evenly across the year, rather than being concentrated in the traditional post-harvest period. This slower pace of selling intensified competition, as multinational traders responded with more aggressive origination strategies. Leveraging their ability to operate at break-even levels, these players sought to capture volumes and reinforce farmer loyalty. As a result, competitive pressure on margins increased, and rivalry for domestic market share intensified.

Top 5 grain exporters from Ukraine in FY2025

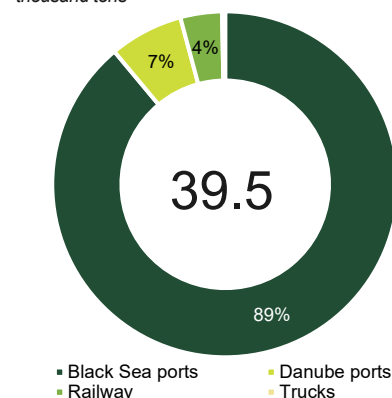
% of total grain export



Source: Ministry of Agrarian Policy and Food of Ukraine, Kernel

Grain exports from Ukraine by transport in FY2025

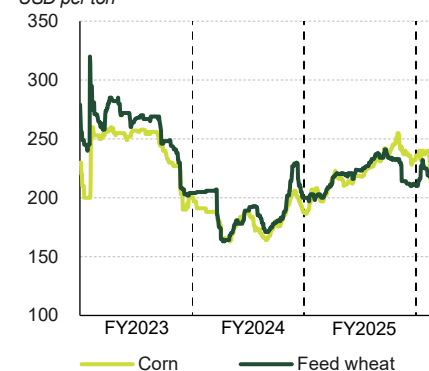
thousand tons



Source: Ministry of Agrarian Policy and Food of Ukraine, Kernel

Corn and feed wheat prices, FOB Ukraine

USD per ton



Source: Fastmarkets, Kernel

¹ Three key grains: corn, wheat, and barley. Source: Kernel's estimates as of September 2025.

² Source: USDA, as of September 2025.

Infrastructure and Trading **continued**

SBM-1

Our business model

The Infrastructure and Trading segment consists of two separate business arms:

- **Grain and sunflower oil export value chain in Ukraine.** This arm comprises interconnected business units that form a supply chain linking Ukrainian farmers to global markets: silo services, transportation and logistics assets, export terminals, vessels, grain origination, and export operations in Ukraine.
- **Avere's global physical and proprietary trading operations.**

Grain export business in Ukraine

Kernel is the **leading grain exporter from the Black Sea region** and the largest from Ukraine. The Group sources grain from local growers, including its own Farming segment, and exports it from Ukraine, effectively navigating this low-margin business by leveraging the following:

- **Experienced procurement team** with nationwide presence and deep understanding of local trends and regional peculiarities;
- **First-hand access to the unique in Ukraine own infrastructure** – the largest private silo network, the largest private fleet of grain railcars, as well as the largest deep-water grain transshipment capacity in ports and own vessels;
- **Prudent risk management:** locking up the margins by selling grain through forward contracts in a similar time frame as purchasing it from farmers on the spot market¹;
- **Client-focused approach:** Kernel differentiates itself through strong farmer relationships managed via the IBuyMore CRM system and supported by numerous value-added initiatives:
 - In FY2025, Kernel resumed its pre-crop prepayment initiative, allocating USD 50 million to farmers. These advances provided critical liquidity support for the farmers ahead of the season while securing access to raw materials and reinforcing the Company's origination base;
 - Through the **Open Agribusiness initiative**, Kernel shares expertise and provides various services to third-party farmers operating on a total of 159 thousand hectares of land.
 - Through the **Open Agri Club** platform, Kernel brings together farmers, agribusinesses, industry processing enterprises, and scientific institutions to work together to improve technologies and find innovative and effective solutions for the sustainable development of the agricultural sector.
 - Kernel also provides advanced IT

solutions, such as an electronic document flow system to streamline paperwork and **Transithub**, a virtual truck navigation solution for logistics providers.

- Since 2015, Kernel has been developing **Digital AgriBusiness** ("DAB") – a proprietary digital platform for farm management that integrates innovation with traditional agronomic practices. DAB leverages precision farming technologies and AI-driven analytics, combined with advanced planning, modeling, and performance tracking, to provide an unparalleled level of detail and decision-making support throughout the production cycle. In FY2025, the Group began offering this platform to its partners, extending the benefits of DAB beyond Kernel's own operations.

Kernel's export portfolio predominantly features corn, which constitutes approximately 60% of total grain exports. Wheat emerges as the second-largest export commodity, accounting for between 20% and 35% of annual exports. The remaining exports are composed of barley, soybeans, and rapeseed. Most of the exported grain is used for **feed**, but we also export **food-quality grain** (0.8 million tons of wheat in FY2025) and for **bioethanol production** (1 million tons of ISCC-compliant² corn exported in FY2025, granting a price premium over conventional corn).

In FY2025, more than 75% of Kernel's grain exports from Ukraine were sold on a **CIF/CFR basis**, with Kernel handling sea transportation to the destination port. **FOB sales** accounted for almost 23% of the Group's export volumes during the period.

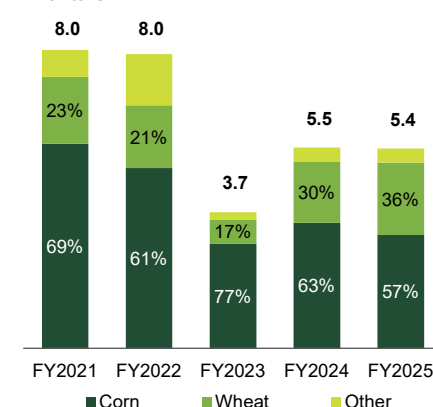
Silo services

Kernel operates the **largest private inland silo network in Ukraine**, consisting of 29 silos with a total one-time grain storage capacity of 2.3 million tons. Our network comprises both highly productive silos capable of loading shuttle trains (54 railcars) in a day, and smaller, less efficient, floor-type storage facilities.

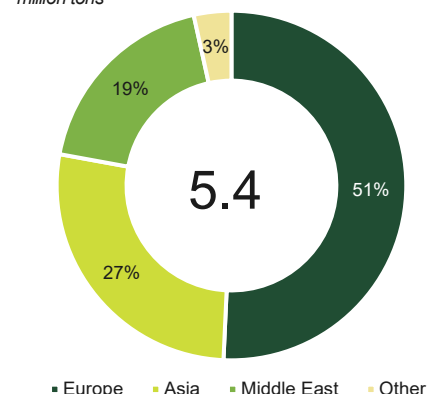
Strategically located in Ukraine's key grain-producing regions, these silos provide a full range of services, including grain intake, drying, cleaning, storage, and off-loading, serving both our Farming segment and third-party farmers. Grain intake begins with wheat in July and concludes with corn in November-December, enabling seasonal turnover of more than 1.0x storage capacity.

Beyond standard services, Kernel's **silo**

Kernel grain export from Ukraine
million tons



Kernel grain export from Ukraine destinations
million tons



network is a critical grain origination tool. It allows procurement teams to acquire grain and sunflower seeds from within a 100-kilometer radius, making Kernel a preferred partner for farmers. This network also strengthens relationships with farmers and provides valuable insights into Ukraine's grain supply.

Transportation and logistics assets

Kernel operates a fleet of transportation and logistics assets to deliver grain, sunflower oil, and meal to Ukrainian ports or for inland exports. The company ranks among the seven largest rail freight shippers in Ukraine and is the leading shipper of agricultural products:

- **Grain railcars:** Kernel is the largest private operator of grain railcars in Ukraine, holding a 10% market share with 3,400 railcars. These railcars transport grain from Kernel-owned and third-party silos to transshipment terminals. Ownership allows Kernel to save on lease costs, though railway traction and infrastructure fees still apply. Since the war began, 8% of the Group's railcars have been stuck in Russian-occupied territories,

¹ Deviations from such approach may appear during the business disruptions caused by the war in Ukraine.

² ISCC certification confirms that corn was produced in an environmentally and socially sustainable way, making it suitable for use in bioethanol production.

Infrastructure and Trading **continued**

but the remaining fleet strongly supports export operations;

- **Specialized containers:** Kernel owns 100 specialized railway containers for transporting grain and sunflower meal, along with 400 tank containers for sunflower oil;
- **Rail flatcars:** the Group operates 99 flatcars to transport containers by rail;
- **Railway tanks:** Kernel has 77 railway tanks for sunflower oil transportation (5 of those have been stuck in Russian-occupied territories);
- **Vehicles:** the Group also owns 26 tanker trucks for sunflower oil, 66 trucks with trailers for grain transport, and 14 jumbo trucks for Packaged Goods transportation.

Export terminals

Kernel is **one of the largest port operators in Ukraine**, with infrastructure that includes:

- **TransBulkTerminal** in the deep-water port of Chornomorsk, **the largest grain transshipment facility in Ukraine**, with a capacity to handle 8.0 million tons of grain per annum¹. It is capable of servicing over-Panamax vessels with deadweights of up to 100,000 tons and maximum berth loading of up to 80,000 tons. As a core asset for Kernel, it is critical for handling the Group's exports, with no viable alternative for this capacity.
- **TGT-Oil** terminal in Chornomorsk port, acquired in July 2023, with a sunflower oil transshipment capacity of 1.4 million tons per year and storage capacity of 97 thousand tons. It is a Group's core asset for sunflower oil loading to vessels.
- **OilExportTerminal** in the deep-water port of Pivdennyi, with an annual capacity to transship 0.5 million tons of sunflower oil.
- **Reni-Oil** terminal in the port of Reni on the Danube River, acquired in FY2024, with a capacity of 0.7 million tons of sunflower oil annually.
- **Danube Prom Agro** terminal in the river

port of Reni, allowing export of 0.4 million tons of grain/sunflower meal per annum.

Kernel's terminals primarily handle grain (70% of total throughput in FY2025), along with vegetable meals and edible oils. The Group also has transshipment agreements with port facilities in the Netherlands to support export operations.

Vessels

Kernel owns and operates the bulk carrier *Rotterdam Pearl V*, with a grain cargo capacity of 50 thousand tons, and the tanker *Mavka*, with a sunflower oil cargo capacity of 12.5 thousand tons.

By controlling the entire value chain – from silos to railcars, port terminals, and vessels – Kernel enhances efficiency and reduces export logistics costs.

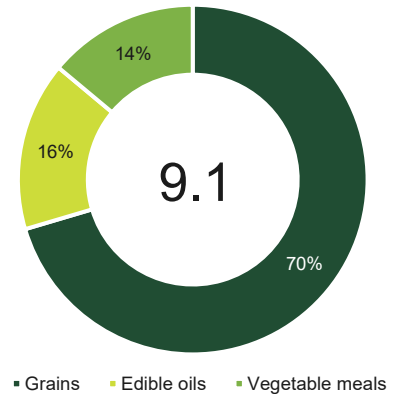
Avere operations

Founded in FY2018, Avere is a 100%-owned subsidiary of Kernel. It is headquartered in Switzerland with representative offices in the USA, Singapore, the Cayman Islands, Australia, Brazil, the UK, and China. Avere's team of 41 professionals specializes in research, trading, and execution. It focuses on merchandising and proprietary trading of grains, oilseeds, and related commodities in key global markets, operating independently of Kernel's Ukrainian operations.

Due to its trading nature, Avere's financial results can be volatile. Market risk is managed through various tools, including:

- **Drawdown:** Monitoring the difference between the most recent peak and trough in market value.
- **Value-at-Risk:** Managing the maximum potential loss over one day with 95% confidence.

Kernel export terminals throughput
million tons



Key developments

War impact

In FY2025, the Infrastructure and Trading segment continued to operate under wartime conditions, with grain exports via Black Sea ports remaining stable since October 2023. The commercial navigation corridor established and maintained by the Ukrainian Navy functioned without interruption, ensuring steady maritime traffic and supporting the consistent flow of exports. Despite ongoing missile and drone strikes targeting port and railway infrastructure, as well as civilian vessels, the Group's logistics assets were not materially affected. Nevertheless, the Group faced several challenges disrupting our operations:

- **Prolonged air alarms:** For security reasons, all terminal activities must be suspended during missile and drone attacks. These interruptions extended vessel loading times and disrupted the regular flow of operations. In FY2025 alone, our main terminal was fully non-operational for a cumulative 30 days, excluding standard idle periods under normal circumstances. Such downtime creates additional inefficiencies in logistics planning and negatively affects overall throughput.
- **Shortage of qualified personnel:** The tightening labor market for skilled professionals in Ukraine posed further challenges, particularly in maintenance and repair activities. Limited availability of qualified specialists often extends the time required to complete scheduled works, leading to delays in operational timetables and reduced efficiency.

Asset reconstruction

On 19 August 2023, a missile strike on the port of Chornomorsk severely damaged our TransBulkTerminal, destroying storage facilities, intake infrastructure, loading equipment, and inventories. The attack reduced Kernel's

Repair works at the TransBulkTerminal following the Russian missile attack in 2023



¹ Transshipment capacity was revised following the missile attack on 19 July 2023, which damaged the terminal's infrastructure. Upon completion of reconstruction works, the original capacity of 10 million tons per annum is expected to be restored.

Infrastructure and Trading **continued**

capacity by 136 thousand tons of storage and 2 million tons of annual transshipment. Given the uninterrupted export operations since October 2023, which restored business confidence and underscored the strategic importance of the facility, the Group decided to proceed with its restoration. During FY2025, USD 11 million was invested in reconstruction works, with commissioning scheduled to begin in October 2025. Total investments in the project are expected to reach USD 19 million. Upon completion, the terminal's transshipment capacity will be restored to its original 10 million tons of soft commodities per annum.

Over the year, the Group also successfully restored two silos damaged by missile attacks in 2023-2024, reinstating their original storage capacity.

Headcount

As of 30 June 2025, the **headcount of the Infrastructure and Trading segment** increased by 6% y-o-y to 3,056 employees, driven primarily by the hiring of additional staff at the Group's grain silos.

Performance overview

Operational performance

Grain export from Ukraine

The functioning of the Black Sea export routes remained the key performance driver for the segment in FY2025. With near-uninterrupted port operations, more than 95% of grain export volumes were transshipped through the Group's grain terminal in Chornomorsk, with the balance handled via Danube ports. In total, the Group exported 5.4 million tons of grain, remaining flat y-o-y. Corn accounted for 57% of total exports, wheat for 36%, with the balance comprising barley and other minor crops. The prior-year comparative base, however, was distorted by the July-September 2023 blockade of the Black Sea, when the Group managed to export only 203 thousand tons of grain.

Nevertheless, the Group's **share of Ukraine's grain exports** increased by 2pp y-o-y to 12%, underscoring Kernel's operational efficiency, strong relationships with farmers, and the competitive advantage of its export infrastructure, which together reinforced our position as the country's largest grain exporter. Kernel accounted for 15% of the country's corn exports (+3pp y-o-y), 13% of wheat (+4pp y-o-y), and 12% of barley (+5pp y-o-y). However, our market share remains below the pre-war peak of 18% achieved in FY2021.

Of the total exported grain, 26% was produced by the Farming segment, while the majority

Infrastructure and Trading segment performance

		FY2024	FY2025	y-o-y
Grain export volumes	thousand tons	5,452	5,427	(0%)
Export terminal's throughput (Ukraine)	thousand tons	6,700	9,136	36%
Grain received in inland silos	thousand tons	2,802	2,719	(3%)
Revenue	USD million	2,011	2,169	8%
EBITDA	USD million	204	218	7%
EBITDA margin per ton of grain exported	USD	37	40	8%

was sourced from third-party farmers. Procurement from other farmers totaled 3.9 million tons, a 39% y-o-y increase, though still below pre-war levels. As of 30 June 2025, the Group's grain inventories stood at 209 thousand tons, broadly consistent with pre-war norms, providing a stable supply base for ongoing export operations.

Export terminals throughput

In FY2025, **Kernel transshipped 9.1 million tons of agricultural goods** through its export terminals, marking the highest volume in the Group's history and a 36% y-o-y increase. Grain accounted for 70% of total transshipment volumes, edible oil for 16%, and meal for the remainder.

While the Group's grain export volume remained stable compared to the previous year, the overall growth in transshipment volumes was driven by higher edible oil exports handled through the Group's vegetable oil transshipment terminal, which became operational in January 2024, as well as by increased volumes transshipped for third parties. During the reporting period, the Group handled 1.5 million tons of third-party-owned goods by providing transshipment services¹.

Grain and oilseeds received in inland silos

The total volume of **grain received in inland silos** in FY2025 declined by 3% y-o-y to 2.7 million tons. Of this total, 1.5 million tons were produced by the Group's own Farming segment – 0.4 million tons lower than the previous year due to a smaller harvest size. An additional 233 thousand tons were procured by the Group, with the remaining volume supplied by third-party farmers.

The primary grains received were corn (1,393 thousand tons) and wheat (870 thousand tons), with a minor share made up of sunflower seeds, soybeans, and rapeseed.

Railcars business

The Ukrainian railcar market in FY2025 faced a pronounced structural imbalance, driven by several interrelated factors:

- **Reduced cargo base** as the total grain and oilseed volumes available for transport declined noticeably during the year. Unlike the

first two years of the full-scale war, when limited access to seaports created significant carry-over stocks, FY2025 was characterized by stable export flows via the Black Sea corridor and comparatively low stocks at the beginning of the season. The situation was further exacerbated by a 4 million ton decline in the Ukrainian grain harvest, directly reducing transportation demand;

- **Oversupply of grain railcars**, as many market participants expanded their fleets by purchasing additional units for in-house operations. With overall volumes now lower, this capacity expansion has resulted in a significant surplus of grain railcars in the market, intensifying competition and driving utilization rates down;
- Improved railcars turnover as Ukrainian Railways enhanced operating efficiency during the year by reallocating locomotives across routes and benefiting from the more stable and predictable export operations through the Black Sea. While positive for the system overall, improved turnover further reduced the effective demand for additional railcar capacity.

Such an imbalance has exerted downward pressure on pricing, driving rental rates to their lowest levels in recent years and resulting in the business line's financial results that were substantially below historical levels. Given the ongoing structural surplus in the market, this challenging environment is likely to persist in the foreseeable future.

Financial results

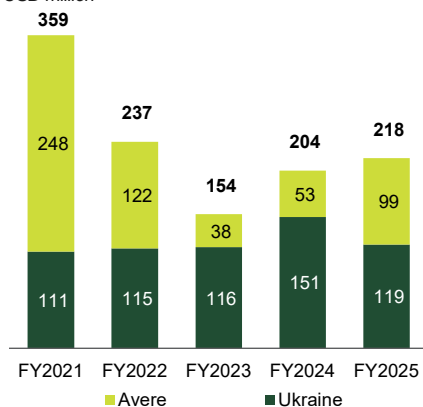
In FY2025, the Infrastructure and Trading segment reported EBITDA of USD 218 million, reflecting up 7% y-o-y. Within the segment, performance was shaped by two distinct business arms with contrasting dynamics.

Avere's trading business delivered an exceptional result, generating USD 99 million in EBITDA (an 87% increase y-o-y) and accounting for nearly half of the segment's total, compared with just 26% in the prior year. This performance was driven by Avere's strong expertise in global commodity markets, accurate assessment of price trends, and a disciplined risk management framework. While the outcome was exceptional, it should be noted that Avere's earnings are inherently sensitive to

¹ This volume is included in the export terminal's throughput total figure.

Infrastructure and Trading **continued**

Infrastructure and Trading segment EBITDA
USD million



market volatility, and therefore, results of this scale are not expected to be sustained on a recurring basis.

By contrast, the grain and edible oil export value chain in Ukraine generated USD 119 million in EBITDA, down 21% y-o-y. This result reflected more challenging fundamentals, as limited grain supply constrained export volumes, pressured origination margins, and reduced utilization rates across export infrastructure. The performance of individual business lines varied, with each contributing differently to the overall result:

- **Export terminals** contributed more than half of the achieved EBITDA, generating USD 67 million, up 55% y-o-y, supported by record-high transshipment volumes, albeit negatively impacted by reducing transshipment rates due to general market capacity underutilization, considering lower y-o-y harvest;
- **Grain origination and trading operations** delivered EBITDA of USD 39 million, down 28% y-o-y, reflecting lower grain harvest in Ukraine and diminished carry-in stocks, which shifted bargaining power toward farmers and constrained trading margins;
- EBITDA from the **railcar business** declined to USD 8 million in FY2025 from USD 22 million in the prior year. Such a decrease was primarily due to a 68% y-o-y reduction in market lease rates for grain railcars, highlighting the structural imbalance in the Ukrainian railcar market as disclosed in detail above;
- **Silo services business line** generated only USD 4 million in EBITDA, down 81% y-o-y, on the back of the lower demand for the drying services, the main profit driver for this segment. At the same time, the reduced need for drying and cleaning services translated into lower post-harvest costs for the Group's Farming segment;
- The Group's **own fleet** of vessels contributed USD 1 million in EBITDA compared with USD 12 million a year ago.

This decline was mainly attributable to weaker freight rates and scheduled dry-dock surveys, during which each vessel was temporarily off-hire.

FY2026 outlook

Looking ahead, the performance of the Infrastructure and Trading segment will remain heavily dependent on the availability of Ukrainian Black Sea ports for export operations, harvest size in Ukraine, and on further developments in the war. The presence of sea mines poses a potential risk to the stable functioning of export operations through the Black Sea. In response to safety concerns for civilian vessels, the Ukrainian Sea Ports Authority may be required to impose restrictions on the entry and departure of vessels. Such measures could result in a reduction of the Group's export volumes and, consequently, adversely affect the utilization rates of its export terminals.

Despite these uncertainties, the Group targets an increase in export volumes of grain to 6.6 million tons in FY2026 on the back of higher expected crop size. While still below pre-war levels, this is an ambitious objective given the current market environment:

- Since the onset of the full-scale war, the acreage under the three main crops (corn, wheat, and barley) has decreased by 5 million hectares, reducing the grain volumes available for export regardless of yield dynamics. Domestic consumption of these crops has fallen by about 13% compared to pre-war levels, in line with demographic trends. However, the contraction in exportable supply has been far more pronounced. For FY2026, harvest of corn, wheat, and barley is projected at 60 million tons, with 44 million tons (up 5 million tons y-o-y) projected to be available for export;
- Multinational traders are reinforcing their presence in Ukraine, competing aggressively on origination to capture market share. Their scale and ability to operate at tighter margins create sustained pressure on both trading profitability and throughput fees, despite ongoing risks of attacks on logistics infrastructure;
- At the same time, farmers, supported by sufficient working capital and access to storage capacity, are also in a stronger position to delay sales, holding back volumes in anticipation of higher prices. This behavior, already evident throughout FY2025, is anticipated to persist into FY2026, becoming the new normal on the market, reshaping dynamics, and maintaining pressure on trading margins;
- Competition among export terminals is set to intensify with the re-launch of the former grain transshipment facility in Odesa and the ongoing construction of a new large terminal in the port of Pivdennyi. These

developments are expected to strengthen a structural oversupply of handling capacities, putting further pressure on margins. This situation mirrors the trend already experienced in the sunflower oil sector, where significant capacity expansion reshaped industry economics and constrained profitability;

- Global grain and oilseed prices are expected to remain under pressure next year. Wheat and corn face strong downward pressure from record harvests in the U.S., Brazil, and the Black Sea region, with slow import demand further weighing on prices.



Produced 1.7 million
tons of grains and
oilseeds

The Farming segment's performance in FY2025 was shaped by a combination of positive and negative factors. A severe summer drought followed by a dry autumn reduced yields across most major crops: corn declined by 17% y-o-y to 8.4 tons per ha, wheat by 8% to 6.1 tons per ha, and soybeans by 25% to 2.2 tons per ha. As a result, total **harvested volume in FY2025 decreased by 9% y-o-y to 1.7 million tons**. Nevertheless, a 20% y-o-y reduction in crop production costs, driven mainly by lower post-harvest grain handling services (cleaning, drying, storage), together with stronger global grain and oilseed prices, helped mitigate the impact of the smaller harvest.

A critical factor supporting the performance was the uninterrupted availability of Black Sea export routes, which enabled the **realization of 1.8 million tons of grains and oilseeds** produced by the Farming segment (including carry-in stock from the 2023 harvest). This allowed the Group to enter the next financial year with minimal carry-over stocks, reducing exposure to price volatility.

As a result, the segment delivered **EBITDA of USD 184 million** in FY2025, up 8% y-o-y. On a per-hectare basis, EBITDA amounted to USD 515, with 358 thousand hectares under operation during the reporting period.

FY2026 outlook

Over the coming year, the Farming segment is expected to benefit from a larger harvest, primarily driven by expanded corn acreage and improved yield. However, profitability is expected to come under pressure as production costs per hectare are projected to rise by more than 30% y-o-y, reflecting higher seed and lease expenses, elevated growing costs, and increased reliance on post-harvest services due to wetter crop conditions.

Revenue

USD 468 million

-3% y-o-y

EBITDA

(before unallocated head office expenses)

USD 184 million

+8% y-o-y

Global grain and oilseed prices are anticipated to remain supportive, though persistent volatility and global surpluses may limit revenue upside. The stability of Black Sea export routes will remain critical, as any disruptions could directly affect export volumes and logistics costs. Reflecting stronger confidence among market participants, forward contracting has resumed, with more than 600 thousand tons of the new harvest already contracted as of 30 June 2025.

Against a backdrop of continued uncertainty, Kernel remains committed to strengthening operational resilience, driving cost efficiency, and preserving the agility needed to respond quickly to evolving market and geopolitical dynamics.

Farming continued

SBM-1

Our business model

Large-scale farming

Kernel is one of the largest crop producers in Ukraine. As of 30 June 2025, the total area of leasehold farmlands under Kernel's operations amounted to **358 thousand hectares**¹, including 338 thousand hectares under 2025 crops to be sold, 4 thousand hectares of land under seeds and crops grown for in-house use, and 16 thousand hectares of fallow land². In FY2025, we harvested 1.7 million tons of corn, wheat, sunflower seeds, rapeseeds, and soybeans.

We operate in the central and northern regions of Ukraine, characterized by highly fertile "chornozem" black soils and sufficient precipitation. Our land bank is divided into five production clusters, each with a decentralized operational decision-making structure that enables rapid responses to external factors. The central office is responsible for shaping our overall business strategy, procuring key inputs, and overseeing operations. A spirit of healthy competition among these clusters promotes ongoing efficiency enhancements.

Except for 2,984 hectares of irrigated land used for in-house seed production, all our farmland is rain-fed, with all the associated weather risks.

We adhere to a simple **crop mix dominated**

by corn, sunflower, and wheat, covering a total of 80% of our farmland bank, and the remaining percentage stands for rapeseed, soybeans, and other minor crops.

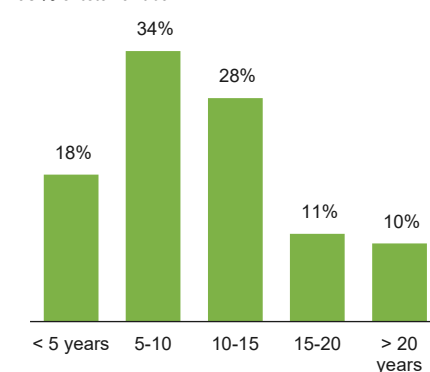
The Farming business is characterized by a **long working capital cycle** (~18 months), as illustrated in the "FY2025 crop production cycle" graph below.

Leasehold land operations

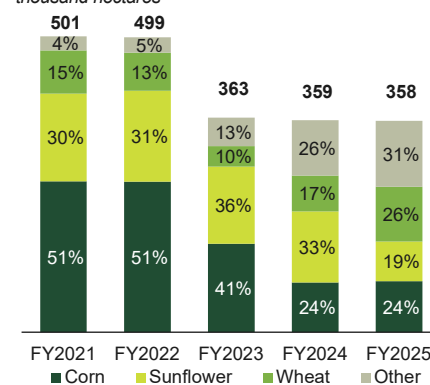
Approximately one-quarter of Ukraine's agricultural land is held by the state, municipalities, and state-owned companies. The remaining 75% consists of small land parcels, ranging from 1 to 10 hectares, depending on the region, owned by private individuals who acquired these rights during the land distribution process in the 1990s following the collapse of the Soviet Union.

For the past two decades, all farmland in Ukraine has been subject to a moratorium, preventing its sale. Initially implemented in 2001, this moratorium has been repeatedly extended by the parliament, impeding the growth of the farming sector in Ukraine. Consequently, agricultural producers lease land from current owners, with new lease agreements since 2015 having a minimum term of seven years to ensure the stability of farmers' business operations. The **farmland market finally opened** on 1 July 2021, albeit with several restrictions. The most significant of these

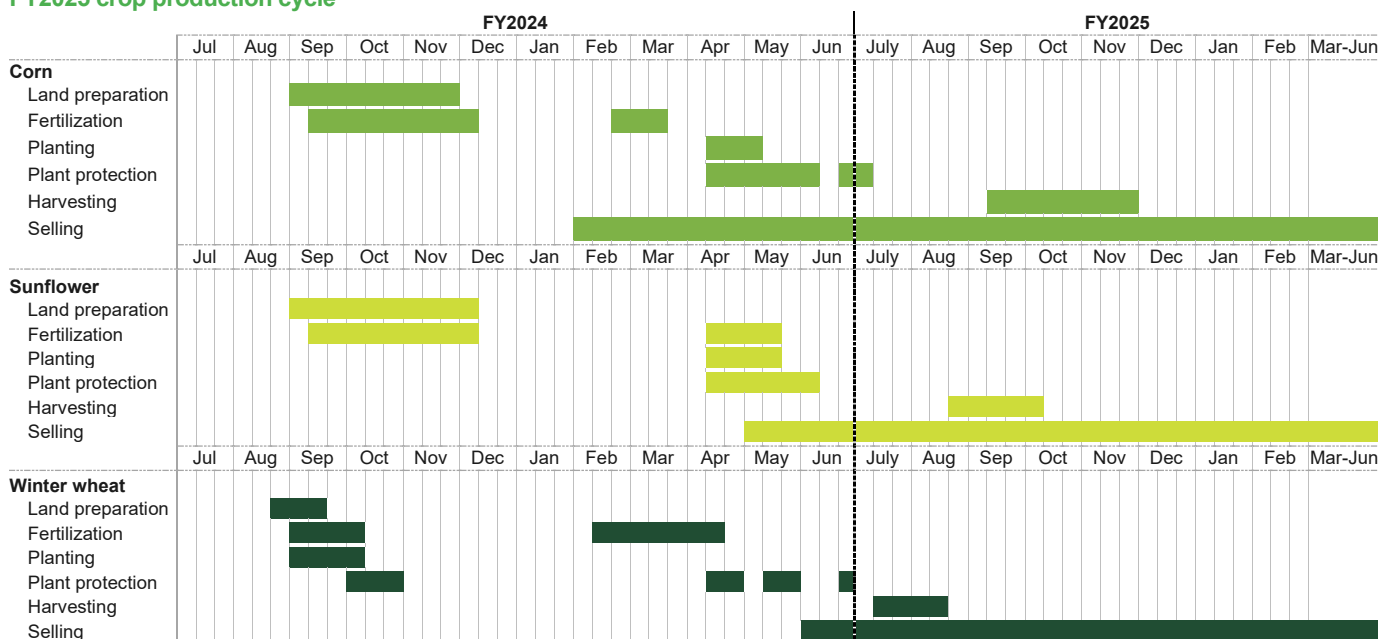
Kernel's farmland lease rights maturity
as % of total landbank



Kernel's acreage harvested by crops
thousand hectares



FY2025 crop production cycle



¹ As of 30 June 2025, the Group's total leased land area amounted to 362 thousand hectares.

² Of the fallow land, approximately 14 thousand hectares were not cultivated due to their proximity to active hostilities and the Russian border.

Farming continued

restrictions include:

- Ukrainian citizens initially were permitted to acquire agricultural land, but individual ownership was limited to a maximum of 100 hectares.
- Starting from 1 January 2024, Ukrainian-incorporated legal entities are also allowed to purchase agricultural land, and the ownership cap increased from 100 hectares to 10,000 hectares for both private individuals and legal entities.
- Foreign individuals and corporations, as well as legal entities with foreign shareholders under the Law of Ukraine, are prohibited from purchasing land unless a nationwide referendum decides otherwise.

Kernel **leases all the land under operation**, with lease contracts having an **average maturity of 14 years**. All lease contracts include the right of first refusal to prolong leases or to buy the land in case of being allowed to do so. We've secured the use of 10.6 thousand hectares of land through long-term land lease agreements, extending up until the year 2118. These agreements, known as "emphyteusis" leases, involve making a single lump-sum payment of all rent to the lessor at the agreement's signing. This approach enables us to ensure the continuity of our operations for an extended duration, well beyond the scope of typical farmland lease contracts.

Private individuals own 89% of the landbank that we lease, and the state owns 11%.

Starting from FY2020, land lease expenses are not accounted for among operating expenses, thus impacting segments' EBITDA, but are reflected as amortization of right-of-use assets and finance expenses attached to lease liabilities.

Despite all the Group's efforts to maintain the integrity of its landbank, some landowners

FY2025 harvest results

	Acreage thousand ha			Net crop yields tons / ha ¹			Harvest size thousand tons ²		
	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y	FY2024	FY2025	y-o-y
Corn	84	87	3%	10.1	8.4	(17%)	853	725	(15%)
Sunflower	120	67	(44%)	2.8	2.8	(1%)	337	186	(45%)
Wheat	61	93	51%	6.6	6.0	(8%)	403	560	39%
Soybean	65	72	10%	2.9	2.2	(25%)	187	155	(17%)
Other ³	28	39	41%						
	359	358	(0%)				1,780	1,626	(9%)

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

Note 2 For the four main crops: corn, sunflower, wheat, and soybean.

Note 3 Includes pea, rapeseed, barley, forage crops and other minor crops, as well as land left fallow for crop rotation purposes

prefer not to extend the lease agreements, and as a result, the Group naturally loses part of its farmland bank, in the range of 1-2% each year.

At the beginning of FY2025, the Group expanded its land bank by acquiring an agricultural enterprise with lease rights over 3.6 thousand hectares. This acquisition aligns with the Group's strategy to maintain the integrity of its land bank, offsetting the natural loss of land due to the non-renewal of lease agreements by landowners.

Performance overview

For the 2024 crop (planted in FY2024 and sold in FY2025), the Group adjusted its crop structure to reestablish sustainable farming practices and restore crop rotation, which had been disrupted by Russia's invasion of Ukraine:

- Sunflower** acreage was reduced by 44% y-o-y to 67 thousand hectares, or 19% of total acreage, down from the elevated levels of 33–36% maintained in 2020–2023. Although sunflower remains a highly profitable crop, excessive concentration poses agronomic risks, including soil water imbalance, higher pest and disease pressure, and adverse effects on subsequent crops. The elevated share in 2022–2023 was a temporary

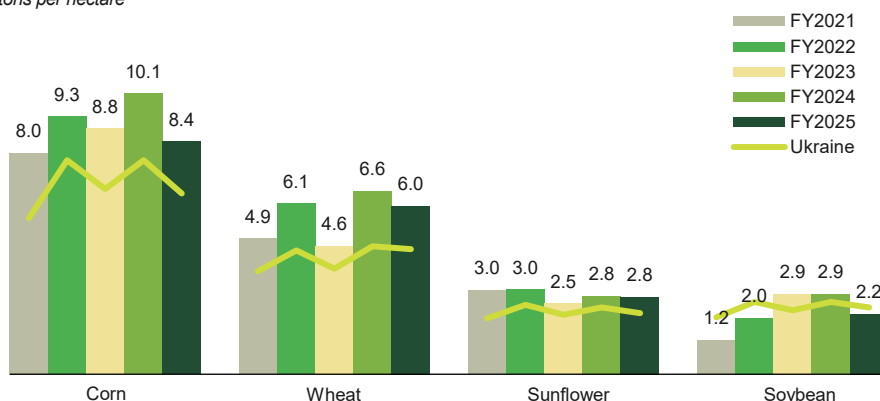
response to uncertainty surrounding grain export logistics.

- Corn** acreage remained stable at 87 thousand hectares, as the crop continues to serve as a key component of crop rotation and a vital contributor to overall revenue, despite weather-related yield volatility.
- Winter wheat** acreage expanded by 51% y-o-y to 93 thousand hectares, representing 26% of total acreage – the highest share in Kernel's crop structure since 2012.
- The Group increased plantings of **soybeans** and **rapeseeds** to 72 thousand hectares and 14 thousand hectares, respectively, driven by the strong profitability of oilseeds in FY2024. Notably, this decision resulted in 66% of all soybeans processed in FY2025 being sourced from the Group's own harvest.

The summer drought had a severe impact on crop development and overall production, triggering an earlier-than-usual start to the harvesting campaign. Consequently, corn yields declined by 17% y-o-y to 8.4 tons per hectare, wheat by 8% to 6.0 tons per hectare, and soybeans by 25% to 2.2 tons per hectare¹. Sunflower yields proved more resilient, remaining stable across the Group's operating regions despite sharper declines in other crop-producing areas of Ukraine.

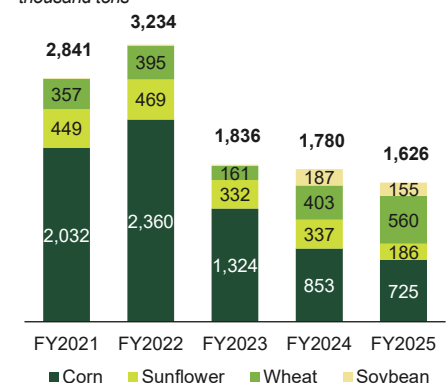
Kernel's crop net yields

tons per hectare



Kernel's production of key crops

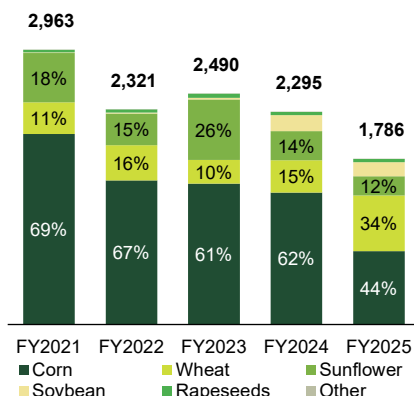
thousand tons



¹ The Group reports its crop yields on a net basis, after post-harvest grain handling processes such as cleaning and drying.

Farming continued

Realized crops produced by Farming thousand tons

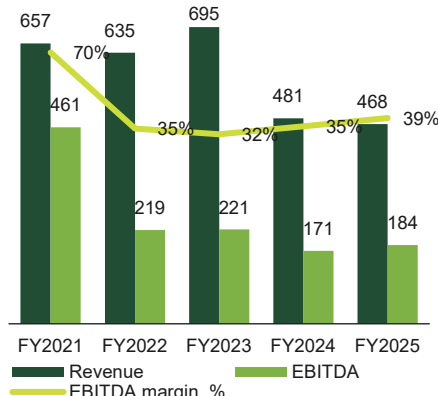


During the reporting period, the Farming segment realized 1.8 million tons of grains and oilseeds, including 0.4 million tons of sunflower seeds and rapeseeds processed in Kernel's oilseed plants and 1.4 million tons sold for export. These sales included 147 thousand tons of carry-over stocks from the 2023 crop. Consequently, the Group entered the new financial year with immaterially low carry-over stocks of approximately 4.2 thousand tons of corn and 1.4 thousand tons of soybeans, which are expected to be realized in FY2026.

The Farming segment delivered an **EBITDA** of USD **184 million** in FY2025, up 8% y-o-y, influenced by several factors:

- Unlike the previous year, when prices for key crops were under pressure, FY2025 was marked by a recovery in **sales prices** that positively influenced the segment's performance. The average selling prices of our grains and oilseeds increased between 20% and 50% y-o-y, broadly aligned with global market dynamics throughout the year.
- Dry weather conditions during the harvesting campaign contributed to lower post-harvest service requirements. Due to exceptionally low crop moisture levels in corn, wheat, and sunflower seeds, the need for drying and other silo services declined significantly. This translated into a notable **reduction in operating expenses**, with average costs per hectare decreasing by 13% y-o-y;
- At the same time, a severe summer drought followed by a dry autumn constrained the growth potential of all major crops, particularly corn, wheat, and soybeans, resulting in a **smaller crop size** compared to the previous year and limiting the segment's ability to fully capitalize on favorable price dynamics;
- The result also includes a recognized USD 7 million non-cash net gain from the change in the fair value of biological assets and agricultural produce.

Profitability dynamics USD million



The segment's earnings translated into USD **515 EBITDA per hectare**, with 358 thousand hectares under operations in FY2025.

Headcount

The **headcount of the Farming segment** remained relatively unchanged y-o-y, with 4,451 employees as of 30 June 2025.

FY2026 outlook

We anticipate that the Farming segment's performance in the next financial year will be shaped by three key factors: harvest size, production costs, and market environment. Each of these drivers is outlined in more detail below.

Harvest 2025 size

For the FY2026 harvest, the Group further adjusted its crop structure, restoring rotation practices that had been disrupted during the first two years of the full-scale war, when logistics constraints and limited storage capacity required short-term shifts in crop mix. With conditions partially stabilized, the structure was realigned as follows:

- **Corn** accounted for the largest share,

covering 172 thousand hectares or 48% of total acreage, marking a return to the Group's pre-war agronomic strategy focused on sustainable and efficient crop rotation;

- **Winter wheat** occupied 94 thousand hectares, equal to 26% of acreage, securing its position as the second-largest crop in the structure;
- Acreage under **sunflower seeds** was reduced by 31% y-o-y to 46 thousand hectares, or 13% of acreage. Despite this temporary decrease, a gradual return to a sustainable share of around 25% is targeted in the midterm perspective;
- **Soybeans** were planted on 24 thousand hectares, compared with 72 thousand hectares in the prior season. The crop had been reintroduced into the rotation two years earlier as part of the Group's strategy to reduce reliance on corn.

Adverse weather patterns created atypical conditions for the 2025 crop season, shifting the development phases of grain and oilseed crops. Two waves of late spring frosts damaged critical growth stages of winter crops and early development of spring crops. A prolonged cool spring and summer with sharp day-night temperature fluctuations further slowed vegetation in northern regions such as Chernihiv and Sumy. Meanwhile, central regions, including Poltava, Cherkasy, and Kirovohrad, faced insufficient soil moisture and limited rainfall, which delayed crop growth and resulted in premature wilting and early ripening.

As of the date of this report, the harvesting campaign is in its active phase. Unlike the previous year, when harvesting began ahead of schedule due to exceptionally dry summer weather, this season the campaign commenced a few days later than planned. The Group has already completed harvesting the spring crops, while the majority of acreage



Farming continued

under corn and sunflower seeds remains to be harvested. Wheat yields decreased by 3% y-o-y to 5.9 tons per hectare, while rapeseed yields were broadly unchanged at 2.4 tons per hectare. For late crops, corn yields increased by 12% y-o-y to 9.4 tons per hectare, whereas sunflower yields declined by 4% y-o-y to 2.7 tons per hectare, based on 14% and 93% of acreage harvested, respectively.

Volume-wise, the total crop size for 2025 is projected to exceed the previous year, primarily driven by the expansion of acreage and improvement of yields of corn.

Production costs

On the cost side, the segment is expected to face significant headwinds, with average production costs per hectare projected to rise by 33% y-o-y. Wetter crop conditions are likely to increase demand for drying and other post-harvest services, while higher seed prices and elevated growing expenses will further add to the cost base. In addition, land lease costs are projected to increase by 31% y-o-y. Taken together, these factors may partially offset the benefits of higher production volumes and a relatively stable pricing environment.

Market environment

Global grain and oilseed prices continue to determine agricultural commodity pricing in Ukraine. Forecasting selling prices remains challenging amid persistent volatility in world-wide supply and shifting trade flows. Current market observations suggest that even strong yields may not translate into higher revenues for the Farming segment, as global surpluses continue to outweigh local production gains.

Historically, the Group contracted part of its grain harvest in advance. However, such practice was suspended following the onset of the full-scale war, as heightened uncertainty raised concerns among buyers regarding the reliability of deliveries. With export routes through the Black Sea ports stabilized since October 2023, forward contracting of the new harvest was resumed closer to the end of FY2025. As of 30 June 2025, more than 600 thousand tons of grain have already been contracted.

Risk management

GOV-5

Risk management system

The Group's management defines risk as an event, action, or lack of action, which can lead to failure to achieve the Company's objectives.

Kernel has an evolving system of risk management aimed at **preserving the stability and solvency of the Company under extreme conditions to secure long-term sustainable value for shareholders.**

Based on the **Risk Management Policy** (adopted by the Board of Directors in November 2018) and underlying policies and procedures, Kernel monitors and assesses its risk exposures regularly and takes steps to minimize their impact.

Key roles

The Company's risk management is realized by the Board of Directors, Executive Management Team, and other management and staff, starting from strategy development and impacting all activities and processes of the Company. These activities set out to identify and manage risks, to provide reasonable assurance of the Company's goals accomplishment. Please see the details in the "Key roles and duties in the risk management process" chart.

Risk management cycle

The risk management cycle includes five stages:

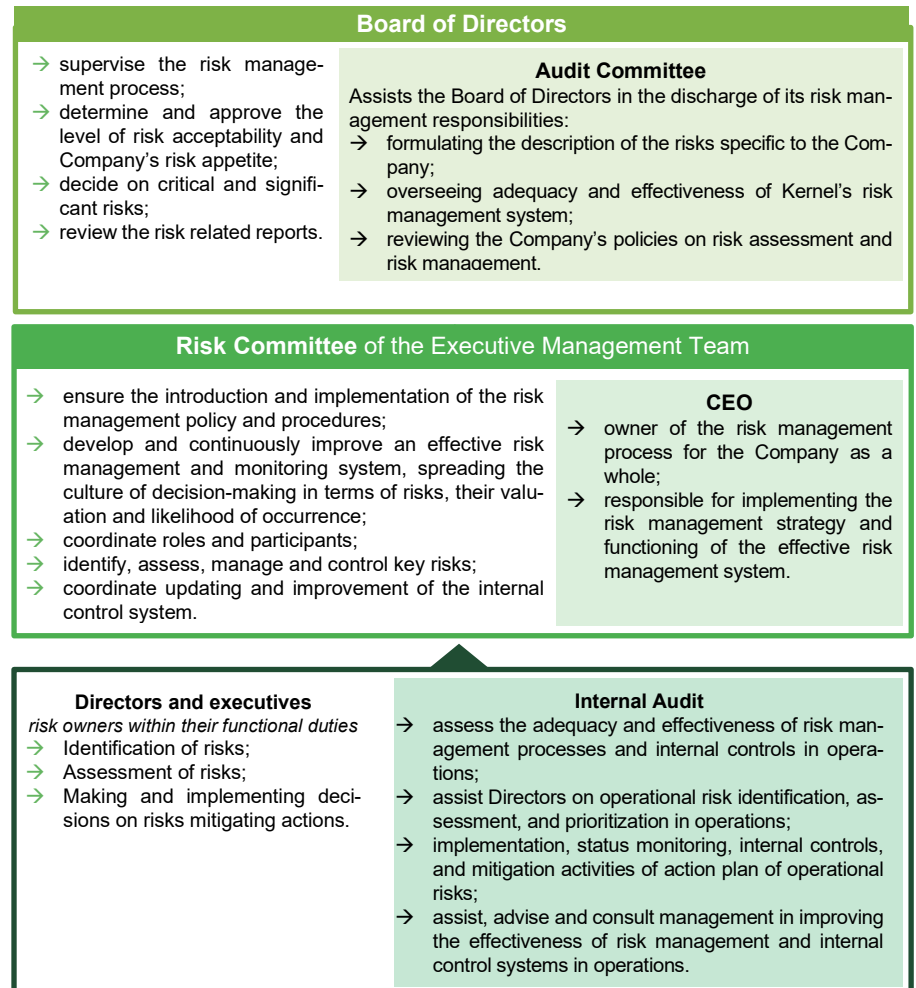
- risk identification;
- risk assessment and prioritization;
- development and execution of mitigation plan;
- monitoring of mitigation plan execution;
- risk management process enhancement.

Risk categories

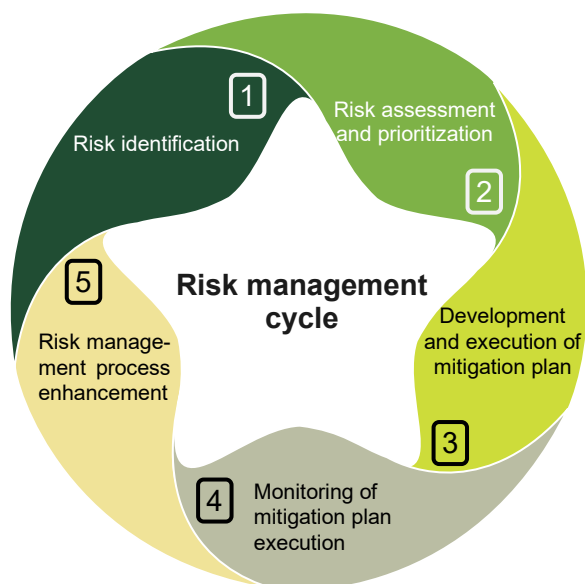
The management classifies all risks into five categories:

- Strategic (Business)
- Operational
- Financial
- Regulatory
- Sustainability

Key roles and duties in the risk management process



Kernel's risk identification and mitigation system



Risk management continued

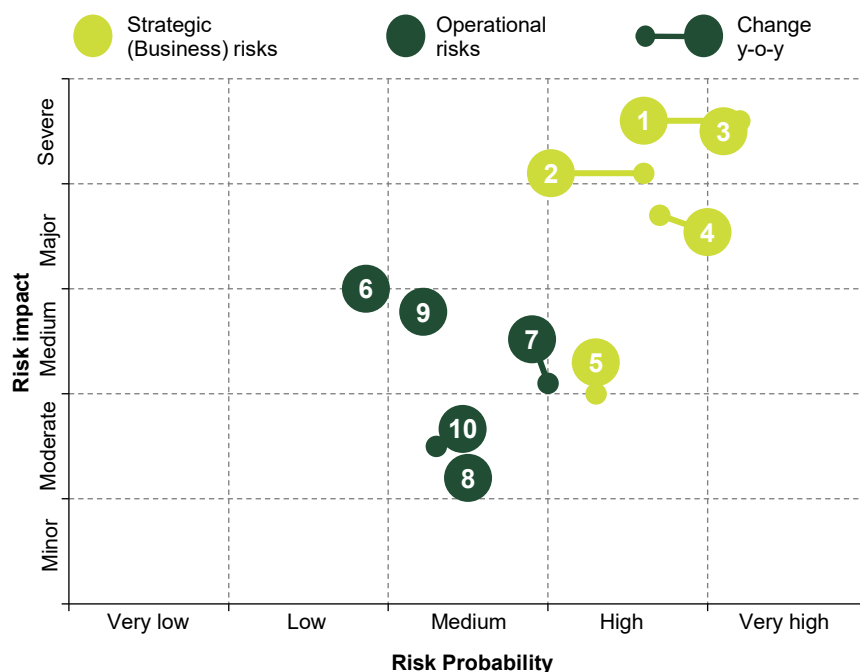
Top 10 risks

This section includes a summary of the main risks that Kernel may face during the normal course of its business. However:

- this section does not purport to contain an exhaustive list of the risks faced by Kernel, and Kernel may be significantly affected by risks that it has not identified or considered not to be material;
- some risks faced by Kernel, whether they are mentioned in this section or not, may arise from external factors beyond Kernel's control;
- whereas mitigations are mentioned in this section, there is no guarantee that such measures will be effective (in whole or in part) to remove or reduce the effect of the risk;
- investors may face other risks when dealing with Kernel securities (shares and bonds).

As a result of the latest review cycle, the Board approved the Top 10 risks for the Group for FY2026 as depicted on the risk matrix. A list of risks, together with disclosure of changes in assumptions on impact and probability, is presented in the table below.

Risks matrix



#	Risk Name	Change in estimates FY2026 vs FY2025		Rationale on changes in estimates
		Impact	Probability	
1	Weak harvest in Ukraine	No change	Decrease	• Decreased probability as the 2025 harvest is projected to improve compared to the previous season; however, the impact remains significant due to underutilized country's handling capacities.
2	Logistics disruptions	No change	Decrease	• Decreased probability , reflecting stable export operations through Black Sea ports throughout FY2025.
3	Loss of critical infrastructure	No change	No change	• Impact and probability remain unchanged as the threat of targeted attacks on infrastructure persists.
4	Low global soft commodity prices	Decrease	Increase	• Increased probability driven by the anticipated high corn and wheat harvests worldwide, exerting downward pressure on prices.
5	Loss of Inventories	Increase	No change	• Increased impact driven by the higher forecasted export volumes, which will require the accumulation of inventories at terminals to support the increased throughput.
6	Trade position risk due to unforeseen market volatility	No change	No change	• Impact and probability of trade position risk remain unchanged , as exposure to unforeseen market volatility continues to be managed at a consistent level.
7	Credit and counterparty risks	Increase	Decrease	• Increased impact as expected higher volumes of purchases from third-party suppliers will raise the Group's exposure to potential counterparty non-performance and related financial and operational losses.
8	Information security and IT risks	No change	No change	• No changes as result of the mitigating actions implemented.
9	Disruption or limitation of electricity supply	Decrease	Decrease	• Decreased impact and probability supported by the ongoing development of the alternative energy market in Ukraine.
10	Human capital risks	Increase	Increase	• Increased impact and probability due to the sustained labor market shortage resulting from continued emigration, internal displacement to safer regions, and the ongoing uncertainties associated with mobilization despite partial exemptions for critical personnel.

Risk management **continued**

Kernel FY2026 Top 10 risks and mitigating factors		
Risk	Possible impact	Mitigating factors
1. Weak harvest in Ukraine	<ul style="list-style-type: none"> • Subdued Farming segment EBITDA because of reduced total harvest size due to unfavorable weather conditions, while the cost base remained unchanged. <ul style="list-style-type: none"> • Low crushing margins due to higher competition among crushers for the limited supply of oilseeds. • Low capacity utilization of the Company's oilseed processing plants due to the deficit of the oilseeds on the market; • Low profitability of the grain export value chain (underutilized infrastructure capacities or depressed margins), given that a major portion of our grain export volumes originates from third-party farmers. 	<ul style="list-style-type: none"> → A diversified land bank reduces to some extent the overall Farming segment's exposure to weather risks. → Diversified oilseeds origination base: <ul style="list-style-type: none"> • Our oilseed origination areas cover the whole sunflower seed growing belt in Ukraine, thus reducing our exposure to weather volatility in any particular region. • Comprehensive data-driven procurement strategy based on regional supply-demand balances composed of the official statistics, market consensuses, and inputs from our farming and procurement teams. → Multi-seed processing: the ability to adjust oilseed processing mix to mitigate the deficit of the sunflower seed on the market. → "Open Agribusiness" and "Open Agri Club" platforms help third-party farmers increase productivity through access to expert agronomic knowledge, modern technologies, and financing opportunities. By offering crop consulting, digital tools, and tailored services, these platforms strengthen farmer loyalty and reinforce Kernel's role as a reliable originator of grains and oilseeds; → Pre-crop financing of third-party farmers conditional upon obligatory sale of future harvest (sunflower seeds and grain) to Kernel, thus covering part of our needs. Use of various credit enhancement instruments when providing financing (e.g., future crop pledge agreements, agri-notes, etc.).
2. Logistics disruption: closed Ukrainian seaports due to the war;	<ul style="list-style-type: none"> • Reduction in export volumes of grain, sunflower oil, and meal in case of continued difficulties with the export of agriproducts via the Ukrainian Black Sea ports (a usual and most convenient export route for Ukrainian agricultural products); • Growing logistics costs (railway in Ukraine and EU, truck and barges services) caused by substituting cheap sea freight with more expensive in-land and river logistics with multi-modal transshipment. • Increase in the shipment time resulting in more working capital required; quality deterioration of goods due to long-time multi-modal transportation. 	<ul style="list-style-type: none"> → In case of Ukrainian Black Sea ports being blocked, the Group will focus on transshipments via Ukrainian Danube River ports and railway deliveries to Constanta port in Romania, as other export channels proved to be not so efficient (higher costs and lower throughput capacities); → Capacity expansion. For the facilities under control, the Group undertakes regular capacity expansion initiatives; → Diversified load points in ports to mitigate risks related to any particular port. The Group has secured transshipment capacities in the following ports: Pivdennyi, Chornomorsk, and Reni. Additionally, the Group arranged for the provision of transshipment services with operators in the Rotterdam port in the Netherlands; → Own fleet in operations to support deep-water and river logistics.
3. Loss of critical infrastructure	<ul style="list-style-type: none"> • Undermined earnings generation capacity and additional CapEx required due to potential loss or damages of critical infrastructure (export terminals, oilseed extraction plants, key silos) as a result of Russian missile or drone attacks. 	<ul style="list-style-type: none"> → Diversified asset base located relatively far from the regions of active military actions; → Grain and oil transshipment agreements with third-party export terminals; → Diversified load points in ports.
4. Low global soft commodity prices: grain and oilseeds, sunflower oil	<ul style="list-style-type: none"> • Undermined profitability of the Group's Farming segment (which is always in a naturally long position as a typical upstream business) in the case of low global grain and oilseeds prices. • Undermined profitability of the Group's Infrastructure and Trading segment, as low prices do not allow to absorb high logistics costs, and farmers prefer to wait with sales of grain. • Compressed margins in the Oilseed Processing segment: low prices for sunflower oil reduce combined earnings shared by farmers and crushers in Ukraine in the short term and discourage farmers from 	<ul style="list-style-type: none"> → Hedging grain prices: we use various hedging tools, including CME corn and soybean futures and options, forward contracts for the Black Sea origin premium, and direct forward contracts (if available). Physical delivery forward contracts (if available) are typically used for shorter duration hedging, normally within six months; → A longer period of crop sales: under normal conditions, we start selling next year's crop as soon as we have the initial understanding of the next year's production costs, considering also the entire value chain margin; → Partial flexibility in determining the timing of sale of own crop, allowing to avoid sales during extremely low-price periods; → Deep analysis of global soft commodity fundamentals: Avere research and trading unit provides insights into the global soft commodity market, guiding the selection of proper timing and pricing of our hedging operations. → Active procurements of sunflower seeds at the beginning of the

Risk management **continued**

Kernel FY2026 Top 10 risks and mitigating factors		
Risk	Possible impact	Mitigating factors
	expanding acreage under sunflower in the long term.	season (when a huge post-harvest supply of sunflower seeds allows for negotiating more attractive prices) to partially mitigate long-term sunflower oil price weakness; → Careful sales management during the season to mitigate seasonal price declines.
5. Loss of inventories	<ul style="list-style-type: none"> • Physical loss of the Group's inventories due to Russian missile or drone attacks. 	→ Expanding the Group's export capacities via alternative routes; → Investments into additional storage capacities (including plastic silo bags); → Diversified load points in ports ; → Minimizing onsite storage in ports in favor of direct loading.
6. Trade position risk due to unforeseen market volatility	<ul style="list-style-type: none"> • Losses arising from the Group's trade position mismanagement. For example, an open position in sunflower oil may hurt the Company's earnings in case of significant movements in sunflower oil prices; • Losses arising from Avere trading business. 	→ Trade position control system: <ul style="list-style-type: none"> – daily monitoring of maximum long/short limits, with separate limits for different goods (e.g., sunflower oil from own seeds, purchased seeds, or third-party purchases). Specific limits are set for sunflower seed procurement not covered by sunflower oil sold. Special approvals are required to exceed the limits. – certain positions are controlled by restricting Value at Risk and drawdown limits with daily monitoring. – constant monitoring of market price movements on existing trade positions, with continuous improvements to the monitoring system. → "Balanced book" policy: mitigates commodity price fluctuations through price and volume hedging. Such a policy presupposes the arrangement of forward contracts for sunflower oil sales, alongside the procurement of sunflower seeds from farmers. In such a manner, the Company reduces risk exposure by ensuring the sales volumes, as well as locking the selling price. Deviations from this approach may occur within certain trade limits approved by the management or beyond such limits in specific cases (separate management decision is required); → Centralized contract execution and scheduling of shipments.
7. Credit and counterparty risks	<ul style="list-style-type: none"> • Defaults of third-party farmers under financing received from the Group (including the Open Agribusiness program); • Losses arising due to the Group's counterparties not performing their trade obligations. • Imposition of fines and criminal liability for violation of sanctions. 	→ Clearly defined parameters and strict selection criteria for farmers applying for financing programs from the Group, along with high-quality contract preparation to safeguard Kernel's interests as a creditor; → Constant monitoring of solvency and business performance of the farmers who received financing from the Group; → Negotiating with farmers on extending the obligations repayment period or agreeing on alternative ways of repayment; → Active restructuring and claim work against counterparties in default; → Comprehensive due diligence of counterparties across all business areas. Cooperation with unverified counterparties is strictly prohibited, as is contract signing or payments prior to completion of verification.
8. Information security and IT risks	<ul style="list-style-type: none"> • The loss or disclosure of key information may threaten business operations and development of the business; • Interruption of business processes and decisions which are dependent on the continuity of IT applications and infrastructure. • Leakage of the information stored at assets currently occupied by Russia; • Cyber-attacks on the Group's IT infrastructure; • Damage to the Group's cloud IT infrastructure occurred due to the military actions in Ukraine; and lack of access to cloud services provided outside of Ukraine. 	→ The backup data center was relocated to Lviv (Western Ukraine); → Access to the IT systems is denied at night for developers and contractors; → Implemented IT business continuity and data recovery policy ; → Multifactor authentication is being implemented to reduce the risk of documents, correspondence, and other confidential data leakage; → Password policy , access control for external users to company IT systems; Privileged access management solutions. → Regular testing of the IT recovery plan ; regular vulnerability testing from inside and outside; → Patch management policy – regular installations of critical and security patches on servers and workstations; → Special solution to combat the advanced persistent threat (APT) and 0-day virus attacks; → Implementation of incident and change management processes in the IT infrastructure;

Risk management **continued**

Kernel FY2026 Top 10 risks and mitigating factors		
Risk	Possible impact	Mitigating factors
		<ul style="list-style-type: none"> → Improving the maturity of the access management process by automating the process of reviewing access rights. → Regular training and testing of employees for knowledge and compliance with information security rules.
9. Disruption or limitation of electricity supply	<ul style="list-style-type: none"> • Disruption of oilseed processing • Reduction in export volumes of grain, sunflower oil, and meal in case of continuing blackout. 	<ul style="list-style-type: none"> → Alternative electricity source. Major production and export sites are equipped with diesel-powered electricity generation, allowing them to continue operations during blackouts, although not always at full capacity. → The Group's own co-generation heat and power plants serve to mitigate power disruption risks.
10. Human capital risk	<ul style="list-style-type: none"> • Disruptions in business and support processes due to: <ul style="list-style-type: none"> – a shortage of staff in general and the challenge of replacing key employees due to the low qualifications of new candidates, exacerbated by significant emigration from Ukraine; – employee conscription for military service, a consequence of the protracted war in Ukraine; – increased mental stress among remaining employees as a result of the ongoing and prolonged war in Ukraine. 	<ul style="list-style-type: none"> → Competitive compensation: pay levels meet or exceed industry benchmarks and are regularly reviewed to stay competitive in Ukraine and neighboring markets. The compensation system is regularly reviewed to align with the Company's strategy and HR strategy. We regularly measure employee satisfaction levels and react to the results; → Extensive social package: housing repayable loans for young employees in the regions, voluntary medical insurance (full coverage for employees, 50% for children), and targeted financial support in difficult life situations; → Talent development: education programs with extensive coverage and a system of individual development and career planning, as well as mental health education (as disclosed in the Sustainability section of the annual report); → Safe and convenient working conditions: continuous improvement of workplace safety and infrastructure, with flexible work options and support for employee networks; → Effective recruitment and onboarding: we attract talent through diverse recruitment channels, partnerships with universities and the business community, and via the dedicated Kernel Chance program, complemented by comprehensive adaptation programs to integrate new employees effectively; → Employee involvement through an effective KPI system, responsibility delegation, rewards for operational efficiency improvement, and teambuilding events; → Employer brand: active HR brand development to strengthen Kernel's reputation as a responsible and sustainable employer.

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

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

Alternative Performance Measures

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

The Group presents its results in accordance with generally accepted accounting principles (IFRS), but 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.

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 depreciation and amortization.

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

Kernel Holding S.A. views **EBITDA** and

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

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

- **EBITDA** and **EBITDA margin** do not reflect the impact of finance costs, the significance of which reflects macroeconomic conditions and has little effect on the Group's operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of taxes on the Group's operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of depreciation and amortization on the Group's performance. The assets of the Group, which are being depreciated and/or amortized, will need to be replaced in the future, and such depreciation and amortization expenses may approximate the cost of replacing these assets in the future. By excluding this expense from **EBITDA** and **EBITDA margin**, such measures do not reflect the Group's future cash requirements for these replacements;
- **EBITDA** and **EBITDA margin** do not reflect the impact of share of income/loss of joint ventures, which are accounted under the equity method;
- **EBITDA** and **EBITDA margin** do not reflect the impact of foreign exchange gain/(loss), which the Group does not consider to be

part of its core operating performance because the main difference arises on transactions between entities of the Group with different functional currencies;

- **EBITDA** and **EBITDA margin** do not reflect the impact of other expenses, as such expenses are not a part of the Group's core operations.

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

<i>in thousand USD except the margin</i>	FY2024	FY2025
Profit from operating activities	276,428	361,046
<i>add back:</i>		
Amortization and depreciation	104,723	105,283
EBITDA	381,151	466,329
Revenue	3,581,462	4,115,042
EBITDA margin	11%	11%

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**

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.

Investing Cash Flows net of 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 it 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 it is defined as net cash used in investing activities less **Investing Cash Flows net of 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.

Operating Cash Flows before Working Capital Changes

The Group uses **Operating Cash Flows** as a measure of the cash generation of its core business operations and it is defined as net cash generated by operating activities less changes in working capital, including:

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

Calculation of Segment EBITDA and Segment EBITDA margin:

<i>in thousand USD except the margin</i>	FY2024	FY2025
Oilseed Processing		
Profit from operating activities	49,642	112,926
plus Amortization and depreciation	33,734	34,821
Segment EBITDA	83,376	147,747
Segment revenue	1,863,798	2,106,649
Segment EBITDA margin	4%	7%
Infrastructure and Trading		
Profit from operating activities	175,536	189,098
plus Amortization and depreciation	28,255	29,034
Segment EBITDA	203,791	218,132
Segment revenue	2,011,138	2,168,808
Segment EBITDA margin	10%	10%
Farming		
Profit from operating activities	131,966	146,811
plus Amortization and depreciation	38,836	37,581
Segment EBITDA	170,802	184,392
Segment revenue	481,359	468,205
Segment EBITDA margin	35%	39%
Other		
Loss from operating activities	(80,716)	(87,789)
plus Amortization and depreciation	3,898	3,847
Segment EBITDA	(76,818)	(83,942)

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

<i>in thousand USD</i>	FY2024	FY2025
Net cash used in investing activities	(112,548)	(40,343)
Adding back:		
Purchase of property, plant and equipment	(142,578)	(72,956)
Proceeds from disposal of property, plant and equipment	10,175	4,841
Investing Cash Flows net of Fixed Assets Investments	19,855	27,772

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

<i>in thousand USD</i>	FY2024	FY2025
Purchase of property, plant and equipment	(142,578)	(72,956)
Proceeds from disposal of property, plant and equipment	10,175	4,841
Net Fixed Assets Investments	(132,403)	(68,115)

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

<i>in thousand USD</i>	FY2024	FY2025
Net cash generated by operating activities	472,136	241,664
Less:		
Changes in working capital, including:	(21,322)	(102,581)
Change in trade receivable and other financial assets	(8,803)	3,579
Change in prepayments and other current assets	30,859	36,872
Change in taxes recoverable and prepaid	36,391	(10,455)
Change in biological assets	(17,181)	17,010
Change in inventories	(16,899)	(143,493)
Change in trade accounts payable	(45,292)	(7,203)
Change in advances from customers and other current liabilities	(397)	1,109
Operating Cash Flows before Working Capital Changes	493,458	344,245

Alternative Performance Measures **continued**

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 it is defined as the sum of net cash generated by the operating activities and the 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 "**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;
- current bond 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 defines **Net Debt** as **Debt Liabilities** less cash and cash equivalents and cash deposits pledged under credit facilities. 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 which is defined as current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding the short-term borrowings, the current portion of long-term borrowings, current portion of lease liabilities, the current bond issued, the interest on bonds issued, and liabilities associated with assets classified as held for sale).

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

<i>in thousand USD</i>	FY2024	FY2025
Net cash generated by operating activities	472,136	241,664
Net cash used in investing activities	(112,548)	(40,343)
Free Cash Flows to the Firm	359,588	201,321

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 in the periods indicated:

<i>in thousand USD</i>	As of 30 June 2024	As of 30 June 2025
Sunflower oil & meal	93,850	208,226
Sunflower seed	84,789	46,171
Grains	67,839	43,937
Other	31,182	65,133
Total	277,660	363,467
<i>of which: Commodity Inventories</i>	246,749	298,549

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

<i>in thousand USD</i>	As of 30 June 2024	As of 30 June 2025
Bonds issued	-	298,487
Current bonds issued	597,580	-
Interest on bonds issued	7,612	3,616
Long-term borrowings	-	82,307
Current portion of long-term borrowings	-	22,239
Short-term borrowings	315,166	148,887
Lease liabilities	142,534	171,234
Current portion of lease liability	27,206	34,021
Debt Liabilities	1,090,098	760,791
less: cash and cash equivalents	809,584	617,511
Net Debt	280,514	143,280
less: commodity inventories	246,749	298,549
Adjusted Net Debt	33,765	(155,269)

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

<i>in thousand USD</i>	As of 30 June 2024	As of 30 June 2025
Total current assets	2,155,355	2,004,295
<i>less:</i>		
Cash and cash equivalents	809,584	617,511
Total current liabilities	1,367,062	666,854
<i>add back:</i>		
Short-term borrowings	315,166	148,887
Current portion of long-term borrowings	-	22,239
Current portion of lease liabilities	27,206	34,021
Current bonds issued	597,580	-
Interest on bonds issued	7,612	3,616
Adjusted Working Capital	926,273	928,693

Alternative Performance Measures **continued**

The Management believes 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 and cash deposits pledged under credit facilities.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit and equity investors and rating agencies.
Adjusted Net Debt	Net Debt less commodity inventories.	The Group uses this APM as a supplemental measure of the Group's liquidity, which shows the amount of Debt Liabilities not covered by cash and commodity inventories.
Adjusted Working Capital	Current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding short-term borrowings, current portion of long-term borrowings, current portion of lease liabilities, current bonds issued, interest on bonds issued, and liabilities associated with assets classified as held for sale).	The indicator of working capital is important for the Group, as the Group is involved in trading and processing activities and hold large volumes of inventories on the balance. The Group also invests in business expansion, which needs working capital investments to increase efficiency. It is useful for users and investors because it measures both a Group's efficiency and its short-term financial health. It also helps management to keep a business operating smoothly and meet all its financial obligation within the coming year.



SUSTAINABILITY STATEMENT

In FY2025, Kernel advanced its sustainability agenda by aligning its Sustainability Statement with the **Corporate Sustainability Reporting Directive (CSRD)** and **European Sustainability Reporting Standards (ESRS)**. This integration reflects a strategic shift toward embedding environmental, social, and governance (ESG) considerations into the Group's core business model, value chain, and decision-making processes.

Important updates in the FY2025 Sustainability Statement include the consolidated **ESG Strategy**, which sets forward-looking targets across climate, circular economy, diversity, and community impact by 2030. In FY2025, Kernel also conducted a geo-spatial analysis of our landbank to estimate its proximity to protected areas and areas with high biodiversity value – an important exercise in preparation for compliance with the **EU Deforestation Regulation (EUDR)**. Furthermore, we screened our whole portfolio of plant protection products and categorized them in line with the REACH¹ criteria of substances of concern and substances of very high concern.

The reporting year was marked by significant progress in climate action, human capital development, and stakeholder engagement, despite the ongoing challenges posed by the war in Ukraine. Kernel achieved measurable reductions in greenhouse gas emissions across all scopes, expanded the use of renewable energy, and deepened its commitment to regenerative agriculture and biodiversity protection. The Group maintained its **Carbon Disclosure Project (CDP)** climate rating at level B and became the first in Ukraine's food industry to commit to the **Science-Based Targets initiative (SBTi)**.

Socially, Kernel reinforced its role as a responsible employer and community partner. It invested in

workforce resilience, mental health, and veteran re-integration, while also expanding access to training and career development. Community initiatives reached thousands of beneficiaries, with a focus on healthcare, education, and support for the Ukrainian Armed Forces. Governance practices were strengthened through enhanced ESG oversight, risk management, and anti-corruption measures, supported by a robust compliance framework and stakeholder engagement mechanisms.

Kernel's first double materiality assessment identified 20 material sustainability topics, guiding the Group's disclosures and strategic priorities. The Group also reported on EU Taxonomy-aligned activities, with a focus on bioenergy.

This progress underscores Kernel's commitment to long-term value creation through sustainability, resilience, and responsible leadership in Ukraine's agricultural sector.

¹ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

Key highlights in FY2025

Climate action	<ul style="list-style-type: none"> • 220 thousand tCO₂e – total Scope 1 GHG emissions, excluding 699 thousand tCO₂e of biogenic emissions • 90 thousand tCO₂e – total Scope 2 GHG emissions (location-based) • 103 thousand tCO₂e – total Scope 2 GHG emissions (market-based) • 1,631 thousand tCO₂e – total Scope 3 GHG emissions • Maintained CDP rating (Carbon Disclosure Project) at the level B, making Kernel the only Group in Ukraine with such a rating
Energy management	<ul style="list-style-type: none"> • 9,419 TJ – total electricity consumption • 2,146 MJ/t – energy intensity of sunflower seed processing • 66 MJ/t-% – energy intensity of drying grain • 640 MJ/t – energy intensity of harvested grain
Waste management	<ul style="list-style-type: none"> • 228 tons – total volume of hazardous waste generated • 26,964 tons – total volume of non-hazardous waste generated
Biodiversity management	<ul style="list-style-type: none"> • 208,940 ha – total area of application of biological products accounted • Less than 1% of the landbank is in close proximity to nature-protected areas
Employment	<ul style="list-style-type: none"> • 10,760 – total number of employees • 2,293 – total number of new hires • 14.8% – percentage of employee turnover <p>The Excellence Learning Awards, HR and Talent category (Gold) The International CSR Excellence Award UN Global Compact Partnership for Sustainability Award (Gold) HR Brilliance Award</p>
Training and career advancement	<ul style="list-style-type: none"> • 216,517 – total number of training hours • 1,894 – total number of employees, receiving regular performance and career reviews
Occupational health and safety	<ul style="list-style-type: none"> • 16 – total number of recordable work-related injuries • 0.85 – lost time injury frequency rate
Economic performance	<ul style="list-style-type: none"> • USD 4,190 million – Direct economic value generated • USD 3,908 million – Total economic value distributed • Disclosure in line with the EU Taxonomy
Support of local communities and society as a whole	<ul style="list-style-type: none"> • USD 30 million – total amount of social spendings, which includes support of the Ukrainian Army, humanitarian aid, and other charity expenses

Sustainability at Kernel

Sustainability at Kernel is driven by an overarching goal - to feed the growing population while enhancing natural and social capital, particularly in Ukraine. Our management approach towards sustainability is organized around three pillars, namely (1) environmental stewardship, with a material focus on climate actions both in direct operations and throughout the value chain; (2) social responsibility, which gained new levels of prioritization amid the Russian invasion of Ukraine; and (3) governance integrity, commonly referred to as ESG. These principles and approaches are integrated across all of Kernel's business segments.

Our values and purpose that help us manage ESG risks and opportunities in the agriculture sector in Ukraine are as follows:

I. Environmental stewardship



Low-carbon development: scaling up decarbonization practices across the value chain, from carbon farming and precision agriculture on the field to low-carbon oilseed processing.



Biodiversity: promoting soil health and biodiversity through integrated pest management, expansion of cover crop practices, and control over seed quality with own laboratories.

II. Social responsibility



National security and wellbeing: contributing towards Ukraine's victory against the Russian invasion through on-going support of the Armed Forces of Ukraine and humanitarian aid.



Human capital: proactive expansion of agriculture expertise by attracting and educating students through Open Agro University and other educational and training programs.



Diversity, equality and inclusion: integration of veterans back into civilian life, providing them with opportunities for self-realization.

III. Governance integrity



Sustainable finance: groundwork for systematic attraction of sustainable finance through an evidence-based approach of enhancing natural capital.



Ethics and compliance: ensuring transparent business practices through systematic integration of relevant sustainability standards.



Market leadership: sharing own experience with other key agriculture companies as well as small- and medium-size farmers to improve market maturity and institutional capacity in sustainable and low-carbon development.

Our ESG Strategy

Environmental stewardship	Climate change	GHG emission reduction	<ul style="list-style-type: none"> Validate a science-based target (SBTi) for Scope 2 emissions at the Poltava Oil Extraction Plant 	
		Regenerative agriculture	<ul style="list-style-type: none"> Reduce the share of land under plowing from 25% in 2020 to 10% by 2030 Introduce cover crops and siderats in crop rotation on 30% of the land previously under winter wheat by 2030 	
		Sustainable agriculture through innovation	<ul style="list-style-type: none"> Implement a technology management system based on the approaches and results of precision farming polygons on 100% of the land bank by 2030 	
	Energy	Renewable energy	<ul style="list-style-type: none"> Achieve a level of electricity production from own generation using renewable energy sources of at least 50% of the Group's total electricity consumption by its oilseed processing plants by 2030 	
	Biodiversity	Pollinators protection	<ul style="list-style-type: none"> Achieve 100% use of pollinator-safe insecticides during the flowering of crops by 2030 	
		Soil health	<ul style="list-style-type: none"> Apply biological destructors on at least 50% of the cultivated landbank by 2030 	
Social responsibility	Waste and resource use	Packaging	<ul style="list-style-type: none"> Reach 20% of bottled oil packaged in bottles made with recycled plastic and tethered caps by 2030¹ 	
	Own workforce	Diversity and inclusion	<ul style="list-style-type: none"> Increase women's representation in traditionally male-dominated positions to 15% by 2030 Continuous development of career opportunities and an inclusive working environment for women, youth, veterans, and people with disabilities 	
		Talent development	<ul style="list-style-type: none"> Fill at least 10% of open Group vacancies with graduates of Internship and First job programs by 2030 	
	Communities	Resilience and development of local communities	<ul style="list-style-type: none"> Increase beneficiary participation in the Group's social programs by 10% across all operational regions by 2030 	
	Consumers & end users	Engagement with consumers	<ul style="list-style-type: none"> Launch a new product category — sunflower oil with a reduced carbon footprint across the entire value chain Ensure compliance with the EU Deforestation Regulation (EUDR) 	

Note 1: Unless stated otherwise in the ESG Strategy, the baseline for targets is FY2025

¹ 20% of bottles with recycled plastic and 20% of bottles with tethered caps

General information

Guide to the Sustainability Statement

In 2025, Kernel integrated its Sustainability Statement into the Management Report, aligning the reporting approach with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

The Sustainability Statement forms part of the Management Report and is structured across four key areas:

- [General information](#) (ESRS 2)
- [Environmental information](#) (ESRS E1, E2, E4 and E5)
- [Social information](#) (ESRS S1, S3 and S4)
- [Governance information](#) (ESRS G1)

The sustainability matters covered within these sections are identified from Kernel's

IRO-2

List of DRs compiled and list of DRs incorporated by reference

IR ¹	DR	Disclosure requirement (DR) description	Page
General disclosures			
	BP-1	General basis for preparation of the sustainability statement	45
	BP-2	Disclosures in relation to specific circumstances	45
●	GOV-1	The role of the administrative, management and supervisory bodies	50-51; 91
●	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	50--51; 98
	GOV-3	Integration of sustainability-related performance in incentive schemes	51
	GOV-4	Statement on due diligence	45; 84
●	GOV-5	Risk management and internal controls over sustainability reporting	45-46
●	SBM-1	Strategy, business model and value chain	7; 15-18; 21-24; 26-28
	SBM-2	Interests and views of stakeholders	46-47
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	47
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	48-49
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	49
E1 Climate change			
	GOV-3	Integration of sustainability-related performance in incentive schemes	52
	E1-1	Transition plan for climate change mitigation	51
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	52-54
	IRO-1	Description of the processes to identify and assess material climate-related IRO	50
	E1-2	Policies related to climate change mitigation and adaptation	50; 87-89
	E1-3	Actions and resources related to climate change mitigation and adaptation	53-54
	E1-4	Targets related to climate change mitigation and adaptation	54
	E1-5	Energy consumption and mix	54-55
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	55
	E1-8	Internal carbon pricing	57
E2 Pollution			
	IRO-1	Description of the processes to identify and assess material pollution-related IRO	58
	E2-1	Policies related to pollution	58; 87-89
	E2-2	Actions and resources related to pollution	58-60
	E2-3	Targets related to pollution	60
	E2-4	Pollution of air, water and soil	61
	E2-5	Substances of concern and substances of very high concern	61

Note 1: IR – incorporated by reference. The disclosure requirement marked with a dot [●] is incorporated in the Sustainability Statement, either entirely or partially, by reference to a different section of the Management Report.

Double Materiality Assessment (DMA), described in detail on page 47.

In preparing the Sustainability Statement, Kernel followed the ESRS reporting structure, presenting relevant policies, actions, targets, and metrics in relation to the identified material impacts, risks, and opportunities (IROs).

Where required, we have applied the incorporation by reference option: disclosures are presented either within the Sustainability Statement itself or in related sections of the Management Report, as summarized in the table "List of DRs compiled and list of DRs incorporated by reference". Each such case is clearly indicated with a footnote and in-text tag, pointing to the corresponding ESRS Disclosure Requirement (DR). This approach

ensures improved clarity and readability while minimizing unnecessary repetition of information relating to Kernel's business model, strategy, value chain, and governance framework.

Water and marine resources (ESRS E3) and Employees in the value chain (ESRS S2) were assessed as immaterial and are therefore not disclosed in the Sustainability Statement 2025.

General information **continued**

E4 Biodiversity and ecosystems		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	63
IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related IRO	63-64
E4-2	Policies related to biodiversity and ecosystems	64; 87-89
E4-3	Actions and resources related to biodiversity and ecosystems	64-65
E4-4	Targets related to biodiversity and ecosystems	65
E5 Resource use and circular economy		
IRO-1	Description of the processes to identify and assess material circular economy-related IRO	66
E5-1	Policies related to resource use and circular economy	66; 87-89
E5-2	Actions and resources related to resource use and circular economy	66-67
E5-3	Targets related to resource use and circular economy	67-68
E5-5	Waste	68
S1 Own Workforce		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	69
S1-1	Policies related to its own workforce	69-70; 87-89
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	70
S1-3	Grievance mechanism	81
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	70-72
S1-5	Targets related to its own workforce	72
S1-6	Characteristics of the undertaking's employees	73
S1-9	Diversity metrics	74
S1-10	Adequate wages	74
S1-12	People with disabilities	74
S1-13	Training and skills development metrics	74
S1-14	Health and safety metrics	74
S1-15	Work-life balance metrics	75
S1-17	Incidents, complaints and severe human rights impacts	75
S3 Affected communities		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	76
S3-1	Policies related to affected communities	76; 87-89
S3-2	Processes for engaging with affected communities about impacts	76-77
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	77; 81
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	77-78
S3-5	Targets related to affected communities	78
S4 Consumers and end-users		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	79
S4-1	Policies related to consumers and end-users	79; 87-89
S4-2	Processes for engaging with consumers and end-users about impacts	79
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	81
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers, and effectiveness of those actions	79-80
S4-5	Targets related to consumers and end-users	80
G1 Governance		
● GOV-1	The role of the administrative, supervisory and management bodies	82
● G1-1	Business conduct policies and corporate culture	82; 87-89
G1-2	Management of relationships with suppliers	82-83
G1-3	Prevention and detection of corruption and bribery	83
G1-4	Incidents of corruption or bribery	83
G1-6	Payment practices	83

General information continued

BP-1

General basis for preparation

This Sustainability Statement has been prepared on a consolidated basis in accordance with the European Sustainability Reporting Standards (ESRS, EU 2023/2772). It covers Kernel Holding S.A. and all its subsidiaries (collectively referred to as the "Group" or "Kernel") for the period 1 July 2024 to 30 June 2025. The scope of consolidation is consistent with that applied in the Group's [Consolidated Financial Statements](#).

The Sustainability Statement encompasses value chain information across the Group's direct operations, as well as its indirect activities in the upstream and downstream stages. For specific information on the Group's value chain, please refer to the [Business Model](#) section. The entire value chain was considered during the Double Materiality Assessment (DMA); the detailed procedure and material impacts, risks, and opportunities (IROs) are presented in the Material Impacts, Risks, and Opportunities sub-section (pages 47-49).

The Group has omitted information corresponding to intellectual property, know-how, or the results of innovation.

BP-2

Disclosure in relation to specific circumstances

Time horizons

In preparing this sustainability statement, the Group has applied the following forward-looking time horizons as defined in ESRS 1:

- Short-term: 1 year, within the reporting period
- Medium-term: from 1 to 5 years
- Long-term: more than 5 years

Changes in preparation on the presentation of the Sustainability statement

In FY2025, there were no changes made in the preparation and presentation of sustainability information compared to the previous reporting period. Reporting errors in prior reporting periods, namely FY2023 and FY2022, were identified and corrected in the GHG emissions (Scope 1, 2, and 3, as well as GHG emission intensity) metrics. Errors were associated with the ongoing improvements in the accounting system, clarifications of raw data, alignment of relevant conversion factors, and other corrections related to calculations.

Disclosures from other legislation or sustainability reporting standards

This Sustainability Statement contains information as per the [EU Taxonomy](#). In the process of DMA, we took into consideration the

overarching principles of the Global Reporting Initiative (GRI). In preparing the E1 Climate Change information, we were guided by the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Incorporation by reference

Kernel has applied the ESRS "Incorporated by reference" approach, placing specific Disclosure Requirements (DRs) within the Management Report. The list of DRs incorporated by reference, along with their placement in this Annual Report, is presented in the table on pages 43-44.

Use of phase-in and voluntary provisions

The Group has elected to apply phase-in provisions for SBM-3 (48e), E1-9, E2-6, E4-6, and E5-6 in line with ESRS 1 Appendix C. Data points that are voluntary for reporting have also been omitted.

Sources of uncertainty

Disclosed metrics that are subject to a high level of measurement uncertainty include Scope 3 emissions. The uncertainty arises because the calculation approach entirely relies on the use of secondary data such as emissions factors from DEFRA and CEDA databases, as well as spend-based methodologies. These approaches are based on industry-average estimates rather than region- or source-specific carbon footprint values, which limits precision and introduces measurement uncertainty.

GOV-4

Statement on due diligence

We recognize that robust due diligence across all business segments and throughout the value chain is the foundation of responsible business conduct and sustainable development. As a leading agricultural producer in Ukraine, we are guided by international sustainability standards, including the *United Nations (UN) Guiding Principles on Business and Human Rights*. Our due diligence framework is based on systematic risk identification, assessment, prevention, and mitigation practices to address actual and potential environmental and social impacts within our direct operations. We also evaluate our suppliers, investment decisions, and business relationships to ensure compliance with environmental regulations, labor rights, and ethical business practices. In addition, Kernel has successfully undergone several external Environmental and Social due diligence reviews conducted by international financial institutions and commercial banks, which inform financing decisions. See additional information on due diligence in [Annex 1](#).

GOV-5

Risk management and internal controls over sustainability reporting

Scope, main features, and components of Risk Management and Internal Control processes

As part of the Group's risk management process, risk management and internal controls encompass all aspects of annual sustainability reporting. These processes include the identification, assessment, and mitigation of inherent material misstatement risks arising, among others, from potential human error or data incompleteness that could impact the accuracy of sustainability reporting (see [Risks and Uncertainties](#) section of this report).

Risk Assessment approach and prioritization methodology

The Group's risk assessment approach involves a systematic evaluation of potential risks based on their likelihood and impact. Sustainability reporting-related risks are incorporated into the enterprise risk management framework, which prioritizes risks using a risk matrix that categorizes them as high, medium, or low priority and is currently undergoing formalization. This methodology allows for focusing resources on the most significant risks to the sustainability reporting process.

Main risks identified and mitigation strategies

The sustainability reporting process presents several risks, including incompleteness, errors, data inaccuracies, regulatory non-compliance, and operational disruptions. To mitigate these identified risks, internal controls are applied in the reporting streams. Segregation of responsibilities is applied in the reporting process, where separate individuals conduct data collection, validation, and review. A key component of this framework is data verification, which includes reconciling reported data with source systems and analyzing material differences compared to prior years. To support regulatory compliance, legislative changes and updates are continuously monitored to achieve alignment with reporting requirements. Given the reliance on key personnel within the reporting organization, these measures help address risks related to workforce availability and expertise, supporting consistency in disclosures.

Integration of findings of Risk Assessment and Internal Controls into internal functions and processes

As outlined above, the sustainability reporting risks are incorporated into the internal risk management system, and the findings from risk assessments and internal controls are

General information continued

integrated into internal functions through regular updates to the policies and procedures. The Group aims to ensure that all departments are aligned with the sustainability reporting objectives and that any identified risks are addressed promptly. The Group also conducts training sessions to keep employees who are involved in the reporting function informed about the latest developments in sustainability reporting.

SBM-2

Interests and views of stakeholders

Kernel recognizes that its business operations impact various stakeholders, who, in turn,

influence and shape how we conduct our business. Kernel identifies eight stakeholder groups that are subject to inter-influence and ongoing interaction with the Group. These influences and stakeholder categories are outlined in Kernel's management vision, as well as through an analysis of stakeholder feedback dynamics, and are revised during due diligence and DMA processes. Our stakeholder interactions are guided by the Stakeholder Engagement Policy, which aligns with the relevant IFC Performance Standards.

Stakeholder engagement is a vital part of Kernel's DMA process. The outcomes of this engagement shaped the final prioritization of

material topics for disclosure, boosting the credibility and transparency of the assessment process. Stakeholder views gathered during this process were incorporated into Kernel's sustainability priorities and considered in the Group's broader strategy and business model. More details on stakeholder engagement within the DMA framework are provided on pages 48-49.

Key interests and methods of engagement with stakeholder groups

Employees

Interest and key concerns

- Healthy and safe working conditions
- Fair workplace conditions and practices
- Competitive salary and career advancement
- Professional development opportunities and recognition of results
- Equality and diversity

Engagement method

- Learning & development programs
- Internal communications
- Group website & social media
- Hotline for submitting compliance-related inquiries
- HR Conference & Strategic sessions for each business division

IFIs & Banks

Interest and key concerns

- Transparent, accurate, and timely information on financial performance
- Risk control and prevention, compliance with ESG standards, and responsible business conduct
- Non-financial performance and sustainable development

Engagement method

- Annual and quarterly reports
- Group website & social media
- One-to-one meetings (online/offline)
- Email communication and ESG questionnaires

Local communities

Interest and key concerns

- Employment opportunities
- Responsible land and resource use
- Compliance with national legislation
- Support for local farmers (knowledge-sharing, partnership)
- Socio-economic development of territories
- Timely communication and effective grievance handling

Engagement method

- Environmental and social impact assessments
- One-to-one meetings (online/offline)
- Group website & social media
- Hotline for submitting compliance-related inquiries
- Printed material distributed among communities

National and local government

Interest and key concerns

- Regulatory compliance (national and local)
- Socio-economic development of territories
- Responsible land and resource use

Engagement method

- One-to-one meetings (online/offline)
- Group website & social media
- Website of the charitable foundation "Together with Kernel"
- Local and national media
- Hotline for submitting compliance-related inquiries

Civil society organizations/NGOs

Interest and key concerns

Environmental NGOs:

- Climate change adaptation and mitigation
- Risks of water and soil pollution, impact on biodiversity
- Timely communication and effective grievance handling

Social NGOs:

- Compliance with national legislation
- Livelihood of local communities
- Human rights of employees and local communities
- Equal opportunities and diversity
- Timely communication and effective grievance handling

Engagement method

- One-to-one meetings (online/offline)
- Group website & social media
- Annual reports
- Hotline for submitting compliance-related inquiries

Academics and analysts

Interest and key concerns

- Efficient handling of questions, feedback, or research-related inquiries

Engagement method

- Group website & social media
- One-to-one meetings (online/offline)
- Email communication

General information continued

Customers

Interest and key concerns

- Food safety and quality of products
- Transparency and traceability of product information
- Compliance with certification standards
- Timely communication and effective grievance handling

Engagement method

- Group website & social media
- Group's brand names
- Brand exhibitions and specialized events
- Annual reports
- Hotline for submitting compliance-related inquiries
- Customer research and brand health tracking

Suppliers

Interest and key concerns

- Fair market competition
- Transparent procurement
- Ethical business conduct
- Compliance with agreements and delivery of commitments

Engagement method

- Supply Chain Sustainability Program
- One-to-one meetings (online/offline)
- Group website & social media

Material Impacts, Risks and Opportunities (IROs)

SBM-3

Results of double materiality assessment (DMA)

As the foundation for this sustainability statement, Kernel conducted its first double materiality assessment (DMA) in alignment with the Corporate Sustainability Reporting Directive (CSRD) and guidance from the European Financial Reporting Advisory Group (EFRAG). The double materiality principle requires reporting on topics deemed material from at least one of the following perspectives:

- Impact materiality: The actual or potential impacts of Kernel's operations on people and the environment.
- Financial materiality: Sustainability-related risks and opportunities that may influence Kernel's financial performance

In FY2025, we identified the following sustainability topics as material to our business model, operations, and business relationships across the value chain:

- E1** Climate Change
- E2** Pollution
- E4** Biodiversity and Ecosystems
- E5** Resource Use and Circular Economy
- S1** Own Workforce
- S3** Affected Communities
- S4** Consumers and end-users
- G1** Governance

Within these areas, 20 sustainability sub-topics were identified and assessed for their impact, financial, or dual materiality. These are visually presented in the materiality matrix on this page.

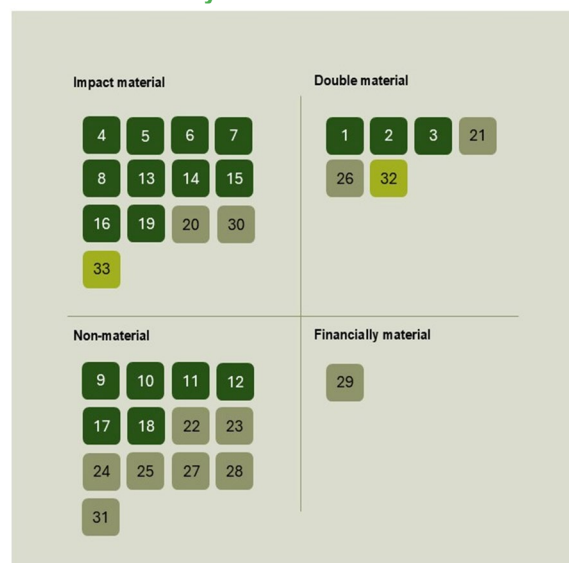
Each material subtopic is defined by specific material impact, risks, and opportunities (IROs), which serve as the basis for Kernel's topical disclosures. Comprehensive information on the DMA methodology and topic-

specific IROs is provided in the IRO-1, IRO-2, and SBM-3 sections for each relevant topical standard.

No entity-specific topics have been identified for FY2025.

The IROs identified through the DMA are outlined in detail within each topical chapter. They highlight where along the value chain these IROs materialize and over which time horizons they are relevant, directly connecting them to Kernel's strategy and business model.

Kernel's materiality matrix



Environment

E1 Climate Change

- 1 Climate change adaptation
 - 2 Climate change mitigation
 - 3 Energy
- ##### E2 Pollution
- 4 Pollution of air
 - 5 Pollution of water
 - 6 Pollution of soil
 - 7 Substances of concern
 - 8 Substances of very high concern
 - 9 Pollution of living organisms
 - 10 Microplastics

E3 Water and Marine Resources

- 11 Water
 - 12 Marine resources
- ##### E4 Biodiversity and Ecosystems
- 13 Direct impact drivers of biodiversity loss
 - 14 Impacts on the state of species
 - 15 Impacts on the extent & condition of ecosystems

E5 Resource Use and Circular Economy

- 16 Impact & dependencies on ecosystem services
- 17 Resource inflows
- 18 Resource outflows
- 19 Waste

Social

S1 Own Workforce

- 20 Working conditions
 - 21 Equal treatment and opportunities for all
 - 22 Other work-related rights
- ##### S2 Workers in the Value Chain
- 23 Working conditions
 - 24 Equal treatment and opportunities for all
 - 25 Other work-related rights
- ##### S3 Affected Communities
- 26 Communities' economic, social, and cultural rights
 - 27 Communities' civil and political rights
 - 28 Rights of indigenous peoples
- ##### S4 Consumers and end-users
- 29 Information-related impacts for consumers
 - 30 Personal safety of consumers
 - 31 Social inclusion of consumers

Governance

G1 Governance

- 32 Business conduct
- 33 Corruption and bribery

General information continued

IRO-1; IRO-2

Description of the process to identify and assess material impacts, risks, and opportunities

DMA Assumptions

Value chain

Kernel's DMA considers the value chain perspective through the assessment of IROs arising from our own operations, upstream suppliers of oilseeds and grains, as well as trade partners and customers in the downstream value chain. The details on Kernel's value chain are outlined in the [Business Model](#) section.

Stakeholder engagement

The perspective of affected stakeholders and the users of the Sustainability Statement was incorporated into the assessment through direct engagement with stakeholders (see page 46 on Stakeholder engagement), as well as by proxy through the knowledge of our internal subject matter experts. These experts, representing different divisions of the Group, engage with affected stakeholders as part of their core responsibilities and stay informed on the latest developments across relevant ESG areas.

Sustainability due diligence

In addition to stakeholder engagement, our DMA was informed by our Social and Environmental Due Diligence and the Enterprise Risk Management process (see pages 45-46).

Kernel conducted a double materiality assessment in line with the principles of the European Sustainability Reporting Standards (ESRS), evaluating sustainability matters from both impact and financial materiality perspectives.

The determination of material sustainability matters was based on a quantitative assessment of a previously identified list of IROs. This approach involved prioritizing IROs based on the factors of severity and likelihood, followed by calculating their materiality score, and consists of the following six steps:

Impact assessment criteria

	Actual		Potential		Score
	Negative impact	Positive impact	Negative impact	Positive impact	
Scale	Evaluates the intensity of the impact on people or the environment				1-4
Scope	Measures how widespread the impact is on people or the environment				1-4
Irremediability	Assesses the extent to which a negative impact can be remediated	Irrelevant	Assesses the extent to which a negative impact can be remediated	Irrelevant	1-4
Likelihood	Irrelevant	Irrelevant	Probability of occurrence		1-4
Materiality calculation	Severity ¹	Severity ²	Severity ¹ x likelihood	Severity ² x likelihood	Normalized 1-4

Note 1: Severity of negative impact is defined as scale, scope and irremediability.

Note 2: Severity of positive impacts is defined as scale and scope

Step 1. Identification of impacts, risks and opportunities

The process of identifying IROs began with the long list of relevant sustainability topics outlined in ESRS 1, Application Requirement (AR) 16. Building on previous reporting efforts, we refined our understanding of the business model, activities, and value chain to capture the broader implications of our operations across sustainability topics. This included mapping the Kernel's supply chain and identifying relevant internal and external stakeholders throughout the upstream and downstream value chain. Screening of our operations and supply chain provided the basis for defining IROs across different stages of production and business relationships.

The assessment first addressed the Group's impacts, both positive and negative, across environmental, social, and governance dimensions. It then focused on identifying risks and opportunities, particularly those linked to the identified impacts, supported by a review of the Group's [Risk Management System](#). Relevant IROs were analyzed and validated through close collaboration between the sustainability team and internal subject-matter experts.

We considered various internal and external sources of information to form the list of relevant IROs and to inform our analysis, including industry-specific ESG benchmarks, such as GRI, internal analyses, stakeholder expectations, regulatory requirements, and Kernel's strategy.

Step 2. Impact materiality assessment

The impact materiality assessment evaluated actual or potential, positive or negative impacts on people and the environment. This assessment considered the location of the impact across the value chain (upstream, own operations, and downstream) and the expected timeframe of occurrence: short-term (up to 1 year), medium-term (1–5 years), and long-term (beyond 5 years).

We developed a calculation methodology aligned with ESRS-proposed criteria (Section 3.4). Actual impacts were assessed based on

severity factors such as scale, scope, and irremediability, while potential impacts were evaluated using severity and likelihood. Each factor was assigned a score on a scale from 1 to 4, representing limited to strategic impacts of the Group on environmental, social, or governance matters. Please refer to the Impact Assessment table for more details on the methodology.

The raw materiality score for potential impacts ranged from 1 to 16 and was normalized to a standardized scale of 1 to 4 to ensure consistent interpretation and comparability. Following consultations with internal stakeholders, a threshold of 1.3 for the normalized materiality score was adopted to classify IRO as material. In line with ESRS 1 for potential negative impacts on human rights, the severity of the impact was given more weight than likelihood, reflecting the critical importance of human rights considerations.

Step 3. Financial materiality assessment

The financial materiality assessment involved the evaluation of identified risks and opportunities that affect, or are expected to affect, the Group's financial position, financial performance, cash flows, access to finance, or cost of capital. These effects may manifest as negative or positive deviations over the short-, medium-, or long-term across different parts of the value chain. We assessed each identified risk and opportunity based on the potential magnitude (severity) of financial effect and the likelihood of occurrence (ESRS 1, Section 3.5).

Risks and opportunities were evaluated according to their nature, specifically whether they directly affected the Group's financial health or influenced its reputation:

- Financial risks and opportunities were measured using absolute EBITDA thresholds aligned with the Group's defined risk appetite.
- Reputational risks and opportunities were assessed based on the level of media exposure and stakeholders' perception.

For consistency, each risk and opportunity

General information continued

was assigned a score on a scale from 1 to 4, representing severity and likelihood ranging from 'limited' to 'strategic' in significance to the Group's financial position. In line with the overall evaluation methodology, raw materiality scores for potential risks and opportunities were normalized to ensure comparability. A materiality threshold of 1.3 was established, with any IRO scoring at or above this threshold considered material.

Step 4. Consolidation of results

The results of the impact and financial materiality assessment were consolidated to obtain an overview of Kernel's impacts, risks, and opportunities mapped within the longlist of sustainability matters. A sustainable matter was defined as a material if included at least one material IRO at every level of aggregation, i.e., subtopic and topic.

After identifying material sustainability matters, the corresponding data points from the EFRAG data point list were determined for disclosure using the ESRS decision tree. For further detail, refer to "List of DRs compiled and list of DRs incorporated by reference" on pages 43-44 and [Annex 2](#) "List of data points that derive from other EU legislation".

The Water and Marine Resources topic (ESRS E3) was considered immaterial to Kernel's operations within environmental topics, as water is not a key resource across any of our business segments. Currently, less than 1% of our land bank is irrigated for seed production. In the oilseed processing segment, water is used primarily for technical purposes, such as steam generation and domestic needs, both of which require insignificant volumes. Although the IROs related to ESRS E3 did not meet our materiality thresholds, Kernel acknowledges its responsibility to monitor and manage water-related subjects. These topics continue to be addressed through our existing governance structures, policies, and operational practices.

Step 5. Stakeholder validation and management validation

Stakeholder engagement was leveraged to validate the outcomes of the materiality assessment, ensuring accuracy, completeness, and relevance. A broad group of internal and external stakeholders, including IFIs and banks, suppliers, trade partners and customers, civil societies and business associations, government representatives and policymakers, as well as the Group's departments of sustainable development, CSR, trading and product quality, investor and public relations, compliance, HR and internal audit - actively participated in a dialogue regarding the Group's identified material topics.

Stakeholders' views on material topics were taken into account through email. Each stakeholder received a list of potentially material topics and was asked to indicate which topics they considered material, along with justifications. Insights gained from stakeholders were analyzed and considered in the finalization of material matters, addressing potential gaps and reinforcing the prioritization of IROs. Where necessary, the status of topics under review was reconsidered either by:

- Integrating previously overlooked IROs;
- Recalibrating severity and likelihood scores of already identified IROs.

The validated results were presented to the leadership team for final endorsement. The Group's Board of Directors, together with the Sustainability Department, oversees and approves the material sustainability topics and DMA methodology, ensuring alignment with corporate objectives and stakeholder expectations.

Step 6. Monitoring and periodic review

Kernel implements a structured approach for monitoring and periodic review of its sustainability topics. The monitoring process includes **tracking changes** within the regulatory landscape, industry trends, and **emerging new IROs** that may affect the Group or its stakeholders, as well as **maintaining consistent dialogue with stakeholders** to ensure their perspectives are integrated into the DMA process.

A re-assessment of double materiality is performed on an annual basis. Previously identified outcomes may remain valid if there is sufficient evidence to confirm their relevance at the time of reporting. In the event of major events, such as significant regulatory changes or the establishment of new business relationships, an immediate review of sustainability topics will be triggered. The Group's Sustainability Department oversees the monitoring process and conducts the annual review in collaboration with the Financial Reporting, Accounting, and Control Departments.

Environmental information

E1 Climate change

In this section:

- Climate change adaptation
- Climate change mitigation
- Energy

E1.IRO-1

Climate change-related impacts, risks and opportunities

Impacts, risks, and opportunities related to climate change mitigation, adaptation, and energy were identified through Kernel's DMA, informed by our annual climate risk analysis conducted in alignment with the TCFD framework. This analysis, which covers both physical and transition-related risks and opportunities, is presented in detail in the sub-

section "Climate Risks and Opportunities" on page 51.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for E1 Climate change, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Environmental Material Impacts, Risks and Opportunities

Environmental material impacts, Risks and Opportunities				Value chain			Time horizon¹
				Upstream	Own operations	Downstream	
Sustainability matter	IRO	IRO nature	Description				
E1 Climate change							
Climate change adaptation	Positive impact	Actual	Enhancing climate resilience by implementing regenerative agricultural practices that reduce soil erosion and improve water retention capacity.		•		-
	Risk	Financial	Acute physical climate risks: Crop yield losses resulting from extreme weather events.	•	•		S
	Risk	Financial	Chronic physical climate risk: Losses of productive land due to the shifts in climatic zones	•	•		L
	Risk	Financial	Higher expenditure on crop protection due to increased vulnerability to pests and diseases amid chronic climate change.	•	•		M
Climate change mitigation	Negative impact	Actual	Generation of greenhouse gas (GHG) emissions (Scope 1,2,3).	•	•		-
	Positive impact	Actual	Reducing GHG emissions and promoting carbon sequestration through improved agricultural and land management practices.	•	•		-
	Risk	Financial	Climate transitional risks: Increasing spending on material assets (OPEX) as a result of new regulatory frameworks		•		L
	Opportunity	Financial	Creation of new revenue streams from low-carbon practices and commodities, including carbon certificates, price premiums, and access to green financial instruments.	•	•		S
Energy	Positive impact	Actual	Generation and supply of renewable energy to the grid supports local communities and contributes to greenhouse gas (GHG) emissions reduction		•	•	-
	Risk	Financial	Increased spending on electricity as a result of new domestic regulatory frameworks, i.e., UA ETS		•		L
	Opportunity	Financial	Provision of feedstock and production of biomethane and liquid biofuels in response to the growing demand under the REPowerEU framework.			•	M
	Opportunity	Financial	Reduced operating expenses and enhanced energy self-sufficiency through the adoption of bioenergy solutions		•		S

MDR-P; E1-2

Policies

Kernel recognizes climate actions and the broader climate corporate governance as one of the most material aspects of the Group's ESG agenda. Principles of traceable and efficient climate mitigation and climate adaptation practices across the whole value chain are anchored by the *Environmental Protection policy* and reflected in the *Sustainable Development and CSR policy*. We expect our suppliers to uphold the same level of climate-related responsibility as outlined in our *Supplier Code of Conduct*.

See [Annex 3 – Key Policies and Procedures](#) for a detailed description of all Kernel policies.

GOV-1; GOV-2; E1.GOV-3

Climate corporate governance

Board oversight of climate corporate governance

Kernel's **Sustainability Committee** of the Board of Directors is the body responsible for (1) identifying, prioritizing, and advising the Board on the Group's strategic activities in the areas of decarbonization, climate-related business opportunities, development of environmental, social and human capital, and sustainability governance (hereinafter – "ESG") and sustainable finance; (2) critically reviewing and considering the ESG Strategy, which will incorporate SBTi aligned climate targets and decarbonization pathway; (3) ensuring the implementation of the ESG Strategy across business operations; (4) connecting ESG and

climate corporate agendas with Kernel's business strategy, business objectives and capital allocation decision.

The Sustainability Committee consists of at least three members, appointed by the Board of Directors upon the proposal of the Nomination and Remuneration Committee. The Chair of the Committee appoints a secretary, who is usually a sustainability manager within the Group. For this reason, the Sustainability Committee serves as an effective link between the Board of Directors and the Executive Management Team.

The Sustainability Committee meets at least twice a year. The purpose of such meetings is the following:

Environmental information continued

- update on priority business opportunities related to sustainability function and climate change
- when required, review of changes in relevant policies and procedures
- when required, review and approval of strategic targets associated with decarbonization and sustainable development.

Regarding remuneration, services provided by the Directors in their capacity as members and the chairwoman of the Sustainability Committee include oversight of the identification and implementation of climate-related business opportunities, which is considered in their fixed fees.

The **Audit Committee** critically reviews and prioritizes physical and transition climate risks as part of its responsibilities to assist the Board of Directors in delivering its risk management responsibilities by providing a description of risks specific to Kernel, overseeing the adequacy and effectiveness of Kernel's risk management system, and reviewing the Group's policies on risk assessment and risk management.

Management's role in climate corporate governance

Kernel aims to integrate ESG and climate-related corporate agendas into its overall business strategy and operations. The Executive Management Team is actively engaged in the implementation of ESG and climate action practices and initiatives within their respective functions, which are considered a priority at a specific time. Kernel plans and prioritizes such initiatives based on its vision of the Group's role and the agricultural sector's overall contribution to achieving the goals of the Paris Agreement, as well as its position within the international climate arena. We develop our vision based on our understanding of global dynamics in the areas of decarbonization and carbon markets, complemented by continuous dialogue with our key trade partners and major global agriculture commodity traders.

The **Chief Executive Officer** plays a crucial role in overseeing the integration of ESG and climate-related corporate agendas into business operations. The CEO provides a critical review and feedback on the development of Kernel's ESG and climate corporate strategy, including GHG emission reduction targets, approaches to the development of the sustainability and climate corporate strategy across operations, as well as engagement in relevant business opportunities related to decarbonization.

The **HR Director** provides overall support to initiatives related to low-carbon development. This includes the development of climate-

related KPIs for the Executive Management Team, which are then cascaded across each corporate function. The head of the HR Department is also responsible for communicating the importance and benefits of sustainability practices and climate actions within the Group, as well as supporting their implementation from a behavioral perspective. Kernel's Head of Sustainability is in direct subordination to the Head of the HR department. The Head of Sustainability is responsible for leading the development and improvement of Kernel's sustainability and climate corporate function.

The **Risk Committee** of the Executive Management Team is responsible for identifying, assessing, managing, and controlling key risks, including climate-related risks.

In FY2025, Kernel has formalized an internal strategic target for the executive management by 2028 related to climate change, namely "Ensuring the implementation of the Group's low-carbon development and climate resilience projects". This target is further cascaded across relevant departments through annual KPIs. The results of the annual evaluation of progress towards KPIs and the overall performance of employees directly impact remuneration decisions, specifically the review of wages and the size of bonuses.

E1-1

Transition plan for climate change mitigation

In 2023, Kernel finalized the "Climate corporate governance and low-carbon pathway" project in partnership with EBRD and EY. The project covered an assessment of climate-related risks and opportunities (aligned with TCFD recommendations), a gap analysis of climate governance, and a feasibility review of mitigation and adaptation measures. Based on these results, Kernel developed a comprehensive Program of Activities that sets out organizational and investment measures to strengthen climate governance and enhance performance. The Program spans key areas including agribusiness, production, energy, carbon offsets, supply chain, GHG accounting, risk management, strategy, governance, and sustainable finance. The Program was reviewed by the Sustainability committee, prioritizing actions and reflecting them in respective KPIs for executive and operational managers. It now serves as the cornerstone of Kernel's long-term emission-reduction strategy, aligned with SBTi FLAG guidance and supporting the Group's planned climate transition pathway.

However, due to the ongoing Russian invasion of Ukraine and related uncertainties, the

Group has not yet adopted its transition plan for climate mitigation, particularly in relation to setting GHG emissions reduction targets. The timing of adoption remains contingent on external wartime developments. Nevertheless, the Group has established its [ESG strategy](#) and continues to advance initiatives on broader sustainability topics beyond carbon, ensuring progress in areas such as sustainable production, resource efficiency, social responsibility, and governance.

E1.SBM-3

Climate risks and opportunities

Approach to climate risk identification and management

Kernel conducted a comprehensive resilience analysis to assess how climate risks could be reflected in the enterprise value over the short-, medium-, and long-term time horizons.

- **Short-term** (up to 1 year): Evaluation of exposure to climate impact in the short-term perspective aligns with the annual operational business planning, reflecting the dynamics of the commodities market. In Farming, Kernel continuously monitors and analyzes climate parameters throughout the crop cycle (land preparation, fertilization, plantation, plant protection, and harvesting). Key indicators include precipitation, temperature, atmospheric pressure, sum of active temperatures, and soil moisture reserve (SMR), with data sourced from the Group's own meteorological stations. Kernel also uses the normalized difference vegetation index, also known as NDVI, from satellite databases to assess and predict yields by estimating the density of green coverage on land.
- **Medium-term** (1 to 5 years): Scientific modeling indicates a gradual shift in Ukraine's natural zones (woodlands, forest-steppe, steppe) northwestward over the next decade. For this horizon, Kernel aligns climate risk assessment with 5-year financial modeling. Scenarios account for acute climate events, which might have a significant negative impact on harvest. Kernel's assessment of medium-term climate risks shows that acute climate events have the most impact on oilseed crops, namely sunflower. The Group already has experience in adapting to these risks through changes in the geographic location of the land bank to more suitable areas.
- **Long-term** (5 to 10 years): Kernel relies on the **Coupled Model Intercomparison Project models (CMIP6)** to evaluate long-term climate dynamics (reference point: 2051–2055). While the Group does not undertake business planning over such extended horizons, these projections inform future decision-making, particularly in relation to M&A opportunities.

The overall approach to evaluating climate

Environmental information continued

risks and their financial impacts is built on the climate change information provided by the Regional Climate Models, specifically CMIP6 Projections using the SSP 2.6-4.5 scenario, (referred to as "Net Zero 2050" or "hard"); and the SSP 8.5 scenario (referred to as "Nationally Determined Contributions" or "soft"). This allows us to understand the dynamics of climate change impact across Kernel's landbank in the long-term perspective.

Relevant parameters of these scenarios are used to stress-test Kernel's financial model, allowing the Group to evaluate exposure to long-term climate change and quantify the monetary impact, particularly on EBITDA. Transitional climate risks are also included in the model, reflecting potential additional expenditures under both Ukrainian and European carbon regulations.

The interconnection between climate, physical, and transitional risks is linked to the assumption that SSP 2.6-4.5 scenarios would imply that carbon regulations will be tightened significantly. It will significantly impact the Group's performance, but the Group will be less vulnerable to physical risks. In contrast, the SSP 8.5 scenario suggests that carbon regulations will be tightened moderately, with a soft impact on the Group's performance. Still, in turn, the Group will be more exposed to physical risks.

Monitoring of **physical chronic climate risks** is based on the Group's practical observations and analysis of available agrometeorological research on changes in Ukraine's climate zones and yield dynamics. To that end, Kernel's business analysts conduct a regular analysis of harvest results from both Kernel and other agricultural companies in Ukraine, comparing these indicators across geographic regions. This enables the identification of climate patterns and tendencies across the land bank, which are used to inform long-term strategic decisions on asset allocation. Such decisions are made at the Executive Management Team level or the level of the Board of Directors if the monetary implication of risk exceeds the established substantial strategic impact threshold.

The **risk of acute climatic events** resulting in decreased yields is a basic risk for the agriculture business. Within Kernel's risk management framework, this risk is reflected as "Weak harvest in Ukraine", which is typically included in the Group's top ten risks. Likewise, the Group's financial modeling provides for conservative basic assumptions of reduced yields due to the impacts of acute climate

impacts. In addition, acute climate physical risks also affect Kernel's infrastructure since extreme weather conditions would impact farming business across the whole country (impact on Kernel's supply chain and trading operations), leading to decreased capacity operations of the Group's silos and oilseed processing plants.

Kernel's sustainability function undertakes the identification of **climate transition risks** through the ongoing monitoring of developments in domestic and EU carbon regulations. Material transitional risks are evaluated in terms of their monetary impact, together with financial and business analytics. The evaluation of climate transitional risks is based on an analysis of the Network for Greening the Financial System (NGFS) scenarios of carbon prices within the EU ETS and in Ukraine. The analysis of these scenarios and the financial implications of climate transition risks, as well as information on key drivers of these risks (i.e., developments in EU and domestic climate regulations), are updated annually.

Assessment of material climate-related risks and anticipated financial effects

Chronic physical risks

For Kernel's operations, chronic physical climate risks are relevant in both long-term strategic decisions on asset location and the impact on yields of key crops. Analysis of the overall dynamics in the climate system across Ukraine's territory demonstrates a gradual shift in the boundaries of natural zones (woodlands, forest-steppe, steppe) towards the northwest, reducing the extent of suitable areas and affecting yields. Lower yields translate into potential EBITDA losses not only for the Farming segment but also indirectly for Oilseed Processing, Infrastructure and Trading.

To estimate potential long-term decrease in yields, we apply projections of Global Agro-Ecological Zoning for Ukraine, prepared by the Food and Agriculture Organization (FAO)¹. These projections result from climate scenario Ensemble (average of 5 climatic models) for RCP 2.6 and RCP 8.5 for the period 2040-2070.

Acute physical risks

We evaluate acute physical risks using the Regional Climate Model (RCM) of climate dynamics in Ukraine. The RCM collects data on single levels from numerous experiments, models, domains, resolutions, ensemble members, time frequencies, and periods computed over several regional domains all over the World, particularly in the CMIP6 of the

Coordinated Regional Climate Downscaling Experiment (CORDEX) framework. This analysis indicates that the frequency of acute events such as droughts is expected to rise in the northern parts of Kernel's land bank under the SSP 8.5 scenario in the long term.

To estimate the potential financial impact of acute climate risks, we use the 2024 impacts of heatwaves and drought during the pollination period on harvest as a reference point and translate them into potential losses in EBITDA for Farming, Oilseed processing, Infrastructure and Trading. Kernel also plans a more in-depth analysis of historical harvest performance and its correlation with extreme weather events, enabling the assessment to be further tailored to on-the-ground data.

Transition risk: emerging carbon regulation in Ukraine (carbon tax and Emission Trading Scheme)

Ukraine's carbon tax applies to Kernel's combined heat and power plants that generate electricity from sunflower husk, a by-product of the oilseed crushing process recognized under Annex IX.A of the EU RED II Directive as an advanced biofuel feedstock. The nature of these risks lies in the fact that the EU's position on the combustion of biomass and production of advanced biofuels contradicts Ukraine's regulation on Monitoring, Verification, and Reporting (MRV), considering GHG emissions of biomass combustion to be zero.

Ukraine's carbon tax increased from 10 UAH to 30 UAH per ton of CO₂ in 2021. Although the rate remained unchanged in FY2025, we anticipate that it would grow in the medium-term perspective to become more aligned with the average price of a ton of CO₂ in the EU (these expectations are based on Ukraine's commitments under the EU Association Agreement and its candidacy to the EU, as well as Ukraine's possible response to EU CBAM requirements). Kernel evaluates the risk of the expected growth in carbon tax over the following years, based on the average carbon tax value in EU member countries (EUR 20-120 per tCO₂), which would result in significant annual expenditures.

Regarding Ukraine's national emission trading scheme (UA ETS), the key risk for Kernel is the significant increase in electricity price, which would include the cost of carbon, when UA ETS is finalized and launched. We use the NGFS (Network for Greening the Financial System) climate modeling of the carbon price dynamics in Ukraine to estimate potential financial impacts.

¹ Food and Agriculture Organization of the United Nations, [GAEZ Data Portal](#)

Environmental information continued

The financial impact of this transitional climate risk is estimated as a range of combined additional expenditure stemming from increased carbon tax and electricity price by 2030, where the minimum figure is the projections under the SSP 8.5 and the maximum figure – under the SSP 2.6-4.5 scenario. As of FY2025, the carbon price in Ukraine is projected to be EUR 1.1 per tCO₂ under the SSP 8.5 scenario and increase up to EUR 231.2 per tCO₂ under the SSP 2.6-4.5 scenario.

Transition risk: emerging carbon regulation in EU (increasing cost of fertilizers)

EU's 'Fit for 55' package (under which the EU seeks to cut its emissions by at least 55% before 2030) includes provisions on the ETS, namely the target to reduce emissions by 61% before 2030 and to reduce the number of free allowances by 4.2% each year. GHG emissions from the production of nitric acid, ammonia, and hydrogen are covered by the EU ETS. Considering that nitric acid, ammonia, and hydrogen are intermediates in the production of NPK fertilizers, it is expected that the price of EU-sourced fertilizers will increase following the implementation of the Fit for 55 provisions.

The financial impact of this transitional climate risk is estimated to be a range of additional expenditures stemming from the increased cost of N-fertilizers, with the minimum figure projected under the SSP 8.5 scenario and the maximum figure under the SSP 2.6-4.5 scenario. As of FY2025, if produced in the EU, the price of fertilizers would reflect the price of EU allowances on GHG emissions, which are projected to increase up to EUR 203.7/tCO₂ under the SSP 8.5 scenario, and up to EUR 283.7/tCO₂ under the SSP 2.6-4.5 scenario by 2030 (according to NGFS climate data projections). In the case of domestically produced fertilizers, their price would account for a projected carbon price in Ukraine as indicated above.

Assessment of material climate-related opportunities

Bioenergy. Kernel explores opportunities in the production of biofuels, namely biomethane produced from plant-based feedstocks such as silage, corn, or crop residue. Demand for such energy sources is increasing in both Ukraine and the EU, supported by the REPowerEU initiative. Recent developments in Ukrainian legislation further support this opportunity by allowing biomethane injection into the national gas transportation system and by establishing a renewable gas guarantees of origin (RGGO) registry for biomethane producers.

Diversification of financial assets with sustainability- and climate-linked finance. We

aim to effectively access markets of sustainability- and climate-linked finance, both in terms of receiving specialized interest rates on loans (linked to specific covenants) and project finance.

International carbon markets. Since 2024, Kernel has been in the process of developing grounds for accessing voluntary carbon markets, namely through the methodology VM0042 that quantifies the greenhouse gas (GHG) emission reductions and soil organic carbon (SOC) removals resulting from the adoption of improved agricultural land management, as well as intergovernmental carbon market mechanisms provided by Article 6.2 and Article 6.4 of the Paris Agreement. Exploring carbon offset markets is closely tied to in-depth analysis of global market incentives for decarbonizing the supply chains of agricultural commodities, fostering relevant dialogue with reputable international organizations, and exchanging knowledge with key trading partners.

Efficiency improvement through carbon farming practices. The opportunity lies around the system of farming practices that promote the accumulation of soil organic carbon, reduction of GHG emissions from tillage and nitrification, and improving soil health and biodiversity. These practices are commonly referred to as regenerative, or carbon farming, which is one of the key pillars of the Group's corporate climate strategy. We believe that this represents a long-term direction of development, which is expected to have a visible impact on capitalization. Over the last several years, this subject has evolved from purely theoretical discussion to practical consideration during operational planning and testing.

MDR-A; E1-3

Actions and resources

Kernel's decarbonization strategy focuses on both its Farming and Oilseed Processing segments.

Adoption of regenerative agriculture practices

Material decarbonization actions are concentrated in the Farming segment, as crop production accounts for the majority of Kernel's GHG emissions. The emission reductions are achieved through carbon farming practices, also known as regenerative agriculture, including reduced tillage, the use of nitrification inhibitors, and the introduction of cover crops into crop rotations. According to prior estimations, such practices can potentially have the following emission reduction capacity: (1) nitrification inhibitors up to 10% reduction, (2) cover crops up to 31% reduction, and (3) reduced tillage up to 85% reduction. More than 90% of Kernel's land bank is already cultivated using reduced tillage technology.

Implementation of precision farming technologies

Emission reduction efforts go hand in hand with enhancing operational efficiency. Kernel has been advancing the principles of precision farming, and since 2023, has introduced zonal management within its fields. By identifying homogeneous productivity zones and tailoring agricultural practices to each, the Group is able to optimize tillage and input application rates. These decisions are informed by detailed soil characteristics, climate, and terrain data, agrochemical analysis, and other variables, ensuring both greater efficiency and reduced environmental impact.

Scaling renewable energy use

In the Oilseed Processing segment, the Group seeks to leverage its capacity for green electricity production from biomass (sunflower seed husk) that previously was sold to the national energy grid in full volume. At the Poltava OEP, this electricity is now used to power bottled oil production, significantly reducing the production's carbon footprint – marking another step toward embedding sustainable practices into its production cycle. In the reporting period, Poltava OEP also completed external verification confirming the direct consumption of green electricity from its CHP.

Collaboration plays a key role in the Group's decarbonization efforts. In FY2025, Kernel was selected as a beneficiary of the Jumbo Impact Fund, an initiative launched by our client, Jumbo Supermarkten, to reduce GHG emissions in supply chains through co-funded projects. Under this program, Kernel received a co-financing of USD 328 thousand to implement a low-carbon sunflower seed processing project for bottled oil production at Poltava OEP. Building on this success, Kernel intends to scale the Poltava OEP model across its other oilseed processing plants, with the potential to reduce up to 50% of Scope 2 emissions through direct consumption of green electricity from CHPs. The remaining energy consumption, related to Scope 2 electricity usage, can potentially be offset by allocating self-generated renewable electricity for internal operations or sourcing external low-carbon electricity through market instruments such as Corporate Power Purchase Agreements (PPAs).

MDR-T; E1-4

Targets

Kernel has set climate-related targets that integrate decarbonization, sustainable agriculture, and the expansion of renewable energy. At the Poltava OEP, we are **advancing the validation of a science-based target (SBTi) for Scope 2 emissions**, ensuring our reduction pathway is consistent with global climate

Environmental information continued

goals.

In agriculture, we are committed to regenerative practices that improve soil fertility, preserve biodiversity, and reduce greenhouse gas emissions: we aim **to reduce the share of land under plowing from 25% in 2020 to 10% by 2030**, while **introducing cover crops and siderats on 30% of land previously dedicated to winter wheat**. To strengthen

resource efficiency and support innovation, we **aim to implement a technology management system based on precision farming polygons across 100% of our land bank by 2030**, enabling data-driven decisions that optimize yields and minimize environmental impacts.

Complementing these actions, we **aim to have at least 50% of the electricity used by**

our assets come from our own renewable generation by 2030, advancing our transition to low-carbon energy, reducing reliance on fossil fuels, and lowering operational risks linked to energy volatility. With these measures, we are dedicated to delivering measurable climate benefits while securing long-term competitiveness and sustainability of the Group.

Metrics

E1-5

Energy consumption and mix

Energy consumption

terajoules

	FY2023	FY2024	FY2025
Non-renewable fuel consumed	2,381.2	1,895.0	1,593.6
Natural gas	1,194.6	717.0	489.6
Oilseed Processing	112.0	212.2	251.5
Infrastructure and Trading	1,031.8	486.3	234.4
Farming	50.8	18.5	3.7
Other	-	0.0	0.0
Diesel	1,113.1	1,099.6	1,042.2
Oilseed Processing	3.6	9.1	13.7
Infrastructure and Trading	50.3	28.8	20.6
Farming	1,051.2	1,056.6	1,002.7
Other	7.9	5.2	5.2
Petroleum	37.9	43.4	41.0
Oilseed Processing	0.6	1.0	1.1
Infrastructure and Trading	4.2	5.8	5.2
Farming	32.4	29.2	25.8
Other	0.7	7.4	8.8
LNG	35.6	35.0	20.8
Oilseed Processing	0.2	0.2	0.2
Infrastructure and Trading	1.7	2.0	1.4
Farming	33.7	32.2	18.9
Other	-	0.5	0.3
Renewable fuel consumed (sunflower seed husk)	5,189.2	7,028.0	7,113.2
Purchased electricity	581.1	628.4	471.8
Oilseed Processing	413.5	457.4	325.3
Infrastructure and Trading	127.3	128.2	110.8
Farming	38.0	40.4	34.0
Other	2.4	2.4	1.7
Heating	414.5	766.6	534.4
Oilseed Processing	0.0	0.0	0
Infrastructure and Trading	0.0	1.5	1.1
Farming	0.0	0.0	0.0
Other	414.5	765.1	533.2
Electricity from own generation	203.9	232.3	530.3
Electricity sold to the grid	631.7	1,094.3	826.2
Total energy consumption	8,138.2	9,456.0	9,418.6
Oilseed processing	5,291.3	6,846.0	7,409.1
Infrastructure and Trading	1,215.3	652.6	375.2
Farming	1,206.1	1,176.9	1,085.1
Other	425.6	780.5	549.2

Note 1: Any discrepancies between data in this and previous reports (FY2024 and FY2023) are associated with further improvements in the accounting system, clarifications of raw data, alignment of relevant conversion factors and other corrections.

Energy intensity indicators¹

megajoules

	FY2023	FY2024	FY2025
Energy consumed per ton of sunflower seed crushed	2,058.7	2,279.6	2,145.6
Energy consumed per ton-% of grain dried	64.3	64.5	66.3
Energy consumed per ton of harvested grain	632.2	629.5	640.0
Energy intensity based on net revenue, per USD million	2.4	2.6	2.3

Note 1: Any discrepancies between data in this and previous reports (FY2024 and FY2023) are associated with further improvements in the accounting system, clarifications of raw data, alignment of relevant conversion factors and other corrections.

The revenue figure used is USD 4,115 million (in FY2024 – USD 3,581 million), consistent with the revenue reported in Kernel's Consolidated Statement of Profit or Loss in its consolidated financial statements.

Environmental information continued

E1-6

Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions

Key GHG emission indicators¹

thousand tCO ₂ e	FY2023	FY2024	FY2025
Scope 1	271.7	237.2	220.0
<i>by GHG</i>			
CO ₂	128.2	88.5	50.2
CH ₄	23.8	23.9	18.5
N ₂ O	119.7	124.8	151.3
<i>by business segment</i>			
Oilseed Processing	6.6	12.7	15.2
Infrastructure and Trading	62.2	30.0	15.1
Farming	202.3	193.6	188.5
<i>Fuel use</i>	91.7	90.0	84.7
<i>Fertilizers application</i>	109.5	114.6	141.4
<i>Changes in stock of soil carbon</i>	- 25.5	- 37.9	- 58.4
<i>Cattle methane from enteric fermentation</i>	26.7	26.9	20.8
Other	0.7	1.0	1.1
Biogenic (combustion of sunflower husk)	509.8	690.5	698.9
Scope 2 (Location based)	92.5	123.5	89.7
Scope 2 (Market based)	132.1	152.8	102.9
Scope 3	2,141.5	2,508.3	1,631.6
Cat.1. Purchased goods and services	605.1	922.3	864.6
Cat.2. Capital goods	4.3	8.6	7.3
Cat.3. Fuel- and energy-related activities (not incl. in S.1-2)	59.7	57.2	50.1
Cat.4. Upstream transportation and distribution	375.2	265.1	150.5
Cat.5. Waste generated in operations	4.5	6.6	4.0
Cat.9. Downstream transportation and distribution	1,088.5	1,219.6	523.0
Cat.10. Processing of sold products	3.5	28.1	31.9
Cat.12. End-of-life treatment of sold products	0.8	0.7	0.2

Note 1: Any discrepancies between data in this and previous reports (FY2024 and FY2023) are associated with further improvements in the accounting system, clarifications of raw data, alignment of relevant conversion factors and other corrections.

Scope 3 GHG emissions of Avere Commodities SA¹

thousand tCO ₂ e	FY2023	FY2024	FY2025
Scope 3	741.8	777.1	2,161.4
Cat.1. Purchased goods and services	657.7	735.9	2,078.7
Cat.9. Downstream transportation and distribution	58.3	29.8	67.6
Cat.10. Processing of sold products	25.8	11.5	15.1

Note 1: In line with the consolidation principles of the ESRS framework, the Group estimated GHG emissions of Avere Commodities SA for the first time in the reporting period. Material GHG emissions are considered to be associated with the trading activities, namely the following Scope 3 categories: Category 1 "Purchased goods and services", Category 9 "Downstream transportation and distribution", and Category 10 "Processing of sold products". Estimations were made using proxy emission factors from sources recognized by the GHG Protocol, such as Ecoinvent and CEDA by Watershed databases, as well as Kernel's data. The Group seeks to develop this accounting in future reporting periods

Key GHG emissions intensity indicators (Scope 1&2)¹

	FY2023	FY2024	FY2025
GHG emissions per volume of harvested crop, kg CO₂e/ t of yields			
Corn	37.4	60.3	63.2
Sunflower	158.3	144.4	140.9
Wheat	39.7	47.9	53.5
Rapeseed	374.9	535.1	276.7
Soybean	94.7	66.8	101.9
GHG emissions per area of sowed crop, kg CO₂e/ ha			
Corn	419.8	484.2	604.1
Sunflower	472.7	419.0	411.7
Wheat	288.3	309.1	331.4
Rapeseed	1,010.0	1,258.5	768.1
Soybean	271.1	145.6	263.1
GHG emissions per sunflower seeds processed, kg CO₂e/ t of seeds	28.2	27.0	30.8
GHG emissions per net revenue (location-based), kg CO₂e/USD million	111.7	107.6	89.0
GHG emissions per net revenue (market-based), kg CO₂e/USD million	127.2	118.8	95.8

Note 1: Any discrepancies between data in this and previous reports (FY2024 and FY2023) are associated with further improvements in the accounting system, clarifications of raw data, alignment of relevant conversion factors and other corrections.

The revenue figure used is USD 4,115 million (in FY2024 - USD 3,581 million), consistent with the revenue reported in Kernel's Consolidated Statement of Profit or Loss in its consolidated financial statements.

Environmental information continued

E1-8

Internal carbon pricing

For internal carbon pricing, Kernel uses two sources of indications, namely (1) the Ukrainian carbon tax and (2) actual and projected prices of allowances within the EU Emission Trading Scheme (EU ETS). Projected prices of EU ETS allowances are estimated in line with the scenarios of climate impact dynamics provided by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). As of the end of FY2025, the applied price of carbon was estimated at USD 203.7, which is the projected price of one EU ETS carbon allowance by 2030 under the NGFS 'Nationally Determined Contributions' (soft) scenario of climate impact dynamics. Under the NGFS 'Net Zero 2050' (hard) scenario of climate impact dynamics, the price of an allowance is projected to increase up to USD 283.7 by 2030. The Group applies these carbon price indications in the annual assessment of climate transitional risks, specifically to conduct driver analysis of climate change factors on the Group's EBITDA stress testing, as well as to estimate the financial impact of climate-related business opportunities. Results of such assessments are used in the decision-making regarding risk management and appropriate response to arising opportunities. The Group's internal carbon pricing approach covers 100% of gross Scope 1 and Scope 2 emissions.

MDR-M

Climate change accounting methodology Energy consumption and mix

For the calculation of energy consumption, the Group consolidated data from its business segments and subsidiaries, primarily including information from supplier invoices and meter readings. Total energy consumption for own operations consists of fuel usage at the assets, fuel consumption in both owned and leased agriculture machinery and vehicles, and the use of purchased, self-generated energy and electricity sold to the grid (including heating). Self-generated electricity is reported as "Renewable fuel consumption", as this is electricity generated from biomass (sunflower seed husk). Each business segment and subsidiary in the Group reports energy consumption data by energy type. Categories of consumed fuel include natural gas, diesel, petroleum, and LNG.

Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions

Kernel accounts for GHG emissions from its operational activities in Ukraine, adhering to the IPCC Guidelines for National Greenhouse Gas Inventories and Greenhouse Gas Protocol Guidance.

Scope 1 emissions include direct GHG

emissions associated with the Group's operations of fossil fuel stationary and mobile combustion, cattle farming, farmland cultivation (soil carbon stock change), and fertilizer applications. The Group's total biogenic GHG emissions, generated from the combustion of sunflower seed husk and changes in organic carbon stocks, are reported separately. Emissions associated with farming operations are reported in the financial year, when the agricultural products were harvested, using data on mineral and organic fertilizers applied during the growth period in crops.

We continue improving prototype operational accounting of GHG emissions from farming operations across key crops (winter wheat, corn, sunflower, winter rapeseed, and soybean) and individual fields (Kernel's whole landbank, comprising approximately 5 thousand fields). The main purpose of such an approach is to reflect that the landbank is not homogeneous in terms of soil characteristics, agroclimatic conditions, and, therefore, agricultural technology and application rates, which in turn are tailored to crop rotation. For that reason, it's correct to calculate the carbon footprint of farming operations (kgCO₂/t of yield and kgCO₂/ha) for each field rather than on average for the whole landbank. This approach also enables the demonstration of annual carbon removals (shown as negative values) resulting from changes in tillage practices, such as shifting from conventional to reduced tillage, sowing cover crops, and managing crop residue. We are working to automate such accounting by integrating the methodology into existing ERP systems and ensuring traceability of the carbon footprint of each batch of grain (originating from a particular field) across the value chain. For these purposes, we seek to ensure minimization of data uncertainty: calculations of changes in soil carbon due to tillage are performed using "measure and model" and "measure and re-measure" approaches (aligned with the Verified Carbon Standard methodology, VM0042) that account for the availability of laboratory agrochemical data on soil organic carbon.

This approach will enable us to monitor the field-related carbon footprint of our commodities (in kgCO₂e/t of yield) and operations (in kgCO₂e/ha) from sowing to harvest. By doing so, the Group can better evaluate the overall potential for decarbonizing farming operations, prioritize geographic locations and intensity of low-carbon practices, and achieve GHG emissions reductions with greater monetary efficacy.

Scope 2 (location-based) emissions refer to GHG emissions generated from energy (electricity and heating) that the Group purchases

from the national grid. The average specific emission factor for electricity production in Ukraine is calculated as the ratio of total emissions from electricity production in Ukraine (source: National Inventory Report to UNFCCC) to energy production itself (source: Ministry of Energy and Coal Mining).

Scope 2 (market-based) emissions refer to GHG emissions from energy (electricity and heating) consumed, calculated based on emission factors from specific electricity contracts. Carbon intensity of heating, both location and market-based approach, is the same due to a vertically integrated market and heating monopoly supply.

Scope 3. To calculate Scope 3 emissions, Kernel applies the methodology provided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We use secondary data to calculate 100% of our Scope 3 emissions across all 15 categories:

- **Purchased goods and services:** This category includes three material types of purchased products: (1) grains and oilseeds, (2) agricultural machinery, and (3) fertilizers. For the purchased grains, the accounting approach lies in the application of carbon intensity factors of Kernel's own crops to the volumes of the purchased grains. For the purchased agricultural machinery, a spend-based method was used, where emission factors were calculated based on the carbon intensity of the net revenue of machinery producers (material producers included CNH Industrial, John Deere, MAN, and Palfinger). For nitrogen fertilizers purchased by Kernel, emissions were calculated based on nitrogen content and sector-average emission factors (kg CO₂e/kg N). To calculate this category of emissions for Avere Commodities SA, the global market activity emissions factors sourced from Ecoinvent database were applied for the following commodities: palm oil, palm meal, rapeseed oil, rapeseed meal, soy oil and soy meal. For corn, sunflower, wheat, rapeseed, soybean, sunflower oil, and sunflower meal Kernel's operational emission intensity data for respective years were applied.
- **Capital goods:** Kernel accounted for the emissions associated with the production of metal and concrete, used for the construction of assets. The Group applied material use emission factors for metal and concrete from the UK Department of Environment, Food and Rural Affairs (DEFRA).
- **Fuel-and-energy-related activities (not included in Scope 1 or 2):** To calculate this category of emissions, Kernel used primary data on energy consumption and applied Well-to-tank indicators (Activity A) from DEFRA; transmission and distribution losses data for Ukraine (Activity C); as well

Environmental information continued

as average heat rate of local thermal power plants (Activity B) to calculate emissions across three types of activities: Activity A (23,686.2 tons CO₂e), Activity B (14,938.8 tons CO₂e), Activity C (11,507.5 tons CO₂e).

- **Upstream transportation and distribution:** This category includes emissions from the transportation of purchased goods and internal logistics (i.e., transportation of grains from fields to silos and from silos to terminals). We applied the Rail transportation and Truck transportation emission factors from CEDA 2024 by Watershed.

- **Waste generation in services:** For this category, Kernel used primary data on waste generation and approaches to waste utilization, including treatment of wastewater discharged to WWTPs. The Group applied the Waste disposal emission factors from DEFRA.

- **Business travel:** This category of emissions is not material in comparison to the total volume of Scope 3 GHG emissions. We evaluated this category of emissions and concluded that it remains immaterial for Kernel operations (less than 1 tCO₂e).

- **Employee commuting:** This category of emissions is not material in comparison to the total volume of Scope 3 GHG emissions. We evaluated this category of emissions and concluded that it remains immaterial for Kernel operations (less than 1 tCO₂e).

- **Upstream leased assets:** Kernel does not have leased assets within its operations.

- **Downstream transportation and distribution:** This category includes the emissions associated with the marine freight of sold products (grain and oil) – from the combustion of fuel by ships, mostly Panamax class. Emission factors for water transportation, sourced from CEDA by Watershed database, were applied. The same approach was used for calculating this category of emissions for Avere Commodities S.A.

Processing of sold products: This category includes emissions associated with the refining of sunflower oil. Unrefined sunflower oil purchased from Kernel typically undergoes a refining process at the buyer's facilities. To calculate such emissions, the Group used the average electricity efficiency factor for its own refining process and applied grid emission factors for each country where sunflower oil was exported (The IFI Dataset of Default Grid Factors). The same approach was applied for calculating this category of emissions for Avere Commodities SA Avere, specifically for sunflower oil, palm oil, rapeseed oil, and soy oil.

- **Use of sold products:** Kernel sells final products, including grains, sunflower oil, and animal meal. In case the sold products are used in the energy sector, the sunflower oil-related biodiesel component of fuel is considered zero-carbon.

- **End-of-life treatment of sold products:** this category includes the emissions associated with the treatment of the waste sold. Kernel used primary data on the waste sold and its utilization approaches. The relevant Waste disposal emission factors from DEFRA were applied. However, this category of emissions is not material in comparison to the total volume of Scope 3 emissions.

- **Downstream leased assets:** This category of emissions is not relevant to Kernel's business, as the Group does not provide leased assets.

- **Franchises:** This category of emissions is not relevant to Kernel's business as the Group neither acts as an investor nor does it have shares in emission-related portfolios.

- **Investments:** This category of emissions is not relevant to Kernel's business as the Group neither acts as an investor nor does it have shares in emission-related portfolios.

No significant events or changes in circumstances related to GHG emissions occurred in the reporting period.

Environmental information continued

E2 Pollution

In this section:

- Pollution of air, water and soil
- Substances of concern and very high concern

E2.IRO-1

Pollution-related impacts, risks and opportunities

Agricultural and processing activities have a negative environmental footprint due to their interaction with natural systems and the use of resources. Kernel pays close attention to these impacts, recognizing pollution-related effects arising across its core operations. Pollution-related impacts have been identified through an impact screening process. As part of this process, we mapped our business segments - farming, oilseed processing, infrastructure, and trading, analyzing where interactions with nature occur and where emissions to air, water, and soil are generated. The assessment also covered the identification of transitional and physical risks and opportunities associated with these impacts. To ensure

a comprehensive understanding of our pollution-related IROs, we consulted internal subject matter experts, including environmental and operational teams. Although affected communities were not directly involved in the pollution materiality assessment, their perspectives were indirectly considered through a review of environmental complaints received via the grievance mechanism. These engagements helped validate and refine the identification of relevant IROs.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for E2 Pollution, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Environmental Material Impacts, Risks and Opportunities

				Value chain			
				Upstream	Own operations	Downstream	Time horizon¹
Sustainability matter	IRO	IRO nature	Description				
E2 Pollution							
Pollution of air	Negative impact	Actual	Direct emissions of air pollutants result from combustion-powered machinery, oilseed processing and grain handling, fertilizer and pesticide application, and other agricultural operations.		●		-
Pollution of water	Negative impact	Actual	Agricultural operations can degrade water quality through discharges and chemical runoff from fertilizer and pesticide applications, as well as from oilseed processing. This can result in nutrient loading, leading to eutrophication and oxygen depletion in water bodies.		●		-
	Positive impact	Actual	Adoption of regenerative agricultural practices improves soil structure and water infiltration and retention, thus preventing chemical runoff and nitrogen leaching.		●		-
Pollution of soil	Negative impact	Actual	Direct soil pollution caused by improper use of chemicals like fertilizers and pesticides can negatively impact on the soil environment.		●		-
Substances of concern (SoC) and Substances of very high concern (SVHC)	Negative impact	Actual	The use of plant protection products containing SoCs and SVHCs might negatively impact human health and the environment.		●		-

MDR-P; E2-1

Policies

Kernel recognizes the importance of addressing environmental pollution and is committed to protecting air, clean water, and healthy soils through the application of best practices and technical solutions. These ambitions are reflected in our *Environmental Protection policy*. The policy places a strong emphasis on preventing and mitigating environmental impacts. We systematically monitor key environmental indicators related to pollution to ensure the responsible use of natural resources and continuous improvement in environmental performance. To prevent incidents and emergencies, we conduct regular technical inspections of our equipment and implement preventive measures. In the event of an industrial or natural emergency, Kernel acts immediately to

stop any processes causing significant environmental impact, contain pollution, and address the consequences. Our response measures are designed to minimize harm to both people and the environment through rapid reaction and remediation efforts. We expect our suppliers to uphold the same level of environmental responsibility as outlined in our *Supplier Code of Conduct*.

See [Annex 3 – Key Policies and Procedures](#) for a detailed description of all Kernel policies.

MDR-A; E2-2

Actions and resources

Our commitment remains focused on preventing and reducing emissions using best practices and technical solutions.

Monitoring of environmental impacts and ecological compliance

Our management approach towards regulation of the impacts of our operations on the environment is built on two pillars, namely (1) continuous monitoring of key environmental performance indicators to be aligned with **permit requirements** and to pass environmental inspections successfully, and (2) the use of **environmental impact assessment (EIA)** and **strategic environmental assessment (SEA)** procedures in line with national legislation, for planned activities that pose a high risk of significant environmental impacts.

Mechanisms of environmental monitoring are practically implemented through a group-wide environmental management system (EMS), which is certified with the ISO 140001

Environmental information continued

"Environmental management" standard ¹. Responsibility for performing environmental monitoring and ensuring compliance with relevant legislation lies with the assets-based team of environmental specialists (11 full-time employees).

Due to the nature of our business operations, we are required to obtain permits for air emissions, water withdrawal, and wastewater discharge, each of which specifies emission and discharge limits in accordance with applicable local regulations. The process of obtaining permits is performed both by Kernel's team of environmental specialists and external contractors. In FY2025, Kernel's assets obtained a total of 14 new permits, including three air emission permits and 11 water withdrawal permits. Moreover, over the reporting period, Kernel has been working on completing the environmental impact assessment (EIA) process for six projects.

In line with permit obligations, we have developed monitoring programs to control the environmental quality of our operations. These include analyzing air, soil, and water quality and assessing levels of noise and vibration pollution. The state ecological inspectorate did not perform environmental compliance inspections on our assets in FY2025, since inspections are forbidden during martial law. Importantly, we considered and successfully resolved all 7 complaints regarding Kernel's operations from local citizens. In FY2025, we spent a total of USD 341 thousand on measures associated with the mitigation of environmental impacts and environmental protection.

Control of air pollution

In the Kernel's operations, air pollution associated with oilseed processing and grain handling is addressed through a series of technological initiatives.

Particulate matter and NO₂ emissions, resulting from sunflower husk combustion, are managed using technological emission control systems. Our oilseed processing plants operate 11 electrostatic precipitators (ESPs) to remove particulate matter (PM) from boiler flue gases. These highly efficient filtration devices (95-98%) use electric energy to generate an electrostatic charge that captures fine particles.

Additionally, the boilers at two oilseed extraction plants (OEPs) are equipped with DeNO₂ systems designed to reduce nitrogen dioxide (NO₂) emissions. These systems work through a chemical reaction between nitrogen

oxides and a reagent, producing molecular nitrogen (N₂) and water. Depending on parameters, this process allows for the reduction of nitrogen oxide emissions by 30-75%.

Dust emissions associated with grain and oilseed handling are primarily managed through engineering solutions designed to minimize the release of particulate matter into the atmosphere. This includes the use of enclosed unloading stations, covered conveyor lines, and ship-loading equipment equipped with integrated dust control features. Where complete prevention is not feasible, emissions are treated using specialized equipment. Notably, dust from grain handling operations is effectively controlled through the use of cyclone filters, which are installed at all silos and transshipment terminals.

Hexane emissions, which are linked to its use as a solvent in edible oil extraction, are carefully regulated and minimized throughout its transportation, storage, and application to ensure both resource efficiency and operational safety. The solvent operates in a closed-loop system, enabling it to be reused across multiple extraction cycles, thereby optimizing efficiency and minimizing environmental impact.

In FY2025, Kernel's hexane management at oilseed processing plants was focused on three key areas:

- Improving use efficiency: Enhancing cooling systems to enable more effective condensation of hexane vapors, thereby increasing solvent recovery and reducing losses.
- Early detection and monitoring: Installing hexane analyzers to enable timely leak detection and continuous monitoring of emissions.
- Maintenance: Conducting regular technical maintenance to prevent uncontrolled hexane losses and ensure system integrity.

All equipment in contact with hexane at Kernel's plants complies with the EU ATEX Directive (2014/34/EU 'Equipment for potentially explosive atmosphere').

Emissions of ozone-depleting substances, primarily refrigerants, are linked to the operation of industrial cooling equipment at two oil extraction plants and within the animal husbandry division. Maintenance and monitoring of these systems are performed by an external organization. In FY2025, no refrigerant leaks were detected.

In FY2025, Kernel paid a total of USD 505 thousand in environmental tax, of which USD 368 thousand for CO₂ emissions and USD 51

thousand for air-polluting emissions from stationary sources.

Control of water pollution

At Kernel, we are committed to responsible water pollution management and minimizing the environmental impact of our operations. All wastewater generated during our processing activities is treated before being discharged into water bodies, in full compliance with national regulations.

Water management at oilseed processing plants includes the implementation of full-cycle water treatment systems in four OEPs. These systems provide biological, physical, and chemical purification of wastewater, ensuring effective treatment before discharge.

In FY2025, a total of 229.9 megaliters of wastewater were purified at our facilities, with 139.3 megaliters undergoing physical-chemical and biological treatment, and 90.6 megaliters treated using dissolved air flotation (DAF) technology.

In case an oilseed processing plant is connected to a municipal wastewater treatment plant (WWTP), wastewater is pre-treated on-site to meet the requirements set by WWTP and is directed to proper external treatment.

Regulatory compliance and quality management of treated wastewater are monitored by our laboratories, which analyze water samples in line with the Ukrainian national regulation on maximum permissible discharges of pollutants. This regulation defines acceptable limits for various contaminants and is outlined in our "Special Water Use" permits.

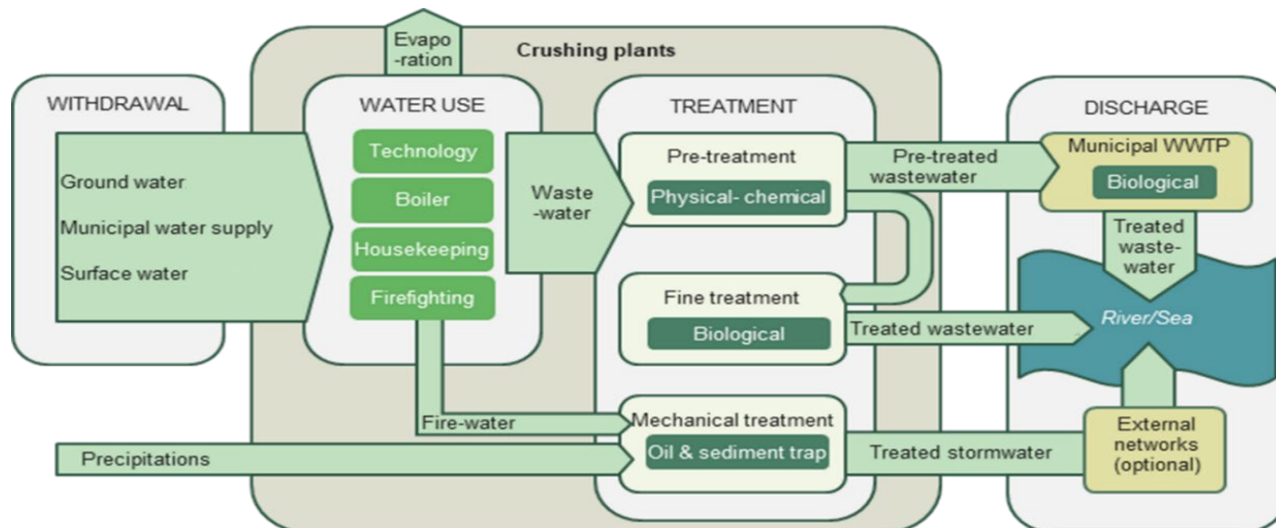
Such permits limit the volumes of withdrawn water and/or the volumes and quality of effluents based on surveys that define hydrological conditions, baseline water quality, and the assimilation capacity of a water body. The permitting authority uses information on water use within a watershed or aquifer to set permit conditions in a way that balances the interests of all users and keeps cumulative pollution levels within the national water quality standards. The regulatory requirements were the only criteria for setting permit conditions that define the quality of our effluents.

Parameters of wastewater, controlled during laboratory testing, include eight substances as well as biological oxygen demand (BOD₅) and chemical oxygen demand (COD). In FY2025, there were no incidents of non-compliance with the quality requirements of wastewater quality.

¹ Certification ISO 14001 covers key trading Group Kernel-Trade, six oil crushing plants, two farming clusters, fifteen silos and one trading terminal

Environmental information continued

Scheme of Kernel's water management cycle at oilseed extraction plants



Preventing agricultural runoff is a focus area in Kernel's efforts to protect the water environment. We implement strict measures to minimize the risk of water pollution associated with farming activities, the most significant area of potential impact. Specifically, we ensure the precise application of fertilizers and pesticides, which allows us to control the risk of their runoff into water bodies. In addition, we do not implement agricultural and manure management activities within buffer zones that safeguard surface water resources.

Monitoring of soil pollution

In the Farming segment, Kernel prioritizes soil health and pollution prevention through precision agriculture and responsible nutrient management. Since 2024, we have been developing soil health management plans for each farm cluster under ISCC certification. These plans include integrating bioinsecticides and biofungicides, improving spraying technologies to minimize ecosystem exposure, and applying degraders and soil remediation techniques. For non-agricultural soils, monitoring of non-fertile bulk soils is conducted strictly in line with legislative requirements.

Control of substances of concern (SoC) and substances of very high concern (SVHC)

In FY2025, Kernel conducted a screening of plant protection products (PPPs) used in the

Group's farming operations against the criteria of substances of concern ¹ (SoC) and substances of very high concern ² (SVHC) as part of the broader analysis of our compliance with EU requirements on PPPs. As a result of the screening, the Group identified in its PPPs portfolio 52 products that contain active ingredients classified as substances of concern, and 14 products that contain substances of very high concern.

MDR-T

Targets

At present, Kernel has not established quantitative sustainability targets related to pollution management. We recognize the importance of setting outcome-oriented goals and are assessing the feasibility of defining such targets in the coming years.

In the meantime, we track the effectiveness of our policies and actions through the operation of our EMS, which ensures compliance with environmental permits and the ISO 14001 regulatory requirements. Effectiveness is evaluated based on the occurrence of incidents with ecological consequences, alongside regular monitoring of pollution emissions. Our defined ambition is to maintain full regulatory compliance and to continuously improve our environmental performance by minimizing pollution risks.

¹ Criteria laid down in Article 57 and is identified in accordance with Article 59(1) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council (35); is classified in Part 3 of Annex VI to Regulation (EC) No 1272/2008 of the European Parliament and of the Council (36) in one of the following hazard classes or hazard categories: carcinogenicity categories 1 and 2; germ cell mutagenicity categories 1 and 2; reproductive toxicity categories 1 and 2; endocrine disruption for human health; endocrine disruption for the environment; Persistent, Mobile and Toxic or Very Persistent, Very Mobile properties; Persistent, Bioaccumulative and Toxic or Very Persistent, Very Bioaccumulative properties;

² Criteria laid down in Article 57 of Regulation (EC) No 1907/2006 (REACH) and were identified in accordance with Article 59(1) of that Regulation.

Environmental information continued

Metrics

E2-4

Pollution of air, water and soil

Pollution of air

thousand tons	FY2023	FY2024	FY2025
Carbon monoxide	0.67	0.92	0.92
Oilseed Processing	0.53	0.83	0.84
Infrastructure and Trading	0.12	0.06	0.063
Farming	0.017	0.024	0.015
Nitrogen oxides	0.42	0.84	0.49
Oilseed Processing	0.35	0.49	0.45
Infrastructure and Trading	0.06	0.332	0.03
Farming	0.007	0.016	0.006
Sulphur oxides	0.05	0.08	0.08
Oilseed Processing	0.04	0.07	0.07
Infrastructure and Trading	0.01	0.01	0.002
Farming	0.0003	0.0001	0.0027
Solid substances	1.26	1.22	0.30
Oilseed Processing	0.6	0.7	0.1
Infrastructure and Trading	0.63	0.40	0.13
Farming	0.08	0.09	0.06

Pollution of water

tons	FY2023	FY2024	FY2025
Weighing agents	1.1	0.9	11.4
Chlorides	15.4	21.5	32.7
Sulphates	37.3	38.2	53.4
Fats	-	-	-
Dry residue (mineralization)	129.7	122.7	174.3
Other substances	3.5	3.9	5.1

Note 1: The reported values refer to pollutants present in the treated wastewater discharged into groundwater bodies exclusively for the Bandurka Oilseed extraction Plant

E2-5

Substances of concern and Substances of very high concern

Substances of concern and Substances of very high concern (SoC/SVHC)

Main hazard class, tons ¹	SoC/SVHC	FY2025
Carc. 1B	SVHC	-
Carc. 2	SoC	21.0
Repr. 1A	SVHC	-
Repr. 1B	SVHC	13.9
Repr. 2	SoC	360.0
Muta. 1B	SVHC	3.9
Muta. 2	SoC	-
PMT	SoC	2.8

Note 1: Carc. - carcinogenicity categories

Repr. -reproductive toxicity categories

Muta. - germ cell mutagenicity categories

PMT - Persistent, Bioaccumulative and Toxic

Kernel's specific metrics

Key environmental monitoring indicators in FY2025

Scope of monitoring	# of checks	# of sites monitored	# of samples taken
Air quality	87	212	1,861
Conditions of the emissions permit	15	95	1113
Conditions of EIA	32	15	422
Areas at the borders with SPA	40	102	326
Water quality	38	87	241
Ground water	29	84	191
Surface water	9	3	50
Soil quality	22	103	106
Areas of waste storage	11	86	85
Areas at the borders with SPA	11	17	21
Noise pollution	28	34	245
Vibration pollution	11	22	47

Environmental information continued

MDR-M

Pollution accounting methodology

Pollution of air, water and soil

When assessing air pollution from processing plants, emissions from husk and natural gas combustion in boiler units, as well as gas combustion in grain dryers, are considered. Additionally, particulate matter emissions from technological processes unrelated to fuel combustion are also taken into account. Emissions from the infrastructure and farming segment include pollutants generated during fuel combustion in small installations (such as boilers, grain dryers, and generators), as well as particulate matter and other pollutants typical of auxiliary and related processes. An external contractor develops substantiating documents for the company that include descriptions of technological processes, identification of sources, and calculations of pollutant emissions. Based on specific emission factors, the company's environmental specialists perform quarterly calculations of actual pollutant emissions into the atmosphere and corresponding environmental tax.

Wastewater discharges into surface water bodies are performed in accordance with a special water use permit, which specifies the discharge volumes and maximum permissible concentrations of pollutants.

Each quarter, the company's environmental specialist submits wastewater samples to an accredited independent laboratory for analysis. The volume of discharged wastewater is recorded using a flow meter.

Based on the laboratory results and measured wastewater volumes, the environmental specialist calculates the amount of pollutants in the discharged wastewater and the corresponding environmental tax.

Substances of concern and substances of very high concern

Volumes of applied plant protection products are obtained from Kernel's database, which consolidates the factual situation on the ground based on accounting write-offs. The write-off of activity data is conducted based on the actual records of all agricultural operations made by agronomists for each field throughout the cultivation season in the operational online system (Online Job Order Book). Agronomists also reflect actual data on field activities on the online application 'Mobile Agronomist' (MAG), which interlinks with the Online Job Order Book. When conducting screening analysis of the PPPs portfolio against the criteria of substances of concern and substances of very high concern, we assigned respective classification in the database, allowing us to extract data automatically.

Environmental information continued

E4 Biodiversity and ecosystems

In this section:

- Direct impact drivers of biodiversity loss
- Impacts on the state of species
- Impacts on the extent and condition of ecosystems
- Impacts and dependencies on ecosystem services

E4.SBM-3

Impacts, risks and opportunities and their interaction with strategy and business model

Among Kernel's business segments, Farming operations are considered as those that both depend on the ecosystem services and may impact biodiversity-sensitive areas. To estimate the potential impacts on biodiversity-sensitive areas, in FY2025, Kernel conducted a comprehensive analysis of its entire landbank (358 thousand ha of cultivated land) to identify spatial overlaps with protected areas. Every field was visually compared against the protected area boundaries obtained from free access at the World Database on Protected Areas (WDPA) ¹ using geometric intersection analysis in QGIS ² platform. To better contextualize the area's ecology, biomes and bioregions were also examined using the Terrestrial Ecoregions of the World (TEOW) ³. In addition, we similarly screened our landbank against polygons of wetlands of international importance obtained from the Global Wetlands Database level 3 (GLWD) ⁴ and the Ramsar list.

As a result of this analysis, it was identified that 905 fields out of approximately 5 thousand fields demonstrate an average-weighted level of intersection with protected areas, namely the Emerald Network, of 5.7%, which accounts for a total of 3,424 ha (less than 1% of the landbank). Nevertheless, agricultural operations on these fields are legal and are regulated by land lease agreements, which are registered in the State Land Cadastre of Ukraine. We are also compliant with the relevant national legislation on protected areas, namely the Nature Reserve Fund and underlying laws. Indeed, in 2020, the Ukrainian Parliament registered Bill No.4461 "On Territories of the Emerald Network", under which Ukraine undertakes to protect and conserve its natural habitats according to European standards. However, the legislation has not yet been

Demonstration of the geometric intersection analysis



adopted. However, the bill does not entirely prohibit agricultural activities within the territories of the Emerald Network, provided they are of low intensity and do not damage protected habitats. Any new or intensified agricultural practices (e.g., conversion to intensive farming, installation of irrigation systems, pesticide use) must undergo an appropriate environmental assessment in line with the Law on Environmental Impact Assessment (EIA).

Regarding wetlands of international importance, only 328 hectares have some level of intersection with GLWD Level 3 or Ramsar list polygons across 18 fields (the average weighted level of intersection with protected areas across these fields is 19%). However, further analysis revealed that these territories are not recognized by Ukrainian legislation as wetlands of international importance, in line with the provisions of the Ramsar Convention; therefore, our operations are fully compliant with relevant laws ⁵.

We identified that our material dependency on biodiversity and ecosystem services is associated with soil productivity and pollination, which is key for ensuring the long-term stability of yields and, therefore, high operational performance of our Farming segment.

Furthermore, we are committed to preventing deforestation and any forms of expansion of arable lands at the cost of natural habitats and other territories not intended for farming, both in our own operations and in our supply chain. Importantly, Ukraine is considered a low-risk

country in relation to deforestation, considering that forestry and agricultural land banks are governed by different laws that prohibit the conversion of forests into agricultural land. Additionally, Ukraine is historically known for its large territories of agricultural land (almost 70% of the country's territory), which have not been forested over the last 50 years. Issues of illegal deforestation in Ukraine are specific to the lands of the forest fund and are not associated with agricultural activities. Nevertheless, in FY2025, Kernel started an in-depth preparation to ensure compliance with the **EU Deforestation Regulation (EUDR)**.

E4.IRO-1

Biodiversity and ecosystem-related impacts, risks and opportunities

Biodiversity- and ecosystem-related IROs were identified through geospatial analysis of overlaps with protected areas, impact assessment, and consultations with internal subject matter experts. At this stage, the evaluation focused on Kernel's operations, with the intention of extending the scope in the future.

The assessment included both actual and potential impacts. For agricultural operations, we consider greenhouse gas emissions to be a driver of climate change and a possible contributor to biodiversity loss. We also identified actual pressures on species, particularly pollinators such as bees, that are affected by the use of agrochemicals and pesticides. In parallel, we identified positive effects of regenerative farming practices, including reduced tillage, the use of cover crops, and improved

¹ The World Database on Protected Areas ("WDPA")

² QGIS (Quantum Geographic Information System) – a free, open-source software for creation, visualization and analysis of geospatial information)

³ Terrestrial Ecoregions of the World ("TEOW")

⁴ Global Lakes and Wetlands Database

⁵ Cabinet of Ministers of Ukraine, Resolution No. 935 of November 23, 1995 (Kyiv), "On Measures for the Protection of Wetlands of International Importance." Cabinet of Ministers of Ukraine, Directive No. 147-r of February 23, 2011, "On Approval of Granting Wetlands the Status of Wetlands of International Importance." Cabinet of Ministers of Ukraine, Directive No. 895-r of September 21, 2011, "On Approval of Granting Wetlands the Status of Wetlands of International Importance." Cabinet of Ministers of Ukraine, Directive No. 818-r of October 24, 2012, "On Approval of Granting Wetlands the Status of Wetlands of International Importance."

Environmental information continued

nutrient management, which help restore soil health, support ecosystem stability, and ensure stable yields. Dependencies were also analyzed, with a focus on ecosystem services such as pollination, which are crucial to agricultural productivity and contribute to the **Environmental Material Impacts, Risks and Opportunities**

economic benefits of the Group.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for E4 Biodiversity and

ecosystems, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

				Value chain			Time horizon¹
				Upstream	Own operations	Downstream	
Sustainability matter	IRO	IRO nature	Description				
E4 Biodiversity and ecosystems							
Climate change	Negative impact	Potential	Greenhouse gas emissions from agricultural activities contribute to climate change, which can lead to biodiversity loss and disruption of ecosystems.	●	●		L
Impacts on the state of species	Negative impact	Actual	Harm to pollinators due to the application of pesticides and agrochemicals, leading to declines in species such as bees and negatively affecting crop pollination and ecosystem health.	●	●		-
Impacts on the extent and condition of ecosystems	Positive impact	Actual	Restoration of soil health and ecosystem stability through regenerative agricultural practices such as reduced tillage, use of cover crops, and effective nutrient management.	●	●		-
Impacts and dependencies on ecosystem services	Positive impact	Actual	Ensure timely communication with beekeepers about agricultural activities on the fields, specifically the application of plant protection products that prevent harm to pollinators and support pollination services, thereby enhancing crop productivity and promoting biodiversity conservation.	●	●		-

MDR-P; E4-2

Policies

We are strongly committed to both minimizing our negative impact on biodiversity and undertaking specific measures to conserve and boost biodiversity across our landbank. This approach is reflected in our *Environmental Protection policy*, and we are expecting our suppliers to uphold the same standards through the *Supplier Code of Conduct*. In the next reporting period, we plan to adopt a dedicated Sustainable Agriculture Policy that will address biodiversity and ecosystem management. *Environmental Protection policy* does not currently cover deforestation. We have established a working group to monitor regulatory developments and ensure compliance with the EUDR, with a deforestation-specific policy planned for a later stage.

See [Annex 3 – Key Policies and Procedures](#) for a detailed description of all Kernel policies.

MDR-A

Actions and resources

The key principle in delivering our commitments towards biodiversity is ensuring comprehensive and detailed monitoring of our farming activities, which we perform throughout our innovative “DigitalAgriBusiness” farm management system. By integrating IT, AI,

and Big Data solutions, we collect and analyze field-level and operational data, which enhances precision farming practices, strengthens risk management, and ensures careful oversight of our interactions with natural ecosystems. All our fields are cultivated using RTK-guided autopilot machinery, with RTK signals shared among partners to expand precision farming coverage. We also monitor our fields through remote sensing technologies by collecting data, such as NDVI¹, from satellites, helicopters, and on-site data collection facilities, which are then synchronized in databases and analyzed with GIS (Geographic Information Systems) programs. These insights are embedded into daily operations: agronomists use tablets equipped with a “Mobile Agronomist” scouting application, improving risk assessment and accelerating decision-making in the field. Furthermore, we undertake thorough due diligence before the conclusion of the lease, which includes evaluation of the physical condition, such as quality of soil and existing vegetation, as well as the legal status of the land, namely ownership rights, registered land use limitations, and legal suitability for farming, which also includes proximity to conservation areas.

Our practical approaches to minimizing the adverse impacts of our farming operations on

biodiversity include the following:

- **Promotion of soil biodiversity.** Kernel actively researches and tests applications of biological fertilizers, including phosphorus- and nitrogen-fixing bacteria. We are the first agricultural producer in Ukraine to establish and run our own microbiological laboratory, where we closely evaluate the benefits of biological fertilizers on soil health. We also utilize bio-destructors, namely bacteria and fungi, which contribute to maintaining soil biodiversity while intensifying the decomposition of organic crop residues mulched and left in fields, leading to a subsequent return of nutrients from the residue back to the soil. Bio-destructors also have a fungicidal effect, protecting crops from harmful microorganisms. In FY2025, the total area of application of biological products accounted for 208,940 hectares.
- **Integrated pest management system.** When undertaking pest control actions to reduce crop exposure to diseases, we comply with applicable national and international regulations. We only use authorized plant protection products, listed in the State registry of pesticides and agrochemicals allowed to be used in Ukraine. Also, we do not apply chemicals prohibited by the Stockholm Convention on Persistent Organic Pollutants and products, listed in Annex 3 of the Rotterdam Convention². We constantly

¹ Normalized Difference Vegetation Index quantifies vegetation by measuring the difference between near-infrared (which vegetation strongly reflects) and red light (which vegetation absorbs). NDVI is a standardized way to measure healthy vegetation – the higher the NDVI, the healthier vegetation.

² Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade

Environmental information continued

improve our pest management approaches by adjusting them in line with legislative changes on pesticides in other countries. For example, since 2021, we have been gradually reducing the use of neonicotinoid products. Before using a new substance on the operational scale, we test it on our R&D fields (more than 25 thousand hectares). Pesticides are applied by self-propelled spraying machinery equipped with a positioning control system that deactivates sprayers outside field boundaries, preventing overlapping and re-application. In addition, machines have automatic remote controls for weather conditions, which account for wind, allowing for minimized off-the-field releases of pesticides.

- **Control of seed quality.** For sowing campaigns, Kernel only uses breeds and hybrids of seeds, listed in the State Registry of Plant Species Eligible for Cultivation in Ukraine, which excludes genetically modified seeds. All seeds, either produced internally or sourced from the market, undergo a thorough examination in Kernel's accredited laboratory before sowing.
- **Monitoring soil nutrients.** At least once per crop rotation cycle, we analyze soil quality at our agrochemical laboratory by taking over 2,000 soil samples (from 25-30 centimeters depths). Based on the evaluation results, we adjust our crop mix plans, production technology, and fertilization practices where required. A test-based approach to fertilizer application allows for maintaining a deficit-free balance of nutrients and thus prevents deterioration of soil quality.
- **Protection of pollinators.** Kernel implements a system of notifying beekeepers who operate near our fields about plans to apply plant protection products. Notification is provided no later than 3 days before pesticide application, with details on exact date and time, location, as well as type of chemicals and method of application. We are also taking into account weather conditions, specifically wind speed.

strengthens the resilience of local ecosystems and ensures the continuity of crop productivity.

Another priority area is soil health, which is a key factor influencing both ecosystem stability and agricultural yields. In this context, we have set the target of **applying biological destructors on at least 50% of its cultivated land-bank by 2030** (rehabilitation layer). By doing so, we aim to improve soil quality, enhance biodiversity below ground, and reinforce the positive contribution of our farming practices to ecosystem resilience and agroecological transition.

MDR-T; E4-4

Targets

Kernel has set specific targets that directly address the areas identified in our assessment and track the effectiveness of biodiversity-related actions.

One of the crucial factors in agriculture relates to pollinator health, where the use of agrochemicals can negatively affect species such as bees, while at the same time, our business depends on the pollination services they provide. To mitigate this impact and safeguard critical ecosystem services, we have committed to **achieving 100% use of pollinator-safe insecticides during the flowering of crops by 2030** (minimization layer). This target not only reduces harm to pollinators but also

Environmental information continued

E5 Circular economy

In this section:

- Waste

E5.IRO-1

Circular economy-related impacts, risks and opportunities

Our circular economy and resource use-related IROs were identified and assessed relying on the standard materiality assessment approach. This involved mapping our operations, evaluating the effects of circular economy practices, and analyzing our waste management processes within business segments. Risks and opportunities were considered through the lens of dependency analysis. The process was guided and supported by our internal subject matter experts within the environmental team. The analysis covers Kernel's

own operations, with a view to potentially extending the scope across the entire value chain. While the perspectives of affected communities were not directly solicited, they were indirectly considered through the review of complaints and feedback received.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for E5 Circular economy, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Environmental Material Impacts, Risks and Opportunities

Environmental material impacts, Risks and Opportunities				Value chain			Time horizon ¹
				Upstream	Own operations	Downstream	
Sustainability matter	IRO	IRO nature	Description				
E5 Circular economy							
Waste	Negative impact	Actual	Generation of waste that contributes to the environmental burden.		•		-
	Positive impact	Actual	Valorization of waste through its use in generating green electricity.		•		-

MDR-P

Policies

Kernel recognizes the importance of sustainable waste management and the need to minimize the environmental impact associated with waste generation. Our *Environmental Protection policy* and *Supplier Code of Conduct* establish the foundation for responsible waste management, emphasizing waste reduction, reuse, and continuous improvement across our operations and value chain. The *Environmental Protection policy* is aligned with the Law of Ukraine on Waste Management, updated in 2023, which harmonized national legislation with European Union standards and best practices.

Key highlights of the new legislation included:

- **Extended Producer Responsibility (EPR):** Producers are now accountable for the entire lifecycle of their products, particularly the waste they generate. This includes packaging, electrical and electronic equipment, batteries, and other products. Producers must finance the collection, recycling, and disposal of their products' waste.
- **Waste Management Hierarchy:** The law emphasizes a waste management hierarchy that prioritizes waste prevention, followed by preparation for reuse, recycling, other recovery operations (e.g., energy recovery), and disposal as a last resort.
- **Municipal Waste Management:** A municipal household waste management system is established and managed by an Administrator responsible for the effective

collection, billing, and handling of claims related to waste services.

- **E-Waste System:** A unified state electronic waste system (e-waste) will be introduced to manage waste data and interactions electronically, enhancing transparency and accountability.
- **Hazardous Waste Management:** Stricter regulations for hazardous waste, including the requirement for permits for collection, transport, and treatment, as well as specific requirements for waste incineration and landfill operations.

We also expect our suppliers to uphold the same standards in their operations as outlined in the *Supplier Code of Conduct*. For further details, please refer to [Annex 3 – Key Policies and Procedures](#).

MDR-A

Actions and resources

Minimization of waste, as well as its proper treatment, is one of the key indicators of Kernel's operational efficiency. We aim to implement measures towards the reduction of the overall volume of waste through the modernization of technological processes, including the reuse of waste across divisions, contributing to the long-term sustainability of our business, as well as through the establishment of controls over waste generation, transportation, and storage.

In FY2025, Kernel continued to enhance its operational practices across the Farming, Infrastructure & Trading, and Oilseed Processing segments, focusing on strengthening **resource circularity** and **minimizing environmental impact** through three distinct action streams.

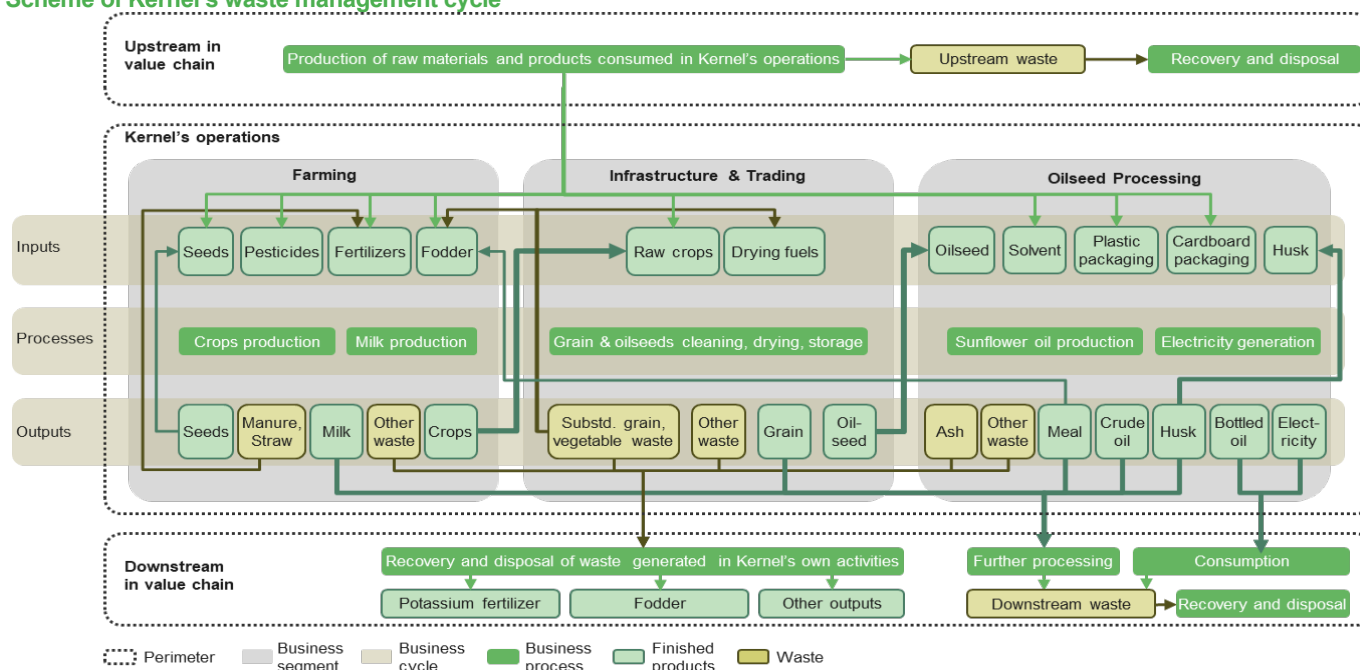
Resource circularity

The actions of this stream focus on turning by-products and residues into valuable inputs across our production chain. Particularly, in the Farming segment:

- **Crop residues** are normally left distributed on the field, incorporated into the soil, or mulched, thereby enhancing soil health by increasing organic matter and returning carbon to the soil. Part of the straw is used for cattle management as bedding. No crop residue is burned on the field, as it is strictly forbidden.
- **Manure**, the primary waste from animal husbandry, is removed from cowsheds via scraper conveyors and transported to embanked storage areas for natural composting. All storage sites are located outside of settlements, in leeward areas, and away from water protection buffer zones to avoid contamination. Manure is mainly applied in fields as organic fertilizer, and part of it is distributed among local communities for gardening purposes – closing the nutrient loop. In FY2025, we applied organic fertilizers, namely manure, over an area of 857 ha.

Environmental information continued

Scheme of Kernel's waste management cycle



In the Infrastructure and Trading segment, generation of waste is associated mainly with the grain purification process and includes:

- **Fraction of substandard grain and crop residue**, separated from main products and mainly used as cattle fodder in our animal husbandry business or sold to third parties. In addition, we use crop residue as a fuel on one of our drying installations for the generation of steam.

In the Oilseed Processing segment, waste is primarily generated during sunflower oil production and electricity generation:

- The primary waste stream from processing is **sunflower husk**, which is used as a biomass fuel in combined heat and power (CHP) plants at all our oil extraction facilities. This enables the generation of electricity for both internal consumption and sale to the national grid, as well as steam required for the production of sunflower oil.
- A further byproduct, **sunflower ash**, results from the combustion process in power generation and is repurposed as a raw material for fertilizer production. Ash is valuable for its chemical composition, namely its high potassium content and lack of hazardous admixture. Applying ash in fields allows us to return a part of the harvested nutrients back to the soil.

Circular Product & Packaging Design

Under this action stream, Kernel focuses on reducing environmental impact through **sustainable packaging solutions** and

responsible material choices, particularly within its Oilseed Processing operations.

In this segment, the main product is crude oil, sold in bulk for further processing by customers, eliminating the need for packaging and minimizing waste generation. The remaining volume of produced oil is refined, bottled, and packed for consumer markets. Thus, packaging waste, primarily **plastic and cardboard**, occurs downstream, at the customer level. To reduce the environmental impact at this stage of the value chain, we are actively working to transition to recycled plastic bottles and tethered caps. These efforts directly support circular economy objectives, aiming to reduce virgin material use, improve recyclability, and minimize packaging-related waste.

Responsible Waste Management & Compliance

In this action stream, Kernel ensures environmentally sound management of non-circular waste streams. In both the Farming segment and cross-segment activities, we follow strict procedures to minimize environmental and health risks associated with waste management:

- **Pesticide packaging** is collected separately, depending on the class of hazard, and transferred to a licensed provider of waste disposal services.
- **Animal mortality waste, such as cows' carcasses**, is disposed of in registered biothermal pits in compliance with the requirements of the State Veterinary Committee.
- Additional types of **waste** arise from

operational household activities, such as machinery maintenance, construction and engineering works, and wastewater treatment. These streams are handled following national environmental standards to minimize risks to the environment and human health.

Waste that cannot be reused within the production chain is transferred to licensed disposal or recycling providers, selected from an official list maintained by the Ministry of Environmental Protection of Ukraine. The Ministry ensures compliance through regular verification, and violations can result in license revocation. We expect our contractors to adhere to the same waste management standards, requiring them to control waste generation and prevent mixing different types of waste. Contractors must also provide agreements with licensed disposal and recycling services as proof of compliance.

The Group's efforts reflect a dedicated approach to managing waste efficiently, adhering to regulations, and implementing innovative solutions for waste reduction and circularity.

MDR-T; E5-3

Targets

Kernel has established a voluntary target for resource use and the circular economy to enhance the sustainability of our packaging. By 2030, we **aim for 20% of bottled oil to be packaged in bottles made from recycled plastic and 20% of bottles to be equipped**

Environmental information continued

with **tethered caps**. This target addresses material impact related to waste generation, particularly associated with plastic use, while promoting circular product design. The initiative contributes to increasing the share of recycled materials in packaging and reducing dependence on virgin plastic. Within the waste hierarchy, this target is classified under Recycling, as it supports the reuse of secondary materials and strengthens circularity in packaging solutions.

MDR-M

Waste accounting methodology

Waste is classified into two main categories: hazardous and non-hazardous. Hazardous waste primarily includes used oil, rags, filters, batteries, fluorescent lamps, and chemical reagents. Non-hazardous waste covers household waste, seed-cleaning residues, used tires, plastics, paper, and cardboard. Biomass is accounted for separately as a biofuel.

Waste data is collected across the Company's Processing, Farming, and Infrastructure segments, using primary data sources supplemented by estimates where necessary. Data are provided by accounting specialists, department managers, and technical experts, such as the chief energy engineer, senior foreman, and commercial manager, through corporate programs and information systems.

EU Taxonomy

The Kernel reports its contribution to the European Union's environmental objectives of climate change mitigation and adaptation, in line with the guidelines laid down in the **EU Taxonomy** regulations. In response to these requirements, we have conducted a comprehensive analysis of our economic activities, including the revenue they generate, as well as our capital expenditures (CapEx) and operational expenditures (OpEx). Besides, we identified the share of activities that meet the EU Taxonomy criteria or, in other words, are considered "environmentally sustainable".

Metrics

E5-5

Waste

Key waste management indicators in FY2025

tons	Hazardous	Non-hazardous	Total
Total waste generated	227.7	26,964.0	27,191.7
Total waste diverted from disposal	68.4	12,653.4	12,721.8
Recycling	68.4	12,653.4	12,721.8
Total waste directed to disposal	160.3	14,483.7	14,644.1
Landfill	-	7,321.8	7,321.8
Other disposal operations ¹	160.3	7,161.9	7,322.2
Total non-recycled waste, tons	160.3	14,483.73	14,644.1
Total non-recycled waste, %	70.4	53.7	53.9

Note 1: Transferred for utilization.

The identified taxonomy-eligible economic activity falls under the category "**Electricity generation from bioenergy**"¹ and refers to the production of electricity from biomass, namely sunflower seed husk, at our cogeneration heat and power (CHP) plants. This "green CapEx" investment project, launched in 2017 and completed in 2024, resulted in six CHP units with a combined electricity generation capacity of 84.4 MW.

Our taxonomy-eligible activity has the potential to save up to 700 thousand tCO₂e of national emissions every year, contributing significantly to Ukraine's transition to a net-zero emissions economy. As of FY2025, Kernel has been operating six CHPs.

Taxonomy-eligible share of Kernel's economic activities

USD million	FY2024		FY2025	
	Amount	Share	Amount	Share
Revenue, including	3,581.0	100%	4,115.0	100%
<i>taxonomy-eligible</i>	48.7	1.4%	53.4	1.3%
<i>taxonomy non-eligible</i>	3,532.3	98.6%	4,061.6	98.7%
Capital expenditure¹, including	158.6	100%	68.8	100%
<i>taxonomy-eligible</i>	5.7	3.6%	2.2	3.2%
<i>taxonomy non-eligible</i>	152.9	96.4%	66.6	96.8%
Operational expenditure, including	3,176.0	100%	3,828.0	100%
<i>taxonomy-eligible</i>	24.0	0.8%	43.9	1.2%
<i>taxonomy non-eligible</i>	3,152.0	99.2%	3,784.1	98.9%

Note 1: Additions in CIP and uninstalled equipment for the respective period (Note 14).

¹ NACE code D35.11 in accordance with the statistical classification of economic activities, established by Regulation EC No 1893/2006

Social information

S1 Own workforce

In this section:

- Working conditions
 - Secure employment
 - Working time
 - Adequate wages
 - Work-life balance
 - Health and safety
- Equal treatment and opportunities for all
 - Gender equality and equal pay for work of equal value
 - Training and skills development
 - Employment and inclusion of people with disabilities
 - Diversity

S1.SBM-3

Impacts, risks and opportunities and their interaction with strategy and business model

Kernel's workforce includes its employees, both permanent and temporary, working on a full-time and part-time basis. The main categories of impacts identified include both negative and positive dimensions. On the negative side, impacts relate to compromised working conditions due to climate-related factors such as extreme heat or seasonal variability, work-life balance challenges where support measures are unevenly applied, and health and safety concerns arising from accidents, occupational diseases, or mental overload linked to long working hours. These are not systemic or widespread issues but rather potential and context-specific impacts that are being monitored.

On the positive side, the Group's high share of permanent contracts and stable market posi-

tion contribute to secure and predictable employment, particularly in times of full-scale war. Further, contributions to training and equal access to knowledge-sharing initiatives enhance workforce resilience and capabilities, while targeted inclusion programs for people with disabilities and veterans promote a more diverse and equitable workplace. These measures create opportunities for Kernel to access a broader talent pool and improve adaptability in the face of sectoral and economic change. From a risk perspective, however, the potential loss of employees and institutional knowledge represents financial and operational vulnerability.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for S1 Own workforce, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Social Material Impacts, Risks and Opportunities

				Value chain			Time horizon¹
				Upstream	Own operations	Downstream	
Sustainability matter	IRO	IRO nature	Description				
S1 Own workforce							
Secure Employment & Working Time & Adequate Wages	Negative impact	Actual	Climate-related changes (e.g., extreme heat, seasonal variability) may alter working conditions, potentially compromising working time.		●		-
	Positive impact	Actual	High share of permanent contracts and stable market position, especially in volatile conditions, has a positive impact on employees by providing a secure and predictable work environment.		●		-
Work-life balance	Negative impact	Potential	Lack of support for work-life balance initiatives, or unequal access to such measures, can negatively affect employee well-being, satisfaction, and productivity, potentially leading to higher turnover and absenteeism.		●		\$
Health and safety	Negative impact	Potential	Workplace health and safety is compromised by both physical impacts, i.e., accidents and occupational disease, and mental overload, stemming from factors like the intensity and duration of working hours. These issues can negatively impact employees' health, productivity, and overall well-being.		●		\$
Training and skills development	Positive impact	Actual	Ensuring equal access to knowledge sharing and in-house upskilling creates broader development opportunities for employees, while strengthening the company's resilience and self-reliance during talent shortages.		●		-
	Risk	Financial	Loss of employees and institutional know-how may lead to capability gaps, increased recruitment costs, and operational disruption.		●		\$
Employment and inclusion of persons with disabilities	Positive impact	Actual	Fostering a more equitable and ethical work environment by promoting inclusion and diversity, including the development of tailored integration programs for veterans and their families.		●		-
	Opportunity	Strategic	Gaining access to a broader and more diverse talent pool, driving innovation, and improving organizational adaptability.		●		\$
Diversity	Negative impact	Potential	Diversity imbalance in professional roles can undermine motivation, engagement, and career progression for underrepresented groups.		●		-
	Opportunity	Strategic	Access to a broader talent pool through diverse hiring.		●		\$

MDR-P; S1-1

Policies

Kernel's general approach towards managing human resources is defined by the *Code of Conduct* and is built on four principles, namely

(1) involvement as internal entrepreneurship, (2) partnership and unity of goals, (3) mutual respect and trust, and (4) development of human potential. Our practices are strictly aligned with the Labor Code of Ukraine and

other relevant national legislations, as well as the International Labor Organization's (ILO) Fundamental Conventions. Kernel has zero tolerance for any form of forced or compulsory labor or child labor. Kernel has an unwavering

Social information continued

commitment to human rights, which is a fundamental principle employed at every corporate level. Kernel ensures a transparent approach to remuneration and equal payments in line with the *Compensation and Benefits policy*.

The principles of ensuring the safety of employees are embodied in the *Security policy*. Apart from that, the Group's strategy on the safety of workers has been put into clearer perspective amid the Russian full-scale invasion of Ukraine and ongoing military actions. Indeed, upon the declaration of martial law, Kernel adopted the *Resilience in Times of War policy*, which outlines the principles guiding the Group's adaptation to unique external challenges and disruptions. On the operational level, the Group is guided by the *Occupational Health and Safety policy*, which has also been updated to reflect the emerging needs of wartime, specifically to ensure tailored care for mental health.

Our position on internationally proclaimed human rights is defined in our *Sustainability Development and Corporate Social Responsibility policy* and aligned with the principles of the UN Global Compact, which Kernel signed in 2020. Our approach to safeguarding equal opportunities and maintaining a non-discriminatory working environment is guided by the Luxembourg Law of 23 July 2016 and our *Anti-Discrimination and Diversity, Equality, and Inclusion* (hereinafter – “DE&I”) *policy*. As an adaptation to the new societal circumstances triggered by wartime, Kernel adopted the *Working with Veterans policy*, which guides the integration of demobilized employees in the professional and social environments.

We expect the same level of responsibility regarding relations with employees throughout our supply chain. Our counterparties are obligated to comply with our *Supplier Code of Conduct*, which requires them to ensure fair and safe working conditions for their employees and compliance with labor legislation. These requirements are reflected in the relevant contractual provisions.

See [Annex 3 – Key Policies and Procedures](#) for a detailed description of all Kernel policies disclosed.

S1-2

Engagement with employees

Kernel conducts annual feedback sessions in the form of questionnaires at every stage of an employee's life cycle in the Group, namely (1) upon completion of a probation period, (2) every year after performance assessment and tailored professional training, and (3) exit interviews and feedback when an employee

leaves the Group. A separate line of engagement and feedback is available for veterans. Additionally, every year, we conduct anonymous satisfaction, loyalty, and engagement surveys, which involve all employees. When measuring satisfaction, the survey considers how employees rate compensation, working conditions, team atmosphere, relationships with management, development opportunities, and communication. Engagement is reflected in a willingness to share experiences and take proactive steps. The primary objective of this exercise is to identify negative impacts and gaps in the Group's management approaches and work towards their elimination; to identify positive impacts and strengthen positive performance factors; and to define general ways for the Group to develop as an employer.

In terms of involving employees in the Group's strategic discussions and decision-making processes, Kernel holds annual conferences for every business segment and department. During these conferences, representatives from the Executive Management Team and functional managers collaborate closely to review the previous year's performance, identify key lessons learned, and explore new strategic ideas. The director of each business segment and department is responsible for ensuring that this form of engagement takes place and its results are efficiently integrated into the operational activity.

All Kernel's employees also have the opportunity to proactively contribute their vision and implement their ideas on improving operational efficiency across business segments through the incentive program “Synergy of Change”. Employees are rewarded if their suggestions contribute to an increase in the Group's EBITDA.

Furthermore, engagement with employees is a fundamental aspect of the Group's occupational health and safety management (hereinafter – OHSMS) and is actively encouraged through various channels. The “Near Miss”, “Stop Card”, and “Walk The Talk” initiatives provided platforms for employees to report safety concerns, suggest improvements, and participate in safety projects. We employ proactive methods to engage our employees in the development, implementation, and evaluation of the effectiveness of the OHSMS, as well as to communicate information related to occupational health and safety (OHS), namely via corporate surveys, the “Gold Safety Rules” initiative, which recognizes best set of labor safety requirements, composed by employees themselves; and the “Walk the Talk” project, that allows OHS specialists and manager explore gaps in OHSMS by interviewing

employees and discussing their ideas on improvements.

Since 2020, Kernel has been a signatory to the UN Global Compact, declaring its alignment with key internationally recognized principles of protection of human rights of employees, including the Universal Declaration of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

MDR-A; S1-4

Actions and resources

Employment safety

Amid the Russian invasion of Ukraine and ongoing military actions, the safety and well-being of Kernel's workforce have been of utmost priority. Kernel ensures that all its offices and production sites have air alert systems and appropriate shelters. Both the workforce and counterparties working on site are obligated to proceed to shelters when air alerts are in effect. The Group ensures that production processes remain uninterrupted through remote management during such times.

In FY2025, Kernel continued providing extensive support to its employees, especially those who are defending the country or who are internally displaced. During FY2025, 141 of our employees were enlisted in the Armed Forces of Ukraine, whereas 102 employees were demobilized. The total monetary support provided to enlisted employees over FY2025 amounted to USD 3,313 thousand. As of 30 June 2025, 829 of our employees are serving in the Armed Forces of Ukraine. Furthermore, in FY2025, Kernel provided USD 389 thousand of financial support to employees who suffered disability as a result of military actions and the families of employees who were killed in action.

Remuneration approach and adequate wages

Kernel's remuneration approach is built on three pillars, namely:

1. Base compensation and benefits. The basic level of Kernel's remuneration system includes:

- salaries and wage-based bonuses that match or exceed the benchmark of other industries. It also includes additional payments and compensation, depending on working conditions, as well as fixed payments in the event of retirement and financial support in the case of an employee's difficult personal circumstances. When personnel optimization occurs, resulting in a reduction in the number of employees, the wage fund is not reduced correspondingly but is redistributed among the remaining team members.
- healthcare services, including voluntary

Social information continued

medical insurance for full-time employees, life insurance for employees, who cover insurance costs, and OHS insurance.

- rewards for improvements in production, both monetary (such as one-time monetary incentives for operational accomplishments) and non-financial recognitions.
- other benefits include sponsorship of educational opportunities and sports activities, provision of food at workplaces, free transportation to work, etc.

2. Reward for leadership. Each year, employees undergo an assessment of their competencies, both self-assessment and evaluation by a linear manager. Based on the results, employees' base salaries may be reviewed (more information on annual performance appraisal and career advancement in the section Training and career advancement)

3. Incentive system. This system aims to ensure that the career goals of our employees, business targets of business divisions, and long-term strategic goals of the Group are synchronized. Kernel annually establishes financial and operational quantitative and qualitative goals, which are cascaded down to specific KPIs of employees in relevant business segments. Employees can also establish their own KPIs. Annual performance assessment quantifies the achievement of KPIs and automatically impacts the size of the annual performance bonus. The system is fully transparent and prevents any prejudice. We provide employees with all the tools to directly affect KPIs and monitor the KPIs' execution on a close-to-online basis.

Occupational health and safety

Kernel's OHSMS operates in line with national regulations and ISO 45001 standards, and is led by an OHS corporate manager who reports annually to a management committee headed by the Group's CEO. Within the OHSMS, the process of identifying and assessing work-related hazards and safety risks is exercised on a non-routine and annual basis. A non-routine procedure of risk identification takes place for new business operations and assets, and results in a list of hazards and risks. The risk identification on an annual basis is reflected in the responsibilities of managers, OHS professionals, and other employees to update the list of hazards, basing their inputs on results of internal and external labor safety audits, the outcomes of employees' engagement process, and feedback, conclusions drawn from incidents investigations, as well as results of OHS assessments and incorporation of world best practices. OHS assessments include self-assessments and statutory

inspections, information on which is consolidated in a special database.

Once potential risks and hazards are identified, the OHSMS triggers the procedure of risk management, which is organized in line with the ERIC/PD¹ hierarchy of hazard controls and consists of the following steps, taken in descending priority:

- Fully eliminate a risk or a hazard
- Reduce the potential impact of a risk or a hazard
- Isolate a risk or a hazard from employees
- Control a risk or a hazard by providing employees with personal protective equipment, training, detailed instructions and information, means of first response, as well as lockout/tagout devices.

In the event of work-related incidents, we launch an investigation of each case, using the Ishikawa, or "fishbone diagram" approach that aims: (1) to identify root causes of an incident, (2) to map risks and hazards that materialized, (3) to determine corrective actions in line with the ERIC/PD hierarchy of hazards control, and (4) to integrate lessons learned into required improvements of the OHSMS. This information is diligently recorded in the accident statistics, which also includes data on the frequency of occupational accidents, subsequent lost workdays, and the severity of injuries.

For every work-related accident, we create a special investigation commission that might also include representatives of relevant authorities. As a result of an investigation, the commission issues a report detailing the circumstances of the incident and recommendations to improve the risk management approaches and to prevent the occurrence of such incidents in the future. Such an approach aims to ensure continuous improvement of the OHS practices to achieve the central target of zero work-related injuries and fatalities.

To ensure alignment of our OHS approaches with national legislation and best practices, we conduct annual state inspections (5 in FY2025 with no fines imposed). Additionally, all employees covered by the OHSMS undergo an internal audit every year, and in FY2025, 6,902 employees were audited externally. Furthermore, Kernel allocates significant resources to prevent occupational health and safety violations and incidents through rigorous annual training.

In FY2025, Kernel invested a total of USD 2.1 million in occupational health and safety. These funds were allocated to enhance safety infrastructure, provide training, and improve

health services for employees.

Work-life balance

Since the full-scale Russian invasion, Kernel has been implementing the corporate program **"Resilience. Strength Within You,"** aimed at breaking the stigma around seeking psychological support and fostering a culture of self-care by supporting the mental, physical, and social well-being of employees through educational, sports, and motivational activities. It is structured around the development of four key life areas: mental health, social relationships, physical well-being, and creativity. The strategic goal is to enhance employee productivity and engagement by improving psychological resilience, physical health, and social connections, while reducing stress and burnout and fostering a culture of self-support. In practice, the program is implemented by organizing webinars, training sessions, and psychological consultations; holding sports events, marathons, and physical challenges; launching creative activities such as art therapy and photo contests; and developing a corporate Telegram channel with useful content.

The program's target audience includes 11 thousand employees (7.5 thousand of whom do not have email access) across Ukraine and their families. The initiative also targets families of employees serving in the army and veterans, 70% of whom reside in small towns and villages. Expected outcomes include a three-fold increase in psychological support requests, 50% employee engagement in project activities, a 5% reduction in staff turnover, as well as improved psychological resilience and overall well-being. In FY2025, a total of 5,834 people participated, representing a 35% increase compared to the previous year. Participants benefited from over 22 thousand hours of training.

Training and skills development

Kernel's approach to professional development of its own workforce is based on the Competency Model. This model comprises eight key competencies established in line with Kernel's business strategy, priorities, and targets to maximize the Group's long-term value. These competencies were initially identified through Group-wide research and updated in FY2025.

Kernel's key professional competencies are the following:

1. Strategic thinking
2. Responsibility
3. Systematic thinking
4. Partnership and collaboration
5. Adaptivity and improvement
6. Customer-oriented approach

¹ Acronym stands for Eliminate, Reduce, Isolate, Control, Personal Protective Equipment, Discipline.

Social information continued

7. Team management and leadership

8. Internal entrepreneurship

Employees covered by the Competency Model undertake an annual assessment, after which they create an individual development plan. The individual development plan consists of three parts: (1) hard learning, which provides for the attraction of internal or external experts and the allocation of individual learning budgets; (2) soft learning, which is realized through Kernel's Institute of Internal Couches; and (3) distance learning, which employees can access through an online educational platform, Kernel Hub, which provides more than 1 thousand e-books, 155 e-courses, and 200 training videos. Together, these learning activities form the corporate minimum package, which includes one professional course and at least three general development courses. The competency model applies to both managers and specialists, ensuring that all employees receive professional education tailored to their development plans and job descriptions, which outline standard skill requirements for each position.

Over the last two years, the Group has been implementing a strategy of safeguarding in-house expertise and the expansion of professional skills. The Group has already developed electronic courses on key business processes, including logistics, oilseed and grain purchasing, and the operation of transshipment terminals. Kernel also leverages opportunities of Artificial Intelligence (AI) in developing training content, which allows for reducing time spent on courses development by 6 times and saving the budget by 4 times.

Gender equality, human rights, inclusion and diversity

In line with DE&I policy, Kernel aspires to reach at least 30% representation of each gender within the Group's corporate bodies, namely the Board of Directors and the Executive Management Team. We have designated individuals and teams responsible for implementing the DE&I Policy at every corporate level, ensuring the adoption of diversity, equality, and inclusion principles in all business activities of Kernel. At the Board of Directors' level, matters related to the integration of diversity principles are overseen by the Nomination and Remuneration Committee, whereas the Chief Executive Officer is responsible for the implementation of the DE&I Policy throughout the Group.

As the wartime context became closely interlinked with the Group's everyday life, last year Kernel started an adaptation program for veterans with the primary focus on the Group's employees who were demobilized and going back to civilian life. The program seeks to help veterans in their self-realization and smooth

integration into business processes. It consists of three key components, namely: (1) physical recovery, including compensation of costs of medical treatment and prosthetics; (2) mental recovery involving tailored work with professional psychologists; (3) integration into the workplace, which also implies specific training on communication skills and ethics for other employees. The latter might also include alterations of a workplace or machinery to accommodate a person's prosthetics. Upon return to work, veterans may also change their previous professional qualifications with special support from the HR department. Kernel's veterans' adaptation program was recognized in Forbes Ukraine's Top-25 rating. The program includes a mandatory protocol for managers who supervise veterans, requiring regular face-to-face meetings to review professional performance, KPIs, personal needs, and, most importantly, to provide care and mental health support. Managers are responsible for monitoring the well-being of veterans and offering timely assistance. Additionally, Kernel facilitates and supports gatherings for the corporate veteran community, including a dedicated networking channel for veterans on Telegram and occasional offline events.

MDR-T; S1-5

Targets

Kernel has set workforce targets to track the effectiveness of our actions and address material sustainability matters. In the area of diversity and inclusion, we are committed to **increasing women's representation in traditionally male-dominated positions to 15% by 2030**. This target reflects our ambition to broaden access to opportunities and foster a more inclusive workplace. In parallel, we recognize the strategic importance of talent development for the Group. To this end, **by 2030, we aim to ensure that at least 10% of open vacancies are filled by graduates of our Internship and First Job programs**. This target enhances our ability to retain institutional knowledge, develop internal experts, and support the career progression of young professionals entering the workforce. We also strive for the **continuous development of career opportunities and an inclusive working environment for women, youth, veterans, and people with disabilities**.

Social information continued

Metrics

S1-6

Characteristics of employees

Key human resources indicators

(as of 30 June)

	FY2023	FY2024	FY2025
Total number of employees	10,733	10,904	10,760
<i>including by geography:</i>			
Ukraine	10,691	10,851	10,703
Other countries	42	53	57
<i>including by level:</i>			
Managers	885	879	889
Specialists	3,110	3,157	3,229
Workers	6,738	6,868	6,642
<i>including by business segment:</i>			
Oilseed Processing	2,530	2,479	2,193
Infrastructure and Trading	2,741	2,894	3,056
Farming	4,508	4,527	4,451
Head office and other	954	1,004	1,060
<i>including by age</i>			
less than 30 years old	1,585	1,548	1,507
up to 50 years old	2,992	6,110	5,969
more than 50 years old	6,156	3,246	3,284
<i>including by employment contract, by region:</i>			
Permanent	10 077	10 259	10 090
Ukraine	10 035	10 206	10 033
Other countries	42	53	57
Seasonal and temporary (only Ukraine)	656	645	670
<i>including by employment contract, by gender:</i>			
Permanent	10 077	10 259	10 090
Male	7 347	7 469	7 382
Female	2 730	2 790	2 708
Seasonal and Temporary	656	645	670
Male	586	580	586
Female	70	65	84
<i>including by employment type, by gender:</i>			
Full-time	10 647	10 067	10 172
Male	7 877	7 418	7 509
Female	2 770	2 649	2 663
Part-time	86	837	588
Male	56	631	459
Female	30	206	129

Key employment indicators

	FY2023	FY2024	FY2025
Total number of new hires	2,711	2,464	2,293
<i>by geography</i>			
Ukraine	2,711	2,456	2,282
Other countries	0	6	11
<i>by gender</i>			
Male	1,866	1,745	1,640
Female	603	717	653
<i>by age</i>			
less than 30 years old	684	735	726
up to 50 years old	1,312	1,320	1,053
more than 50 years old	473	407	514
Total number of employees who have left	2,163	1,491	2,493
<i>by gender</i>			
Male	1,623	1,073	1,773
Female	713	418	720
<i>by age</i>			
less than 30 years old	477	320	535
up to 50 years old	646	411	824
more than 50 years old	1,040	760	1,134
Total number of employees who left Kernel due to retirement	103	83	77

Social information continued

Metrics

S1-9

Diversity

Kernel's top management is the Executive Management Team, as defined by the Corporate Governance Charter. The Team consists of 14 directors of the Group's business segments and departments, headed by the CEO. They are responsible for Kernel's overall operational and financial performance. More information on the Executive Management Team, as well as data on the composition and diversity of the Board of Directors, is provided in the [Corporate Governance](#) section.

S1-10

Remuneration and adequate wages

In FY2025, Kernel's total payroll accounted for a total of USD 161 million; 189 employees were receiving minimum wage (166 FTE basis).

Employees working with a full-time workload (coefficient = 1.0) are classified as full-time. Those with a workload below 1.0 are categorized as part-time.

S1-12

People with disabilities

In FY2025, the share of socially vulnerable employees was 28% out of the total number of employees, and 7% of all employees were individuals with disabilities.

S1-13

Training and skills development

During FY2025, a total of 3,278 employees evaluated their competencies and created individual development plans. Throughout the year, 8,167 employees benefited from Kernel's educational programs, spending 216,517 hours of training (an average of 26.5 hours per employee), 42% of which were dedicated to improving hard skills and 58% to improving soft skills. Furthermore, 9,608 employees engaged in at least one course on Kernel Hub, our online educational platform.

S1-14

Health and safety

Key occupational health and safety indicators¹

(as of 30 June)

	FY2023	FY2024	FY2025
Recordable work-related injuries	11	14	16
Oilseed Processing	-	3	4
Infrastructure and Trading	8	5	12
Farming	3	6	-
High-consequence work-related injuries (ex. Fatalities)	2	5	3
Oilseed Processing	-	1	2
Infrastructure and Trading	1	1	1
Farming	1	3	-
Fatalities resulted from work-related injuries	-	1	-
Oilseed Processing	-	-	-
Infrastructure and Trading	-	1	-
Farming	-	-	-
Rate of recordable work-related injuries (LTIFR)	0.61	0.76	0.85
Rate of fatalities as a result of work-related injury	-	0.05	-
Rate of high-consequence work-related injuries (excluding fatalities)	0.11	0.27	0.16

Note 1: Indicators for FY2023 and FY2024 were corrected in this report as the result of identified accounting discrepancies.

Key diversity and equality indicators

(as of 30 June)

	FY2023	FY2024	FY2025
Executive Management Team distribution, %			
<i>by gender</i>			
Male	80%	80%	80%
Female	20%	20%	20%
<i>by age</i>			
30-50 years old	87%	87%	80%
more than 50 years old	13%	13%	20%
Employees distribution, %			
<i>by gender</i>			
Male	74%	74%	74%
Female	26%	26%	26%
<i>by age</i>			
less than 30 years old	15%	14%	14%
up to 50 years old	28%	56%	55%
more than 50 years old	57%	30%	31%

Key training and education indicators

	FY2023	FY2024	FY2025
Average hours of training per employee	30.4	27.2	26.5
<i>by gender:</i>			
Average hours of training per male	29.9	28.3	25.5
Average hours of training per female	31.4	27.8	25.2
<i>by employee category:</i>			
Average hours of training per manager	39.1	34.8	33.1
Average hours of training per specialist	40.0	34.0	31.9
Average hours of training per worker	18.8	19.3	16.5
Total number of training hours	207,596	200,188	216,517
<i>including by skill sets</i>			
Hard skills	161,037	128,298	90,445
Soft skills	46,559	71,890	126,072
<i>including by learning formats</i>			
Full-time training	63,293	60,120	35,529
Distance Learning	144,303	140,067	180,988
<i>including by frequency</i>			
Annual / regular training	95,758	41,508	18,986
One-time training	108,746	151,732	186,585
Modular development programs	3,092	6,948	10,946

Key employees' career development indicators

	FY2023	FY2024	FY2025
Total number of employees, receiving regular performance and career development reviews	1,647	1,676	1,894
<i>including by gender</i>			
Male	1,273	1,270	1,466
Female	374	406	428
<i>including by employee category</i>			
Managers	621	756	659
Specialists	1,026	920	1,235

Social information continued

S1-15

Work-life balance

Parental leave indicators

	FY2023		FY2024		FY2025	
	Male	Female	Male	Female	Male	Female
Employees who were entitled to parental leave	192	68	223	60	179	37
Employees who took parental leave	1	75	0	40	0	76
Employees who returned to work in the reporting period after parental leave ended	0	63	1	68	0	78
Employees due to return to work after taking parental leave	1	164	0	135	0	133
Employees who were still employed 12 months after their return to work	0	37	0	25	0	29

S1-17

Incidents and complaints

There were no instances of discrimination and severe human rights incidents connected to the own workforce have occurred over FY2025.

All submissions to Kernel's grievance mechanism are recorded in the Unified Register of Reports and are processed per the *Procedure for Receiving and Reviewing Information Received via Hotline Channels*. More information about the process of compiling data on work-related grievances, incidents, and complaints related to social and human rights matters is provided in the "Grievance mechanism" subsection (see page 81). In FY2025, a total of 81 enquiries from employees were received.

Kernel's specific metrics

Occupational health and safety training in FY2025

OHS trainings, <i>participants</i>	3 693
OHS trainings, <i>hours</i>	7 790
Participants in electronic OHS training	2 121
Number of emergency response drills	212
Employees involved in emergency response drills	1 315

avoid data inconsistencies.

- The dataset is reviewed for potential outliers or anomalies, which may arise due to system errors or data entry issues. Such entries are investigated and corrected or removed as necessary.
- Final calculations and aggregations are performed using pivot tables in Microsoft Excel. This approach enables the generation of structured breakdowns across the required reporting dimensions.

MDR-M

Own workforce accounting methodology

To ensure accurate and consistent reporting of the Group's workforce data, the following methodology is applied annually to calculate the number of active employees as of June 30:

- Employee data is extracted from the official HR management system using the report titled "Employee List of the Organization", with the reporting date set to June 30.
- The primary filter applied is "Main Place of Work" under the Employment Type category. This ensures that only individuals employed at their primary place of work are included in the dataset. Employees engaged under internal part-time or additional employment contracts are excluded to prevent double-counting.
- Only employees who are officially part of the Group as of June 30 are included in the report. Any individuals who, for technical or transitional reasons, remain in the system but are no longer affiliated with the Group are manually excluded from the dataset.
- The dataset is classified by the following categories:
 - Business division
 - Employment type (full-time/part-time)
 - Job level
 - Geography and region
 - Gender
 - Age group
 - Employment contract type
- Additional validation is conducted for employees working in other countries to ensure accurate geographic classification and

Social information continued

S3 Affected communities

In this section:

- Adequate food
- Water and sanitation
- Land-related impacts

S3.SBM-3

Impacts, risks and opportunities and their interaction with strategy and business model

This section covers communities with whom Kernel has a direct relationship through its own operations. Therefore, communities living or working around Kernel's farming operations, grain storage facilities, oilseed processing sites, and export terminals are subject to potential or actual material impacts. Thus, communities affected by Kernel's upstream segment, namely procurement facilities and farms not owned or operated by Kernel, are excluded from this section.

Across the regions where we operate, we have identified material positive impacts that reflect our commitment to addressing local community needs. Notably, through the provision of food products, Kernel contributes to better health, livelihoods, and overall food security for rural and local communities. In addition, our investments in water infrastructure and sanitation facilities have improved access to clean and safe water, leading to reduced disease risks and enhanced community health

outcomes. Land-related impacts also represent a significant area of opportunity. Because land is one of our strategic production resources, Kernel recognizes its responsibility to respect land rights and ensure our operations do not cause adverse impacts. Through transparent communication and fair lease practices, we build long-term trust and partnerships with landowners and communities, securing stable access to land while creating shared value for both communities and the Group. These IROs are not uniform across all affected communities. While food and water initiatives benefit all directly connected communities, land-related opportunities are more relevant to the landowners and farming-adjacent populations where land access and use are essential livelihood factors.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for S3 Affected communities, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Social Material Impacts, Risks and Opportunities

				Value chain			Time horizon ¹
				Upstream	Own operations	Downstream	
Sustainability matter	IRO	IRO nature	Description				
S3 Affected communities							
Adequate food	Positive impact	Actual	Contributing to better health, livelihoods, and overall food security through the provision of food products.		•		-
Water and sanitation	Positive impact	Actual	Better health and reduced disease risks through investments in water infrastructure, improving access to clean and safe water.		•		-
Land-related impacts	Opportunity	Financial	Land-use restrictions during project development can temporarily disrupt local livelihoods.		•		M

MDR-P; S3-1

Policies

At Kernel, we strive to be a responsible neighbor and reputable partner to local communities and support the Ukrainian society overall. These priorities are reflected in our *Social Impact and Community Engagement policy* and *Sustainable Development and CSR policy*. The Group acknowledges the impact of its operations on the communities we engage with and is committed to upholding human rights according to the *Human Rights policy* in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We strive to foster understanding of the cultures, traditions, and values of the local communities in which we operate. To this end, we promote inclusive and open dialogue, ensuring that underrepresented and vulnerable groups are heard and actively involved. Where human rights impacts

occur, we are committed to enabling access to effective remedies, while maintaining processes to monitor compliance and address material issues transparently.

See [Annex 3 – Key Policies and Procedures](#) for a detailed description of all Kernel policies.

S3-2

Engagement with affected communities

The Group's approach towards effective interaction with different groups of stakeholders is guided by the *Stakeholder Engagement policy* specified on pages 46-47, which includes an extensive plan of our interactions with key stakeholders like local communities.

The Group systematically engages with communities to identify, minimize, or prevent potential impacts of its activities on human rights,

well-being, and sustainable local development. Kernel's community engagement process follows a structured cycle of stakeholder mapping, consultation, feedback integration, and monitoring.

Engagement is conducted both directly and through legitimate representatives or trusted intermediaries - such as community leaders, local NGOs, opinion leaders, and social infrastructure workers, who have a deep understanding of the local context, needs, and challenges. We ensure that community perspectives are embedded at all key stages of initiative development:

- **Before project launch** - Conduct consultations, joint planning sessions, round tables, public discussions, and focus groups to gather community opinions, concerns, and needs.
- **During project implementation** - Collect

Social information continued

and integrate regular feedback to adapt approaches and actively involve communities in project monitoring.

- **After project completion** - Carry out impact assessments and community satisfaction surveys to evaluate results and inform future initiatives.

The frequency of interaction is proportionate to the scale of the initiative, namely, large social projects require monthly engagement, while smaller ones, as needed, but at least once a year. The CSR Department is responsible for stakeholder identification and engagement, while the Head of CSR Service holds operational accountability for these processes.

The Group also recognizes the importance of considering the interests of vulnerable and marginalized groups in its social engagement processes. The priority groups include women and girls, internally displaced people, people with disabilities, the elderly, low-income households, youth, and veterans. The Group's engagement measures are tailored to the specific needs of vulnerable and marginalized groups, ensuring accessible formats, gender-sensitive approaches, trusted intermediaries, and confidentiality safeguards. This approach removes participation barriers and enables these groups to contribute actively to decision-making and benefit from social initiatives.

Kernel regularly evaluates the effectiveness of its engagement with communities through annual surveys on communication quality and the impact of implemented initiatives, analysis of complaints and requests, and social impact assessments.

S3-3

Processes to remediate negative impacts

Kernel is committed to preventing, mitigating, and remediating any negative impacts arising from its activities. This includes expert assessments of social, environmental, and infrastructure factors, followed by corrective measures ranging from financial compensation to adjustments in operating practices. Where specific issues arise, e.g., road damage, the Group develops and executes targeted recovery plans. These measures are designed not only to resolve immediate problems but also to prevent their recurrence and strengthen long-term community trust. To ensure affected communities can express concerns, submit proposals, or communicate their needs, the Group maintains an accessible, transparent, and effective grievance mechanism. More information on the procedure is provided in the "Grievance mechanism" subsection (see page 81).

MDR-A; S3-4

Actions and resources

In alignment with Kernel's social impact

strategy, the Group implements a broad range of initiatives that support:

- Community healthcare
- Education
- Culture and sports
- Military support and rehabilitation for veterans
- Infrastructure improvements
- Community economic growth
- Community capacity building
- Barrier-free accessibility
- Energy independence and energy efficiency

These initiatives aim to prevent social isolation and discrimination while improving the quality of life, particularly for vulnerable groups. In shaping its initiatives, the Group strives to balance business objectives with community needs by applying inclusive project selection processes, co-financing mechanisms, and actively engaging the community. This approach not only generates positive outcomes for communities but also helps prevent and mitigate potential negative impacts.

Effectiveness of initiatives is evaluated using both quantitative and qualitative indicators for specific projects. We take preventive measures to avoid and mitigate potential negative impacts on communities. Operational activities are planned with careful attention to stakeholder needs, supported by ongoing communication through established channels.

Key community initiatives

Goal	Actions	Location	Participants
My community: Together with Kernel			
Foster community development by equipping participants with practical crowdfunding skills and by supporting the creation and implementation of local initiatives that promote sustainable growth.	<ul style="list-style-type: none"> - Training and mentoring support, during which participants gained knowledge in project planning, crowd-funding, communications, and partnership building. - Co-funding of social projects based on the results of the training and the presentation of participants' initiatives. 	Poltava Kropyvnytskyi Starokostiantyniv Chornomorsk Myhiivska and Syniukhyno-Bridska communities	70 training participants 33 projects co-funded
Empowered: A Platform for Community			
Provide training for representatives of local self-government, civil society organizations, and community initiative groups on key aspects of territorial development.	Creation of an online course combining theory and practical tools to help participants effectively mobilize resources, manage local finances, build partnerships, and implement socially significant projects.	Over 250 communities (1st wave) 206 communities (2nd wave)	479 participants (1st wave) 481 participants (2nd wave)
Rehabilitation for Service Members and Their Families			
Deliver rehabilitation support to service members returning from combat zones, as well as to their families, to restore the physical, psychological, and emotional well-being of Ukraine's defenders and their loved ones.	Provision of medical procedures, psychological support, and spaces for physical activity and mental recovery in a safe, natural environment.	Tysovets village, Lviv Region	109 people received rehabilitation services
Maindi Social Franchise – Implemented within the First Lady of Ukraine Olena Zelenska's national initiative			
Integrate rehabilitation spaces into the local healthcare system to enhance secondary, long-term rehabilitation during the post-acute recovery phase.	Installation of mobile rehabilitation units and medical equipment.	Kropyvnytskyi Holovanivsk Poltava Talne	617 people underwent medical treatment

Social information continued

“Worth Acting” Grant Program			
Implement targeted projects to support war veterans, the families of deceased veterans, and the families of fallen Defenders of Ukraine.	Grant support for the implementation of veterans' business initiatives in partnership with the Ukrainian Veterans Foundation, the Ministry of Veterans Affairs of Ukraine, and the IT Group SKELAR.	20 regions of Ukraine Kyiv	130 veterans' businesses
Children of the Unbreakable			
Provide holistic care and support for children of fallen, missing, or captive Defenders of Ukraine, ensuring their well-being and prospects.	<ul style="list-style-type: none"> - Organization of a summer camp for children. - Excursions, cinema visits, and trips to entertainment centers. - Holiday events to mark International Children's Day. - Weekend family tours. - Birthday gifts. - Distribution of 88 tablets to children for educational purposes and access to online learning. - Purchase of gift certificates for children's clothing, footwear, and school supplies. - Sanatorium rehabilitation provided to children together with their mothers. 	Territories of the Company's operational presence (190 communities)	135 children

For example, in transporting raw materials and goods via local roads, routes are selected to avoid disrupting local traffic. The Group monitors vehicle movement, load levels, and transport methods to reduce disturbance and funds annual improvements to local road conditions. All processes comply with Ukrainian laws and standards, limiting impacts on the environment, public health, and infrastructure. Sanitary zones are established around facilities with ongoing monitoring of pollution, noise, and other factors. These measures help prevent conflicts from significant negative impacts of operations or decisions. No severe human rights issues or incidents with affected communities were reported in FY2025. The Group reduces community-related risks by investing in social development and maintaining ongoing communication and engagement. Guided by integrity-based stakeholder relations, Kernel strengthens social legitimacy, expands its community presence and relationships, and builds partnerships with local self-government bodies.

MDR-T; S3-5

Targets

Kernel has set a target to strengthen its contribution to local community well-being by enhancing access to and participation in social programs. **By 2030, the Group aims to increase beneficiary participation in its community initiatives by 10% across all regions of operation.** This target reflects our commitment to fostering inclusive and resilient communities, ensuring that social benefits reach a broader share of stakeholders, including underrepresented and vulnerable groups.

Social information continued

S4 Consumers and end-users

In this section:

- Health and safety of consumers and/or end-users

S4.SBM-3

Impacts, risks and opportunities and their interaction with strategy and business model

In identifying IROs related to consumers and end-users, Kernel considered various types of consumers, including B2B customers and individual consumers who purchase our products directly. The scope of the assessment included all consumers who may be materially impacted by both our operations and value chain. A positive impact identified relates to consumer health and safety. By adhering to internationally recognized certification standards, rigorous food safety management systems, and continuous monitoring, we en-

sure that all products meet high safety and quality benchmarks. This impact provides direct benefits for both B2B customers, who can rely on safe, sustainable, and high-quality inputs for their operations, and individual consumers, who benefit from safe and nutritious food products.

For further details on the methodological approach applied under the DMA, see page 48-49. The table below summarizes the material IROs identified for S4 Consumers and end-users, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Social Material Impacts, Risks and Opportunities

				Value chain			
				Upstream	Own operations	Downstream	Time horizon ¹
Sustainability matter	IRO	IRO nature	Description				
S4 Consumers and end-users							
Access to (quality) information	Risk	Financial	Failure to comply with environmental regulations (e.g., the EU Deforestation Regulation) may restrict market access and limit business opportunities.	●	●		M
Health and safety	Positive impact	Actual	Adherence to rigorous certification standards and proactive management of the health and safety impacts ensures the high quality of the consumed products.	●	●	●	-

MDR-P; S4-1

Policies

For Kernel, as a leading producer of grain in Ukraine and sunflower oil globally, the quality of its products and the health of its consumers are the highest priorities. Our management approach towards ensuring the highest quality of our goods is embedded in the *Safety and Quality Management policy*. The policy aims to establish a unified system for managing product quality and safety issues, creating conditions for their continuous development in line with international standards (ISO, GMP+, ISCC, IFS, BSCI, etc.) and the Sustainable Development Goals. At the center of our approach is the preventive food management system, which seeks to mitigate potential risks of biological, chemical, and physical hazards before they become material.

See [Annex 3— Key Policies and Procedures](#) for a detailed description of all Kernel policies.

S4-2

Engagement with consumers

Kernel exercises four main channels of engagement with consumers, namely:

1. Research of consumers' preferences, awareness about the Group's activities, conducted by specialized agencies before and after launching new products or introducing any changes.

2. Interaction via Kernel's official social media, where consumers ask questions and express their concerns. All feedback received is analyzed and addressed.
3. B2B engagement through sales representatives, who gather and process feedback on operational aspects.
4. Grievance mechanism, accessible to all stakeholders (see more information on page 81). The Group responds to every inquiry, and in cases related to product quality, provides full documentation and, when needed, conducts additional laboratory tests to confirm compliance with the highest standards.

MDR-A; S4-4

Actions and resources

We adhere to the highest standard of quality in both the final goods and production processes throughout the whole value chain. Our oil-extraction plants are certified with ISO 9001 "Quality management system" and ISO 22000 "Food safety management" standards, which integrate the principles of the Hazard Analysis and Critical Control Point (HACCP) system and application of procedures developed by the Codex Alimentarius Commission.

Ensuring the quality of crop production and storage

Within the whole landbank of Kernel, 358

thousand hectares (11 Farming enterprises) are certified with ISCC EU requirements, which ensures that crop production is performed in environmentally and socially sound ways. Under this certification, produced crops are considered compliant with biofuel supply chain sustainability requirements outlined in the EU RED II. At all our grain silos we build our food safety management system on the **HACCP principles** (Hazard Analysis Critical Control Point), namely: (1) conduct a hazard analysis, (2) determine critical control points (CCPs), (3) establish critical limits, (4) establish monitoring procedures, (5) establish corrective actions, (6) establish verification procedures, and (7) establish record-keeping and documentation procedures. The implementation of these principles aims to prevent and reduce the occurrence of food safety risks through analysis and control of biological, chemical, and physical hazards throughout the storage chain.

Ensuring the quality and safety of sunflower oil

Kernel's oil-crushing processes in Poltava are certified in line with ISO 9001 and ISO 22000 standards; bottling processes are additionally certified in line with the IFS and BRCS standards. They also underwent a validation under the BSCI scheme (grade A), reflecting our commitment to social responsibility as an

Social information continued

employer and maintaining high standards of social performance. Our laboratory is also certified (ISO 17025 "General requirements for the competence of testing and calibration laboratories"), and conducts regular sample analysis of sunflower oil, meal, and grain to confirm their compliance with quality standards. Our TransBulkTerminal is certified to conduct fumigation activities in accordance with Gafta standards.

Furthermore, our production assets are compliant with Kosher, Kosher Passover, Badatz, and Badatz Passover requirements of Jewish regulations, as well as the Muslim Halal food standards. Four of our plants are registered by the U.S. Food and Drug Administration (FDA), making our sunflower oil, including high oleic sunflower oil, in bottles and flexi-tanks suitable for the USA market. Additionally, one of our plants obtained a country-specific license to sell sunflower oil to South Korea.

Six of our oil extraction plants, as well as our trading entities, are certified in line with ISCC EU standards, which makes the production of sunflower oil and meal compliant with the legal sustainability requirements of the EU Renewable Energy Directive (Directive (EU) 2018/2001 also known as RED III) and the Fuel Quality Directive.

Ensuring the quality and safety of meals

Our whole value chain of protein meal is certified with the applicable feed quality and safety standard, namely GMP+. All our oilseed processing plants are certified with GMP+R1.0; our export terminals, as well as trading entities, Kernel-Trade and Inerco, are certified with GMP+R1.0, ensuring feed safety in the production, storage, transshipment, and trade of meals. In addition, five of our oil extraction plants, as well as two trading entities, Kernel-Trade and Inerco, are certified in line with ISCC PLUS, with regard to meal production. Our products, namely oil (sunflower, rapeseed, and soy) and meal (sunflower and rapeseed), have also been validated and identified as compliant with country-specific regulations of the People's Republic of China.

The Group's internal quality management team, responsible for overseeing the entire food safety system, is regularly inspected and verified by independent third-party auditors. The audit scope covers all stages of the value chain, including production, storage, distribution, and supply, ensuring that 100% of significant products are assessed for potential health and safety improvements. In FY2025, a total of 265 independent audits were successfully passed, which were performed throughout 435 days.

Supporting decarbonization goals of consumers

Within its climate corporate governance, Kernel seeks to scale up climate mitigation actions not only across its own operations, but also in supporting the reduction of Scope 3 emissions for its customers. In Farming, we ensure traceable accounting of the carbon footprint of grains and oilseeds, which allows us to provide tailored batches of low-carbon products upon a customer's request. In Oilseed Processing, we aim to leverage our own generation of renewable energy from biomass to reduce Scope 2 emissions from sunflower oil production.

In FY2025, Kernel was chosen as a partner of the Jumbo Impact Fund - the supply chain engagement program developed by our client Jumbo Supermarkten. The program seeks to facilitate the reduction of Jumbo's Scope 3 GHG emissions by co-financing targeted projects within its value chain. As part of the Jumbo Impact Fund, we've ensured that our production of bottled sunflower oil is low-carbon.

MDR-T; S4-5

Targets

To strengthen our actions in relation to

Kernel's specific metrics

Matrix of Kernel's product quality certification

Standard	Oilseed processing plants						Terminals			Trading		Farming	Total
	Bandurka	Kropyvnytskyi	Poltava	BSI	Prydniprovs'kyi	Starokostiantyniv	TransBulkTerminal	TransGrainTerminal	OilExportTerminal	Kernel-Trade	Inerco		
ISO 9001	✓	✓	✓	✓	✓	✓	✓						7
ISO 22000	✓	✓	✓	✓	✓	✓		✓	✓				8
GMP+R 1.0	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	15
ICS			✓										1
Kosher	✓	✓	✓	✓	✓	✓		✓					7
Kosher Passover			✓										1
Badatz Passover			✓										1
Halal	✓	✓	✓	✓	✓	✓		✓					7
FDA registration		✓	✓		✓								3
ISCC EU	✓	✓	✓	✓	✓	✓				✓	✓	✓	19
ISCC PLUS	✓	✓		✓	✓	✓				✓	✓		7
BRCS			✓										1
IFS			✓										1
Gafta							✓						1
China (sunflower meal)	✓	✓	✓	✓	✓	✓							6
China (sunflower oil)	✓	✓	✓	✓	✓	✓							6
China (rapeseed meal)	✓			✓	✓	✓							4
China (rapeseed oil)	✓			✓	✓	✓							4
China (soybean oil)	✓			✓	✓	✓							4
China (soybean meal)	✓			✓	✓	✓							4
ISO 14001										✓			1
ISO 45001										✓			1
Total	13	10	14	13	14	13	3	4	1	5	3	16	109

✓ certificates obtained in FY2025

consumers and end-users and their expectations, Kernel has set forward-looking targets that link product quality with sustainability performance. By 2030, we **aim to launch a new product category - sunflower oil with a verified reduced carbon footprint across the entire value chain**. This target responds to the market demand for sustainable food products while reinforcing our commitment to climate action. In addition, we are preparing to **ensure full compliance with the EU Deforestation Regulation (EUDR)**, thereby assuring our customers that our products are not associated with deforestation or ecosystem conversion. Together, these targets demonstrate how Kernel engages with consumers through innovation and regulatory alignment to deliver safer, more sustainable, and responsible products.

Metrics

There were no instances of noncompliance with regulations or voluntary codes or human rights issues, which would have resulted in fines, penalties, or warnings in FY2025.

Social information continued

S1-3; S3-3; S4-3

Grievance mechanism

Kernel has a grievance mechanism through which the Group's employees across all segments and subsidiaries, suppliers, consumers, local communities, and other stakeholders have an opportunity to submit inquiries and complaints related to human rights violations or discriminatory actions, as well as to receive redress if an investigation determines that such violations took place. Submissions to the grievance mechanism can be made via (1) an anonymous toll-free round-the-clock hotline, (2) form on Kernel's website, (3) via email by writing to hotline@kernel.lu or compliance@kernel.lu, (4) Telegram chatbot "KernelHotline". Operation of the grievance mechanisms is embedded in the Group's "*Management and the Prevention of Fraud and Corruption*" policy and "*Code of Conduct*". The policy not only emphasizes the right but also outlines the cases when employees are obligated to report misconduct. Kernel also sends out periodic internal reminders to all employees regarding available reporting channels and the operation of the Hotline.

The Group guarantees confidentiality, protection of anonymity, and respect for the rights of whistleblowers. Indeed, Kernel has in place a *Procedure for Whistleblower Protection*. Under these frameworks, Kernel is obligated to protect and assist anyone who submits inquiries (see Annex 3 - Key Policies and Procedures).

Additionally, any employee can flag and report occupational health and safety risks they observe and report about hazardous situations on a worksite by reaching out to their supervisor, field OHS specialist, or the Group's corporate manager. Employees can also raise any OHS issues by submitting a "Near Miss" and "Stop Card" letter forms or contacting the corporate Hotmail.

All submissions are recorded in the Unified Register of Reports and are processed in accordance with the *Procedure for Receiving and Reviewing Information Received via the Hotline Channels*. Reports are forwarded to the responsible personnel according to the subject matter, with a copy sent to the Head of the Compliance Department. Each business segment and department has defined processes and timelines for handling submissions, and compliance specialists monitor adherence to deadlines and the quality of the response. Feedback to the whistleblower is provided by employees who undertook the review, or by the compliance specialist if the responsible party fails to respond. Regular analysis of reports is conducted, and findings are shared with management through a monthly

Hotline report, quarterly reports for the Human Resources Director, and monthly reports for directors of the Group's business segments.

Kernel conducts an annual anonymous survey to assess employees' knowledge and understanding of compliance requirements and business ethics. This survey helps evaluate employees' awareness and trust in the existing channels for reporting violations and receiving feedback. As part of the annual conflict of interest declaration, employees are asked whether they have the ability to report violations via the Hotline channels, which helps determine how well employees know and are willing to use these communication channels. The Compliance Department analyzes the collected information and based on the results, implements measures to improve awareness, strengthen trust, and enhance relevant procedures and communication channels.

Governance information

G1 Governance

In this section:

- Business conduct
 - Corporate culture
 - Protection of whistleblowers
 - Management of relationships with suppliers, including payment practices
- Corruption and bribery
 - Prevention and detection, including training
 - Incidents

G1.IRO-1

Governance-related impacts, risks and opportunities

Kernel is committed to operating with integrity, embedding responsibility and ethical conduct at the core of its corporate culture. Material IROs related to business conduct, including corruption and bribery, were identified through internal dialogue, analysis of governance performance metrics, and sectoral benchmarking, taking into account both our own opera-

tions and business relationships across the value chain.

For further details on the methodological approach applied under the DMA, see pages 48-49. The table below summarizes the material IROs identified for G1 Governance, including their location in the value chain and the timeframe over which associated risks, opportunities, and potential impacts, both positive and negative, may materialize.

Governance Material Impacts, Risks and Opportunities

				Value chain			
				Upstream	Own operations	Downstream	Time horizon ¹
Sustainability matter	IRO	IRO nature	Description				
G1 Governance							
Corporate culture	Positive impact	Actual	Adherence to corporate culture influences employees to behave more ethically	•	•	•	-
Protection of whistleblowers	Positive impact	Actual	Promotion of early reporting of unethical behavior or misconduct fosters transparency and accountability within the organization and improves the social well-being of employees		•		-
Management of relationships with suppliers, including payment practices	Positive impact	Actual	Timely payments strengthen relationships with suppliers and overall value chain resilience	•	•	•	-
	Opportunity	Strategic	Opportunity to promote sustainability and innovation by building strong supplier partnerships	•	•	•	M
Prevention and detection of corruption, including training	Positive impact	Actual	Anti-bribery and anti-corruption training supporting employees in preventing and detecting bribery		•		-
Corruption and bribery incidents	Negative impact	Actual	Bribery incidents provoke loss of credibility and strain stakeholder relationships		•		-

G1.GOV-1

Governance bodies

Detailed information about Kernel's governance structure, as well as the role of governance bodies related to business conduct, is provided in the [Corporate Governance](#) section.

Regarding the sustainability expertise within the supervisory body, the Group's Board of Directors operates a Sustainability Committee, comprising three non-executive directors and the Chief Executive Officer. Members of the committee bring expertise in sustainability matters, including climate risks and opportunities, decarbonization, environmental protection, and social and human capital development. Their expertise covers these matters from the perspectives of finance, international trade, and strategic development. Within the Executive Management Team, key sustainability-related expertise is concentrated across several functions, namely:

- Sustainability function
- Corporate social responsibility function
- Occupational health and safety function
- Ecology and environmental compliance function
- Quality management function

MDR-P; G1-1

Policies

We have zero tolerance for any fraudulent and corrupt activities, both among our employees and counterparties. Our position on anti-corruption and approach towards ensuring ethical compliance is embodied in Kernel's "Corporate Governance Charter", "Code of Conduct", "Conflict of Interest Management and the Prevention of Fraud and Corruption" policy (which was reviewed and updated in FY2025), and the "Supplier Code of Conduct". In addition, all our agreements and tendering processes include the mandatory Anti-corruption clause.

The *Protection of Whistleblowers procedure* ensures that employees are encouraged and safeguarded when reporting misconduct and incidents related to anti-corruption. The Group's *Sanctions policy* plays a crucial role in managing critical issues such as exports to sanctioned countries. It provides Kernel's partners with a clear understanding of the Group's position on sanctions regulations, including those imposed as a result of the Russian invasion of Ukraine.

See [Annex 3 – Key Policies and Procedures](#) for a detailed description of all Kernel policies.

G1-2

Management of relationships with suppliers

Quality interactions with suppliers are one of the key aspects of Kernel's ESG and climate governance agenda. Kernel's process of supply chain management consists of four stages:

- **Setting E&S standards.** Our expectations of suppliers' environmental and social performance are defined by relevant provisions of the Code of Interaction with Suppliers and the Anti-Corruption Clause, which reflect Kernel's commitments to the principles of the UN Global Compact and Sustainable Development Goals. They include requirements on ethics, fair business practices, human rights, occupational health and safety, and environmental protection.
- **Ensuring obligatory E&S compliance.** Before entering into business relationships, all counterparties are obligated to sign Kernel's Anti-Corruption Clause in the contract. Kernel is entitled to verify compliance with relevant provisions and terminate contracts if non-compliance is identified.
- **Compliance verification.** The procedure for confirming suppliers' compliance with Kernel's E&S requirements consists of two levels. First, all potential counterparties undergo initial screening by the corporate Economic Security Service. Environmental

Governance information **continued**

and social criteria are included in the scope of initial screening, focusing on the analysis of the location and nature of suppliers' operations, certification by relevant E&S standards, such as ISCC, ISO14001, and ISO18001, as well as the outcomes of environmental inspections, etc. The second level of verification is an audit that involves visits to suppliers.

- **Production facilities, interviews with management and personnel, and review of relevant documentation.** During the verification process, we provide feedback to suppliers on possible ways to improve their E&S performance, if required.
- **Application of business consequences.** Based on the results of audits, Kernel either continues cooperation with counterparties or suggests corrective measures if non-compliance with our E&S requirements is identified and monitors their implementation. Another possible consequence of suppliers' non-observance is the termination of business relationships.

G1-3

Prevention and detection of corruption and bribery

Responsibility to enforce provisions of policies and procedures on corruption prevention lies centrally on Kernel's compliance officer, who reports directly to the CEO and the Audit Committee. Integrity across the Group is anchored in the "Tone at the Top," ensuring that leadership sets clear expectations for ethical behavior. Regional compliance coordinators support this framework by implementing standards on the ground and promoting continuous improvement in compliance practices across operational assets. In addition, the Compliance Officer provides confidential guidance to employees on compliance matters, ensuring that all staff have access to trusted advice when needed.

All Group operations are subject to regular screening for corruption risks. In total, 19 risks were identified, with the most significant including: (1) obtaining undue benefits, which might lead to financial losses and reputational damages; (2) conflict of interest; (3) working for other companies and entrepreneurial activities. To mitigate these risks, managers and specialists are required to submit annual conflict of interest declarations, while all employees receive training to identify and address potential conflicts. In addition, corruption risk screening forms an integral part of the hiring process, particularly for candidates with prior government backgrounds.

To address corruption risks among counterparties, Kernel's security department performs KYC (Know Your Customer) compliance assessments for all business partners and

responds to integrity concerns submitted through the Hotline (19 calls in FY2025). Where medium or high corruption risks, conflicts of interest, or potential international sanctions are identified, compliance officers conduct enhanced due diligence; 110 such cases were reviewed in FY2025. The compliance manager also scrutinizes contracts where counterparties either reject or propose amendments to the Anti-Corruption clause, which occurred in 87 instances during the financial year. Stakeholders can report concerns through dedicated, including anonymous, channels, with all cases managed by the compliance officer and full protection ensured for whistleblowers.

MDR-A; G1-4

Actions and resources

Upholding anti-corruption and anti-bribery principles remains a core element of Kernel's approach to business conduct. In FY2025, no additional corrective actions were required due to the continuous improvements made as part of the compliance process.

MDR-T

Targets

In line with our policies, we are committed to conducting business in a legal, ethical, and transparent manner. No targets are set for incidents of corruption and bribery, due to their context-dependent nature. Furthermore, we continuously monitor and assess our business conduct metrics, striving for year-on-year improvement.

Metrics

G1-4

Incidents of corruption or bribery

In FY2025, Kernel had no convictions or fines for violations of anti-corruption laws.

G1-6

Payment practices

Kernel's payment practices are strictly regulated by commercial contracts with suppliers, which set a maximum period of 3 days within which the Group is obligated to pay. This clause applies to all suppliers; however, with small and medium-sized enterprises, which usually are producers of grain and oilseeds, Kernel aims to pay even sooner than required

Key anti-corruption and compliance indicators in FY2025

(as of 30 June)

Number of confirmed incidents of corruption	66
Number of employees dismissed for corruption	43
Number of public legal cases on corruption brought against Kernel	0
Number of confirmed incidents of contracts with business partners being terminated due to corruption	1
Total number of submissions to Kernel's channels of informing on misconduct	19
Total number of managers and specialists who completed the procedure on declaration of conflicts of interest	2,513
Total number of employees who took anti-corruption trainings	2,322

by contract. In FY2025, there were no legal proceedings for late payments.

MDR-M

Governance accounting methodology

Incidents of corruption and bribery

Data on incidents of corruption and bribery, as well as other compliance-related metrics, are consolidated and monitored by Kernel's compliance officer. The Group's HR Business Partners are responsible for data on employees dismissed for corruption.

List of annexes

Annex 1 – Statement on due diligence

Core elements of due diligence		Disclosure requirement
a) Embedding due diligence in governance, strategy and business model		SBM-3 GOV-2 GOV-3
b) Engaging with affected stakeholders in all key steps of the due diligence		ESRS 2 IRO-1 ESRS 2 SBM-2 S1-1, S1-2 S3-1, S3-2 S4-1, S4-2 G1-1 ESRS 2 MDR-P/S1-1 ESRS 2 MDR-P/S3-1 ESRS 2 MDR-P/S4-1
c) Identifying and assessing adverse impacts		ESRS 2 IRO-1 E1 SBM-3 E1 IRO-1 E2 IRO-1 E4 IRO-1; E4 SBM-3 E5 IRO-1 S1 SBM-3 S3 SBM-3 S4 SBM-3 G1 IRO-1
d) Taking actions to address those adverse impacts		ESRS 2 MDR-A/E1-3 ESRS 2 MDR-A/E2-2 ESRS 2 MDR-A/E4-3 ESRS 2 MDR-A/E5-2 ESRS 2 MDR-A/S1-4 ESRS 2 MDR-A/S3-4 S3-3 ESRS 2 MDR-A/S4-4 S4-3 G1-1, G1-2, G1-3
e) Tracking the effectiveness of these efforts and communicating		MDR-T/E1-4 E1-5, E1-6, E1-8 E2-4, E2-5 ESRS 2 MDR-T/E4-4 ESRS 2 MDR-T/E5-3 E5-5 ESRS 2 MDR-T/S1-5 S1-6, S1-9, S1-10, S1-16, S1-12, S1-13, S1-14, S1-15, S1-17 ESRS 2 MDR-T/S3-5 ESRS 2 MDR-T/S4-5 G1-4, G1-6

Annex 2 – List of data points that derive from other EU legislation

Disclosure Requirement	Datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page
ESRS 2 GOV-1	21 (d): Board's gender diversity	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	91
ESRS 2 GOV-1	21 (e): Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		Material	92
ESRS 2 GOV-4	30: Statement on due diligence	Indicator number 10 Table #3 of Annex 1				Material	45; 84
ESRS 2 SBM-1	40 (d)ii: Involvement in activities related to fossil fuel activities	Indicators number 4 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1	40 (d)ii: Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1	40 (d)iii: Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1	40 (d)iv: Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-1	14: Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	Material	51

List of annexes continued

ESRS E1-1	16 (g): Undertakings excluded from Paris-aligned Benchmarks		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	Not material	
ESRS E1-4	34: GHG emission reduction targets	Indicator number 4 Table #2 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	Material	51
ESRS E1-5	38: Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1			Material	54
ESRS E1-5	37: Energy consumption and mix	Indicator number 5 Table #1 of Annex 1			Material	54
ESRS E1-5	40 to 43: Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex 1			Material	54
ESRS E1-6	44: Gross Scope 1, 2, 3 and Total GHG emissions	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	Material	55
ESRS E1-6	53 to 55: Gross GHG emissions intensity	Indicators number 3 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)	Material	55
ESRS E1-7	56: GHG removals and carbon credits			Regulation (EU) 2021/1119, Article 2(1)	Not material	
ESRS E1-9	66: Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	Not material	
ESRS E1-9	66 (a): Disaggregation of monetary amounts by acute and chronic physical risk 66 (c): Location of significant assets at material physical risk		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.		Not material	
ESRS E1-9	67 (c): Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book -Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral		Not material	
ESRS E1-9	69: Degree of exposure of the portfolio to climate-related opportunities			Delegated Regulation (EU) 2020/1818, Annex II	Not material	
ESRS E2-4	28: Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1			Material	61

List of annexes continued

ESRS E3-1	9: Water and marine resources	Indicator number 7 Table #2 of Annex 1		Not material	
ESRS E3-1	13: Dedicated policy	Indicator number 8 Table 2 of Annex 1		Not material	
ESRS E3-1	14: Sustainable oceans and seas	Indicator number 12 Table #2 of Annex 1		Not material	
ESRS E3-4	28 (c): Total water recycled and reused paragraph	Indicator number 6.2 Table #2 of Annex 1		Not material	
ESRS E3-4	29: Total water consumption in m3 per net revenue on own operations	Indicator number 6.1 Table #2 of Annex 1		Not material	
ESRS 2-SBM 3-E4	16 (a)	Indicator number 7 Table #1 of Annex 1		Material	63
ESRS 2-SBM 3-E4	16 (b)	Indicator number 10 Table #2 of Annex 1		Not material	
ESRS 2-SBM 3-E4	16 (c)	Indicator number 14 Table #2 of Annex 1		Not material	
ESRS E4-2	24(b): Sustainable land, agriculture practices or policies	Indicator number 11 Table #2 of Annex 1		Material	64
ESRS E4-2	24(c): Sustainable oceans/seas practices or policies	Indicator number 12 Table #2 of Annex 1		Not material	
ESRS E4-2	24 (d): Policies to address deforestation	Indicator number 15 Table #2 of Annex 1		Material	64
ESRS E5-5	37 (d): Non-recycled waste	Indicator number 13 Table #2 of Annex 1		Material	68
ESRS E5-5	39: Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex 1		Material	68
ESRS 2-SBM3-S1	14 (f): Risk of incidents of forced labour	Indicator number 13 Table #3 of Annex I		Not material	
ESRS 2-SBM3-S1	14 (g): Risk of incidents of child labour	Indicator number 12 Table #3 of Annex I		Not material	
ESRS S1-1	20: Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		Material	69-70; 87
ESRS S1-1	21: Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8		Delegated Regulation (EU) 2020/1816, Annex II	Material	69
ESRS S1-1	22: processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I		Not material	
ESRS S1-1	23: workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I		Material	69-70; 87
ESRS S1-3	32 (c): grievance/complaints handling mechanisms	Indicator number 5 Table #3 of Annex I		Material	81
ESRS S1-14	88 (b) and (c): Number of fatalities and number and rate of work-related accidents	Indicator number 2 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	Material	74
ESRS S1-14	88 (e): Number of days lost to injuries/ accidents/ fatalities or illness	Indicator number 3 Table #3 of Annex I		Material	74
ESRS S1-16	97 (a): Unadjusted gender pay gap paragraph	Indicator number 12 Table #1 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	Not material	
ESRS S1-16	97 (b): Excessive CEO pay ratio paragraph	Indicator number 8 Table #3 of Annex I		Not material	
ESRS S1-17	103 (a): Incidents of discrimination paragraph	Indicator number 7 Table #3 of Annex I		Not material	
ESRS S1-17	104 (a): Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Not material	
ESRS 2-SBM3-S2	11 (b): Significant risk of child labour or forced labour in the value chain	Indicators number 12 and n. 13 Table #3 of Annex I		Not material	
ESRS S2-1	17: Human rights policy commitments	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1		Not material	
ESRS S2-1	18: Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex 1		Not material	
ESRS S2-1	19: Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Not material	
ESRS S2-1	19: Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8		Delegated Regulation (EU) 2020/1816, Annex II	Not material	
ESRS S2-4	36: Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex 1		Not material	
ESRS S3-1	16: Human rights policy commitments	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1		Material	76; 87

List of annexes continued

ESRS S3-1	17: Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	Indicator number 10 Table #1 Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Material	76
ESRS S3-4	36: Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1		Material	77
ESRS S4-1	16: Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1		Material	79
ESRS S4-1	17: Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Not material	
ESRS S4-4	35: Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1		Material	79
ESRS G1-1	10 (b): United Nations Convention against Corruption	Indicator number 15 Table #3 of Annex 1		Not material	
ESRS G1-1	10 (d): Protection of whistle-blowers	Indicator number 6 Table #3 of Annex 1		Not material	
ESRS G1-4	24 (a): Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II)	Material	83
ESRS G1-4	24 (b): Standards of anti-corruption and anti-bribery	Indicator number 16 Table #3 of Annex 1		Material	83

Annex 3 – Key Policies and Procedures

Policy	Description of key contents	Scope	Responsible for implementation	Internationally recognized instruments	Availability
Sustainable Development and CSR Policy	The Policy is built around commitment to three dimensions: social, economic, and environmental responsibility — all contributing to sustainable development and the achievement of strategic objectives. Social responsibility focuses on developing human potential, ensuring occupational health and safety, fostering opportunities for self-realization and professional growth, and contributing to the resolution of socially significant issues, including support for local communities in regions of operation. Economic responsibility is aimed at maximizing profitability through the efficient use of resources, adoption of innovative technologies, continuous process improvement, and transparent business practices. The Company is committed to responsible land use and to producing high-quality products that meet international standards, business ethics, and customer needs. Environmental responsibility prioritizes energy efficiency, minimizing environmental impacts, reducing greenhouse gas emissions, increasing recycling and waste minimization, and preserving soil health and natural regenerative capacity.	Group Value chain	Head of Sustainable Development Head of CSR	SDGs UN Global Compact	Corporate website
Environmental Protection Policy	The Policy sets out goals to prevent and minimize negative impacts on the environment, ensure effective management of environmental risks, and establish a unified approach to environmental management. It emphasizes continuous improvement and performance enhancement in environmental protection, developing systems for monitoring environmental impacts, and ensuring openness and transparency in environmental communications.	Group Value chain	Head of Environmental Protection Head of Sustainable Development	ISO 14001 National legislation	Corporate website
Human Rights Policy	The Policy establishes guiding principles for the Company's approach to human rights, decision-making, and expected behavior. It aims to foster a strong compliance culture and uphold ethical standards in employee relations, while ensuring respect for human rights and providing effective remedies in cases of violation. The Policy ensures that all universally recognized human rights are upheld within the Company, demonstrates that respect for rights and freedoms is fundamental to business resilience, and sets out concrete actions to make these principles clear to employees and partners.	Group Value chain	Head of Compliance Department	UN Guiding Principles on Business and Human Rights ILO Fundamental Conventions OECD Guidelines National legislation	Corporate website
Stakeholder Engagement Policy	The Policy defines Kernel's commitment to building transparent, constructive, and long-term relationships with its stakeholders. It defines a Stakeholder Engagement Plan, which tailors engagement methods for each stakeholder group and outlines their key concerns, the approaches used to address them, and the outcomes we aim to achieve. The policy emphasizes contribution to sustainable regional development, grievance mechanisms for confidential feedback, transparent communication on follow-up actions, and continuous improvement through regular evaluation and benchmarking of engagement practices.	Group	Head of CSR Head of Sustainable Development Directors of the Division/Department Heads	Aarhus Convention	Corporate intranet
DE&I Policy	The Policy aims to ensure equal respect and unbiased treatment for people of all cultures, backgrounds, and positions across the Group. It promotes equality, inclusion, and diversity, fostering human dignity and zero tolerance for discrimination. By creating opportunities, empowering underrepresented groups, and removing barriers for youth, women, people with disabilities, those nearing retirement, and employees from diverse regions, the Policy advances inclusivity.	Group Value chain	Head of Human Resources Department	UN Global Compact UN SDGs UN Entity for Gender Equality and the Empowerment of Women and International Labor Organization Conventions	Corporate website
Anti-discrimination Policy	The Policy outlines the company's commitment to preventing discrimination and unlawful harassment, protecting employees, counterparties, customers, and stakeholders. It reinforces the creation of a safe, diverse, and	Group Value chain	Head of Human Resources Department	UN Global Compact	Corporate website

List of annexes continued

	respectful workplace where all individuals are treated with dignity. It ensures that all stakeholders are aware of the Policy, with clear procedures to properly investigate and address any allegations of violations.				
Occupational Health and Safety (OHS) Policy	The Policy is aimed at creating a safe working environment, fostering a strong safety culture, and implementing measures to protect the health and lives of employees during their professional activities. The Policy focuses on identifying and eliminating hazards, managing related risks, and ensuring the efficient operation of assets through continuous improvement of the OHS system. Key measures include analyzing incidents and implementing corrective actions, reducing risks to personnel during military aggression, monitoring OHS performance indicators and reporting on results, and providing psychosocial support to employees to help prevent mental and behavioral disorders.	Group	Head of Occupational Safety Department	OHSAS 18001/ISO 45001 National legislation	Corporate intranet
Compensation and Benefits Policy	The Policy is designed to ensure fair compensation for employees based on their qualifications, performance, and contribution to the Company's goals. The Policy promotes external fairness by aligning remuneration levels with market standards, while also ensuring transparency and clarity of reward conditions for all employees. It aims to motivate staff to achieve strategic objectives, while creating the conditions necessary to attract and retain talented employees.	Group	Head of Human Resources Department Directors of the Division/Department Heads	National legislation	Corporate intranet
Security Policy	The Policy is aimed at ensuring the safety and protection of its people, assets, and operations. The Policy establishes effective measures to prevent, monitor, and respond to security risks, including those arising from external threats, while maintaining business continuity.	Group	Head of Security Department	-	Corporate intranet
Resilience in Times of War Policy	The Policy is designed to ensure the uninterrupted operation of the Group, maintain financial stability, protect employees and assets, promote social responsibility, and comply with legal and ethical standards during times of war. It establishes measures for maintaining critical business processes, developing emergency response plans, securing financial reserves, and supporting employees through training, adaptation, and timely communication. Beyond internal resilience, the Policy encourages volunteer and charity initiatives, supporting communities in rebuilding infrastructure and addressing urgent needs.	Group	Head of Human Resources Department Directors of the Division/Department Heads	-	Corporate intranet
Policy of Working with Veterans	The Policy is designed to support the professional and social reintegration of veterans. It aims to create favorable conditions for the return of demobilized employees and the recruitment of veteran candidates, promoting their integration into society and professional life, and fostering an inclusive workplace that ensures both comfort and productivity.	Group	Head of Human Resources Department	National legislation	Corporate intranet
Social Impact and Community Engagement Policy	The Policy sets out Kernel's commitment to creating lasting positive outcomes in the regions where it operates. It defines the principles of social influence and cooperation with communities, ensures transparent and systematic management of engagement with local authorities and stakeholders, and establishes effective mechanisms for addressing social issues together. The policy guides the implementation of long-term social programs and projects that contribute to sustainable regional development, while promoting a unified approach to collaboration that delivers lasting results for both the Company and the communities it serves.	Group	Head of CSR	UN Global Compact UN Guiding Principles on Business and Human Rights	Corporate intranet
Safety and Quality Management Policy	The Policy aims to ensure proper control at all key stages of the production process, from the purchase of raw materials through their handling, storage, and processing to the production of finished products and their shipment, in accordance with established procedures, regulations, and instructions. It promotes the use of advanced methods for quality assessment, thorough documentation of laboratory quality control processes, and the implementation of motivational strategies to foster high-quality, productive, and engaged employee performance.	Group Value chain	Head of Quality Management	ISO standards FSSC 22000 IFS standards GMP +1B, +B3, +B4 ISCC standards National legislation	Corporate website
Code of Conduct	The Code of Conduct reflects Kernel's core values and guiding principles, setting the foundation for responsible and sustainable business practices. It emphasizes financial stability, strategic system management, and the effective use of assets and resources, while fostering synergy through business integration and innovation. It promotes sustainable business reputation - transparency, honesty, and compliance with laws and regulations, alongside a commitment to sustainable development, social responsibility, workplace health, and environmental stewardship. The Code recognizes the importance of strong leadership, professional teams, and entrepreneurial involvement, guided by partnership, shared goals, mutual respect, and trust.	Group	All employees	UN Guiding Principles on Business and Human Rights National legislation	Corporate website
Corporate Governance Charter	The Corporate Charter outlines the principles and framework guiding Kernel's corporate management and operations. It sets out the roles of shareholders, the Board, and executive management, outlines the work of key committees, and establishes principles for financial reporting, risk management, disclosure, and sustainability.	Group	Board of Directors Executive Management Team	Best Practices for WSE Listed Companies 2021 The X Principles of Corporate Governance of the Luxembourg Stock Exchange	Corporate website
Code of Interaction with Suppliers	The Code establishes clear standards for fair business practices, respect for human rights and environmental responsibility with suppliers. Kernel builds supplier relationships on openness, trust, and integrity by holding transparent tenders, ensuring equal treatment, and providing channels to report violations. Suppliers are required to maintain fair working conditions, prohibit child and forced labor, prevent discrimination and harassment, uphold health and safety standards, and respect cultural diversity and freedom of association. The Code also emphasizes minimizing environmental impact, maintaining sustainable and efficient operations, delivering high-quality products and services, and safeguarding confidential information and personal data. Compliance with these principles is subject to verification, and violations may result in exclusion from tenders, termination of contracts, or cessation of cooperation.	Group Value chain	All employees	-	Corporate website
Conflict of Interest Management and the Prevention of Fraud and Corruption Policy	The Policy is designed to foster a strong compliance culture and protect the Company from risks related to conflicts of interest, fraud, and corruption. It defines the types of conflicts of interest and situations requiring resolution, as well as the mechanisms for addressing them. The policy	Group	CEO Directors of the Division/Department Heads	FCPA UKBA UNCAC	Corporate intranet

List of annexes **continued**

	also outlines clear rules for tenders and procurement, interactions with public officials, the handling of business gifts and hospitality, financial reporting standards, and procedures for reporting violations, ensuring integrity and transparency across all business operations.			The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions OECD Convention	
Protection of Whistle-blowers Procedure	The Procedure is designed to safeguard employees who report concerns by preventing workplace discrimination against whistleblowers and their close relatives employed within the Company. The procedure is covered by Conflict of Interest Management and the Prevention of Fraud and Corruption Policy. It establishes measures to avoid harassment or violations of whistleblowers' rights, provides guidance on appropriate behavior in cases of confirmed retaliation, and reduces risks associated with potential misuse of authority by managers.	Group	Head of Compliance Department	-	Corporate intranet
Sanctions Policy	The Policy establishes Kernel's commitment to monitoring, assessing, and managing sanctions-related risks across all business operations. Its purpose is to protect the Company's reputation, avoid cooperation with parties subject to international or national sanctions, and safeguard against related financial, operational, and legal risks while ensuring business continuity.	Group Valur chain	Head of Compliance Department	National legislation	Corporate website

Corporate Governance

Main characteristics of Kernel

Group structure

Kernel Holding S.A. (the “**Company**”) is a Luxembourg-based public limited liability company (RCS Luxembourg B109173) established on 15 June 2005, with its registered office at 8A, Boulevard Joseph II, L-1840 Luxembourg. It serves as the holding entity for a group of companies, collectively referred to as the “**Group**” or “**Kernel**”.

The list of primary subsidiaries is disclosed on page 114 of this report.

Listing on the WSE

The Company's shares have been listed on the main market of the Warsaw Stock Exchange (“WSE”) since November 2007.

On 13 April 2023, the Board of Directors decided to delist the Company from the WSE, and on 12 May 2023, the Company applied to the Polish Financial Supervision Authority (“PFSA”) for approval.

On 13 October 2023, the group of minority shareholders of the Company initiated legal proceedings to cancel the Board's delisting decision. Given that, in March 2024, the PFSA informed the Company about the suspension of the administrative proceedings on the delisting of the Company from the Warsaw Stock Exchange. The PFSA will not issue the decision on granting permission to withdraw the Company's shares from trading on the regulated market until the District Court in Luxembourg has resolved the allegations raised by minority shareholders. Consequently, **the process of the Kernel's delisting from the WSE was ongoing** as of 30 June 2025.

Share capital and significant shareholdings

The issued capital of the Company as of 30 June 2025 consisted of 293,429,230 fully paid ordinary single-class shares without indication of the nominal value. Ordinary shares have equal voting rights and rights to receive dividends.

According to notifications received by the Company, one shareholder owned more than 5% of the Company's voting shares as of 30 June 2025:

- Namsen Limited (hereinafter “Namsen”), a legal entity directly controlled by the

Ownership structure as of 30 June 2025

	Shares owned	% of owned	% of voting /dividend
Namsen	278,947,016	95.07%	95.16%
Other	14,182,214	4.83%	4.84%
Treasury	300,000	0.10%	0.00%
Total	293,429,230	100.0%	100.0%

Governance structure



Chairman of the Board of Directors and founder of the business, Mr. Andrii Vereskyi, owns 95.07% of voting shares.

Over the course of FY2025, Namsen increased its stake in the Company from 94.4% to 95.07% of total shares issued, as a result of the acquisition of shares, as disclosed in the [Current report no. 02/2025](#).

As of 30 June 2025, the Company held 300,000 shares as treasury stock without voting and dividend rights, representing 0.1% of the subscribed share capital. The increase in the treasury shares during FY2025 resulted from a transaction under the long-term management incentive plan, whereby one beneficiary exercised a put option to sell a fixed number of the Company's shares back to the Company at the predetermined exercise price. The total cash consideration paid amounted to USD 6.6 million.

As of 30 June 2025, there were no outstanding options granting rights to acquire shares of the Company to which the Company is a party.

Corporate governance framework

Kernel is committed to high standards of corporate governance and is guided by the corporate governance framework determined by:

- the corporate law of the Grand Duchy of

Luxembourg as a place of incorporation (including voluntary compliance with most of the provisions of the X Principles of Corporate Governance of the Luxembourg Stock Exchange); and

- the corporate governance rules set out in the [Best Practice for WSE Listed Companies 2021](#) as a place of Company's shares listing. Paragraph 29 of the [Warsaw Stock Exchange Rules](#) requires issuers to publish a report indicating which rules the issuer complies with and which rules the issuer does not comply with permanently. The Company published such a report on 12 August 2021, available on the [Company's website](#). The Company applied all the principles except for detailed principles 1.4., 1.4.1., 1.4.2., 1.5., 2.1., 2.11.3., 2.11.5., 2.11.6., 3.6., 3.9., 6.2., 6.3., 6.4.

The key documents defining the Company's corporate governance principles include the Articles of Association and the Corporate Governance Charter. Additionally, Kernel has a Remuneration Policy, which is approved and periodically reviewed by the general meeting of shareholders and applies to both the Board of Directors and the Executive Management Team. All these documents can be accessed on the [Company's website](#).

Following a regular review of the Company's

Sell-out

On 28 January 2025, the Company received a notification from Namsen Limited about the manager's transactions that occurred on 27 January 2025. As a result of these transactions, Namsen Limited acquired 2,032,127 Company's shares at a price of EUR 3.93 per share, thereby increasing its total shareholding to 278,947,016 shares of Kernel Holding S.A., representing 95.07% of total shares issued and voting rights.

Consequently, Namsen has become the majority shareholder within the meaning of the Luxembourg Law of 21 July 2012 on mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public and amending the law of 23 December 1998 establishing a financial sector supervisory commission.

On 29 July 2025, the Company received a notification from Namsen that 1) certain minority shareholder had decided to exercise their right to sell their shares, thereby initiating the sell-out procedure; 2) KPMG prepared the [valuation report](#) to determine the fair price of Company's shares; 3) Namsen proposed price of PLN 19.45 per shares to be used in the sell-out.

As of the date of this report, no further updates or decisions have been communicated by the Commission de Surveillance du Secteur Financier regarding the fair price or next steps in the sell-out procedure.

Corporate Governance **continued**

adherence to the best corporate governance practices, the Board believes that the Company has made its best efforts to comply with:

- the applicable corporate governance principles;
- disclosure obligations concerning compliance with corporate governance principles defined in the [WSE Rules](#);
- regulations on current and periodic reports published by the Company as a securities issuer, according to [WSE Rules](#).

General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest governance body, possessing the broadest power to order, carry out, or ratify all acts relating to the Company's operations. Detailed information on the organization and functioning of the General Meeting of Shareholders can be found in the Articles of Association and the Corporate Governance Charter, both of which are available on the [Company's website](#).

To safeguard the Company's corporate governance framework and mitigate legal uncertainty, an **extraordinary general meeting of shareholders was held on 12 August 2024** to reapprove all the resolutions adopted at the annual general meeting of shareholders held on 11 December 2023 (the "AGM 2023"). This precautionary step was taken in response to legal actions initiated by shareholders representing approximately 0.4% of the Company's share capital. Among other things, they seek to suspend the effects of the minutes of the AGM 2023 and annul the decisions taken. Such frivolous litigations might have had a negative impact on Kernel, including disruption to the Company's orderly operations, potentially complicating both reporting and auditing processes and/or creating a vacuum of corporate powers at some stage. As a precautionary measure, shareholders were invited to vote again on each agenda item. This was to either maintain the effect of their vote expressed at the AGM 2023 (if applicable) or to cast a new vote on each agenda item (if no

vote was expressed at the AGM 2023 or they wished to change their previous vote).

The **annual general meeting held on 10 December 2024** (the "AGM 2024"):

- approved the management report of the Board of Directors, the consolidated financial statements of the Group, and the standalone annual accounts of the Company, along with the report of the independent auditor for the year ended 30 June 2024;
- approved, on an advisory basis, the remuneration report for the FY2024;
- granted discharge to the directors of the Company for their mandates in FY2024;
- renewed the mandates of all directors and approved the fees for executive and non-executive directors for the year ended 10 December 2025;
- re-appointed PwC as the independent auditor of the Company;

All recent general meetings were held with the physical presence of shareholders, alongside through the direct electronic voting and proxy voting via an independent representative.

The next annual general meeting of shareholders is scheduled for 10 December 2025.

All documents related to the general meetings of shareholders and the resolutions adopted are available on the Company's website.

GOV-1

Board of Directors

The Company is managed by the Board of Directors (the "Board"), which is the ultimate decision-making body, except for powers reserved for the general meeting of shareholders as stipulated by law, the Articles of Association, and the Corporate Governance Charter. The Board is vested with the broadest powers to perform all acts of administration and disposition in compliance with the Company's corporate purpose. The Board resolves to take its decisions objectively, in the best corporate interest of the Company. The Board is collectively responsible and accountable to the shareholders for the proper conduct of the

business, the long-term success of the Company, the effectiveness of the reporting system, and the corporate governance framework.

The responsibilities of the Board include approval and review of strategies and policies, governance of the Company, and management supervision. More detailed responsibilities are specified in the Company's Corporate Governance Charter.

All Directors are equally accountable for the proper stewardship of the Company's affairs. The non-executive directors have a responsibility to ensure that the business strategies proposed are fully discussed and critically reviewed. This enables the Directors to promote the success of the Company for the benefit of its shareholders, while having regard to, among other matters, the interest of employees, the fostering of business relationships with customers, suppliers, and other stakeholders, as well as promoting the impact of the Company's operations on the communities and the environment in which the business operates.

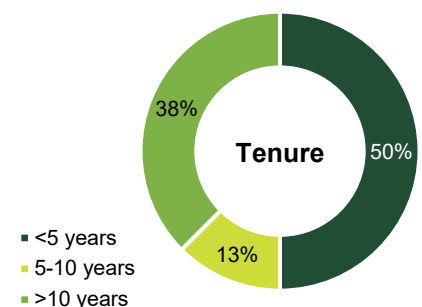
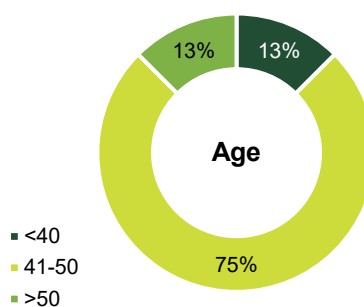
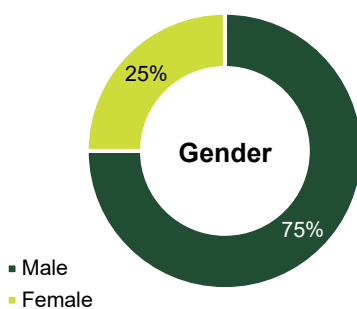
The Board approves every investment, divestment, acquisition, disposal, and funding transaction exceeding in value 5% of the average 12 months trailing daily market capitalization of the Company.

Board composition

The Board is composed of eight directors, five of which are executive (including a Chairman) and three are non-executive directors. There were no changes in the composition of the Board in FY2025.

Our non-executive directors are highly experienced and influential, with diverse backgrounds across various industries and countries. They bring a strong blend of skills and business acumen, significantly enhancing the effectiveness of the Board and its Committees.






Composition of the Board of Directors as of 3 October 2025



Corporate Governance **continued**

Effective and experienced leadership

Kernel Holding S.A. is governed by the Board of Directors composing of eight members, including three non-executive directors, two of whom are independent. Key information on Directors is as follows (with further details available on Company's [website](#)).

Andrii Verevskyi, 51  <p>Tenure: 18 years Skills and experience: Founded the Group's business in 1995, holding various executive positions within the Group. Presently, he oversees the strategic development and overall management of the Group.</p> <p>Board Committee: Nomination & Remuneration Committee</p>	Chairman of the Board, Founder	Andrii Miski-Oglu, 48  <p>Tenure: 4 years Skills and experience: Mr. Miski-Oglu has 21 years of experience in public accounting and audit at EY, involved in major EY Global audit-related initiatives. He holds CPA in the US since 2011 and a member of The American Institute of Certified Public Accountants (AICPA).</p> <p>Board Committee: Chairman of the Audit Committee, Nomination & Remuneration Committee</p>	Independent non-executive director
Daria Danilczuk, 38  <p>Tenure: 4 years Skills and experience: Agricultural commodity broker, specialized in Black Sea commodity markets, experienced in international trade and biofuels trade and regulatory framework.</p> <p>Board Committee: Chairwoman of the Sustainability Committee, Audit Committee</p>	Non-executive director	Mykhaylo Mishov, 43  <p>Tenure: 4 years Skills and experience: Mr. Mishov has over 18 years' experience in consulting, including Ernst & Young, Deloitte and KPMG, leading numerous strategy and performance improvement projects for agribusiness clients.</p> <p>Board Committee: Chairman of the Nomination & Remuneration Committee, Audit Committee, Sustainability Committee</p>	Independent non-executive director
Sergiy Volkov, 45  <p>Tenure: 2 years Skills and experience: Mr. Volkov is responsible for the overall financial management of Kernel. He holds CPA certification.</p> <p>Board Committee: None</p>	Chief Financial Officer	Yevgen Osypov, 49  <p>Tenure: 8 years Skills and experience: Mr. Osypov is responsible for the day-to-day management of the Company's subsidiaries, execution of strategy, budgets, and Board decisions. He completed several educational programs in Harvard Business School.</p> <p>Board Committee: Sustainability Committee</p>	Chief Executive Officer
Anastasiia Usachova, 54  <p>Tenure: 18 years Skills and experience: Mrs. Usachova is responsible for the overall financial oversight of Kernel. She holds an MBA degree from IMD (Switzerland).</p> <p>Board Committee: Sustainability Committee</p>	Executive Director	Yuriy Kovalchuk, 44  <p>Tenure: 14 years Skills and experience: Mr. Kovalchuk contributes to strategy formulation and is responsible for the execution of investment projects. Yuriy has been a Fellow with Association of Chartered Certified Accountants (FCCA), since September 2013.</p> <p>Board Committee: None</p>	Corporate Investment Director

Corporate Governance **continued**

All directors' mandates, including that of the Chairman, expires at the Annual General Meeting in December 2025.

The Nomination & Remuneration Committee regularly reviews the Board's composition to ensure a diverse, balanced mix of competencies, skills, experience, and knowledge of the Company's affairs. Key principles for the nomination, appointment, and re-election of Directors are outlined in the Corporate Governance Charter, available on [Kernel's website](#).

Board diversity

Diversity among Directors enhances the Board's performance and efficiency, serving the Company's best interests. The Board's diversity is supported by [Kernel's Diversity, Equality, and Inclusion Policy](#), adopted by management in 2018 and approved by the AGM on 10 December 2021. The policy is consistently applied by the Nomination & Remuneration Committee and the Executive Management Team in employee and management appointments.

The Company benefits from diversity in:

- **gender**;
- **age and tenure**;
- **professional experience** (industry and operations expertise, soft commodities trading, finance and audit, banking and investments, and sustainability);
- **nationality and culture** (the Board includes citizens of Ukraine, along with one Luxembourg resident, one Polish citizen, and two U.S. citizens).

Directors consider diversity when evaluating the Board's effectiveness. In the FY2025 annual self-evaluation, all Directors acknowledged the Board's sufficient range of expertise, attitudes, and external relationships.

Directors' independence

Each independent director annually submits a statement confirming compliance with the independence criteria outlined in Annex II of the European Commission Recommendation of 15 February 2005. These statements are published on the Company's website.

According to statements received in 2025, two of the three non-executive directors met the independence criteria. None of the three non-executive directors have any material relations with shareholder holding at least 5% of the Company's total voting rights.

Conflict of interest

A [Corporate Governance Charter](#) adopted in May 2018 emphasized the disclosure of conflicts of interest among Directors. Any Director having a direct or indirect conflict of interest

must inform the Board thereof and shall refrain from deliberating or voting on the relevant item on the agenda. Any conflict of interest should be properly declared and documented.

Members of the Board shall refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the Company, and where a conflict of interest arises, immediately disclose it.

The following non-exhaustive list is an example of the duties that shall be followed by the Directors:

- duty not to accept any benefits from third parties, which may give rise to personal financial interest and/or gain;
- duty to disclose any interest in a proposed transaction or arrangement with the Company and a separate and independent duty to disclose any arrangement with the Company; and
- duty to avoid conflicts of interest unless authorized.

There were no cases of conflict of interest among Directors declared over the course of FY2025.

As of October 2025, non-executive directors occupied the following positions in companies outside Kernel:

- Mrs. Daria Danilczuk is a commodities broker and trading expert at JDI Brokers, Switzerland.
- Mr. Mykhaylo Mishov is Supply Chain Strategy Lead at SC Johnson, Chicago, United States.
- Mr. Andrii Miski-Oglu does not occupy positions in companies outside Kernel as of the date of publication of this report.

Board committees

The Board has established three committees:

- Audit Committee;
- Nomination & Remuneration Committee (hereinafter "N&R Committee");
- Sustainability Committee.

This structure ensures efficient performance, as specific matters are first discussed by specialized bodies with relevant expertise before being presented to the Board.

The Board regularly reviews the need for new committees to adapt to changing business needs. Following the annual review in July 2025, it was concluded that no new committees are needed at this time.

Board self-evaluation

In line with the best corporate governance standards, the Board conducts a formal self-evaluation of its performance, effectiveness, operating efficiency, composition,

organizational structure, compliance with governance rules, and relationships with executive management and stakeholders. The 2025 survey found no major issues in these areas. The Board recognized the quality and timeliness of information provided, the effectiveness of its practices and meetings, appropriate composition, clearly defined roles, and well-established committee practices.

During the year, the non-executive directors convened without the participation of executive directors to assess the performance of the executive directors and the Executive Management Team, review progress against strategic objectives, and evaluate the Group's position within the sector and market. The practice of convening such meetings forms an integral part of the Board's governance framework, enabling the non-executive directors to exercise independent judgment, provide constructive challenge to executive leadership, and ensure that oversight of performance remains robust.

Professional development

To ensure that Directors maintain the skills and knowledge necessary to effectively contribute to the Board's discussions, the Group's Human Resources Director engages with Directors to determine and agree upon individual training and development requirements.

During FY2025 the Directors undertook targeted professional development programs tailored to their specific roles and responsibilities, including:

- Andrii Miski-Oglu – Audit Committees in a New Era of Governance (Harvard Business School): enhancing understanding of evolving regulatory requirements, strengthening internal controls, risk management, and fostering transparency with investors;
- Daria Danilczuk-Masri – Wharton ESG Executive Certificate for Senior Leaders: deepening expertise in developing and implementing ESG strategies aligned with business goals, engaging key stakeholders, managing ESG-related risks, and measuring performance.

Independent advice

All directors can consult the corporate secretary for assistance with governance, corporate administration, and legal matters. Directors may also seek advice from independent professional advisors on governance or business-related issues pertinent to their duties, at the Company's expense.

Board activity report

The Board held fifteen meetings in FY2025, including two in-person meeting in Luxembourg and thirteen via teleconference. The average attendance rate for all directors was 88%

Corporate Governance **continued**

during this period.

Typically, at each meeting, the Chairman of the Board and other executive directors report on the strategy implementation and recent developments, along with management accounts. The Board's work plan (minutes and circular resolutions) for FY2025 included, among others, the following items:

- review of the impact of the Russia-Ukraine war on operations;
- review of the Company's strategy and budget approval;
- review and approval of annual, semi-annual, and quarterly accounts;
- review of operations updates and management accounts;
- convening annual and extraordinary general meetings of shareholders;
- review of corporate-governance-related questions;
- oversight of risk management: approval of top risks for the Company and mitigation plan, review of reports on top risks mitigation activities; update on implementing the risk management system; review of risk limits;
- review of outstanding legal cases;
- updates from Audit Committee, N&R Committee, and Sustainability Committee;
- review of the performance of the Group sustainability function;
- review and approvals of financing and investment transactions;
- various ad-hoc items and other corporate decisions.

Executive Management Team

The Executive Management Team is responsible for the overall financial and operating results of the Company's subsidiaries, heading operating segments and providing support functions on a daily basis. The Executive Management Team focuses on strategy implementation, financial and competitive performance, commercial and technological developments, succession planning, and organizational development.

The Executive Management Team is headed by the Chief Executive Officer (the "CEO"), who is appointed and removed by the Board and reports directly to it. The CEO is responsible for the day-to-day management of the Company's subsidiaries, execution of strategy, budgets, and Board decisions. The CEO delegates his/her responsibilities to the other members of the Executive Management Team.

The Executive Management Team consists of 15 professionals including the CEO, benefiting from the diversity among its members. All the members of the Executive Management Team other than the CEO are appointed and

removed, as applicable, by the Board upon proposal by the N&R Committee after prior consultation with the CEO, save where he is subject to the procedure. As such, after the reporting date, in August 2025, the Board:

- acknowledged the transition of Mr. Yuriy Puhach from his mandate as Director, Production Assets Management (as a member of the Executive Management Team) to Project Manager (a role outside the Executive Management Team) with effect as of 19 August 2025;
- acknowledged the transition of Mr. Oleg Tkachenko from his mandate as Director, Security (as a member of the Executive Management Team) to a new role responsible for Capital Construction (a role outside the Executive Management Team) with effect as of 26 August 2025;
- resolved to appoint Mr. Hryhorii Kapustian as a new Director, Production Assets Management (as a member of the Executive Management Team) with effect as of 19 August 2025;
- resolved to appoint Mr. Aibiek Toktomushev as the new Director, Security (as a member of the Executive Management Team) with effect as of 26 August 2025.

The full list of the members of the Executive Management Team, including short biographies for each member is available on the [Company's website](#).

Responsibilities of the Executive Management Team are described in more detail in the Company's Corporate Governance Charter, available on the [Company's website](#).

Various committees are operating on the Executive Management Team level, including the Strategy Committee, the Investment Committee, the Trade Committee, and the Risk Committee.

Corporate Governance **continued**

Remuneration report

This remuneration report is published in accordance with article 7ter of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings, as amended.

The compensation principles for the Board and the Executive Management Team are specified in the [Remuneration Policy](#) of the Company. The Group pays remuneration to the Board and the Executive Management Team only in accordance with the Remuneration Policy. The Remuneration Policy must be submitted to a vote by the general meeting at every material change and, in any case, at least every four years.

The most recent approval of the Remuneration Policy took place at the annual general meeting held on 11 December 2023, where shareholders:

- approved an amendment to the long-term management incentive plan in the form of share put option agreements; and
- approved the [Remuneration Policy](#), following the requirements of Article 7bis of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings, as amended.

Remuneration of the Board

The compensation of the Company's Directors solely consists of the fixed fees paid for the services rendered in their capacity as members of the Board of Directors. No performance-based variable component, pension, retirement, or similar benefits are provided by the Company. This ensures a certain degree of independence when it comes to fulfilling the Board's duties towards the Executive Management Team. On top of that, Directors are reimbursed for certain travel, hotel, and other expenses related to the exercise of their duties.

The fees paid to the independent directors and the fees paid to executive directors are approved at the annual general shareholders' meeting. Further details on the remuneration of the Board are available in the Company's [Remuneration Policy](#). Non-executive Directors are reimbursed for educational expenses related to enhancing the competencies necessary for their duties.

Three executive Directors in their capacity as members of the Executive Management Team also receive compensation for their services provided to subsidiaries of the Company, with such compensation being paid by the subsidiaries of the Company. One other executive Director, not being a member of the Executive Management Team, also receives

Remuneration of the Board of Directors

USD thousands

	FY2021	FY2022	FY2023	FY2024	FY2025
Chairman of the Board	200	200	200	200	200
Other executive Directors	40	40	40	40	40
Non-executive Directors	260	275	240	240	232
Total Board of Directors	500	515	480	480	472

Excluding reimbursement of travelling expenses incurred by Directors in performing their duties.

Remuneration of the Executive Management Team

USD thousands

	FY2021	FY2022	FY2023	FY2024	FY2025
Total remuneration	29,334	8,492	20,585	27,074	23,812
Base salary	2,834	2,949	2,683	3,074	2,620
Short-term variable bonus	26,500	5,543	17,902	24,000	21,192
Number of executive managers	15	15	15	15	15

compensation as an employee of the Company.

Remuneration of the Executive Management Team

Compensation of the members of the Executive Management Team (15 people in total) is based on a pay-for-performance principle, rewarding sustainable growth and long-term value creation for shareholders of the Company. A significant portion of the remuneration comes from a variable part depending on the Group's consolidated financial performance.

For details, please see the figure above.

The principles of the remuneration of the Executive Management Team are specified in the [Remuneration Policy](#).

Members of the Executive Management Team are not granted any pension, retirement, or similar benefits provided by the Company, apart from those required by law.

The Company believes that the Remuneration Policy strongly contributes to the long-term shareholder value creation and the Company's stability.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (the "**N&R Committee**") is a continuously operating collective body of the Board. It is established from among the members of the Board and consists of three members, including a chairman elected by the members of the N&R Committee amongst themselves. The majority of the members of the N&R Committee (including the chairman) are non-executive independent Directors.

The role of the N&R Committee is to assist the Board in fulfilling its responsibilities by reviewing, advising, and making recommendations to the Board, the Chairman, and the CEO on the nomination to the Board and Executive

Management Team and their remuneration. The N&R Committee assists the Board in nominating and assessing candidates for both directorship and managerial positions, establishing and reviewing the compensation principles specified in the Remuneration Policy. The N&R Committee ensures that only persons with adequate competencies, experience, and skills are appointed to the Board. The N&R Committee also supports the Board in preparing the Board's remuneration proposals for the shareholders' general meeting. A detailed list of N&R Committee responsibilities is available in the Corporate Governance Charter, published on the [Company's website](#).

Nomination and Remuneration Committee's activity report

The N&R Committee held two meetings during the reporting period, discussing the performance of the CEO and the Executive Management Team, the remuneration of the executive management team, and amendments to the option period under the management incentive plans. The attendance rate of the Committee members was 100%.

Additionally, the N&R Committee held two ad-hoc meetings after the reporting date, in August 2025, to discuss the nomination of new directors to the Executive Management Team.

At the additional meeting held in October 2025, the N&R Committee settled on the Executive Management Team compensation for FY2025 standing at USD 23,812 thousand (including a bonus of USD 21,192 thousand) for 15 key executives, as compared to the total compensation of USD 27,074 thousand (including a bonus of USD 24,000 thousand) for 15 key executives a year ago.

Corporate Governance **continued**

Compensation structure of the Executive Management Team

Fixed remuneration	<p>Members of the Executive Management Team receive a base salary determined at the discretion of the Board, commensurate with the respective position and the individual profile of the relevant members in terms of qualifications, skill set, and experience. All amounts are fixed and shall be paid monthly. In FY2025, the aggregated base salary for 15 members of the Executive Management Team amounted to USD 2,620 thousand paid by the subsidiaries of the Company.</p>
Variable remuneration	<p>An annual variable monetary bonus (if applicable) is paid as well. Such bonus is determined by the formula approved by the Board of Directors upon the recommendation of the N&R Committee. The bonus shall reward the members of the Executive Management team for the financial performance of the Group, which derives from the financial performance of each of its subsidiaries where each respective member of the Executive Management Team is employed or has contractual obligations. The structure of the variable remuneration is as follows:</p> <ul style="list-style-type: none"> • The bonus pool for 13 members of the Executive Management Team (the "Bonus Pool") is expressed as a percentage of the consolidated EBITDA of the Group less the consolidated financial costs of the Group normalized for the effect of certain one-off and nonrecurring transactions ("EBITDA Less Finance Costs"), with a minimum threshold level of USD 123 million required to activate the pay-out. The Bonus Pool as a percentage of EBITDA Less Finance Costs is gradually increasing starting from 0.46% of EBITDA Less Finance Costs in case EBITDA Less Finance Costs exceeds USD 123 million and reaching 3.66% of EBITDA Less Finance Costs in case EBITDA Less Finance Costs exceeds USD 443 million. The exact allocation of the Bonus Pool between the relevant members of the Executive Management Team is determined by the N&R Committee. • Two members of the Executive Management Team have different metrics determining their variable remuneration, including the financial results of the business divisions they lead, the Group EBITDA and personal key performance indicators. <p>The variable remuneration is paid by the subsidiaries of the Company for duties and services provided by members of the Executive Management Team to subsidiaries of the Company. In FY2025, the aggregated variable remuneration for 15 members of the Executive Management Team amounted to USD 21,192 thousand to be paid by the subsidiaries of the Company.</p>
Long-term management incentive plan	<p>Seven beneficiaries are subject to the long-term management incentive plan, of whom four currently hold positions within the Executive Management Team and the remaining three occupy other roles within the Company, having been members of the Executive Management Team when the plan was introduced. The plan was designed to reward such members of the Executive Management Team for accomplishing individual performance goals related to the duties and services provided by such individuals to subsidiaries of the Company, altogether contributing to the better financial and non-financial results of the group of companies to which the Company belongs over the long-term period and aligning the interests of the Executive Management Team with those of the shareholders of the Company.</p> <p>The long-term management incentive plan was duly reviewed by the N&R Committee and approved by the Board of Directors after the generic terms thereof having been approved by the general meeting of shareholders. Seven beneficiaries were granted put options providing the right but not the obligation to sell a fixed number of Company's shares owned by management at the moment at Put Price during the exercise period:</p> <ul style="list-style-type: none"> • The exercise period shall commence on 1 November 2025 and end on 31 December 2026 (or, in certain cases, 31 December 2027). The option period was postponed by 12 months (originally scheduled to begin on 1 November 2024) as the beneficiaries agreed to support the Company's liquidity position in light of its debt burden and related future outflows, the uncertainty of financial performance due to the ongoing war in Ukraine, and the currency and capital flow restrictions imposed by the Ukrainian authorities. If no put options are exercised during the exercise period, they shall lapse. Put option also provides for acceleration events which dictate that the put options may be exercised before the commencement of the exercise period if the following events occur: 1) the cessation of trading of Company's shares at the Warsaw Stock Exchange or any other recognized stock exchange; or 2) a change of control event where the shareholding of Namsen Limited or its ultimate beneficial owner in Kernel's total votes falls below twenty five percent (25%). In such cases, put options may be exercised only after 12 months following the occurrence of the relevant events. • The Put Price is determined as lower of (1) USD 23.80; or (2) 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 155,000,000, where all amounts, except for the maintenance capital expenditures, are specified in USD in the relevant paragraph of 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 3, divided by 12%, and divided by 84,031,230.

Corporate Governance **continued**

Accountability and audit Going concern

The Group's business activities, together with the factors affecting its performance, position, and future development are set out in the management report on pages 1-38. The financials of the Group, its liquidity position, borrowing facilities, and applicable terms are described in the financial statement's accounts.

Current economic conditions have fostered the development of several risks and uncertainties for the Company, in particular, related to the war in Ukraine (see details in the [Risks and Uncertainties](#) section of this report).

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading and production performance, as well as the debt requirements. The results show that the **Company should be able to operate within the levels of its available capital**. Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the annual report and accounts.

Takeover disclosure

The Company's shares are in electronic form (77,429,230 shares) and registered form (216,000,000 shares) and are freely transferable, subject only to the provisions of law and the Company's Articles of Association. There are no agreements between the Company and its employees or directors providing compensation for the loss of office or employment (whether through resignation, purported redundancy, or otherwise) that would occur because of a takeover bid. Put options granted under management incentive plans incorporate accelerated vesting in the event of a takeover.

The Group, in the ordinary course of business, has entered into various agreements with customers and suppliers around the world. Some of the Company's borrowing agreements, which either by their nature or value may represent significant agreements, do provide for the right of termination upon a change of control of the Company. The commercial sensitivity of these agreements prevents their details from being disclosed.

Except for the preceding disclosure, there are no other significant agreements to which the Company is a party that take effect, alter, or terminate upon a change of control following a takeover of the Company.

Audit Committee

The Audit Committee is a continuously operating collective body of the Board. It consists of three members including a chairman, all of whom are non-executive directors and two of whom meet the independence criteria. The members have competence in accounting and audit, and competence relevant to the sector in which the company is operating. The Audit Committee is fully capable of overseeing the affairs of the Company in the areas of adequacy and effectiveness of the Kernel's system of financial reporting, corporate governance, internal controls, and risk management.

The functioning and key responsibilities of the Audit Committee are described in the [Articles of Association](#) and further specified in the [Corporate Governance Charter](#).

Audit Committee activity report

The Audit Committee had eight meetings in FY2025, including two in-person meetings in Luxembourg and the rest via teleconference. The average attendance rate of Committee members was 100% for the reporting period.

The Chief Financial Officer was invited and attended all the meetings of the Audit Committee. Additionally, the Audit Committee invited the CEO, head of internal audit, compliance officer, sustainability manager, head of reporting and controls, head of IT, and head of business continuity to its meetings. The representatives of the external auditor (PwC) were invited and attended four meetings of the Audit Committee.

During its meetings, the Audit Committee had one closed session with the external auditor and one session with the head of internal audit to communicate without the presence of executives.

Additionally, the decisions of the Audit Committee were taken via two circular resolutions signed throughout FY2025.

To execute its key functions and discharge its responsibilities as outlined in the [Corporate Governance Charter](#), the Audit Committee, during FY2025:

- assisted the Board in **monitoring the reliability and integrity of the financial information provided**. The committee reviewed the consolidated quarterly, semi-annual, and annual financial reports of the Group, standalone annual accounts of the Company, Avere financial statements, reviewed critical accounting policies and management estimates, among other things;
- conducted **oversight over the performance of the internal audit function**, including the review of the internal audit activities and action plans and reports. The Audit

Committee had one face-to-face discussion with the head of the internal audit in the absence of executives;

- conducted **oversight over the performance of the external audit function** including review of the annual audit plan and scope of semiannual accounts review and areas of focus, review of auditor reports, presentations and additional auditors' report, and management letter review. The Audit Committee had one face-to-face discussion with the external auditors in the absence of executives. The Audit Committee monitored the fee cap of non-audit services, and reviewed the contract with auditors (including a review of expected fees for the audit and consulting services) and the independence of the external auditor;
- conducted **oversight over the risk management function**. The Audit Committee assisted the Board in the discharge of its risk management responsibilities, monitoring and examining the effectiveness of the Company's internal control and risk monitoring system; reviewing top risks, risk mitigation plans, and results of risk mitigation activities, overseeing group risk management procedures; reviewing trade management position risk mitigation activities; review of climate, physical, and transitional risks relevant to Kernel's operations;
- conducted **oversight over the compliance function**, including implementation of the [Corporate Governance Charter](#) provisions, compliance with good corporate governance practices concerning the functioning of the Audit Committee, and reviewing reports from the Kernel Compliance Officer on the progress achieved in the enhancement of the Company's compliance function;
- discussed various ad-hoc items.

During FY2025, the Audit Committee also received several updates on specific matters, including the Group's cyber security and related mitigation measures, preparation to the reporting under EU Corporate Sustainability Reporting Directive (CSRD), as well as development of the group-wide business continuity strategy.

After each meeting, the chairman of the Audit Committee reports to the Board on the key matters discussed, along with the Committee's recommendations on items requiring Board approval.

In line with the best corporate governance practices, the Audit Committee conducted an annual self-evaluation assessment in FY2025, assessing its effectiveness, composition, and working practices. The review indicated potential areas of Audit Committee performance and activities improvement and resulted in a clear action plan based on the results of the self-evaluation procedure.

Corporate Governance **continued**

Additionally, in 2025, the Audit Committee assessed the efficiency of internal control, risk management and compliance systems, and internal audit function. The Audit Committee agreed that the overall assessment of the internal control and risk management system is rather effective, the overall assessment of the compliance system is effective, and the overall assessment of the internal audit function is effective.

Internal audit

As an integral part of the system of internal control, the Company has an internal audit department headed by an experienced professional reporting directly to the Board of Directors via the Audit Committee and to the CEO of the Company as a chairman of the Risk Committee within the Executive Management Team and working closely with the Board. Internal audit is a separate independent unit in the Group's organizational structure.

Internal auditing strengthens the Company's ability to create, protect, and sustain value by providing the Board and Management Team with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal auditing enhances the Company's:

- Successful achievement of its objectives;
- Governance, risk management, and control processes;
- Decision-making and oversight;
- Reputation and credibility with its stakeholders;
- Ability to serve the public interest.

The independence rules defined in accepted Global Internal Audit Standards apply to members of the internal audit department.

The main responsibilities of the internal audit are:

- to maintain continuous support for the Directors on risk management, internal controls, and mitigation activities by undertaking regular or ad hoc reviews;
- to provide an independent and objective evaluation of the effectiveness and efficiency of corporate governance, internal control, and risk-management systems within the operational framework of the Company;
- to assist personnel and management of the Company in improving the effectiveness of risk identification and internal control systems in operations; advise and consult them regarding how to effectively execute their responsibilities, including recommendations on specific improvements in policies and procedures; and
- to assist in open and two-way communication among internal and external auditors, management and personnel, the Audit Committee, and the Board.

The Head of internal audit regularly presents the results of its work to the Audit Committee, including communication with the committee members in the absence of executives.

External audit

PwC *Société cooperative* ("PwC"), with its registered office at 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg and register number B 65 477 with the Luxembourg Trade and Companies Register, acts as an external auditor of Kernel's consolidated and standalone accounts since FY2022.

PwC attended four meetings of the Audit Committee in FY2025, presenting the review of the semi-annual accounts, and audit plan for FY2025, and presenting to the Audit Committee the approach to accounting and audit of various business operations, among other things. The Audit Committee reviews and monitors the level of fees paid by the Company to the external auditor, preapproves permissible non-audit services, and monitors the cap on non-audit fees.

Remuneration to auditors in FY2025 amounted to USD 818 thousand (including USD 55 thousand non-audit services), as compared to USD 804 thousand (including USD 26 thousand non-audit services) in FY2024.

GOV-2

Sustainable development

The sustainability function at Kernel is governed by the Board via a Sustainability Committee, which has the purpose of:

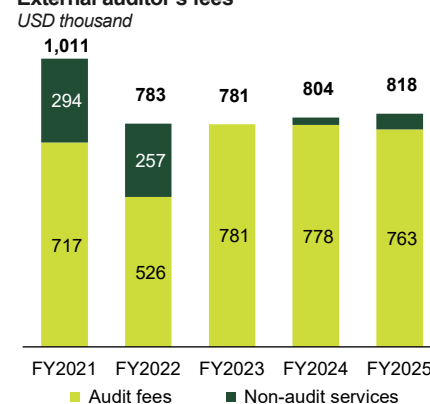
- overseeing the overall performance of the sustainability corporate function of the Company and the Group;
- ensuring the implementation of the environmental, social, and sustainability governance agendas across all business operations; and
- connecting these agendas with the Group's strategy, business objectives, and capital allocation decisions.

The Sustainability Committee had one meeting during the reporting period, discussing the following:

- update on the business opportunities related to sustainability function and climate change;
- progress on non-financial data accounting and audit, including integration of the EU standard on non-financial corporate reporting, development of internal procedures and policies;
- Kernel's participation at 29th Conference of Parties.

At the meeting held in July 2025, the Sustainability Committee discussed:

External auditor's fees



- results and procedures of Kernel's double-materiality assessment;
- final structure of the Sustainability section of the Annual Report.

Business ethics and compliance

Kernel has embedded strong ethical standards in the Company's everyday operations, as outlined in the [Code of Conduct](#). Additionally, the AGM held on 10 December 2021 approved the [Diversity, Equality, and Inclusion Policy](#) of the Company and its subsidiaries.

Kernel implemented a **Corporate Compliance Program ("CCP")** designed to align the Company's practices with international best standards. The program combines internal and external control mechanisms, ensuring consistent monitoring, evaluation, and improvement of compliance processes. Independent reviews have recognized the significant progress achieved in strengthening the system while also outlining areas for continuous enhancement, which remain a focus of management.

The compliance function within Kernel is led by a dedicated compliance officer, who reports directly to the CEO and Board of Directors via the Audit Committee of the Board. The compliance officer attends all Audit Committee meetings and provides compliance system and control updates at least twice a year.

We prioritize strong relationships with counterparties, assessing their risks based on trustworthiness, corruption, and sanctions in line with our risk appetite. Anti-corruption and anti-sanctions clauses are included in all contracts with counterparties. These clauses consider both national and foreign legislation requirements in connection with the Russian war invasion of Ukraine. We've updated our anti-corruption provisions to align with legislative changes, strengthened controls, enhanced due diligence processes, and revised contract

Corporate Governance **continued**

templates and clauses accordingly.

Kernel is a member of the Ukrainian Network of Integrity and Compliance (UNIC) and a signatory of the UN Global Compact and the Memorandum of UN Collective Action to Combat Corruption. These platforms are effective for sharing best practices in preventing corruption between companies and promoting a corporate culture of integrity in the agricultural sector.

In recent years, Kernel has made continuous efforts to promote gender equality and inclusion, actively creating and supporting favorable workplaces. Gender diversity and equality are core values, with dignity and honesty at the foundation. Kernel remains committed to addressing gender asymmetry across all areas of the company.

In FY2025, the Group continued to implement its Equal Opportunities and Cultural Diversity Policy, reinforcing its long-standing commitment to gender equality, inclusion, and the promotion of respectful and safe workplaces. Diversity and equal treatment are deeply embedded in the Group's values, grounded in the principles of dignity and integrity. Kernel remains focused on addressing gender asymmetry across all areas of its operations. A survey conducted in June 2025 among employees indicated that 100% of respondents reported no experience of gender-based inequality in the workplace.

Key actions taken in 2024-2025 to further strengthen the Group's compliance and ethical culture included:

- Adoption of a [Human Rights Compliance Policy](#), formalizing the Group's approach to respecting and protecting fundamental human rights across its operations;
- Implementation of an [Anti-Money Laundering Policy](#), aimed at enhancing internal safeguards and risk management procedures in line with applicable regulations;
- Launch of an e-learning course titled "Preventing Sexual Violence in the Workplace", completed by more than 4 thousand employees. Additionally, a dedicated anti-violence webinar featuring a professional psychologist was held to address practical prevention tools and reinforce a zero-tolerance approach to misconduct;
- Revision and enhancement of the Conflict of Interest Management and Anti-Fraud and Corruption Policy, including updated training materials and employee briefings. A new brochure, *Illegal and Inadmissible Actions*, was distributed across the organization to illustrate the key policy changes and reinforce ethical standards;
- Continued application of the Anti-Corruption Clause in all contracts with counterparties,

ensuring alignment with the Group's compliance requirements throughout the supply chain;

- Development and deployment of a video-based compliance training course, "Compliance on the Guard of Business", focused on anti-corruption and equality. Nearly 5 thousand employees completed the course, significantly expanding coverage beyond what traditional face-to-face training could achieve. The video is now part of the onboarding process for all new hires and will be redistributed annually to all existing employees.

Kernel's compliance efforts focus on:

- **preventing fraud, corruption, and other misconduct** (see details in section [Anti-corruption](#));
- **managing risks related to unreliable counterparties and international sanctions**. Compliance officer and security department check business partners for compliance risks: sanctions, corruption, money laundering, terrorism financing;
- ensuring the Company's activities **comply with various external initiatives** (GDPR; United Nations Global Compact; equality, diversity, and inclusion initiatives, etc.);
- ensuring **employee adherence to internal policies**, including the [Code of Conduct](#), [Policy for managing conflicts of interest](#), [combating fraud and corruption](#), and other internal documents on compliance. The compliance officer oversees incident management for all stakeholders.

To enhance employee awareness of business ethics, we offer an e-learning course on the Code of Conduct. All new employees must achieve a minimum 80% pass rate during onboarding.



Audit report

To the Shareholders of

Kernel Holding S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Kernel Holding S.A. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

PricewaterhouseCoopers Assurance, Société coopérative,
2 rue Gerhard Mercator, L-2182 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 25 to the consolidated financial statements.

Material uncertainty related to going concern

We draw attention to Note 4 to the consolidated financial statements, which indicates that since 24 February 2022 the Group's operations are significantly affected by the ongoing military invasion of Ukraine and the magnitude of further developments or the timing of the cessation of these circumstances, are uncertain. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the “Material Uncertainty Related to Going Concern” section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Revaluation of classes of property, plant and equipment in the oilseed processing segment</p> <p>As disclosed in Note 5 to the consolidated financial statements, management performed a revaluation of specific classes of property, plant and equipment within the oilseed processing segment carried under the revaluation model of USD 481 million.</p> <p>The fair value was determined in accordance with IFRS 13 Fair Value Measurement, using depreciated replacement cost (DRC) method, adjusted for the economic obsolescence determined based on discounted cash flow (DCF) model, if the expected cash flows are lower than those obtained using depreciated replacement cost.</p> <p>The valuation is highly judgemental and requires the use of unobservable inputs. The assumptions with the most significant impact on the discounted cash flows results were sales prices of sunflower oil, the purchase price of sunflower seeds, processing volume and discount rate for the oilseed processing segment.</p> <p>Taking into account the significant management judgements and the magnitude of the amounts involved, we considered this to be a key audit matter.</p> <p>Refer to Notes 5 and 14 to the consolidated financial statements for the related disclosures.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Engaging our internal valuation experts to assess the appropriateness of the methodology applied by the external independent valuer in determining DRC amounts and the appropriateness of the methodology applied by the Group in calculating the discounted cash flow results; Verifying input data used by the external independent valuer in determination of the depreciated replacement cost of assets; Engaging our internal valuation experts to assess the reasonableness of the discount rate used; Evaluating management's ability to reasonably estimate cash flow forecasts by comparing actual results to management's historical forecasts; Evaluating and challenging significant assumptions used by management in the calculations of economic obsolescence, such as sales prices of sunflower oil, the purchase price of sunflower seeds, and processing volume; Checking the sensitivity analysis over significant assumptions used; Verifying the mathematical accuracy and integrity of calculations and the adequacy of the Group's disclosures in Notes 5 and 14 to the consolidated financial statements.
<p>Valuation of current biological assets</p> <p>The Group measures biological assets at fair value less costs to sell in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. As of 30 June 2025, the Group had current biological assets comprising mainly winter and spring crops of the 2024/25 season, which were not yet harvested in the amount of USD 229 million.</p> <p>The Group calculates the fair value less costs to sell on the basis of the discounted cash flow forecasts, applying the following significant assumptions:</p> <ul style="list-style-type: none"> crop yields; grain sales prices net of transportation costs. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Gaining an understanding of management's process for the development of significant assumptions used in the valuation and assessing the appropriateness of the valuation methodology applied; Evaluating and challenging significant assumptions used in the valuation, such as crop yields and grain sales prices net of transportation costs, based on the internal and external data which supports these assumptions; Checking the sensitivity analysis over significant assumptions used; Verifying the mathematical accuracy and integrity of calculations and the adequacy of the Group's disclosures in Note 5 and 12 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Taking into account the significant management judgements and the magnitude of the amounts involved, we considered this to be a key audit matter.</p> <p>Refer to Note 5 and 12 to the consolidated financial statements for the related disclosure.</p>	

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Management Report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Management Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

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

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Shareholders on 11 December 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

We have checked the compliance of the consolidated financial statements of the Group as at 30 June 2025 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 30 June 2025 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 3 October 2025

PricewaterhouseCoopers Assurance, Société coopérative
Represented by

A handwritten signature in blue ink, appearing to be 'A. Chizhov', written over a horizontal line.

Andrei Chizhov

Statement of the Board of Directors' Responsibilities for the Preparation and Approval of the Consolidated Financial Statements

for the year ended 30 June 2025

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

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

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

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

03 October 2025

On behalf of the Board of Directors



Andrii Verevskyi
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer

Selected Financial Data

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

	USD ¹		PLN		EUR	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
I. Revenue	4,115,042	3,581,462	16,142,075	14,534,289	3,785,016	3,312,136
II. Profit from operating activities	361,046	276,428	1,416,275	1,121,800	332,090	255,641
III. Profit before income tax	287,243	211,052	1,126,768	856,491	264,206	195,181
IV. Profit for the period	237,596	167,628	932,018	680,268	218,541	155,022
V. Net cash generated by operating activities	241,664	472,136	947,975	1,916,022	222,283	436,631
VI. Net cash used in investing activities	(40,343)	(112,548)	(158,253)	(456,742)	(37,107)	(104,084)
VII. Net cash used in financing activities	(393,392)	(504,102)	(1,543,159)	(2,045,747)	(361,843)	(466,194)
VIII. Total net cash flow	(192,071)	(144,514)	(753,437)	(586,467)	(176,667)	(133,647)
IX. Total assets	3,320,426	3,396,911	12,007,989	13,696,345	2,830,663	3,175,432
X. Current liabilities	666,854	1,367,062	2,411,611	5,511,994	568,492	1,277,929
XI. Non-current liabilities	574,586	163,555	2,077,933	659,454	489,835	152,891
XII. Issued capital	7,749	7,749	28,023	31,244	6,606	7,244
XIII. Total equity	2,078,986	1,866,294	7,518,445	7,524,897	1,772,336	1,744,612
XIV. Weighted average number of shares	293,276,353	256,839,066	293,276,353	256,839,066	293,276,353	256,839,066
XV. Profit per ordinary share (in USD/PLN/EUR)	0.81	0.65	3.19	2.65	0.75	0.60
XVI. Diluted number of shares	293,276,353	256,839,066	293,276,353	256,839,066	293,276,353	256,839,066
XVII. Diluted profit per ordinary share (in USD/PLN/EUR)	0.81	0.65	3.19	2.65	0.75	0.60
XVIII. Book value per share (in USD/PLN/EUR)	7.09	6.35	25.64	25.60	6.04	5.94
XIX. Diluted book value per share (in USD/PLN/EUR)	7.09	6.35	25.64	25.60	6.04	5.94

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

Consolidated Statement of Financial Position

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 30 June 2025	As of 30 June 2024
Assets			
Current assets			
Cash and cash equivalents	8, 32	617,511	809,584
Trade accounts receivable	9, 32	252,660	305,246
Prepayments to suppliers		91,804	120,870
Corporate income tax prepaid		6,434	227
Taxes recoverable and prepaid	10	125,837	114,127
Inventory	11	363,467	277,660
Biological assets	12	230,669	187,712
Other financial assets	13, 32	315,913	339,929
Total current assets		2,004,295	2,155,355
Non-current assets			
Property, plant and equipment	14	946,342	944,104
Right-of-use assets	15	245,611	172,931
Intangible assets	16	34,788	36,394
Goodwill		13,196	13,196
Deferred tax assets	22	51,698	35,626
Non-current financial assets		6,025	23,307
Other non-current assets		18,471	15,998
Total non-current assets		1,316,131	1,241,556
Total assets		3,320,426	3,396,911
Liabilities and equity			
Current liabilities			
Trade accounts payable	32	108,348	109,672
Advances from customers and other current liabilities	17	257,285	192,397
Corporate income tax liabilities		39,664	31,433
Short-term borrowings	19	148,887	315,166
Current portion of long-term borrowings	19	22,239	—
Current portion of lease liabilities	21	34,021	27,206
Current bonds issued	20, 32	—	597,580
Interest on bonds issued	20, 32	3,616	7,612
Other financial liabilities	18, 32	52,794	85,996
Total current liabilities		666,854	1,367,062
Non-current liabilities			
Long-term borrowings	19	82,307	—
Bonds issued	20, 32	298,487	—
Lease liabilities	21	171,234	142,534
Deferred tax liabilities	22	19,194	20,035
Other non-current liabilities	32	3,364	986
Total non-current liabilities		574,586	163,555
Equity attributable to Kernel Holding S.A. equity holders			
Issued capital	2	7,749	7,749
Share premium reserve	2	457,935	457,935
Additional paid-in capital	2	39,944	39,944
Revaluation reserve		103,766	96,178
Translation reserve		(1,055,011)	(1,029,114)
Retained earnings		2,523,546	2,291,951
Total equity attributable to Kernel Holding S.A. equity holders		2,077,929	1,864,643
Non-controlling interests		1,057	1,651
Total equity		2,078,986	1,866,294
Total liabilities and equity		3,320,426	3,396,911
Book value		2,077,929	1,864,643
Number of shares	2, 33	293,129,230	293,429,230
Book value per share (in USD)		7.09	6.35
Diluted number of shares	33	293,129,230	293,429,230
Diluted book value per share (in USD)		7.09	6.35

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors



Sergiy Volkov

Director, Chief Financial Officer



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

Consolidated Statement of Profit or Loss

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

	Notes	For the year ended 30 June 2025	For the year ended 30 June 2024
Revenue	7	4,115,042	3,581,462
Net change in fair value of biological assets and agricultural produce	12	6,590	(10,447)
Cost of sales	23	(3,553,173)	(2,888,959)
Gross profit		568,459	682,056
Other operating income	24	67,808	76,593
Other operating expenses	24	(46,414)	(28,405)
General and administrative expenses	25	(235,268)	(213,373)
Net impairment losses on financial assets		(2,485)	(11,217)
Reversal of impairment losses/(impairment) of assets	26	8,946	(229,226)
Profit from operating activities		361,046	276,428
Finance costs	27	(77,668)	(119,079)
Finance income	27	45,395	49,819
Foreign exchange (loss)/gain, net		(5,249)	32,972
Other expenses, net	28	(36,281)	(29,088)
Profit before income tax		287,243	211,052
Income tax expenses	22	(49,647)	(43,424)
Profit for the period		237,596	167,628
Profit for the period attributable to:			
Equity holders of Kernel Holding S.A.		238,161	167,952
Non-controlling interests		(565)	(324)
Earnings per share			
Weighted average number of shares	33	293,276,353	256,839,066
Profit per ordinary share (in USD)		0.81	0.65
Diluted number of shares	33	293,276,353	256,839,066
Diluted profit per ordinary share (in USD)		0.81	0.65

On behalf of the Board of Directors

Andrii Verevskyi

Chairman of the Board of Directors



Sergiy Volkov

Director, Chief Financial Officer



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

	Notes	For the year ended 30 June 2025	For the year ended 30 June 2024
Profit for the period		237,596	167,628
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	14	9,252	(9,909)
Income tax related to components of other comprehensive income	22	(1,664)	1,784
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations ¹		(25,926)	(97,188)
Other comprehensive loss		(18,338)	(105,313)
Total comprehensive income for the period		219,258	62,315
Total comprehensive income attributable to:			
Equity holders of Kernel Holding S.A.		219,852	62,802
Non-controlling interests		(594)	(487)

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer



¹ Exchange differences on translating foreign operations decreased mostly as a result of foreign exchange rate change.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

	Attributable to Kernel Holding S.A. shareholders							Non-controlling interests	Total equity	
	Issued capital	Share premium reserve	Additional paid-in capital	Treasury shares	Revaluation reserve	Translation reserve	Retained Earnings			
								Total		
Balance as of 30 June 2023	2,219	500,378	39,944	(96,897)	104,303	(932,089)	2,123,999	1,741,857	2,138	1,743,995
Profit for the period	—	—	—	—	—	—	167,952	167,952	(324)	167,628
Other comprehensive loss	—	—	—	—	(8,125)	(97,025)	—	(105,150)	(163)	(105,313)
Total comprehensive income for the period	—	—	—	—	(8,125)	(97,025)	167,952	62,802	(487)	62,315
Increase of share capital	5,704	54,280	—	—	—	—	—	59,984	—	59,984
Cancellation of treasury shares	(174)	(96,723)	—	96,897	—	—	—	—	—	—
Balance as of 30 June 2024	7,749	457,935	39,944	—	96,178	(1,029,114)	2,291,951	1,864,643	1,651	1,866,294
Profit for the period	—	—	—	—	—	—	238,161	238,161	(565)	237,596
Other comprehensive income/(loss)	—	—	—	—	7,588	(25,897)	—	(18,309)	(29)	(18,338)
Total comprehensive income for the period	—	—	—	—	7,588	(25,897)	238,161	219,852	(594)	219,258
Other (Note 2)	—	—	—	—	—	—	(6,566)	(6,566)	—	(6,566)
Balance as of 30 June 2025	7,749	457,935	39,944	—	103,766	(1,055,011)	2,523,546	2,077,929	1,057	2,078,986

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer



Consolidated Statement of Cash Flows

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 30 June 2025	As of 30 June 2024 ¹
Operating activities:			
Profit before income tax		287,243	211,052
Adjustments for:			
Amortization and depreciation		105,283	104,723
Finance costs	27	77,668	119,079
Finance income	27	(45,395)	(49,819)
Net impairment losses on financial assets		2,485	11,217
Loss on disposal of property, plant and equipment		394	530
Net foreign exchange loss/(gain)		6,169	(32,717)
(Reversal) of impairment losses/impairment of assets	26	(8,946)	229,226
Write-downs of inventories to net realizable value		685	2,783
Net change in fair value of biological assets and agricultural produce	12	(6,590)	10,447
Loss/(gain) on sales of Subsidiaries	28	5,232	(2,448)
Net loss/(gain) arising on financial instruments		4,680	(16,540)
Other accruals		5,473	16,469
Operating profit before working capital changes		434,381	604,002
Changes in working capital:			
Change in trade receivable		53,001	10,425
Change in other financial assets		(49,422)	(19,228)
Change in prepayments and other current assets		36,872	30,859
Change in taxes recoverable and prepaid		(10,455)	36,391
Change in biological assets		17,010	(17,181)
Change in inventories		(143,493)	(16,899)
Change in trade accounts payable		(7,203)	(45,292)
Change in advances from customers and other current liabilities		1,109	(397)
Cash generated from operations		331,800	582,680
Interest paid		(78,198)	(110,878)
Interest received		32,070	32,777
Income tax paid		(44,008)	(32,443)
Net cash generated by operating activities		241,664	472,136
Investing activities:			
Purchase of property, plant and equipment		(72,956)	(142,578)
Proceeds from disposal of property, plant and equipment		4,841	10,175
Payment for lease agreements		(1,426)	(1,426)
Purchase of intangible and other non-current assets		(11,902)	(2,489)
Proceeds from disposal of intangible and other non-current assets		947	—
Acquisition of subsidiaries, net of cash acquired		(4,029)	(24,745)
Disposal of subsidiaries		40	92,452
Pledge deposits withdrawal	13	1,303	121,400
Proceeds from disposal of/(Payment to acquire) financial assets		42,839	(165,337)
Net cash used in investing activities		(40,343)	(112,548)
Financing activities:			
Net proceeds from/(repayment of) credit lines		14,310	(35,319)
Proceeds from short-term and long-term borrowings		149,607	109,463
Repayment of short-term and long-term borrowings		(223,489)	(619,580)
Repayment of lease liabilities		(34,171)	(20,046)
Proceeds from share premium reserve increase		—	54,280
Issued capital		—	5,704
Corporate bonds repaid		(300,000)	—
Net cash used in financing activities		(393,743)	(505,498)
Effects of exchange rate changes on the balance of cash held in foreign currencies		351	1,396
Net decrease in cash and cash equivalents		(192,071)	(144,514)
Cash and cash equivalents, at the beginning of the year	8	809,579	954,093
Cash and cash equivalents, at the end of the year	8	617,508	809,579

For non-cash financing activities please see Note 8.

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors



Sergiy Volkov
Director, Chief Financial Officer



¹ During the year ended 30 June 2025, the Group made certain corrections and reclassifications, please see Note 4 for more details.

Notes to the Consolidated Statements

for the year ended 30 June 2025 (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"). The principal place of production facilities of the Group is in Ukraine.

Kernel Holding S.A. has been a publicly traded company since 2007. Kernel Holding S.A. made an announcement on 13 April 2023, indicating that their Board of Directors had decided to withdraw the company's shares from trading on the Warsaw Stock Exchange's regulated market. However, as of 30 June 2025, and as of the date of these consolidated financial statements issue the delisting process has not been completed and it is expected to be finalized upon resolution of legal proceedings disclosed in Note 30.

The Group's principal business activities comprise the production and export of sunflower oil and sunflower meal in bulk, the production and sale of bottled sunflower oil, the wholesale trade of grain, primarily corn, soybean, wheat, and barley, as well as farming operations, and the provision of logistics and transshipment services. As of 30 June 2025, the Group employed 10,760 people (30 June 2024: 10,904 people).

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

As of 30 June, the primary Subsidiaries of the Group and their principal activities were as follows:

Subsidiary	Principal activity	Country of incorporation	Group's effective ownership interest and voting rights as of	
			30 June 2025	30 June 2024
Inerco Trade SA	Trading in sunflower oil, meal and grain.	Switzerland	100.0%	100.0%
Kernel-Trade, LLC		Ukraine	100.0%	100.0%
Avere Commodities SA		Switzerland	75.0% ¹	100.0%
Estron Corporation Ltd	The holding ownership interests in subsidiaries, their financing and strategic management.	Cyprus	100.0%	100.0%
Poltavsky VOEP, PJSC	Oilseed crushing plants. Production of sunflower oil and meals.	Ukraine	99.7%	99.7%
Bandursky VOEP, LLC		Ukraine	100.0%	100.0%
Kropyvnytskyi OEP, PJSC		Ukraine	99.2%	99.2%
Black Sea Industries Ukraine Limited, LLC		Ukraine	100.0%	100.0%
Prydniprovskyi OEP, LLC		Ukraine	100.0%	100.0%
Starokostiantynivskyi OEP, LLC		Ukraine	100.0%	100.0%
Transbulkterminal, JV LLC	Provision of grain, oil, and meals handling and transshipment services.	Ukraine	100.0%	100.0%
Transgrainterminal, LLC		Ukraine	100.0%	100.0%
Oilexportterminal, LLC		Ukraine	100.0%	100.0%
Kononivsky Elevator, LLC	Grain elevators. Provision of grain and oilseed cleaning, drying, and storage services.	Ukraine	100.0%	100.0%
AF Khliborob, LLC	Agricultural farms. Cultivation of agricultural products: corn, wheat, soybean, sunflower seed, rapeseed, forage, pea and barley.	Ukraine	100.0%	100.0%
Prydniprovskyi Krai, ALLC		Ukraine	100.0%	100.0%
Druzhba-Nova, ALLC		Ukraine	100.0%	100.0%
Druzhba 6, PE		Ukraine	100.0%	100.0%
Semeranky Agrofarm, LLC		Ukraine	100.0%	100.0%
Hovtva, ALLC		Ukraine	100.0%	100.0%

These consolidated financial statements were authorized for release by the board of directors of Kernel Holding S.A. on 3 October 2025.

¹ As of 30 June 2025, legal ownership of Avere Commodities SA was 75.0% and economic ownership was 100.0%, out of which 37.5% are distributed under the employee profit-sharing arrangement (Note 25).

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

2. Change in Issued Capital

Since 15 June 2005, the parent company of the Group is Kernel Holding S.A. (Luxembourg). The issued capital of the Holding as of 30 June 2025, consisted of 293,429,230 ordinary shares without indication of the nominal value (30 June 2024: 293,429,230). Ordinary shares have equal voting rights and rights to receive dividends (except for own shares purchased).

The shares were distributed as follows:

	As of 30 June 2025		As of 30 June 2024	
	Shares allotted and fully paid	Share owned	Shares allotted and fully paid	Share Owned
Equity holders				
Namsen Limited	278,947,016	95.16%	276,914,889	94.37%
Free float	14,182,214	4.84%	16,514,341	5.63%
Total	293,129,230	100.00%	293,429,230	100.00%

As of 30 June 2025 and 30 June 2024, the Company's immediate majority shareholder was Namsen Limited ("Namsen Ltd") and the Group was ultimately controlled by Mr. Andrii Verevskyi. As of 30 June 2025 and 2024, 100% of the beneficial interest in Namsen Ltd was held by Mr. Andrii Verevskyi.

In December 2024, the Group purchased 300,000 of its own shares (0.10% of total share capital) for USD 6,566 thousand. These shares are classified as treasury shares and deducted from equity. Treasury shares are excluded from the weighted average number of shares used to calculate earnings per share and book value per share.

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 775 thousand as of 30 June 2025 (30 June 2024: USD 221 thousand), may not be distributed as dividends.

3. Operating Environment

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine. In response, Ukraine declared martial law, which remains in effect as of the date of approval of these consolidated financial statements. Hostilities continue in the eastern and southern regions of Ukraine along the frontline, with certain towns and cities in these areas remaining temporarily occupied. Sporadic missile and drone strikes are also conducted across the country.

Ukraine's economy retains the characteristics of an emerging market. Its development is significantly influenced by fiscal and monetary policies implemented by the Government of Ukraine, as well as by changes in the legal, regulatory, and political environment, which can occur rapidly.

As of June 2025, annual inflation declined to 14.3% (14.1% as of July 2025), with consumer prices influenced by adverse weather conditions affecting fruit and berry harvests, higher meat prices due to increased production costs and reduced livestock numbers, global oil price increases, and depreciation of the hryvnia against the euro. Strong consumer demand and elevated costs for raw materials and labor also contributed. While headline inflation exceeded the April macroeconomic forecast, the National Bank of Ukraine (the "NBU") expects inflationary pressures to ease in the coming months, supported by monetary policy measures.

Economic growth remains constrained by intensified air attacks and the destruction of industrial facilities, infrastructure, and housing. The NBU projects real GDP growth of 2.1% for the 2025 calendar year, with recovery dependent on the course of the war. Under the baseline scenario, the economy is expected to gradually return to normal functioning, with GDP growth of 2%–3% projected for 2026–2027. A faster normalization would support higher private investment and consumption, potentially increasing GDP growth to 3%–3.5%.

Agricultural output in 2025 has been adversely affected by frosts and heavy rains between April and July, which reduced yields of grains, oilseeds, and other crops. Rapeseed harvests suffered severe frost damage in several western and central regions, leading to near-total losses in some areas. According to the Ministry of Agrarian Policy and Food of Ukraine, total grain production is forecast to decline by up to 10% and oilseed production by up to 5% compared with the 2024 period.

In the first half of 2025, Ukraine continued to secure substantial external financing to address the consequences of Russian aggression. International support covered social and humanitarian expenditures, allowing domestic fiscal resources to remain focused on security and defense. During this period, the Ministry of Finance raised USD 22 billion in external funding, including USD 17.6 billion under the Extraordinary Revenue Acceleration for Ukraine (ERA) initiative, which provides loans to be repaid from future revenues of immobilized Russian assets. In July 2025, an additional EUR 1 billion was secured from the EU. Other key programs included the Ukraine Facility, the Extended Fund Facility, and related initiatives. Since the beginning of the full-scale war, Ukraine's international partners have committed more than USD 137 billion in budget support.

As of July 2025, Ukraine's international reserves amounted to USD 43.0 billion, a 4.5% decrease from June 2025, driven by NBU foreign exchange interventions and external debt repayments. Despite the decline, reserves remain sufficient to cover 4.7 months of future imports, supporting financial and exchange rate stability.

To enhance financial stability, the National Bank of Ukraine ("NBU") introduced a managed exchange rate flexibility regime in October 2023. This approach, with interventions limited to smoothing volatility, has helped reduce foreign exchange imbalances, support reserve accumulation, and strengthen the resilience of Ukraine's economy to external influence.

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

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

On 24 July 2025, the NBU kept its key policy rate unchanged at 15.5% (compared to 13.0% in July 2024) to support foreign exchange market stability, anchor inflation expectations, and guide inflation towards its 5% target. The NBU noted that headline inflation may temporarily rise, while core inflation is expected to continue declining, with overall inflation projected to return to a downward trajectory in the coming months.

As of the date of issue of these consolidated financial statements, the war continues. The ongoing aggression by the Russian Federation increases the risk of a long-term reduction in Ukraine's economic potential, particularly due to the loss of population, territory, and production capacity. The speed of economic recovery will depend on the duration and intensity of the conflict. Prolonged high-intensity warfare would prevent the economy from returning to normal functioning and delay inflation returning to target levels.

4. Material Accounting Policy Information

Basis of Preparation and Accounting

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union.

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

The Group's Subsidiaries maintain their accounting records in local currencies in accordance with the accounting and reporting regulations of the countries of their incorporation. Local statutory accounting principles and procedures may differ from those generally accepted under IFRS Accounting Standards. Accordingly, the consolidated financial statements, which have been prepared from the Group's Subsidiaries' accounts under local accounting regulations, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS Accounting Standards.

Going concern

The Group continues to operate in a highly challenging environment caused by Russia's full-scale invasion of Ukraine, which began on 24 February 2022. Despite these circumstances, Kernel Group has demonstrated resilience and operational adaptability. Management has implemented measures to safeguard employees and assets while ensuring continuity of operations.

In assessing the going concern assumption, the following events, conditions and results were considered for the year ended 30 June 2025 and up to the date of authorization of these consolidated financial statements:

- Ukraine's grain export processes remained stable throughout the financial year. The commercial navigation corridor, maintained by the Ukrainian Navy, ensured regular vessel traffic and uninterrupted exports of grain and oilseed products;
- Despite ongoing hostilities, the Group did not incur significant damage to its core assets or facilities, and logistics operations continued without material disruption;
- The Group retained its position as the largest grain exporter and sunflower oil producer in Ukraine, with production and sales volumes remaining stable despite the numerous challenges faced;
- The Group's long-term investment in renewable energy enhanced resilience against power outages. Biomass-based "green" energy project reached a combined turbine capacity of 84.4 MW, reducing reliance on external supplies and strengthening energy security;
- The Group further strengthened its debt profile and liquidity position during the year, fully repaying USD 300,000 thousand of Eurobonds maturing on 17 October 2024. At the same time, short-term and long-term borrowings, including current portion, decreased by USD 61,733 thousand, while total loans outstanding amounted to USD 253,433 thousand at year-end;
- For the year ended 30 June 2025, the Group generated profit after tax for the period of USD 237,596 thousand and positive net cash flows from operating activities in the amount of USD 241,664 thousand (30 June 2024: USD 167,628 thousand and USD 472,136 thousand, respectively).

Management has prepared cash flow forecasts for the 12 months from the date of approval of these consolidated financial statements. In preparing these forecasts, management applied the following key assumptions:

- There will be no significant further advancement of Russian troops into the territory of Ukraine and no escalation of military actions that could materially affect the Group's assets;
- Ukraine's deep-water ports will remain open and operational during the next financial year, allowing the Group to continue its export activities.

Considering the above, management has assessed the going concern assumption based on which the consolidated financial statements have been prepared.

The forecast indicates that the Group has sufficient resources to continue its operations and to meet its obligations as they fall due. Accordingly, management believes that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Management acknowledges that the future development and duration of military actions represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, may result in the Group being unable to realize its assets and discharge its liabilities in the normal course of business. Despite this material uncertainty related to the war in Ukraine, management continues to take actions to minimize its impact on the Group and therefore believes that the application of the going concern assumption in the preparation of these consolidated financial statements remains appropriate.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Adoption of New and Revised Standards

The Group has adopted all new and revised IFRS Accounting Standards that became effective for annual periods beginning on or after 1 July 2024.

Classification of liabilities as current or non-current (Amendments to IAS 1): The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Under the amendments, the seller-lessee must determine the "lease payments" or "revised lease payments" in a way that prevents the recognition of any gain or loss related to the right of use retained by the seller-lessee after the lease commencement date.

Non-current Liabilities with Covenants (Amendments to IAS 1): The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7): The amendments to IAS 7 require entities to provide disclosures regarding their supplier finance arrangements, allowing users of financial statements to evaluate how these arrangements impact the entity's liabilities and cash flows. Additionally, IFRS 7 has been updated to include supplier finance arrangements as an example under the disclosure requirements related to an entity's exposure to liquidity risk concentration.

Standards and Interpretations Issued but not Effective

At the date of authorization of these consolidated financial statements, the following standards, and interpretations, as well as amendments to the standards had been issued but were not yet effective:

Standards and Interpretations	Effective for the annual period beginning on or after
Lack of Foreign Currency Exchangeability (Amendments to IAS 21)	1 January 2025
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	1 January 2026
Presentation and Disclosure in Financial Statements (Amendments to IFRS 18)	1 January 2027
Subsidiaries without Public Accountability: Disclosure (Amendments to IFRS 19)	1 January 2027

Management is in the process of evaluating the impact of these standards and interpretations on the Group's consolidated financial statements in future periods.

Functional and Presentation Currency

The Group's presentation currency is the United States dollar ("USD"). The functional currency of the majority of the Group's foreign Subsidiaries is their local currency, except for businesses engaged in the production and sale of sunflower oil and export terminals, for which USD was determined as the functional currency.

Foreign Currencies

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

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

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

Currency	Closing rate as of 30 June 2025	Average rate for the year ended 30 June 2025	Closing rate as of 30 June 2024	Average rate for the year ended 30 June 2024
USD/UAH	41.6409	41.4619	40.5374	37.7892
USD/EUR	0.8525	0.9198	0.9348	0.9248
USD/PLN	3.6164	3.9227	4.0320	4.0582

Rates established by NBU might differ from the commercial rates. Therefore, these rates might not be the ones at which the assets could be realized, or liabilities could be settled. Additionally, certain restrictions of the National Bank of Ukraine (NBU) on foreign currency transactions remained in place, although they were progressively eased during the financial year, including the introduction of an investment limit mechanism in May 2025 and further liberalization measures enacted in August 2025.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The average exchange rates for each period are calculated as the arithmetic means of the exchange rates for all trading days during this period. The sources of exchange rates are the official rates set by the National Bank of Ukraine for USD/UAH and by the National Bank of Poland for USD/EUR and USD/PLN.

All foreign exchange gain or loss that occurs on revaluation of monetary balances, presented in foreign currencies, is allocated as a separate line in the Consolidated Statement of Profit or Loss.

Basis of Consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Holding and companies controlled by the Holding ("Subsidiaries") as of 30 June 2025.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its Subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders, or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a Subsidiary begins when the Company obtains control over the Subsidiary and ceases when the Company loses control of the Subsidiary. Specifically, income and expenses of a Subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the over Subsidiary.

All inter-company transactions and balances between the Group's enterprises are eliminated for consolidation purposes. Unrealized gains and losses resulting from inter-company transactions are also eliminated, except for unrealized losses that cannot be recovered.

Non-controlling interests in Subsidiaries are identified separately from the Group's equity therein. Non-controlling interests as of the reporting date represent the non-controlling equity holders' portion of the fair values of the identifiable assets and liabilities of the Subsidiary at the acquisition date and the non-controlling equity holders' portion of movements in equity since the date of acquisition. Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. The total comprehensive income of Subsidiaries is attributed to the equity holders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and equity interests issued by the Group in exchange for control of the acquire. Acquisition costs are expensed when incurred and included in general and administrative expenses.

At the acquisition date, identifiable assets acquired, and liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- The Group shall recognize right-of-use assets and lease liabilities for leases identified in accordance with IFRS 16 in which the acquiree is the lessee. The Group shall measure the lease liability at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease were a new lease at the acquisition date. The Group shall measure the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with the market;
- The acquirer shall measure the value of a reacquired right recognized as an intangible asset based on the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value;
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets and liabilities that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

For each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at a proportionate share of the acquirer's identifiable net assets. If the initial accounting for a business combination cannot be completed by the end of the reporting period in which the combination occurs, only provisional amounts are reported, which can be adjusted during a measurement period of 12 months after the acquisition date.

Changes in the Group's ownership interests in Subsidiaries that do not result in the Group losing control over the Subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect changes in their relative interests in Subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Holding.

Goodwill

Goodwill arising from a business combination is recognized as an asset at the date that control is acquired (acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest (if any) in the entity net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

For impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) ("CGU") that are expected to benefit from the synergies of the combination. The cash-generated units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the legal entity, which represents a production site of the Group, except for the Farming segment where the whole segment is determined as one CGU and two grain export terminals which represent a single CGU.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the transactions and activities in financial instruments, the Group could conclude enforceable master netting or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis (Note 32). In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party or bankruptcy.

Inventories

Inventories are stated at a lower cost or net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Biological Assets and Agricultural Produce

The Group classifies crops in fields and cattle as biological assets.

Biological assets are stated at fair value, less estimated costs to sell at both initial recognition and as of the reporting date, with any resulting gain or loss recognized in the Consolidated Statement of Profit or Loss. Costs of selling include all costs that would be necessary to sell the assets, including costs necessary to get the assets to the market.

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell estimated at the point of harvest. A gain or loss arising from the initial recognition of agricultural produce at fair value less costs to sell is included in the Consolidated Statement of Profit or Loss. The Group presents gain/(loss) on revaluation attributable to the agricultural produce sold during the year in the Net change in fair value of biological assets and agricultural produce.

Biological assets for which quoted market prices are not available are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market-determined rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition.

The cost of agricultural preparation of fields before seeding is recorded as work-in-progress in inventories. After seeding, the cost of field preparation is recognized as biological assets held at fair value less costs to sell.

The Group classifies biological assets as current or non-current depending upon the average useful life of the group of biological assets. All of the Group's biological assets except non-current cattle were classified as current, as their average useful life is less than one year.

Property, Plant, and Equipment

Buildings, constructions, production machinery and equipment (Oilseed Processing segment) are accounted for at revalued amounts, being the fair value, which is determined using external professional expert evaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

If the asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to other comprehensive income and accumulated in the revaluation reserve in equity. However, such an increase is recognized in the Consolidated Statement of Profit or Loss to the extent that it reverses an impairment of the same asset previously recognized in the Consolidated Statement of Profit or Loss. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in the Consolidated Statement of Profit or Loss. However, such a decrease is debited directly to the Other Comprehensive Income or Loss to the extent of any credit balance existing in the revaluation surplus with respect to that asset.

Depreciation on revalued assets is charged to the Consolidated Statement of Profit or Loss. On the subsequent sale or retirement of revalued assets, the revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized. Property, plant and equipment are depreciated over the estimated useful economic lives of assets under the straight-line method.

Useful lives of property, plant, and equipment are as follows:

Buildings and constructions	20 - 50 years
Production machinery and equipment	10 - 20 years
Agricultural equipment and vehicles	5 - 30 years
Other fixed assets	5 - 20 years
Construction in progress (CIP) and uninstalled equipment	not depreciated

Except for land, buildings and constructions and production machinery and equipment of the Oilseed Processing segment, all other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Land is carried at cost less accumulated impairment losses and is not depreciated.

Capitalized costs include major expenditures for improvements and replacements that extend the useful lives of assets or increase their revenue-generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are presented in the Consolidated Statement of Profit or Loss as incurred.

Construction in progress consists of costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overhead incurred during construction. Depreciation of these assets commences when the assets are put into operation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Profit or Loss.

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Leases

The Group assesses whether a contract is, or contains, a lease at the inception of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less).

For the short-term leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The incremental borrowing rate is determined as reference interest rates which were derived from the yields of corporate bonds in the currency similar to the lease contracts, for a period of up to 10 years.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral, and conditions.
- To determine the incremental borrowing rate, the Group:
 - where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
 - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
 - adjusts specific to the lease, e.g., term, country, currency, and collateral

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any lease incentives received, and any initial direct costs. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets and lease liabilities are presented as separate lines in the consolidated statement of financial position.

Finance costs, which represent the difference between the total lease payments included in the measurement of the lease liability and the initial amount of the lease liability, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation and accumulated impairment losses. Amortization is primarily recognized within "Cost of Sales" on a straight-line basis over their estimated useful lives. The amortization method and estimated useful life are reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately shall not be amortized and are carried at cost less accumulated impairment loss.

Trademarks

The "Schedry Dar", "Stozhar", "Zolota" and "Domashnya" are separately acquired trademarks that have indefinite useful lives and are not amortized but tested for impairment by comparing their recoverable amount with their carrying amount annually on 30 June and whenever there is an indication that the trademarks may be impaired.

Impairment of tangible and intangible assets, except Goodwill

On each reporting date, the Group reviews the carrying amounts of the Group's non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it is carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The cash generating unit represents the lowest level within the Group at which the goodwill is monitored by management and which is not larger than a segment. An impairment loss is recognized immediately in the Consolidated Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Consolidated Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held with banks with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted balances are excluded from cash and cash equivalents for the consolidated statement of cash flows.

Financial Instruments

Financial assets and financial liability are recognized in the Group's Consolidated Statement of Financial Position when, and only when, the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories financial assets at amortized cost or at fair value through profit or loss (FVTPL). The classification depends on the business model and contractual cash flow characteristics of the financial assets or financial liabilities and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables and trade payables that do not have a significant financing component which are measured at transaction price. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Cash flows arising from the trading of government bonds are presented on a net basis within investing activities, as these represent non-core, non-revenue generating transactions undertaken under a distinct trading model. The government bonds held by the Group are measured at fair value through profit or loss (FVTPL) in accordance with IFRS 9. The classification is based on the Group's business model, as these instruments are not held solely to collect contractual cash flows, nor are they held both to collect contractual cash flows and to sell.

Amortized cost and effective interest method

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The effective interest method calculates the amortized cost of a debt instrument and allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss. The effect of initial recognition of financial assets and liabilities obtained/incurred at terms below the market is recognized net of the tax effect as an income or expense, except for financial assets and liabilities with shareholders or entities under control of the Beneficial Owner, whereby the effect is recognized through equity.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL on initial recognition;
- Debt instruments that do not meet the amortized cost criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and all the risks and rewards to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in the Consolidated Statement of Profit or Loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized based on the relative fair values of those parts.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on a financial asset, other than those at FVTPL, at the end of each reporting period. The amount of ECL and other current assets is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Group applies a simplified approach permitted by IFRS Accounting Standards to measuring ECL which uses a lifetime expected loss allowance for trade receivables. The ECL on trade receivables and other current assets is estimated using a provision matrix, based on historical credit loss experience and credit rating of customers, adjusted on observable and reasonable information.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12-months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or in the case of trade accounts receivable, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

Financial liabilities include balances of bank loans and credit lines. Cash movements from bank loans and credit lines, which meet requirements of IAS 7 for net presentations are presented in the consolidated statements of cash flows in line "Net proceeds from/(repayment of) credit lines". Other related cash movements, which do not meet requirements for net presentation are presented on gross basis in lines "Proceeds from short-term and long-term borrowings" and "Repayment of short-term and long-term borrowings".

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that is recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

1. the carrying amount of the liability before the modification; and
2. the present value of the cash flows after modification should be recognized in the statement profit or loss as the modification gain or loss within other operating income and expenses.

Derivative Financial Instruments

The Group enters a variety of derivative financial instruments including futures, options, and physical contracts to buy or sell commodities, which do not qualify for the "own use" exemption under IFRS 9. These instruments are used primarily for economic risk management and pricing purposes. All derivatives are initially recognized at fair value on the date the contract is entered into and are subsequently remeasured at fair value at each reporting period.

The resulting gain or loss is recognized immediately in the profit or loss within Cost of sales (for the derivative purchase contracts) or gains or losses from sales-related derivatives are reflected in Other operating expenses or income. Fair value is determined using quoted market prices, third-party broker quotations, or appropriate valuation techniques when observable inputs are not available. Derivatives expected to be settled within a year after the end of the reporting period are classified as current liabilities or current assets. If settlement is expected beyond one year, the instrument is classified as non-current.

Treasury shares

Own equity instruments held by the Group ("Treasury shares") shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments. These treasury shares may be acquired and held by the entity or by other members of the Group. Any difference between the carrying amount and the consideration, if reissued, will be recognized in the share premium reserve.

Provisions

A provision is recognized in the Consolidated Statement of Financial Position when the Group has a legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

amount can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Revenue recognition

Revenue is derived principally from the sale of goods and finished products, farming and rendering services. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The point of revenue recognition for sale of commodity goods is dependent upon contract sales terms (Incoterms). When goods are sold on a Cost and freight (CFR) or Cost, insurance, and freight (CIF) basis, the Group is responsible for providing services such as carriage and freight to the customer. The Group recognizes revenue from each separate performance obligation and allocates part of the transaction price to carriage and freight services incorporated in some contracts that the Group undertakes to perform. The Group allocates the transaction price based on the relative stand-alone selling prices of the commodities and supporting services. The revenue from these carriage and freight services is recognized over time.

A receivable is recognized by the Group when the control over goods is transferred to the wholesaler as this represents the point of time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The timing of billing is generally close to the timing of performance obligation satisfaction, respectively, the amount of contract assets and contract liabilities is not material. When the Group obtains a contract from a customer, the Group enters into a contract with one of those service providers, directing the service provider to render freight and other services for the customer. The Group is obliged to pay the service provider even if the customer fails to pay.

Revenue derived from freight, storage and other services is recognized over time, as the customers simultaneously receive and consume the benefits provided by the Group in respect of the related services. This recognition method is consistent with the revenue disclosures presented for each reportable segment.

Revenue, as well as other transactions and balances with other related parties, are incurred with legal entities that are associated with close family members of the ultimate controlling party of the Group and members of the Group's management.

Employee benefits

Wages, salaries, contributions to the pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The Group recognizes a liability and an expense for short-term bonuses and other short-term profit-sharing arrangements when the reporting entity has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate can be made of the amount payable.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

Taxation

Income taxes have been provided for in the consolidated financial statements in accordance with legislation currently enacted in the legal jurisdictions where the operating entities are located. Income tax expense represents the sum of the tax currently payable and deferred tax expense.

Current and deferred tax for the year

Current and deferred tax are recognized in the Consolidated Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

The current income tax charge is the amount expected to be paid to, or recovered from, taxation authorities with respect to taxable profit or losses for the current or previous periods. It is calculated using tax rates that have been enacted or substantially enacted by the reporting date in the countries where the Holding and its Subsidiaries operate and generate taxable income. Taxable profit differs from "profit before tax" because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible taxes other than income tax are recorded within operating expenses. Some of the Group's companies that are involved in agricultural production are exempt from income taxes and pay the Unified Agricultural Tax instead.

Deferred tax

Deferred income tax is recognized on temporary differences arising between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period that are expected to apply to the period when the temporary differences will reverse, or the tax loss carried forward will be utilized. Deferred tax assets for deductible temporary differences and tax losses carried forward are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities for taxable temporary differences associated with investments in Subsidiaries and joint ventures are recognized, except when the Group can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset when:

- The Group has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities;
- The Group has the intention to settle on a net basis, or to realize the asset and settle the liability simultaneously;
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

Share-based options and payments

The Group recognizes a compound financial instrument if an entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash). The Group measures the debt component of the compound financial instrument first and then measures the fair value of the equity component, considering that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the compound financial instrument is determined as the sum of the fair values of the two components.

For cash-settled share-based payments, a liability is initially recognized for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Consolidated Statement of Profit or Loss for the year.

Corrections and reclassifications

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Group has made corrections and reclassifications in the comparative financial information as of 30 June 2024 presented in these consolidated financial statements for the year ended 30 June 2025. Notes to the consolidated financial statements:

- Note 14 Property, plant and equipment – amounts in the columns “Cost as of 30 June 2024” and “Accumulated depreciation and impairment losses as of 30 June 2024” were reduced by USD 53,328 thousand and USD 63,242 thousand, within the lines “Buildings and constructions” and “Production machinery and equipment” respectively, to correct presentation of impairment loss of items carried under the revaluation model.
- Note 31 Financial risk management – was corrected to add remaining contractual cashflows until maturity for its derivative financial liabilities related to swap contracts. Additionally, the Group added amounts of its exposure to foreign currency risk to include transactions with currency swap contracts. The correction was necessary to meet IFRS 7 disclosure requirement.
- Note 32 Financial instruments - was corrected to enhance presentation of derivative financial instruments subject to offsetting and to exclude certain balances of derivatives financial instruments, which are not subject to offsetting.
- The Group's revenue by type of goods was presented in Note 7 Revenue and Key Data by Operating Segment to enhance alignment of revenue presentation by products and segments.

In the consolidated statement of cash flows, reclassifications were made to correct presentation of cash flows within financing activities. For the year ended 30 June 2024, the Group introduced new lines “Net proceeds from/(repayment of) credit lines” of USD 35,319 thousand for fast-moving loans, “Proceeds from short-term and long-term borrowings” of USD 109,463 thousand and “Repayment of short-term and long-term borrowings” of USD 619,580 thousand instead of “Proceeds from borrowings” and “Repayment of borrowings” of USD 245,019 thousand and USD 790,455 thousand, respectively.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The application of IFRS Accounting Standards requires management to make reasonable 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 consolidated financial statements. The estimates are based on the information available as of the reporting date. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revaluation of Property, Plant and Equipment

The Group recognizes the buildings, constructions, production machinery, and equipment used in the Oilseed Processing segment at fair value, which is valued by external independent appraiser, at least triennially or more often, depending on the external and internal factors. A revaluation surplus is credited to Revaluation reserve within equity. All other classes of property, plant and equipment are recognized at historical cost less depreciation.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

As of 30 June 2025, the Group performed a revaluation of the buildings, constructions, production machinery, and equipment used in the Oilseed Processing segment, which are carried out at fair value. Valuation was conducted in accordance with International Valuation Standards and International Financial Reporting Standard 13 "Fair Value Measurement". While performing valuation the following techniques were used:

- Cost approach (depreciated replacement cost);
- Income approach (discounted cash flow models).

The Group involved an independent appraiser to identify the depreciated replacement cost of assets, while discounted cash flow models were prepared by the internal valuation team and technicians. The depreciated replacement cost was calculated as either cost to reproduce the asset adjusted by the observable inflation rate and change in currency exchange rates or cost of a new market analogue both adjusted by unobservable index of physical depreciation. The higher the cost to reproduce the asset or cost of a new market analogue, the higher the depreciated replacement cost.

Key assumptions used in depreciated replacement cost ("DRC") as well as their sensitivities are outlined as follows:

Description	DRC as of 30 June 2025	Value techniques	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to DRC
Buildings and constructions	276,471	Depreciated replacement cost	Level 3	Index of physical depreciation	1 – 80% (21%)	The higher the index of physical depreciation, the lower the DRC
Production machinery and equipment	226,854	Depreciated replacement cost	Level 3	Index of physical depreciation	5 – 82% (19%)	The higher the index of physical depreciation, the lower the DRC

If the above unobservable inputs to the valuation model were 5 p. p. higher/lower while all other variables were held constant, the DRC of the buildings and constructions and production machinery and equipment would decrease/increase by USD 39,119 thousand and USD 38,970 thousand, respectively.

The results of revaluation using the depreciated replacement cost were then compared with results of income approach (Level 3 of unobservable inputs) for corresponding assets to test whether economic obsolescence exists. Cash flow forecasts used in the income approach were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates. Other key assumptions used in the discounted cash flow forecasts, and their sensitivity is disclosed in Note 14.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of Property, Plant and Equipment

The Group assesses non-financial assets for indicators of impairment at each reporting date. Where such indicators exist, or where there are indications that a previously recognized impairment may no longer exist or may have decreased, management performs a detailed impairment review of the Group's non-current assets.

Management makes key assumptions regarding factors that have been materially influenced by the full-scale Russian invasion of Ukraine. These assumptions reflect events and conditions that may indicate impairment, including:

- temporary suspension of operations;
- breaches of supply and purchase contracts;
- restrictions on market access for product deliveries;
- limitations on export routes;
- declines in profitability and physical damage to assets resulting from the invasion; and
- volatility in commodity prices, including consideration of future pricing trends, where fluctuations of 5–10% are common in the industry.

The Group tested its non-current assets for impairment by comparing their carrying amounts with their recoverable amounts, defined as the higher of value in use and fair value less costs of disposal.

Impairment testing was performed at the cash-generating unit ("CGU") level for all segments, covering property, plant and equipment, intangible assets, right-of-use assets, and goodwill. Where impairment was identified, the loss was allocated first to goodwill and then to other intangible assets, property, plant and equipment, and right-of-use assets on a pro rata basis.

In assessing for impairment, assets that do not generate independent cash flows are allocated to the appropriate cash-generating unit.

The recoverable amount was determined primarily on a value-in-use basis, using discounted cash flow projections. Future cash flows were estimated from financial budgets approved by management covering a five-year period, and extrapolated beyond this period using growth rates consistent with industry forecasts. The cash flows were discounted to present value using pre-tax discount rates that reflect the specific risks associated with the relevant CGUs, their functional currency, and the country of operation. Key assumptions and sensitivities are disclosed in Note 14.

For previously impaired assets or CGUs, if the recoverable amount exceeds the carrying amount, the impairment loss is reversed in the consolidated statement of profit or loss.

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

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Impairment of Right of Use Assets

The Group allocated the right of use assets to a cash generating unit, for impairment test within the respective CGU. The majority of the Group's right-of-use assets relate to leasehold land for agricultural purposes, being part of the Farming segment.

Details of the management assumptions used to assess the recoverable amount of cash-generating units in which right of use assets were allocated are provided in Note 5 under the Impairment of Property, Plant and Equipment section and Note 14.

Functional currencies of different entities of the Group

Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination of what the specific underlying economic conditions require judgment. In making this judgment, the Group evaluates among other factors, the location of activities, the sources of revenue and risks associated with activities, denomination of currencies of operations of different entities and degree of independence of subsidiaries' business model. Specifically, in determination of the functional currencies of Kernel Trade LLC, the Group based its judgement on the fact that the company operates internationally on the markets mainly influenced by the US Dollar (not Ukrainian Hryvnia) and its major activities include the sale of goods to foreign customers. Moreover, most of its operations are denominated in US Dollars and also, the US Dollar is the currency in which its business risks and exposures are managed, and the performance of their business is measured. In determining the functional currency of the oil-processing plants and transshipment terminals, the Group based its judgement on the degree of independence of those companies' business model of Kernel Trade LLC.

Fair Value of Biological Assets and Agricultural Produce

Biological assets are recorded at fair value less costs to sell. The fair value of growing crops is determined using a discounted cash flow model based on the expected crops' yield by sowing area size, the market price for respective crops, and after allowing for harvesting costs, contributory asset charges for the land and sowing areas and other costs yet to be incurred in getting the harvest to maturity.

The Group estimates the fair values of biological assets and agricultural produce based on the following assumptions:

- Expected crop yields (for crops in fields);
- Average weight and quality of animals;
- Productive life of one milk cow;
- Estimated future sales prices;
- Projected production costs and costs to sell; and
- Discount rate.

Although some of these assumptions are obtained from published market data, a majority of these assumptions are estimated based on the Group's historical and projected results (Note 12).

6. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting as provided to the chief operating decision-makers for the purpose of allocating resources and assessing performance. The executive management, who are members of the Board of Directors of the Company, are identified as chief operating decision makers.

For the purposes of the consolidated financial statements, operating segments are defined based on the nature of activities, products sold, or services provided. The segmentation presented consists of the structure of financial information regularly reviewed by the Group's executive management, including the Chief Executive Officer. Segment performance is evaluated primarily on the basis of "EBITDA" (Earnings Before Interest, Taxes, Depreciation, and Amortization). EBITDA is calculated as the profit from operating activities adding back amortization and depreciation.

The Group presents its results of activities within three operating segments:

- Oilseed Processing combines oilseed origination, edible oil production and sales of bottled sunflower oil. Sunflower oil in bulk is mostly sold further to the Infrastructure and Trading segment for global marketing.
- Infrastructure and Trading segment, the Group combines results of Avere's global physical and proprietary trading operations, silo services, transportation and logistics assets, export terminals, vessels, grain origination, and export operations in Ukraine. This segment comprises interconnected business units that together form an integrated supply chain linking Ukrainian farmers to global markets. Management treats export terminals and grain storage facilities as production assets that support the grain merchandising business.
- Farming segment, the Group reports result of its crop production business, which includes growing corn, wheat, soybean, sunflower seed, and rapeseed on the leasehold land, as well as some minor crops and small cattle farming operations.

The measures of profit and loss, and assets and liabilities are based on the Group accounting policies, which comply with IFRS Accounting Standards, as adopted by the European Union.

Reconciliation eliminates intersegment items. The data of segments 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.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

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

Seasonality of operations

The Oilseed Processing segment typically experiences seasonally lower sales in the first quarter of the financial year, corresponding to the end of the crushing season and reduced production levels. The Farming segment reflects seasonality associated with seeding and harvesting campaigns, which generally occur from November to May and June to November, respectively. The Infrastructure and Trading segment usually records higher volumes in the months following the start of the harvesting campaign (July for early grains and September for autumn-harvested crops). Additionally, the Farming segment is generally subject to a greater impact from IAS 41 valuation of biological assets in the last quarter of the financial year, when more acreage is revalued at fair value less costs to sell. A significant effect from IAS 41 valuation of agricultural produce is also typically observed in the first half of the financial year, following the completion of the harvesting campaign.

7. Revenue and Key Data by Operating Segment

Key data by operating segment for the year ended 30 June 2025:

	Oilseed Processing and Trading		Infrastructure and Trading	Farming	Other	Reconciliation	Total
Revenue (external)	2,047,930	2,021,729		45,383	—	—	4,115,042
Intersegment sales	58,719	147,079		422,822	—	(628,620)	—
Total revenue	2,106,649	2,168,808		468,205	—	(628,620)	4,115,042
Net change in fair value of biological assets and agricultural produce	—	—		6,590	—	—	6,590
Cost of sales	(2,003,675)	(1,875,575)		(302,543)	—	628,620	(3,553,173)
Other operating income	14,437	13,571		5,841	33,959	—	67,808
Other operating expenses	—	—		(2,673)	(43,741)	—	(46,414)
General and administrative expenses	(12,993)	(117,683)		(27,709)	(76,883)	—	(235,268)
Net reversal of impairment losses/(impairment) on financial assets	486	(1,917)		(950)	(104)	—	(2,485)
Reversal of impairment losses/(impairment) on assets	8,022	1,894		50	(1,020)	—	8,946
Profit/(loss) from operating activities	112,926	189,098		146,811	(87,789)	—	361,046
Amortization and depreciation	34,821	29,034		37,581	3,847	—	105,283
EBITDA	147,747	218,132		184,392	(83,942)	—	466,329
Reconciliation:							
Finance costs							(77,668)
Finance income							45,395
Foreign exchange loss, net							(5,249)
Other expenses, net							(36,281)
Income tax expense							(49,647)
Profit for the period							237,596
Total assets	1,297,037	1,125,336		608,700	289,353	—	3,320,426
Capital expenditures	20,239	24,773		23,902	2,409	—	71,323
Liabilities	110,522	232,630		230,417	667,871	—	1,241,440

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Key data by operating segment for the year ended 30 June 2024:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Reconciliation	Total
Revenue (external)	1,675,616	1,836,730	69,116	—	—	3,581,462
Intersegment sales	188,182	174,408	412,243	—	(774,833)	—
Total revenue	1,863,798	2,011,138	481,359	—	(774,833)	3,581,462
Net change in fair value of biological assets and agricultural produce	—	—	(10,447)	—	—	(10,447)
Cost of sales	(1,652,609)	(1,678,238)	(332,945)	—	774,833	(2,888,959)
Other operating income	50,461	11,227	6,090	8,815	—	76,593
Other operating expenses	(19,038)	(2,024)	(83)	(7,260)	—	(28,405)
General and administrative expenses	(18,154)	(99,078)	(20,370)	(75,771)	—	(213,373)
Net impairment losses on financial assets	(2,492)	(6,770)	—	(1,955)	—	(11,217)
(Loss)/reversal of impairment losses on assets	(172,324)	(60,719)	8,362	(4,545)	—	(229,226)
Profit/(loss) from operating activities	49,642	175,536	131,966	(80,716)	—	276,428
Amortization and depreciation	33,734	28,255	38,836	3,898	—	104,723
EBITDA	83,376	203,791	170,802	(76,818)	—	381,151
Reconciliation:						
Finance costs						(119,079)
Finance income						49,819
Foreign exchange gain, net						32,972
Other expenses, net						(29,088)
Income tax expense						(43,424)
Profit for the period						167,628
Total assets	1,324,217	1,297,675	685,423	89,596	—	3,396,911
Capital expenditures	45,349	88,095	24,811	2,881	—	161,136
Liabilities	86,828	200,274	193,454	1,050,061	—	1,530,617

The Group revenue by category for the year ended 30 June was as follows:

	For the year ended 30 June 2025				For the year ended 30 June 2024			
	Oilseed Processing	Infrastructure and Trading	Farming	Total	Oilseed Processing	Infrastructure and Trading	Farming	Total
Revenue from:								
- edible oils sold in bulk and meal	1,791,083	580,758	5,424	2,377,265	1,324,250	385,303	6,483	1,716,036
- agriculture commodities merchandising	—	1,287,182	9,672	1,296,854	—	1,254,723	20,531	1,275,254
- freight and other services	111,369	153,789	—	265,158	208,785	196,704	—	405,489
- bottled sunflower oil	113,817	—	77	113,894	102,715	—	48	102,763
- electricity	31,661	—	—	31,661	39,866	—	—	39,866
- farming	—	—	30,210	30,210	—	—	42,054	42,054
Total	2,047,930	2,021,729	45,383	4,115,042	1,675,616	1,836,730	69,116	3,581,462

Revenue is obtained principally from the sale of commodities, recognized once the control of the goods has been transferred from the Group to the customer. Revenue derived from freight, storage, and other services, presented in the line Revenue from edible oils sold in bulk, and meal, is recognized over time as the service is rendered.

The transaction price allocated to outstanding performance obligations as of 30 June 2025 is USD 4,737 thousand (30 June 2024: USD 10,046 thousand). This amount represents revenue from carriage, freight, and insurance services under CIF/CFR Incoterms contracts which are to be executed in July 2025, when the goods are delivered to the point of destination and under which the Group has already recognized revenue from the sale of goods at a point in time as of 30 June 2025.

Timing of revenue recognition allocated by the operating segment for the year ended 30 June under requirements of IFRS 15 was as follows:

	For the year ended 30 June 2025				For the year ended 30 June 2024			
	Oilseed Processing	Infrastructure and Trading	Farming	Total	Oilseed Processing	Infrastructure and Trading	Farming	Total
At a point in time	1,936,059	1,868,442	45,383	3,849,884	1,466,990	1,639,867	69,116	3,175,973
Over time	111,871	153,287	—	265,158	208,626	196,863	—	405,489
Total	2,047,930	2,021,729	45,383	4,115,042	1,675,616	1,836,730	69,116	3,581,462

During the year ended 30 June 2025, revenues of approximately USD 341,897 thousand (2024: USD 206,668 thousand) were derived from a single external customer. These revenues are attributed to Oilseeds processing and Infrastructure and Trading segments. Export sales accounted for 94.9% of total external sales during the year (2024: 93.5%).

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

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

For the year ended 30 June 2025, revenue from the Group's five largest customers represented approximately 28.6% of total revenue (for the year ended 30 June 2024: 24.3%).

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	
	For the year ended 30 June 2025	For the year ended 30 June 2024		As of 30 June 2025	As of 30 June 2024
Europe	2,157,006	1,641,656	Ukraine	1,243,233	1,166,255
of which Switzerland	547,229	517,401	Other locations	15,175	16,368
Asia	1,816,426	1,828,406			
of which India	584,325	669,655			
Other locations	141,610	111,400			
Total	4,115,042	3,581,462	Total	1,258,408	1,182,623

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

8. Cash and Cash Equivalents

The balances of cash and cash equivalents were as follows:

	As of 30 June 2025	As of 30 June 2024
Cash in banks in USD	449,176	634,531
Cash in banks in UAH	154,850	150,531
Cash in banks in other currencies	13,485	24,522
Total	617,511	809,584
Less bank overdrafts (Note 19)	(3)	(5)
Cash for the purposes of cash flow statement	617,508	809,579

According to the international rating agency Fitch, the credit ratings of the banks where the Group held accounts as of 30 June were as follows:

	As of 30 June 2025	As of 30 June 2024
International bank with F1+ rating	219,833	182,512
International bank with F1 rating	220,861	227,899
International bank with F2 rating	6,816	10,026
Banks with lower than F2 rating	135,973	193,172
Banks without international ratings	34,028	195,975
Total	617,511	809,584

As of 30 June 2025, the balances held in Ukrainian subsidiaries of international banks without international ratings amounted to USD 9,601 thousand (30 June 2024: USD 195,974 thousand). The parent institutions of these subsidiaries were predominantly rated F2 or higher by Fitch or by other equivalent international rating agencies.

As of 30 June 2025 and 30 June 2024, the Management monitors credit risk by assessing the financial position and external credit ratings of the parent institutions of these subsidiaries, in line with the Group's treasury policy and IFRS 7 requirements on credit risk disclosure.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The reconciliation in the table below presents changes in the Group's liabilities arising from financing activities by incorporating cash flows and non-cash changes over the reporting period.

	Bank borrowings (Note 19)	Lease liabilities (Note 21)	Bonds Issued (Note 20)	Total
As of 30 June 2023	869,933	197,895	603,823	1,671,651
Repayments net of proceeds, including interest paid	(597,031)	(43,804)	(39,750)	(680,585)
Non-cash movements				
Additions and change of terms of lease liabilities	—	17,333	—	17,333
Termination of lease agreements	—	(7,270)	—	(7,270)
Non-cash settlement of lease liabilities	—	(1,888)	—	(1,888)
Amortization of one-off and transaction costs	—	—	1,369	1,369
Interest expense accrued (Note 27)	45,667	25,243	39,750	110,660
Interest expense capitalized	4,245	—	—	4,245
Foreign exchange movements	1,007	(642)	—	365
Translation difference	—	(17,127)	—	(17,127)
Other changes	(8,655)	—	—	(8,655)
As of 30 June 2024	315,166	169,740	605,192	1,090,098
Repayments net of proceeds, including interest paid	(89,524)	(48,313)	(330,000)	(467,837)
Non-cash movements				
Additions and change of terms of lease liabilities	—	74,472	—	74,472
Termination of lease agreements	—	(5,868)	—	(5,868)
Non-cash settlement of lease liabilities	—	(1,567)	—	(1,567)
Amortization of one-off and transaction cost	—	—	907	907
Interest expense accrued (Note 27)	28,587	21,196	26,006	75,789
Interest expense capitalized	395	—	—	395
Foreign exchange movements	(1,142)	(251)	—	(1,393)
Translation difference	—	(4,084)	—	(4,084)
Other changes	(49)	(70)	(2)	(121)
As of 30 June 2025	253,433	205,255	302,103	760,791

9. Trade Accounts Receivable

The balances of trade accounts receivable were as follows:

	As of 30 June 2025	As of 30 June 2024
Trade accounts receivable	265,820	321,742
Allowance for expected credit losses	(13,160)	(16,496)
Total	252,660	305,246

The average credit period on sales of goods is 25 days (2024: 33 days). The carrying value of trade accounts receivable approximates the fair value.

As of 30 June 2025, a receivable balance of USD 242,306 thousand was due from international customers and the remaining USD 10,354 thousand was receivable from Ukrainian buyers (30 June 2024: USD 285,734 thousand and USD 19,512 thousand respectively).

Expected credit losses on trade receivables are estimated using a provision matrix, based on the Group's historical default experience and an assessment of the debtors' current financial position. The estimates are further adjusted for debtor-specific factors, industry-wide economic conditions, and both current and forward-looking information available at the reporting date. The Group recognizes a full (100%) loss allowance for all receivables more than 90 days past due, as historical evidence indicates that such balances are generally not recoverable.

The changes in expected credit loss provisions are recognized in the line Net reversal/(impairment) losses on financial assets. For the year ended 30 June 2025, a decrease in loss allowance was USD 2,262 thousand (for the period ended 30 June 2024: USD 5,706 thousand). Subsequent recoveries of amounts previously written off are credited against the same line item.

The following table details the risk profile of trade accounts receivable as of 30 June based on the Group's provision matrix:

	As of 30 June 2025				As of 30 June 2024			
	Days past due				Days past due			
	Not past due	Less than 90	More than 90	Total	Not past due	Less than 90	More than 90	Total
Expected loss rate ¹	0.34%	0.71%	80.86%		0.27%	0.33%	98.97%	
Gross carrying amount	199,359	51,479	14,982	265,820	262,717	43,215	15,810	321,742
Loss allowance	(680)	(365)	(12,115)	(13,160)	(708)	(141)	(15,647)	(16,496)
Total	198,679	51,114	2,867	252,660	262,009	43,074	163	305,246

¹ Differences in expected loss rate are possible due to rounding

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The movements in allowance for credit loss relating to trade accounts receivable as of 30 June are presented below:

	Trade accounts receivables		
	Lifetime ECL	Individually assessed	Total
Loss allowance as of 30 June 2023	9,859	4,055	13,914
Increase in loss allowance recognized in profit or loss during the year	3,442	2,264	5,706
Trade receivables written off during the year as uncollectible	(388)	—	(388)
Unused amount reversed	—	(2,736)	(2,736)
Loss allowance as of 30 June 2024	12,913	3,583	16,496
Decrease in loss allowance recognized in profit or loss during the year	(2,092)	(170)	(2,262)
Unused amount reversed	—	(1,074)	(1,074)
Loss allowance as of 30 June 2025	10,821	2,339	13,160

Trade receivables are written off when it is unlikely that they will be recovered, based on indicators such as a debtor's failure to make payments or other evidence demonstrating an inability to settle the outstanding amount.

10. Taxes Recoverable and Prepaid

The balances of taxes recoverable and prepaid were as follows:

	As of 30 June 2025	As of 30 June 2024
Value-added tax recoverable and prepaid	125,686	113,900
Other taxes recoverable and prepaid	151	227
Total	125,837	114,127

Value-added tax ("VAT") recoverable and prepaid primarily relates to VAT credits on purchases of agricultural products in the domestic market of Ukraine. Management expects that these balances will be fully recovered within 12 months after the reporting date either through the cash collection or offsetting against corresponding VAT liabilities. For the year ended 30 June 2025, the amount of VAT refunded by the government in cash was USD 257,360 thousand (30 June 2024: USD 272,150 thousand).

11. Inventory

The balances of inventories were as follows:

	As of 30 June 2025	As of 30 June 2024
Finished products	186,698	71,209
Goods for resale	80,803	72,699
Raw materials	69,318	96,452
Fuel	5,644	8,331
Work in progress	2,362	2,179
Products of agriculture	2,248	15,377
Packaging materials	1,570	1,509
Other inventories	14,824	9,904
Total	363,467	277,660

As of 30 June 2025, inventories carrying amount to USD 143,930 thousand (as of 30 June 2024: nil) have been pledged as security for short-term borrowings (Note 19).

12. Biological Assets

The balances of biological assets were as follows:

	As of 30 June 2025		As of 30 June 2024	
	Units	Carrying amount	Units	Carrying amount
Non-current assets				
Non-current cattle, heads	3,683	4,957	4,772	6,521
Total		4,957		6,521
Current assets				
Crops in fields, hectares	341,942	229,200	334,327	186,051
Current cattle, heads	3,360	1,469	4,580	1,661
Total		230,669		187,712

For the year ended 30 June 2025, the Group recognized a gain of USD 6,590 thousand due to changes in the fair value of biological assets (2024: loss of USD 10,447 thousand). For the year ended 30 June 2025, the Group incurred a revaluation loss of USD 47,736 thousand on agricultural products at the point of harvest (2024: loss of USD 51,838 thousand), and a revaluation gain of USD 56,808 thousand on crop-bearing fields (2024: gain of USD 41,872 thousand), and a revaluation loss of USD 2,482 thousand on livestock (2024: loss of USD 481 thousand).

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The balances of crops in fields were as follows:

	As of 30 June 2025		As of 30 June 2024	
	Hectares	Value	Hectares	Value
Corn	171,875	124,774	86,486	42,020
Wheat	94,690	55,831	93,112	62,009
Sunflower	46,336	34,788	66,946	45,031
Soybean	23,836	10,713	72,286	28,466
Rapeseed	3,975	2,577	13,720	8,332
Other	1,230	517	1,777	193
Total	341,942	229,200	334,327	186,051

The following table represents the changes in the carrying amounts of crops in fields during the years ended 30 June 2025 and 2024:

	Capitalized expenditures	Fair value movement	Fair value of biological assets
As of 30 June 2023	172,709	(26,470)	146,239
Expenditures capitalized in biological assets (harvest 2023)	100,871	—	100,871
Decrease due to harvest (harvest 2023)	(273,580)	26,470	(247,110)
Expenditures capitalized in biological assets (harvest 2024)	155,027	—	155,027
Gain arising from changes in fair value of biological assets (sowing under harvest 2024)	—	44,916	44,916
Translation difference	(10,848)	(3,044)	(13,892)
As of 30 June 2024	144,179	41,872	186,051
Expenditures capitalized in biological assets (harvest 2024)	84,855	—	84,855
Decrease due to harvest (harvest 2024)	(229,018)	(41,872)	(270,890)
Expenditures capitalized in biological assets (harvest 2025)	172,131	—	172,131
Gain arising from changes in fair value of biological assets (sowing under harvest 2025)	—	57,053	57,053
Translation difference	245	(245)	—
As of 30 June 2025	172,392	56,808	229,200

The fair value of agricultural produce at the date of harvest was estimated based on prices observed in active markets and is classified within Level 2 of the fair value hierarchy. Crops in fields and non-current livestock are measured using a discounted cash flow approach, considering region-specific prices and other relevant metrics for each asset group. These biological assets are classified within Level 3 of the fair value hierarchy.

Current livestock is measured based on market prices of animals of similar age, breed, and genetic merit and is classified within Level 2 of the fair value hierarchy. Changes in livestock balances primarily reflect the transfer of young calves to the mature herd, along with variations in market prices and exchange rates between reporting dates.

The table below presents the Group's biological assets classified according to the fair value hierarchy:

	As of 30 June 2025			As of 30 June 2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Livestock						
Mature – Milk cows	—	4,957	4,957	—	6,521	6,521
Immature – Milk cows	822	—	822	988	—	988
Immature – Calves	647	—	647	673	—	673
Crops in fields	—	229,200	229,200	—	186,051	186,051
Total	1,469	234,157	235,626	1,661	192,572	194,233

There have been no changes in the valuation techniques applied and any transfers between fair value hierarchy levels during the year.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The following table shows the valuation techniques used in measuring, as well as unobservable inputs of the crops in field and milk cows.

					Sensitivity of the input to fair value increase/ (decrease)			
					As of 30 June 2025		As of 30 June 2024	
Description	Valuation techniques	Unobservable Inputs	Range of unobservable inputs		Input 5% higher	Input 5% lower	Input 5% higher	Input 5% lower
Crops in fields	Discounted cash flows	Crops yield	2.24 – 8.41 tons per hectare	2.00 – 7.34 tons per hectare	19,306	(19,299)	15,093	(15,094)
		Crops prices	180 – 485 USD per ton	153 – 411 USD per ton	19,306	(19,299)	15,093	(15,094)
		Discount rate	24.80% (in UAH, short-term)	25.00% (in UAH, short-term)	(628)	636	(400)	405
Milk cows	Discounted cash flows	Milk yield – liter per cow per day	17.84 – 22.25 liters per cow per day	18.42 – 22.18 liters per cow per day	166	(166)	235	(235)
		Milk price – per liter	18.37 - 18.47 UAH	14.71 - 14.95 UAH	1,148	(1,148)	1,210	(1,210)
		Weight of the cow kg per cow	–386 – 500 kg	392 – 517 kg	83	(83)	93	(93)
		Discount rate	24.80% (in UAH, short-term)	25.00% (in UAH, short-term)	(90)	93	(118)	122

The Group's agricultural crops are subject to risks arising from climate change, including prolonged droughts, heatwaves, irregular precipitation, and other extreme weather events, which may negatively impact both yields and crop quality. Such climatic factors contribute to fluctuations in the fair value of biological assets. To mitigate these risks, the Group has implemented adaptive measures, including soil fertility monitoring, precision farming technologies, and diversified crop rotation. Despite these efforts, climate variability continues to represent a significant source of uncertainty in forecasting yields and determining the fair value of biological assets.

13. Other Financial Assets

The balances of other financial assets were as follows:

	As of 30 June 2025	As of 30 June 2024
Government bonds	144,402	185,310
Margin account with brokers	67,491	82,215
Loans granted	46,437	22,306
Derivative financial instruments	26,116	25,288
Short-term bank deposits	12,000	12,747
Pledge deposits	—	1,303
Other financial assets	19,467	10,760
Total	315,913	339,929

The Group's exposure to credit risks associated with other financial assets is disclosed in Note 31.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

14. Property, Plant and Equipment

The following table represents movements in property, plant and equipment for the year ended 30 June 2025:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Total
Net Book Value as of 30 June 2024	505,611	368,880	49,279	20,334	944,104
Land	172	3,497	23	1,048	4,740
Buildings and Constructions	289,500	159,524	11,079	16,405	476,508
Production machinery and equipment	185,096	67,067	1,032	523	253,718
Agricultural equipment and vehicles	7,813	111,255	33,757	1,272	154,097
Other fixed assets	2,955	1,511	2,624	1,071	8,161
CIP and uninstalled equipment	20,075	26,026	764	15	46,880
Additions in CIP and uninstalled equipment	20,007	22,509	22,784	3,475	68,775
Reclassification	724	50	113	(887)	—
Land	1	(240)	23	—	(216)
Buildings and Constructions	487	(2,087)	86	(425)	(1,939)
Production machinery and equipment	(656)	(233)	(125)	(2)	(1,016)
Agricultural equipment and vehicles	(16)	(33)	(88)	(28)	(165)
Other fixed assets	5	451	(41)	(466)	(51)
CIP and uninstalled equipment	903	2,192	258	34	3,387
Additions from acquisition of subsidiaries	—	3,419	2,866	8,981	15,266
Land	—	—	—	144	144
Buildings and Constructions	—	2,672	5	2,613	5,290
Production machinery and equipment	—	13	2,016	1,190	3,219
Agricultural vehicles and equipment	—	88	770	987	1,845
Other fixed assets	—	44	75	2,114	2,233
CIP and uninstalled equipment	—	602	—	1,933	2,535
Transfers	—	—	—	—	—
Land	27	110	—	166	303
Buildings and Constructions	5,669	4,081	1,546	1,483	12,779
Production machinery and equipment	17,598	4,578	624	—	22,800
Agricultural equipment and vehicles	1,234	4,572	18,874	807	25,487
Other fixed assets	1,120	1,444	1,811	642	5,017
CIP and uninstalled equipment	(25,648)	(14,785)	(22,855)	(3,098)	(66,386)
Revaluation	9,252	—	—	—	9,252
Buildings and Constructions	(6,379)	—	—	—	(6,379)
Production machinery and equipment	15,634	—	—	—	15,634
Other fixed assets	(3)	—	—	—	(3)
Disposals (at NBV)	(622)	(201)	(382)	(4,029)	(5,234)
Land	(14)	—	—	—	(14)
Buildings and Constructions	(49)	(37)	(44)	—	(130)
Production machinery and equipment	(26)	(14)	(9)	(870)	(919)
Agricultural equipment and vehicles	(37)	(18)	(275)	(963)	(1,293)
Other fixed assets	(6)	(3)	(42)	(2,107)	(2,158)
CIP and uninstalled equipment	(490)	(129)	(12)	(89)	(720)
Disposal of Subsidiaries (at NBV)	—	—	—	(6,602)	(6,602)
Transfers from right-of-use assets	—	—	—	(99)	(99)
Depreciation expense	(34,129)	(27,850)	(14,369)	(1,632)	(77,980)
Buildings and Constructions	(14,097)	(6,501)	(1,234)	(566)	(22,398)
Production machinery and equipment	(17,453)	(6,996)	(716)	(266)	(25,431)
Agricultural equipment and vehicles	(1,575)	(13,503)	(11,282)	(489)	(26,849)
Other fixed assets	(1,004)	(850)	(1,137)	(311)	(3,302)
Impairment and reversal of impairment of property, plant and equipment	5,473	(3,094)	—	—	2,379
Land	—	(100)	—	—	(100)
Buildings and Constructions	(1,089)	(2,518)	—	—	(3,607)
Production machinery and equipment	6,906	(345)	—	—	6,561
Agricultural equipment and vehicles	(19)	(8)	—	—	(27)
Other fixed assets	(22)	(65)	—	—	(87)
CIP and uninstalled equipment	(303)	(58)	—	—	(361)
Translation difference	(146)	(1,999)	(1,340)	(34)	(3,519)
Land	—	(26)	(5)	—	(31)
Buildings and Constructions	(2)	(1,386)	(293)	(29)	(1,710)
Production machinery and equipment	—	(407)	(8)	(1)	(416)
Agricultural equipment and vehicles	(142)	(23)	(938)	(3)	(1,106)
Other fixed assets	(2)	(20)	(70)	(1)	(93)
CIP and uninstalled equipment	—	(137)	(26)	—	(163)
Net Book Value as of 30 June 2025	506,170	361,714	58,951	19,507	946,342
Land	186	3,241	41	1,048	4,516
Buildings and Constructions	274,040	153,748	11,145	15,409	454,342
Production machinery and equipment	207,099	63,663	2,814	252	273,828
Agricultural equipment and vehicles	7,258	102,330	40,818	1,460	151,866
Other fixed assets	3,043	2,512	3,220	934	9,709
CIP and uninstalled equipment	14,544	36,220	913	404	52,081

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The following table represents movements in property, plant and equipment for the year ended 30 June 2024:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Total
Net Book Value as of 30 June 2023	616,627	340,999	41,559	21,226	1,020,411
Land	266	1,035	30	1,048	2,379
Buildings and Constructions	272,068	139,352	12,767	16,947	441,134
Production machinery and equipment	132,714	77,337	1,348	964	212,363
Agricultural equipment and vehicles	6,541	104,034	25,843	1,276	137,694
Other fixed assets	1,906	1,557	675	988	5,126
CIP and uninstalled equipment	203,132	17,684	896	3	221,715
Additions in CIP and uninstalled equipment	44,973	87,804	24,218	1,654	158,649
Reclassification	(93)	87	8	(2)	—
Land	—	1	(13)	—	(12)
Buildings and Constructions	611	13	31	—	655
Production machinery and equipment	(657)	77	—	(4)	(584)
Agricultural equipment and vehicles	(1)	(2)	(41)	—	(44)
Other fixed assets	(2)	(2)	(6)	2	(8)
CIP and uninstalled equipment	(44)	—	37	—	(7)
Additions from acquisition of subsidiaries	—	1,449	—	—	1,449
Buildings and Constructions	—	1,367	—	—	1,367
Production machinery and equipment	—	13	—	—	13
Other fixed assets	—	7	—	—	7
CIP and uninstalled equipment	—	62	—	—	62
Transfers	—	—	—	—	—
Land	—	2,809	14	—	2,823
Buildings and Constructions	78,699	40,396	904	66	120,065
Production machinery and equipment	132,856	5,656	106	1	138,619
Agricultural equipment and vehicles	3,430	28,792	21,350	469	54,041
Other fixed assets	2,087	727	1,843	374	5,031
CIP and uninstalled equipment	(217,072)	(78,380)	(24,217)	(910)	(320,579)
Disposals (at NBV)	(1,091)	(8,456)	(423)	(735)	(10,705)
Land	(94)	—	(4)	—	(98)
Buildings and Constructions	(126)	(114)	(139)	—	(379)
Production machinery and equipment	(43)	(158)	(19)	(3)	(223)
Agricultural equipment and vehicles	(25)	(7,980)	(230)	—	(8,235)
Other fixed assets	(158)	—	(28)	(5)	(191)
CIP and uninstalled equipment	(645)	(204)	(3)	(727)	(1,579)
Disposal of Subsidiaries (at NBV)	—	(280)	—	—	(280)
Buildings and Constructions	—	(215)	—	—	(215)
Production machinery and equipment	—	(63)	—	—	(63)
Agricultural equipment and vehicles	—	(1)	—	—	(1)
CIP and uninstalled equipment	—	(1)	—	—	(1)
Depreciation expense	(33,047)	(27,027)	(12,173)	(1,731)	(73,978)
Buildings and Constructions	(13,639)	(6,081)	(1,258)	(587)	(21,565)
Production machinery and equipment	(17,028)	(6,817)	(291)	(435)	(24,571)
Agricultural equipment and vehicles	(1,508)	(13,418)	(10,125)	(468)	(25,519)
Other fixed assets	(872)	(711)	(499)	(241)	(2,323)
Impairment and reversal of impairment of property, plant and equipment	(121,075)	(17,647)	746	—	(137,976)
Land	—	(252)	—	—	(252)
Buildings and Constructions	(48,112)	(9,480)	—	—	(57,592)
Production machinery and equipment	(62,746)	(7,369)	—	—	(70,115)
Agricultural equipment and vehicles	—	(84)	—	—	(84)
Other fixed assets	—	—	746	—	746
CIP and uninstalled equipment	(10,217)	(462)	—	—	(10,679)
Translation difference	(683)	(8,049)	(4,656)	(78)	(13,466)
Land	—	(97)	(4)	—	(101)
Buildings and Constructions	(1)	(5,714)	(1,226)	(21)	(6,962)
Production machinery and equipment	—	(1,609)	(112)	—	(1,721)
Agricultural equipment and vehicles	(624)	(86)	(3,040)	(5)	(3,755)
Other fixed assets	(6)	(67)	(107)	(47)	(227)
CIP and uninstalled equipment	(52)	(476)	(167)	(5)	(700)
Net Book Value as of 30 June 2024	505,611	368,880	49,279	20,334	944,104
Land	172	3,497	23	1,048	4,740
Buildings and Constructions	289,500	159,524	11,079	16,405	476,508
Production machinery and equipment	185,096	67,067	1,032	523	253,718
Agricultural equipment and vehicles	7,813	111,255	33,757	1,272	154,097
Other fixed assets	2,955	1,511	2,624	1,071	8,161
CIP and uninstalled equipment	20,075	26,026	764	15	46,880

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The total cost of property, plant and equipment and total accumulated depreciation and impairment losses as of 30 June 2025 and 2024 were as follows:

	Cost as of 30 June 2025 ¹	Accumulated depreciation and impairment losses as of 30 June 2025 ¹	Cost as of 30 June 2024	Accumulated depreciation and impairment losses as of 30 June 2024 ²
Land	4,516	—	4,740	—
Buildings and constructions	551,822	(97,480)	552,529	(76,021)
Production machinery and equipment	381,552	(107,724)	332,629	(78,911)
Agricultural equipment and vehicles	328,169	(176,303)	312,513	(158,416)
Other fixed assets	31,086	(21,377)	27,203	(19,042)
CIP and uninstalled equipment	52,081	—	46,880	—
Total	1,349,226	(402,884)	1,276,494	(332,390)

Had the Group's buildings and constructions and production machinery and equipment (Oilseed Processing segment) been measured on a historical cost basis, their carrying amount would have been as follows:

	As of 30 June 2025	As of 30 June 2024
Buildings and constructions	263,082	233,892
Production machinery and equipment	231,933	173,948
Total	495,015	407,840

As a result of revaluation as of 30 June 2025 the Group recognized increments and decrements of USD 19,098 thousand and USD 8,189 thousand respectively in the Consolidated Statement of Other Comprehensive Income along with impairment losses reversed and impairment losses of USD 7,849 thousand and USD 6,941 thousand respectively in Consolidated Statement of Profit or Loss.

During the financial year 2025 fixed assets of the Group estimated of USD 341 thousand were damaged due to military operations caused by shelling from the Russian missiles (2024: port infrastructure assets in the amount of USD 9,795 thousand and elevator blocks in the amount of USD 1,367 thousand).

As of 30 June 2025, prepayments for property, plant and equipment were in the amount of USD 13,698 thousand (30 June 2024: USD 9,467 thousand).

As of 30 June 2025, property, plant and equipment with a carrying amount of USD 274,849 thousand (30 June 2024: USD 437,930 thousand) were pledged by the Group as collateral against short-term and long-term bank borrowings (Note 19).

In 2024 and 2025, in response to the ongoing military invasion of Ukraine, the Group reorganized its business processes to address current challenges and ensure governance continuity. As a result, the 2024 and 2025 evaluation of the recoverable amount of assets or cash-generating units was based on a single model. Risks and uncertainties caused by the war are incorporated into the discount rate calculation, while cash flow forecasts are free from those risks and uncertainties.

The recoverable amount of each CGU in which impairment was identified was determined using discounted cash flow projections based on reliable estimates of future cash flows. Management estimated the budgeted gross margin with reference to expected market developments. The weighted average growth rates applied were consistent with forecasts published in industry reports. The discount rates used were pre-tax and reflected the specific risks associated with the relevant segments.

Oilseed Processing segment

The key assumptions applied in the value-in-use and income approach calculations, for the purpose of economic obsolescence test (Note 5), by the group of CGUs in the Oilseed Processing segment across all forecasted periods are as follows:

Oilseed processing	Processing volume, thousand ton	Sales price of sunflower oil, USD per ton	Purchase price of sun- flower seeds, USD per ton
As of 30 June 2025	3,498	1,020-1,065	476 - 493
As of 30 June 2024	3,285	901 - 950	420 - 441

As of 30 June 2025, a discount rate of 16.9% was applied for both the five-year forecast and the terminal periods (30 June 2024: 18.5% for the five-year forecast period and 15.5% for the terminal period).

As of 30 June 2025, the growth rate, used for extrapolating of the cash flows for periods over 5 years was set at the level of 2.19% (30 June 2024 – 2.21%).

¹ Impairment losses related to Property, Plant and Equipment of Oilseed processing segment are included to the Cost as of 30 June 2025. Impairment losses related to Property, Plant and Equipment of other segments are included to the Accumulated depreciation.

² During the year ended 30 June 2025, the Group made certain corrections and reclassifications, please see Note 4 for more details.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

As of 30 June 2025, the sensitivity analysis to the mentioned above key assumptions of the CGUs in the Oilseeds Processing segment are disclosed in the table below.

CGU	Inputs	Change in input by:	Change in value-in-use and income approach calculations results:
Poltavsky	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	USD 16,947 decrease
VOEP PJSC	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	USD 18,699 decrease
Bandursky	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	USD 40,984 decrease
VOEP LLC	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	USD 43,071 decrease
	Discount rates	Increase by 10.00%	USD 11,406 decrease
	Processing volume, thousand tons	Decrease by 15.00%	USD 17,222 decrease
BSI LLC	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	USD 39,142 decrease
	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	USD 41,460 decrease
	Discount rates	Increase by 10.00%	USD 8,745 decrease
	Processing volume, thousand tons	Decrease by 15.00%	USD 18,766 decrease
Kropyvnytskyi	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	USD 14,310 decrease
OEP PJSC	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	USD 15,935 decrease
Prydniprovskyi	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	USD 55,423 decrease
OEZ LLC	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	USD 58,351 decrease
	Discount rates	Increase by 10.00%	USD 15,352 decrease
	Processing volume, thousand tons	Decrease by 15.00%	USD 20,494 decrease
Starokostiantynivskyi	Sales price of sunflower oil, USD per ton	Decrease by 3.00%	USD 38,599 decrease
OEZ LLC	Purchase price of sunflower seeds, USD per ton	Increase by 3.00%	USD 41,421 decrease
	Discount rates	Increase by 10.00%	USD 5,285 decrease
	Processing volume, thousand tons	Decrease by 15.00%	USD 10,261 decrease

As of 30 June 2025, the sensitivity analysis did not identify the recoverable amount as being sensitive to the reasonably possible changes of assumptions other than disclosed above.

Farming segment

As of 30 June 2025, the market selling prices of agricultural commodities have been taken into consideration while determining the assumptions for Farming CGU. The key assumptions applied in the value-in-use approach calculations by segment are as follows:

Farming	Crop yields, tons per hectare	Sales price of crops, USD per ton	Transportation cost, USD per ton
As of 30 June 2025	2.7 – 9.6	215 - 494	10 - 22
As of 30 June 2024	2 - 13.3	194 - 472	8 - 29

As of 30 June 2025, a discount rate of 24.8% was applied for both the five-year forecast and the terminal period (30 June 2024: 25.0 % for the five-year forecast period and 17.0% for the terminal period).

As of 30 June 2025, the growth rate, used for extrapolating of the cash flows for periods over 5 years was set at the level of 4.53% (30 June 2024 – 4.03%).

As of 30 June 2025, the sensitivity analysis indicated that the recoverable amount of the Farming CGU is not sensitive to any reasonably possible changes in any assumptions.

Infrastructure and Trading segment

As of 30 June 2025 and 2024, the Infrastructure and Trading segment's CGUs assumptions rely on transshipment rates and suggested proceeds volumes. The key assumptions applied in the value-in-use and income approach calculations by the Group of CGUs in the Infrastructure and Trading segment are as follows:

Infrastructure and Trading	Transshipment rate, USD per ton	Transshipment volume, thousand ton
As of 30 June 2025	8 - 10	9,190 – 10,000
As of 30 June 2024	11 - 14	6,800

As of 30 June 2025, a discount rate of 16.9% was applied for both the five-year forecast period and the terminal period (30 June 2024: 18.5% for the five-year forecast period and 15.5% for the terminal period).

As of 30 June 2025, the growth rate, used for extrapolating of the cash flows for periods over 5 years was set at the level of 2.19% (30 June 2024: 2.21%).

As of 30 June 2025, the sensitivity analysis indicated that the recoverable amount of the Infrastructure and Trading segments is not sensitive to reasonably possible changes in any assumptions.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

15. Right-of-Use Assets

The following table represents movements in right-of-use assets for the year ended 30 June 2025:

	Agricultural equip- ment and vehicles		Buildings	Total
Cost as of 30 June 2024	240,429	5,483	7,892	253,804
Additions	111,639	2,325	871	114,835
Acquisition of subsidiaries	1,810	—	—	1,810
Disposals	(23,947)	(4,893)	(180)	(29,020)
Reclassification	—	1,212	—	1,212
Translation difference	(5,626)	(106)	(28)	(5,760)
Cost as of 30 June 2025	324,305	4,021	8,555	336,881
Accumulated depreciation and impairment as of 30 June 2024	(73,464)	(5,172)	(2,237)	(80,873)
Depreciation	(26,961)	(778)	(752)	(28,491)
Disposals	14,083	4,109	(202)	17,990
Impairment loss on right-of-use assets	(90)	—	—	(90)
Reclassification	—	(1,212)	—	(1,212)
Translation difference	1,119	(36)	323	1,406
Accumulated depreciation and impairment as of 30 June 2025	(85,313)	(3,089)	(2,868)	(91,270)
Net book value as of 30 June 2025	238,992	932	5,687	245,611

The following table represents movements in right-of-use assets for the year ended 30 June 2024:

	Agricultural equip- ment and vehicles		Buildings	Total
Cost as of 30 June 2023	263,789	7,521	7,514	278,824
Additions	17,248	—	531	17,779
Disposals	(16,848)	(800)	(98)	(17,746)
Translation difference	(23,760)	(1,238)	(55)	(25,053)
Cost as of 30 June 2024	240,429	5,483	7,892	253,804
Accumulated depreciation and impairment as of 30 June 2023	(66,033)	(5,393)	(1,754)	(73,180)
Depreciation	(23,075)	(1,367)	(522)	(24,964)
Disposals	9,790	252	(25)	10,017
Impairment loss on right-of-use assets	(72)	—	—	(72)
Translation difference	5,926	1,336	64	7,326
Accumulated depreciation and impairment as of 30 June 2024	(73,464)	(5,172)	(2,237)	(80,873)
Net book value as of 30 June 2024	166,965	311	5,655	172,931

The impairment testing of right-of-use assets, along with the property, plant, and equipment of the Farming segment (Note 14), was conducted by internal specialists. The recoverable amount of the assets was determined using the value-in-use method, which is based on estimated future cash flows discounted to their present value using an appropriate discount rate. The cash flow forecasts applied in the value-in-use approach were derived from financial budgets approved by management, covering five years, and were extrapolated using estimated growth rates for periods beyond five years. The calculation of the discount rate is based on assumptions specific to the Group and the operating segments to which they apply.

16. Intangible Assets

The following table represents movements in intangible assets for the year ended 30 June 2025:

	Trademarks	Land lease rights	Other intangible assets	Total
Cost as of 30 June 2024	22,036	73,503	50,605	146,144
Additions	—	12	3,288	3,300
Disposals	—	—	(975)	(975)
Disposal of subsidiaries	—	—	(23,329)	(23,329)
Translation difference	—	(2,721)	(6,158)	(8,879)
Cost as of 30 June 2025	22,036	70,794	23,431	116,261
Accumulated amortization and impairment losses as of 30 June 2024	(8,851)	(64,489)	(36,410)	(109,750)
Amortization charge	—	(683)	(2,379)	(3,062)
Disposals	—	—	28	28
Disposal of subsidiaries	—	—	23,300	23,300
Impairment of intangible assets	—	—	(676)	(676)
Translation difference	—	2,570	6,117	8,687
Accumulated amortization and impairment losses as of 30 June 2025	(8,851)	(62,602)	(10,020)	(81,473)
Net book value as of 30 June 2025	13,185	8,192	13,411	34,788

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The following table represents movements in intangible assets for the year ended 30 June 2024:

	Trademarks	Land lease rights	Other intangible assets	Total
Cost as of 30 June 2023	22,036	80,771	24,812	127,619
Additions	—	—	2,487	2,487
Additions from the acquisition of subsidiaries	—	—	23,692	23,692
Disposals	—	—	(185)	(185)
Translation difference	—	(7,268)	(201)	(7,469)
Cost as of 30 June 2024	22,036	73,503	50,605	146,144
Accumulated amortization and impairment losses as of 30 June 2023	(8,851)	(76,817)	(5,617)	(91,285)
Amortization charge	—	(222)	(1,958)	(2,180)
Disposals	—	—	187	187
Reversal of impairment of intangible assets	—	5,281	(29,138)	(23,857)
Translation difference	—	7,269	116	7,385
Accumulated amortization and impairment losses as of 30 June 2024	(8,851)	(64,489)	(36,410)	(109,750)
Net book value as of 30 June 2024	13,185	9,014	14,195	36,394

As of 30 June 2025, the Group's subsidiaries held the following trademarks: "Schedry Dar", "Stozhar", "Zolota" and "Domashnya" with net book values of USD 4,567 thousand, USD 5,459 thousand, USD 2,980 thousand, and USD 179 thousand, respectively, in 2025 and 2024. These trademarks are used by the Group for the sale of bottled sunflower oil mostly in the Ukrainian market.

The Group has determined that its trademarks have indefinite useful life. Accordingly, they are not amortized but are tested for impairment annually on 30 June, and whenever indicators of impairment arise, by comparing their recoverable amount with their carrying amount.

As of 30 June 2025 and 2024, no impairment loss was recognized in respect of trademarks. The recoverable amount was determined using the fair value less costs of disposal method, applying the royalty relief approach, and is classified within Level 3 of the fair value hierarchy. The valuation is based on cash flow projections derived from management-approved financial budgets covering a five-year period. The total carrying amount of the trademarks has been allocated to the respective CGU in Oilseed Processing segment.

The impairment testing of the value of intangible assets including trademarks, as of 30 June 2025 and 2024 was based on the same assumptions as the impairment test for property, plant and equipment (Note 26). As a result of impairment testing performed as of 30 June 2025 impairment losses were recognized in the amount of USD 676 thousand.

17. Advances from Customers and Other Current Liabilities

The balance of advances from customers and other current liabilities were as follows:

	As of 30 June 2025	As of 30 June 2024
Accrued payroll, payroll-related taxes, and bonuses	172,378	118,747
Liabilities under commission agreements	34,532	18,177
Provisions for legal claims	16,502	16,502
Taxes payable and provision for tax liabilities	11,479	6,938
Provision for unused vacations and other provisions	10,615	9,161
Contract liabilities	7,484	18,598
Other current liabilities	4,295	4,274
Total	257,285	192,397

18. Other Financial Liabilities

The balances of other financial liabilities were as follows:

	As of 30 June 2025	As of 30 June 2024
Share-based options (Note 29)	29,940	66,241
Derivative financial instruments	11,547	10,446
Accounts payable for property, plant and equipment	5,650	5,896
Other current liabilities	5,657	3,413
Total	52,794	85,996

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

19. Borrowings

The balance of borrowings was as follows:

	As of 30 June 2025	As of 30 June 2024
Current liabilities		
Bank credit lines	146,745	147,529
Current portion of long-term borrowings	22,239	—
Interest accrued on short-term borrowings	1,348	3,653
Interest accrued on long-term borrowings	791	—
Bank overdrafts (Note 8)	3	5
Short-term borrowings	—	163,979
Total	171,126	315,166
Non-current liabilities		
Long-term bank borrowings	82,307	—
Total	82,307	—

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

	Interest rate	Currency	Amount due 30 June 2025	Amount due 30 June 2024
Ukrainian subsidiary of European bank	12.95%	UAH	57,720	—
Ukrainian subsidiary of European bank	13.00%	UAH	36,022	—
European bank	2.10% plus COF ¹	USD	28,006	17,108
Ukrainian subsidiary of European bank	from 5.30% to 6.50%	USD	15,000	23,000
Ukrainian bank	4.95%	USD	10,000	—
Ukrainian subsidiary of European bank	7.75%	USD	—	35,000
Ukrainian bank	4.35% plus UIRD ²	UAH	—	23,348
Ukrainian bank	7.25%	USD	—	22,000
European bank	2.50% plus COF	USD	—	12,578
Ukrainian bank	7.00%	USD	—	10,000
Ukrainian subsidiary of European bank	6.75%	USD	—	4,500
Total			146,748	147,534

As of 30 June 2025, the Group reclassified its bank borrowings with an initial long-term contractual maturity in the amount of USD 82,307 thousand from current to non-current liabilities. This classification reflects the fact that, as of the reporting date, the Group obtained a waiver from one of its long-term lenders in respect of certain covenant requirements, which remains valid for a period exceeding 12 months from the reporting date. The presentation as non-current liabilities are based on the updated waiver terms and the Group's ongoing compliance with the amended covenant requirements.

The balance of borrowings as of 30 June 2025 and 2024 is disclosed in the table below:

	Contractual maturity	Interest rate in range	Currency	Amount due 30 June 2025	Amount due 30 June 2024
European bank	2030	from 3.03% to 3.10% plus SOFR	USD	49,793	71,137
European bank	2029	from 3.03% to 3.10% plus SOFR	USD	39,753	65,962
Ukrainian bank	2030	4.90% plus UIRD	USD	15,000	—
European bank	2027	4.50% plus SOFR	USD	—	23,040
European bank	2027	1%	USD	—	3,840
Total				104,546	163,979³

The Group's borrowings are subject to financial and non-financial covenants as specified in the respective loan agreements. These covenants are consistent with industry-standard practices for similar types of financial instruments.

As of 30 June 2025, borrowings are classified as non-current liabilities in the amount of USD 82,307 thousand (30 June 2024: presented as current liabilities in the amount of USD 130,594 thousand). These borrowings are subject to financial and non-financial covenants as specified in the respective loan agreements. The covenants are consistent with industry-standard practices for similar financial instruments and are monitored on a quarterly, semi-annual, or annual basis, depending on the terms of the loan agreement. Certain non-financial covenants are monitored on a continuous basis throughout the reporting period. A breach of these covenants provides lenders with the right to demand early repayment of the respective liabilities.

The principal financial covenants for key bank loans include Interest Cover Ratio, Net Leverage Ratio, Adjusted Net Leverage Ratio, and Gearing

¹ The Group's cost of funding (COF) reflects the weighted average interest rate on its outstanding borrowings. It is used as a reference input in determining discount rates applied in fair value measurements and value-in-use calculations.

² Ukrainian Index of Retail Deposit Rates (UIRD) – is the average retail deposit rate in Ukraine published by the National Bank of Ukraine, used as a reference for UAH-denominated discount rates.

³ As of 30 June 2024, the Group classified its bank borrowings with long-term initial contractual maturity in the amount of USD 130,594 thousand as short-term.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Ratio. Bank loans are also subject to certain restrictions on specific transactions, such as dividend distributions, guarantees for third-party obligations, investments, or transactions with joint ventures. Also, non-financial covenants include the occurrence of a material adverse event and require the regular submission of certain reports and other information to creditors.

Standard events of default under these agreements, subject to applicable grace periods and thresholds, include non-payment, cross-default, insolvency, and winding-up of the Group or certain subsidiaries, including guarantors under bonds issued.

The loan agreements also contain cross-default provisions, whereby the Group's default on other loan agreements or bonds issued may result in lender's right to request an early repayment of loan liabilities. As of the reporting date, the Group's management has not identified any breaches of obligations that could trigger cross-default events and does not expect such events to occur within 12 months after the reporting date.

The Group has assessed all relevant facts and circumstances and considers the risk of covenant non-compliance to be remote. This assessment considers the Group's current financial position, historical performance, and established processes for proactively managing key financial metrics.

The Group continuously monitors these metrics to ensure compliance with all covenant requirements.

As of 30 June 2025, the undrawn amount of bank borrowings amounted to USD 312,701 thousand including available facility amounts upon bank credit lines and long-term financing (30 June 2024: USD 205,731 thousand).

Short-term borrowings from banks were secured as follows:

	As of 30 June 2025	As of 30 June 2024
Inventory (Note 11)	143,930	—
Property, plant and equipment (Note 14)	81,927	437,930
Future sales receipts	11,127	—
Total	236,984	437,930

Long-term bank borrowings from banks were secured as follows:

	As of 30 June 2025	As of 30 June 2024
Assets pledged		
Property, plant and equipment (Note 14)	192,922	—
Total	192,922	—

20. Bonds issued

The balances of bonds issued were as follows:

	Maturity	As of 30 June 2025	As of 30 June 2024
US 300,000 thousand 6.75% coupon bonds (issued October 2020)	October 2027	298,487	298,087
US 300,000 thousand 6.50% coupon bonds (issued October 2019)	October 2024	—	299,493
Total		298,487	597,580

As of 30 June 2025, the Group's bonds were rated CCC by both S&P and Fitch (30 June 2024: CC), consistent with the Ukrainian sovereign rating.

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.

As of 30 June 2025, the carrying amount of bonds classified as non-current liability in the amount of USD 298,487 thousand (30 June 2024: presented as current liabilities in amount of USD 597,580 thousand) was subject to financial and non-financial covenants as specified in the respective bond prospectus. Financial covenants are monitored on an annual basis, while non-financial covenants are monitored continuously during the reporting period. The breach of these covenants gives the bondholders the right to demand early repayment of the respective liabilities. The bond prospectus includes financial covenants, which are mainly based on the ratios of such financial indicators as fixed charges cover ratio fixed expenses, level of liabilities and level of total assets and EBITDA of certain subsidiaries of the Group. Bonds are also subject to agreed and impose restrictions on certain transactions, such as the incurrence of additional indebtedness, restricted payments (including dividends, loans, capital contributions, investments), asset disposals, mergers, and other investments. Also, non-financial covenants require the regular submission of certain reports and other information to the trustee.

Standard events of default, typical for this type of instrument, include subject to applicable grace periods and carve-outs, non-payment, cross-default, insolvency, and judgment defaults affecting the Group or certain subsidiaries, including any guarantors under the bonds.

Bond prospectus also contains cross-acceleration provisions, whereby the Group's default on other loan agreements or bonds issued may result in acceleration of the bondholder's right to request an early repayment of bonds. As of the reporting date, the Group's management has not identified any breaches of obligations that could trigger cross-acceleration events and does not expect such events to occur within 12 months after the reporting date.

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

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The Group has assessed all relevant facts and circumstances and considers the risk of covenant non-compliance to be remote. This assessment reflects the Group's current financial position, historical performance, and established processes for monitoring and managing key financial metrics. These metrics are continuously reviewed to ensure compliance with all covenant obligations.

As of 30 June 2024, the Group did not have an unconditional right to defer settlement of its bonds for 12 months or longer as of this date the effective bank waivers related to its loans covered less than 12 months. Consequently, the Group therefore classified its long-term bonds as short-term.

As of 30 June 2025, the Group obtained a waiver from one of its lenders in respect of certain non-financial covenants under a loan agreement. This waiver, effective for 12 months after the reporting date, removed the risk that a potential covenant breach could trigger an early repayment requirement affecting the Group's bonds. Accordingly, in line with the requirements of IAS 1 Presentation of Financial Statements, the bonds have been classified as non-current liabilities in these financial statements (Note 19).

Interest on the coupon bonds is payable semi-annually in arrears in April and October. As of 30 June 2025, accrued interest on the bonds amounted USD 3,616 thousand (30 June 2024: USD 7,612 thousand).

21. Lease liabilities

The following is the maturity analysis of lease payments under the lease agreements as of 30 June:

Maturity	As of 30 June 2025	As of 30 June 2024
Payable within one year	35,191	29,811
Payable in the second to fifth years	174,591	147,871
Payable after five years	270,124	215,448
Total	479,906	393,130
less		
Future finance charges	(274,651)	(223,390)
Present value of lease obligations	205,255	169,740
less		
Current portion	(34,021)	(27,206)
Lease obligations, long-term portion	171,234	142,534

22. Income Tax

The Group operates globally and is subject to the tax laws and regulations of multiple jurisdictions and authorities, as well as to tax treaties between those jurisdictions. The Group's principal operations are located in Ukraine and Switzerland, where the corporate income tax rates were 18% and 15%, respectively, as of 30 June 2025 and 2024.

A significant portion of the Group's subsidiaries engaged in agricultural production pay the Fixed Agricultural Tax (FAT) in accordance with the Tax Code of Ukraine. The UAT is assessed by local authorities and is determined based on the area and valuation of the land used.

The components of income tax expenses were as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Current income tax charge	(50,107)	(56,502)
Withholding tax	(18,380)	—
Deferred tax benefit relating to the origination and reversal of temporary differences	18,840	13,078
Total income tax expenses recognized in the reporting period	(49,647)	(43,424)

The income tax expenses are reconciled to the profit before income tax per the Consolidated Statement of Profit or Loss as follows:

	As of 30 June 2025	As of 30 June 2024
Profit before income tax	287,243	211,052
Tax expenses at the Ukrainian statutory tax rate of 18%	(51,704)	(37,989)
Income generated by payers that is exempt from taxation (FAT)	10,401	27,197
Tax effect of unused tax losses and tax offsets not recognized as deferred tax assets	5,260	2,356
Previously unrecognized tax losses used to reduce deferred tax expenses	13,990	—
Withholding tax	(18,380)	—
Non-deductible expenses in taxable profit, net	(9,214)	(34,988)
Income tax expenses	(49,647)	(43,424)

For the year ended 30 June 2025, the deferred tax recognized in other comprehensive income was USD 1,664 thousand (for the year ended 30 June 2024: loss of USD 1,784 thousand).

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The main components of the deferred tax assets and deferred tax liabilities were as follows:

	As of 30 June 2025	As of 30 June 2024
Tax losses carried forward	17,207	20,304
Valuation of property, plant, and equipment	27,377	11,913
Valuation of inventories	5,116	2,367
Others	8,351	8,495
Deferred tax assets	58,051	43,079
Valuation of property, plant, and equipment	(25,814)	(26,019)
Valuation of intangible assets	568	(1,209)
Others	(301)	(260)
Deferred tax liabilities	(25,547)	(27,488)
Net deferred tax assets	32,504	15,591

As of 30 June 2025, deferred tax assets in the amount of USD 30,674 thousand are expected to be recovered or settled within twelve months after the reporting period (30 June 2024: USD 31,166 thousand).

As of 30 June 2025, based upon projections for future taxable income over the periods in which the taxable temporary differences are anticipated to reverse, management believes it is probable that the Group will realize the benefits of deferred tax assets of USD 17,207 thousand (30 June 2024: USD 20,304 thousand) recognized concerning tax losses carried forward by the subsidiaries. The amount of future taxable income required to be generated by the Subsidiaries to utilize the tax benefits associated with the tax loss carried forward is approximately USD 95,594 thousand (30 June 2024: USD 112,800 thousand). However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

The Group does not recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries as it can control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.

Certain deferred tax assets and liabilities have been offset following the Group's accounting policy. The following is an analysis of the deferred tax balances (after offset) as they are presented in the Consolidated Statement of Financial Position:

	As of 30 June 2025	As of 30 June 2024
Deferred tax assets	51,698	35,626
Deferred tax liabilities	(19,194)	(20,035)
Net deferred tax assets	32,504	15,591

23. Cost of Sales

The cost of sales was as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Cost of goods for resale and raw materials used	3,001,654	2,069,486
Shipping and handling costs	360,336	639,819
Amortization and depreciation	100,229	98,863
Payroll and payroll-related costs	90,954	80,791
Total	3,553,173	2,888,959

For the year ended 30 June 2025 result on operations with commodity futures, options and unrealized forwards, included within the Cost of goods for resale and raw materials used line, decreased Cost of sales in the amount of USD 198,989 thousand (30 June 2024: USD 137,656 thousand decrease).

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

24. Other Operating Income and Expenses

Other operating income and expenses were as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Other operating income		
Gain on operations with securities	26,408	9,120
Contracts wash-out (price difference settlement)	15,193	5,142
Stock-take surplus	10,392	8,428
Other dispatch fees and fines	5,383	—
Insurance reimbursement	3,319	33,539
Gain on sale of foreign currency	2,015	7,796
Gain on operations with swap contracts	—	5,522
Other operating income	5,098	7,046
Total	67,808	76,593
Other operating expenses		
Loss on operations with other derivatives	(25,448)	(10,987)
Loss on operations with swap contracts	(20,966)	—
Other dispatch fees and fines	—	(17,418)
Total	(46,414)	(28,405)

The Group enters wash-out contracts to reduce administrative time and costs. These contracts can be offset based on a mutual agreement with the same partners who sold or purchased commodities.

25. General and administrative expenses

General and administrative expenses were as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Payroll and payroll related costs	189,682	176,151
Audit, legal and other professional fees	14,207	10,317
Repairs and material costs	8,134	6,120
Other expenses	23,245	20,785
Total	235,268	213,373

Audit, legal and other professional fees for the year ended 30 June 2025 included the auditor's remuneration in the amount of USD 763 thousand and remuneration for non-audit services was USD 55 thousand (for the year ended 30 June 2024: USD 778 thousand and USD 26 thousand, respectively). No consultancy services were provided by the auditors for the years ended 30 June 2025 and 2024.

During the year ended 30 June 2025, the Group recognized expenses of USD 31,309 thousand in respect of profit-sharing arrangements (30 June 2024: bonus expenses USD 25,159 thousand). These amounts were included within payroll and payroll-related costs. The liability was recognized in accordance with the terms of the profit-sharing arrangement in the amount USD 49,268 thousand and was measured by reference to the estimated portion of profits.

26. Reversal of impairment losses/(impairment) of Assets

Reversal of impairment losses/(impairment) of assets were as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Reversal of impairment/(impairment) of prepayments to suppliers and other current assets	6,958	(25,596)
Reversal of impairment/(impairment) of property, plant and equipment (Note 14)	2,379	(117,115)
Reversal of impairment losses on VAT recoverable	350	5,538
Reversal of impairment of inventories	3	4,136
Impairment of goodwill	—	(58,436)
Write-offs of property, plant and equipment	—	(11,162)
Impairment of right-of-use assets and write-offs of inventories	(122)	(2,863)
Impairment of intangible assets (Note 16)	(622)	(23,728)
Total	8,946	(229,226)

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

27. Finance Costs and Income

Finance costs and income were as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Finance costs expensed		
Interest expenses on bank loans (Note 8)	(28,587)	(45,667)
Interest expenses on corporate bonds (Note 8)	(26,006)	(39,750)
Interest expenses on lease liabilities (Note 8)	(21,196)	(25,243)
Other finance costs	(1,879)	(8,419)
Total	(77,668)	(119,079)
Finance income		
Interest income received on financial assets held for cash management	39,483	42,553
Gain on modification of loan terms	—	6,436
Other financial income	5,912	830
Total	45,395	49,819
Net finance costs	(32,273)	(69,260)

28. Other Expenses, net

Other expenses, net was as follows:

	For the year ended 30 June 2025	For the year ended 30 June 2024
Social spending	(30,434)	(25,129)
(Loss)/gain on disposal of Subsidiaries	(5,232)	2,448
Fines and penalties	(221)	(5,746)
Other expenses	(394)	(661)
Total	(36,281)	(29,088)

29. Transactions with Related Parties

As of 30 June 2025 and 2024, the Group is controlled by the Namsen Ltd (Note 2).

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

Related party	Statement of Financial Position line	Related party balances as of 30 June 2025	Related party balances as of 30 June 2024
Entities under Common control	Trade accounts receivable	5,705	23,303
	Prepayments to suppliers	27,270	47,112
	Other financial assets	23,618	2,327
	Non-current financial assets	—	12,961
	Trade accounts payable	10,360	1,968
	Advances from customers and other current liabilities	34,606	18,177
Key management	Other financial assets	2,913	4,997
	Non-current financial assets	980	1,430
	Advances from customers and other current liabilities	21,442	24,395
	Other financial liabilities	31,961	66,279
Entities under Key Management control	Non-current financial assets	1,875	1,984
Other related parties	Prepayments to suppliers	—	944
	Other financial assets	5	12,086
	Non-current financial assets	—	2,032

The long-term management incentive plan which was signed in 2022 has exercise period commencing on 1 November 2024 and expiring on 31 December 2026. The Company granted management the option to sell to the Company 2,606,445 of its ordinary shares. The consideration for each share is USD 23.80.

As of 30 June 2025, the fair value of the liability recognized in respect of share options amounted to USD 29,940 thousand (30 June 2024: USD 66,241 thousand). Part of this obligation was settled through set-off against advances to the same management, and the remaining balance was presented within Other financial liabilities.

Transactions with related parties are conducted on terms equivalent to those prevailing in arm's length transactions. Outstanding balances are unsecured and will be settled in cash. No guarantees have been provided or received in respect of related party receivables or payables. Loans are provided at interest rates comparable to the average commercial rate.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Transactions with related parties were as follows:

Related party	Statement of Profit and Loss line	Related party transaction for the year ended 30 June 2025	Related party transaction for the year ended 30 June 2024
Entities under common control	Revenue	47,785	50,889
	Purchases of various goods and services	(54,380)	(228,982)
	Cost of sales	(11,842)	(17,184)
	Other expenses	(1,030)	(732)
	Other operating income	3,600	—
	Other operating expenses	—	(2,839)
	Reversal of impairment losses/(impairment) of assets	2,668	(7,595)
	Loss on impairment of assets	1,043	—
Key management	General and administrative expenses	(18,828)	(50,529)
	Financial costs	—	(1,638)
	Finance income	1,643	—
Entities under Key Management control	Financial costs	—	(3,100)
	Finance income	1,963	—
Other related parties	Revenue	982	20,883
	Purchases of various goods and services	(6,640)	(3,333)
	Finance income	971	1,621
	Net impairment losses on financial assets	(20)	(994)

Remeasurement of liability related to options provided to key management as of 30 June 2025 resulted in gain recognized in General, administrative expenses in the amount of USD 6,617 thousand (30 June 2024: a loss of USD 11,963 thousand).

The Group's key management personnel are the members of the Board of Directors and the management team. The remuneration of Directors and other members of key management personnel recognized in the Consolidated Statement of Profit and Loss including salaries and other current employee benefits amounted to USD 24,324 thousand (for the year ended 30 June 2024: USD 27,554 thousand).

30. Commitments and Contingencies

Retirement and Other Benefit Obligations

Employees of the Group receive pension benefits from the government under the laws and regulations of Ukraine. The Group's contributions to the State Pension Fund for the year ended 30 June 2025 were USD 19,339 thousand (2024: USD 20,976 thousand).

As of 30 June 2025, and 2024, the Group was not liable for any significant supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Capital Commitments

As of 30 June 2025, the Group had commitments under contracts with a group of suppliers for a total amount of USD 15,781 thousand, mostly for reconstruction of the grain transshipment complex and for modernization of the oil-crushing plant (30 June 2024: USD 17,833 thousand, mostly for the construction of port infrastructure and an oilseed crushing plant).

Contractual Commitments on Sales

As of 30 June 2025, the Group had outstanding commercial contracts for the export of 1,348,000 tons of grain, 270,000 tons of vegetable oil, and 98,198 tons of sunflower meal and other related products, with contract values of USD 300,879 thousand, USD 290,550 thousand and USD 28,521 thousand, respectively, in contract prices as of the reporting date.

As of 30 June 2024, the Group had outstanding commercial contracts for the export of 672,500 tons of grain, 186,243 tons of sunflower oil, and 40,440 tons of sunflower meal and other related products, with contract values of USD 166,595 thousand, USD 184,097 thousand and USD 10,924 thousand, respectively, in contract prices as of the reporting date.

Taxation and Legal Issues

The international tax environment is becoming more complex in terms of tax administration, which could increase tax pressure on taxpayers. In particular, a key part of the OECD/G20 BEPS Project is addressing the tax challenges arising from the digitalization of the economy. The Global Anti-Base Erosion Rules ("GloBE") are a key component of this plan and ensure large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. More specifically, the GloBE Rules provide for a coordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate. Kernel Holding S.A. belongs to the Kernel Group, which is within the scope of the OECD Pillar Two Model Rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which Kernel Holding S.A. is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023. However, it was determined in terms of Pillar 2 rules that Namsen Ltd residing in Cyprus should be considered as the Ultimate Parent Entity of the Kernel Group and should therefore have the obligation to apply the Income Inclusion Rule ("IIR") and be charged with the top-up tax ("TUT") due on any low-taxed profits of itself and its low-taxed subsidiaries. On 12 December 2024, the Cyprus House voted to transpose into law Council Directive (EU) 2022/2523 of 14 December 2022 to ensure a global minimum level of taxation of multinational enterprise groups and large domestic groups in the Union, also known as the Pillar Two Directive. The Law was published in the Official Government Gazette on 18

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

December 2024. The Law introduces an IIR for financial years starting from 31 December 2023 in line with the Pillar Two Directive. A Qualified Domestic Minimum Top-up Tax ("QDMTT") and an Undertaxed Profits Rule ("UTPR") are also introduced for financial years starting from 31 December 2024. Therefore, as previously expected, the IIR rule applies to Kernel Group from 1 July 2024.

Pillar 2 Rules also envisage the application of Safe Harbor tests, which are designed to simplify compliance in the initial years of implementation and reduce the risk of top-up tax in low-risk jurisdictions where the Group has presence. If a jurisdiction meets specific thresholds based on CbCR data, it has the right to be excluded from detailed GloBE calculations for a transitional period of the first three reporting years, starting from the year ending 30 June 2025.

Namsen Ltd, as an Ultimate Parent Entity, conducted an assessment and concluded that most of the jurisdictions meet the Safe Harbor tests. Thus, the tax exposure for Kernel Group is possible only in jurisdictions where QDMTT applies, unless the CbCR Safe Harbor tests are met. It was assessed that the application of QDMTT had no material impact on the financial statements of the Group for the year ending 30 June 2025.

Tax risk management is integrated into the Group's overall risk management. As of 30 June 2025, companies of the Group were involved in ongoing litigation with tax authorities concerning tax matters amounting to USD 27,238 thousand (30 June 2024: USD 20,441 thousand). Based on the Group's historical experience with similar court cases, management believes it is unlikely that these proceedings will result in a significant outflow of resources, and accordingly, no provision has been recognized in the Group's financial statements as at the reporting date.

Ukraine's tax environment remains complex and characterized by frequent changes in tax legislation and inconsistent application and interpretation by the tax authorities. This environment may result in increased fiscal pressure on taxpayers. The risk of differing interpretations of tax laws and regulations, combined with evolving administrative practices can lead to disputes with the tax authorities and potentially result in additional tax assessments, fines and interest charges.

The transfer pricing legislation allows for additional tax assessment in respect of controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not conducted on an arm's-length basis. Management has established internal controls and documentation procedures to comply with applicable transfer pricing legislation. However, tax authorities may challenge the prices applied under these transactions, particularly as transfer pricing rules and interpretation continue to evolve. As of the reporting date, the potential impact of any such challenge is uncertain and cannot be reliably estimated. The Group assesses uncertain tax positions in accordance with IFRIC 23 and recognizes provisions where necessary.

Key aspects of the Ukrainian tax system are the following:

- Ukraine operates a classic corporate income tax system. Under this system, the taxable profit of companies, defined as accounting profit adjusted for tax differences in accordance with Ukrainian tax legislation, is subject to corporate income tax ("CIT") at a statutory rate of 18 %.
- Transfer pricing regulations apply to transactions with related non-resident parties and non-resident parties located in low tax jurisdictions (i.e., jurisdictions with an effective corporate income tax rate significantly lower than Ukraine's 18% CIT rate). These rules are applicable where the company's annual income exceeds UAH 150 million and the value of transactions with each such non-resident exceeds UAH 10 million.
- The domestic supply of goods and services, as well as the import of goods and certain services, are subject to value-added tax at the standard rate of 20%. A 0% VAT rate applies to the export of goods from Ukraine. Starting from March 2021, a reduced VAT rate of 14% was applicable to the domestic supply and import of certain agricultural commodities.
- Payments of passive income (such as interest, royalties, dividends, etc.) to non-resident recipients are subject to withholding tax at the standard rate 15% unless double tax treaties or the Tax Code of Ukraine provide another tax rate.
- Agricultural producers of raw materials are eligible to apply a simplified tax regime, provided that at least 75% of their income is derived from the sale of agricultural raw materials produced by such companies. Under this regime, companies are subject to a fixed tax, which is determined based on the type, location, and monetary value of the farmland they operate.
- The "Transitional Provisions" of the Tax Code of Ukraine have been supplemented by a new subparagraph 69.38, which provides that, temporarily from 1 August 2023 until the termination or cancellation of martial law on the territory of Ukraine, taxpayers who voluntarily correct errors that resulted in an understatement of tax liabilities shall be exempt from the accrual and payment of fines and penalties.
- The Diia City regime, which provides special tax and legal benefits for IT companies, has been introduced in Ukraine. Among other provisions, the regime offers protections against excessive state interference, streamlined hiring procedures for IT professionals (including the use of special "gig contracts"), and reduced income tax and payroll tax rates for qualifying IT businesses.

As of 30 June 2025, the Group was a party to three legal cases in the District Court in Luxembourg, all initiated by eight shareholders who together held 1,210,430 shares as of February 2024, amounting to 0.4% of the Company's total issued shares:

- merits proceedings initiated as of 13 October 2023 with the objective: 1) To establish that the Group's directors acted against the Group's interests, were conflicted, and lacked the necessary authority at the Board of Directors' meeting on 13 April 2023; 2) To invalidate all decisions made during the aforementioned Board meeting, including the resolution to delist the Group from the Warsaw Stock Exchange; 3) Alternatively, to appoint an expert to assess (i) the fairness of the public tender offer price announced by Namsen Ltd on 30 March 2023, compared to the real value of the Group, and (ii) the economic impact of the Board of Directors' decisions, including the delisting, on the Group's corporate interests. These proceedings are currently pending.
- merits proceedings initiated on 20 February 2024 related mainly to the annulment of the Board of Directors' decisions made on 21 August and 1 September 2023, as mentioned above. Alternatively, the claimants seek compensation for damages from Namsen Ltd. These proceedings are currently pending.
- merits proceedings initiated on 26 April 2024 related mainly to the annulment of the decisions taken at the AGM held on 11 December 2023. These proceedings are currently pending.

Additionally, on 3 April 2024, the same group of minority shareholders initiated summary proceedings related mainly to the suspension of the

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

decisions taken at the AGM held on 11 December 2023. On 27 November 2024, the Vice-President of Luxembourg District Court issued a summary order under which all claims brought by the claimants in legal action against the Group and its majority shareholder, Namsen Ltd, to seek the suspension of the resolutions adopted during the Group's Annual General Meeting on 11 December 2023, were declared inadmissible and, therefore, rejected. Additionally, the claimants were ordered to pay procedural indemnities to both the Group and Namsen Ltd. On 15 May 2025, the claimants filed the appeal. The appeal proceedings are currently pending.

As of 28 March 2025, the Luxembourg District Court issued a summary order declaring inadmissible and consequently rejecting the claims initiated on 20 February 2024 against the Company and its majority shareholder, Namsen Ltd. The claims sought interim relief in the form of a suspension of decisions made by the Company's Board of Directors regarding the share capital increase carried out in August–September 2023, including the issuance of 216,000,000 new shares, as previously disclosed. The Court further ordered the claimants to pay procedural indemnities to both the Group and Namsen Ltd. On 23 May 2025, the claimants filed an appeal. The appeal proceedings are currently pending.

The proceedings are at an early stage, and the outcome of the litigation cannot be reliably assessed at this time. However, the Group's management believes that there has been no non-compliance with applicable laws and regulations in relation to the matters raised by the claimants and, accordingly, no outflow of economic benefits is expected.

31. Financial risk management

Capital Risk Management

The Group manages its capital, primarily attributable to equity holders. The object is to ensure that entities in the Group continue as a going concern, providing returns to shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. Management considers the cost of capital and the risks associated with each class of capital and balances its overall structure through dividend distributions, issuance or repurchase of shares, and the issuance or redemption of debt instruments.

The Group monitors capital based on the carrying amount of equity and borrowings less cash and cash equivalents, as presented in the consolidated statement of financial position. The Group is not subject to any externally imposed capital requirements, other than covenants imposed by external lenders in respect of bank borrowings and bonds.

Gearing Ratio

The Group monitors its capital structure by calculating a gearing ratio, defined as net debt divided by total capital. Net debt comprises lease obligations, bonds and borrowings less cash and cash equivalents, while total capital consists of equity and net debt.

Management has not established a formal target level for the gearing ratio but considers it an important measure of financial stability and access to financing. As of 30 June 2025, the majority of the Group's debt is due within two to five years.

	As of 30 June 2025	As of 30 June 2024
Debt liabilities ¹ (Notes 19, 20, 21)	760,791	1,090,098
Less cash and cash equivalents (Note 8)	(617,511)	(809,584)
Net debt	143,280	280,514
Equity ²	2,077,929	1,864,643
Total capital	2,221,209	2,145,157
Net debt liabilities to capital	7%	15%

Financial Risk

The Group is exposed to financial risk as the result of the normal course of business and includes the following risks:

- Credit risk
- Liquidity risk
- Market risk

Risk management policies have been established to identify, assess, and analyze the risks faced by the Group, to manage and continuously improve an effective risk management and monitoring system, spreading the culture of decision-making in terms of risks, their valuation and likelihood of occurrence. The Group coordinates roles and participants through training, management standards, and procedures.

Credit Risk

Credit risk is the risk of financial loss to the Group if counterparties may not be able to settle their contractual obligations due to the Group within their agreed payment terms.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The characteristics of the Group's customer base, including the default risk of the industry and country in which the major customers operate, have less of an influence on credit risk. The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before standard payment and delivery terms are offered. The review includes an evaluation of the customer's financial position, payment history, transaction volume, and other relevant factors. Sales limits are set for each customer, representing the maximum exposure without requiring further management approval,

¹ Debt includes short-term and long-term borrowings, obligations under leases, bonds issued and accrued interest. Debt liabilities do not include the liabilities associated with assets held for sale.

² Equity includes issued capital, share-premium reserve, additional paid-in capital, revaluation reserve, retained earnings, other reserve and translation reserve attributable to Kernel Holding S.A. shareholders.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

and these limits are reviewed annually. Customers who do not meet the Group's benchmark for creditworthiness may only transact on a prepaid basis and are subject to additional approval requirements. The Group's maximum exposure to credit risk is disclosed in Note 32.

To mitigate non-payment risk in international markets, the Group presents title documents through banking channels and makes use of payment instruments such as letters of credit, insurance arrangements, and bank guarantees. In addition, the Group holds collateral against loans provided to farmers, which includes future harvests, movable and immovable property. Collateral is secured in amounts sufficient to cover the loans based on current market prices.

The Group's policy on expected credit losses ("ECL") for trade receivables is disclosed in Note 9. Other financial assets at amortized cost include loans to related parties, key management personnel and other receivables, all of which are considered to carry low credit risk.

The Group's most significant customer is an international customer, who accounted for USD 40,869 thousand out of total trade accounts receivable as of 30 June 2024 (30 June 2024: most significant customer is an international customer accounted for USD 31,643 thousand).

The entity is also exposed to credit risk on debt investments measured at fair value through profit or loss, including Ukrainian government bonds and U.S. Treasury bonds (T-bonds). Ukrainian government and local bonds are subject to elevated credit risk due to the downgrade of Ukraine's sovereign credit rating since the beginning of the war, while U.S. Treasury bonds are considered to carry low credit risk given the sovereign credit standing of the United States. Ukrainian government bonds in amount of USD 133,359 thousand are rated C (30 June 2024: USD 185,310 thousand are rated CC) and U.S. Treasury bonds in amount of USD 11,043 thousand are rated F1+ (30 June 2024: nil) by Fitch respectively.

As of 30 June 2025, 74% (30 June 2024: 59%) of margin accounts with brokers are conducted with the financial institutions rated at F1-B by Fitch (or analog). Short-term bank deposits are held by the Group in the international banks and Ukrainian subsidiaries of international banks with high ratings (F1+ - F by Fitch). The Group's exposure to credit risk for margin accounts with brokers is significantly reduced by placing them with financial institutions that hold a strong Fitch credit rating of "B" or above, reflecting a high level of creditworthiness.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash and cash equivalents, as well as the availability of funding through the adequacy of the banking facilities by continuously monitoring forecasted and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Management diversifies funding sources to ensure that sufficient liquidity is maintained to meet liquidity requirements.

As of 30 June 2025, the carrying amount of the Group's maximum exposure to financial obligations (including lease liabilities) was USD 925,297 thousand (30 June 2024: USD 1,286,752 thousand).

All contracts are expected to settle within 12 months. The Group manages liquidity risk by maintaining sufficient cash and cash equivalents. The Group regularly monitors its liquidity position to ensure that it has the ability to meet its short-term obligations.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as of 30 June 2025 and 2024. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
30 June 2025						
Non-derivative financial liabilities						
Bonds issued (Note 20)	302,103	350,625	20,250	20,250	310,125	—
Short-term borrowings (Note 19)	148,887	148,887	148,887	—	—	—
Trade accounts payable	108,348	108,348	108,348	—	—	—
Long-term borrowings, including current portion (Note 19)	104,546	122,834	28,429	27,929	63,125	3,351
Lease liabilities (Note 21)	205,255	479,906	35,191	39,281	135,310	270,124
Other current liabilities (Note 18)	41,247	41,247	41,247	—	—	—
Other non-current liabilities	3,364	3,364	—	657	2,707	—
Total	913,750	1,255,211	382,352	88,117	511,267	273,475
Derivatives						
Open currency swap contracts						
Inflows	172,000	172,000	172,000	—	—	—
Outflows	(173,251)	(173,251)	(173,251)	—	—	—
Derivative financial instruments (Note 18)	11,547	11,547	11,547	—	—	—
Total	10,296	10,296	10,296	—	—	—
30 June 2024						
Non-derivative financial liabilities						
Bonds issued (Note 20)	605,192	605,192	605,192	—	—	—
Short-term borrowings (Note 19)	315,166	315,166	315,166	—	—	—
Trade accounts payable	109,672	109,672	109,672	—	—	—
Lease liabilities (Note 21)	169,740	393,130	29,811	36,367	111,504	215,448
Other current liabilities (Note 18)	75,550	75,550	75,550	—	—	—
Other non-current liabilities	986	986	—	493	493	—
Total	1,276,306	1,499,696	1,135,391	36,860	111,997	215,448
Derivatives						
Open currency swap contracts						
Inflows	249,500	249,500	249,500	—	—	—
Outflows	(249,590)	(249,590)	(249,590)	—	—	—
Derivative financial instruments (Note 18)	10,446	10,446	10,446	—	—	—
Total	10,356	10,356	10,356	—	—	—

The concentration of liquidity risk is limited due to different repayment terms of financial liabilities and sources of borrowing facilities.

Market Risk

The Group's activities expose it primarily to market risk which is mainly presented as the risk of loss in the value of any financial instrument due to an adverse fluctuation in market prices, interest rates, and foreign exchange rates, whether arising out of factors affecting specific instruments or the market in general. The goal of market risk management is to control and manage market risk exposures within acceptable limits while maximizing the return on those risks.

Currency Risk

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

Currency risk is a risk of financial impact due to exchange rate fluctuations related to transactions and balances in currencies other than functional currency. The Group enters into such transactions denominated in other currencies, which include capital expenditures, operating expenses, certain sales of goods, and recognized assets and liabilities denominated in a currency that is not the functional currency of the entity. Exposure of currency risk is managed by utilizing currency forward contracts and fulfilling comparative analysis between subsidiaries.

The Group mitigates the influence of currency risk in Ukrainian hryvnia through export sales denominated in USD and EUR. For the year ended 30 June 2025, total sales denominated in USD amounted to USD 3,834,995 thousand, and total sales denominated in EUR amounted to USD 57,929 thousand (for the year ended 30 June 2024: USD 3,250,287 thousand and USD 64,367 thousand, respectively).

The Group also utilizes currency swaps, which are derivative instruments under which principal and interest payments are exchanged in different currencies. These contracts are used to mitigate foreign exchange risks arising from exposures in currencies other than USD across various financial instruments, and they also enable the Group to optimize its overall financing costs. As of 30 June 2025, the Group's management monitors the notional amounts and fair values of these instruments on an ongoing basis.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

As of 30 June 2025, the Group had open currency swap contracts, all of which are expected to settle within 12 months. The Group continuously monitors these positions to ensure sufficient liquidity is available to meet the related contractual obligations.

As of 30 June 2025, the Group's borrowings are denominated primarily in USD and UAH. Interest and principal payments on borrowings are generally matched with cash flows generated by the Group's operations, particularly from export sales denominated in USD. This provides a natural hedge against currency risk for the USD-denominated debt, while borrowings in UAH are used to finance local operating needs. Accordingly, the Group does not utilize derivative instruments to hedge such exposures.

The table below covers UAH and USD-denominated assets and liabilities carried by Subsidiaries having balances in currencies other than functional currencies.

The Group's exposure to foreign currency risk, including the balances outstanding between the Group's companies as of 30 June 2025 and 2024 was as follows:

	30 June 2025		30 June 2024	
	UAH	USD	UAH	USD
Cash and cash equivalents	152,421	6,702	132,254	163,471
Trade accounts receivable	46,411	101,036	50,856	94,427
Other financial assets	246,920	—	177,655	—
Trade accounts payable	(93,808)	(7)	(69,585)	(1,320)
Current portion of lease liabilities	(1,050)	—	(644)	—
Lease liabilities	(7,626)	—	(6,855)	—
Short-term borrowings from Ukrainian subsidiary of European bank	(93,836)	—	(88,071)	—
Long-term borrowings European Bank	—	(10,140)	—	(12,628)
Open currency swap contracts	(173,251)	—	(249,590)	—
Other financial liabilities	(226,202)	(87)	(189,232)	(642)
Other non-current liabilities	(2,527)	—	(3,081)	—
Net exposure	(152,548)	97,504	(246,293)	243,308

The following table details the Group's sensitivity to a 10 % change of the UAH against the USD would prompt a fluctuation in the equity and profit and loss account by the amounts shown below. This sensitivity analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity analysis includes only outstanding monetary items denominated in a currency other than the functional currency.

A strengthening/depreciation of the UAH against USD on 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss before income tax by the amounts shown below:

	30 June 2025		30 June 2024	
	Strengthening	Depreciation	Strengthening	Depreciation
UAH (10% movement)	(24,119)	26,089	(46,748)	51,664

Interest Rate Risk

The Group's main interest rate risk arises from bank borrowings and lease liabilities with variable rates, which expose the group to cash flow interest rate risk.

The sensitivity analysis in the table below has been determined based on exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point ("bp") increase, or decrease, was used when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments and its sensitivity to increase or decrease of variable interest rate was as follows:

	Carrying amount as of 30 June 2025	Impact on profit before tax from change in variable rates		Carrying amount as of 30 June 2024	Impact on profit before tax from change in variable rates	
		100 bp higher	100 bp lower		100 bp higher	100 bp lower
Fixed rate	626,248			873,561		
Variable rate	134,543	(1,346)	1,346	216,538	(2,166)	2,166
SOFR	90,564	(906)	906	162,157	(1,622)	1,622
COF	28,006	(280)	280	29,686	(297)	297
UIRD	15,016	(150)	150	23,738	(237)	237
LIBOR	957	(10)	10	957	(10)	10
Total	760,791	(1,346)	1,346	1,090,099	(2,166)	2,166

The Group does not use any derivatives to manage interest rate risk exposure. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable-rate loans and borrowings.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

Commodity Price Risk

The Group is exposed to fluctuations in commodity prices for inventories and the product of production which are not held to meet forward priced contracts.

The Group is exposed to commodity price risk due to its core activities in the production, processing, and sale of agricultural products such as grains, oilseeds, and other commodities. Commodity prices are inherently volatile and influenced by a broad range of external factors including global supply-demand dynamics, geopolitical tensions, weather conditions, trade regulations, currency movements, and transportation disruptions. The Group remains fully exposed to changes in market prices, which can have a direct and material impact on its financial results. A significant decline in the price of key agricultural commodities may negatively affect revenue, gross profit, and operating cash flows.

Throughout the 2025 marketing year, shipments via Ukraine's Black Sea ports operated without disruptions, ensuring stable and efficient export flows. This operational consistency significantly enhanced the predictability of trading activities, improved the planning of trading books, and supported effective market risk management. The reliable functioning of these ports reinforced confidence in Ukrainian-origin supply chains across key global consumption markets.

The stabilization and gradual reduction of freight and insurance premiums for shipments from Ukrainian Black Sea ports, relative to alternative ports such as Constanta and Varna, positively impacted the Group's financial performance. This stability allowed for increased agility in our trade flows and improved our ability to respond efficiently to dynamic changes in global commodity markets. Looking ahead, no significant changes are anticipated in 2026 marketing year, as the export infrastructure continues to operate reliably.

In 2025 financial year, the Group was exposed to commodity price risk arising from compressed crush margins, which reflected a combination of below-average oilseed supply in Ukraine, particularly sunflower, and increased farmer holding capacity. Elevated volatility in global vegetable oil markets, driven by changes in palm oil availability and energy prices, led to irregular selling patterns by farmers, resulting in periods of reduced crush coverage compared with historical levels. To mitigate these risks, the Group applied a margin-driven switching strategy across its main oilseeds (sunflower seeds, rapeseeds and soybeans), thereby broadening its product mix and trading opportunities. Risk management measures included the use of commercial tools, internal logistical solutions, and close coordination between trading and origination functions to align procurement and processing activities. These actions enabled the Group to manage exposure to commodity price fluctuations and reduce the potential adverse impact on earnings.

Furthermore, the Group assesses potential exposures through internal sensitivity analysis and scenario testing, considering the potential impact of price movements on profitability and liquidity. These assessments support proactive planning, particularly during periods of elevated market stress or expected volatility. Management remains focused on enhancing risk management practices through operational excellence and improved market responsiveness.

The Group measures and limits market risk exposure using a Value at Risk computation for commodity price risk related to its physical marketing activities.

Value at Risk (VaR) is used by the Group as a statistical measure to estimate the potential loss in value of positions due to adverse market movements under normal market conditions. The Group calculates VaR over a one-day time horizon with a 95 percent confidence level, using a Parametric VaR model based on a log-normal assumption of returns. Parameters are estimated using an Exponentially Weighted Moving Average over a 75-day period with a decay factor of 0.94. The VaR model has inherent limitations: it does not capture the liquidity of different risk positions and therefore does not estimate potential losses if the Group liquidates large positions over a short period of time. In addition, the model relies on historical market data, which may not necessarily reflect future market conditions. As of 30 June 2025, the Group's VaR amounted to USD 5,400 thousand (30 June 2024: USD 6,100 thousand).

The Group's VaR should be interpreted taking into account the limitations of the methodologies applied. These limitations include:

- The VaR model does not capture the liquidity of different risk positions and therefore does not estimate potential losses if the Group liquidates large positions over a short period.
- VaR is based on historical data that may not provide the best estimate of the joint distribution of risk factor changes in the future and may fail to capture the risk of extreme adverse market movements that have not occurred within the historical window used for calculation.
- Model risk: VaR's accuracy depends on the methods and assumptions used. In particular, the parametric model assumes a log-normal distribution of returns, which may not hold in real markets.

32. Financial Instruments

The following tables give information on the carrying and fair values of the financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of market values, fair values have been estimated by discounting expected cash flows at prevailing market interest and exchange rates. These estimated fair values have been determined using market information and appropriate valuation methodologies but may not necessarily reflect the amounts that the company could realize in the normal course of business.

Notes to the Consolidated Statements continued

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

As of 30 June 2025 and 2024, the financial assets and liabilities are presented by class in the tables below at their carrying values:

	As of 30 June 2025			As of 30 June 2024		
	Amortized cost	FVTPL ¹	Total	Amortized cost	FVTPL ¹	Total
Assets						
Cash and cash equivalents (Note 8)	617,511	—	617,511	809,584	—	809,584
Trade accounts receivable (Note 9)	252,660	—	252,660	305,246	—	305,246
Other financial assets (Note 13) measured at Amortized cost of which						
Margin account with brokers	67,491	—	67,491	82,215	—	82,215
Loans granted	46,437	—	46,437	22,306	—	22,306
Other financial assets	19,467	—	19,467	10,760	—	10,760
Short-term bank deposits	12,000	—	12,000	12,747	—	12,747
Pledge deposits	—	—	—	1,303	—	1,303
Other financial assets (Note 13) measured at FVTPL of which						
Government bonds	—	144,402	144,402	—	185,310	185,310
Derivative financial instruments	—	26,116	26,116	—	25,288	25,288
Non-current financial assets	6,025	—	6,025	23,307	—	23,307

	As of 30 June 2025			As of 30 June 2024		
	Amortized cost	FVTPL ¹	Total	Amortized cost	FVTPL ¹	Total
Liabilities						
Trade accounts payable	108,348	—	108,348	109,672	—	109,672
Borrowings (Note 19)	253,433	—	253,433	315,166	—	315,166
Lease liabilities	205,255	—	205,255	169,740	—	169,740
Bonds issued and interest accrued (Note 20)	302,103	—	302,103	605,192	—	605,192
Other financial liabilities (Note 18) measured at Amortized cost of which						
Accounts payable for property, plant and equipment	5,650	—	5,650	5,896	—	5,896
Other current liabilities	5,657	—	5,657	3,413	—	3,413
Other financial liabilities (Note 18) measured at FVTPL of which						
Share-based options	—	29,940	29,940	—	66,241	66,241
Derivative financial instruments	—	11,547	11,547	—	10,446	10,446
Other non-current liabilities	3,364	—	3,364	800	186	986

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

Financial liabilities	As of 30 June 2025		As of 30 June 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds issued (Note 20) ²	302,103	267,840	605,192	484,290
Long-term borrowings, including current portion (Note 19)	104,545	105,008	—	—

For the year ended 30 June 2025, the fair value of bank long-term borrowings was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings of 6.77% that is within level 2 of the fair value hierarchy.

The fair value of Bonds issued was estimated based on directly observable quotations within Level 2 of the fair value hierarchy.

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

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

¹ FVTPL – Fair value through profit and loss.

² Including accrued interests

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

The following table below represents the fair values of the derivative financial instruments including trade-related financial and physical forward purchase as of 30 June 2025 and 2024:

	As of 30 June 2025			As of 30 June 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Other financial assets						
Forwards	—	11,974	11,974	—	9,964	9,964
Futures/Options	14,142	—	14,142	15,324	—	15,324
Other financial liabilities						
Forwards	—	9,978	9,978	—	9,224	9,224
Currency swap contracts	—	1,251	1,251	—	—	—
Futures/Options	318	—	318	1,222	—	1,222

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

Cash and cash equivalents and short-term borrowings and government bonds are classified as level 2 fair values in the fair value hierarchy due to the inclusion of directly and indirectly observable inputs. Trade receivables, other current assets and trade accounts payable, other current liabilities are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For the year ended 30 June 2025 and 30 June 2024, 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.

There were no transfers between levels of the fair value hierarchy.

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

Offsetting of financial assets and liabilities

The derivative asset and liability are offset, and the net amount is presented in the statement of financial position when the Group has a legally enforceable right to offset the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

As of 30 June 2025, Other financial assets include collaterals for derivatives as part of the margin accounts with brokers in the amount of USD 64,501 thousand (30 June 2024: USD 76,049 thousand). Cash collateral does not qualify for offsetting in accordance with IAS 32, as it does not satisfy the criteria of a legally enforceable right of set-off and the intention to settle on a net basis. However, under the terms of collateral agreements (e.g., ISDA master netting arrangements), the Group is permitted to offset cash collateral against the net amount of derivative assets and liabilities in the event of default. Such rights of set-off are disclosed in accordance with IFRS 7 but are not recognized in the statement of financial position.

The financial assets and liabilities, which meet the criteria of offsetting as of 30 June 2025 were as follows:

	Amounts set off in the statement of financial position			Amounts not subject to netting agreements	Total as presented in the consolidated statements of financial position
	Gross amount	Amounts offset	Net amount		
Derivative assets	178,508	(164,366)	14,142	3,986	18,128
Derivative liabilities	(164,685)	164,366	(319)	(9,579)	(9,898)
Total	13,823	—	13,823	(5,593)	8,230

The financial assets and liabilities, which meet the criteria of offsetting as of 30 June 2024 were as follows:

	Amounts set off in the statement of financial position			Amounts not subject to netting agreements	Total as presented in the consolidated statements of financial position
	Gross amount ¹	Amounts offset ¹	Net amount		
Derivative assets	91,140	(75,817)	15,323	10,001	25,324
Derivative liabilities	(77,142)	75,817	(1,325)	(9,122)	(10,447)
Total	13,998	—	13,998	879	14,877

¹ During the year ended 30 June 2025, the Group made certain corrections and reclassifications, please see Note 4 for more details.

Notes to the Consolidated Statements **continued**

for the year ended 30 June 2025 (in thousands of US dollars, unless otherwise stated)

33. Earnings per Share

Basic earnings per share are computed by dividing net income from continuing operations available to ordinary shareholders by the weighted average number of ordinary shares outstanding (as of 30 June 2025 and 2024, 293,129,230 and 293,429,230 shares, respectively, and the weighted average number of ordinary shares in the number of 293,276,353 and 256,839,066 shares for the periods then ended, respectively), excluding any dilutive effects of stock options. Diluted earnings per share are computed in the same way as basic earnings per share, except that the weighted average number of ordinary shares outstanding is increased to include additional shares. The number of additional shares is calculated by assuming that outstanding stock options, except those that are not dilutive, were exercised and that the proceeds from such an exercise were used to acquire ordinary shares at the average market price during the reporting period. For calculating diluted earnings per share, as of 30 June 2025, an average number of 293,276,353 ordinary shares is considered (30 June 2024: 256,839,066).

34. Subsequent Events

As of 29 July 2025, the Group received a notification from its majority shareholder, Namsen Ltd, which currently holds 278,947,016 shares representing 95.07% of the total voting rights, regarding the initiation of the sell-out procedure. No outflow of economic benefits for the Group will occur as the result of this transaction.

Corporate information

Registered office

Kernel Holding S.A.,
Société anonyme
8A, Boulevard Joseph II
L-1840 Luxembourg

Registered number

B109173

Auditors

PricewaterhouseCoopers
Assurance, Société cooperative,
2, rue Gerhard Mercator B.P.
L-1014 Luxembourg

Investor relations

Mr. Yuriy Kovalchuk,
Corporate Investment Director
Mr. Michael Iavorskyi,
Investor Relations Manager
Ms. Anastasiia Nesterenko,
Investor Relations Specialist
ir@kernel.lu

Kernel Holding S.A. Investor Calendar

Q1 FY2026 Operations Update	24 October 2025
Q1 FY2026 Financial Report	28 November 2025
Annual general shareholders' meeting	10 December 2025
Q2 FY2026 Operations Update	22 January 2026
H1 FY2026 Financial Report	27 February 2026
Q3 FY2026 Operations Update	20 April 2026
Q3 FY2026 Financial Report	29 May 2026
Q4 FY2026 Operations Update	20 July 2026
FY2026 Financial Report	02 October 2026

Stock information

Exchange	Warsaw Stock Exchange
Stock quote currency	PLN
Shares issued as of 30 June 2025	293,429,230
Bloomberg	KER PW
Refinitiv Eikon ticker	KER.WA
ISIN code	LU0327357389

Cautionary statement

Certain statements in this document are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties, or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties, or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this document or to correct any inaccuracies that may become apparent in such forward-looking statements.

This document does not constitute or form part of any offer or invitation to sell or purchase, or any solicitation of any offer to sell or purchase any shares or securities. It is not intended to form the basis upon which any investment decision or any decision to purchase any interest in Kernel Holding S.A. is made. Information in this document relating to the price at which investments have been bought or sold in the past or the yield on investments cannot be relied upon as a guide to future performance.