Q3 FY2021

KERNEL

Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2021

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Key Highlights

for the three and the nine months ended 31 March 2021

Financial highlights

- Consolidated **revenue** of Kernel Holding group of companies *(hereinafter "Kernel", the "Company", or the "Group")* in Q3 FY2021 increased 66% y-o-y to US$ 1,729 million, reflecting the growth in global grain and sunflower oil prices, as well as active physical trade operations of Avere subsidiary.
- Kernel **EBITDA** in January-March 2021 increased by 7% y-o-y to US$ 111 million, with multidirectional impacts of each segment:
  - **Oilseed Processing** segment EBITDA lost 73% y-o-y, as the deficit of sunflower seeds due to low harvest in current season started to depress crushing margin.
  - **Infrastructure and Trading** segment EBITDA for three months ended 31 March 2021 almost doubled y-o-y, reaching US$ 122 million. Avere remained the largest driver of segment earnings, while the volumes and margins within the grain export value chain in Ukraine were undermined by low availability of grain for export due to weaker y-o-y grain harvest in the season.
  - EBITDA of the **Farming** segment stood at US$ 3 million in Q3 FY2021, down 88% y-o-y on weaker sales volume and more significant negative net impact from revaluation of biological assets.
  - **Unallocated corporate expenses** in the reporting period amounted to US$ 20 million, a 68% increase y-o-y due to higher labor costs enhanced also by the accelerated recognition of the annual performance bonus accrual.
- **Net profit attributable to shareholders** in Q3 FY2021 settled at US$ 16 million, bringing the nine-months metric to a record-high US$ 348 million, a 4.6x increase y-o-y.
- **Net debt** as of 31 March 2021 reduced to US$ 1,073 million, down 14% from 31 December 2020 level, reflecting the repayment of short-term debt and accumulation of cash. **Readily marketable inventories** ("RMI") seasonally reduced by 35% over Q3 FY2021, to US$ 567 million as of 31 March 2021.
- As a result, Group's **leverage** as of 31 March 2021 further reduced to 1.4x Net-debt-to-EBITDA, and interest coverage improved to 5.1x EBITDA-to-Interest.

M&A and corporate highlights

- During Q3 FY2021, as a result of business optimization, the Group disposed of two grain elevators located in Chernihiv and Mykolaiv regions, one which was previously recognized as assets held for sale. The net assets of the disposed entities as of the date of disposal were equal to US$ 912 thousand (out of which US$ 351 thousand belonged to assets held for sale) and the cash consideration received was US$ 1,533 thousand (out of which US$ 707 thousand was received during the reporting period). Gain on disposal comprised to US$ 621 thousand.

US$ million except ratios and EPS	Q3 FY2020	Q2 FY2021	**Q3 FY2021**	y-o-y	q-o-q	9M FY2020	**9M FY2021**	y-o-y
Income statement highlights								
Revenue	1,041	1,327	**1,729**	*66%*	*30%*	2,924	**3,996**	*37%*
EBITDA [1]	104	269	**111**	*7%*	*(59%)*	320	**670**	*+2.1x*
Net profit attributable to shareholders of Kernel Holding S.A.	(25)	128	**16**	*n/a*	*(88%)*	76	**348**	*+4.6x*
EBITDA margin	10.0%	20.2%	**6.4%**	*(3.5pp)*	*(13.8pp)*	10.9%	**16.8%**	*5.8pp*
Net margin	-2.4%	9.6%	**0.9%**	*n/a*	*(8.7pp)*	2.6%	**8.7%**	*6.1pp*
Earnings per share [2], US$	(0.30)	1.52	**0.19**	*n/a*	*(88%)*	0.91	**4.14**	*+4.5x*
Cash flow highlights								
Operating profit before working capital changes	110	217	**161**	*46%*	*(26%)*	257	**567**	*+2.2x*
Change in working capital	181	(223)	**22**	*(88%)*	*n/a*	(355)	**(361)**	*2%*
Finance costs paid, net	(30)	(43)	**(27)**	*(13%)*	*(38%)*	(75)	**(92)**	*22%*
Income tax paid	(1)	(5)	**(5)**	*+6.2x*	*(8%)*	(6)	**(18)**	*+2.9x*
Net cash used in operating activities	260	(55)	**151**	*(42%)*	*n/a*	(180)	**96**	*n/a*
Net cash used in investing activities	17	(158)	**80**	*+4.6x*	*n/a*	(165)	**(114)**	*(31%)*

	31 Mar 2020	31 Dec 2020	**31 Mar 2021**	y-o-y	q-o-q
Liquidity and credit metrics					
Net debt	1,334	1,247	**1,073**	*(20%)*	*(14%)*
Readily marketable inventories [3]	671	877	**567**	*(15%)*	*(35%)*
Adjusted net debt [4]	664	371	**506**	*(24%)*	*37%*
Shareholders' equity	1,419	1,713	**1,730**	*22%*	*1%*
Net debt / EBITDA [5]	3.5x	1.6x	**1.4x**	*-2.2x*	*-0.2x*
Adjusted net debt / EBITDA [5]	1.7x	0.5x	**0.6x**	*-1.1x*	*+0.2x*
EBITDA / Interest [6]	2.9x	5.0x	**5.1x**	*+2.2x*	*+0.2x*

Note: Financial year ends 30 June, Q3 ends 31 March

1 Hereinafter, EBITDA is calculated as the sum of the profit from operating activities plus amortization and depreciation.
2 EPS is measured in US Dollars per share based on 84.0 million shares for Q3 FY2021, Q2 FY2021 and for Q3 FY2020, 84.0 million shares for 9M FY2021 and 82.6 million shares for 9M FY2020.
3 Readily marketable inventories are inventories at cost such as corn, wheat, sunflower oil and other products that could easily be converted into cash due to their commodity characteristics, widely available markets and the international pricing mechanism.
4 Adjusted net debt is net debt less readily marketable inventories.
5 Calculated based on 12-month trailing EBITDA.
6 Calculated based on 12-month trailing EBITDA and net finance costs.
Hereinafter differences between totals and sums of the parts are possible due to rounding.

Segment Results and Discussion

for the three and the nine months ended 31 March 2021

Segment results summary

	Revenue, US$ million			EBITDA, US$ million			Volume, thousand tons [1]			EBITDA margin, US$/t [2]		
	Q3 FY2020	Q3 FY2021	y-o-y	Q3 FY2020	Q3 FY2021	y-o-y	Q3 FY2020	Q3 FY2021	y-o-y	Q3 FY2020	Q3 FY2021	y-o-y
Oilseed Processing	375	520	*39%*	26	7	*(73%)*	381	372	*(2%)*	68	19	*(73%)*
Infrastructure and Trading	886	1,513	*71%*	65	122	*+1.9x*	2,155	1,824	*(15%)*	30	67	*+2.2x*
Farming	172	128	*(26%)*	25	3	*(88%)*						
Unallocated corporate expenses				(12)	(20)	*68%*						
Reconciliation	(392)	(432)	*10%*									
Total	**1,041**	**1,729**	***66%***	**104**	**111**	***7%***						

	Revenue, US$ million			EBITDA, US$ million			Volume, thousand tons [1]			EBITDA margin, US$/t [2]		
	9M FY2020	9M FY2021	y-o-y	9M FY2020	9M FY2021	y-o-y	9M FY2020	9M FY2021	y-o-y	9M FY2020	9M FY2021	y-o-y
Oilseed Processing	1,037	1,300	*25%*	88	62	*(29%)*	1,029	1,094	*6%*	85	57	*(34%)*
Infrastructure and Trading	2,463	3,432	*39%*	161	394	*+2.5x*	6,038	6,345	*5%*	27	62	*+2.3x*
Farming	494	430	*(13%)*	102	270	*+2.6x*						
Unallocated corporate expenses				(31)	(56)	*82%*						
Reconciliation	(1,070)	(1,166)	*9%*									
Total	**2,924**	**3,996**	***37%***	**320**	**670**	***+2.1x***						

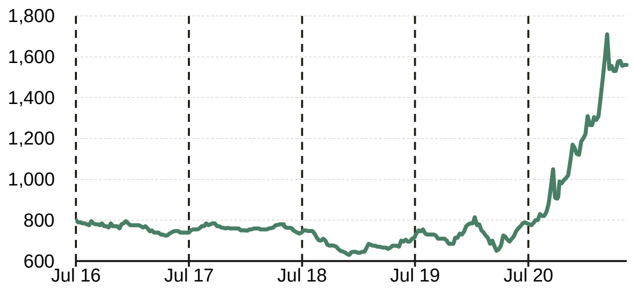
Note 1 Vegetable oil sales volumes for Oilseed Processing; physical grain volumes exported (ex. Avere) for Infrastructure and Trading.
Note 2 US$ per ton of oil sold for Oilseed Processing; US$ per ton of grain exported (ex. Avere volumes) for Infrastructure and Trading.

Oilseed Processing

- **Market fundamentals** remained unfavorable in Q3 FY2021:
  - **Low harvest of sunflower seeds** in Ukraine in 2020/21 season (13.6 million tons, a 17% decrease y-o-y [1]) intensified the competition for the feedstock and suppressed the crushing margin.
  - Soaring **global sunflower oil prices** made farmers in Ukraine reluctant to sell sunflower seeds, which further escalated the situation.
- Kernel oil-extraction facilities **processed 902 thousand tons of sunflower seeds** in Q3 FY2021, a 4% decline y-o-y, bringing the 9M FY2021 processing volume to 2.6 million tons and full year estimate to 3.2 million tons of oilseeds.
- **Sunflower oil sales volume** in the reporting period declined 2% y-o-y, to 372 thousand tons. We expect to sell 1.4 million tons of sunflower oil for the full FY2021, of which 1.1 million tons was sold during 9 months of the season.
- Segment's profitability touched historic low of US$ 19 **EBITDA per ton of oil sold**, down from US$ 68 for the same period a year ago. This result reflects the generally low margin on the bulk sunflower oil sales, lossmaking operations of the bottled sunflower oil business (given the difficulties in the immediate transfer of skyrocketing sunflower seed prices to retail prices of sunflower oil) and limited contribution from the renewable energy business line. We maintain the guidance for EBITDA margin per ton of oil for the full year to be within US$ 45-55 range.
- Consequently, segment generated US$ 7 million **EBITDA** in Q3 FY2021, or US$ 62 million on the last-nine-months basis.
- Sunflower seed sowing campaign in Ukraine is successfully completed, although its start was slightly delayed due to late spring. Based on the data available, we expect the increase in the acreage under sunflower in Ukraine by almost 5% y-o-y to 6.9 million hectares, and a record harvest of sunflower seeds if assuming no weather shocks in summer 2021.

Sunflower oil price

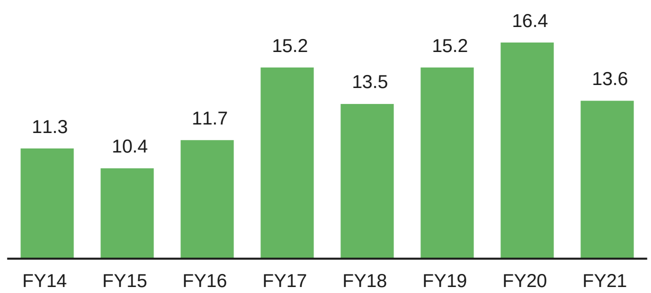
US$ per ton of unrefined oil sold in bulk, FOB-Chornomorsk (Ukraine)



Source: APK Inform

Sunflower seed harvest in Ukraine

million tons



Source: Kernel estimates

[1] Source: Kernel estimates

Segment Results and Discussion

for the three and the nine months ended 31 March 2021

Infrastructure and Trading

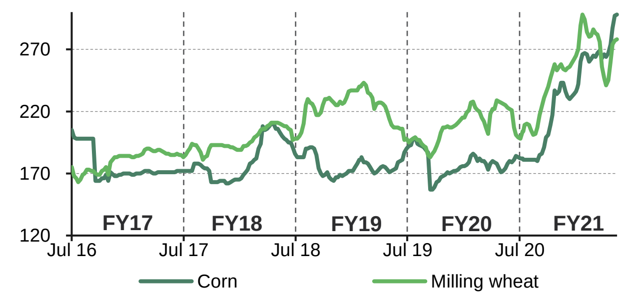
- **Market environment** for Group's infrastructure and trading business in Ukraine remains challenging. Weather-hit yields in Ukraine resulted in a 14% y-o-y decline in 2020 grain harvest size, which we estimate at 63 million tons for three key grains (corn, wheat, and barley). It implies lower exportable surplus for the season, which results in higher competition among traders for grain to be exported from Ukraine, underutilized grain export infrastructure assets, and downward pressure on margins.
  - At the same time, persisting growth in global soft commodity prices in Q3 FY2021 appeared to be extremely beneficial for trading operations for Group's Avere subsidiary.
- As a result, **Kernel exported 1.8 million tons of grain from Ukraine** during January-March 2021 (down 15% y-o-y), of which 1.3 million tons had been originated from external suppliers and the remaining had been produced by Company's farming division.
  - While the grain export volume declined, Kernel's market share in grain export from Ukraine continued to increase, reaching 16.2% for 9M FY2021 (or 6.6 percentage points above the second largest player) from 12.3% for the same period of the previous season[1], cementing our position as the largest grain exporter from Ukraine.
  - We maintain the target to export 8.5 million tons of grain from Ukraine for the full FY2021, with 75% of that target completed during nine months of the season.
- Group's **export terminals transshipped 2.1 million tons of goods** in Q3 FY2021, a 6% increase y-o-y. Transshipment volume exceeded the grain export volume from Ukraine, as Kernel substantially increased the scale of sunflower meal transshipment operations on its terminals in Chornomorsk, with such goods being exported through third-party terminals before.
- Segment's **EBITDA** in Q3 FY2021 doubled vs January-March 2020 result, reaching US$ 122 million, with the major portion of earnings being contributed by Avere trading operations. Margins in trading and infrastructure operations in Ukraine remain depressed due to high competition for the limited exportable grain surplus.
- We expect no surprises for the segment performance in the last quarter of FY2021 and look more into the next FY2022 season. Preliminary news from the fields allows us to expect a significant recovery in grain harvest size in Ukraine, potentially even hitting a new historical high, which shall positively impact volumes and margins of Kernel grain export value chain in Ukraine.

Farming

- Segment **EBITDA** in January-March 2021 amounted US$ 3 million (or US$ 9 million loss if excluding the impact from implementation of IFRS 16). This result also includes a sizable negative US$ 58 million net effect from revaluation of biological assets, which is quite typical for this part of the agricultural season.
  - On the nine-month-basis, Group generated an all-time-high US$ 270 million EBITDA (or US$ 210 million if excluding IFRS 16 impact), a 2.6x growth y-o-y.
- We have contracted all the grain of our own produce of the harvest 2020, eliminating price exposure for FY2021 segment earnings. As a result, the management maintains the FY2021 guidance for this segment of US$ 230 million EBITDA (if excluding impacts of IFRS 16 and revaluation of biological assets), with US$ 153 million of that already earned during nine months of the season.
  - At the date of this report, we also forward contracted a significant portion of grain and oilseeds of the upcoming 2021 harvest, securing in such a way a part of FY2022 farming earnings.
- Group successfully completed spring sowing campaign, with 254 thousand hectares under corn and 154 thousand hectares under sunflower. As of the date of this report, weather conditions are generally favorable both for winter and spring crops.

Ukraine grain export prices

US$ per ton, FOB-Black Sea



Source: APK Inform

Segment volumes

thousand metric tons	Q3 FY2020	Q3 FY2021	y-o-y	9M FY2020	9M FY2021	y-o-y
Oilseeds processed	941	**902**	*(4%)*	2,520	**2,566**	*2%*
Sunflower oil sales [1]	381	**372**	*(2%)*	1,029	**1,094**	*6%*
Grain and oilseeds received in inland silos	125	**109**	*(12%)*	4,120	**3,743**	*(9%)*
Export terminal throughput (Ukraine)	1,938	**2,057**	*6%*	4,825	**6,308**	*31%*
Grain export from Ukraine	2,155	**1,824**	*(15%)*	6,038	**6,345**	*5%*

Differences are possible due to rounding.

[1] Source: Stark Research

Financial Highlights

for the three and the nine months ended 31 March 2021

Income statement highlights

- The Group generated US$ 1,729 million **revenue** in Q3 FY2021, up 66% y-o-y driven by high grain and sunflower oil prices (albeit lower physical export volumes from Ukraine) and active physical sales of soft commodities originated from 3rd-parties by our Avere subsidiary.
- Following its typical seasonality pattern, **revaluation of biological assets** resulted in a loss of US$ 58 million in Q3 FY2021, as compared to US$ 42 million loss in Q3 FY2020.
- **Cost of sales** in January-March 2021 increased by 75% y-o-y, to US$ 1,559 million, fully driven by inflation of cost of goods for resale and raw materials used.
- Consequently, **gross profit** in the reporting period marginally increased by 3% y-o-y, to US$ 111 million.
- **Other operating income** in Q3 FY2021 totaled at US$ 8 million, mainly driven by positive Avere contribution in the reporting period related to the contracts wash-out.
- **General and administrative expenses** added US$ 10 million vs Q3 FY2020 result to end up at US$ 36 million in January-March 2021, due to higher payroll and payroll related costs reflecting the change in the principle of the annual performance bonus accrual (from accruing in the last quarter based on the annual results to accruing proportionally in each quarter).
- As a result, Kernel generated **operating profit** of US$ 84 million in Q3 FY2021, up 6% y-o-y.
- **Net finance costs** in Q3 FY2021 declined by 9% y-o-y, to US$ 34 million, stemming from both debt repayment and effective interest rate reduction over the reported period.
- **Net foreign exchange loss** in the reporting period comprised US$ 4 million, as compared to US$ 15 million loss for the same period a year ago.
- Group recognized **other income** of US$ 8 million in Q3 FY2021, mostly driven by non-operating gain recognized on management of extra available liquidity funds of the Group.
- Accounting also for US$ 2 million **income tax expenses**, Group's **net profit** amounted to US$ 53 million, of which US$ 16 million is net profit attributable to shareholders of Kernel Holding S.A.

Cash flow highlights

- **Operating profit before working capital changes** in Q3 FY2021 amounted to US$ 161 million, a 46% growth y-o-y.
- **Working capital investment** in January-March 2021 resulted in US$ 22 million cash outflow mostly impacted by:
  - the increase in trade accounts receivable driven by growing soft commodity prices, accelerated shipments closer to the end of Q3 FY2021, and active Avere physical trading operations,
  - the respective growth in trade accounts payable; and
  - the seasonal sale of inventories.
- **Net cash generated by investing activities** stood at US$ 80 million, mainly as a result of the US$ 122 million proceeds received from the redemption of the financial assets (Ukrainian government bonds) which we kept for the liquidity management purposes. Purchase of property, plant and equipment totaled at US$ 33 million in Q3 FY2021.

Credit metrics highlights

- **Debt liabilities** of the Group reduced 5% as over Q3 FY2021 as a result of the repayment of short-term credit facilities.
- Together with 36% growth in cash balances over the same period, **net debt** of the Group continued to decline, reaching US$ 1,073 million as of 31 March 2021, down 14% during Q3 FY2021 (or down 20% on the y-o-y basis).
- **Readily marketable inventories** ("RMI") seasonally reduced by 35% in Q3 FY2021, to US$ 567 million as of 31 March 2021. Sunflower oil and meal accounted for 37% of all RMI, sunflower seeds – for 35%, and grain stood for 27%.
- Since sizable part of cash generated from RMI release was used for other purposes than debt repayment, **net debt adjusted for RMI** actually increased by 37% over January-March 2021, to US$ 506 million as of 31 March 2021.
- Credit metrics continued to improve on the back of the highest ever last-twelve-months EBITDA of US$ 793 million:
  - **Net-debt-to-EBITDA** ratio as of 31 March 2021 (measured on 12 months trailing basis) reduced to 1.4x;
  - **Adjusted-net-debt-to-EBITDA** slightly increased to 0.6x.
  - **Interest coverage** further improved to 5.1x of EBITDA-to-Interest calculated on the last-twelve-months basis.
- Undrawn borrowings of the Group at the end of Q3 FY2021 stood at US$ 1,008 million, including US$ 956 million of undrawn short-term bank credit lines and US$ 52 million of undrawn long-term borrowings (EIB facility).

Credit metrics

US$ million, except ratios	31 Mar 2020	31 Dec 2020	31 Mar 2021	*y-o-y*	*q-o-q*
Short-term interest-bearing debt	286	172	77	*(73%)*	*(55%)*
Long-term interest-bearing debt	160	221	234	*46%*	*6%*
Lease liabilities	276	303	302	*9%*	*(0%)*
Eurobond	793	806	806	*2%*	*0%*
Debt liabilities	**1,516**	**1,501**	**1,419**	***(6%)***	***(5%)***
Cash and cash equivalents	181	254	346	*91%*	*36%*
Net debt	**1,334**	**1,247**	**1,073**	***(20%)***	***(14%)***
Readily marketable inventories	671	877	567	*(15%)*	*(35%)*
of which sunflower oil and meal	182	148	210	*16%*	*43%*
Sunflower seeds	299	420	201	*(33%)*	*(52%)*
Grains and other RMIs	189	309	156	*(17%)*	*(49%)*
Adjusted net debt	**664**	**371**	**506**	***(24%)***	***37%***
Shareholders' equity [1]	1,419	1,713	1,730	*22%*	*1%*
Net debt / EBITDA [2]	3.5x	1.6x	1.4x	*-2.2x*	*-0.2x*
Adjusted net debt / EBITDA [2]	1.7x	0.5x	0.6x	*-1.1x*	*+0.2x*
EBITDA / Interest [3]	2.9x	5.0x	5.1x	*+2.2x*	*+0.2x*

Note 1 Total equity attributable to Kernel Holding S.A. shareholders.
Note 2 Calculated based on 12-month trailing EBITDA.
Note 3 Calculated based on 12-month trailing EBITDA and net finance costs.
Differences are possible due to rounding.

Financial Highlights

for the three and the nine months ended 31 March 2021

Effect of IFRS 16 introduction on Group's 9M FY2021 financial statements [1]

Starting from Q1 FY2020, Kernel introduced IFRS 16 Leases with application of retrospective approach and did not restate comparatives, as permitted under the transitional provisions of the standard. Given that company leases all the farmlands under operations, introduction of IFRS 16 had significant impact on Company's financials. As a result of IFRS 16 implementation:

- Company recognized US$ 339 million right-of-use assets and US$ 302 million corresponding lease liabilities as of 31 March 2021.
- Rental payments disappeared and were replaced by amortization of right-of-use assets and finance expenses attached to lease liabilities. This effect was not fully observable during the first quarters after IFRS 16 implementation (FY2020), as company was expensing rental payments which had occurred before IFRS 16 introduction.

Effect on Statement of Profit or Loss

	9M FY2020			9M FY2021		
in US$ million	**prior to IFRS 16**	IFRS 16 effect	**with IFRS 16**	**prior to IFRS 16**	IFRS 16 effect	**with IFRS 16**
Revenues	2,924	-	2,924	3,996	-	**3,996**
Revaluation of biological assets	(8)	11	2	56	*13*	**70**
Cost of sales	(2,607)	6	(2,601)	(3,426)	*27*	**(3,399)**
of which amortization and depreciation	88	(13)	75	(62)	*(18)*	**(80)**
Rental payments	26	19	45	(52)	*45*	**(7)**
Gross profit	**309**	**16**	**325**	**627**	***40***	**668**
Other operating income	(4)	-	(4)	44	-	**44**
General and administrative expenses	(80)	(0)	(80)	(126)	*1*	**(125)**
Operating profit	**225**	**16**	**241**	**545**	***42***	**587**
Finance costs	(68)	(41)	(109)	(79)	*(37)*	**(116)**
Other non-operating items	(53)	0	(53)	5	*(0)*	**5**
Profit before income tax	**103**	**(24)**	**79**	**471**	***4***	**476**
Income tax	4	-	4	(19)	-	**(19)**
Net profit	**107**	**(24)**	**83**	**453**	***4***	**457**
Net profit attributable to shareholders	76	(24)	76	453	*4*	**348**
Depreciation and amortization	(65)	(13)	(79)	(64)	*(19)*	**(83)**
EBITDA	**290**	**30**	**320**	**610**	***60***	**670**

Effect on Statement of Financial Position

	31 March 2020			31 March 2021		
in US$ million	**prior to IFRS 16**	IFRS 16 effect	**with IFRS 16**	**prior to IFRS 16**	IFRS 16 effect	**with IFRS 16**
Current assets	1,807	(18)	1,788	2,304	(9)	**2,294**
Non-current assets	1,285	274	1,558	1,351	296	**1,647**
of which right-of-use assets	-	316	316	-	339	**339**
other non-current assets	1,285	(42)	1,243	1,351	(42)	**1,308**
Total assets	**3,092**	**255**	**3,347**	**3,655**	**287**	**3,942**
Current liabilities	682	44	726	999	16	**1,016**
of which current portion of lease liabilities	-	60	60	-	59	**59**
other current liabilities	682	(16)	666	999	(42)	**957**
Non-current liabilities	983	211	1,195	853	239	**1,092**
of which lease liabilities	-	216	216	-	244	**244**
other non-current liabilities	983	(5)	979	853	(5)	**848**
Equity	1,426	0	1,426	1,802	32	**1,834**
Total liabilities and equity	**3,092**	**255**	**3,347**	**3,655**	**287**	**3,942**

Note 1 Based on management accounts, subject to auditors' review and approval.

Alternative Performance Measures

for the three and the nine months ended 31 March 2021

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

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

- **EBITDA**;
- **EBITDA margin**;
- **Segment EBITDA**;
- **Segment EBITDA margin**;
- **Investing Cash Flows less Net Fixed Assets Investments**;
- **Net Fixed Assets Investments**;
- **Operating Cash Flows before Working Capital Changes**;
- **Free Cash Flows to the Firm**;
- **Debt Liabilities**;
- **Net Debt**;
- **Readily Marketable 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 interested parties in evaluating companies in the Group’s industry. The **Alternative Performance Measures** have limitations as analytical tools, and investors should not consider any of them in isolation or any combination of them together as a substitute for analysis of the Company’s operating results as reported under IFRS. Other companies in the industry may calculate these **Alternative Performance Measures** differently or may use them for different purposes than Kernel Holding S.A, limiting their usefulness as comparative measures. Each of the **Alternative Performance Measures** is defined below.

Before FY2019, the Group used to report such APMs as **Funds from Operations** and **Free Cash Flows**, but since FY2019 the Group consider these metrics as not relevant anymore, being distortive going forward. The first APM included purchases of property, plant and equipment distorting the operating cash generation capacity of the Group given the current heavy CapEx cycle. The second APM included dividends paid, thus distorting the cash flow available to repay debt and distribute dividends to shareholders. Instead, two additional APM’s were introduced (as defined below): **Operating Cash Flows before Working Capital Changes** and **Free Cash Flows to the Firm**.

EBITDA and EBITDA margin

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

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

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

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

- **EBITDA** and **EBITDA margin** do not reflect the impact of finance costs, which significance reflect macroeconomic conditions and have little effect on the Group’s operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of taxes on the Group’s operating performance;
- **EBITDA** and **EBITDA margin** do not reflect the impact of depreciation and amortization on the Group’s performance. The assets of the Group, which are being depreciated and/or amortized, will need to be replaced in the future and such depreciation and amortization expense may approximate the cost of replacing these assets in the future. By excluding this expense from **EBITDA** and **EBITDA margin**, such measures do not reflect the Group’s future cash requirements for these replacements;
- **EBITDA** and **EBITDA margin** do not reflect the impact of share of income / loss of joint ventures, which are accounted under equity method;
- **EBITDA** and **EBITDA margin** do not reflect the impact of foreign exchange gain/(loss), which the Group does not consider to be part of its core operating performance because the main difference arise on transactions between entities of the Group with different functional currencies;
- **EBITDA** and **EBITDA margin** do not reflect the impact of other expenses; as such expenses are not a part of Group’s core operations. Segment EBITDA and Segment EBITDA margin

The Group uses **Segment EBITDA** and **Segment EBITDA margin** as a 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 segment revenue during the reporting period.

Reconciliation of profit before income tax to **EBITDA** and **EBITDA margin**:

in thousand US$ except the margin	Q3 FY2020	Q3 FY2021	9M FY2020	9M FY2021
Profit from operating activities	**78,993**	83,929	**240,899**	586,805
add back:				
Amortization and depreciation	24,924	27,490	78,848	83,185
EBITDA	**103,917**	111,419	**319,747**	669,990
Revenue	**1,041,450**	1,729,191	**2,923,857**	3,996,197
EBITDA margin	**10.0%**	6.4%	**10.9%**	16.8%

[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

for the three and the nine months ended 31 March 2021

Investing Cash Flows less Net Fixed Assets Investments

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

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

Net Fixed Assets Investments

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

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 which is defined as net cash generated by operating activities less changes in working capital, including:

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

Calculation of Segment EBITDA and Segment EBITDA margin:

in thousand US$	Q3 FY2020	**Q3 FY2021**	9M FY2020	**9M FY2021**
Oilseed Processing				
Profit from operating activities	21,578	460	75,160	45,078
plus Amortization and depreciation	4,476	6,522	12,444	16,795
Segment EBITDA	**26,054**	**6,982**	**87,604**	**61,873**
Segment revenue	375,204	520,496	1,036,505	1,300,176
Segment EBITDA margin	**7%**	**1%**	**8%**	**5%**
Infrastructure and Trading				
Profit from operating activities	59,401	116,054	143,974	376,746
plus Amortization and depreciation	5,298	5,529	16,696	17,136
Segment EBITDA	**64,699**	**121,583**	**160,670**	**393,882**
Segment revenue	886,373	1,513,453	2,463,376	3,431,548
Segment EBITDA margin	**7%**	**8%**	**7%**	**11%**
Farming				
Profit / (loss) from operating activities	10,514	(11,887)	53,933	222,679
plus Amortization and depreciation	14,619	14,855	48,236	47,536
Segment EBITDA	**25,133**	**2,968**	**102,169**	**270,215**
Segment revenue	171,880	127,661	494,438	430,473
Segment EBITDA margin	**15%**	**2%**	**21%**	**63%**
Other				
Loss from operating activities	(12,500)	(20,698)	(32,168)	(57,698)
plus Amortization and depreciation	531	584	1,472	1,718
Segment EBITDA	**(11,969)**	**(20,114)**	**(30,696)**	**(55,980)**

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

in thousand US$	Q3 FY2020	**Q3 FY2021**	9M FY2020	**9M FY2021**
Net cash used in investing activities	17,387	**80,024**	(165,357)	**(114,340)**
Adding back:				
Purchase of property, plant and equipment	(55,850)	(32,602)	(175,564)	(128,094)
Proceeds from disposal of property, plant and equipment	2,011	1,985	4,934	3,812
Investing Cash Flows less Net Fixed Assets Investments	**(36,452)**	**49,407**	**(335,987)**	**(238,622)**

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

in thousand US$	Q3 FY2019	**Q3 FY2020**	9M FY2019	**9M FY2020**
Purchase of property, plant and equipment	(55,850)	(32,602)	(175,564)	(128,094)
Proceeds from disposal of property, plant and equipment	2,011	1,985	4,934	3,812
Net Fixed Assets Investments	**(53,839)**	**(30,617)**	**(170,630)**	**(124,282)**

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

in thousand US$	Q3 FY2020	**Q3 FY2021**	9M FY2020	**9M FY2021**
Net cash generated by operating activities	**291,701**	**182,931**	**(98,293)**	**205,863**
Less:				
Changes in working capital, including:	181,357	21,643	(355,112)	(360,694)
Change in trade and other accounts receivable	9,126	(301,282)	(73,009)	(374,622)
Change in prepayments and other current assets	(25,041)	(31,326)	3,371	2,486
Change in restricted cash balance	(687)	(3)	(2,002)	1,817
Change in taxes recoverable and prepaid	69,266	11,509	(57,431)	(69,067)
Change in biological assets	(7,994)	(8,184)	331,868	324,538
Change in inventories	102,428	187,754	(588,872)	(495,880)
Change in trade accounts payable	14,103	182,743	15,956	239,320
Change in advances from customers and other current liabilities	20,156	(19,568)	15,007	10,714
Operating Cash Flows before Working Capital Changes	**110,344**	**161,288**	**256,819**	**566,557**

Alternative Performance Measures

for the three and the nine months ended 31 March 2021

Free Cash Flows to the Firm

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

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

in thousand US$	Q3 FY2020	**Q3 FY2021**	9M FY2020	**9M FY2021**
Net cash used in operating activities	260,439	151,375	(179,781)	96,193
Net cash used in investing activities	17,387	80,024	(165,357)	(114,340)
Free Cash Flows to the Firm	**277,826**	**231,399**	**(345,138)**	**(18,147)**

Readily Marketable Inventories

The Group uses **Readily Marketable Inventories** (hereinafter '**RMI**'), 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. The Group defines **RMI** as agricultural inventories, such as corn, wheat, barley, soybean, sunflower seed, meal and oil, which the Group treats as readily convertible into cash because of their commodity characteristics and widely available markets and international pricing mechanisms, carried at cost.

Factors which the Group considers when classifying inventory as **RMI** include whether there is an ascertainable price for the inventory established via international pricing mechanism; whether there are widely available and liquid markets for the inventory; if the pricing and margins on the inventory are hedged through forward sales and can be identified and appropriately valued; if there is stable and/or predictable end-user demand for the inventory; and whether the inventory is not perishable in short-term.

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

in thousand US$	As of 31 March 2020	As of 31 December 2020	**As of 31 March 2021**
Sunflower oil & meal	182,169	147,569	210,445
Sunflower seed	299,145	420,046	200,626
Grains	188,948	308,876	155,910
Other	186,409	85,139	158,248
Total	**856,671**	**961,629**	**725,229**
*of which: **Readily Marketable Inventories***	670,532	876,675	567,178

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:

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

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

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

in thousand US$	As of 31 March 2020	As of 31 December 2020	**As of 31 March 2021**
Current bonds issued	-	-	212,476
Bonds issued	793,201	805,900	593,818
Interest on bonds issued	15,975	15,353	20,418
Long-term borrowings	160,034	220,589	233,669
Current portion of long-term borrowings	2,748	15,494	19,909
Short-term borrowings	267,532	140,670	36,905
Lease liabilities	216,004	243,861	243,623
Current portion of lease liabilities	-	59,573	58,557
Debt Liabilities	**1,455,494**	**1,501,440**	**1,419,375**
less: cash and cash equivalents	181,221	254,012	346,045
Net Debt	**1,274,273**	**1,247,428**	**1,073,330**
less: readily marketable inventories	670,532	876,675	567,178
Adjusted Net Debt	**603,741**	**370,753**	**506,152**

Adjusted Working Capital

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

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

in thousand US$	As of 31 March 2020	As of 31 December 2020	**As of 31 March 2021**
Total current assets	**1,788,495**	**2,197,564**	**2,294,454**
less:			
Cash and cash equivalents	181,221	254,012	346,045
Assets classified as held for sale	423	377	-
Total current liabilities	726,184	751,875	1,015,687
add back:			
Short-term borrowings	267,532	140,670	36,905
Current portion of long-term borrowings	2,748	15,494	19,909
Current bonds issued	-	-	212,476
Current portion of lease liabilities	60,042	59,573	58,557
Interest on bonds issued	15,975	15,353	20,418
Adjusted Working Capital	**1,226,964**	**1,422,390**	**1,280,987**

Alternative Performance Measures

for the three and the nine months ended 31 March 2021

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

APM	Calculation	Why APM is the most important for management
EBITDA	Profit from operating activities adding back amortization and depreciation.	**EBITDA** is the main metric used by 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 reporting 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 a metric widely used to measure profitability of Group's segment operations.
Investing Cash Flows less Net 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 grew 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 less Net Fixed Assets Investments,** or alternatively may be calculated as cash used for purchase of property, plant and equipment less proceeds from disposal of property, plant and equipment.	The Group is executing a solid investment program as a part of Strategy 2021, 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: • change in trade and other accounts receivable; • change in prepayments and other current assets; • change in restricted cash balance; • change in taxes recoverable and prepaid; • change in biological assets; • change in inventories; • change in trade accounts payable; and • change in advances from customers and other current liabilities.	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.
Readily Marketable 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; and lease liabilities.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit investors and rating agencies.
Net Debt	**Debt Liabilities** less cash and cash equivalents.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit and equity investors and rating agencies.
Adjusted Net Debt	**Net Debt** less readily marketable 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 readily marketable inventories (highly liquid 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 and interest on bonds issued).	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 measure of both a company's efficiency and its short-term financial health. It also helps management to keep a business operating smoothly and meet all its financial obligation within the coming year.

Selected Financial Data

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

		USD[1]		PLN		EUR	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
I.	Revenue	1,729,191	1,041,450	6,526,313	4,083,005	1,434,537	944,595
II.	Profit from operating activities	83,929	78,993	316,765	309,692	69,627	71,647
III.	Profit/(Loss) before income tax	54,514	(34,539)	205,747	(135,410)	45,225	(31,327)
IV.	Profit/(Loss) for the period from continuing operations	52,930	(22,194)	199,768	(87,012)	43,911	(20,130)
V.	Net cash generated by operating activities	151,375	260,439	571,320	1,021,051	125,581	236,218
VI.	Net cash generated by in investing activities	80,024	17,387	302,027	68,166	66,388	15,770
VII.	Net cash used in financing activities	(139,344)	(171,646)	(525,912)	(672,938)	(115,600)	(155,683)
VIII.	Total net cash flow	92,055	106,180	347,435	416,279	76,369	96,305
IX.	Total assets	3,941,552	3,346,975	15,638,502	13,878,567	3,355,838	3,048,759
X.	Current liabilities	1,015,687	726,184	4,029,840	3,011,195	864,756	661,481
XI.	Non-current liabilities	1,091,724	1,194,564	4,331,524	4,953,379	929,494	1,088,128
XII.	Issued capital	2,219	2,219	8,804	9,201	1,889	2,021
XIII.	Total equity	1,834,141	1,426,227	7,277,138	5,913,993	1,561,588	1,299,150
XIV.	Number of shares	84,031,230	84,031,230	84,031,230	84,031,230	84,031,230	84,031,230
XV.	Profit/(loss) per ordinary share (in USD/PLN/EUR)	0.19	(0.30)	0.71	(1.16)	0.16	(0.27)
XVI.	Diluted number of shares	84,031,230	84,726,923	84,031,230	84,726,923	84,031,230	84,726,923
XVII.	Diluted profit/(loss) per ordinary share (in USD/PLN/EUR)	0.19	(0.29)	0.71	(1.15)	0.16	(0.27)
XVIII.	Book value per share (in USD/PLN/EUR)	20.59	16.89	81.69	70.04	17.53	15.39
XIX.	Diluted book value per share (in USD/PLN/EUR)	20.59	17.02	81.69	70.58	17.53	15.50

[1] Please see Note 3 for the exchange rates used for conversion.

The accompanying notes are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Financial Position

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 31 March 2021	As of 31 December 2020	As of 30 June 2020	As of 31 March 2020
Assets					
Current assets					
Cash and cash equivalents	7	346,045	254,012	369,117	181,221
Trade accounts receivable, net	8, 21	583,253	260,787	215,279	234,361
Prepayments to suppliers and other current assets, net	21	156,754	105,375	148,916	123,832
Corporate income tax prepaid	20	11,017	6,586	247	4,268
Taxes recoverable and prepaid, net		197,999	207,172	132,748	170,491
Inventory	9	725,229	961,629	303,402	856,671
Biological assets	10	52,365	41,786	252,184	48,620
Other financial assets		221,792	359,840	108,692	168,608
Assets classified as held for sale		—	377	432	423
Total current assets		**2,294,454**	**2,197,564**	**1,531,017**	**1,788,495**
Non-current assets					
Property, plant and equipment, net	11	1,036,326	1,013,856	984,368	945,969
Right-of-use assets	12	338,730	339,755	347,296	315,762
Intangible assets, net		61,030	62,165	68,085	68,384
Goodwill		120,342	120,035	123,487	122,349
Deferred tax assets		16,951	12,334	9,152	10,870
Corporate income tax prepaid		—	—	—	4,284
Other non-current assets	21	73,719	81,372	101,298	90,862
Total non-current assets		**1,647,098**	**1,629,517**	**1,633,686**	**1,558,480**
Total assets		**3,941,552**	**3,827,081**	**3,164,703**	**3,346,975**
Liabilities and equity					
Current liabilities					
Trade accounts payable	8	391,649	143,179	87,508	151,483
Advances from customers and other current liabilities	13, 21	209,755	246,607	170,534	182,816
Short-term borrowings	14	36,905	140,670	44,581	267,532
Current portion of long-term borrowings	15	19,909	15,494	6,871	2,748
Current portion of lease liabilities		58,557	59,573	44,872	60,042
Current bonds issued	16	212,476	—	—	—
Interest on bonds issued	16	20,418	15,353	21,945	15,975
Other financial liabilities		66,018	130,999	36,282	45,588
Total current liabilities		**1,015,687**	**751,875**	**412,593**	**726,184**
Non-current liabilities					
Long-term borrowings	15	233,669	220,589	172,403	160,034
Bonds issued	16	593,818	805,900	793,777	793,201
Lease liabilities		243,623	243,861	265,128	216,004
Deferred tax liabilities		19,375	21,684	24,449	23,093
Other non-current liabilities		1,239	1,318	2,230	2,232
Total non-current liabilities		**1,091,724**	**1,293,352**	**1,257,987**	**1,194,564**
Equity attributable to Kernel Holding S.A. equity holders					
Issued capital		2,219	2,219	2,219	2,219
Share premium reserve		500,378	500,378	500,378	500,378
Additional paid-in capital		39,944	39,944	39,944	39,944
Equity-settled employee benefits reserve		1,850	4,624	4,624	4,624
Revaluation reserve		57,290	57,290	62,249	62,249
Other reserves		(18,800)	(15,961)	(3,523)	6,752
Translation reserve		(736,070)	(751,617)	(697,555)	(739,725)
Retained earnings		1,883,450	1,876,329	1,584,331	1,542,538
Total equity attributable to Kernel Holding S.A. equity holders		**1,730,261**	**1,713,206**	**1,492,667**	**1,418,979**
Non-controlling interests		103,880	68,648	1,456	7,248
Total equity		**1,834,141**	**1,781,854**	**1,494,123**	**1,426,227**
Total liabilities and equity		**3,941,552**	**3,827,081**	**3,164,703**	**3,346,975**
Book value		1,730,261	1,713,206	1,492,667	1,418,979
Number of shares		84,031,230	84,031,230	84,031,230	84,031,230
Book value per share (in USD)		20.59	20.39	17.76	16.89
Diluted number of shares		84,031,230	84,031,230	83,328,986	83,351,007
Diluted book value per share (in USD)		20.59	20.39	17.91	17.02

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director, Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Profit or Loss

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

	Notes	3 months ended 31 March 2021	9 months ended 31 March 2021	3 months ended 31 March 2020	9 months ended 31 March 2020
Revenue	17	1,729,191	3,996,197	1,041,450	2,923,857
Net change in fair value of biological assets and agricultural produce	10	(58,403)	69,872	(41,833)	2,415
Cost of sales	18, 21	(1,559,454)	(3,398,537)	(891,886)	(2,600,969)
Gross profit		**111,334**	**667,532**	**107,731**	**325,303**
Other operating income/(expenses), net		8,308	44,054	(2,625)	(4,024)
General and administrative expenses	19, 21	(35,713)	(124,781)	(26,113)	(80,380)
Profit from operating activities		**83,929**	**586,805**	**78,993**	**240,899**
Finance costs, net	16, 21	(33,951)	(115,877)	(37,335)	(109,040)
Foreign exchange loss, net		(3,855)	(2,775)	(15,339)	(3,296)
Other income/(expenses), net	6, 21	8,391	7,362	(62,167)	(55,924)
Share of income of joint ventures		—	—	1,309	6,251
Profit/(Loss) before income tax		**54,514**	**475,515**	**(34,539)**	**78,890**
Income tax (expenses)/benefit		**(1,584)**	**(18,565)**	12,345	3,673
Profit/(Loss) for the period from continuing operations		**52,930**	**456,950**	**(22,194)**	**82,563**
Profit/(Loss) for the period		**52,930**	**456,950**	**(22,194)**	**82,563**
Profit/(Loss) for the period attributable to:					
Equity holders of Kernel Holding S.A.		**15,831**	**347,759**	**(24,875)**	**75,549**
Non-controlling interests		37,099	109,191	2,681	7,014
Earnings per share					
From continuing operations					
Weighted average number of shares		84,031,230	84,031,230	**84,031,230**	82,632,830
Profit/(Loss) per ordinary share (in USD)		0.19	4.14	(0.30)	0.91
Diluted number of shares		84,031,230	84,031,230	**84,726,923**	83,351,007
Diluted profit/(loss) per ordinary share (in USD)		0.19	4.14	(0.29)	0.91

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director, Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

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

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

	3 months ended 31 March 2021	9 months ended 31 March 2021	3 months ended 31 March 2020	9 months ended 31 March 2020
Profit/(Loss) for the period	**52,930**	**456,950**	**(22,194)**	**82,563**
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Loss on revaluation of property	—	(6,048)	—	—
Income tax related to components of other comprehensive income	—	1,089	—	—
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	15,572	(38,722)	(94,636)	(5,351)
(Loss)/gain arising on cash flow hedge	(5,501)	(30,786)	56,886	10,817
Income tax related to this item	770	4,312	(6,866)	(1,504)
Other comprehensive income/(loss), net	**10,841**	**(70,155)**	**(44,616)**	**3,962**
Total comprehensive income/(loss) for the period	**63,771**	**386,795**	**(66,810)**	**86,525**
Total comprehensive income/(loss) attributable to:				
Equity holders of Kernel Holding S.A.	28,539	287,664	(82,477)	76,972
Non-controlling interests	35,232	99,131	15,667	9,553

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director, Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

	Attributable to Kernel Holding S.A. shareholders										
	Issued capital	Share premium reserve	Additional paid-in capital	Equity-settled employee benefits reserve	Revaluation reserve	Other reserves	Translation reserve	Retained Earnings	Total	Non-controlling interests	Total equity
Balance as of 31 March 2020	**2,219**	**500,378**	**39,944**	**4,624**	**62,249**	**6,752**	**(739,725)**	**1,542,538**	**1,418,979**	**7,248**	**1,426,227**
Profit/(Loss) for the period	—	—	—	—	—	—	—	42,316	42,316	(2,129)	40,187
Other comprehensive (loss)/income	—	—	—	—	—	(10,275)	42,170	—	31,895	(3,663)	28,232
Total comprehensive (loss)/income for the period	**—**	**—**	**—**	**—**	**—**	**(10,275)**	**42,170**	**42,316**	**74,211**	**(5,792)**	**68,419**
Distribution of dividends	—	—	—	—	—	—	—	(523)	(523)	—	(523)
Balance as of 30 June 2020	**2,219**	**500,378**	**39,944**	**4,624**	**62,249**	**(3,523)**	**(697,555)**	**1,584,331**	**1,492,667**	**1,456**	**1,494,123**
Profit for the period	—	—	—	—	—		—	204,052	204,052	29,333	233,385
Other comprehensive loss	—	—	—	—	—	(3,535)	(53,270)	—	(56,805)	(2,571)	(59,376)
Total comprehensive (loss)/income for the period	**—**	**—**	**—**	**—**	**—**	**(3,535)**	**(53,270)**	**204,052**	**147,247**	**26,762**	**174,009**
Effect of changes on minority interest	—	—	—	—	—	—	—	(4,029)	(4,029)	4,029	—
Balance as of 30 September 2020	**2,219**	**500,378**	**39,944**	**4,624**	**62,249**	**(7,058)**	**(750,825)**	**1,784,354**	**1,635,885**	**32,247**	**1,668,132**
Profit for the period	—	—	—	—	—	—	—	127,876	127,876	42,759	170,635
Other comprehensive loss	—	—	—	—	(4,959)	(10,247)	(792)	—	(15,998)	(5,622)	(21,620)
Total comprehensive (loss)/income for the period	**—**	**—**	**—**	**—**	**(4,959)**	**(10,247)**	**(792)**	**127,876**	**111,878**	**37,137**	**149,015**
Distribution of dividends (Note 2)	—	—	—	—	—	—	—	(35,293)	(35,293)	—	(35,293)
Effect of changes on minority interest	—	—	—	—	—	1,344	—	(608)	736	(736)	—
Balance as of 31 December 2020	**2,219**	**500,378**	**39,944**	**4,624**	**57,290**	**(15,961)**	**(751,617)**	**1,876,329**	**1,713,206**	**68,648**	**1,781,854**
Profit for the period	—	—	—	—	—	—	—	15,831	15,831	37,099	52,930
Other comprehensive (loss)/income	—	—	—	—	—	(2,839)	15,547	—	12,708	(1,867)	10,841
Total comprehensive (loss)/income for the period	**—**	**—**	**—**	**—**	**—**	**(2,839)**	**15,547**	**15,831**	**28,539**	**35,232**	**63,771**
Repurchase of share-based options (Note 2)	—	—	—	(2,774)	—	—	—	(8,710)	(11,484)	—	(11,484)
Balance as of 31 March 2021	**2,219**	**500,378**	**39,944**	**1,850**	**57,290**	**(18,800)**	**(736,070)**	**1,883,450**	**1,730,261**	**103,880**	**1,834,141**

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director, Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Cash Flows

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

	Notes	3 months ended 31 March 2021	9 months ended 31 March 2021	3 months ended 31 March 2020	9 months ended 31 March 2020
Operating activities:					
Profit/(Loss) before income tax		54,514	475,515	(34,539)	78,890
Adjustments for:					
Amortization and depreciation		27,490	83,185	24,924	78,848
Finance costs, net		33,951	115,877	37,335	109,040
Change in loss allowance for ECLs on trade and other receivables	19	692	801	(907)	2,337
Other accruals		1,923	3,044	(21)	1,093
Gain on disposal of property, plant and equipment		(1,105)	(1,151)	(869)	(833)
Net foreign exchange (gain)/loss		(3,415)	(942)	14,924	5,883
Write-offs and impairment loss		—	4,561	—	—
Net change in fair value of biological assets and agricultural produce	10	58,403	(69,872)	41,833	(2,415)
Share of income of joint ventures		—	—	(1,309)	(6,251)
(Gain)/Loss on sales of subsidiaries	6	(621)	(1,870)	43,552	38,651
Net gain arising on financial assets classified as at fair value through profit or loss		(10,544)	(42,591)	(14,579)	(48,424)
Operating profit before working capital changes		**161,288**	**566,557**	**110,344**	**256,819**
Changes in working capital:					
Change in trade and other accounts receivable[1]		(301,282)	(374,622)	9,126	(73,009)
Change in prepayments and other current assets		(31,326)	2,486	(25,041)	3,371
Change in restricted cash balance		(3)	1,817	(687)	(2,002)
Change in taxes recoverable and prepaid		11,509	(69,067)	69,266	(57,431)
Change in biological assets		(8,184)	324,538	(7,994)	331,868
Change in inventories		187,754	(495,880)	102,428	(588,872)
Change in trade accounts payable		182,743	239,320	14,103	15,956
Change in advances from customers and other current liabilities		(19,568)	10,714	20,156	15,007
Cash generated from operations		**182,931**	**205,863**	**291,701**	**(98,293)**
Interest paid		(27,591)	(95,798)	(31,509)	(78,928)
Interest received		957	3,665	1,043	3,506
Income tax paid		(4,922)	(17,537)	(796)	(6,066)
Net cash generated by/(used in) operating activities		**151,375**	**96,193**	**260,439**	**(179,781)**
Investing activities:					
Purchase of property, plant and equipment		(32,602)	(128,094)	(55,850)	(175,564)
Proceeds from disposal of property, plant and equipment		1,985	3,812	2,011	4,934
Payment for lease agreements		(296)	(1,666)	(390)	(7,499)
Purchase of intangible and other non-current assets		(677)	(2,300)	(425)	(3,919)
Disposal of subsidiaries	6	707	2,153	4,942	8,093
Acquisition of subsidiaries, net of cash acquired		—	—	—	(27,232)
Disposal of joint ventures		—	—	65,313	65,313
Amount advanced for subsidiaries		—	3,396	1,786	2,343
Amount advanced to related parties		(10,797)	(12,806)	—	(184)
Proceeds from return of loans by related parties		—	19,804	—	—
Proceeds/(Purchase) from disposal of financial assets		121,704	1,361	—	(17,882)
Loans for stock options execution		—	—	—	(13,760)
Net cash generated by/(used in) investing activities		**80,024**	**(114,340)**	**17,387**	**(165,357)**
Financing activities:					
Proceeds from borrowings		46,414	289,479	69,952	487,795
Repayment of borrowings		(133,402)	(222,996)	(219,646)	(299,940)
Repayment of dividends		(35,293)	(35,293)	—	—
Financing for farmers		—	—	(2,659)	(2,659)
Repayment of lease liabilities		(4,654)	(15,752)	(18,253)	(46,441)
Proceeds from share capital increase		—	—	—	13,555
Repurchase of share options		(11,484)	(11,484)	—	—
Issued capital		—	—	—	55
Proceeds from bonds issued		—	299,286	—	297,660
Transactions costs related to corporates bonds issue		—	(2,428)	—	(1,895)
Corporate bonds (repaid)		—	(286,890)	—	—
Premium for early repayment of bonds		—	(16,108)	—	—
Net cash (used in)/generated by financing activities		**(138,419)**	**(2,186)**	**(170,606)**	**448,130**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(925)	(920)	(1,040)	(337)
Net increase/(decrease) in cash and cash equivalents		92,055	(21,253)	106,180	102,655
Cash and cash equivalents, at the beginning of the period	7	253,896	367,204	72,892	76,417
Cash and cash equivalents, at the end of the period	7	345,951	345,951	179,072	179,072

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Anastasiia Usachova
Director, Chief Financial Officer

[1] Includes movement in other financial assets.

The accompanying notes are an integral part of these financial statements.

for the three months ended 31 March 2021 (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 September 2005 (number B 109,173 in the Luxembourg Register of Companies) is the holding company for a group of entities (hereinafter referred to as the 'Subsidiaries'), which together form Kernel Group (hereinafter referred to as the 'Group' or the 'Kernel Group').

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

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

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

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

The primary Subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Holding were as follows:

Subsidiary	Principal activity	Country of Incorporation	Group's effective ownership interest and voting rights as of			
			31 March 2021	31 December 2020	30 June 2020	31 March 2020
Inerco Trade S.A.	Trading in sunflower oil, meal and grain.	Switzerland	100.0%	100.0%	100.0%	100.0%
Kernel-Trade LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Avere Commodities S.A.		Switzerland	60.0%[1]	60.0%	72.5%	72.5%
Poltava OEP PJSC	Oilseed crushing plants. Production of sunflower oil and meal.	Ukraine	99.7%	99.7%	99.7%	99.7%
Bandurka OEP LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Vovchansk OEP PJSC		Ukraine	99.4%	99.4%	99.4%	99.4%
Prykolotnoe OEP LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Kropyvnytskyi OEP PJSC		Ukraine	99.2%	99.2%	99.2%	99.2%
BSI LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Prydniprovskyi OEP LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Estron Corporation Ltd	Provision of grain, oil and meal handling and transshipment services.	Cyprus	100.0%	100.0%	100.0%	100.0%
Poltava HPP PJSC	Grain elevators. Provision of grain and oilseed cleaning, drying and storage services.	Ukraine	94.0%	94.0%	94.0%	94.0%
Kononivsky Elevator LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Agro Logistics Ukraine LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Bilovodskyi KHP PJSC		Ukraine	91.12%	91.12%	91.12%	91.12%
Hliborob LLC	Agricultural farms. Cultivation of agricultural products: corn, wheat, soybean, sunflower seed, rapeseed, forage, pea and barley.	Ukraine	100.0%	100.0%	100.0%	100.0%
Prydniprovskyi Kray ALLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Enselco Agro LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Druzhba-Nova ALLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Druzhba 6 PE		Ukraine	100.0%	100.0%	100.0%	100.0%
AF Semerenky LLC		Ukraine	100.0%	100.0%	100.0%	100.0%
Hovtva ALLC		Ukraine	100.0%	100.0%	100.0%	100.0%

These condensed consolidated interim financial statements were authorized for release by the board of directors of Kernel Holding S.A. on 26 May 2021.

[1] 12.5% share in Avere Commodities S.A. was disposed in September 2020

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

2. Change in Issued Capital

Since 15 September 2005, the parent company of the Group is Kernel Holding S.A. (Luxembourg). The issued capital of the Holding as of 31 March 2021, 31 December 2020 and 31 March 2020 consisted of 84,031,230 ordinary electronic shares without indication of the nominal value. Ordinary shares have equal voting rights and rights to receive dividends.

The shares were distributed as follows:

	As of 31 March 2021		As of 31 December 2020		As of 31 March 2020	
Equity holders	**Shares allotted and fully paid**	**Share owned**	**Shares allotted and fully paid**	**Share owned**	**Shares allotted and fully paid**	**Share owned**
Namsen Limited Liability Company registered under the legislation of Cyprus (hereinafter the ‘Major Equity Holder’)	32,903,278	39.16%	32,903,278	39.16%	32,903,278	39.16%
Free float	51,127,952	60.84%	51,127,952	60.84%	51,127,952	60.84%
Total	**84,031,230**	**100.00%**	**84,031,230**	**100.00%**	**84,031,230**	**100.00%**

As 31 March 2021, 31 December 2020 and 31 March 2020, 100% of the beneficial interest in the Major Equity Holder was held by Andrii Mykhailovych Verevskyi (hereinafter the ‘Beneficial Owner’).

On 10 December 2020, the annual general meeting of shareholders approved an annual dividend of USD 0.42 per share, which were paid in full in the amount of USD 35,293 thousand on 14 January 2021.

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

As of 31 March 2021, the fair value of the share-based options granted to the management was USD 1,850 thousand and no expenses were recognized, since all the existing options have been already vested (as of and during the three months ended 31 March 2020: USD 4,624 thousand and no expenses were recognized).

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income until this reserve equals 10% of the subscribed issued capital. This reserve, in the amount of USD 221 thousand as of 31 March 2021 (31 March 2020: USD 216 thousand), may not be distributed as dividends.

3. Summary of Significant Accounting Policies

Basis of Preparation and Accounting

The condensed consolidated interim financial statements of the Group for the three months ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 Interim Financial Reporting and do not include all the information and disclosures required in the annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2020, except the adoption of new and amended standards, which have become effective from 1 July 2020. The adoption of these standards and amendments did not have a material effect on the financial statements of the Group.

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, for which USD was selected 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’.

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

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

Currency	Closing rate as of 31 March 2021	Average rate for the 3 months ended 31 March 2021	Average rate for the 9 months ended 31 March 2021	Closing rate as of 31 March 2020	Average rate for the 3 months ended 31 March 2020	Average rate for the 9 months ended 31 March 2020
USD/UAH	27.8852	27.9694	27.9454	28.0615	25.0525	24.8574
USD/EUR	0.8514	0.8296	0.8414	0.9109	0.9070	0.9031
USD/PLN	3.9676	3.7742	3.7856	4.1466	3.9205	3.8918

The average exchange rates for each period are calculated as the arithmetic mean 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 Interim Statement of Profit or Loss.

Reclassifications

Certain reclassifications have been made to the consolidated interim financial statements as of 31 March 2020 and for the period then ended to conform to the current period's presentation.

4. Operating Segments

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

Segments in the condensed consolidated interim financial statements are defined in accordance with the type of activity, products sold or services provided.

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

In Oilseed Processing segment, the Group 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 the global marketing.

In Infrastructure and Trading segment, the Group combines results of grain trading, silo services and export terminals operations. These parts of the business form an integrated supply chain which is managed jointly. Under current framework, the management considers export terminals and grain storage facilities as production assets which serve grain merchandizing business and consequently uses a combined throughput margin to evaluate performance of Infrastructure and Trading business. In FY2020, 100% of the Group's export terminals capacity and majority of grain storage capacity were used for the Group's own export volumes. The results of the Infrastructure and Trading segment incorporate savings achieved by acquiring and employing the Company's own railcar park. Also, the Infrastructure and Trading segment include the results of the Avere Commodities S.A. and its subsidiaries (hereinafter, Avere).

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

Presentation of the operating segments' activities is as follows:

Operating segments	Activities
Oilseed Processing	Sunflower seed origination and sunflower oil production. Sales of bottled oil sunflower oil.
Infrastructure and Trading	Sourcing and merchandising of wholesale sunflower oil, grain, provision of silo services, grain handling and transshipment services.
Farming	Agricultural farming. Production of corn, wheat, soybean, sunflower seed and rapeseed.

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

The measure of profit and loss, and assets and liabilities is based on the Group accounting policies, which are in compliance with IFRS, as adopted by the European Union.

Reconciliation eliminates intersegment items and reflects income and expenses not allocable to segments. The segment data is calculated as follows:

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

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

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

Seasonality of operations

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

5. Key Data by Operating Segment

Key data by operating segment for the three months ended 31 March 2021:

	Oilseed Processing	Infrastructure and Trading	Farming	Other[1]	Reconciliation	Continuing operations
Revenue (external)	228,942	1,495,050	5,199	—	—	1,729,191
Intersegment sales	291,554	18,403	122,462	—	(432,419)	—
Total revenue	**520,496**	**1,513,453**	**127,661**	**—**	**(432,419)**	**1,729,191**
Net change in fair value of biological assets and agricultural produce	—	—	(58,403)	—	—	(58,403)
Other operating income/(expenses), net	346	11,293	(6)	(3,325)	—	8,308
Profit/(Loss) from operating activities	**460**	**116,054**	**(11,887)**	**(20,698)**	**—**	**83,929**
Finance costs, net						(33,951)
Foreign exchange loss, net						(3,855)
Other income, net						8,391
Income tax expenses						(1,584)
Profit for the period from continuing operations						52,930
Total assets	1,407,186	1,546,974	865,876	121,516	—	3,941,552
Capital expenditures	13,464	8,735	17,489	534	—	40,222
Amortization and depreciation	6,522	5,529	14,855	584	—	27,490
Total liabilities	61,239	490,956	391,632	1,163,584	—	2,107,411

Key data by operating segments for the three months ended 31 March 2020:

	Oilseed Processing	Infrastructure and Trading	Farming	Other	Reconciliation	Continuing operations
Revenue (external)	161,266	873,566	6,618	—	—	1,041,450
Intersegment sales	213,938	12,807	165,262	—	(392,007)	—
Total revenue	**375,204**	**886,373**	**171,880**	**—**	**(392,007)**	**1,041,450**
Net change in fair value of biological assets and agricultural produce	—	—	(41,833)	—	—	(41,833)
Other operating income/(expenses), net	3,336	(9,319)	2,451	907	—	(2,625)
Profit/(Loss) from operating activities	**21,578**	**59,401**	**10,514**	**(12,500)**	**—**	**78,993**
Finance costs, net						(37,335)
Foreign exchange loss, net						(15,339)
Other expenses, net						(62,167)
Share of income of joint ventures						1,309
Income tax benefit						12,345
Loss for the period from continuing operations						(22,194)
Total assets	1,342,887	1,093,345	811,869	98,874	—	3,346,975
Capital expenditures	39,041	14,452	12,398	1,232	—	67,123
Amortization and depreciation	4,476	5,298	14,619	531	—	24,924
Total liabilities	81,338	185,176	356,016	1,298,218	—	1,920,748

[1] Income, expenses, assets and liabilities unallocated to any segment, included in the 'Other' line

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Allocated revenue of promised goods and services by operating segment for the three months ended 31 March under requirements IFRS 15 was as follows:

	For the 3 months ended 31 March 2021				For the 3 months ended 31 March 2020			
	Oilseed Processing	Infrastructure and Trading	Farming	Continuing operations	Oilseed Processing	Infrastructure and Trading	Farming	Continuing operations
Revenue from sales of commodities	211,689	1,447,687	5,199	1,664,575	147,366	849,209	6,618	1,003,193
Freight and other services	17,253	47,363	—	64,616	13,900	24,357	—	38,257
Total external revenue from contracts with customers	**228,942**	**1,495,050**	**5,199**	**1,729,191**	**161,266**	**873,566**	**6,618**	**1,041,450**

During the three months ended 31 March 2021, revenues of approximately USD 172,740 thousand (three months ended 31 March 2020: USD 103,969 thousand) are derived from a single external customer. These revenues are attributed to Oilseed processing segment. Also, during that period, export sales amounted to 97.2% of total external sales (three months ended 31 March 2020: 97.6%).

For the three months ended 31 March 2021, revenue from the Group's top five customers accounted for approximately 28.2% of total revenue (for the three months ended 31 March 2020: 35.5%).

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

The Group's revenue from external customers (based on the location where sale occurred) and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	As of and for the 3 months ended 31 March 2021		As of and for the 3 months ended 31 March 2020	
	Revenue from external customers	Non-current assets	Revenue from external customers	Non-current assets
Ukraine	692,064	1,594,680	573,969	1,544,938
Europe	779,135	2,994	467,481	2,159
North America	256,418	439	—	179
Other locations	1,574	340	—	334
Total	**1,729,191**	**1,598,453**	**1,041,450**	**1,547,610**

None of the other locations represented more than 10% of total revenue or non-current assets individually. Revenue from external customers allocated based on the location, where the sale occurred.

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

6. Acquisition and Disposal of Subsidiaries

No entities were acquired during the three months ended 31 March 2021 and 2020.

During the three months ended 31 March 2021, as a result of the optimization process of the logistic assets, the Group disposed of two grain elevators located in Chernihiv and Mykolaiv regions, one of which was previously recognized as assets held for sale. The net assets of the disposed entities as of the date of disposal were equal to USD 912 thousand (out of which USD 351 thousand belonged to assets held for sale) and the cash consideration received was USD 1,533 thousand (out of which USD 707 thousand was received during the reporting period). Gain on disposal comprised to USD 621 thousand.

During the three months ended 31 March 2020, as a result of business optimization, the Group disposed of three silos located in Mykolaiv and Poltava regions, and trading companies located in the Russian Federation (which have been inactive for the last periods). The net assets of the disposed entities as of the date of disposal were equal to USD 3,421 thousand and the cash consideration received was USD 6,227 thousand (out of which USD 4,942 thousand was received during this reporting period). Gain on disposal comprised to USD 2,822 thousand.

During the three months ended 31 March 2020, the Company disposed of 50% interest in a joint venture, a deep-water grain export terminal in Taman port (the Russian Federation). Fair value of investment, which was accounted for using the equity method, as of the date of disposal was equal to USD 60,187 thousand. Accumulated foreign exchange differences, previously recognized in other comprehensive income in the amount of USD 54,500 thousand of loss, as of the date of the disposal were reclassified to profit or loss. As result loss on disposal of Taman comprised to USD 46,374 thousand and recognized within the line "Other income/(expenses), net".

The cash consideration received was USD 68,313 thousand (out of which USD 65,313 thousand was received during this reporting period).

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7. Cash and Cash Equivalents

The balances of cash and cash equivalents were as follows:

	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Cash in banks in USD	287,857	199,112	172,782
Cash in banks in UAH	26,892	29,810	5,451
Cash in banks in other currencies	31,291	25,083	2,982
Cash on hand	5	7	6
Total	**346,045**	**254,012**	**181,221**
Less restricted and blocked cash on security bank accounts	(92)	(89)	(2,140)
Less bank overdrafts (Note 14)	(2)	(27)	(9)
Cash for the purposes of cash flow statement	**345,951**	**253,896**	**179,072**

8. Trade accounts receivable and payable, net

The significant increase in trade accounts receivable, net as well as trade accounts payable, net as of 31 March 2021 (USD 583,253 thousand and USD 391,649 thousand respectively), compared to balances as of 31 December 2020 (USD 260,787 thousand and USD 143,179 thousand, respectively) was in line with increase of sales for the period multiplied by growing commodity prices and active trading operations.

9. Inventory

The balances of inventories were as follows:

	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Raw materials	281,185	457,123	383,039
Finished products	170,753	130,330	148,934
Agricultural products	125,456	185,663	98,615
Goods for resale	71,316	141,398	131,820
Work in progress	59,968	35,659	79,468
Fuel	5,451	2,120	4,709
Packaging materials	1,572	1,304	1,585
Other inventories	9,528	8,032	8,501
Total	**725,229**	**961,629**	**856,671**

As of 31 March 2021, raw materials mostly consisted of sunflower seed stock in the amount of USD 200,646 thousand (as of 31 December 2020 and 31 March 2020: USD 420,046 thousand and USD 299,468 thousand, respectively).

As of 31 March 2021, finished goods mostly consisted of sunflower oil sold in bulk in the amount of USD 144,320 thousand (as of 31 December 2020 and 31 March 2020: USD 109,699 thousand and USD 138,590 thousand, respectively).

As of 31 March 2021, write-downs of inventories to net realizable value amounted to USD 1,811 thousand (31 March 2020: USD 4,912 thousand) and were recognized as an expense and included in line “Cost of sales”.

As of 31 March 2021, inventory balances in the amounts of USD 186,286 thousand (as of 31 December 2020 and 31 March 2020: USD 262,458 thousand and USD 268,330 thousand, respectively) were pledged as security for short-term borrowings (Note 14).

10. Biological Assets

Current biological assets as of 31 March 2021 consisted of 74,194 hectares of winter crops sowed in the amount of USD 50,939 thousand (31 December 2020: 74,515 hectares of winter crops sowed in the amount of USD 40,405 thousand; 31 March 2020: 85,554 hectares of winter crops sowed in the amount of USD 47,016 thousand) and current cattle of USD 1,426 thousand was represented mainly by 4,303 heads of calves (31 December 2020: USD 1,381 thousand was represented mainly by 4,303 heads of calves; 31 March 2020: USD 1,604 thousand was represented mainly by 4,367 heads of calves).

Net change in fair value of biological assets and agricultural produce for the three months ended 31 March 2021 amounted to USD 58,403 thousand of loss (three months ended 31 March 2020: loss USD 41,833 thousand) reflecting revaluation of crops in fields, livestock and agricultural produce balances to its fair value.

11. Property, Plant and Equipment, net

During the three months ended 31 March 2021, the Group acquired property, plant and equipment in the amount of USD 36,058 thousand (31 March 2020: USD 66,657 thousand). These purchases were related mainly to the construction of an oil-crushing plant and an agricultural equipment and vehicles (31 March 2020: construction of an oil-crushing plant and a port terminal).

The increase in property, plant and equipment in the amount of USD 5,412 thousand resulted from the revaluation of the Ukrainian hryvnia during the three months ended 31 March 2021 (31 March 2020: decrease USD 58,294 thousand as a result of devaluation of the Ukrainian hryvnia).

During the three months ended 31 March 2021, depreciation of property, plant and equipment amounted USD 18,566 thousand (as of 31 March

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2020: USD 17,613 thousand).

As of 31 March 2021, the Group had CIP and uninstalled equipment amounted to USD 388,602 thousand, which is mostly related to the construction of an oil-crushing plant and a port terminal (31 March 2020: USD 283,101 thousand, mostly related to the construction of an oil-crushing plant and a port terminal).

As of 31 March 2021, property, plant and equipment with a carrying amount of USD 287,678 thousand (as of 31 March 2020: USD 208,475 thousand) were pledged by the Group as collateral against short-term and long-term bank loans (Notes 14, 15).

As of 31 March 2021, property, plant and equipment, which was previously pledged by the Group as a collateral within the acquisition of 560,000 tons oilseed crushing plant located in Kirovograd region, completed as of 30 June 2016, was released as a result of full repayment of amount which was due and payable (31 March 2020 USD 28,462 thousand).

12. Right-of-use assets

During the three months ended 31 March 2021, the right-of-use assets increased by USD 3,457 thousand as a result of the change in terms and new additions (31 March 2020: USD 16,498 thousand).

The increase in right-of-use assets in the amount of USD 5,357 thousand resulted from the revaluation of the Ukrainian hryvnia during the three months ended 31 March 2021 (31 March 2020: decrease USD 57,612 thousand as a result of devaluation of the Ukrainian hryvnia).

For the three months ended 31 March 2021, depreciation charge on right-of-use assets in the amount of USD 6,526 thousand (31 March 2020: USD 4,616 thousand) was recognized as an expense within the line "Cost of sales" in the statement of profit or loss. Depreciation in the amount of USD 7,637 thousand (31 March 2020: USD 9,413 thousand) was accumulated in biological assets.

13. Advances from customers and other current liabilities

The balances of advances from customers and other current liabilities were as follows:

	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Accrued payroll, payroll related taxes and bonuses	56,195	44,929	10,006
Taxes payable and provision for tax liabilities	37,119	29,385	7,356
Provision for legal claims	35,676	35,141	33,506
Advances from customers	33,072	18,817	30,321
Accounts payable for property, plant and equipment	23,716	15,950	18,854
Provision for unused vacations and other provisions	6,507	6,036	5,774
Settlements with land lessors	86	—	7,989
Settlements for acquired Subsidiaries	—	44,937	38,750
Dividends declared	—	35,293	20,485
Other current liabilities	17,384	16,119	9,775
Total	**209,755**	**246,607**	**182,816**

14. Short-term Borrowings

The balances of short-term borrowings were as follows:

	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Bank credit lines	35,177	138,892	265,997
Interest accrued on long-term borrowings	1,131	1,158	1,084
Interest accrued on short-term borrowings	595	593	442
Bank overdrafts (Note 7)	2	27	9
Total	**36,905**	**140,670**	**267,532**

The balances of short-term borrowings as of 31 March 2021 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor+1.90%	USD	November 2021	22,232
Ukrainian subsidiary of European bank	6.70%	UAH	April 2021	7,174
European bank	Libor+2.45%	USD	October 2021	5,157
Ukrainian subsidiary of European bank	Libor+4.50%	USD	August 2021	616
Total bank credit lines				**35,179**
Interest accrued on long-term borrowings				1,131
Interest accrued on short-term borrowings				595
Total				**36,905**

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The balances of short-term borrowings as of 31 December 2020 were as follows:

	Interest rate	Currency	Maturity	Amount due
Ukrainian subsidiary of European bank	7.25%	UAH	January 2021	47,675
Ukrainian subsidiary of European bank	7.00%	UAH	January 2021	21,220
European bank	Libor+1.50%	USD	January 2021	20,000
Ukrainian subsidiary of European bank	6.50%	UAH	January 2021	14,642
Ukrainian subsidiary of European bank	6.80%	UAH	January 2021	14,094
Ukrainian subsidiary of European bank	7.50%	UAH	January 2021	10,610
Ukrainian subsidiary of European bank	5.50%	UAH	January 2021	9,754
Ukrainian subsidiary of European bank	Libor+4.50%	USD	August 2021	924
Total bank credit lines				**138,919**
Interest accrued on long-term borrowings				1,158
Interest accrued on short-term borrowings				593
Total				**140,670**

The balances of short-term borrowings as of 31 March 2020 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor+2.50%	USD	July 2020	34,983
European bank	Libor+2.00%	USD	October 2020	27,556
European bank	Libor+3.90%	USD	April 2020	24,444
Ukrainian subsidiary of European bank	2.90%	USD	April 2020	21,000
Ukrainian subsidiary of European bank	3.50%	USD	April 2020	20,760
European bank	4.00%	USD	April 2020	20,009
European bank	Libor+2.25%	USD	April 2020	19,857
Ukrainian subsidiary of European bank	3.50%	USD	June 2020	17,900
European bank	Libor+3.95%	USD	April 2020	17,374
Ukrainian subsidiary of European bank	4.00%	USD	April 2020	15,489
Ukrainian subsidiary of European bank	10.00%	UAH	April 2020	12,473
Ukrainian subsidiary of European bank	14.25%	UAH	April 2020	9,978
Ukrainian subsidiary of European bank	9.90%	UAH	April 2020	9,087
Ukrainian subsidiary of European bank	3.75%	USD	April 2020	5,000
Ukrainian subsidiary of European bank	10.50%	UAH	May 2020	4,597
Ukrainian subsidiary of European bank	13.00%	UAH	April 2020	3,279
European bank	Libor+2.45%	USD	October 2020	1,220
European bank	Libor+2.00%	USD	August 2020	1,000
Total bank credit lines				**266,006**
Interest accrued on long-term loans				1,084
Interest accrued on short-term loans				442
Total				**267,532**

As of 31 March 2021, undrawn short-term bank credit lines amounted to USD 955,556 thousand (as of 31 December 2020 and 31 March 2020: USD 951,582 thousand and USD 864,428 thousand).

Short-term borrowings from banks were secured as follows:

Assets pledged	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Inventory (Note 9)	186,286	262,458	268,330
Future sales receipts	162,892	100,942	71,123
Other financial assets	—	—	3,453
Property, plant and equipment (Note 11)	—	—	633
Total	**349,178**	**363,400**	**343,539**

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15. Long-term Borrowings

The balances of long-term borrowings were as follows:

	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Long-term bank borrowings	253,578	236,083	162,782
Current portion of long-term borrowings	(19,909)	(15,494)	(2,748)
Total	**233,669**	**220,589**	**160,034**

The balances of long-term borrowings as of 31 March 2021 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor+2.84%	USD	July 2030	58,360
European bank	Libor+2.78%	USD	February 2029	48,485
European bank	Libor+4.50%	USD	May 2027	48,000
European bank	Libor+2.80%	USD	October 2029	20,000
European bank	Libor+2.77%	USD	December 2030	19,000
European bank	Libor+2.78%	USD	December 2029	17,000
European bank	Libor+2.79%	USD	January 2030	14,500
European bank	Libor+2.77%	USD	April 2029	12,140
European bank	Libor+2.84%	USD	September 2029	8,093
European bank	Libor+1.00%	USD	May 2027	8,000
Total				**253,578**

The balances of long-term borrowings as of 31 December 2020 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor+2.84%	USD	July 2030	58,360
European bank	Libor+2.78%	USD	February 2029	50,000
European bank	Libor+4.50%	USD	May 2027	48,000
European bank	Libor+2.80%	USD	October 2029	20,000
European bank	Libor+2.78%	USD	December 2029	17,000
European bank	Libor+2.79%	USD	January 2030	14,500
European bank	Libor+2.77%	USD	April 2029	12,140
European bank	Libor+2.84%	USD	September 2029	8,083
European bank	Libor+1.00%	USD	May 2027	8,000
Total				**236,083**

The balances of long-term borrowings as of 31 March 2020 were as follows:

	Interest rate	Currency	Maturity	Amount due
European bank	Libor+2.78%	USD	February 2029	50,000
European bank	Libor+4.50%	USD	May 2027	33,600
European bank	Libor+2.80%	USD	October 2029	20,000
European bank	Libor+2.78%	USD	December 2029	17,000
European bank	Libor+2.79%	USD	January 2030	14,500
European bank	Libor+2.77%	USD	April 2029	12,140
European bank	Libor+2.84%	USD	September 2029	8,093
European bank	Libor+1.00%	USD	May 2027	5,600
Ukrainian subsidiary of European bank	Libor+4.50%	USD	August 2021	1,849
Total				**162,782**

As of 31 March 2021, undrawn long-term borrowings amounted to USD 52,422 thousand (as of 31 December 2020 and 31 March 2020: USD 69,907 thousand and USD 145,067 thousand, respectively).

Long-term bank borrowings from banks were secured as follows:

Assets pledged	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
Property, plant and equipment (Note 11)	287,678	259,969	207,842
Total	**287,678**	**259,969**	**207,842**

16. Bonds issued

The balances of bonds issued were as follows:

	Maturity	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
US 300,000 thousand 6.75% coupon bonds	October 2027	297,011	296,922	—
US 300,000 thousand 6.50% coupon bonds	October 2024	296,807	296,667	296,096
US 500,000 thousand 8.75% coupon bonds	January 2022	212,476	212,311	497,105
Total		**806,294**	**805,900**	**793,201**

The accompanying notes are an integral part of these financial statements.

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As of 31 March 2021, bonds with maturity date in January 2022 and carrying value USD 212,476 thousand, were reclassified to current liabilities.

As of 31 March 2021, accrued interest on bonds issued was USD 20,418 thousand (31 December 2020 and 31 March 2020: USD 15,353 thousand and USD 15,975 thousand, respectively).

17. Revenue

The Group's revenue was as follows:

	3 months ended 31 March 2021	3 months ended 31 March 2020
Revenue from edible oils sold in bulk, meal and cake	960,259	593,415
Revenue from agriculture commodities merchandizing	711,459	402,280
Revenue from bottled sunflower oil	49,392	37,073
Revenue from farming	5,199	6,618
Revenue from transshipment services	2,482	1,611
Revenue from grain silo services	400	453
Total	**1,729,191**	**1,041,450**

Revenue is obtained principally from the sale of commodities, recognized once the control of the goods has transferred from the Company to the customer. Revenue derived from freight, storage and other services is recognized over time as the service is rendered. Disaggregated revenue for each reportable segment is presented in the Note 5.

Revenue for the three months ended 31 March 2020 was changed as a result of IFRIC decision on the physical settlement of contracts adoption. As a result of this change, for the three months ended 31 March 2020, revenue from edible oils sold in bulk, meal and cake was decreased by USD 4,488 thousand and revenue from agriculture commodities merchandizing decreased by USD 873 thousand (USD 5,361 thousand decrease in total).

18. Cost of Sales

Cost of sales was as follows:

	3 months ended 31 March 2021	3 months ended 31 March 2020
Cost of goods for resale and raw materials used	1,417,036	715,454
Shipping and handling costs	94,603	116,283
Amortization and depreciation	26,059	23,788
Payroll and payroll related costs	16,192	19,170
Rental payments	2,043	12,288
Other operating costs	3,521	4,903
Total	**1,559,454**	**891,886**

As of 30 June 2020, the Group decided to change the policy and recognize result on operations with commodity futures within Cost of sales line, previously recognized in the Other operating income, net line. Presentation of Cost of sales for the three months ended 31 March 2020 was changed accordingly, as a result of which it decreased for the amount of USD 14,238 thousand (Cost of goods for resale and raw materials used line). Additionally, as result of adoption IFRIC decision on the physical settlement of contracts, Cost of sales decreased by USD 5,361 thousand (Cost of goods for resale and raw materials used line).

19. General and Administrative Expenses

General and administrative expenses were as follows:

	3 months ended 31 March 2021	3 months ended 31 March 2020
Payroll and payroll related costs	22,648	14,855
Audit, legal and other professional fees	4,858	4,465
Repairs and material costs	1,625	1,918
Amortization and depreciation	1,387	974
Rental payments	841	627
Bank services	775	760
Business trip expenses	750	1,031
Bad debts expenses	692	(907)
Insurance	644	545
Taxes other than income tax	572	564
Communication expenses	347	412
Other expenses	574	869
Total	**35,713**	**26,113**

For the three months ended 31 March 2021, payroll and payroll related costs increased mostly as a result of principle of bonus accrual (starting from FY2021 bonuses are accrued proportionally on a quarterly basis instead of at the year-end in previous periods).

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20. Income Tax

The difference between the income tax charge reported in the accompanying condensed consolidated interim financial statement of profit or loss and income before tax, multiplied by the respective statutory tax rates, is mainly due to the non-deductibility of certain expenses for income tax purposes and the effect of the farming companies of the Group, which are subject to a fixed agricultural tax regime and are not subject to corporate income tax.

As of 31 March 2021, the Group prepaid USD 11,017 thousand in corporate income tax, which was recognized in the Condensed Consolidated Interim Statement of Financial Position (31 December 2020 and 31 March 2020: USD 6,586 thousand and USD 8,552 thousand respectively). The changes were mostly connected with ordinary operating activity and revaluation of the Ukrainian hryvnia, related to foreign exchange gains recognized.

For the three months ended 31 March 2021, income tax expenses in the amount of USD 1,584 thousand is mostly connected with increase of income tax charge on taxable profit in comparison with previous period (31 March 2020: income tax benefit in the amount of USD 12,345 thousands mostly connected with recognized deferred tax assets on taxable losses occurred as a result of the Ukrainian hryvnia depreciation and subsequent foreign exchange losses).

21. Transactions with Related Parties

Related parties are the Beneficial Owner and companies under control of the Beneficial Owner, the Group's key management personnel, joint venture and other related parties.

The Group had the following balances outstanding with related parties:

	As of 31 March 2021		As of 31 December 2020		As of 31 March 2020	
	Related party balances	Total category as per consolidated balance sheet	Related party balances	Total category as per consolidated balance sheet	Related party balances	Total category as per consolidated balance sheet
Trade accounts receivable, net	851	583,253	732	260,787	619	234,361
Prepayments to suppliers and other current assets, net	36,744	156,754	14,910	105,375	22,589	123,832
Other non-current assets	23,752	73,719	34,384	81,372	31,483	90,862
Trade accounts payable	15,676	391,649	17,661	143,179	215	151,483
Advances from customers and other current liabilities (Note 13)	16,249	209,755	26,850	246,607	10,316	182,816

Related party balances are evaluated through IFRS 9 ECL model, but trade accounts receivable and other current and non-current assets from related parties have no expected credit losses for the reporting period, as well no specific allowance created to prepayments to suppliers with related parties.

As of 31 March 2021, prepayments to suppliers and other current assets included receivables in the amount of USD 11,761 thousand for the assignment agreement provided to the company under control of the Beneficial Owner (as of 31 December 2020 and 31 March 2020: USD 11,761 thousand and nil, respectively).

As of 31 March 2021, prepayments to suppliers and other current assets and other non-current assets included loans at rate comparable to the average commercial rate of interest in the amount of USD 20,013 thousand provided to the company under control of the Beneficial Owner (as of 31 December 2020 and 31 March 2020: USD 11,330 thousand and USD 30,417 thousand, respectively).

As of 31 March 2021, other non-current assets included an interest-free 3-year term financing in the amount of USD 18,459 thousand and a loan at a rate comparable to the market rate in the amount of USD 1,000 thousand provided to key management personnel (31 December 2020: USD 18,247 thousand and USD 1,750 thousand, respectively; 31 March 2020: USD 18,439 thousand and USD 1,750 thousand, respectively).

As of 31 March 2021, trade payables included USD 15,378 thousand to the company under control of the Beneficial Owner for the acquired commodities (as of 31 December 2020 and 31 March 2020: USD 17,220 thousand and nil, respectively).

As of 31 March 2021 there are no dividends payable due to Namsen Limited included in advances from customers and other current liabilities (as of 31 December 2020 and 31 March 2020: USD 13,819 thousand and USD 8,226 thousand, respectively).

As of 31 March 2021, advances from customers and other current liabilities included USD 14,636 thousand in bonuses payable to the management (as of 31 December 2020 and 31 March 2020: USD 10,954 thousand and USD 343 thousand, respectively).

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Other related parties include close members of Beneficial Owner family and entities related to those people, companies with indirect relations (which controlled by related parties of the Group) and entities with a significant influence by other employees (excluding Beneficial Owner and Key Management).

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Transactions with related parties were as follows:

	3 months ended 31 March 2021		3 months ended 31 March 2020	
	Amount of operations with related parties,	Total category as per consolidated statement of financial position	Amount of operations with related parties,	Total category as per consolidated statement of financial position
Cost of sales (Note 18)	(215)	(1,559,454)	(139)	(891,886)
General and administrative expenses (Note 19)	(4,818)	(35,713)	(1,081)	(26,113)
Finance income/(costs), net	584	(33,951)	349	(37,335)
Other income/(expenses), net	238	8,391	(1)	(62,167)

Transactions with related parties are performed on terms that would not necessarily be available to unrelated parties.

As of 31 March 2021, the Board of Directors consisted of the following eight directors: the chairman of the board, three non-executive directors and four directors employed by Subsidiaries. Remuneration of the Board of Directors for the three months ended 31 March 2021 amounted to USD 125 thousand (31 March 2020: USD 125 thousand). The non-executive directors were also refunded, to a reasonable extent, any expenses incurred by them in performing their duties, including reasonable traveling expenses.

Four directors employed by Subsidiaries are entitled to remuneration for their services as members of the management team of the Group. Remuneration of the management team of the Group, totaling 15 people, amounted to USD 4,631 thousand for the three months ended 31 March 2021 (31 March 2020: 12 people, USD 635 thousand), including USD 3,958 thousand of variable bonus as per approved remuneration scheme (31 March 2020: nil).

Members of the Board of Directors and management team are not granted any pensions, retirement or similar benefits by the Group. The management of the Group has been provided with options to purchase shares of the Holding (Note 2).

22. Commitments and Contingencies

Operating Environment

Since 2016, the Ukrainian economy has demonstrated signs of stabilization after years of political and economic tension. In 2020, the Ukrainian economy has contracted by around 5.6% real GDP because of COVID-19 outbreak and respective national lockdowns initiatives (2019: real GDP growth of around 3.2%) but sustained the modest annual inflation of 5.0% (2019: 4.1%) with slight devaluation of national currency (by around 4.4% to USD and 6.4% to EUR comparing to previous year averages).

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

To further facilitate business activities in Ukraine, the National Bank of Ukraine (the “NBU”) in 2019 has lifted the surrender requirement for foreign currency proceeds, cancelled all limits on repatriation of dividends and gradually decreased its discount rate for the first time during the recent two years, from 18.0% in April 2019 to 11.0% in January 2020. Discount rate was further decreased during 2020, with slight gradual increase in 2021 fixing at 7.5% starting from 16 April 2021.

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

Fitch’s current rating of Ukraine’s Long-Term Foreign- and Local-Currency Issuer Default Ratings was confirmed as “B” with a stable outlook in February 2021.

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

Capital Commitments

As of 31 March 2021, the Group had commitments under contracts with a group of suppliers for a total amount of USD 55,262 thousand, mostly for the construction of an oil-crushing plant (31 December 2020 and 31 March 2020: USD 65,472 thousand and USD 56,650 thousand, respectively, mostly for the construction of an oil-crushing plant and port terminal).

Contractual Commitments on Sales

As of 31 March 2021, the Group had entered into commercial contracts for the export of 3,149,108 tons of grain and 342,057 tons of sunflower oil and 410,111 tons of sunflower meal and other related products, corresponding to an amount of USD 740,185 thousand, USD 412,358 thousand and USD 120,381 thousand, respectively, in contract prices as of the reporting date.

As of 31 December 2020, the Group had entered into commercial contracts for the export of 2,483,376 tons of grain, 600,078 tons of sunflower oil and 363,753 tons of sunflower meal and other related products, corresponding to an amount of USD 559,944 thousand, USD 483,543 thousand and USD 113,766 thousand, respectively, in contract prices as of the reporting date.

As of 31 March 2020, the Group had entered into commercial contracts for the export of 1,445,018 tons of grain and 634,400 tons of sunflower oil and 483,493 tons of sunflower meal and other related products, corresponding to an amount of USD 275,337 thousand, USD 486,478 thousand and USD 107,235 thousand, respectively, in contract prices as of the reporting date.

Taxation and Legal Issues

In April 2012, the Group entered into a call option agreement to acquire Stiomi Holding, a farming company located in the Khmelnytskyi region of Ukraine. As of 31 March 2021, the consideration paid for Stiomi Holding by the Group comprised USD 33,472 thousand. A final payment was due and payable only after fulfilment of certain conditions to the satisfaction of the Group and subject to rights of set-off in respect of claims against the sellers. The Group submitted several claims to the sellers (the “Stiomi Sellers”) in respect of the non-fulfilment of the Stiomi Sellers’ obligations. In December 2012, the Group received a request for arbitration from the Stiomi Sellers in which the Stiomi Sellers claimed amounts alleged to be payable to them. The arbitral tribunal delivered its award in late February 2018. That award was in part subject to challenge by the Group in the High Court in London. In March 2019, the High Court remitted the award to the tribunal for reconsideration in certain respects and a further hearing took place before the tribunal in September 2019. Pursuant to the tribunal’s revised award, which was delivered in December 2019, the Group is required to pay the sellers an aggregate amount of approximately USD 30.3 million.

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

As of 30 September 2018, the Group recognised a provision regarding the arbitral and the related proceedings. The provision represents the directors’ best estimate of the maximum future outflow that will be required in respect of the award. The carrying amount of the payables for legal claims was USD 35,676 thousand as of 31 March 2021 (31 December 2020 and 31 March 2020: USD 35,141 thousand and USD 33,506 thousand, respectively), and related expenses in the amount of USD 535 thousand were recognised within the three months ended 31 March 2021 (three months ended 31 March 2020: USD 541 thousand) and included within the line “Other expenses, net”.

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

As of 31 March 2021, the Group’s management assessed its maximum exposure to tax risks related to VAT refunds claimed by the Group, the deductibility of certain expenses for corporate income tax purposes and other tax issues for total amount of USD 30,085 thousand (31 December 2020: USD 29,827 thousand), from which USD 21,905 thousand related to VAT recoverability (31 December 2020: USD 21,760 thousand), USD 7,022 thousand related to corporate income tax (31 December 2020: USD 6,925 thousand) and USD 1,158 thousand related to other tax issues (31 December 2020: USD 1,142 thousand).

As of 31 March 2021, companies of the Group had ongoing litigations with the tax authorities concerning tax issues for USD 30,085 thousand (31 December 2020: USD 29,827 thousand), included in the abovementioned amount. Out of this amount, USD 7,295 thousand relates to cases where court hearings took place and where the court in either the first or second instance has already ruled in favor of the Group (31 December 2020: USD 7,217 thousand). Management believes that based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and no respective provision is required in the Group’s financial statements as of the reporting date.

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

Key aspects of the Ukrainian tax system are the following:

- Ukraine operates a classic corporate income tax system, under which taxable profit of companies (i.e. financial profit adjusted by tax differences) is subject to 18% CIT.
- Transfer pricing rules apply to transactions with related non-residents and “low-tax” non-residents (i.e. non-residents, taxed domestically at a significantly lower corporate income tax rate than the Ukrainian tax rate of 18%), subject to a company’s minimum income threshold of UAH 150 million and transactions volume threshold with each separate non-resident of UAH 10 million.
- 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%. Reduced tax rate of 0% applies to the export of goods from Ukraine.

- Payment of passive income (i.e. interest, royalties, dividends etc.) to non-residents is subject to withholding tax at a standard 15% rate unless double tax treaties or the Tax Code of Ukraine provide another tax rate.
- Agricultural producers of raw materials are allowed to apply a simplified tax system, given that at least 75% of their income is attributable to sales of agricultural raw materials produced by such company. Under the simplified tax system, companies are subject to a fixed tax, which depends on the type, location and monetary value of farmland used by such companies.

By the end of 2019, MLI Convention (BEPS Action plan step 15) entered into force in Ukraine, which allows Ukraine to amend its double tax treaties with other countries, which have also ratified MLI Convention. On 1 January 2021, the amendments to certain Ukrainian double tax treaties (namely, ones with Cyprus, Latvia, Saudi Arabia, Russia) entered in force. Ukraine may also amend more treaties in the future.

Additionally, Ukraine ratified the Protocol amending its double tax treaty with Switzerland. The Protocol entered into force on 16 October 2020 and among other changes modified withholding tax rates for payments of royalties, dividends and interest income.

In May 2020, the new anti-BEPS Law entered into force, which significantly changed the Ukrainian Tax Code, introducing a significant portion of BEPS Action plan steps (3, 4, 6, 7, 8, 13 and 14) to the local tax legislation. Among other changes, the new Law has introduced:

- Controlled foreign companies regulations, which allow taxing undistributed profits of CFCs at the level of the Ukrainian tax resident – owner (controlling shareholder) of the CFC. An income of CFC would be taxable unless an exemption is applicable. If a controlling shareholder (resident of Ukraine) meets the minimum control threshold, income would be attributed to that shareholder (based on the proportion of ownership), included to the annual income of a controlling shareholder and reported within an annual tax return. An 18% tax applies to the undistributed income of a CFC. Distributed income of a CFC could be subject to an 18% or 9% rate depending on the period of distribution. A 9% rate applies if CFC's income is distributed to the resident controlling shareholder as dividends before filing the CFC report in Ukraine or by the end of the second calendar year that follows the reporting year. An 18% rate applies if the distribution is made at a later date.
  The first reporting period for CFC is the year 2022.
- Principal purpose test, alongside with beneficial ownership regulation for double tax treaties application purposes. If the tax authority identifies that the main purpose of a transaction is obtaining a double tax treaty benefits, they may disallow the application of a reduced WHT rate. Beneficial ownership criteria were elaborated and now include the following:
  - recipient of income should be entitled to receive such income;
  - recipient of income should have unrestricted right to dispose of the earned income;
  - recipient of income is not an agent, nominee or an intermediary with respect to such income (namely, the recipient of income exercises separate functions, carries commercial risks, has sufficient economic substance (employees, bank account, office, postal address, telephone, fax, etc.)).

  Moreover, a "look-through approach" for beneficial ownership purposes was introduced, according to which if the immediate recipient of Ukraine-source income is not the beneficial owner of the income, the tax treaty with the jurisdiction of the beneficial owner may apply in Ukraine.
- Mutual agreement procedure, which allows resolving tax disputes under double tax treaties in case either resident or non-resident of Ukraine believes actions or decisions of the tax authorities (both Ukrainian and foreign) have resulted or will result in taxation incompliant with the relevant tax treaty.
- New thin capitalization rules, which apply to transactions with both related and unrelated parties starting from 1 January 2021. Under the new rules, if the debt-to-equity ratio of 3.5 is exceeded, only a portion of a company's interest expense, which is equal to 30% of its EBITDA, would be tax-deductible. The residual amount of interest expenses may be carried forward to future periods, subject to 5% annual disallowance.
- Three-tiered transfer pricing reporting, which added requirements for multinational enterprises to prepare a master file and a country-by-country report (CbCR), subject to the revenue threshold of EUR 50 million for master file and EUR 750 million for CbCR. The first reporting year is expected to be 2021.
- New upward adjustment (an increase of taxable base) by 30% of sales of goods and services to "low-tax" non-residents (i.e. non-residents, taxed domestically at a significantly lower corporate income tax rate than the Ukrainian tax rate of 18%).
- Abolition of the temporary VAT exemption of soybean and rapeseed export transactions (i.e. traders of these crops are eligible for 0% VAT export rate application, which gives them the opportunity to recover VAT credit accumulated from the purchase of these goods).
- Business purpose test, which foresees any expenses incurred during 2020 within the transactions with non-residents (regardless of their type) are restricted from tax-deduction if they do not result in economic benefits. Since the business purpose in its wide definition could be applied by tax authorities to all transactions with non-residents (sale and purchase) and considering the common for agrarian industry and the Group arrangement of forward contracts on sale of agricultural commodities, their potential sale with a negative margin may lead to additional tax implications for the Group. However, due to the moratorium on full-scope tax audits in Ukraine, which covered the period until 31 December 2020, the approach of the tax authorities to the treatment of the business purpose definition remains unclear. Starting from 2021, the business purpose test is applicable only to transactions subject to transfer pricing compliance. Starting from 2022, it will also apply to transactions with "low-tax" non-residents, as well as to royalty payments to non-residents of Ukraine.

On 25 February 2021 amendments to the Tax Code of Ukraine on reducing the VAT rate from 20% to 14% on transactions for the import and supply of certain agricultural products in Ukraine came into force. The 14% rate applies to qualifying transactions starting from 1 March 2021.

Additionally, by the end of 2019, the Law on the market of agricultural land has been adopted. The Law introduced changes to the Land Code of Ukraine aimed at the abolition of the moratorium for sale of land. However, the Law will enter into force on 1 July 2021 and provides a set of restrictions related to the maximum land size, which can be sold to an individual buyer, restrictions to sell land in certain areas and to certain types of buyers. Also, regardless of the expected abolition of moratorium, sale of land is subject to provisions and/or restrictions of the Land Code of Ukraine, as well as other branch laws in certain cases.

23. Financial Instruments

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of IFRS 7 'Financial Instruments: Disclosure' and IFRS 13 '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.

for the three months ended 31 March 2021 (in thousands of US dollars, unless otherwise stated)

All assets and liabilities for which fair value is measured or disclosed in the 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.

The following table below represents comparison of carrying amounts and fair value of the financial instruments:

	31 March 2021		31 December 2020		31 March 2020	
Financial liabilities [1]	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Long-term borrowings (Note 15)	253,578	256,285	236,083	236,128	162,782	163,212
Bonds issued (Note 16)	826,712	863,101	821,253	865,927	809,176	727,817

For the three months ended 31 March 2021, 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 2.81% (for the three months ended 31 March 2020: 4.60%) that is within level 2 of the fair value hierarchy.

The fair value of Bonds issued was estimated based on published price quotations in an active market and is within Level 1 of the fair value hierarchy.

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

	31 March 2021			31 December 2020			31 March 2020		
Other financial assets	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Physical forwards	—	94,014	94,014	—	138,224	138,224	—	47,895	47,895
Futures/Options	15,637	—	15,637	68,899	—	68,899	29,878	—	29,878
Derivatives held for hedging	—	814	814	—	—	—	—	10,817	10,817
Total	**15,637**	**94,828**	**110,465**	**68,899**	**138,224**	**207,123**	**29,878**	**58,712**	**88,590**
Other financial liabilities	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Physical forwards	—	32,748	32,748	—	97,159	97,159	—	36,281	36,281
Futures/Options	6,557	—	6,557	2,911	—	2,911	9,307	—	9,307
Derivatives held for hedging	—	26,713	26,713	—	30,929	30,929	—	—	—
Total	**6,557**	**59,461**	**66,018**	**2,911**	**128,088**	**130,999**	**9,307**	**36,281**	**45,588**

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

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

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

The fair value is estimated to be the same as the carrying value of cash and cash equivalents, trade accounts receivable, other current assets, trade accounts payable, other current liabilities and short-term borrowings due to the short-term nature of the financial instruments. Cash and cash equivalents and short-term borrowings 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.

The Group has invested in a portfolio of government bonds which are held for trading. They are presented in the line Other financial assets in the amount of USD 13,623 thousand and classified as held for trading (as of 31 December 2020 and 31 March 2020: USD 130,283 and USD 18,436 thousand, respectively). Fair value was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

For the three months ended 31 March 2021, 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.

[1] Including accrued interests

For the three months ended 31 March 2021, the fair value of other non-current assets recognized at FVTPL was estimated by market comparable approach that is within level 2 in the fair value hierarchy.

As of 31 March 2021, fair value of other non-current assets and liabilities does not differ materially from it carrying amount and are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

There were no transfers between levels of fair value hierarchy.

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

24. Subsequent Events

As of 15 April 2021, the Company entered into an amendment and restatement agreement to its pre-export credit facility dated 2 February 2018 with a syndicate of European banks. Total available limit under amended facility is up to USD 200 million. The tenors of existing tranches were extended for one year: USD 34 million till 30 June 2023 and USD 166 million till 30 June 2022, respectively. The margin for the committed portion of the facility was reduced. One of the lenders exited the facility. The facility will become affective after closing several conditions precedent.