Q1 FY2024

KERNEL

Condensed Consolidated Interim Financial Statements

for the three months ended 30 September 2023

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Management discussion and analysis

for the three months ended 30 September 2023

Income statement highlights

- Consolidated **revenue** of Kernel Holding S.A. group of companies (hereinafter "Kernel" or the "the Group") in Q1 FY2024 declined by 17% year-on-year and 26% quarter-on-quarter, totaling USD 564 million. The primary factors contributing to this decline were lower grain export volumes and the impact of reduced prices across all commodities.
- **Net loss arising from changes in the fair value of biological assets** totaled USD 10 million in Q1 FY2024, as compared to the USD 2 million loss recognized in the corresponding period of FY2023.
- Mirroring the revenue decline, the Group's **cost of sales** in Q1 FY2024 decreased by 27% q-o-q, to USD 484 million. Due to declining prices, it includes the USD 23 million write-down of inventories to net realizable value. Shipping and handling costs comprised 22% of the cost of sales in Q1 FY2024.
- Consequently, the **gross profit** in Q1 FY2024 fell by 70% y-o-y, reaching USD 52 million, as compared to the loss of USD 22 million in Q4 FY2023.
- **Other operating income** for three months ending 30 September 2023 amounted to USD 10 million, primarily consisting of gains from operations with securities (including Avere trading operations), gain on sale of hard currency, and stock take.
- **Other operating expenses** during the reporting period totaled USD 13 million, primarily driven by contract washouts, demurrage/dispatch fees, and other fines.
- **General and administrative expenses** in Q1 FY2024 plummeted by 29% y-o-y to USD 31 million, mostly driven by lower payroll and payroll-related costs.
- **Net impairment losses on financial assets** amounted to USD 20 million, primarily reflecting the provisions recognized on the Group's accounts receivable.
- Kernel's **EBITDA** in July-September 2023 dropped to a mere USD 19 million, with segment contributions being as follows:
  - In line with the previously announced expectations, the **Oilseeds Processing** segment remained a driver of the Group's profitability, contributing USD 58 million to Kernel's EBITDA, up 15% as compared to Q4 FY2023. This performance reflects robust sales during the reporting period and a consistently strong EBITDA margin of USD 158 per ton of vegetable oil sold. The Group benefited from established export routes beyond Ukrainian Black Sea ports, enabling the maintenance of robust export volumes despite the Black Sea blockage. Besides that, a weak sunflower crushing margin prevailing in summer 2023 substantially improved in September along with the new sunflower crop entering the market, allowing the Group to achieve a strong EBITDA margin of USD 158 per ton of vegetable oil for the full quarter.
  - With the Black Sea being inaccessible for the Group's exports, **Infrastructure and Trading** segment EBITDA totaled only USD 6 million. The result combines the profitable prop trading operations of Avere, loss-making grain origination operations in Ukraine (including loss from write-down of inventories to net realizable value), and undermined performance of infrastructure

USD million except ratios and EPS	Q1 FY2023	**Q1 FY2024**	y-o-y
Income statement highlights			
Revenue	655	**546**	*(17%)*
EBITDA [1]	168	**19**	*(89%)*
Net profit attributable to equity holders of the Company	162	**(31)**	*n/a*
EBITDA margin	26%	**3%**	*(22pp)*
Net margin	25%	**-6%**	*n/a*
Earnings per share [2], USD	2.09	**(0.21)**	*n/a*
Cash flow highlights			
Operating profit before working capital changes	181	**52**	*(71%)*
Change in working capital	(192)	**(111)**	*(42%)*
Finance costs paid, net	(20)	**(17)**	*(16%)*
Income tax paid	(1)	**(20)**	*26x*
Net cash generated by / (used in) operating activities	(31)	**(95)**	*3x*
Net cash used in investing activities	(39)	**(68)**	*73%*
Net cash generated by / (used in) financing activities	(107)	**21**	*n/a*
	30 Sep 2022	**30 Sep 2023**	y-o-y
Liquidity and credit metrics			
Net debt	1,496	**620**	*(59%)*
Commodity inventories [3]	701	**439**	*(37%)*
Adjusted net debt [4]	796	**181**	*(77%)*
Shareholders' equity	1,603	**1,760**	*10%*
Net debt / EBITDA [5]	13.9x	**1.6x**	*-12.4x*
Adjusted net debt / EBITDA [5]	7.4x	**0.5x**	*-6.9x*
EBITDA / Interest [6]	0.8x	**3.5x**	*+2.6x*

Note: Financial year ends 30 June, Q1 ends 30 September.
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 weighted average number of shares per period: 77.4 million shares for Q1 FY2023, 147.9 million shares for Q1 FY2024.
3 Commodity inventories are inventories such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets, and the international pricing mechanism. The Group used to call such inventories as "Readily marketable inventories", but after the beginning of the war in Ukraine, the Group faced difficulties selling such inventories, and therefore such inventories cannot any longer be considered as readily marketable.
4 Adjusted debt is the sum of short-term interest-bearing debt, current maturities of long-term interest-bearing debt, long-term interest-bearing debt and lease liabilities, less cash and cash equivalents and commodity inventories at cost.
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 summary

	Revenue, USD million			EBITDA, USD million			Volume, thousand tons [1]			EBITDA margin, USD/t [2]		
	Q1 FY2023	Q1 FY2024	y-o-y	Q1 FY2023	Q1 FY2024	y-o-y	Q1 FY2023	Q1 FY2024	y-o-y	Q1 FY2023	Q1 FY2024	y-o-y
Oilseed Processing	263	382	*45%*	45	58	*30%*	202	369	*83%*	223	158	*(29%)*
Infrastructure and Trading	517	307	*(41%)*	60	6	*(90%)*	732	203	*(72%)*	82	30	*(64%)*
Farming	161	22	*(86%)*	82	(23)	*n/a*						
Unallocated corporate expenses				(18)	(23)	*25%*						
Reconciliation	(287)	(165)	*(42%)*									
Total	**655**	**546**	***(17%)***	**168**	**19**	***(89%)***						

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

and logistics assets in Ukraine on the back of low grain export volumes in July-September 2023 due to closed Black Sea.

- **The Farming** segment appeared to be loss-making in Q1 FY2024, with a USD 23 million loss recognized at the EBITDA level (including a USD 10 million non-cash loss from the net change in fair value of biological assets) and negatively impacted also by a loss from a write-down of inventories to net realizable value.
- **Unallocated corporate expenses** in the reporting period amounted to USD 23 million, a 25% increase y-o-y but down 16% q-o-q.

- **Net finance costs** in Q1 FY2024 were unchanged as compared to the previous quarter, at USD 27 million.
- **Net loss attributable to shareholders** in Q1 FY2024 amounted to USD 31 million, marking the second consecutive quarter in which the company reported a negative net result.

Cash flow highlights

- **Operating profit before working capital changes** amounted to USD 52 million in Q1 FY2024, down 71% y-o-y and down 56% q-o-q, reflecting subdued results due to the blockade of the Ukrainian Black Sea ports for agri export from Ukraine.
- **Changes in working capital** resulted in USD 111 million cash outflow over the reporting period, primarily driven by the seasonal accumulation of commodity inventories given the progressing harvesting campaign in Ukraine.
- **Net cash used in investing activities** stood at USD 68 million in July-September 2023. As a part of investing activities, the Group used USD 47 million as a purchase of property, plant, and equipment (including the USD 19 million purchase of assets of the vegetable oil transshipment terminal in the port of Chornomorsk), made a USD 25 million prepayment to acquire the vegetable oil terminal in the Reni port in Ukraine, received USD 91 million from the disposal of subsidiaries (mostly related to the final payment of consideration for the divestment of the farming entities completed in March 2023), and placed additional USD 87 million deposit as a collateral for certain credit facilities.
- **Net cash generated by financing activities** in Q1 FY2024 totaled USD 21 million, comprising USD 60 million proceeds from share capital increase completed in September 2023 upon the request of the Group's creditors, and USD 32 million repayments of borrowings to the Group's lenders.

Credit highlights

- Group's **debt liabilities** in Q1 FY2024 **reduced** by 2% q-o-q, to USD 1,642 million, reflecting the partial repayments of bank loans according to the agreements reached with creditors.
- Given the cash outflow stemming from operating activities**, net debt** as of 30 September 2023 increased by 4% as compared to 30 June 2023, to USD 620 million.
- **Commodity Inventories**[1] ("CI") during Q1 FY2024 increased by 56%, to USD 439 million as of 30 September 2023, reflecting the seasonal accumulation of sunflower seeds and grain aligned with the progressing of the harvesting campaign in Ukraine: Kernel maintained active procurements of sunflower seeds, as well as progressed with harvesting of own crops (grain and oilseeds). Commodity Inventories included 1.9 million tons of grains (mostly corn and wheat), 124 thousand tons of edible oil, 140 thousand tons of sunflower and rapeseed meal, and 379 thousand tons of sunflower seeds.
- As a result, **Net debt adjusted for CI** as of 30 September 2023 declined by 42% q-o-q, to USD 181 million.
- The Group's **leverage** over Q1 FY2024 increased to 1.6x Net-debt-to-EBITDA and 0.5x Adjusted-net-debt-to-EBITDA, while the interest coverage ratio improved to 3.5x EBITDA-to-Interest, calculated on the last-twelve-months basis.
- In October 2023, Kernel **completed the third-during-a-wartime restructuring of its credit portfolio** for the total amount of USD 778 million.

Operating environment

Grain export

- The operating environment in Q1 FY2024 was generally unfavorable for the Group. After the demise of the UN-brokered Black Sea Grain Initiative on 17 July 2023, Russia also revoked its security guarantees for navigation to Ukraine's deep-sea ports.
- As a result, the Group had **limited capacity to export goods via the Ukrainian Black Sea ports** in Q1 FY2024. Group's **export terminals' throughput volumes** in July-September 2023 dropped 83% as compared to the previous quarter. Kernel's **grain export volume from Ukraine** in Q1 FY2024 amounted to 203 thousand tons, down 68% as compared to the previous quarter. The vast majority of that was exported via Ukrainian Danube River ports and by railways in the direction of the Romanian port of Constanta.
- The situation with the Black Sea export routes, however, substantially improved after the Ukrainian Navy established a temporary corridor for commercial navigation. The first vessel left Odesa Port on 16 August, while the first inbound vessel arrived there on 16 September. Capitalizing on the opportunity provided, **Kernel significantly increased grain export volumes starting from October 2023**, and seaborne shipments keep accelerating.
  - At the same time, the elevated **risk of Russian attacks on**

[1] Commodity inventories are inventories such as corn, wheat, sunflower oil, and other products that were easily convertible into cash before the Russian invasion of Ukraine given their commodity characteristics, widely available markets, and the international pricing mechanism. The Group used to call such inventories as "Readily marketable inventories", but after the beginning of the war in Ukraine the Group faced difficulties selling such inventories, and therefore such inventories cannot any longer be considered as readily marketable.

Harvest update

	Acreage, thousand hectares			Net yields [1], tons / hectare			Harvest size, thousand tons		
	FY2023	**FY2024**	y-o-y	FY2023	**FY2024**	y-o-y	FY2023	**FY2024**	y-o-y
Corn	149.7	84.4	*(44%)*	8.8	10.2	*15%*	1,324	861	*(35%)*
Sunflower	130.6	119.7	*(8%)*	2.5	2.8	*10%*	332	335	*1%*
Soybean	6.3	65.0	*10x*	2.9	2.9	*0%*	18	188	*10x*
Wheat	34.9	61.1	*75%*	4.6	6.7	*44%*	161	406	*152%*
Other [2]	41.4	28.4	*(32%)*						
Total[3]	**362.9**	**358.7**	***(1%)***				**1,836**	**1,791**	***(2%)***

Note 1 Net crop yields are preliminary figures based on the completed harvesting campaign for the 2023 crop. One ton per hectare equals 15.9 bushels per acre for corn and 14.9 bushels per acre for wheat.
Note 2 Includes rapeseed, barley, rye, oats, forage crops, and other minor crops, as well as fallow land.
Note 3 The acreage harvested in FY2023 does not reflect 134 thousand ha of the farmland that was recognized among the assets held for sale, as part of the divestiture transaction initiated (commenced) in April 2022 and completed in March 2023.
Differences are possible due to rounding.

Ukrainian port infrastructure continues to pose a significant challenge, casting uncertainty on the possibility of seaborne shipments fully returning to pre-war levels. As an example, the Group's assets in the Chornomorsk and Reni ports were under attack in Q1 FY2024, with an estimated recovery cost of USD 21 million and inventory losses of USD 11 million. Furthermore, in November 2023, Russia launched a missile attack on a foreign civilian vessel in the Pivdennyi port in Ukraine, resulting in casualties among the crew. This incident poses a threat to maritime navigation, heightens uncertainty regarding freight rates, and raises concerns about the availability of vessels in the near term.

Oilseed processing value chain

- The Group's oilseed processing business has proven to be more resilient to logistics disruptions caused by the Black Sea blockade. Kernel secured sufficient vegetable oil transshipment capacities on the Danube River and established in-land export routes. Therefore, oilseed processing and vegetable oil sales volumes exhibit lower volatility.
- As such, Kernel oil extraction plants **processed 610 thousand tons of oilseeds** (sunflower seeds and rapeseeds) in Q1 FY2024, which is down 5% as compared to the previous quarter. Due to the seasonal deficit of sunflower seeds at the end of the processing season (before the new harvest comes in September-October 2023), the Group switched to rapeseed processing at two of its plants, crushing 112 thousand tons in total for three months ended 30 September 2023. Two of the Group's eight plants are located in the Kharkiv region and remain inaccessible for operations due to the constant missile and artillery strikes in this area and proximity to regions with active war actions.
- **EBITDA margin** generated in Q1 FY2024 remained at strong **158 USD per ton of sunflower oil sold**, flat as compared to the previous quarter, but representing a 29% decline y-o-y.
- Fundamentals for the Oilseed Processing segment performance in FY2024 remain favorable in general. **The new crop of sunflower seeds** is estimated at 14 million tons, up 18% y-o-y. Accounting for carry-over stocks and exports of sunflower seeds, total sunflower seed processing volumes in Ukraine in the current season are expected to be 10-15% higher y-o-y, boding well for crush capacities utilization. **Sunflower oil prices**, however, keep fluctuating at relatively low levels, undermining segment profitability.

Harvest update

- As of December 2023, Kernel completed the harvesting of 2023 crop. The Group achieved a record corn yield of 10.2 tons per hectare (up 15% y-o-y) on the back of extremely supporting weather conditions during the season. Sunflower yield reached 2.8 tons per hectare (an 11% growth y-o-y), and soybean yield amounted to 2.9 tons per hectare.
- On the contrary to the previous year, there were no major disruptions during the 2023 harvesting campaign due to the war in Ukraine or other factors.
- As of the date of this report, Kernel completed the planting of winter crops of 2024 harvest, with 93 thousand hectares under winter wheat and 14 thousand hectares under rapeseeds.

War impact and risks

- With the onset of the cold season, the likelihood of substantial Russian shelling targeting vital Ukrainian energy infrastructure, as experienced in the previous winter, is increasing. While in FY2023, Kernel faced temporary suspension of oilseed processing operations at several plants and operational instability, in FY2024, the Group is generally better prepared for power outages. As of the day of this report, there were no major operations disruptions due to power outages.
- Since the beginning of the war, a total of 1,502 employees within the Group have been mobilized to serve in the Armed Forces of Ukraine or have joined Territorial Defense units. Among them, 648 individuals have been demobilized and have since returned to work. Regrettably, **Kernel lost 39 employees, who valiantly sacrificed their lives in the defense of Ukraine**. Furthermore, 87 employees sustained injuries as a consequence of their involvement in military actions. As of December 2023, the Group upholds its commitment to support affected employees and their families, as well as extending assistance to civilians in need and those courageously defending Ukraine.

Segment volumes

thousand metric tons	**Q1 FY2023**	**Q4 FY2023**	**Q1 FY2024**	***y-o-y***	***q-o-q***
Oilseeds processed	461	644	610	32%	(5%)
Sunflower oil sales	202	319	369	83%	16%
Grain and oilseeds received in inland silos	523	98	1,208	2.3x	12.3x
Export terminal throughput (Ukraine)	721	928	162	(78%)	(83%)
Grain export from Ukraine	732	627	203	(72%)	(68%)

Differences are possible due to rounding.

Investments and M&A

- To improve the resilience of its oilseed processing business which has been the Group's major earnings driver recently, the Group **acquired assets for transshipment of vegetable oils in the port of Chornomorsk** for USD 19.4 million. One-time sunflower oil storage of 105 thousand tons allows the Group not to stop crushing plants during transportation disruptions, as heavily experienced in FY2022- FY2023, and smooth down the logistics. In case Ukrainian Black Sea ports are unblocked, the assets will be used as a core deep-water transshipment base on the Black Sea for sunflower oil exported by the Group. Historically, the terminal was inactive and not adequately maintained for an extended period, so it will take some time to make it fully functional.
- Additionally, the Group **agreed to acquire 100% of corporate rights in Reni-Oil LLC**, a sunflower oil transshipment terminal with 15 thousand tons of one-time sunflower oil storage in the Reni port for USD 24.75 million. It is the only terminal with proper intake, storage, and off-loading capacities among Ukrainian Danube River ports, allowing to export of sunflower oil even in case of the blockade of the Black Sea ports. The deal is expected to be completed by 31 December 2023.
- During the three months that ended 30 September 2023, the Group divested one of its grain elevators located in the Kharkiv region. The net assets of the disposed entity as of the date of disposal were equal to USD 175 thousand and the cash consideration received was USD 1,067 thousand. Gain on disposal comprised USD 892 thousand.
- In December 2023, Kernel launched the Group's fifth co-generation heat and power facility at the Prydniprovskyi oil extraction plant, with 21 MW installed electricity generation capacity. It contributes to the Group's resilience to the risk of potential power outages.
- The Group is on track to commission its new state-of-the-art crushing plant in the Khmelnytskyi region in spring 2024. This facility will possess an annual processing capacity of 1 million tons of sunflower seeds, making it the largest of its kind in Ukraine.

Corporate highlights

- In September 2023, Kernel Holding S.A. **increased share capital** by issuing 216,000,000 new ordinary shares and raising USD 60 million in proceeds, according to the request of the Group's creditors in order to proceed with the restructuring of the loan portfolio. The shares were allocated to the existing shareholders of the Company according to the results of the share offering process announced by the Company in the current report No. 30/2023 on 22 August 2023. These shares, all paid up in cash, were issued in the registered form and they will not be admitted to trading on any securities exchange. Each share offers its holder a single voting right at the Company's general shareholder meetings. Additionally, each of these shares carries dividend rights congruent with the existing shares, except for the 6,602,000 shares owned by Etrecom Investments Limited, a subsidiary of the Company.
- On 11 December 2023, Kernel Holding S.A. **held its Annual General Meeting of shareholders**, which adopted the resolutions as disclosed in the current report No. 47/2023 dated 12 December 2023. Among others, the Annual General Meeting of shareholders:
  - Appointed Mr. Sergiy Volkov as the new director of Kernel Holding S.A. and acknowledged the resignation of Mrs. Viktoriia Lukianenko from her mandate as executive director of the Company;
  - Approved the amendments to the management incentive plan and amended the remuneration policy.

Alternative Performance Measures

for the three months ended 30 September 2023

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

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

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

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

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

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

EBITDA and EBITDA margin

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

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

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

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

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

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

in thousand USD except the margin	Q1 FY2023	**Q1 FY2024**
Profit from operating activities	**142,467**	**(1,382)**
add back:		
Amortization and depreciation	25,909	20,016
EBITDA	**168,376**	**18,634**
Revenue	**654,557**	**546,263**
EBITDA margin	**25.7%**	**3.4%**

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

Alternative Performance Measures continued

for the three months ended 30 September 2023

Segment EBITDA and Segment EBITDA margin

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

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

Calculation of Segment EBITDA and Segment EBITDA margin:

in thousand USD	Q1 FY2023	**Q1 FY2024**
Oilseed Processing		
Profit from operating activities	37,641	50,553
plus Amortization and depreciation	7,338	7,721
Segment EBITDA	**44,979**	**58,274**
Segment revenue	263,311	381,671
Segment EBITDA margin	**17%**	**15%**
Infrastructure and Trading		
Profit from operating activities	54,915	(282)
plus Amortization and depreciation	5,247	6,316
Segment EBITDA	**60,162**	**6,034**
Segment revenue	516,742	307,315
Segment EBITDA margin	**12%**	**2%**
Farming		
Profit from operating activities	68,732	(27,744)
plus Amortization and depreciation	12,792	4,954
Segment EBITDA	**81,524**	**(22,790)**
Segment revenue	161,320	22,419
Segment EBITDA margin	**51%**	**(102%)**
Other		
Loss from operating activities	(18,821)	(23,909)
plus Amortization and depreciation	532	1,025
Segment EBITDA	**(18,289)**	**(22,884)**

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.

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

in thousand USD	Q1 FY2023	**Q1 FY2024**
Net cash used in investing activities	**(39,450)**	**(68,094)**
Adding back:		
Purchase of property, plant and equipment	(30,029)	(47,029)
Proceeds from disposal of property, plant and equipment	-	280
Investing Cash Flows net of Fixed Assets Investments	**(9,421)**	**(21,345)**

Net Fixed Assets Investments

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

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

in thousand USD	Q1 FY2023	**Q1 FY2024**
Net cash used in investing activities	**(39,450)**	**(68,094)**
less:		
Investing Cash Flows less Net Fixed Assets Investments	(9,421)	(21,345)
Net Fixed Assets Investments	**(30,029)**	**(46,749)**

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 (used in) operating activities less changes in working capital, including:

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

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

in thousand USD	Q1 FY2023	**Q1 FY2024**
Net cash used in operating activities	**(31,363)**	**(95,035)**
Less:		
Changes in working capital, including:	(191,795)	(110,973)
Change in trade receivable	(205,943)	64,862
Change in other financial assets	12,663	(36,386)
Change in prepayments and other current assets	17,259	(27,005)
Change in restricted cash balance	58	-
Change in taxes recoverable and prepaid	(79,634)	79,381
Change in biological assets	(40,183)	73,015
Change in inventories	73,529	(218,619)
Change in trade accounts payable	(5,031)	(18,807)
Change in advances from customers and other current liabilities	35,487	(27,414)
Operating Cash Flows before Working Capital Changes	**160,432**	**15,938**

Alternative Performance Measures continued

for the three months ended 30 September 2023

Free Cash Flows to the Firm

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

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

in thousand USD	Q1 FY2023	Q1 FY2024
Net cash used in operating activities	(31,363)	(95,035)
Net cash used in investing activities	(39,450)	(68,094)
Free Cash Flows to the Firm	**(70,813)**	**(163,129)**

Commodity Inventories

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

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

in thousand USD	As of 30 September 2022	**As of 30 September 2023**
Sunflower oil & meal	230,018	111,875
Sunflower seed	178,347	94,985
Grains	290,425	231,269
Other	116,792	122,807
Total	**815,582**	**560,936**
of which: ***Commodity Inventories***	***700,616***	***438,608***

Debt Liabilities

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

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

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

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

in thousand USD	As of 30 September 2022	**As of 30 September 2023**
Bonds issued	-	-
Current bonds issued	595,515	596,708
Interest on bonds issued	17,440	17,440
Long-term borrowings	-	-
Current portion of long-term borrowings	-	-
Short-term borrowings	953,245	837,197
Lease liabilities	168,392	168,091
Current portion of lease liabilities	29,518	22,573
Debt Liabilities	**1,764,110**	**1,642,009**
less: cash and cash equivalents	267,650	1,022,148
Net Debt	**1,496,460**	**619,861**
less: commodity inventories	700,616	438,608
Adjusted Net Debt	**795,844**	**181,253**

Adjusted Working Capital

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

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

in thousand USD	As of 30 September 2022	**As of 30 September 2023**
Total current assets	**2,390,188**	**2,325,569**
less:		
Cash and cash equivalents	267,650	812,339
Assets classified as held for sale	259,272	-
Total current liabilities	2,067,483	1,807,841
add back:		
Short-term borrowings	953,245	837,197
Current portion of long-term borrowings	-	-
Current bonds issued	595,515	596,708
Current portion of lease liabilities	29,518	22,573
Interest on bonds issued	17,440	17,440
Adjusted Working Capital	**1,391,501**	**1,179,307**

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

APM	Calculation	Why APM is the most important for management
EBITDA	Profit from operating activities adding back amortization and depreciation.	**EBITDA** is the main metric used by the management of the Group to measure operating performance. It is also widely used by investors when evaluating businesses, and by rating agencies and creditors to evaluate the leverage.
EBITDA margin	**EBITDA** divided by revenue during the reported period.	**EBITDA margin** is a metric widely used to measure profitability of Group's operations.
Segment EBITDA	Segment profit from operating activities adding back amortization and depreciation.	**EBITDA** is the main metric used by management of the Group to measure segment operating performance.
Segment EBITDA margin	**Segment EBITDA** divided by segment revenue during the reporting period.	**Segment EBITDA margin** is the metric widely used to measure profitability of Group's segment operations.
Investing Cash Flows net of Fixed Assets Investments	Net cash used in investing activities adding back purchase of property, plant and equipment, and proceeds from disposal of property, plant and equipment.	As the Group has grown and developed through acquisitions, this APM helps to monitor the M&A and other investing activities of the Group.
Net Fixed Assets Investments	Net cash used in investing activities less **Investing Cash Flows net of Fixed Assets Investments**.	The Group is executing a solid investment program, and fixed assets investment is an important measure to monitor capital expenditure as a part of the execution of investment program.
Operating Cash Flows before Working Capital Changes	Net cash generated by operating activities less changes in working capital activities, including: • change in trade receivable; • change in other financial assets; • change in prepayments and other current assets; • change in restricted cash balance; • change in taxes recoverable and prepaid; • change in biological assets; • change in inventories; • change in trade accounts payable; and • change in advances from customers and other current liabilities.	The Group uses this APM as a pre-working capital measure that reflects Group's ability to generate cash for investment, debt servicing and distributions to shareholders.
Free Cash Flows to the Firm	Sum of net cash generated by operating activities and net cash used in investing activities**.**	The Group uses this APM as it reflects the cash generating capability of the Group to repay debt and distribute dividends to shareholders.
Commodity Inventories	Agricultural inventories, such as corn, wheat, barley, soybean, sunflower seed, meal and oil.	The Group uses this APM as an additional measure of its liquidity, which the Group uses to provide a supplemental tool to assist management and investors in evaluating current business performance and in calculating credit ratios under certain of the Group's financing arrangements.
Debt Liabilities	Sum of bonds issued, current bonds issued, interest on bonds issued, long-term borrowings, current portion of long-term borrowings, short-term borrowings; lease liabilities and current portion of lease liabilities.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit investors and rating agencies.
Net Debt	**Debt Liabilities** less cash and cash equivalents.	The Group uses this APM, as it is a useful measure of the leverage of the Group, which is widely used by credit and equity investors and rating agencies.
Adjusted Net Debt	**Net Debt** less commodity inventories.	The Group uses this APM as a supplemental measure of the Group's liquidity, which shows the amount of Debt Liabilities not covered by cash and commodity inventories.
Adjusted Working Capital	Current assets (excluding cash and cash equivalents, and assets classified as held for sale) less current liabilities (excluding short-term borrowings, current portion of long-term borrowings, current portion of lease liabilities, current bonds issued, interest on bonds issued, and liabilities associated with assets classified as held for sale).	The indicator of working capital is important for the Group, as the Group is involved in trading and processing activities and hold large volumes of inventories on the balance. The Group also invests in business expansion, which needs working capital investments to increase efficiency. It is useful for users and investors because it measures both a Group's efficiency and its short-term financial health. It also helps management to keep a business operating smoothly and meet all its financial obligation within the coming year.

Selected Financial Data

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

		USD[1]		PLN		EUR	
		30 September 2023	30 September 2022	**30 September 2023**	30 September 2022	**30 September 2023**	30 September 2022
I.	Revenue	**546,263**	654,557	**2,259,393**	3,080,149	**502,234**	649,255
II.	(Loss)/Profit from operating activities	**(1,382)**	142,467	**(5,716)**	670,407	**(1,271)**	141,313
III.	(Loss)/Profit before income tax	**(31,468)**	166,579	**(130,154)**	783,871	**(28,932)**	165,230
IV.	(Loss)/Profit for the period	**(30,865)**	161,594	**(127,660)**	760,413	**(28,377)**	160,285
V.	Net cash used in operating activities	**(95,035)**	(31,363)	**(393,073)**	(147,584)	**(87,375)**	(31,110)
VI.	Net cash used in investing activities	**(68,094)**	(39,450)	**(281,643)**	(185,640)	**(62,606)**	(39,130)
VII.	Net cash generated by/(used in) financing activities	**21,362**	(109,104)	**88,355**	(513,411)	**19,640**	(108,220)
VIII.	Total net cash flow	**(141,767)**	(179,917)	**(586,361)**	(846,635)	**(130,341)**	(178,460)
IX.	Total assets	**3,813,709**	3,901,663	**16,664,764**	19,326,107	**3,594,802**	3,968,381
X.	Current liabilities	**1,807,841**	2,067,483	**7,899,723**	10,240,864	**1,704,071**	2,102,837
XI.	Non-current liabilities	**244,072**	228,858	**1,066,521**	1,133,602	**230,062**	232,771
XII.	Issued capital	**7,923**	2,219	**34,621**	10,991	**7,468**	2,257
XIII.	Total equity	**1,761,796**	1,605,322	**7,698,520**	7,951,641	**1,660,669**	1,632,773
XIV.	Weighted average number of shares	**147,864,013**	77,429,230	**147,864,013**	77,429,230	**147,864,013**	77,429,230
XV.	(Loss)/Profit per ordinary share (in USD/PLN/EUR)	**(0.21)**	2.09	**(0.86)**	9.82	**(0.19)**	2.07
XVI.	Diluted number of shares	**147,864,013**	77,429,230	**147,864,013**	77,429,230	**147,864,013**	77,429,230
XVII.	Diluted (loss)/profit per ordinary share (in USD/PLN/EUR)	**(0.21)**	2.09	**(0.86)**	9.82	**(0.19)**	2.07
XVIII.	Book value per share (in USD/PLN/EUR)	**6.00**	20.70	**26.22**	102.53	**5.66**	21.05
XIX.	Diluted book value per share (in USD/PLN/EUR)	**6.00**	20.70	**26.22**	102.53	**5.66**	21.05

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

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

Condensed Consolidated Interim Statement of Financial Position

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Assets				
Current assets				
Cash and cash equivalents	8	812,339	954,103	267,650
Trade accounts receivable	16	248,975	321,579	332,861
Prepayments to suppliers	16	177,533	135,044	137,258
Corporate income tax prepaid		11,490	3,595	9,764
Taxes recoverable and prepaid		82,793	162,280	233,831
Inventory	9	560,936	341,543	815,582
Biological assets	10	35,470	147,895	132,549
Other financial assets	11,16	396,033	376,063	201,421
Assets classified as held for sale		—	—	259,272
Total current assets		**2,325,569**	**2,442,102**	**2,390,188**
Non-current assets				
Property, plant and equipment		1,048,943	1,020,411	1,002,333
Right-of-use assets		198,212	205,644	199,988
Intangible assets		36,483	36,334	121,910
Goodwill		71,632	71,632	67,364
Deferred tax assets		26,986	21,353	36,341
Non-current financial assets	16	36,407	25,524	34,159
Other non-current assets	16	69,477	62,169	49,380
Total non-current assets		**1,488,140**	**1,443,067**	**1,511,475**
Total assets		**3,813,709**	**3,885,169**	**3,901,663**
Liabilities and equity				
Current liabilities				
Trade accounts payable	16	139,663	158,567	144,650
Advances from customers and other current liabilities	16	127,554	153,770	126,084
Corporate income tax liabilities		4,693	12,943	6,619
Short-term borrowings	12	837,197	869,933	953,245
Current portion of lease liabilities		22,573	31,160	29,518
Current bonds issued	13	596,708	596,211	595,515
Interest on bonds issued		17,440	7,612	17,440
Other financial liabilities	16	62,013	68,608	95,480
Liabilities associated with assets classified as held for sale		—	—	98,932
Total current liabilities		**1,807,841**	**1,898,804**	**2,067,483**
Non-current liabilities				
Lease liabilities		168,091	166,735	168,392
Deferred tax liabilities		20,903	20,557	21,874
Other non-current liabilities	16	55,078	55,078	38,592
Total non-current liabilities		**244,072**	**242,370**	**228,858**
Equity attributable to Kernel Holding S.A. equity holders				
Issued capital	2	7,923	2,219	2,219
Share premium reserve	2	554,658	500,378	500,378
Additional paid-in capital		39,944	39,944	39,944
Treasury shares		(96,897)	(96,897)	(96,897)
Revaluation reserve		104,303	104,303	104,303
Translation reserve		(943,407)	(932,089)	(1,058,422)
Retained earnings		2,093,270	2,123,999	2,111,266
Total equity attributable to Kernel Holding S.A. equity holders		**1,759,794**	**1,741,857**	**1,602,791**
Non-controlling interests		2,002	2,138	2,531
Total equity		**1,761,796**	**1,743,995**	**1,605,322**
Total liabilities and equity		**3,813,709**	**3,885,169**	**3,901,663**
Book value		1,759,794	1,741,857	1,602,791
Number of shares	2	293,429,230	77,429,230	77,429,230
Book value per share (in USD)		6.00	22.50	20.70
Diluted number of shares		293,429,230	77,429,230	77,429,230
Diluted book value per share (in USD)		6.00	22.50	20.70

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

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

Condensed Consolidated Interim Statement of Profit or Loss

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	For the three months ended 30 September 2023	For the three months ended 30 September 2022
Revenue	14,16	546,263	654,557
Net change in fair value of biological assets and agricultural produce	10	(10,480)	(2,190)
Cost of sales	15,16	(484,054)	(479,024)
Gross profit		**51,729**	**173,343**
Other operating income	16	9,709	19,018
Other operating expenses		(13,465)	(2,898)
General, administrative and selling expenses	16	(31,311)	(44,281)
Net impairment losses on financial assets		(19,958)	(6,508)
Reversal of impairment losses on assets		1,914	3,793
(Loss)/Profit from operating activities		**(1,382)**	**142,467**
Finance costs		(36,473)	(38,370)
Finance income	16	9,868	3,579
Foreign exchange (loss)/gain, net		(1,271)	58,174
Other (expenses)/income, net	16	(2,210)	729
(Loss)/Profit before income tax		**(31,468)**	**166,579**
Income tax benefit/(expenses)		603	(4,985)
(Loss)/Profit for the period		**(30,865)**	**161,594**
(Loss)/Profit for the period attributable to:			
Equity holders of Kernel Holding S.A.		**(30,729)**	**161,535**
Non-controlling interests		(136)	59
Earnings per share			
Weighted average number of shares		147,864,013	77,429,230
(Loss)/profit per ordinary share (in USD)		(0.21)	2.09
Diluted number of shares		147,864,013	77,429,230
Diluted (loss)/profit per ordinary share (in USD)		(0.21)	2.09

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

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

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

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	For the three months ended 30 September 2023	For the three months ended 30 September 2022
(Loss)/Profit for the period		**(30,865)**	**161,594**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations[1]		(11,318)	(242,493)
Other comprehensive loss		**(11,318)**	**(242,493)**
Total comprehensive loss for the period		**(42,183)**	**(80,899)**
Total comprehensive loss attributable to:			
Equity holders of Kernel Holding S.A.		(42,047)	(80,397)
Non-controlling interests		(136)	(502)

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

[1] Exchange differences on translating foreign operations increased mostly as a result of foreign exchange rate change.

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

Condensed Consolidated Interim Statement of Changes in Equity

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

	Attributable to Kernel Holding S.A. shareholders									
	Issued capital	Share premium reserve	Additional paid-in capital	Treasury shares	Revaluation reserve	Translation reserve	Retained Earnings	**Total**	Non-controlling interests	**Total equity**
Balance as of 30 June 2022	**2,219**	**500,378**	**39,944**	**(96,897)**	**104,303**	**(816,490)**	**1,949,731**	**1,683,188**	**3,033**	**1,686,221**
Profit for the period	—	—	—	—	—	—	161,535	**161,535**	59	**161,594**
Other comprehensive loss	—	—	—	—	—	(241,932)	—	**(241,932)**	(561)	**(242,493)**
Total comprehensive income/(loss) for the period	**—**	**—**	**—**	**—**	**—**	**(241,932)**	**161,535**	**(80,397)**	**(502)**	**(80,899)**
Balance as of 30 September 2022	**2,219**	**500,378**	**39,944**	**(96,897)**	**104,303**	**(1,058,422)**	**2,111,266**	**1,602,791**	**2,531**	**1,605,322**
Balance as of 30 June 2023	**2,219**	**500,378**	**39,944**	**(96,897)**	**104,303**	**(932,089)**	**2,123,999**	**1,741,857**	**2,138**	**1,743,995**
Loss for the period	—	—	—	—	—	—	(30,729)	**(30,729)**	(136)	**(30,865)**
Other comprehensive loss	—	—	—	—	—	(11,318)	—	**(11,318)**	—	**(11,318)**
Total comprehensive loss for the period	—	—	—	—	—	**(11,318)**	**(30,729)**	**(42,047)**	**(136)**	**(42,183)**
Increase of share capital (Note 2)	5,704	54,280	—	—	—	—	—	**59,984**	—	**59,984**
Balance as of 30 September 2023	**7,923**	**554,658**	**39,944**	**(96,897)**	**104,303**	**(943,407)**	**2,093,270**	**1,759,794**	**2,002**	**1,761,796**

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

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

Condensed Consolidated Interim Statement of Cash Flows

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

	Notes	For the three months ended 30 September 2023	For the three months ended 30 September 2022
Operating activities:			
(Loss)/Profit before income tax		**(31,468)**	**166,579**
Adjustments for:			
Amortization and depreciation		20,016	25,909
Finance costs		36,473	38,370
Finance income		(9,868)	(3,579)
Net impairment losses on financial assets		19,958	6,508
Other accruals		1,801	(43)
Loss on disposal of property, plant and equipment		210	559
Net foreign exchange (gain)/loss		591	(56,968)
Reversal of impairment losses on assets		(1,914)	(3,793)
Net change in fair value of biological assets and agricultural produce	10	10,480	2,190
Gain on sales of subsidiaries and joint ventures		(892)	(4,368)
Net gain arising on financial instruments		(15,976)	(4,529)
Write-downs of inventories to net realisable value	9	22,966	14,036
Operating profit before working capital changes		**52,377**	**180,871**
Changes in working capital:			
Change in trade receivable		64,862	(205,943)
Change in other financial assets		(36,386)	12,663
Change in prepayments and other current assets		(27,005)	17,259
Change in the restricted cash balance		—	58
Change in taxes recoverable and prepaid		79,381	(79,634)
Change in biological assets		73,015	(40,183)
Change in inventories		(218,619)	73,529
Change in trade accounts payable		(18,807)	(5,031)
Change in advances from customers and other current liabilities		(27,414)	35,487
Cash used in operations		**(58,596)**	**(10,924)**
Interest paid		(26,316)	(23,245)
Interest received		9,708	3,579
Income tax paid		(19,831)	(773)
Net cash used in operating activities		**(95,035)**	**(31,363)**
Investing activities:			
Purchase of property, plant and equipment		(47,029)	(30,029)
Proceeds from disposal of property, plant and equipment		280	—
Payment for lease agreements		(353)	(2,865)
Purchase of intangible and other non-current assets		(625)	(5,989)
Proceeds from disposal of intangible and other non-current assets		—	623
Amount advanced for subsidiary		(24,766)	(6,436)
Placement of pledge deposits		(87,106)	—
Proceeds from disposal of subsidiaries	7,16	90,711	—
Proceeds from disposal of financial assets		794	5,246
Net cash used in investing activities		**(68,094)**	**(39,450)**
Financing activities:			
Proceeds from borrowings		—	43,502
Repayment of borrowings		(31,940)	(150,478)
Proceeds from farmers		—	200
Repayment of lease liabilities		(6,682)	—
Issued capital	2	5,704	—
Proceeds from share premium reserve increase	2	54,280	—
Net cash generated by/(used in) financing activities		**21,362**	**(106,776)**
Effects of exchange rate changes on the balance of cash held in foreign currencies		—	(2,328)
Net decrease in cash and cash equivalents		(141,767)	(179,917)
Cash and cash equivalents, at the beginning of the year	8	954,093	447,566
Cash and cash equivalents, at the end of the year	8	812,326	267,649

For non-cash financing activities please see Note 8.

On behalf of the Board of Directors

Andrii Verevskyi
Chairman of the Board of Directors

Sergiy Volkov
Director, Chief Financial Officer

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

for the three months ended 30 September 2023 (in thousands of US dollars, unless otherwise stated)

1. Corporate Information

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

Kernel Holding S.A. has been a publicly traded company since 2007. Kernel Holding S.A. made an announcement on 13 April 2023, indicating that their Board of Directors had decided to withdraw the company's shares from trading on the Warsaw Stock Exchange's regulated market. However, as of 30 September 2023, the delisting process has not been completed.

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 majority of the Group's manufacturing facilities is primarily based in Ukraine.

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

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

As of 30 September, the primary Subsidiaries of the Group and principal activities of the Subsidiaries consolidated by the Holding were as follows:

			Group's effective ownership interest and voting rights as of	
Subsidiary	**Principal activity**	**Country of incorporation**	**30 September 2023**	**30 September 2022**
Inerco Trade S.A.	Trading in sunflower oil, meal and grain.	Switzerland	100.0%	100.0%
Kernel-Trade LLC		Ukraine	100.0%	100.0%
Avere Commodities SA		Switzerland	100.0%	100.0%
Poltava OEP PJSC	Oilseed crushing plants. Production of sunflower oil and meal.	Ukraine	99.7%	99.7%
Bandurka OEP LLC		Ukraine	100.0%	100.0%
Vovchansk OEP PJSC		Ukraine	99.4%	99.4%
Prykolotne OEP LLC		Ukraine	100.0%	100.0%
Kropyvnytskyi OEP PJSC		Ukraine	99.2%	99.2%
BSI LLC		Ukraine	100.0%	100.0%
Prydniprovskyi OEP LLC		Ukraine	100.0%	100.0%
Estron Corporation Ltd	Provision of grain, oil and meal handling and transshipment services	Cyprus	100.0%	100.0%
Transbulkterminal LLC		Ukraine	100.0%	100.0%
Transgrainterminal LLC		Ukraine	100.0%	100.0%
Oilexportterminal LLC		Ukraine	100.0%	—
Poltava HPP PJSC	Grain elevators. Provision of grain and oilseed cleaning, drying and storage services.	Ukraine	94.1%	94.1%
Kononivsky Elevator LLC		Ukraine	100.0%	100.0%
Agro Logistics Ukraine LLC		Ukraine	100.0%	100.0%
Bilovodskyi KHP PJSC		Ukraine	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%
Prydniprovskyi Kray ALLC		Ukraine	100.0%	100.0%
Enselco Agro LLC		Ukraine	—[1]	100.0%
Druzhba-Nova ALLC		Ukraine	100.0%	100.0%
Druzhba 6 PE		Ukraine	100.0%	100.0%
AF Semerenky LLC		Ukraine	100.0%	100.0%
Hovtva ALLC		Ukraine	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 22 December 2023.

[1] The company was disposed on 3 March 2023.

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2. Change in Issued Capital

The issued capital of the Kernel Holding S.A. as of 30 September 2023, consisted of 300,031,230 ordinary electronic shares without indication of the nominal value. Ordinary shares have equal voting rights and rights to receive dividends (except for own shares purchased).

The shares were distributed as follows:

	As of 30 September 2023		As of 30 June 2023		As of 30 September 2022	
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')	274,857,376	91.61%	62,222,460	74.05%	31,974,011	38.05%
Free float	18,571,854	6.19%	15,206,770	18.10%	45,455,219	54.09%
Own shares purchased	6,602,000	2.20%	6,602,000	7.85%	6,602,000	7.86%
Total	**300,031,230**	**100.00%**	**84,031,230**	**100.00%**	**84,031,230**	**100.00%**

As of 30 September 2023, the Company's immediate majority shareholder was Namsen Limited Liability Company ('Namsen LLC') and the Company was ultimately controlled by Mr. Andrii Verevskyi (30 September 2022: no ultimately controlling party). As of 30 September, 30 June 2023, and 30 September 2022, 100% of the beneficial interest in Namsen LLC was held by Mr. Andrii Verevskyi.

As of 1 September 2023, the Company increased its share capital by USD 5,704 thousand, through the issuance of 216,000,000 new Ordinary Shares, each without indication of a nominal value. The total offering of USD 59,983 thousand was raised from qualified investors, with USD 54,280 thousand allocated to share premium.

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 30 September 2023, 30 June 2023 and 30 September 2022, may not be distributed as dividends.

3. Operating Environment

The Ukrainian economy has features inherent in emerging markets, and its development is heavily influenced by the fiscal and monetary policies adopted by the Ukrainian government, together with developments in the legal, regulatory, and political environment which changes rapidly.

On 24 February 2022, Russia launched a full-scale military invasion of Ukraine. As a response, Ukraine declared martial law which is still in place as of the date of signing of these condensed consolidated interim financial statements as the military actions are still ongoing in the Eastern and Southern parts of Ukraine along the frontline, some towns and cities in these regions remain temporarily occupied while Russia conducts sporadic bombardments throughout the whole Ukrainian territory.

In the initial nine months of 2023, there was a significant deceleration in consumer price growth, with the year-on-year rate dropping to 7.1% in September from 26.6% in December 2022. This slowdown in inflation was primarily attributed to a supply of raw food products and the positive impact of larger yields of grains and oilseeds on food product prices. In addition, inflation was tempered by the freezing of certain utility tariffs and an improvement in exchange rates and inflation expectations, facilitated by a stable foreign exchange market and measures implemented by the National Bank of Ukraine (hereinafter referred to as the 'NBU'). Nevertheless, despite a reduction in pressure from input costs for food products, businesses continued to face substantial war-related expenditures. The expenses related to energy and labor persisted in their upward trajectory for companies.

International financial aid continued to be the primary means of financing the deficit and repaying debts, with Ukraine receiving USD 9.1 billion for the three months ended 30 September 2023. At the same time, investor interest in domestic government debt securities persisted in the quarter ended 30 September 2023, largely driven by appealing real rates. With substantial amounts of debt used to finance the budget shortfall, the public and publicly guaranteed debt reached approximately 80% of gross domestic product (hereinafter referred to as the 'GDP') as of the end of September 2023, according to estimates from the NBU.

After the commencement of the Russian invasion, the NBU abandoned its inflation-targeting policy and effective from 27 October 2023 decreased its key policy rate to 16%.

In October 2023, the NBU improved its real GDP growth forecast for 2023 from 2.9 to 4.9%. In 2024, the economy is expected to grow by 3.6%, despite the continued high security risks, with further growth of real GDP by 6% in 2025.

In order to stabilize the Ukrainian financial system during the war, the NBU fixed the official hryvnia exchange at UAH 36.57 per USD from 21 July 2022. In July 2023 the NBU announced the plans regarding easing of foreign currency restrictions and the return to a floating exchange rate and inflation targeting, which will be done gradually and subject to some preconditions being in place. At the date of this condensed consolidated interim financial statement, the official NBU exchange rate of Hryvnia against the US dollar remained at the level of UAH 36.57 per USD 1. In September 2023, the NBU announced that the economy and financial system of Ukraine return to normal operation regime therefore the floating exchange rate will be restored. Moreover, the NBU has determined that the ban on transactions in Ukraine using the accounts of residents of Russia or Belarus and legal entities whose ultimate beneficial owners are based in Russia or Belarus does not apply to social benefits, wages, utilities, taxes, fees, and other required payments. Despite the current unstable situation, the banking system remains stable, with sufficient liquidity even as martial law continues, and all banking services are available to its customers, both legal entities and individuals. Companies operating in Ukraine are paying taxes and money is still flowing through its financial system. Starting from 3 October 2023, the NBU is transitioning to a managed exchange rate regime, in which the official exchange rate will be determined based on market transactions in the interbank market, rather than being set directly by the NBU.

In November 2023, the NBU reduced settlement deadlines from 180 to 90 calendar days for repatriating cash from the export of certain grain products, including wheat, corn, soy, sunflower, rapeseed, and vegetable oil.

Starting in late 2022 and in 2023, the situation in the energy market was substantially affected by Russia`s extensive campaign of illegal aerial bombardment, which targeted Ukraine's power generation and transmission facilities, stabilized due to the measures implemented such as the balancing of the energy system, the increase in the production of electricity by nuclear power and the establishment of electricity imports from abroad as well as a decrease of the intensity of the attacks on the energy infrastructure by Russia.

As of December 2023, the full-scale military attack continues. Russian attacks are targeted for destroying civilian infrastructure all over Ukraine. At the same time, logistics routes in occupied territories were damaged and there is no access to them. Other railway and car logistic routes are available for usage as Ukraine has an extensive road and railway network. Assets belonging to different businesses, except those located on temporary occupied territory, were not destroyed materially, based on available information, as air attacks and missile strikes primarily destroyed military infrastructures, objects, airfields, and civilian buildings.

4. Summary of Significant Accounting Policies

Basis of Preparation and Accounting

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

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

Going concern

On 24 February 2022, the Russian Federation started a military invasion of Ukraine, leading to significant disruption within Ukraine and triggering both economic and humanitarian crises. The business activities of Kernel Group have been changed and focused on continuity and safekeeping.

The Group considers the direct and indirect exposures to the impacts arising from the war on the business, as mentioned below:

- For the period after the Russian invasion of Ukraine 1,502 employees joined Ukrainian military forces and territorial defence and approximately 648 of them were demobilized. Personnel mostly work in the same place as before the war.
- The Group managed to export products through the Black Sea and alternative routes including the Danube River, railways, and trucks.
- Procurement of grain remains at low levels as Kernel continues to focus on exporting its harvest, however the procurement of sunflower seeds returns to the pre-war level.
- Group's liquidity position is under continuous pressure due to the reduction of export volumes and revenue and the growth of logistic costs for alternative ways of export.
- Considering the disruptions described above, the Group's ability to service debt still suffers and the availability of new facilities is extremely limited. The Group successfully negotiated with its lenders' waivers on the repayment of the loan principal with the requirement to make a certain portion of cash sweep from the export revenue for the period ending 30 June 2024, with the consistent settlement of interests. As of the date of issue of these condensed consolidated interim financial statements, the Group obtained waivers to extend the terms of repayment of the principal of USD 773,284 thousand with the lenders and waiving of the debt covenants and some other conditions by 30 June 2024.
- As of 30 September 2023, the Group continued to classify its bank borrowings with long-term initial contractual maturity as short-term because the Group did not possess an unconditional right to defer the settlement of those loans until their initial contractual settlement date. The extension of the waivers for the long-term loan facilities depends on the results of further negotiations with the lenders and the conditions of the extension. In case waivers are not extended upon expiration, it may trigger the ability of bondholders to exercise their right for the cross-acceleration event of default under the Group's outstanding bonds. As the Group did not have an unconditional right to defer the settlement of its bonds for 12 months or longer it classified its long-term bonds as short-term in these financial statements.

The management has undertaken a restructuring of the business processes in response to the impacts of the abovementioned events:

- As Ukrainian Black Sea ports were not available for export operations due to the unilateral termination of the Black Sea Grain Initiative by Russia in July 2023 the Management set up logistics routes for grain and oil export through Danube River ports to Constanta, Romania by vessels and barges, as well as through Poland, Romania, and Lithuania by trucks and railway including using own railway wagons. Despite such alternative export channels successfully securing some export capacity, they suffered from high logistic costs which, in combination with low global grain prices, undermined export volumes. With the establishment of the temporary Black Sea corridor for commercial navigation by the Ukrainian Navy, the Group has started to export through Ukrainian Black Sea ports from late September 2023. But given the uncertain outlook for the operation of Ukrainian Black Sea ports for agricultural product exports in FY2024, the Group is still analysing additional investments to expand

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its grain export capabilities and simultaneously decrease logistics expenses.
- To maintain liquidity and manage the uncertainty the Group decided to continue waiver and standstill arrangements with the lenders and entered into new negotiations with the Lenders in May 2023 in respect of the commercial terms for the new standstill period till 30 June 2024. As a result, the Group obtained waivers for the pre-war borrowings of USD 773,284 thousand to defer repayment until 30 June 2024.
- The Group is exploring alternative sources of financing, such as loans from international and Ukrainian banks and financial institutions that have committed to providing financial support to businesses in Ukraine.

Considering the above management has assessed the going concern assumption based on which the condensed consolidated interim financial statements have been prepared.

The management prepared forecasts and scenarios of cash flow for the next 12 months from the date of the approval of these condensed consolidated interim financial statements, assuming the factors described above.

If significant assumptions and judgments made by management are not realized, management will continue seeking alternative ways to meet its financial obligations during 2024, including requesting additional support from shareholders.

Management acknowledges that future development of military actions, and their duration represents a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. These events may adversely affect the Group’s ability to repay its debt as it falls due. Despite the material uncertainty relating to the war in Ukraine, management is continuing to take actions to minimize the impact on the Group and thus believes that the application of the going concern assumption for the preparation of these condensed consolidated interim financial statements is appropriate.

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 determined as the functional currency.

Foreign Currencies

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

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

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

Currency	Closing rate as of 30 September 2023	The average rate for the 3 months ended 30 September 2023	Closing rate as of 30 September 2022	The average rate for the 3 months ended 30 September 2022
USD/UAH	36.5686	36.5686	36.5686	34.9787
USD/EUR	0.9426	0.9194	1.0171	0.9919
USD/PLN	4.3697	4.1361	4.9533	4.7057

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 Condensed Consolidated Interim Statement of Profit or Loss.

5. Operating Segments

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

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

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

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

In the Infrastructure and Trading segment, the Group combines results of grain trading, silo services and export terminals operations. These parts of the business form an integrated supply chain which is managed jointly. Under 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. 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 referred to as the 'Avere').

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

Presentation of the operating segments' activities is as follows:

Operating segments	Activities
Oilseed Processing	Sunflower seed origination and sunflower oil production. Sales of bottled and bulk sunflower oil.
Infrastructure and Trading	Sourcing and merchandising of wholesale edible oils, grain, provision of silo services, operating the fleet of logistics assets for inland transportation and vessels, grain and sunflower oil handling and transshipment services.
Farming	Agricultural farming. Production of corn, wheat, soybean, sunflower seed and rapeseed.

Reconciliation eliminates intersegment items. The segment data is calculated as follows:
- Intersegment sales reflect intergroup transactions effected on an arm's length basis.
- Capital expenditures, amortization and depreciation related to property, plant and equipment and intangible assets are allocated to segments when possible.

The 'Other' column reflects income and expenses, assets and liabilities not allocated to segments.

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

Seasonality of operations

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

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6. Key Data by Operating Segment

Key data by operating segment for the three months ended 30 September 2023:

	Oilseed Processing	Infrastructure and Trading	Farming	Other[1]	Reconciliation	Total
Revenue (external)	241,632	290,276	14,355	—	—	546,263
Intersegment sales	140,039	17,039	8,065	—	(165,143)	—
Total revenue	**381,671**	**307,315**	**22,420**	**—**	**(165,143)**	**546,263**
Net change in fair value of biological assets and agricultural produce	—	—	(10,480)	—	—	(10,480)
Cost of sales	(334,955)	(276,130)	(38,112)	—	165,143	(484,054)
Other operating income	262	2,913	2,441	4,093	—	9,709
Other operating expenses	(143)	(5,853)	—	(7,469)	—	(13,465)
General, administrative and selling expenses	(2,323)	(16,137)	(4,022)	(8,829)	—	(31,311)
Net impairment losses on financial assets	3,612	(11,875)	9	(11,704)	—	(19,958)
Reversal of impairment losses on assets	2,429	(515)	—	—	—	1,914
Profit/(Loss) from operating activities	**50,553**	**(282)**	**(27,744)**	**(23,909)**		**(1,382)**
Amortization and depreciation	7,721	6,316	4,954	1,025	—	20,016
EBITDA	**58,274**	**6,034**	**(22,790)**	**(22,884)**		**18,634**
Reconciliation:						
Finance costs						(36,473)
Finance income						9,868
Foreign exchange loss, net						(1,271)
Other expenses, net						(2,210)
Income tax benefit						603
Loss for the period						**(30,865)**
Total assets	1,960,948	1,166,736	545,713	140,312	—	3,813,709
Capital expenditures	13,212	31,720	2,737	553	—	48,222
Liabilities	57,802	160,909	258,269	1,574,933	—	2,051,913

Key data by operating segment for the three months ended 30 September 2022:

	Oilseed Processing	Infrastructure and Trading	Farming	Other[1]	Reconciliation	Total
Revenue (external)	181,296	464,797	8,464	—	—	654,557
Intersegment sales	82,015	51,945	152,856	—	(286,816)	—
Total revenue	**263,311**	**516,742**	**161,320**	**—**	**(286,816)**	**654,557**
Net change in fair value of biological assets and agricultural produce	—	—	(2,190)	—	—	(2,190)
Cost of sales	(229,757)	(439,043)	(97,040)	—	286,816	(479,024)
Other operating income	6,672	2,097	2,809	7,440	—	19,018
Other operating expenses	(562)	(582)	(28)	(1,726)	—	(2,898)
General, administrative and selling expenses	(1,813)	(21,472)	(2,304)	(18,692)	—	(44,281)
Net impairment losses on financial assets	(395)	(402)	132	(5,843)	—	(6,508)
Reversal of impairment losses on assets	185	(2,425)	6,033	—	—	3,793
Profit/(Loss) from operating activities	**37,641**	**54,915**	**68,732**	**(18,821)**	**—**	**142,467**
Amortization and depreciation	7,338	5,247	12,792	532	—	25,909
EBITDA	**44,979**	**60,162**	**81,524**	**(18,289)**	**—**	**168,376**
Reconciliation:						
Finance costs						(38,370)
Finance income						3,579
Foreign exchange gain, net						58,174
Other income, net						729
Income tax expenses						(4,985)
Profit for the period						**161,594**
Total assets	1,468,062	1,427,568	830,293	175,740	—	3,901,663
Capital expenditures	10,592	25,166	4,768	4,772	—	45,298
Liabilities	73,191	188,706	280,776	1,753,668	—	2,296,341

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

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Revenue from sales of goods and services allocated by operating segment for the three months ended 30 September under requirements of IFRS 15 was as follows:

	For the 3 months ended 30 September 2023				For the 3 months ended 30 September 2022			
	Oilseed Processing	Infrastructure and Trading	Farming	Total	Oilseed Processing	Infrastructure and Trading	Farming	Total
Revenue from sales of commodities	208,671	273,645	14,355	496,671	164,541	424,693	8,464	597,698
Freight and other services	32,961	16,631	—	49,592	16,755	40,104	—	56,859
Total external revenue from contracts with customers	**241,632**	**290,276**	**14,355**	**546,263**	**181,296**	**464,797**	**8,464**	**654,557**

During the three months ended 30 September 2023, revenues of approximately USD 35,685 thousand (three months ended 30 September 2022: USD 51,315 thousand) are derived from a single external customer. These revenues are attributed to Oilseeds processing and Infrastructure and Trading segments. Also, during that period, export sales amounted to 84.4% of total external sales (three months ended 30 September 2022: 91.9%).

During the three months ended 30 September 2023, revenue from the Group's top five customers accounted for approximately 26.9% of total revenue (for the three months ended 30 September 2022, revenue from the top five customers accounted for 28.8% of total revenue).

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

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

	Revenue from external customers	
	For 3 months ended 30 September 2023	For 3 months ended 30 September 2022
Europe	280,783	275,658
of which Ukraine	92,584	59,217
Switzerland	76,086	56,363
Netherland	31,536	61,783
Poland	20,029	13,455
Asia	258,585	326,638
of which India	157,750	102,432
China	24,680	63,727
Singapore	23,004	31,976
Hong Kong	21,280	40,948
Turkey	4,309	46,387
Other locations	6,895	52,261
Total	**546,263**	**654,557**

	Non-current assets		
	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Ukraine	1,396,013	1,366,659	1,339,527
Switzerland	18,075	18,264	2,455
USA	665	669	713
Other locations	9,994	10,598	98,280
Total	**1,424,747**	**1,396,190**	**1,440,975**

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

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

7. Acquisition and Disposal of Subsidiaries

No entities were acquired during the three months ended 30 September 2023 and 2022.

During the three months ended 30 September 2023, the Group divested one of its grain elevators located in Kharkiv region. The net assets of the disposed entity as of the date of disposal were equal to USD 175 thousand and the cash consideration received was USD 1,067 thousand (out of which USD 711 thousand was received during this reporting period). Gain on disposal comprised USD 892 thousand.

During the three months ended 30 September 2022, as a result of the optimization process of the logistic assets, the Group disposed of two grain elevators located in Poltava and Odesa regions. The net assets of the disposed entities as of the date of disposal were equal to USD 70 thousand and the cash consideration received was USD 4,159 thousand. Gain on disposal comprised USD 4,089 thousand.

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8. Cash and Cash Equivalents

The balances of cash and cash equivalents were as follows:

	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Cash in banks in USD	650,103	906,676	229,839
Cash in banks in UAH	144,618	39,560	21,856
Cash in banks in other currencies	17,611	7,863	15,950
Cash on hand	7	4	5
Total	**812,339**	**954,103**	**267,650**
Less bank overdrafts (Note 12)	(13)	(10)	(1)
Cash for the purposes of cash flow statement	**812,326**	**954,093**	**267,649**

As of 30 September, 30 June 2023 and 30 September 2022, the identified expected credit loss on cash and cash equivalents was immaterial.

9. Inventory

The balances of inventories were as follows:

	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Products of agriculture	154,584	87,502	110,147
Raw materials	140,771	46,496	221,444
Goods for resale	138,369	76,249	262,810
Finished products	85,129	105,323	179,559
Work in progress	24,398	4,372	8,605
Fuel	7,283	10,338	21,842
Packaging materials	1,411	1,617	2,296
Other inventories	8,991	9,646	8,879
Total	**560,936**	**341,543**	**815,582**

As of 30 September 2023, inventories with a carrying amount of USD 175,187 thousand (30 June 2023: USD 191,186 thousand; 30 September 2022: USD 421,369 thousand, out of which USD 1,208 thousand were included into Assets classified as held for sale) have been pledged as security for short-term borrowings (Note 12).

As of 30 September 2023, write-downs of inventories to the net realizable value amounted to USD 22,966 thousand (30 June 2023: USD 65,690 thousand; 30 September 2022: USD 14,036 thousand) recognised within Cost of Sales.

10. Biological Assets

The balances of biological assets were as follows:

	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Non-current assets			
Non-current cattle	5,892	5,924	4,901
Total	**5,892**	**5,924**	**4,901**
Current assets			
Crops in fields	33,683	146,239	131,106
Current cattle	1,787	1,656	1,443
Total	**35,470**	**147,895**	**132,549**

For the three months ended 30 September 2023, a net loss of USD 10,479 thousand was incurred due to changes in the fair value of biological assets (for the three months ended 30 September 2022: USD 2,190 thousand), comprising USD 3,860 thousand attributed to the 2023-harvest valuation (both crop-bearing fields not yet harvested and agriproducts at the point of harvest between July and September), and of a loss of USD 5,884 thousand representing the reverse of the revaluation of the realised 2022 harvest.

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The balances of crops in fields were as follows:

	As of 30 September 2023		As of 30 June 2023		As of 30 September 2022	
	Hectares	**Value**	**Hectares**	**Value**	**Hectares**	**Value**
Sunflower seed	20,100	898	119,589	38,144	95,946	10,662
Wheat	—	—	61,009	35,471	—	—
Corn	83,178	26,510	83,685	34,588	149,066	119,516
Soybean	16,400	6,269	64,996	33,970	3,692	604
Rapeseed	—	—	10,151	3,980	—	—
Other	244	6	1,880	86	1,010	324
Total	**119,922**	**33,683**	**341,310**	**146,239**	**249,714**	**131,106**

11. Other Financial Assets

The balances of other financial assets were as follows:

	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Pledge deposits	209,809	122,703	—
Margin account with brokers	79,620	65,993	80,588
Short-term bank deposits	33,956	7,127	—
Loans granted	25,458	41,092	37,583
Derivative financial instruments (Note 18)	17,889	13,842	32,431
Corporate and government bonds	17,028	16,058	32,779
Receivables from disposal of subsidiaries	—	90,000	—
Other financial assets	12,273	19,248	18,040
Total	**396,033**	**376,063**	**201,421**

As of 30 September 2023, the Group pledged deposits of USD 209,809 thousand as collateral for credit facilities extended by the lenders (30 June 2023: USD 122,703 thousand; 30 September 2022: nil). These pledge deposits are restricted and cannot be used for general operating purposes until the credit lines are repaid or other conditions specified in the credit agreement are met. The terms and conditions of the credit lines, including any financial covenants, are detailed in the credit agreement with Banks (Note 12).

As of 30 September 2023, short-term bank deposits and Ukrainian government bonds with a total value of USD 8,312 thousand were pledged for short-term borrowings (Note 12) (30 June 2023: USD 7,999 thousand; 30 September 2022: Ukrainian government bonds with a total value of USD 1,110 thousand and deposit previously presented in Cash and cash equivalents line of USD 7,251 thousand).

12. Borrowings

The balances of borrowings were as follows:

	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Bank credit lines	621,551	652,273	727,553
Short-term borrowings	210,043	211,261	221,811
Interest accrued on short-term borrowings	5,590	6,389	3,880
Bank overdrafts (Note 8)	13	10	1
Total	**837,197**	**869,933**	**953,245**

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

	Interest rate in range	Curre-ncy	Amount due 30 September 2023	Amount due 30 June 2023	Amount due 30 September 2022
European bank	from 2.90% to 4.50% plus SOFR	USD	405,155	123,870	136,033
Ukrainian subsidiary of European bank	from 3.00% to 10.00%	USD	150,845	151,781	162,977
Ukrainian subsidiary of European bank	from 13.50% to 23.00%	UAH	32,016	32,182	33,128
Ukrainian bank	7.00%	USD	14,357	19,142	—
Ukrainian bank	from 15.60% to 23.73%	UAH	12,326	16,435	43,753
European bank	2.20%	USD	6,865	6,907	—
European bank	from 2.30% to 3.50% plus LIBOR	USD	—	194,952	218,648
European bank	from 3.50% to 4.00% plus LIBOR	USD	—	63,063	66,200
European bank	from 2.50% to 4.00% plus COF	USD	—	25,721	27,000
Ukrainian bank	6.00% plus UIRD	UAH	—	18,230	32,564
European bank	2.20% plus LIBOR	USD	—	—	7,251
Total			**621,564**	**652,283**	**727,554**

As of 30 September 2023, the Group continued to classify its bank borrowings with long-term initial contractual maturity as short-term as the Group did not have an unconditional right to defer settlement of those loans until the initial contractual settlement date. Previously, as of 30 June 2023, the Group classified its long-term bank borrowings as short-term because the Group had exceeded certain ratios for the purposes of financial covenants in certain of its bank loans and effective waivers had an expiry date within 12 months ending 30 June 2024. Upon expiry of those waivers the Group obtained waivers and reservation of rights covering the period until 31 July 2023 which were further extended after the reporting date in August-September. In September-October 2023 the Group obtained waivers which waived compliance with financial and some of non-financial covenants effective until 30 June 2024 for the borrowings in the amount of USD 773,284 thousand.

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The balance of the borrowings with contractual maturity more than 12 month as of 30 September 2023 is disclosed in the table below by tranches:

	Initial contractual maturity	Interest rate in range	Currency	Amount due 30 September 2023	Amount due 30 June 2023	Amount due 30 September 2022
European bank	2030	from 3.03% to 3.10% plus SOFR	USD	85,871	—	—
European bank	2029	from 3.03% to 3.10% plus SOFR	USD	83,872	—	—
European bank	2027	4.50% plus SOFR	USD	34,542	—	—
European bank	2027	1.00%	USD	5,758	5,793	6,080
European bank	2030	from 2.77% to 2.84% plus LIBOR	USD	—	85,871	90,543
European bank	2029	from 2.77% to 2.84% plus LIBOR	USD	—	84,846	88,708
European bank	2027	4.50% plus LIBOR	USD	—	34,751	36,480
Total				**210,043**	**211,261**	**221,811**

As of 30 September 2023, the undrawn amount of bank borrowings amounted to USD 158,038 thousand including available facility amounts upon bank credit lines and long-term financing (30 June 2023: USD 130,620 thousand; 30 September 2022: USD 22,128 thousand).

The bank borrowings were secured as follows:

	As of 30 September 2023	As of 30 June 2023	As of 30 September 2022
Property, plant and equipment	401,378	406,731	400,598
Pledge deposits (Note 11)	209,809	122,703	—
Inventory (Note 9)	175,187	191,186	421,369
Future sales receipts	20,057	49,165	—
Short-term bank deposits (Note 11)	6,907	6,907	7,251
Ukrainian government bonds (Note 11)	1,405	1,092	1,110
Total	**814,743**	**777,784**	**830,328**

13. Bonds issued

The balances of bonds issued were as follows:

	Maturity	As of 30 September 2023	As of 30 June 2023	As of 30 September 2023
US 300,000 thousand 6.75% coupon bonds (issued October 2020)	October 2027	297,873	297,660	297,522
US 300,000 thousand 6.50% coupon bonds (issued October 2019)	October 2024	298,835	298,551	297,993
Total		**596,708**	**596,211**	**595,515**

As of 30 September 2023, the bonds are rated CCC by S&P (30 June 2023: CCC, 30 September 2022: CC), one notch below the Ukrainian sovereign. Also, the bonds keep CC rating assigned by Fitch.

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

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

As of 30 September 2023, the Group also did not have an unconditional right (within the meaning of paragraph 69 d) of IAS 1 'Presentation of Financial Statements') to defer settlement of its bonds for 12 months or longer. The Group therefore classified its long-term bonds as short-term. Notwithstanding such classification, management notes that because of the effective waivers from banks that were in place as of 30 September 2023, cross-acceleration events of default under the bonds were not triggered as at such date, and the Group remained otherwise in full compliance with the terms of its bonds.

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14. Revenue

The Group's revenue was as follows:

	3 months ended 30 September 2023	3 months ended 30 September 2022
Revenue from edible oils sold in bulk, meal and cake	429,276	375,720
Revenue from agriculture commodities merchandizing	74,595	232,108
Revenue from bottled sunflower oil	24,638	36,767
Revenue from transshipment services	7,679	1,647
Revenue from farming	6,391	7,390
Revenue from grain silo services	3,684	925
Total	**546,263**	**654,557**

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, presented in the line Revenue from edible oils sold in bulk, meal and cake, is recognized over time as the service is rendered. Disaggregated revenue for each reportable segment is presented in Note 6.

The transaction price allocated to outstanding performance obligations as of 30 September 2023 is USD 10,705 thousand (30 September 2022: USD 17,835 thousand). This amount represents revenue from carriage, freight and insurance services under CIF/CFR Incoterms contracts which are to be executed in October 2023, when the goods are delivered to the point of destination and under which the Group has already recognized revenue from the sale of goods at a point in time as of 30 September 2023.

15. Cost of Sales

The cost of sales was as follows:

	3 months ended 30 September 2023	3 months ended 30 September 2022
Cost of goods for resale and raw materials used	348,570	310,773
Shipping and handling costs	104,601	131,448
Amortization and depreciation	18,724	24,950
Payroll and payroll related costs	12,159	11,853
Total	**484,054**	**479,024**

For the three months ended 30 September 2023 result on operations with commodity futures, options and unrealized forwards, included within Cost of goods for resale and raw materials used a line, decreased Cost of sales for the amount of USD 35,084 thousand (30 September 2022: USD 29,951 thousand decreased).

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16. Transactions with Related Parties

As of 30 September 2023, the Group is controlled by the Namsen LLC (Note 2).

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

Related party	Statement of Financial Position line	Related party balances as of 30 September 2023	Related party balances as of 30 June 2023	Related party balances as of 30 September 2022
Entities under Common control	Trade accounts receivable	31,340	13,776	—
	Prepayments to suppliers	41,953	41,798	—
	Other financial assets	1,982	104,319	—
	Non-current financial assets	12,585	29	—
	Trade accounts payable	22,636	26,922	—
	Other financial liabilities	2,811	142	—
Entities under Beneficial Owner control	Trade accounts receivable	—	—	1,238
	Prepayments to suppliers	—	—	2,154
	Other financial assets	—	—	19,363
	Other non-current assets	—	—	9,219
	Trade accounts payable	—	—	3,108
	Advances from customers and other current liabilities	—	—	20,647
Key management	Other financial assets	3,510	3,546	63
	Non-current financial assets	119	124	2,103
	Advances from customers and other current liabilities	34,925	20,345	10,165
	Other non-current liabilities	54,278	54,278	37,782
Entities under Key Management control	Other financial assets	12,975	18,250	18,536
	Non-current financial assets	—	—	1,304
Other related parties	Trade accounts receivable	25,567	39,563	48,498
	Prepayments to suppliers	20,509	747	3,375
	Other financial assets	6,179	4,419	3,971
	Non-current financial assets	6,992	8,563	9,059
	Trade accounts payable	283	18,746	14,093
	Advances from customers and other current liabilities	4,094	2	49
	Other financial liabilities	—	—	38,125

In July 2023, the Group received the remaining consideration of USD 90,000 thousand from a related party for the disposal of farming entities, completed as of 3 March 2023.

During the year ended 30 June 2022, a new management incentive plan was introduced, according to which the Company granted to management the options to sell to the Company 2,792,435 of its ordinary shares. As of 30 September and 30 June 2023, the fair value of the liability from share options amounted to USD 54,278 thousand (30 September 2022: USD 35,822 thousand) and presented within Other non-current liabilities.

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

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Transactions with related parties were as follows:

Related party	Statement of Profit and Loss line	Related party turnovers for the 3 months ended 30 September 2023	Related party turnovers for the 3 months ended 30 September 2022
Entities under Common control	Revenue	13,834	—
	Purchases of various goods and services	88,684	—
	Cost of sales	(372)	—
	Other operating income	637	—
Entities under Beneficial Owner control	Revenue	—	1,066
	Purchases of various goods and services	—	1,379
	Cost of sales	—	(1,689)
	Finance income	—	331
Key management	General, administrative and selling expenses	(1,517)	(5,155)
Entities under Key Management control	General, administrative and selling expenses	(555)	(3)
Other related parties	Revenue	19,150	19,727
	Finance income	411	444

The Group's key management personnel are the members of the Board of Directors and management team. The remuneration of Directors and other members of key management personnel recognized in the Consolidated Statement of Profit and Loss including salaries and other current employee benefits amounted to USD 1,407 thousand (for the three months ended 30 September 2022: USD 5,541 thousand).

17. Commitments and Contingencies

Capital Commitments

As of 30 September 2023, the Group had commitments under contracts with a group of suppliers for a total amount of USD 21,629 thousand, mostly for construction of the oil-crushing plant (30 June 2023 and 30 September 2022: USD 21,749 thousand and USD 25,228 thousand, respectively, mostly for the construction of an oilseed crushing plant).

Contractual Commitments on Sales

As of 30 September 2023, the Group had entered into commercial contracts for the export of 204,337 tons of grain, 277,164 tons of vegetable oil and 156,156 tons of sunflower meal and other related products, corresponding to an amount of USD 49,386 thousand, USD 209,650 thousand and USD 64,961 thousand, respectively, in contract prices as of the reporting date.

As of 30 September 2022, the Group had entered into commercial contracts for the export of 1,551,912 tons of grain, 250,511 tons of sunflower oil and 195,880 tons of sunflower meal and other related products, corresponding to an amount of USD 452,449 thousand, USD 359,016 thousand and USD 64,049 thousand, respectively, in contract prices as of the reporting date.

Taxation and Legal Issues

The international tax environment is becoming more complex in terms of tax administration, which could increase tax pressure on taxpayers. In particular, a key part of the OECD/G20 BEPS Project is addressing the tax challenges arising from the digitalization of the economy. The Global Anti-Base Erosion Rules (GloBE) are a key component of this plan and ensure large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. More specifically, the GloBE Rules provide for a coordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate. It is expected that the final legislation will be enacted before 31 December 2023, in line with the requirements of the EU Directive, and will be effective for the Group from 1 July 2024. The Kernel Group estimates that the introduction of Pillar 2 could potentially result in an increase in income tax at the level of the parent company, which may be obliged to pay the top-up tax on low-taxed income of the Group companies. In general, the increase in the tax burden will depend on the actual level of the effective tax rate in the jurisdictions in which the Group operates.

Tax risk management is embedded in overall Group risk management. As of 30 September 2023, companies of the Group have ongoing litigations with the tax authorities concerning tax issues for USD 67,654 thousand (as of 30 June 2023 and 30 September 2022: USD 65,803 thousand and USD 71,837 thousand, respectively). Management believes that based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and no respective provision is required in the Group’s financial statements as of the reporting date.

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

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18. Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

	As of 30 September 2023		As of 30 June 2023		As of 30 September 2022	
Financial liabilities [1]	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Bonds issued (Note 13)	614,148	360,540	603,823	365,250	612,955	196,680

Due to the defined short-term nature of the borrowings, as of 30 September 2023, their carrying amount is considered to be approximately the same as their fair value. The fair value was calculated based on cash flows discounted using a current lending rate that is within level 2 of the fair value hierarchy.

The fair value of Bonds issued was estimated based on directly observable quotations within Level 2 of the fair value hierarchy.

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

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

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

	As of 30 September 2023			As of 30 June 2023			As of 30 September 2022		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Other financial assets (Note 11)									
Forwards	—	12,280	**12,280**	—	10,994	**10,994**	—	7,383	**7,383**
Futures/Options	5,609	—	**5,609**	2,848	—	**2,848**	25,048	—	**25,048**
Other financial liabilities									
Forwards	—	7,220	**7,220**	—	13,302	**13,302**	—	5,676	**5,676**
Futures/Options	940	—	**940**	5,025	—	**5,025**	1,844	—	**1,844**

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

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, and other current liabilities are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For the three months ended 30 September 2023, the fair value of other non-current assets recognized at amortized cost was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings of 5-10% that is within level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For the three months ended 30 September 2022, the fair value of other non-current assets recognized at amortized cost was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings of 5-10% that is within level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

There were no transfers between levels of the fair value hierarchy.

There have been no changes in the valuation technique since the previous period.

19. Subsequent Events

No subsequent events occurred after the reporting date.

[1] Including accrued interests