

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

Segment volumes

metric tons	Q1 FY2019	Q1 FY2020	y-o-y
Oilseeds processed	418,582	628,726	50%
Edible oil sales ¹	404,934	300,872	(26%)
Grain and oilseeds received in inland silos	1,558,290	1,956,979	26%
Export terminal's throughput (Ukraine)	982,637	1,195,184	22%
Grain export from Ukraine ²	1,382,753	1,623,830	17%

Note 1 Includes sales of sunflower oil in bulk and bottled sunflower oil, as well as soybean oil.

Note 2 Excluding physical trading volumes reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading: 755,715 tons in Q1 FY2020 (including 151,140 tons of sunflower oil produced by Kernel plants and sold through Avere) and 1,615,547 tons in Q1 FY2019 (including 110,070 tons of sunflower oil produced by Kernel plants and sold through Avere). Preliminary figures; financial year ends 30 June.

Key highlights:

- Company's oil extraction plants **processed** 629 thousand tons of **oilseeds** in Q1 FY2020, up 50% y-o-y, including 624 thousand tons of sunflower seeds and 5 thousand tons of soybeans. It reflected good supply of stock on the market at the end of the sunflower seed processing season (July-September) following the record harvest of sunflower seeds in autumn 2018.
- Sunflower oil sales volumes** in Q1 FY2020 totaled at 301 thousand tons, a 26% decrease y-o-y. Bottled sunflower oil sales constituted 8.4% of total sales volumes.
- Grain export volumes from Ukraine** in July-September 2019 surged by 17% y-o-y, to 1.6 million tons, of which 1.1 million tons was grain originated from external suppliers, and the remaining was produced by company's farming division.
- Export terminals throughput volumes in Ukraine** increased to 1.2 million tons, up 22% y-o-y, stemming from a hefty growth of grain exports from Ukraine and commissioning of the first stage of TransGrainTerminal.
- Company's **silo in-take volumes** increased by 26% y-o-y, to 2.0 million tons.

Harvesting update:

- Crop yields for corn and soybean are expected to normalize in FY2020 as compared to unusually high base of FY2019, while crop yields for wheat and sunflower will improve.

	Acreage, thousand hectares			Net yield ¹ , tons / hectare		
	FY2019	FY2020	y-o-y	FY2019	FY2020	y-o-y
Corn	224.2	231.4	3.2%	9.9	8.5	(14.4%)
Wheat	100.0	97.1	(2.9%)	5.1	5.8	14.2%
Sunflower	134.5	136.5	1.5%	3.2	3.5	9.9%
Soybean	36.3	24.3	(33.0%)	3.0	2.6	(12.7%)
Other ²	34.1	23.3	(31.8%)			
Total	529.1	512.6	(3.1%)			

Note 1 Net crop yields are projections based on 70.98% of corn, 99.96% sunflower seed, 99.97% soybean and 100% of wheat acreage harvested as of 21 October 2019.

Note 2 Includes rapeseed, barley, rye, oats, forage crops and other minor crops, as well as fallow land. Preliminary figures; differences are possible due to rounding.

Corporate update:

- During 3-7 October 2019, Namsen Limited, a legal entity directly controlled by Andrii Verevskiy, a Chairman of the Board of Directors of Kernel Holding S.A., acquired a total of 36,898 shares in Kernel Holding S.A. at an average price of 42.74 PLN per share. As of 17 October 2019, Namsen Limited holds 32,753,673 shares in the Company representing 39.97% of the share capital.
- On 7 October 2019, Kernel received a notification of major holdings about crossing the 5% threshold of voting rights, pursuant to the provisions of articles 8 and 9 of the Law of 11 January 2008 on Transparency Requirements for Issuers of Grand Duchy of Luxembourg. The respective notice is published and available on Company's website: <https://www.kernel.ua/investor-relations/ownership-structure/>.
- On 17 October 2019, Kernel Holding S.A. issued US\$ 300 million notes due 17 October 2024 at 6.5% coupon rate with issue price of 99.475%.

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