

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 31 DECEMBER 2019

Segment volumes

metric tons	Q2 FY2019	Q2 FY2020	y-o-y	1H FY2019	1H FY2020	y-o-y
Oilseeds processed	940,556	942,683	0%	1,359,138	1,571,408	16%
Edible oil sales ¹	379,392	346,461	(9%)	784,326	647,333	(17%)
Grain and oilseeds received in inland silos	2,282,061	2,036,506	(11%)	3,840,351	3,995,477	4%
Export terminal's throughput (Ukraine)	1,256,723	1,692,237	35%	2,239,360	2,887,420	29%
Grain export from Ukraine ²	1,745,807	2,262,727	30%	3,128,560	3,883,678	24%

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: 727,118 tons in Q2 FY2020 (including 278,480 tons of sunflower oil produced by Kernel plants and sold through Avere) and 1,111,864 tons in Q2 FY2019 (including 190,950 tons of sunflower oil produced by Kernel plants and sold through Avere).

Preliminary figures; financial year ends 30 June.

Key highlights:

- Kernel **processed** 943 thousand tons of **oilseeds** in Q2 FY2020, flat y-o-y, setting a new production record and utilizing oil extraction plants at full capacity in the reporting period.
- **Sunflower oil sales volumes** in Q2 FY2020 decreased 9% y-o-y, to 346 thousand tons. Bottled sunflower oil sales amounted to 10% (34.3 thousand tons) of that volumes, up 14% y-o-y.
- **Grain export volumes from Ukraine** in October-December 2019 surged by 30% y-o-y, to 2.3 million tons, of which 1.4 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 1.7 million tons, up 35% y-o-y, stemming from a hefty growth of grain exports from Ukraine and increasing utilization of the first stage of TransGrainTerminal.
- Company's **silos in-take volumes** decreased by 11% y-o-y, to 2.0 million tons.

Corporate update:

- On 6 December 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/>.
- An annual general meeting of shareholders held on 10 December 2019 approved a dividend of USD 0.25 per share for the financial year ended June 30, 2019. The Board of Directors of Kernel Holding S.A. set up 30 April 2020 as a Payment Date of dividends to the shareholders on the register at the close of business on 23 April 2020 (the "Record Date").
- In December 2019, one of Kernel Holding S.A. subsidiaries has completed an acquisition of assets of Ellada oilseed processing plant, which the Company operated since 2016 under tolling agreement.
- In December 2019, Kernel Holding S.A. increased the Company's share capital by an amount of US\$ 55,189, by the issue of 2,090,000 new Ordinary Shares without indication of a nominal value. The newly issued shares have been subscribed by holders of stock options issued in connection with the Company's management incentive plan adopted in December 2014.

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