

# KERNEL HOLDING S.A.

## OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 31 DECEMBER 2021

### Segment volumes

metric tons	Q2 FY2021	Q2 FY2022	y-o-y	H1 FY2021	H1 FY2022	y-o-y
Oilseeds processed	1,001,292	985,472	(2%)	1,663,905	1,467,738	(12%)
Edible oil sales <sup>1</sup>	425,341	398,745	(6%)	721,582	619,453	(14%)
Grain and oilseeds received in inland silos	2,379,387	3,049,497	28%	3,634,036	4,068,681	12%
Export terminal's throughput (Ukraine)	2,382,860	2,984,992	25%	4,251,453	5,191,905	22%
Grain export from Ukraine <sup>2</sup>	2,395,343	3,483,124	45%	4,520,993	5,709,879	26%

**Note 1** Includes sales of sunflower oil in bulk and bottled sunflower oil.

**Note 2** Excluding physical trading volumes reported by Avere, a subsidiary of Kernel involved in physical and proprietary trading.

Preliminary figures; financial year ends 30 June.

Differences are possible due to rounding.

### Key highlights:

- Kernel **processed 985 thousand tons of sunflower seeds** in Q2 FY2022, down a mere 2% y-o-y, as farmers this season have relatively weaker post-harvest pressure to sell the oilseeds given the extremely profitable previous season. Accounting also for the undermined performance in Q1 FY2022 as compared to the same period of the previous year, H1 FY2022 processing volume ended up 12% down y-o-y.
- Edible oil sales volume** in Q2 FY2022 reduced 6% y-o-y, to 399 thousand tons, including 19 thousand tons of rapeseed oil and 36 thousand tons of bottled sunflower oil.
- Group's **silo in-take volume** in H1 FY2022 increased by 12% y-o-y, to a record high 4.1 million tons for a half-year period, mostly reflecting larger crop size achieved by Kernel's Farming segment in the current season.
- Grain export volume from Ukraine** in Q2 FY2022 posed a hefty 45% growth to the best ever quarterly amount of 3.5 million tons, of which 59% was grain originated from external suppliers and the remaining was produced by Group's Farming segment. Kernel market share in grain export from Ukraine during H1 FY2022 reached 17.5%<sup>1</sup>.
- Export terminals throughput volume in Ukraine** in Q2 FY2022 surged 25% y-o-y to the highest ever quarterly volume of 3.0 million tons, reflecting strong grain export performance over the reporting period.

### Corporate update:

- On 19 January 2022, the Company announced the invitation to the third tender in a form of modified Dutch auction for the sale of up to 3.78 million shares in the Company for a price being within a PLN 50-60 range and a maximum total consideration of PLN 189 million.
- On 20 December 2021 the Company exercised its option to redeem all of the outstanding US\$ 500,000,000 8.75% guaranteed notes due 2022.
- The annual general meeting of shareholders held on 10 December 2021 approved a dividend of USD 0.44 per share for the financial year ended 30 June 2021. The dividend will be paid on 15 February 2022.

### Harvesting update:

- Final crop yields for 2021 harvest increased for all three major crops: corn, sunflower, and wheat.

	Acreage, thousand hectares			Net yield, tons / hectare		
	FY2021	FY2022	y-o-y	FY2021	FY2022	y-o-y
Corn	255.4	254.6	(0.3%)	8.0	9.3	16.6%
Sunflower	148.5	154.0	3.7%	3.0	3.0	0.9%
Wheat	73.1	64.3	(12.1%)	4.9	6.1	25.9%
Other <sup>2</sup>	23.9	26.2	9.5%			
<b>Total</b>	<b>501.0</b>	<b>499.1</b>	<b>(0.4%)</b>			

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<sup>1</sup> Source: Stark Research

<sup>2</sup> Includes rapeseed, soybean, barley, rye, oats, forage crops and other minor crops, as well as fallow land. Differences are possible due to rounding.