

# KERNEL HOLDING S.A.

## OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2022

### Segment volumes

metric tons	Q3 FY2021	Q3 FY2022	y-o-y	9M FY2021	9M FY2022	y-o-y
Oilseeds processed	901,618	562,821	(38%)	2,565,523	2,030,559	(21%)
Edible oil sales <sup>1</sup>	371,937	269,162	(28%)	1,093,519	906,374	(17%)
Grain and oilseeds received in inland silos	109,021	50,936	(53%)	3,743,057	4,113,520	10%
Export terminal's throughput (Ukraine)	2,056,780	2,077,278	1%	6,308,233	7,269,183	15%
Grain export from Ukraine <sup>2</sup>	1,824,186	2,136,366	17%	6,345,179	7,846,245	24%

**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.

### General update:

- **General business environment** has not changed much since the last update provided on 28 March 2022. Black Sea ports remain blocked for export activities, and it results in the absence of active procurement, processing and export of grain and sunflower oil.
- Group is working on the establishing **alternative export routes**. Railway logistics to the EU countries are very challenging, with numerous bottlenecks along the road making it impossible to reach any sizable export volumes until shipments are resumed via Ukrainian Black Sea ports.
- None of the Group's critical facilities or infrastructure has suffered any significant damage. Two Group's crushing plants are located on the temporarily occupied territory, and access to such facilities is limited. Commodities owned by Group are in safe condition and properly stored.
- Since the beginning of the war with Russia, over 1,100 of our employees were mobilized to the Armed Forces of Ukraine or joined the Territorial Defense units. Of them, 180 were demobilized and returned to work. Unfortunately, **5 Kernel employees died** as a result of the military actions.
- On 15 April 2022, the Board of Directors of Kernel Holding S.A. approved the **resignation of Mr. Sergei Shibaev** from the Board of Directors of Kernel Holding S.A. with effect as of 15 April 2022 and approved the **co-optation of Mr. Andrii Miski-Oglu** as a new non-executive director of the Kernel Holding S.A. in replacement of Mr. Sergei Shibaev until ratification thereto by the next general meeting of shareholders of the company, and with effect as of 15 April 2022.

### Key operations highlights for Q3 FY2022:

- Kernel **processed 563 thousand tons of oilseeds** in Q3 FY2022, down 38% y-o-y, with the decline being primarily driven by the suspension of crushing operations starting from 24 February 2022 due to the Russian invasion of Ukraine. One oilseed processing plant keeps refining and bottling operations to satisfy the domestic demand for refined sunflower oil.
- **Edible oil sales volume** in Q3 FY2022 reduced 28% y-o-y, to 269 thousand tons, including 28 thousand tons of bottled sunflower oil.
- Group's **silos in-take volume** in January-March 2022 were seasonally immaterial at 51 thousand tons, resulting in 4.1 million tons total in-take during 9 months of FY2022, up 10% y-o-y.
- **Grain export volume from Ukraine** in Q3 FY2022 amounted to 2.1 million tons, up 17% y-o-y, reflecting almost two full months of strong performance (January and February) and virtually no export volumes in March 2022. Grain originated from external suppliers constituted 77% of export volume over the reporting period, and the remaining was produced by Group's Farming segment. Kernel market share in grain export from Ukraine reached 18%<sup>1</sup> during 9M FY2022.
- **Export terminals in Ukraine transshipped 2.1 million tons** in Q3 FY2022, flat y-o-y, but operating only in January and most of February 2022.

Condensed Consolidated Interim Financial Statements for the three months ending 31 March 2022 will be published before the market opening on 27 May 2022.

For further information, please contact:

**Michael Iavorskyi, IR Manager**  
+38 044 461 88 01, ext. 72-75  
ir@kernel.ua

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