

KERNEL HOLDING S.A.

OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 30 JUNE 2023

Segment volumes

<i>metric tons</i>	Q4 FY2022	Q3 FY2023	Q4 FY2023	y-o-y	q-o-q	FY2022	FY2023	y-o-y
Oilseeds processed	156,622	743,984	650,422	4x	(13%)	2,187,181	2,508,499	15%
Edible oil sales ¹	60,821	273,190	312,722	5x	14%	967,196	1,132,686	17%
Grain and oilseeds received in inland silos	65,494	687,447	98,103	50%	(86%)	4,185,111	2,825,146	(32%)
Export terminal's throughput (Ukraine)	-	1,067,087	933,123	n/a	(13%)	7,269,183	4,437,711	(39%)
Grain export from Ukraine ²	123,115	823,869	755,485	6x	(8%)	7,969,361	3,833,189	(52%)

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 operational highlights:

- Kernel **processed 650 thousand tons of sunflower seeds** in Q4 FY2023, down 13% as compared to the previous quarter. The decline reflects a usual deficit of sunflower seeds closer to the end of the season, forcing three out of six Group's plants in operations to temporarily cease processing of oilseeds in May-June 2023. Two group-owned crushing plants remain inaccessible in high-risk zone of Kharkiv region with regular shelling by Russian invaders.
- Edible oil sales volume** in April-June 2023 added 14% q-o-q, to 313 thousand tons, including 21 thousand tons of bottled sunflower oil. The Group keeps prioritizing the export of vegetable oil and meal over grain export given the more attractive margins in the oilseed processing value chain as compared to the grain export operations.
- Group's silo in-take volume in Q4 FY2023 was seasonally immaterial at 98 thousand tons, resulting in 2.8 million tons total in-take during FY2023, down 32% y-o-y.
- Export terminals throughput volume in Ukraine** in April-June 2023 reduced 13% vs. the previous quarter, totalling at 933 thousand tons. For the full year, Kernel terminals transshipped 4.4 million tons of goods in FY2023, representing a 39% y-o-y decline. Such a decline reflects the malfunctioning of the *Grain Deal* – a U.N.-brokered agreement on the safe export of grain, oilseeds and oilseed crush products from Ukrainian Black Sea ports.
 - Russia terminated Grain Deal on 18 July 2023. Therefore, the future possibilities for the Group to export goods via Ukrainian Black Sea ports are uncertain.
 - On 19 July 2023, the Group's assets in the port of Chornomorsk were targeted in a massive Russian missile attack. Group's grain transshipment facilities along with stored grain in the port of Chornomorsk have been significantly damaged. Initial estimates suggest that extensive time would be required to return the assets into operation.
- Group's **grain export volume from Ukraine** in Q4 FY2023 amounted to 755 thousand tons, down 8% as compared to the previous quarter. On the annual basis, Kernel grain export volumes more the halved y-o-y, to 3.8 million tons of grain exported in FY2023.

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