

# KERNEL HOLDING S.A.

## OPERATIONS UPDATE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2023

### Segment volumes

metric tons	Q1 FY2023	Q4 FY2023	Q1 FY2024	y-o-y	q-o-q
Oilseeds processed	461,082	643,712	610,029	32%	(5%)
Edible oil sales <sup>1</sup>	202,063	318,707	369,093	83%	16%
Grain and oilseeds received in inland silos	523,247	98,122	1,207,964	2.3x	12.3x
Export terminal's throughput (Ukraine)	721,085	928,324	161,744	(78%)	(83%)
Grain export from Ukraine <sup>2</sup>	731,874	626,956	203,196	(72%)	(68%)

**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 oil extraction plants **processed 610 thousand tons of oilseeds** (sunflower seeds and rapeseeds) in Q1 FY2024, which is down 5% as compared to the previous quarter. Due to the seasonal deficit of sunflower seeds at the end of the processing season (before the new harvest comes in September-October 2023), the Group switched to rapeseed processing at two of its plants, crushing 112 thousand tons in total for three months ended 30 September 2023.
- Edible oil sales volume** in Q1 FY2024 totaled 369 thousand tons, a 16% growth as compared to the previous quarter, including 20 thousand tons of bottled sunflower oil and 19 thousand tons of rapeseed oil.
- Higher yields and expanded acreage under wheat, sunflower, and soybeans harvested by Group's farming business in the reporting period, secured the growth of the Group's **silos in-take volume** in Q1 FY2024 to 1,208 thousand tons, up 2.3x y-o-y.
- With the Black Sea Grain Initiative termination on 18 July 2023, the Group's **export terminals throughput volume in Ukraine** substantially dropped, to 162 thousand tons in Q1 FY2024, down 83% as compared to the previous quarter. Half of the transshipped volumes stand for the operations at the Group's facility in Reni on the Danube River.
- Grain export volume from Ukraine** in Q1 FY2024 amounted to 203 thousand tons, down 68% as compared to the previous quarter. The vast majority of that was exported via Ukrainian Danube River ports and by railways in the direction of the Romanian port of Constanta, as the Group's usual export routes – Ukrainian Black Sea ports – were not available for export operations due to the unilateral termination of the Black Sea Grain Initiative by Russia in July 2023. Such alternative export channels suffer from high logistic costs which, in combination with low global grain prices, undermine export volumes.

### Harvesting update

- The Group has made significant changes to its **crop mix** to minimize the acreage under the most energy-intensive and logistics-heavy crop, corn, in favor of less energy-intensive options, reintroducing soybeans into the crop mix with 65 thousand hectares sown and planting 61 thousand hectares of winter wheat.
- As of the date of this report, the Group completed the harvesting of wheat, sunflower, and soybean, with net yields improving for all crops, primarily attributable to supportive weather conditions. The harvesting of corn is ongoing, and approximately half of the acreage is yet to be harvested. Based on the progress of the harvesting campaign, the Group expects to reach 9.5 tons per hectare net yield for corn.

	Acreage, thousand hectares			Net yield <sup>1</sup> , tons / hectare		
	FY2023	FY2024	y-o-y	FY2023	FY2024	y-o-y
Corn	149.7	84.4	(44%)	8.8	9.5	7%
Sunflower	130.6	119.8	(8%)	2.5	2.9	13%
Wheat	34.9	61.1	75%	4.6	6.7	44%
Soybean	6.3	65.0	10.3x	2.9	2.9	1%
Other <sup>2</sup>	41.4	28.4	(32%)			
<b>Total</b>	<b>362.9</b>	<b>358.7</b>	<b>(1%)</b>			

**Note 1** Net crop yields are projections based on 54% of corn, 100% of sunflower, and 100% of wheat acreage harvested as of 27 October 2023.

**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.

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