



## CURRENT PERFORMANCE UPDATE

- **2024 Harvesting Campaign Status:** Severe drought in Ukraine has accelerated harvesting and led to a significant reduction in crop yields and production quality.
- **Crop Selling Prices:** Unlikely to offset the sharp decline in production.
- **2024 Financial Outlook:** Expectations for year-end financial results revised downward.
- **Ongoing War in Ukraine:** Persistent Russian attacks on energy, port, and civil infrastructure followed by regular blackouts across the country.

Paris, September 20<sup>th</sup>, 2024

**AgroGeneration, a Ukraine based grain and oilseed producer, provides an update on the current company's operational performance.**

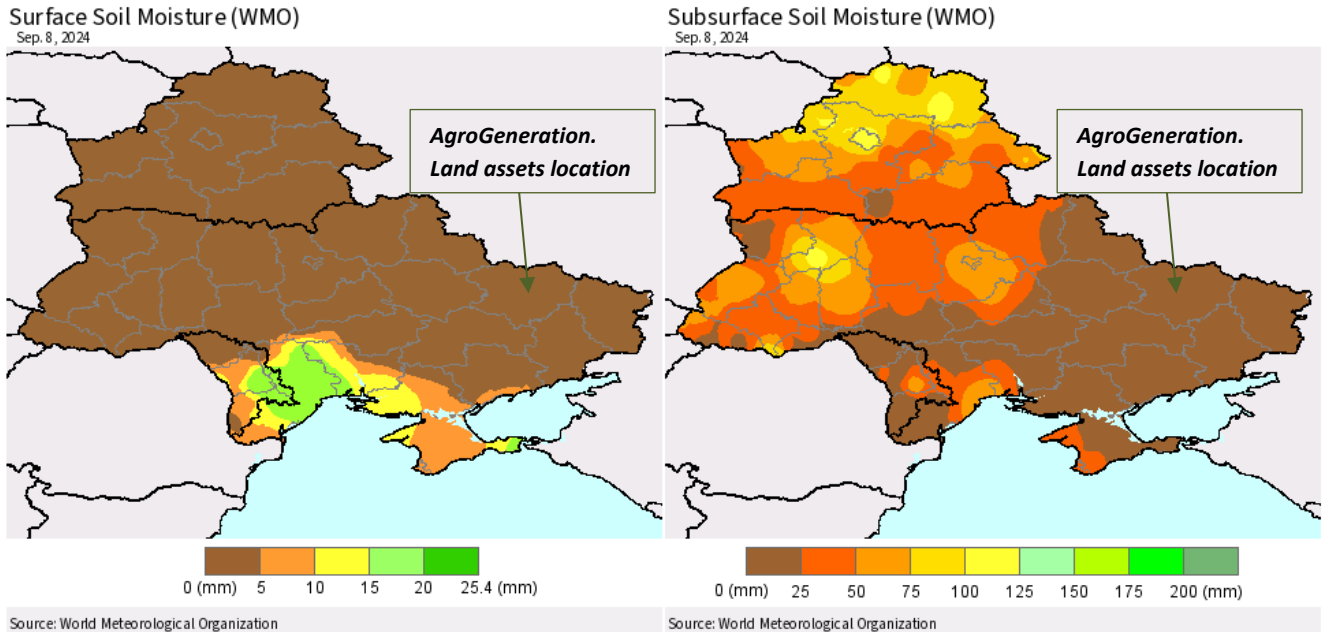
### **2024 Harvesting Campaign Status**

The weather conditions in Ukraine, particularly in the Kharkiv region in March-August 2024 were extremely unfavorable for 2024 crop development:

- Significantly higher-than-normal temperatures throughout the analyzed period.
- Severe soil moisture deficit already in spring, with no opportunity for replenishment during the entire growing season due to a lack of productive rainfalls.
- Frosts in early May severely affected the condition of wheat, which was already in the ear formation phase at that time.
- The extreme heat experienced during the July and August heatwaves had a detrimental impact on late crop productivity, significantly reducing yields as it coincided with the reproductive stages of plant development, which are critical for determining final yields.
- Following the July heatwave, the combination of a severe lack of rainfall and high temperatures in August exacerbated soil and atmospheric drought conditions. In many regions of Ukraine, including the Kharkiv region, the drought has persisted for 40-50 consecutive days, depleting moisture reserves in the top one-meter layer of soil to near zero (*refer to the images on the next page*).



## Soil moisture reserves in Ukraine as of early September 2024




The Company had to begin harvesting campaign within its farms in the third week of June, 2-3 weeks ahead of agronomic optimal terms. The shortened growing season prevented the crops from reaching optimal yield and quality. Furthermore, the mineral fertilizers applied in spring had a limited impact due to dry soil conditions and the absence of rainfall needed for absorption by the crops.

As a result of these adverse weather conditions, the Company's preliminary production estimates for 2024 have fallen significantly below both initial expectations and last year's performance. The Group harvested approximately 14.5k hectares of wheat by mid-July 2024, with a net yield down 36% year-on-year, amounting to around 2.5 tons per hectare (compared to 3.9 tons per hectare in 2023). Preliminary estimates suggest total winter wheat net production reached around 36.0k tons. Peas net yield reduced by 64% year-on-year, averaging 0.8 tons per hectare. Soy harvesting, typically a late crop, was completed in early September, with total net production at 3.6k tons and a net yield of 1.0 ton per hectare, a 37% decline compared to the previous year.

### AgroGeneration. Preliminary harvesting results (as of mid-September, 2024):

| Crop  | 2023A              |                      |                    | 2024E              |                      |                    |
|-------|--------------------|----------------------|--------------------|--------------------|----------------------|--------------------|
|       | Hectares harvested | Net Production, tons | Net Yield, tons/ha | Hectares harvested | Net Production, tons | Net Yield, tons/ha |
| Wheat | 5,933              | 23,429               | 3.9                | 14,455             | 36,043               | 2.5                |
| Soy   | 1,061              | 1,711                | 1.6                | 3,506              | 3,628                | 1.0                |
| Peas  | 25                 | 55                   | 2.2                | 143                | 120                  | 0.8                |





In late August 2024, the Group began harvesting sunflower and corn. By mid-September, approximately 70% of the sunflower area and over 60% of the corn area had been harvested. Current yield estimates for these crops remain modest, significantly impacted by the severe drought conditions previously mentioned.

The Group anticipates completing the harvesting campaign by the end of September 2024. Finalized production results are expected to be released alongside the Group's interim financial results for 2024 in late October 2024.

### Crop sales update

As of mid-September 2024, the Group completed sales of its 2023 harvest and was engaged in 2024 crop sales. As of the date of this press release, the Group has contracted almost 50% of its currently expected production volume, incl. 70% of winter wheat, 37% of corn, 10% of soy, and 14% of sunflower for the 2024 harvest.

Hot climatic conditions mentioned earlier not only affected AgroGeneration's production volumes but also significantly impacted grain quality. In 2024, the Group encountered several issues related to crop quality, which, in turn, resulted in lower actual crop selling prices:

- **Wheat:** up to 100% of the Group's crop production appeared to be feed wheat.
- **Soy:** low-protein soybeans with 20-30% unripe green grains (grains that have not fully matured and have a greenish tint).
- **Sunflower:** harvested crop seeds have an average oil content of 44-48% (while price discount is applied for oil content below 48%).
- **Corn:** some harvested corn volumes contain sunflower seed impurities, which are not allowed for export (residual sunflower presence occurred in certain areas where corn was planted after sunflower had been used as a preceding crop for 2-3 consecutive years. Pre-harvest chemical treatments, which are typically employed to address such residues, proved detrimental to corn development, already weakened by the extreme heat conditions).

### Outlook 2024 and status of 2025 crop sowing campaign

All in all, the Company anticipates a decline in its 2024 year-end financial results expectations due to:

- A substantial reduction in production volumes caused by exceptionally adverse weather conditions.
- Grain prices, pressured by both internal factors (notable deterioration in the quality of 2024's Group's harvest) and external factors (such as anticipated increases in global wheat production and the abundance of cheap supply from Russia), will be insufficient to offset the crop production losses incurred due to the drought in Ukraine.
- Military factors, including a significant rise in attacks by Russia on the country's energy, port and civil infrastructure observed from the beginning of 2024, leading to frequent blackouts and reduced



operational efficiency across all business processes within the Group. In 2024, the intensity of attacks increased significantly compared to 2023, with the Kharkiv region averaging six air raid alerts per day, totaling over 11 hours of alerts daily (*refer to the table below for further details*).

#### Ukraine. Statistics of air alerts in the Kharkiv and Kyiv regions

|   | Whole war period<br>24.02.2022 –<br>15.09.2024 |       | 2023    |      | Period from<br>01.01.2024-<br>15.09.2024 |      |
|---|--|-------|---------|------|--|------|
|   | 935  |       | 365     |      | 259                                      |      |
| Number of days  | Kharkiv  | Kyiv  | Kharkiv | Kyiv | Kharkiv                                  | Kyiv |
| Number of <b>air alerts</b>                                   | 4,776  | 2,531 | 1,657   | 886  | 1,565                                    | 751  |
| <i>Average number of alerts per day</i>                       | 5  | 3     | 5       | 2    | 6  | 3    |
| Total <b>duration of the air alerts</b> , hours               | 5,610  | 2,879 | 1,307   | 647  | 2,967                                    | 798  |
| <i>Average duration of air alerts, hours/day</i>              | 6.0  | 3.1   | 3.6     | 1.8  | 11.5                                     | 3.1  |
| Number of <b>explosions</b> reported                          | 1,322  | 384   | 381     | 175  | 555                                      | 103  |
| <i>Average number of explosions per day</i>                   | 1.4  | 0.4   | 1       | 0.5  | 2  | 0.4  |
| Number of threats of <b>artillery attacks</b>                 | 6,889  | -     | 2,283   | -    | 4,501                                    | -    |
| <i>Average number of threats of artillery attacks per day</i> | 7  | -     | 6       | -    | 17                                       | -    |

Source: <https://air-alarms.in.ua/en>

As of the date of this press release, the Group has begun the 2025 crop season, with approximately 1,300 hectares of winter wheat already sown. However, the progress of the sowing campaign and the total area dedicated to winter wheat will be heavily dependent on regional climatic conditions (noting that as of mid-September, most regions in Ukraine have experienced insufficient soil moisture for sowing winter crops) as well as ongoing war-related disruptions, which continue to pose significant challenges in the areas where the Group's farms are located.

#### About AGROGENERATION

Founded in 2007, AgroGeneration is a large-scale producer of grain and oilseed. The company's core business is grains and oil commodity crop farming, operating near 30,000 hectares of high quality agricultural lands in the East of Ukraine.

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