



## Status of 2023 Harvesting Campaign

### Postponement of Interim Results Publication through November 30<sup>th</sup>, 2023

Paris, September 29<sup>th</sup>, 2023

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

#### **Preliminary results of early grain harvesting, progress of late crops harvesting, state of winter wheat sowing campaign**


The Group harvested around 5.9k hectares of winter wheat in July-early August 2023. As reported in the Group's earlier releases, the harvested area was significantly (by over 60%) lower as compared with the previous year due to weather issues in the fall of 2022 followed by the inability to fully complete harvesting of the 2022 late crops and consequently to execute the winter sowing campaign within planned areas and in line with production technology. In 2023, the winter wheat net yield increased by over 30% yoy and amounted to around 4.0 tons/ha (vs. 3.0 tons/ha in 2022). According to preliminary estimates, the total winter wheat net production came to around 23.4k tons. Despite the increase in the crop's production performance, the quality of wheat declined yoy with almost 100% presented as feed grain (vs. c.a. 80% in 2022). The wheat's quality deteriorated (all over Ukraine as well) due to heavy rains prior of harvesting campaign in June-July 2023 and due to late terms of sowing campaign execution in the fall of 2022 on the back of weather conditions.

#### **AgroGeneration. Early crop production estimates (as of September 20<sup>th</sup>, 2023):**

Crop	2022			2023E		
	Hectares harvested	Net Production, tons	Net Yield, tons/ha	Hectares harvested	Net Production, tons	Net Yield, tons/ha
Wheat	15,858	46,823	3.0	5,933	23,438	4.0
<b>TOTAL</b>	<b>15,858</b>	<b>46,823</b>	<b>3.0</b>	<b>5,933</b>	<b>23,438</b>	<b>4.0</b>

In mid-August 2023, the Group's farms started late crops harvesting. As of late September, around 40% of the area under sunflower and around 60% of the area under soy were harvested. Corn harvesting hasn't been started yet. Current estimates of the late crops harvest remain good, though, due to weather conditions, some deterioration in the quality of sunflower seeds (lower oil content) may take place. Late crops harvesting completion is scheduled for late October-mid-November 2023 and related production results are expected to





be disclosed together with the Group's interim financial results for 2023 in late November 2023 (please see “Reporting”).

As of the date of this press release, the Group has already started the 2024 crop season. In mid-August 2023, in parallel with late crops harvesting, AgroGeneration started sowing winter crop and preparing the soil for the 2024 harvest. According to the current plans, the Group’s farms expect to increase the area under winter wheat to up to 50% of the Company’s total operating area (compared to c.a. 20% in 2022). However, the feasibility of these plans depends entirely on the pace of the late crops harvesting, which, in turn, is affected by both weather conditions and military risks, which remain high in the region where the Group's farms are located.

### Crop sales update

As of late September 2023, the Group completed sales of its 2022 harvest and was engaged in 2023 crop sales. As of the date of this press release, the Group has sold around 40% of winter wheat and 7% of sunflower for the new 2023 harvest. It should be noted that a number of external factors limit the Group’s export potential in the coming marketing season, in particular the following:

- On July 17<sup>th</sup>, 2023, Russia withdrew from the “grain deal” (signed in late July 2022 grain export agreements between Ukraine, Turkey, Russia, and UN that allowed safe movement of cargo ships in the Black Sea) and immediately launched massive missile attacks on the port infrastructure of Odessa, Chornomorsk, and Mykolaiv. Ukrainian officials reported that around 270k tons of grain were destroyed by Russia in the month since its withdrawal from the “grain deal”. Grain foreign trade is complicated in Ukraine, as sea exports through Odesa ports are unlikely to resume in the near future. At the date of this release, approximately 3% of the Group’s 2022 harvest sold volumes were blocked in the ports of Pivdenny and Odesa.
- The situation with alternative grain export routes from Ukraine also remains tense. High freight costs, low grain prices and a lack of available vessels make it difficult to trade grain in the key ports on the Danube River. In addition, Russia is constantly attacking grain storage facilities in the ports on the Danube.
- On May 2<sup>nd</sup>, 2023, the EU imposed temporary import restrictions and allowed Poland, Bulgaria, Hungary, Romania, and Slovakia to ban domestic sales of Ukrainian wheat, corn, rapeseed, and sunflower. Although the ban expired on September 15<sup>th</sup>, 2023, negotiations to ease the trade restrictions with the mentioned countries are still ongoing.

All in all, it is currently expected that most of the Group’s 2023 harvest will be sold on the domestic market at lower than planned crop prices.





## Reporting

Taking into account the two-month delay in 2022 full-year results disclosure of the Group, caused by the continued Russian military invasion of Ukraine started in February 2022, AgroGeneration will not be able to publish the Group's 2023 interim financial accounts within obligatory deadlines (by the end of October). The Company will make its best efforts to publish the interim financial statements by end-November 2023, one month behind the required terms.

### **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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