



Group's Update on the Situation in Ukraine

- **Over 45% of land assets of AgroGeneration are not operated due to**
 - ✓ Partial occupation by Russian Federation troops
 - ✓ Location at the frontlines
- **High life safety risk is in place as the war is undergoing and shelling and bombing in Kharkiv and in the Kharkiv region occur daily**
- **No chance at the moment to accurately assess the total value and amount of damages and losses**
 - ✓ Preliminary current estimate of the Company's losses, built on the basis of available for the Group's management information, amounted to around 19M USD, including lost crops, inventories, machinery, inputs, etc.

Paris, June 16th, 2022

AgroGeneration, a Ukraine based grain and oilseed producer, provides an update on the current company's performance and gives an overview of the impacts of the Russian military invasion of Ukraine launched on 24 February 2022.

Reporting

Taking into account the continued Russian military invasion of Ukraine, AgroGeneration will not be able to publish the Group's 2021 audited financial accounts in the nearest future. A new date will be determined in due course followed by further announcement. Meanwhile, the convening of the shareholders general meeting to review and approve such financial statements has been already postponed by the Commercial Court in Paris through September 30th, 2022.

Fixed assets and stocks

The Kharkiv region, where all the land assets managed by the Group are located, is among those territories where active military conflict is underway. Shelling and bombing in Kharkiv and in the Kharkiv region occur daily numerous times during the day. As of the early June 2022, over 30% of territory of the Kharkiv region was occupied by Russian Federation troops. Up to 7,500 buildings on non-occupied territory of the region are destroyed or significantly damaged. Up to 4,000 civils in the Kharkiv region were injured and over 1,500 civils were killed.



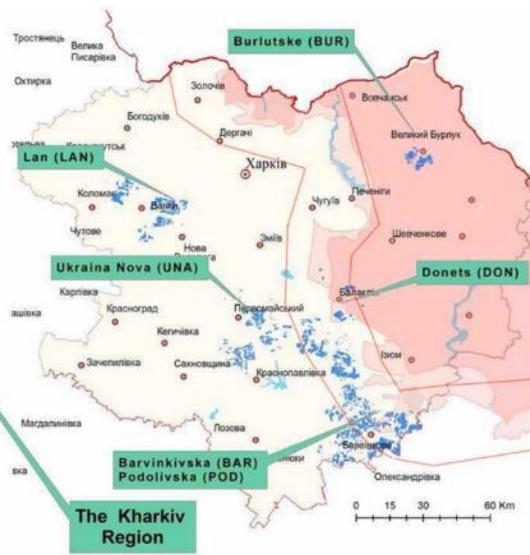


**Map of Operations
2021/22
Production Season**



ISW_Ukraine_20220606

- Assessed Russian Advances in Ukraine
- Assessed Russian-Controlled Ukrainian Territory
- Claimed Russian Control over Ukrainian Territory
- Borders of the zone of active military activities, seriously affected by regular air raids, artillery and rocket attacks



Over 45% of land assets of the Group aren't operated

- In **two farms** (Burlutske (BUR) and Donets (DON)) **all operations were suspended** due to temporary occupation by Russian Federation's troops
- **Two farms** (Podolivska (POD) and Barvinkivska (BAR)) are **partially operated** due to intense military activities in the location of the farms' fields
- **Two farms**, Lan (LAN) and Ukraina Nova (UNA), are **operated close to the plan**

Sources: AgroGeneration, frontline data from Institute for the Study of War (ISW) as of 06.06.2022

Following these events, as of the date of this press release, out of total farmlands operated by AgroGeneration as of the beginning of Russian invasion of Ukraine:

- Almost 20% of the farmlands are currently located in territories not controlled by Ukraine. All operational activities in such areas were suspended by the Group.
- Around 27% of the farmlands are located in the zone of the intense military activities, affected by regular air raids, artillery and rocket attacks, thus all operations were temporarily suspended in such areas as well for safety reasons.
- On around 53% of the farmlands, managed by the Group, all operations are continued close to the plan.

To the date, the Group lost around 26k hectares of operated lands for 2022 crop, including both farmlands engaged with winter wheat sowings (sown in autumn 2021) and those lands prepared for spring sowing campaign but where it was not executed due to war. **Total incurred costs on mentioned lands are preliminary estimated at 6.4M USD.**

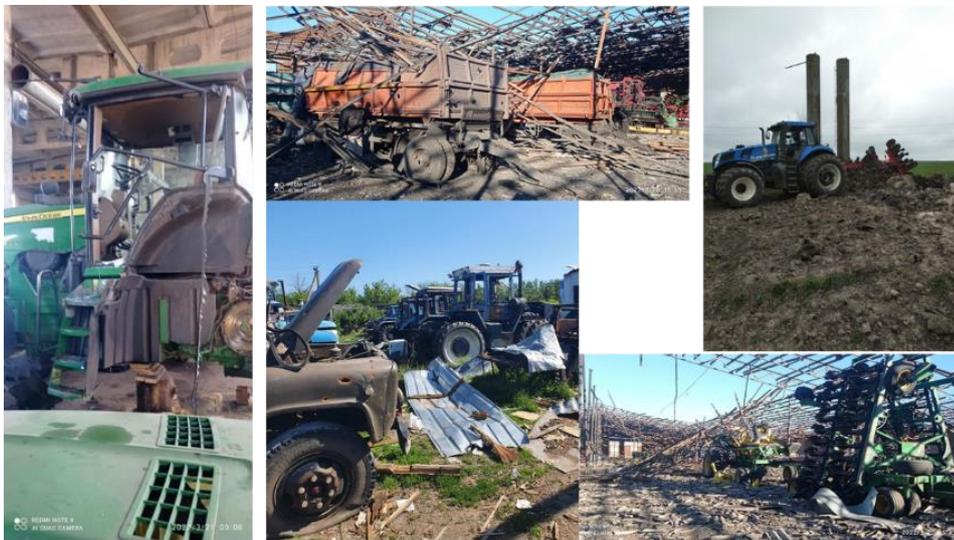
Approximately 40% of all machinery, equipment, buildings and other infrastructure is in occupied zone or is destroyed / heavily damaged during air raids, artillery and rocket attacks. No access to the majority of the assets located on the temporarily occupied area raises concerns about the future condition of those assets and the security of the inventory stored there. Besides, the management of the Company is already aware about the facts of stolen machinery and equipment by Russian troops, which was moved from temporarily occupied territory in Ukraine to Russian Federation. Due to the rocket attacks, damages of the Group's critical facilities





and infrastructure, located in areas controlled by Ukraine, in the zone of active military activities and 30-40 km beyond it, took place to the date.

AgroGeneration. Examples of Group Farms' Machinery and Equipment Damaged



Source: AgroGeneration

Still, for the moment it is impossible to evaluate accurately the amount and value of total damages and losses of machinery fleet (including spare parts) and infrastructure due to limited access to the farms on the back of regular shelling. **According to the Group's internal preliminary estimates, the book value of considered to be lost machinery came to around 6M USD. Replacement value of mentioned assets may come to over 20M USD.**

AgroGeneration. Examples of Group Farms' Infrastructure Damaged



Source: AgroGeneration





To date, approximately 8.1k tons of commodity stocks of 2021 crop (with an estimated value of around 3.4M USD), stored in the regions partially controlled by Russia or at the frontlines, were destroyed, stolen by Russian troops, or considered to be lost.

Operations

The condition of winter wheat, sown in autumn 2021, in the area controlled by Ukraine and operated by the Group is good. Still, the cases of damaged fields are in place as well as the risks of burning of the sowings on the back of shelling are very high. In May 2022, the Group conducted the spring sowing campaign in the regions controlled by Ukraine and not seriously affected by military activities. Around 13k hectares were sown, which is two times below plan, with mainly sunflower. Minor amount of farmlands were engaged with other crops (corn and soy).

AgroGeneration. Fields in the Risk Zone



...dotted with craters from fallen shells



...with holes of several meters in depth

Sources: AgroGeneration, open sources

Director of one of AGG's farms in the field

All in all, to the date, the Group has sown around 30k hectares with crops of 2022 harvest, 47% below plan. It should be noted that out of this area almost 18k hectares are located only 10-30 km away from the intense military activities zone, thus in case of frontline movement by 15-30 km the risk of inability to harvest such lands or their burning / damages is very high.





AgroGeneration. 2022 Spring Sowing Campaign



Source: AgroGeneration

Sales of the Group have been almost suspended since the beginning of the Russian military invasion of Ukraine due to closed seaports, minimal railroad capacity and destroyed infrastructure all over Ukraine followed by the absence of demand and oversupply in the country. Export capacity through the western borders of Ukraine is sharply limited. To the date, the Group slowly sells the stocks of 2021 harvest with crop prices significantly lower as compared with before the war period values due to the Group's inability to export as well as due to local oversupply of grains, which puts pressure on the selling prices in Ukraine. **Approximate estimation of losses in revenues come to 2.7M USD.**

Employees & Headquarters

To the date of this release, over 50% of Group's staff, have been evacuated or have left their homes since the beginning of war. Key personnel and top managers continue working but remotely.

The Group's corporate office in Kharkiv was hit by explosion in early March 2022. Significant damages, absence of electricity, continuous shelling in the center of city, where the office is located, make it impossible to renew the presence of employees at the office.





AgroGeneration. Corporate Office in Kharkiv



- Interior of the building:**
- Damaged interfloor ceilings
 - Damaged office furniture and walls
 - No electricity



- Exterior of the building:**
- Broken/significantly damaged windows
 - Significantly damaged entrance and facade



Source: AgroGeneration

Nearest Prospects Overview

AgroGeneration continues to undertake all steps necessary to ensure a full scope of operations, which can be resumed once the situation stabilizes or improves. For the moment, the war is ongoing in Ukraine and, in particular, intense military activities are held on the territory, where AgroGeneration’s assets are located, thus new challenges in the course of coming harvesting campaign are to be faced.

Ukrainian Agriculture Today. Life Safety Risks in the Ukrainian Fields are Very High



Sources: Ukrainian open sources





In addition, taking into account significant up to 15-20M tons of stocks of 2021 harvest locked in Ukraine since the beginning of war, there are high risks of further oversupply in the country after 2022 crop harvesting campaign start followed by shortage of storage capacities and further local crop prices deterioration. The risk of difficulties with storage of new 2022 crop for AgroGeneration is very high due to both mentioned expected shortage of storage capacities in the country and non-sufficient own storage infrastructure, also affected by the military activities.

The group will keep the market informed on further significant changes in its activity. More information on the Company's performance could be found on the corporate website of the Group.

About AGROGENERATION

Founded in 2007, AgroGeneration is a large-scale producer of grain and oilseed. Following its merger with Harmelia, AgroGeneration today is ranked amongst some of the largest agricultural firms in Ukraine. The company's core business is grains and oil commodity crop farming, operating near 60,000 hectares of high quality agricultural lands in the East of Ukraine.

All information on AgroGeneration's website : www.AgroGeneration.com

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