



First Half 2024 Financial Results and Latest Operational Update

- **The Group continued its operations amidst the extraordinary conditions of the ongoing full-scale war in Ukraine, now entering its third consecutive year**
- **The results for the first half of 2024 improved, driven by the profitable sale of remaining 2023 stocks and lower expected losses from the 2024 crop compared to 2023**
- **The 2024 crop harvesting campaign was completed: volumes and quality significantly declined due to drought conditions**
- **The 2025 winter sowing campaign was also completed: the actual sown area was short of the initial plan**

Paris, October 31st, 2024

AgroGeneration, a Ukraine based grain and oilseed producer, published its financial statements for the first half of 2024, as approved by the Board of Directors on October 30th, 2024. These financial statements were not subject to a limited review by the statutory auditors.

The full-scale war in Ukraine, initiated by Russia in February 2022, continued throughout H1 2024. This period saw a sharp increase in attacks by Russia on the country's energy, port, and civilian infrastructure compared to 2023. While the Group did not suffer direct losses, it faced ongoing challenges and reduced operational efficiency across all business processes due to frequent power outages and air raid alerts, lasting up to 11 hours per day, (particularly in the Kharkiv region where all the operational assets of the Group are located) in 2024.

Despite the successful completion of the spring sowing campaign in March-May 2024, extremely unfavourable weather conditions, particularly drought, throughout all stages of crop development have resulted in poor harvest expectations for the 2024 season. The Group's production volumes for 2024 are projected to be 14% lower than the actual harvest in 2023 and significantly below initial forecasts. These low harvest expectations for 2024 were reflected in the H1 2024 financial results as the initial biological asset (BA) margin, which came to a loss of €(0.4)M, was still a significant improvement compared to the €(5.3)M loss projected for the 2023 harvest in H1 2023. The reduction in expected losses yoy was primarily due to higher anticipated prices (vs. exceptionally low ones in mid-2023 following the cancellation of the Grain Deal) and enforced operational cost-savings in 2024





compared to 2023 (lower production volumes resulted in decreased direct expenses per hectare, including harvesting costs, while extremely dry weather rendered certain chemical treatments unnecessary in spring and summer).

The 2023 stock was sold at a positive margin, driven by higher crop prices in the first half of 2024. This was largely due to the steady operation of an alternative Ukrainian maritime corridor, which allowed the Group to increase export sales. Additionally, the Group cut selling expenses due to lower sales volume in H1 2024 and faster stock sales, which helped reduce storage costs.

All of the above mentioned factors let the Company's EBITDA become positive in H1 2024. EBITDA amounted to €2.0 million vs. €(2.8) million in H1 2023. The Group's net loss totaled €(1.6) million (vs. net loss of €(5.8) million in H1 2023).

As of late-October 2024, the Group completed harvesting of its 2024 late crops (sunflower and corn) with reduced crop yields and quality, and executed 2025 crop winter sowing campaign within the area of c.a. 8.7k ha, significantly below initial plan due to ongoing drought and lack of moisture.

H1 2024 Results

H1 2024 financial statements will be posted not later than on October 31st, 2024 at

www.agrogeneration.com

(in € thousands)	H1 2023	H1 2024
Revenue	8,640	7,575
Biological assets and finished goods (change in fair value)	(5,250)	(435)
Cost of sales	(6,340)	(5,404)
Gross profit (loss)	(2,950)	1,736
Selling, general and administrative expenses	(1,681)	(1,389)
Other income and expenses	(175)	(149)
Operating profit (loss)	(4,806)	198
Net financial income (expense)	(974)	(1,774)
Tax	-	-
Net profit (loss)	(5,780)	(1,576)



(in € thousands)	FY 2023	H1 2023	H1 2024
EBITDA ⁽¹⁾	277	(2,843)	1,974
Equity	13,242	8,040	11,882
Net debt ⁽²⁾	14,756	15,397	15,594
Net debt excl. IFRS16	5,925	3,176	5,720

(1) EBITDA = earnings before interest, tax, depreciation, amortization, provision, net gain or loss on fixed asset divestiture and impairment of non-current assets and one-off losses caused by the war in Ukraine - see appendix for detail


(2) Total borrowings minus available cash and term deposits pledged as security for repayment of bank debt - see appendix for detail

AgroGeneration posted revenues of €7.6 million in H1 2024, a 12.3% decrease compared to H1 2023 attributed mainly to smaller sold grain volumes (by 3%) and lower crop selling prices vs. H1 2023.

The gross profit of the Group became positive and totalled €1.7 million compared to €(3.0) million in H1 2023, representing an increase of €4.7 million. Such result can be broken down as follows:

- -€0.1 million related to the change in margin generated by prior year 2023 stocks sold over the reporting period vs. the one generated in H1 2023 by the sales of 2022 stocks. AgroGeneration sold c.a. 35k tons of mainly wheat and sunflower in H1 2024 (vs. 36k tons sold in H1 2023). Even though the average selling crop prices appeared to be lower vs. those in H1 2023 (-18%/ton yoy for wheat, and -12%/ton yoy for sunflower), they were higher than fair value estimates of sold crops as of the end of 2023 thanks to the stable operation of an alternative Ukrainian maritime corridor and ability of the Group to execute higher export sales (approx. 40% of sold stock was exported in H1 2024 vs. 28% in H1 2023). Thus, the Group managed to generate positive gross margin from sale of stocks in the amount of €2.2M (vs. €2.3M gross margin generated via the sale of 2022 stocks in H1 2023).
- +€4.8 million cumulative effect related to the change in fair value of biological assets (change in expected margin of 2024 harvest vs. expected margin of 2023 harvest), which includes:
 - -€3.3M effect due to dramatically lower production volumes in 2024 caused by the drought in Ukraine in spring-autumn 2024 (please refer to press-release as of September 20th, 2024).
 - +€3.0M attributed to reduced production costs in 2024 vs. 2023: by c.a. 10%/ha for sunflower, by c.a. 20%/ha for winter wheat (2024 vs. 2023). Forced operational cost savings were driven by the following factors: (1) significant decrease in production volumes followed by direct expenses savings (transportation, salary, etc.), (2) certain technological operations (such as chemical treatment) were not carried out due to the lack of necessity caused by extremely dry weather





conditions in spring and summer 2024, (3) changes in the crop mix followed by the shift from sunflower to less costly crops.

- +€3.7M from increase in crop prices expectations for 2024 crop vs. the dramatically low expectations for the 2023 crop, which were effective as of mid-2023 (against the closure of the Grain Deal with Russia in July 2023).
- +€1.4M effect related to other factors, incl. forex, IFRS16 effect, change in opening balances, etc.

Selling, general and administrative expenses declined by €0.3 million vs. H1 2023, from €1.7 million to €1.4 million in H1 2024. The decline was attributed to reduced selling expenses driven by lower sales volumes in H1 2024 compared to H1 2023, and faster sales of stocks resulting in reduced storage costs. In addition, some further drop in personnel costs took place in H1 2024 on the back of the company's structural optimization.

As a result of the above factors, EBITDA of the Company became positive and totalled €2.0 million vs. €(2.8) million in H1 2023.

In H1 2024, the Group continued to incur expenses related to the ongoing war, such as charity expenses (€82k in H1 2024 vs. €85k in H1 2023). These were recognized as operating expenses. Consequently, operating profit came to €0.2 million compared to €(4.8) million operating loss in H1 2023.

Net financial expenses increased to around €(1.8) million vs. €(1.0) million in H1 2023. The increase of €0.8 million is mostly attributed to Forex negative effect against further devaluation of UAH vs. EUR related to unrealized forex at the Group level.

The Group's bottom result remained negative. Net loss amounted to €(1.6) million in H1 2024 vs. €(5.8) million net loss in H1 2023.

Financial structure

In terms of financing, debt is traditionally higher in the first half of the year due to greater working capital requirements when crops are still below ground. The Group's Net debt came to €15.6 million compared to €15.4 million as of June 30, 2023. This amount should be lower at the end of the financial period.





Completion of 2024 harvesting campaign

The Group concluded its 2024 crop harvesting campaign in late September 2024. Around 16.5k tons of sunflower were harvested, with an average net yield of 1.87 tons per hectare, representing a 4% decrease compared to 2023. Corn harvesting was completed with a total net production of 5.8k tons and a net yield of 3.8 tons per hectare, over 50% decline from the previous year. The primary cause of the yield reduction for both crops was extreme drought throughout all stages of crop development (*as detailed in the September 20, 2024 press release*). Sunflower yields were less impacted by the drought due to the crop's biological resistance to high temperatures; however, the lack of rain hindered seed formation and reduced oil content, which may negatively affect future crop prices. Overall, the Group produced approximately 62k tons of crops in 2024, 14% lower than the 2023 actual harvest (72k tons).

AgroGeneration. Late crop harvesting preliminary results (as of late October, 2024):

Crop	2023			2024E		
	Hectares harvested	Net Production, tons	Net Yield, tons/ha	Hectares harvested	Net Production, tons	Net Yield, tons/ha
Sunflower	22,029	42,830	1.94	8,817	16,485	1.87
Corn	574	4,419	7.7	1,528	5,799	3.8

2025 winter crop sowing campaign status

As of the date of this release, the Group has completed its 2025 winter crop sowing campaign. Of the approximately 30k hectares planned for the 2025 crop season, around 8.7k hectares were sown with winter wheat (vs. 14.4k hectares in 2024 crop season). The planned areas for winter wheat were not fully sown due to the ongoing drought in the Kharkiv region, where the Group's land assets are located. The unplanted areas will be allocated for the remaining crops to be sown in spring 2025. As of the date of this release, the Group's farms experienced uneven sprouting of winter wheat due to insufficient soil moisture. While future weather conditions will influence the potential for crop development, there is currently a risk that some areas may need to be reseeded in spring 2025.

Governance

AgroGeneration is also issuing an announcement on the same date as this release regarding the change in ownership of the Group followed by a change in Company's Board of Directors and CEO of AgroGeneration. For further details, please refer to the separate press release published on October 31st, 2024.



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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APPENDIX

Calculation of EBITDA

(in € thousands)	FY 2023	H1 2023	H1 2024
Operating profit ⁽¹⁾	(4,698)	(4,721)	280
Amortization of non-current assets	4,500	1,934	1,701
Provision, net gain or loss on fixed-asset divestiture and impairment of non-current assets	475	29	(7)
EBITDA	277	(2,758)	1,974

(1) Excluding one-off losses, adjustments and expenses (net) related to war of: €197k for 2023, €85K for H1 2023, €82K for H1 2024

Calculation of Net Debt

(in € thousands)	FY 2023	H1 2023	H1 2024
Borrowings excluding land lease liabilities	6,647	6,957	6,868
Lease liabilities for right-of-use assets	8,831	12,221	9,874
Financial debt	15,475	19,178	16,742
Available cash	(715)	(3,774)	(1,100)
Term deposits	(7)	(7)	(48)
Net debt	14,756	15,397	15,594

