

ROS AGRO financial results for 1Q 2022

11 May 2022 – Today ROS AGRO PLC (the “Company”), the holding company of Rusagro Group (the “Rusagro”), a leading Russian diversified food producer with vertically integrated operations, has announced the financial results for the three months ended 31 March 2022.

1Q 2022 HIGHLIGHTS

- Sales amounted to RUB 61,506 million (US\$ 715 million¹), an increase of RUB 11,573 million (+23%) compared to 1Q 2021;
- Adjusted EBITDA² amounted to RUB 16,887 million (US\$ 196 million), an increase of RUB 5,718 million (+51%) compared to 1Q 2021;
- Adjusted EBITDA margin rose from 22% in 1Q 2021 to 27% in 1Q 2022;
- Net profit for the period amounted to RUB 2,240 million (US\$ 26 million), a decrease of RUB 4,286 million (-66%);
- Net debt position³ as of 31 March 2022 amounted to RUB 91,681 million (US\$ 1,090 million);
- Net Debt/Adjusted EBITDA (LTM⁴) as of 31 March 2022 was 1.70.

Commenting on the results, Timur Lipatov, CEO of Rusagro, said:

“In 1Q 2022 Rusagro continued to demonstrate growth of its revenue and adjusted EBITDA, but net profit decreased due to forex losses caused by money blocking by European banks. Supported by higher total sales volumes across all business segments except Sugar segment, net revenue increased by 23%. Moreover, as sales grew more than corresponding rise in costs of goods, adjusted EBITDA margin had a 5 pp improvement, which pushed EBITDA by 51% up in comparison to the same quarter of the previous year.”

Key consolidated financial performance indicators

in RUB million	Three months ended		Variance	
	31 March 2022	31 March 2021	Units	%
Sales	61,506	49,933	11,573	23
Gross profit	15,531	10,089	5,442	54
<i>Gross margin, %</i>	<i>25%</i>	<i>20%</i>	<i>5 pp</i>	
Adjusted EBITDA	16,887	11,169	5,718	51
<i>Adjusted EBITDA margin, %</i>	<i>27%</i>	<i>22%</i>	<i>5 pp</i>	
Net profit for the period ¹	2,240	6,526	(4,286)	(66)
<i>Net profit margin %</i>	<i>4%</i>	<i>13%</i>	<i>(9) pp</i>	

Sales volume of Rusagro products in 1Q 2022

in thousand tonnes	Three months ended		Variance	
	31 March 2022	31 March 2021	Units	%
Sugar	177	202	(24)	(12)
Pork products	60	58	2	3
Agriculture crops, incl.	356	272	84	31
soybean	102	72	30	42
corn	101	50	50	100
wheat	79	143	(63)	(44)
sugar beet	59	-	59	100
sunflower seeds	16	8	8	100
Oil and fat products, incl.	400	385	14	4
meal	149	118	31	26
crude oil	92	103	(10)	(10)
industrial fats	79	83	(4)	(4)
dry whey mixes	4	3	1	27
consumer oil & fat products	72	75	(4)	(5)
consumer dairy products	3	3	0	1

¹ Net profit for the period is affected by non-cash income/(loss) on revaluation of biological assets and agricultural produce.

KEY CONSOLIDATED CASH FLOW INDICATORS (NOT IFRS PRESENTATION*)

The key consolidated cash flow indicators presented according to management accounts methodology

in RUB million	Three months ended		Variance	
	31 March 2022	31 March 2021	Units	%
Net cash from operating activities, incl.	(5,130)	8,417	(13,547)	-
<i>Operating cash flow before working capital changes</i>	17,146	11,430	5,716	50
<i>Working capital changes</i>	(21,946)	(2,854)	(19,092)	(669)
Net cash from investing activities, incl.	(2,267)	(1,999)	(268)	(13)
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(3,088)	(2,040)	(1,049)	(51)
Net cash from financing activities	8,925	2,967	5,958	201
Net effect of exchange rate changes on cash and cash equivalents	(7,960)	(30)	(7,930)	(26,338)
Net (decrease) / increase in cash and cash equivalents	(6,432)	9,356	(15,787)	-

(*) See Appendix 3

The key investments in property, plant and equipment and inventories intended for construction during 1Q 2022 were made in the Meat segment in the amount of RUB 1,277 million (1Q 2021: RUB 1,251 million) mainly due to the purchases related to the construction project in the Russian Far East. Investments in the Agriculture segment in the amount of RUB 830 million (1Q 2021 : RUB 258 million), Oil and Fat segment in the amount of RUB 815 million (1Q 2021 : RUB 405 million), and Sugar segment in the amount of RUB 166 million (1Q 2021 : RUB 126 million) mainly relate to purchases of machinery and equipment for production facilities renewal and maintenance.

Debt position and liquidity management

in RUB million	31 March	31 December	Variance	
	2022	2021	Units	%
Gross debt	180,015	172,724	7,291	4
<i>Short-term borrowings</i>	115,856	108,749	7,107	7
<i>Long-term borrowings</i>	64,159	63,975	184	0
Cash and cash equivalents, bank deposits and bonds	(88,334)	(99,315)	10,981	11
<i>Short-term cash, deposits and bonds</i>	(53,923)	(65,344)	11,421	17
<i>Long-term cash, deposits and bonds</i>	(34,411)	(33,971)	(440)	(1)
Net debt	91,681	73,409	18,272	25
<i>Short-term borrowings, net</i>	61,933	43,405	18,528	43
<i>Long-term borrowings, net</i>	29,748	30,004	(256)	(1)
Adjusted EBITDA (LTM)⁴	53,777	48,060	5,717	12
Net debt/ Adjusted EBITDA (LTM)	1.70	1.53	0.2 pp	
Adjusted EBITDA (LTM)⁵ without other operating income/expenses	54,202	48,314	5,888	12
Net debt/ Adjusted EBITDA (LTM)⁵ without other operating income/expenses	1.69	1.52	0.2 pp	

Net finance income / (expense):

in RUB million	Three months ended		Variance	
	31 March 2022	31 March 2021	Units	%
Net interest expense	(1,515)	(1,294)	(221)	(17)
<i>Gross interest expense</i>	(4,555)	(1,785)	(2,770)	(155)
<i>Reimbursement of interest expense</i>	3,040	491	2,550	520
Interest income	2,308	1,819	489	27
Net gains / (losses) from bonds held for trading	0	(0)	0	-
Other financial income, net	(7,885)	(20)	(7,865)	(38,902)
<i>Net foreign exchange gains / (losses)</i>	(7,829)	(32)	(7,797)	(24,397)
<i>Other financial income / (expenses), net</i>	(57)	12	(68)	-
Total net finance income / (expense)	(7,092)	505	(7,596)	-

Net debt increased at 31 March 2022 compared at 31 December 2021 as a result of an increase in short-term borrowings.

In 1Q 2022 Rusagro continued to enjoy benefits from the state agriculture subsidies programme. The Rusagro continued to receive bank loans with decreased preferential interest rates under the programme of government support. Under this programme, the government provides subsidies to the banks to compensate the loss of income on credits with decreased interest rates, given by the banks to agricultural producers. In 1Q 2022 IFRS accounts these credits are accounted according to its face value with no adjustments to prevailing market rates. The differences between nominal and market interest rate is recognized as either government grants in a statement of financial position for borrowings received with the purpose to finance investment projects or interest expenses in a statement of comprehensive income for general purpose borrowings.

Net finance income of 1Q 2021 in the sum of RUB 505 million changed to *net finance expense* in the amount of RUB 7,092 million in 1Q 2022 as the result of negative dynamics in forex losses in 1Q 2022 and increase in interest income on bank deposits in 1Q 2022, partially compensated by lower interest income on SolPro loans.

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- (1) *The exchange rates used for translation of RUB amounts into USD represent average Central Bank official exchange rate for the respective reporting period for income, expenses and profits and the Central Bank official exchange rate as at the reporting date for balance figures.*
 - (2) *Adjusted EBITDA is defined as operating profit before taking into account (i) depreciation included in operating profit, (ii) net gain/ (loss) on revaluation of biological assets and agricultural produce, (iii) non-recurring components of other operating income/ (expenses), net, (iv) share-based remuneration, (v) provision for impairment of loans issued (see Appendix 2 for the detailed calculation of Adjusted EBITDA). Adjusted EBITDA is not a measure of financial performance under IFRS. It should not be considered as an alternative to profit for the period as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. We believe that Adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of subsidiaries and other investments and our ability to incur and service debt.*
 - (3) *The Rusagro determines the net debt as short-term borrowings and long-term borrowings less cash and cash equivalents, bank deposits, bank promissory notes and bonds held for trading.*
 - (4) *LTM – The abbreviation for the “Last twelve months”.*
 - (5) *Starting from the beginning of 2020 part of other operating income and expensed (recurring items) was included in Adjusted EBITDA calculation. Figures of 2022 and 2021 calculated using prior periods’ logic (excluding other operating income/expenses) are shown in table Debt position and liquidity management above and in the diagram with Net debt/ LTM EBITDA trend analysis for comparative purposes*

NOTE

ROS AGRO PLC (LSE, MOEX: AGRO) – a holding company of Rusagro Group, a leading Russian diversified food producer with vertically integrated operations in the following branches:

Agricultural:

Rusagro currently controls one of the largest land banks among Russian agriculture producers, with 643 thousand hectares of land under control located in the highly fertile Black Earth region of Russia (in the Belgorod, Tambov, Voronezh, Kursk, Orel regions) and in the Far East Primorye Region. Land and production sites are strategically located within the same regions to optimize efficiency and minimize logistical costs. Rusagro is one of the major sugar beet producers in Russia, but it also produces wheat and corn, sunflower seeds and soybeans. These products are partially consumed by the Meat and Oil and Fat segments, supporting a synergistic effect and lowering price change risk.

Oil and Fat:

Rusagro is the leading crude sunflower oil and consumer margarine producer, second largest industrial fats and mayonnaise producer in Russia with products sold under eleven key brands, such as *EZhK*, *Schedroye Leto*, *Mechta Khozyaiki*, umbrella brand *Ya Lublu Gotovit* (includes *Moskovskiy Provansal*, *Novosibirskiy Provansal* and *Saratovskiy Provansal*), *Rossiyanka* and *Saratovskiy Slivochniy*, *Benefitto*, *Maslava* and *Leto Krasno* (红色夏日), which is sold on the Chinese market. Rusagro also produces dry industrial mixes, cheeses, butter and cream sold under three brands: *Milie*, *Syrnaya Kultura* and *Ya Lublu Gotovit*. Rusagro owns four crushing and two oil & fats plants and leases two milk processing plants. Owning its sunflower and soy oil production allows Rusagro to control the source of the sunflower and soybean oil required to produce oil and fats products.

Sugar:

Rusagro is one of the leading Russian sugar producers (№3 in Russia and №1 on cube white sugar market), producing sugar from sugar beet at nine production sites in four regions. Group produces white and brown sugar sold under the brands *Russkii Sakhar*, *Chaikofsky*, *Mon Cafe* and *Brauni*. The Sugar segment is vertically integrated and sugar beets are supplied by Rusagro's Agriculture segment, which ensures a consistent supply. The sugar segment also operates a cereal plant and sells buckwheat and rice under the brand *Tyoplye Traditsii*.

Meat:

Rusagro is №4 largest pork producer in Russia. It operates large commercial pig breeding complexes adhering to best practices regarding biosecurity standards, nucleus farms, compound feed plants, slaughterhouses and meat processing plants in Tambov and Belgorod Regions and in the Russian Far East. Since 2016, Rusagro sells retail products under its own brand *Slovo Myasnika* (*Butcher's word*).

CONFERENCE CALL

Rusagro management is organizing a conference call on Company's 1Q 2022 financial results for investors and analysts.

Details of the call:

Date: 11 May 2022

Time: 16:00 PM (Moscow) / 14:00 PM (London)

Subject: ROS AGRO PLC 1Q 2022 Financial results

Password: 837093

Link: [https://ib-](https://ib-translations.zoom.us/j/82282274964?pwd=R3c4ZEtzNVpGZ1I1Wmh1dDkxbms5UT09)

[translations.zoom.us/j/82282274964?pwd=R3c4ZEtzNVpGZ1I1Wmh1dDkxbms5UT09](https://ib-translations.zoom.us/j/82282274964?pwd=R3c4ZEtzNVpGZ1I1Wmh1dDkxbms5UT09)

FORWARD-LOOKING STATEMENTS

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements do not relate to historical or current events, or to any future financial or operational activity of the Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond the Rusagro Group's control. As a result, actual future results may differ materially from the plans and expectations set out in these forward-looking statements.

The Group undertakes no obligation to release the results of any revisions to any forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

CONTACTS

Svetlana Kuznetsova

IR & ESG Director

Phone: +7 495 363 1661

E-mail: ir@rusagrogroup.ru

Appendix 1. Consolidated statement of comprehensive income for the Three months ended 31 March 2022 (in RUB thousand)

	Three months ended 31 March	
	2022	2021
Sales	61,506,160	49,932,967
Net gain / (loss) on revaluation of biological assets and agricultural produce	(3,097,209)	(2,025,822)
Cost of sales	(42,877,789)	(37,818,491)
Net gain / (loss) from trading derivatives	-	(5)
Gross profit	15,531,162	10,088,649
Distribution and selling expenses	(3,629,180)	(1,862,951)
General and administrative expenses	(1,752,814)	(2,064,024)
Other operating income/(expenses), net	(617,294)	757,658
Operating profit	9,531,874	6,919,332
Interest expense	(1,514,712)	(1,294,083)
Interest income	2,308,391	1,819,264
Net gain / (loss) from bonds held for trading	42	(239)
Other financial income/ (expenses), net	(7,885,447)	(20,218)
Profit / (loss) before taxation	2,440,148	7,424,056
Income tax expense	(200,235)	(897,705)
Profit for the period	2,239,913	6,526,351
Other comprehensive income:	-	-
Total comprehensive income/ (loss) for the period	2,239,913	6,526,351
Profit / (loss) is attributable to:		
Owners of ROS AGRO PLC	2,240,631	6,547,432
Non-controlling interest	(718)	(21,081)
Profit / (loss) for the period	2,239,913	6,526,351
Total comprehensive income/ (loss) is attributable to:		
Owners of ROS AGRO PLC	2,240,631	6,547,432
Non-controlling interest	(718)	(21,081)
Total comprehensive income/ (loss) for the period	2,239,913	6,526,351
Earnings per ordinary share for profit attributable to the equity holders of ROS AGRO PLC, basic and diluted (in RR per share)	83.28	243.34

**Appendix 2. Consolidated statement of financial position as at 31 March 2022
(in RUB thousand)**

	31 March 2022	31 December 2021
ASSETS		
Current assets		
Cash and cash equivalents	40,030,538	46,462,179
Restricted cash	53	47
Short-term investments	18,732,460	21,001,760
Trade and other receivables	13,521,097	12,558,401
Prepayments	17,208,585	5,414,032
Current income tax receivable	1,222,295	1,532,726
Other taxes receivable	6,900,652	8,321,193
Inventories and short-term biological assets	79,946,087	77,509,033
Total current assets	177,561,767	119,201,673
Non-current assets		
Property, plant and equipment	119,296,660	119,159,412
Inventories intended for construction	1,435,752	1,604,570
Right-of-use assets	7,238,242	7,346,538
Goodwill	2,364,942	2,364,942
Advances paid for non-current assets	7,195,395	7,355,467
Long-term biological assets	4,201,125	2,744,863
Long-term investments and receivables	42,958,586	42,527,657
Investments in associates	390,782	359,782
Deferred income tax assets	5,514,996	4,835,268
Other intangible assets	1,385,734	1,144,057
Other non-current assets	31,944	79,125
Total non-current assets	192,014,158	189,521,681
Total assets	369,575,925	362,321,052
LIABILITIES and EQUITY		
Current liabilities		
Short-term borrowings	115,855,843	108,748,840
Lease liabilities	1,063,827	1,130,831
Trade and other payables	15,416,701	15,440,635
Provisions	542,707	494,709
Current income tax payable	758,544	464,471
Other taxes payable	4,830,751	7,454,558
Total current liabilities	138,468,373	133,734,044
Non-current liabilities		
Long-term borrowings	64,159,311	63,975,025
Government grants	9,864,403	9,325,530
Lease liabilities	5,146,583	5,535,014
Deferred income tax liability	1,821,978	1,876,244
Total non-current liabilities	80,992,275	80,711,813
Total liabilities	219,460,648	214,445,857
Equity		
Share capital	12,269	12,269
Treasury shares	(490,607)	(490,607)
Additional paid-in capital	26,964,479	26,964,479
Other reserves	1,363,177	1,363,177
Retained earnings	122,321,107	120,080,307
Equity attributable to owners of ROS AGRO PLC	150,170,425	147,929,625
Non-controlling interest	(55,148)	(54,430)
Total equity	150,115,277	147,875,195
Total liabilities and equity	369,575,925	362,321,052

Appendix 3. Consolidated statement of cash flows the Three months ended 31 March 2022 (in RUB thousand) – NOT IFRS PRESENTATION (*)

	Three months ended 31 March 2022	Three months ended 31 March 2021
Cash flows from operating activities		
Profit before income tax	2,440,149	7,424,056
<i>Adjustments for:</i>		
Depreciation and amortization	3,817,073	2,800,821
Interest expense	4,554,909	1,784,749
Government grants	(3,230,880)	(853,039)
Interest income	(2,308,390)	(1,819,264)
Loss/ (gain) on disposal of property, plant and equipment	(438,032)	6,581
Net (gain) / loss on revaluation of biological assets and agricultural produce	3,097,209	2,025,822
Change in provision for impairment of loans issued	(70)	31
Interest expense on leases	56,386	62,739
Realised deferred day-one gain	-	(212,803)
Change in provision for net realisable value of inventory	215,607	377,172
Change in provision for impairment of receivables and prepayments	47,807	27,658
Foreign exchange (gain) / loss, net	9,152,911	(69,897)
Net (gain) / loss from bonds held for trading	(42)	239
Change in provision for impairment of advances paid for property, plant and equipment	(15,330)	(1,490)
Change in other provisions	47,998	(83,243)
Loss on disposal of other assets	3,608	-
Gain on SolPro loans redemption	(320,080)	-
Other non-cash and non-operating expenses, net	25,125	(39,903)
Operating cash flow before working capital changes	17,145,958	11,430,229
Change in trade and other receivables and prepayments	(14,124,633)	(1,973,789)
Change in other taxes receivable	1,420,541	1,747,251
Change in inventories	(6,668,934)	(3,709,768)
Change in trade and other payables	20,162	1,682,794
Change in other taxes payable	(2,593,539)	(600,821)
Cash generated from operations	(4,800,445)	8,575,896
Income tax paid	(329,946)	(158,819)
Net cash from operating activities	(5,130,391)	8,417,077

Appendix 3 (continued). Consolidated statement of cash flows the Three months ended 31 March 2022 (in RUB thousand) – NOT IFRS PRESENTATION (*)

	Three months ended 31 March 2022	Three months ended 31 March 2021
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,981,847)	(1,869,918)
Purchases of other intangible assets	(360,947)	(35,805)
Purchases of land lease rights	(8,843)	(11,421)
Proceeds from sales of property, plant and equipment	554,179	72,100
Purchases of inventories intended for construction	(106,466)	(169,706)
Purchases of associates	(31,000)	(56,600)
Movement in restricted cash	-	37,839
Dividends received	377,269	-
Other investing activities	291,096	34,961
Net cash from investing activities	(2,266,559)	(1,998,550)
Cash flows from financing activities		
Proceeds from borrowings	21,004,197	10,505,708
Repayment of borrowings	(14,674,650)	(5,981,704)
Interest paid	(937,229)	(640,348)
Change in cash on bank deposits	5,308,072	(2,000,000)
Proceeds from sales of bonds with maturity over three months*	140,783	220,420
Loans given*	(250,000)	-
Loans repaid*	(2,328,261)	492,857
Interest received*	1,132,611	152,146
Proceeds from government grants	32,198	268,131
Dividends paid to owners Ros Agro PLC	(120)	-
Repayment of lease liabilities	(502,443)	(50,118)
Other financial activities	290	-
Net cash from financing activities	8,925,448	2,967,092
Net effect of exchange rate changes on cash and cash equivalents	(7,960,139)	(30,109)
Net increase/ (decrease) in cash and cash equivalents	(6,431,641)	9,355,510
Cash and cash equivalents at the beginning of the period	46,462,179	11,866,798
Cash and cash equivalents at the end of the period	40,030,538	21,222,308

(*) For the purpose of conformity with the methodology of the Group's net debt calculation investments in financial assets related to financial activities are presented in Cash flows from financing activities in the Group's management accounts.