

ROS AGRO financial results for 1H 2022 and 2Q 2022

8 August 2022 – Today ROS AGRO PLC (the Company), the holding company of Rusagro Group (Rusagro), a leading Russian diversified food producer with vertically integrated operations, has announced the financial results for the six months ended 30 June 2022.

1H 2022 HIGHLIGHTS

- Sales amounted to RUB 127,230 million (US\$ 1,668 million¹), an increase of RUB 22,858 million (+22%) compared to 1H 2021;
- Adjusted EBITDA² amounted to RUB 30,158 million (US\$ 395 million), an increase of RUB 8,039 million (+36%) compared to 1H 2021;
- Adjusted EBITDA margin rose to 24% in 1H 2022 from 21% in 1H 2021;
- Net profit for the period amounted to RUB 166 million (US\$ 2 million), a decrease of RUB 17,434 million;
- Net debt position³ as of 30 June 2022 amounted to RUB 98,973 million (US\$ 1,935 million);
- Net Debt/Adjusted EBITDA (LTM⁴) as of 30 June 2022 was 1.76.

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

“In 2Q 2022 sales and adjusted EBITDA of the Group improved, whereas net profit decreased due to forex losses. Net revenue increased by 21% supported by higher total sales volumes in Sugar and Meat segments. Adjusted EBITDA margin increased by 1 pp to the level of 21% because sales grew in the same proportion as costs of goods sold.”

Key consolidated financial performance indicators

in RUB million	Six months ended		Variance		Three months ended		Variance	
	30 June 2022	30 June 2021	Units	%	30 June 2022	30 June 2021	Units	%
Sales	127,230	104,372	22,858	22	65,724	54,439	11,285	21
Gross profit	32,586	24,379	8,207	34	17,428	14,290	3,138	22
<i>Gross margin, %</i>	<i>26%</i>	<i>23%</i>	<i>3 pp</i>		<i>27%</i>	<i>26%</i>	<i>1 pp</i>	
Adjusted EBITDA¹	30,158	22,119	8,039	36	13,645	10,950	2,695	25
<i>Adjusted EBITDA margin, %</i>	<i>24%</i>	<i>21%</i>	<i>3 pp</i>		<i>21%</i>	<i>20%</i>	<i>1 pp</i>	
Net profit for the period^{1,2}	166	17,600	(17,434)	(99)	(1,775)	11,074	(12,849)	-
<i>Net profit margin %</i>	<i>0%</i>	<i>17%</i>	<i>(17) pp</i>		<i>(3%)</i>	<i>20%</i>	<i>(23) pp</i>	

Sales volume of Rusagro products in 6M and 2Q 2022

in thousand tonnes	Six months ended		Variance		Three months ended		Variance	
	30 June 2022	30 June 2021	Units	%	30 June 2022	30 June 2021	Units	%
Sugar	437	362	76	21	260	160	100	62
Pork products	133	121	12	10	73	62	10	16
Agriculture crops, incl.	501	573	(72)	(12)	145	300	(155)	(52)
wheat	194	360	(166)	(46)	115	218	(102)	(47)
soybean	116	143	(26)	(18)	15	71	(56)	(80)
corn	111	58	53	91	10	8	2	31
sugar beet	59	-	59	100	-	-	-	-
sunflower seeds	21	8	13	166	5	-	5	100
barley	0	4	(4)	(96)	0	4	(4)	(96)
Oil and fat products, incl.	792	835	(43)	(5)	392	449	(57)	(13)
meal	299	306	(7)	(2)	149	188	(38)	(20)
crude oil	200	198	2	1	108	95	12	13
industrial fats	141	156	(14)	(9)	62	73	(11)	(15)
dry whey mixes	8	7	1	19	4	4	0	11
consumer oil & fat products	136	162	(26)	(16)	64	87	(22)	(26)
consumer dairy products	7	7	1	12	4	3	1	23

¹ Adjusted EBITDA and Net profit for 1Q 2022 were decreased by RUB 374 million in order to reflect allocation of costs of Far East project in Meat segment.

² 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	Six months ended		Variance		Three months ended		Variance	
	30 June 2022	30 June 2021	Units	%	30 June 2022	30 June 2021	Units	%
Net cash from operating activities, incl.	(706)	21,348	(22,054)	-	4,424	12,931	(8,507)	(66)
<i>Operating cash flow before working capital changes</i>	28,771	22,742	6,028	27	11,625	11,312	313	3
<i>Working capital changes</i>	(28,252)	(758)	(27,494)	(3,627)	(6,305)	2,096	(8,401)	-
Net cash from investing activities, incl.	(3,962)	(17,411)	13,448	77	(1,696)	(15,412)	13,716	89
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(4,627)	(6,222)	1,595	26	(1,538)	(4,183)	2,644	63
<i>Acquisition of SolPro assets</i>	-	(11,689)	11,689	-	-	(11,689)	11,689	-
Net cash from financing activities	39,140	36,373	2,767	8	30,214	33,406	(3,191)	(10)
Net effect of exchange rate changes on cash and cash equivalents	(18,995)	(102)	(18,893)	(18,528)	(11,035)	(72)	(10,963)	(15,255)
Net (decrease) / increase in cash and cash equivalents	15,476	40,208	(24,732)	(62)	21,908	30,852	(8,945)	(29)

(*) See Appendix 3

The key investments in property, plant and equipment and inventories intended for construction during 1H 2022 were made in the Meat segment in the amount of RUB 2,233 million (1H 2021: RUB 2,846 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 1,431 million (1H 2021 : RUB 911 million), Oil and Fat segment in the amount of RUB 770 million (1H 2021 : RUB 2,110 million excluding acquisition of SolPro assets), and Sugar segment in the amount of RUB 193 million (1H 2021 : RUB 355 million) mainly relate to purchases of machinery and equipment for production facilities renewal and maintenance.

Debt position and liquidity management

in RUB million	30 June 2022	31 December 2021	Variance	
			Units	%
Gross debt	196,641	172,724	23,917	14
<i>Short-term borrowings</i>	133,256	108,749	24,507	23
<i>Long-term borrowings</i>	63,385	63,975	(590)	(1)
Cash and cash equivalents, bank deposits and bonds	(97,668)	(99,315)	1,647	2
<i>Short-term cash, deposits and bonds</i>	(63,697)	(65,344)	1,647	3
<i>Long-term cash, deposits and bonds</i>	(33,971)	(33,971)	-	-
Net debt	98,973	73,409	25,564	35
<i>Short-term borrowings, net</i>	69,559	43,405	26,154	60
<i>Long-term borrowings, net</i>	29,414	30,004	(590)	(2)
Adjusted EBITDA (LTM¹)	56,099	48,060	8,039	17
Net debt/ Adjusted EBITDA (LTM)	1.76	1.53	0.2 pp	

Net finance income / (expense):

in RUB million	Six months ended		Variance		Three months ended		Variance	
	30 June	30 June	Units	%	30 June	30 June	Units	%
	2022	2021			2022	2021		
Net interest expense	(3,317)	(2,507)	(810)	(32)	(1,803)	(1,213)	(590)	(49)
<i>Gross interest expense</i>	(8,428)	(3,774)	(4,654)	(123)	(3,873)	(1,989)	(1,884)	(95)
<i>Reimbursement of interest expense</i>	5,111	1,267	3,844	303	2,070	776	1,294	167
Interest income	4,348	3,723	625	17	2,040	1,903	136	7
Net gains / (losses) from bonds held for trading	-	(1)	1	-	-	(1)	1	-
Other financial expenses, net	(19,682)	(163)	(19,519)	(11,945)	(11,797)	(143)	(11,654)	(8,139)
<i>Net foreign exchange gains / (losses)</i>	(19,551)	28	(19,579)	-	(11,723)	60	(11,783)	-
<i>Other financial income/ (expenses), net</i>	(131)	(192)	60	32	(74)	(203)	129	63
Total net finance income / (expense)	(18,651)	1,051	(19,702)	-	(11,560)	546	(12,106)	-

Net debt increased at 30 June 2022 compared at 31 December 2021 as a result of an increase in short-term borrowings.

In 1H 2022 Rusagro continued to enjoy benefits from the state agriculture subsidies programme. 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 borrowings with decreased interest rates, given by the banks to agricultural producers. In 1H 2022 IFRS accounts these borrowings 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 1H 2021 in the sum of RUB 1,051 million changed to *net finance expense* in the amount of RUB 18,651 million in 1H 2022 as the result of negative dynamics in forex losses in 1H 2022 and increase in interest income on bank deposits in 1H 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) *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”.*

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 642 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 Sugar, 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 Café* 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 1H and 2Q 2022 financial results for investors and analysts.

Details of the call:

Date: 8 August 2022

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

Subject: ROS AGRO PLC 2Q and 6M 2022 IFRS Financial results

Password: 701541

Link: <https://us06web.zoom.us/j/89970356497?pwd=WVBjdG5oSVQyTU8zYjJaUGlZeWlCUT09>

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 Shakaryan (Kuznetsova)

IR & ESG Director

Phone: +7 495 363 1661

E-mail: ir@rusagrogroup.ru

Appendix 1. Consolidated statement of comprehensive income for the Six and Three months ended 30 June 2022 (in RUB thousand)

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
Sales	127,230,280	104,371,769	65,724,120	54,438,801
Net gain / (loss) on revaluation of biological assets and agricultural produce	(1,848,173)	(434,812)	1,249,037	1,591,010
Cost of sales	(92,796,000)	(79,557,967)	(49,545,210)	(41,739,476)
Net gain / (loss) from trading derivatives	-	(5)	-	-
Gross profit	32,586,107	24,378,985	17,427,947	14,290,335
Distribution and selling expenses	(7,360,741)	(4,318,350)	(3,731,561)	(2,455,399)
General and administrative expenses	(4,270,369)	(4,640,837)	(2,517,555)	(2,576,813)
Other operating income/(expenses), net	(3,504,772)	1,032,810	(2,887,479)	275,152
Reversal of provision/(provision) for impairment of loans issued	-	1,852,295	-	1,852,295
Operating profit	17,450,225	18,304,903	8,291,352	11,385,570
Interest expense	(3,317,386)	(2,507,021)	(1,802,674)	(1,212,937)
Interest income	4,348,186	3,722,605	2,039,794	1,903,340
Net gain / (loss) from bonds held for trading	42	(1,362)	-	(1,123)
Other financial income/ (expenses), net	(19,682,492)	(163,409)	(11,797,046)	(143,191)
Profit / (loss) before taxation	(1,201,425)	19,355,716	(3,268,574)	11,931,659
Income tax expense	1,367,826	(1,755,228)	1,493,461	(857,523)
Profit for the period	166,401	17,600,488	(1,775,113)	11,074,136
Other comprehensive income:			-	-
Total comprehensive income/ (loss) for the period	166,401	17,600,488	(1,775,113)	11,074,136
Profit / (loss) is attributable to:				
Owners of ROS AGRO PLC	116,236	17,630,249	(1,825,996)	11,082,816
Non-controlling interest	50,165	(29,761)	50,883	(8,680)
Profit / (loss) for the period	166,401	17,600,488	(1,775,113)	11,074,136
Total comprehensive income/ (loss) is attributable to:				
Owners of ROS AGRO PLC	116,236	17,630,249	(1,825,996)	11,082,816
Non-controlling interest	50,165	(29,761)	50,883	(8,680)
Total comprehensive income/ (loss) for the period	166,401	17,600,488	(1,775,113)	11,074,136
Earnings per ordinary share for profit attributable to the equity holders of ROS AGRO PLC, basic and diluted (in RR per share)	4.32	655.25	(67.87)	411.90

Appendix 2. Consolidated statement of financial position as at 30 June 2022 (in RUB thousand)

	30 June 2022	31 December 2021
ASSETS		
Current assets		
Cash and cash equivalents	61,938,206	46,462,179
Restricted cash	31	47
Short-term investments	5,751,719	21,001,760
Trade and other receivables	13,557,992	12,558,401
Prepayments	13,096,683	5,414,032
Current income tax receivable	1,166,166	1,532,726
Other taxes receivable	6,845,975	8,321,193
Inventories and short-term biological assets	84,923,576	77,509,033
Total current assets	187,280,348	172,799,371
Non-current assets		
Property, plant and equipment	120,567,115	119,159,412
Inventories intended for construction	1,247,643	1,604,570
Right-of-use assets	7,100,092	7,346,538
Goodwill	2,364,942	2,364,942
Advances paid for non-current assets	5,718,584	7,355,467
Long-term biological assets	4,404,675	2,744,863
Long-term investments and receivables	42,519,911	42,527,657
Investments in associates	430,782	359,782
Deferred income tax assets	8,583,101	4,835,268
Other intangible assets	1,426,923	1,144,057
Other non-current assets	78,712	79,125
Total non-current assets	194,442,480	189,521,681
Total assets	381,722,828	362,321,052
LIABILITIES and EQUITY		
Current liabilities		
Short-term borrowings	133,255,929	108,748,840
Lease liabilities	1,113,914	1,130,831
Trade and other payables	11,988,286	15,440,635
Provisions	345,649	494,709
Current income tax payable	512,728	464,471
Other taxes payable	4,897,025	7,454,558
Total current liabilities	152,113,531	133,734,044
Non-current liabilities		
Long-term borrowings	63,384,819	63,975,025
Government grants	10,388,375	9,325,530
Lease liabilities	5,178,688	5,535,014
Deferred income tax liability	2,615,641	1,876,244
Total non-current liabilities	81,567,523	80,711,813
Total liabilities	233,681,054	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	120,196,722	120,080,307
Equity attributable to owners of ROS AGRO PLC	148,046,040	147,929,625
Non-controlling interest	(4,266)	(54,430)
Total equity	148,041,774	147,875,195
Total liabilities and equity	381,722,828	362,321,052

**Appendix 3. Consolidated statement of cash flows the Six months ended 30 June 2022
(in RUB thousand) – NOT IFRS PRESENTATION (*)**

	Six months ended 30 June 2022	Six months ended 30 June 2021
Cash flows from operating activities		
Profit/(loss) before income tax	(1,201,425)	19,355,716
<i>Adjustments for:</i>		
Depreciation and amortization	7,417,511	5,924,098
Interest expense	8,427,977	3,774,168
Government grants	(5,863,671)	(2,167,458)
Interest income	(4,348,184)	(3,722,605)
Loss/ (gain) on disposal of property, plant and equipment	(473,166)	(17,033)
Net (gain) / loss on revaluation of biological assets and agricultural produce	1,848,173	434,812
Change in provision for impairment of loans issued	3,028	(1,852,295)
Interest expense on leases	122,595	122,168
Realised deferred day-one gain	-	(395,146)
Change in provision for net realisable value of inventory	508,561	999,799
Change in provision for impairment of receivables and prepayments	35,050	72,545
Foreign exchange (gain) / loss, net	22,932,796	(96,100)
Lost / (reversal of) harvest write-off	5,945	210,464
Net (gain) / loss from bonds held for trading	(42)	1,362
Change in provision for impairment of advances paid for property, plant and equipment	(31,224)	(34,322)
Change in other provisions	(149,060)	571,009
Dividend income	-	(377,269)
Loss on disposal of other assets	5,162	-
Gain on SolPro loans redemption	(400,307)	-
Other non-cash and non-operating expenses, net	(69,181)	(61,794)
Operating cash flow before working capital changes	28,770,538	22,742,119
Change in trade and other receivables and prepayments	(12,932,703)	(1,908,398)
Change in other taxes receivable	1,475,217	(5,552,282)
Change in inventories and short-term biological assets	(11,514,566)	(1,607,811)
Change in trade and other payables	(2,991,723)	2,213,800
Change in other taxes payable	(2,287,788)	6,096,652
Cash generated from operations	518,975	21,984,080
Income tax paid	(1,225,243)	(636,256)
Net cash from operating activities	(706,268)	21,347,824

Appendix 3 (continued). Consolidated statement of cash flows the Six months ended 30 June 2022 (in RUB thousand) – NOT IFRS PRESENTATION (*)

	Six months ended 30 June 2022	Six months ended 30 June 2021
Cash flows from investing activities		
Purchases of property, plant and equipment including SolPro assets acquisition	(4,445,855)	(17,682,805)
Purchases of other intangible assets	(523,970)	(201,571)
Purchases of land lease rights	(16,906)	(25,828)
Proceeds from sales of property, plant and equipment	451,961	175,297
Purchases of inventories intended for construction	(180,927)	(228,460)
Purchases of associates	(71,000)	(56,600)
Movement in restricted cash	-	104,163
Dividends received	377,269	377,331
Other investing activities	447,203	127,849
Net cash from investing activities	(3,962,225)	(17,410,624)
Cash flows from financing activities		
Proceeds from borrowings	43,447,215	75,517,913
Repayment of borrowings	(20,618,379)	(10,206,491)
Interest paid	(3,011,301)	(2,042,736)
Change in cash on bank deposits	16,108,072	(28,000,000)
Proceeds from sales of bonds with maturity over three months*	140,783	220,282
Loans given*	(1,250,617)	(281,445)
Loans repaid*	(431,958)	7,807,779
Interest received*	4,686,213	3,255,728
Proceeds from government grants	581,096	869,393
Purchases of non-controlling interest	(518)	-
Dividends paid to owners Ros Agro PLC	(120)	(10,666,996)
Repayment of lease liabilities - principal	(511,339)	(55,068)
Other financial activities	711	(45,633)
Net cash from financing activities	39,139,858	36,372,726
Net effect of exchange rate changes on cash and cash equivalents	(18,995,338)	(101,974)
Net increase/ (decrease) in cash and cash equivalents	15,476,027	40,207,952
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	61,938,206	52,074,750

(*) 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.