

ROS AGRO financial results for 9M 2021 and 3Q 2021

15 November 2021 – 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 nine months ended 30 September 2021.

9M 2021 HIGHLIGHTS

- Sales amounted to RUB 157,576 million (US\$ 2,129 million¹), an increase of RUB 48,814 million (+45%) compared to 9M 2020;
- Adjusted EBITDA² amounted to RUB 30,722 million (US\$ 415 million), an increase of RUB 10,527 million (+52%) compared to 9M 2020;
- Adjusted EBITDA margin remained at the same level 19% in 9M 2021 as in 9M 2020;
- Net profit for the period amounted to RUB 35,422 million (US\$ 479 million), an increase of RUB 19,744 million (+126%);
- Net debt position³ as of 30 September 2021 amounted to RUB 69,452 million (US\$ 955 million);
- Net Debt/Adjusted EBITDA (LTM⁴) as of 30 September 2021 was 1.63x.

Commenting on the results, Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of Rusagro, said:

“In 3Q 2021 Rusagro Sales increased across all business segments. Revenue growth was supported by positive trend in sales volume of Oil & Fats segment as well as wheat in Agriculture segment.

In 3Q 2021 Rusagro adjusted EBITDA margin decreased by 7 p.p. following negative influence of higher costs of feed and animal health protection as well as additional expenses relating to the start of operations in Primorye for Meat segment (-11 p.p.) and higher cost of raw materials in Oil & Fats segment, particularly sunflower seeds, sunflower and tropical oil (-9 p.p.).

Adhering to its mission of making people’s lives longer and better, Rusagro continued to participate in the market initiative to provide Russians with affordable food supplies and limited its sales price of sugar and bottled sunflower oil to retail. Thus, sales price of sugar sales price to retail chains in Russia did not exceed 36 RUB/kg incl. VAT for white sugar in 50 kg bags at the plant and sales price for bottled sunflower oil at the plant didn’t exceed 95 roubles/litre including VAT.

Meanwhile, Rusagro improved adjusted EBITDA margin of Agriculture segment: Revenue grew higher than corresponding increase in costs (+10 p.p.). EBITDA margin of Sugar segment has not changed (0 p.p.).”

Key consolidated financial performance indicators

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2021	September 2020			September 2021	September 2020		
Sales ¹	157,576	108,762	48,814	45	53,204	36,601¹	16,603	45
Gross profit ¹	44,885	30,443¹	14,442	47	20,506	10,187¹	10,319	101
<i>Gross margin, %</i>	<i>28%</i>	<i>28%</i>	<i>0 pp</i>		<i>39%</i>	<i>28%</i>	<i>11 pp</i>	
Adjusted EBITDA ¹	30,722	20,195¹	10,527	52	8,603	8,293¹	310	4
<i>Adjusted EBITDA margin, %</i>	<i>19%</i>	<i>19%</i>	<i>0 pp</i>		<i>16%</i>	<i>23%</i>	<i>(7) pp</i>	
Net profit for the period ^{1,2}	35,422	15,678¹	19,744	126	17,822	5,948¹	11,873	200
<i>Net profit margin %</i>	<i>22%</i>	<i>14%</i>	<i>8 pp</i>		<i>33%</i>	<i>16%</i>	<i>17 pp</i>	

¹ Several adjustments were made to the published 9M and 3Q 2020 indicators:

- Due to Revenue cut-off adjustment Sales for 3Q20 decreased by RUB 925 million; Gross profit decreased by RUB 391 million; Adjusted EBITDA and Net profit decreased by RUB 119 million;
- Adjusted EBITDA, Gross profit and Net profit for 9M20 was decreased by RUB 545 million due to revaluation procedure, performed at the year end, the same indicators for 3Q20 decreased by RUB 202 million;
- Revaluation of biological assets led to decrease of Gross profit and Net profit for 3Q20 in amount of RUB 4,792 million;
- Net profit for 9M20 decreased by RUB 63 million because of other reserves;
- Valuation difference for SolPro operations caused Net profit to decrease by RUB 3,436 million for 9M20;
- Effect on income tax expense of adjustments above RUB +704 million for 9M20 and RUB +42 million for 3Q20.

² Net profit for the period is affected by non-cash income/(loss) on revaluation of biological assets and agricultural produce. See details in business-sections below.

Key financial performance indicators by segments

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2021	September 2020			September 2021	September 2020		
Sales, incl.	157,576	108,762	48,814	45	53,204	36,601	16,603	45
<i>Sugar</i>	24,112	21,078	3,034	14	7,727	6,809	917	13
<i>Meat</i>	28,458	22,847	5,611	25	10,276	8,767	1,509	17
<i>Agriculture</i>	18,711	14,751	3,959	27	6,824	6,750	74	1
<i>Oil and Fat</i>	93,959	54,554	39,405	72	32,390	17,822	14,568	82
<i>Other</i>	539	397	142	36	143	109	34	31
<i>Eliminations</i>	(8,202)	(4,865)	(3,337)	(69)	(4,155)	(3,657)	(499)	(14)
Gross profit, incl.	44,885	30,443	14,442	47	20,506	10,187	10,319	101
<i>Sugar</i>	5,825	5,373	452	8	1,424	1,491	(67)	(4)
<i>Meat</i>	6,339	4,749	1,589	33	2,368	2,301	68	3
<i>Agriculture</i>	20,102	9,256	10,846	117	13,507	2,896	10,611	366
<i>Oil and Fat</i>	12,121	11,369	752	7	2,429	3,930	(1,501)	(38)
<i>Other</i>	185	76	109	143	77	33	44	134
<i>Eliminations</i>	313	(381)	694	-	701	(463)	1,164	-
Adjusted EBITDA, incl.	30,722	20,195	10,527	52	8,603	8,293	310	4
<i>Sugar</i>	5,829	5,005	823	16	1,589	1,451	138	9
<i>Meat</i>	5,035	4,935	100	2	1,941	2,588	(647)	(25)
<i>Agriculture</i>	9,472	5,016	4,456	89	3,609	2,882	727	25
<i>Oil and Fat</i>	10,067	7,367	2,700	37	2,591	2,946	(355)	(12)
<i>Other</i>	(1,755)	(1,094)	(661)	(60)	(1,103)	(479)	(625)	(130)
<i>Eliminations</i>	2,074	(1,035)	3,109	-	(24)	(1,096)	1,072	98
Adjusted EBITDA margin, %	19%	19%	0 pp		16%	23%	(7) pp	
<i>Sugar</i>	24%	24%	0 pp		21%	21%	0 pp	
<i>Meat</i>	18%	22%	(4) pp		19%	30%	(11) pp	
<i>Agriculture</i>	51%	34%	17		53%	43%	10 pp	
<i>Oil and Fat</i>	11%	14%	(3)		8%	17%	(9) pp	

SUGAR SEGMENT

In 9M21 Sugar segment earned RUB 5,829 million of adjusted EBITDA (+16% y-o-y) with 24% margin (+0 pp y-o-y). The financial results of the Sugar Segment of 9M21 and 3Q21 compared to 9M20 and 3Q20 respectively are presented in the table below:

Sugar segment 9M and 3Q 2021 Financial Results

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
Sales	24,112	21,078	3,034	14	7,727	6,809	917	13
Cost of sales	(18,288)	(15,716)	(2,572)	(16)	(6,302)	(5,318)	(984)	(19)
Net gain/ (loss) from trading derivatives	-	11	(11)	-	-	-	-	-
Gross profit	5,825	5,373	452	8	1,424	1,491	(67)	(4)
<i>Gross profit margin</i>	<i>24%</i>	<i>25%</i>	<i>(1) pp</i>		<i>18%</i>	<i>22%</i>	<i>(4) pp</i>	
Distribution and selling expenses	(1,460)	(1,485)	26	2	(495)	(395)	(100)	(25)
General and administrative expenses	(1,129)	(1,047)	(81)	(8)	(370)	(361)	(9)	(2)
Other operating income/ (expenses), net	496	619	(123)	(20)	447	71	376	526
<i>incl. other adjustments to EBITDA (non-recurring items)</i>	<i>71</i>	<i>476</i>	<i>(405)</i>	<i>(85)</i>	<i>108</i>	<i>23</i>	<i>85</i>	<i>373</i>
Operating profit	3,733	3,459	274	8	1,006	806	200	25
Adjusted EBITDA	5,829	5,005	823	16	1,589	1,451	138	9
<i>Adjusted EBITDA margin</i>	<i>24%</i>	<i>24%</i>	<i>0 pp</i>		<i>21%</i>	<i>21%</i>	<i>0 pp</i>	

In 9M21 in comparison to 9M20 Sales of Sugar segment improved by 14% – to RUB 24,112 million. Sugar market showed positive trend in comparison to 9M20. During the 9M21 Rusagro's sugar sales price to retail chains in Russia did not exceed 36 RUB/kg incl. VAT for white sugar in 50 kg bags at the plant. Rusagro decreased sugar sales volume by 19% y-o-y to 541 thousand tonnes due to reduction of brought forward sugar stocks driven by production volumes decrease as the result of lower sugar beet harvest in Russia in season 2020/2021 in comparison to the season 2019/2020. In 3Q21 sugar sales also increased.

Sugar revenue growth for 9M21 was partially offset by the decrease in sales of beet pulp of RUB 518 million.

Cost of sales in 9M21 increased in line with Sales y-o-y due to higher sugar beet price.

Production and sales volume of sugar in 9M and 3Q 2021

	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
Sugar production volume, thousand tonnes	208	280	(72)	(26)	169	171	(2)	(1)
Sales volume, thousand tonnes	541	670	(130)	(19)	179	205	(26)	(12)

MEAT SEGMENT

In 9M21 Meat segment earned RUB 5,035 million of adjusted EBITDA (+2% y-o-y) with 18% margin (-4 pp y-o-y). The financial results of the Meat Segment of 9M21 and 3Q21 compared to 9M20 and 3Q20 respectively are presented in the table below.

Meat segment 9M and 3Q 2021 Financial Results

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
Sales	28,458	22,847	5,611	25	10,276	8,767	1,509	17
Net gain/ (loss) on revaluation of biological assets and agricultural produce	1,333	823	510	62	66	229	(163)	(71)
Cost of sales	(23,453)	(18,920)	(4,532)	(24)	(7,974)	(6,696)	(1,278)	(19)
Gross profit	6,339	4,749	1,589	33	2,368	2,301	68	3
<i>Gross profit margin</i>	<i>22%</i>	<i>21%</i>	<i>1 pp</i>		<i>23%</i>	<i>26%</i>	<i>(3) pp</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	<i>5,005</i>	<i>3,926</i>	<i>1,079</i>	<i>27</i>	<i>2,302</i>	<i>2,072</i>	<i>231</i>	<i>11</i>
<i>Adjusted gross profit margin</i>	<i>18%</i>	<i>17%</i>	<i>1 pp</i>		<i>22%</i>	<i>24%</i>	<i>(2) pp</i>	
Distribution and selling expenses	(1,102)	(863)	(239)	(28)	(351)	(304)	(47)	(15)
General and administrative expenses	(3,117)	(960)	(2,157)	(225)	(1,447)	(179)	(1,268)	(707)
Other operating income/ (expenses), net	1,070	396	674	170	350	142	208	147
<i>incl. reimbursement of operating costs (government grants)</i>	<i>459</i>	<i>63</i>	<i>396</i>	<i>628</i>	<i>204</i>	<i>64</i>	<i>140</i>	<i>220</i>
<i>incl. other adjustments to EBITDA (non-recurring items)</i>	<i>480</i>	<i>279</i>	<i>201</i>	<i>72</i>	<i>144</i>	<i>75</i>	<i>69</i>	<i>91</i>
Operating profit	3,190	3,323	(133)	(4)	920	1,959	(1,039)	(53)
Adjusted EBITDA	5,035	4,935	100	2	1,941	2,588	(647)	(25)
<i>Adjusted EBITDA margin</i>	<i>18%</i>	<i>22%</i>	<i>(4) pp</i>		<i>19%</i>	<i>30%</i>	<i>(11) pp</i>	

Sales of the Meat segment increased by 25% in 9M21 and by 17% in 3Q21 compared to the respective periods of the prior year mainly due to positive market dynamics of all meat products. The growth of total sales volume by 3% in 9M21 compared to 9M20 triggered by 3% pigs production increase achieved as new pig farms in Tambov Region reached full capacity.

Production and sales volume of pork products in 9M and 3Q 2021

	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
Pigs production, thousand tonnes in live weight	226	222	4	2	75	76	(1)	(1)
Sales volume, thousand tonnes	182	177	5	3	61	61	0	1

Cost of sales increased by 24% in 9M21 and by 19% in 3Q21 compared to the respective periods of the prior year mainly due to higher costs of feed and animals health protection.

Net gain on revaluation of biological assets and agricultural produce in 9M21 resulted mainly from an increase in fair value for both bearer and consumable livestock pigs during the reporting period compared to fair value at the end 2020. Gain on revaluation of biological assets in 3Q20 is higher than in 3Q21 due to significant increase fair value in 3Q20 compared to 2Q20 and gradual growth during 9M21.

An increase in *Distribution and selling expenses* in 9M21 in comparison to 9M20 is mainly due to the rise in the costs of marketing activities.

General and administrative expenses in 9M21 compared to prior year period increased mainly due realization of pork production cluster project in the Primorie Territory.

An increase in *Other operating income* in 9M21 in comparison to 9M20 is mainly due to partial reimbursement of feed purchase costs and insurance costs.

AGRICULTURAL SEGMENT

As at 30 September 2021 Rusagro's area of controlled land stands at 691 thousand hectares (30 September 2020: 642 thousand hectares). In 9M21 Agriculture segment earned RUB 9,472 million of adjusted EBITDA (+89 % y-o-y) with 51% margin (+17 pp y-o-y). The financial results of the Agricultural Segment of 9M21 and 3Q21 compared to 9M20 and 3Q20 respectively are presented below.

Agriculture segment 9M and 3Q 2021 Financial Results

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
Sales	18,711	14,751	3,959	27	6,824	6,750	74	1
Net gain/ (loss) on revaluation of biological assets and agricultural produce	10,514	3,638	6,876	189	10,266	127	10,139	7,993
Cost of sales	(9,123)	(9,133)	11	0	(3,583)	(3,981)	398	10
Gross profit	20,102	9,256	10,846	117	13,507	2,896	10,611	366
<i>Gross profit margin</i>	<i>107%</i>	<i>63%</i>	<i>44 pp</i>		<i>198%</i>	<i>43%</i>	<i>155 pp</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	<i>9,588</i>	<i>5,618</i>	<i>3,970</i>	<i>71</i>	<i>3,241</i>	<i>2,769</i>	<i>472</i>	<i>17</i>
<i>Adjusted gross profit margin</i>	<i>51%</i>	<i>38%</i>	<i>13 pp</i>		<i>47%</i>	<i>41%</i>	<i>6 pp</i>	
Distribution and selling expenses	(1,079)	(1,452)	372	26	(119)	(474)	355	75
General and administrative expenses	(1,023)	(949)	(74)	(8)	(388)	(330)	(58)	(18)
Other operating income/ (expenses), net	104	2	102	4,827	17	83	(65)	(79)
<i>incl. reimbursement of operating costs (government grants)</i>	<i>241</i>	<i>111</i>	<i>130</i>	<i>118</i>	<i>108</i>	<i>50</i>	<i>58</i>	<i>117</i>
<i>incl. other adjustments to EBITDA (non-recurring items)</i>	<i>(167)</i>	<i>(38)</i>	<i>(129)</i>	<i>(340)</i>	<i>(252)</i>	<i>(33)</i>	<i>(219)</i>	<i>(661)</i>
Operating profit	18,105	6,858	11,247	164	13,017	2,174	10,843	499
Adjusted EBITDA	9,472	5,016	4,456	89	3,609	2,882	727	25
<i>Adjusted EBITDA margin</i>	<i>51%</i>	<i>34%</i>	<i>17 pp</i>		<i>53%</i>	<i>43%</i>	<i>10 pp</i>	

In 9M21 in comparison to 9M20 *Sales* of the Agriculture segment increased by 27% to RUB 18,711 million which was partially due to significantly higher sales volume of wheat compensated by sales volume decrease of all other crops, especially soybean. Meanwhile, *Cost of sales, General and administrative expenses* remained relatively stable.

Higher sales volume of wheat in 9M21 compared to 9M20 were affected by management decision in 2020 to push sales timing towards 2021, whereas 2019 wheat harvest was mainly sold in 2019.

Opposite situation with soybean, lower sales volume in 9M21 compared to 9M20 were affected by management decision in 2019 to push sales timing towards 2020, whereas 2020 soybean harvest was partially realized in 2020.

Sugar beet sales volume decrease in 9M21 compared to 9M20 was caused by the shift in launch dates of sugar plants in 3Q 2021, also by sale of remaining 2019 stock balances in 1Q 2020.

In 3Q21 in comparison to 3Q20 *Sales* of the Agriculture segment increased by 1% to RUB 6,824 million because of the same reasons mentioned above.

Sales volume of crops in 9M and 3Q 2021

Thousand tonnes	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
sugar beet	720	832	(112)	(13)	720	769	(49)	(6)
wheat	583	268	315	118	223	186	37	20
soybean	161	234	(73)	(31)	19	46	(27)	(59)
corn	58	92	(34)	(37)	-	20	(20)	(100)
sunflower seeds	8	18	(10)	(57)	0	0	(0)	(69)
barley	7	92	(85)	(93)	2	41	(39)	(96)

Net loss/gain on revaluation of biological assets and agricultural produce in 9M21 and 9M20 changes mainly caused by two opposite-directed factors. Gain from current year harvested and unharvested crops revaluation to fair value less estimated point-of-sale costs equals to RUB 15,714 million in 9M21 against RUB 5,339 million in 9M20. The second factor is the realisation of gain from crops revaluation, recognised in the previous year financial statements and remained unrealised as at the year-end, equals to RUB 5,143 million loss recognised in 9M21 against RUB 1,773 million loss in 9M20, significant loss increase caused by higher revaluation amounts in 2020.

Net gain/(loss) on revaluation of crops and its subsequent realisation do not affect the Adjusted EBITDA figure.

Distribution and selling expenses decreased despite overall sales volumes remaining at the same level, which is caused mainly by changes in sales channels of soybean, export in 9M2020 vs. domestic in 9M2021.

OIL AND FAT SEGMENT

In 9M21 Oil and Fat segment earned RUB 10,067 million of adjusted EBITDA (+37 % y-o-y) with 11% margin (-3 pp y-o-y). The financial results of the Oil and Fat Segment for 9M21 and 3Q21 compared to 9M20 and 3Q20 respectively are presented below.

Oil and Fat segment 9M and 3Q 2021 Financial Results

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
Sales	93,959	54,554	39,405	72	32,390	17,822	14,568	82
Cost of sales	(81,837)	(43,184)	(38,653)	(90)	(29,961)	(13,892)	(16,068)	(116)
Gross profit	12,121	11,369	752	7	2,429	3,930	(1,501)	(38)
<i>Gross profit margin</i>	<i>13%</i>	<i>21%</i>	<i>(8) pp</i>		<i>7%</i>	<i>23%</i>	<i>(16) pp</i>	
Distribution and selling expenses	(2,674)	(3,079)	405	13	(511)	(872)	360	41
General and administrative expenses	(1,423)	(1,495)	72	5	(409)	(432)	24	5
Other operating income/ (expenses), net	(377)	(199)	(178)	(89)	(519)	(28)	(491)	(1,735)
<i>incl. Other adjustments to EBITDA (non-recurring items)</i>	<i>(612)</i>	<i>(288)</i>	<i>(324)</i>	<i>(113)</i>	<i>(636)</i>	<i>(181)</i>	<i>(455)</i>	<i>(251)</i>
Operating profit/ (loss)	7,648	6,597	1,051	16	990	2,598	(1,607)	(62)
Adjusted EBITDA	10,067	7,367	2,700	37	2,591	2,946	(355)	(12)
<i>Adjusted EBITDA margin</i>	<i>11%</i>	<i>14%</i>	<i>(3) pp</i>		<i>8%</i>	<i>17%</i>	<i>(9) pp</i>	

In 2021 results of Dairy Products segment are included in Oil and Fat segment due to consolidation of these two businesses. For comparison purpose financial results of the previous years were corrected accordingly.

Sales volumes to third parties in 9M and 3Q 2021

Thousand tonnes	Nine months ended		Variance		Three months ended		Variance	
	30 September 2021	30 September 2020	Units	%	30 September 2021	30 September 2020	Units	%
meal	443	443	-	-	138	126	12	9
crude oil	319	287	32	11	121	60	62	103
industrial fats	243	221	22	10	85	88	(3)	(4)
dry whey mixes	11	11	-	-	4	4	0	9
consumer oil&fat products	234	247	(13)	(5)	72	80	(8)	(10)
consumer dairy products	11	10	1	12	4	3	1	17

In 9M21 in comparison to 9M20 *Sales* of the Oil and Fat segment increased by 72% to RUB 39,405 partially due to rise of sales volume of crude oil, industrial fats and consumer dairy products. Sales price of bottled sunflower oil to retail in Russia did not exceed established by Russian Government limit of 95 RUB/l incl. VAT at the plant.

Cost of sales in 9M21 in comparison to 9M20 increased due to higher costs of raw materials, including sunflower seeds, sunflower and tropical oil.

Decrease in *Distribution and selling expenses* in 9M21 compared to 9M20 was caused by income from recognition of sunflower surplus on elevators.

Change in *Other net operating expenses* in 9M21 was due to negative dynamics in forex losses in 9M20 and higher provisions for bad debts.

KEY CONSOLIDATED CASH FLOW INDICATORS (NOT IFRS PRESENTATION*)

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

in mln Roubles	Nine months ended		Variance		Three months ended		Variance	
	September 2021	September 2020	Units	%	September 2021	September 2020	Units	%
Net cash from operating activities, incl.	32,255	24,677	7,578	31	10,907	5,623	5,284	94
<i>Operating cash flow before working capital changes</i>	30,312	20,370	9,942	49	7,570	7,730	(160)	(2)
<i>Working capital changes</i>	3,467	5,292	(1,825)	(34)	4,225	(1,380)	5,605	-
Net cash from investing activities, incl.	(37,078)	(9,866)	(27,212)	(276)	(19,667)	(5,101)	(14,566)	(286)
<i>Purchases of property plant and equipment and inventories intended for construction</i>	(8,816)	(10,090)	1,275	13	(2,594)	(5,266)	2,672	51
<i>Acquisition of SolPro assets</i>	(28,735)	0	(28,735)	-	(17,046)	0	(17,046)	-
Net cash from financing activities	50,108	(7,620)	57,727	-	13,735	5,788	7,947	137
Net effect of exchange rate changes on cash and cash equivalents	(187)	291	(478)	-	(85)	118	(203)	-
Net increase / (decrease) in cash and cash equivalents	45,098	7,482	37,616	503	4,890	6,428	(1,538)	(24)

(*) See Appendix 4

During 9M21 the Company started to acquire SolPro assets, cash inflow corresponding to loans and interest repaid as the result of SolPro assets acquisition is included in line Net cash from financing activities.

The key investments in property, plant and equipment and inventories intended for construction during 9M21 were made in the Meat segment in the amount of RUB 4,916 million (9M20: RUB 5,725 million) due to the purchases related to the construction project in the Russian Far East. Investments in the Oil and Fat segment in the amount of RUB 1,266 million (9M20: RUB 1,242 million), Agriculture segment in the amount of RUB 1,885 million (9M20: RUB 1,755 million) and Sugar segment in the amount of RUB 749 million (9M20: RUB 1,368 million) mainly relate to purchases of machinery and equipment for production facilities renewal and maintenance.

Debt position and liquidity management

in RUB million	30 September 2021	31 December 2020	Variance	
			Units	%
Gross debt	190,236	114,929	75,307	66
<i>Short-term borrowings</i>	125,764	51,753	74,011	143
<i>Long-term borrowings</i>	64,471	63,176	1,295	2
Cash and cash equivalents, bank deposits and bonds	(120,784)	(46,029)	(74,755)	(162)
<i>Short-term cash, deposits and bonds</i>	(86,363)	(12,064)	(74,299)	(616)
<i>Long-term cash, deposits and bonds</i>	(34,421)	(33,965)	(456)	(1)
Net debt	69,452	68,900	552	1
<i>Short-term borrowings, net</i>	39,402	39,689	(287)	(1)
<i>Long-term borrowings, net</i>	30,051	29,211	840	3
Adjusted EBITDA (LTM⁴)	42,511	31,984	10,527	33
Net debt/ Adjusted EBITDA (LTM)	1.63	2.15	(0.5) pp	
Adjusted EBITDA (LTM)⁵ without other operating income/expenses	42,855	32,435	10,420	32
Net debt/ Adjusted EBITDA (LTM)⁵ without other operating income/expenses	1.62	2.12	(0.5) pp	

Net finance income/ (expense)

in RR million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2021	September 2020			September 2021	September 2020		
Net interest expense	(4,003)	(3,720)	(283)	(8)	(1,496)	(1,138)	(358)	(31)
<i>Gross interest expense</i>	(7,325)	(4,891)	(2,43)	(50)	(3,550)	(1,534)	(2,017)	(132)
<i>Reimbursement of interest expense</i>	3,322	1,170	2,151	184	2,054	396	1,659	419
Interest income	6,308	4,579	1,729	38	2,585	1,058	1,527	144
Net gain/ (loss) from bonds held for trading	(2)	(16)	14	85	(1)	1	(2)	-
Other financial income, net	(490)	(1,492)	1,002	67	(326)	(140)	(186)	(133)
<i>Net foreign exchange gain/ (loss)</i>	(50)	(1,118)	1,068	96	(78)	97	(175)	-
<i>Other financial income / (expenses), net</i>	(440)	(374)	(66)	(18)	(248)	(237)	(11)	(5)
Total net finance income/ (expenses)	1,813	(649)	2,461	-	762	(219)	980	-

Net debt increased at 30 September 2021 compared at 31 December 2020 as a result of an increase in short-term borrowings.

In 9M21 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 9M21 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 expenses of 9M20 in the sum of RUB 649 million changed to *net finance income* in the amount of RUB 1,813 million in 9M21 as the result of negative dynamics in forex losses in 9M20 and increase in interest income on bank deposits in 9M21.

(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 2021 and 2020 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 691 thousand hectares of land under control located in the highly fertile Black Earth region of Russia (in the Belgorod, Tambov, Voronezh, Kursk, Orel regions), in Saratov region 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 barley, sunflower seeds and soybeans. These products are partially consumed by the Meat segment, 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 (№2 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 *Ruskii 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 №3 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 9M and 3Q 2021 financial results for investors and analysts.

Details of the call:

Date: 15 November 2021

Time: 4:00 PM (Moscow) / 1:00 PM (London)

Subject: ROS AGRO PLC 9M and 3Q 2021 Financial results

Password: 066909

Link:

<https://ib-translations.zoom.us/j/89195110472?pwd=eThuZTZ0ajc5NDF2b3FJK0RjeEF0Zz09>

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.

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Appendix 1. Consolidated statement of comprehensive income for the Nine and Three months ended 30 September 2021 (in RUB thousand)

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Sales	157,576,090	108,762,200	53,204,321	36,600,754
Net gain/(loss) on revaluation of biological assets and agricultural produce	10,570,007	5,428,963	11,004,819	1,018,637
Cost of sales	(123,260,634)	(83,758,239)	(43,702,667)	(27,432,074)
Net gain/(loss) from trading derivatives	(5)	10,552	-	(3)
Gross profit	44,885,458	30,443,476	20,506,473	10,187,314
Distribution and selling expenses	(5,704,363)	(6,507,851)	(1,386,012)	(1,919,802)
General and administrative expenses	(8,322,598)	(5,485,493)	(3,681,761)	(1,803,461)
Reversal of provision/(provision) for impairment of loans issued	3,649,567	(3,256,721)	1,797,273	-
Other operating income/(expenses), net	1,201,562	1,182,563	168,752	(61,056)
Operating profit / (loss)	35,709,626	16,375,974	17,404,725	6,402,995
Interest expense	(4,002,929)	(3,720,172)	(1,495,908)	(1,137,894)
Interest income	6,307,773	4,578,972	2,585,169	1,058,041
Net (loss)/gain from bonds	(2,362)	(15,977)	(1,000)	1,025
Other financial income/ (expenses), net	(489,739)	(1,491,563)	(326,330)	(140,318)
Profit before income tax	37,522,369	15,727,234	18,166,656	6,183,849
Income tax expense	(2,100,271)	(48,913)	(345,043)	(235,565)
Profit for the period	35,422,098	15,678,321	17,821,613	5,948,284
Other comprehensive income				
Total comprehensive income for the period	35,422,098	15,678,321	17,821,613	5,948,284
Profit is attributable to:				
Owners of ROS AGRO PLC	35,441,460	15,718,297	17,811,214	5,943,141
Non-controlling interest	(19,362)	(39,976)	10,399	5,143
Profit for the period	35,422,098	15,678,321	17,821,613	5,948,284
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	35,441,460	15,718,297	17,811,214	5,943,141
Non-controlling interest	(19,362)	(39,976)	10,399	5,143
Total comprehensive income for the period	35,422,098	15,678,321	17,821,613	5,948,284
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	1,317.22	584.22	661.97	220.88

Appendix 2. Segment information for the Nine months ended 30 September 2021 (in RUB thousand)

9M 2021	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	24,112,366	28,457,927	18,710,584	93,958,669	539,010	(8,202,466)	157,576,090
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	1,333,291	10,514,328	-	-	(1,277,612)	10,570,007
Cost of sales	(18,287,704)	(23,452,588)	(9,122,627)	(81,837,276)	(353,887)	9,793,448	(123,260,634)
<i>incl. Depreciation</i>	<i>(2,112,959)</i>	<i>(2,959,106)</i>	<i>(1,540,086)</i>	<i>(1,576,825)</i>	<i>(6,929)</i>	<i>(14,242)</i>	<i>(8,210,147)</i>
Net gain/ (loss) from trading derivatives	-	(5)	-	-	-	-	(5)
Gross profit	5,824,662	6,338,625	20,102,285	12,121,393	185,123	313,370	44,885,458
Distribution and Selling, General and administrative expenses	(2,588,217)	(4,218,594)	(2,102,186)	(4,096,259)	(2,098,613)	1,076,908	(14,026,961)
<i>incl. Depreciation</i>	<i>(53,597)</i>	<i>(699,441)</i>	<i>(175,144)</i>	<i>(229,359)</i>	<i>(80,853)</i>	<i>14,242</i>	<i>(1,224,152)</i>
Other operating income/(expenses), net	496,365	1,069,839	104,406	(376,784)	19,425,136	(19,517,400)	1,201,562
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>427,047</i>	<i>459,224</i>	<i>241,097</i>	<i>305,395</i>	-	-	<i>1,432,763</i>
<i>incl. Other adjustments to EBITDA (non-recurring items)</i>	<i>70,568</i>	<i>480,429</i>	<i>(166,546)</i>	<i>(611,998)</i>	<i>19,354,119</i>	<i>(18,923,887)</i>	<i>202,685</i>
Reversal of provision/(provision) for impairment of loans issued	-	-	-	-	3,649,567	-	3,649,567
Operating profit / (loss)	3,732,810	3,189,870	18,104,505	7,648,350	21,161,213	(18,127,122)	35,709,626
Adjustments:							
Depreciation included in Operating Profit	2,166,556	3,658,547	1,715,230	1,806,184	87,782	-	9,434,299
Other adjustments to EBITDA (non-recurring items)	(70,568)	(480,429)	166,546	611,998	(19,354,119)	18,923,887	(202,685)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(1,333,291)	(10,514,328)	-	-	1,277,612	(10,570,007)
Reversal of provision/(provision) for impairment of loans issued	-	-	-	-	(3,649,567)	-	(3,649,567)
Adjusted EBITDA*	5,828,798	5,034,697	9,471,953	10,066,532	(1,754,691)	2,074,377	30,721,666

* Non-IFRS measure

Appendix 2 (continued). Segment information for the Nine months ended 30 September 2020 (in RUB thousand)

9M 2020	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	21,078,432	22,846,644	14,751,307	54,553,615	397,453	(4,865,251)	108,762,200
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	823,030	3,638,467	-	-	967,466	5,428,963
Cost of sales	(15,716,077)	(18,920,291)	(9,133,386)	(43,184,229)	(321,393)	3,517,137	(83,758,239)
<i>incl. Depreciation</i>	(1,961,133)	(2,552,374)	(1,561,901)	(354,210)	(7,860)	(15,048)	(6,452,526)
Net gain/ (loss) from trading derivatives	10,552	-	-	-	-	-	10,552
Gross profit	5,372,907	4,749,383	9,256,388	11,369,386	76,060	(380,648)	30,443,476
Distribution and Selling, General and administrative expenses	(2,532,701)	(1,822,449)	(2,400,957)	(4,573,097)	(1,318,468)	654,328	(11,993,344)
<i>incl. Depreciation</i>	(60,979)	(161,437)	(197,050)	(127,617)	(131,521)	15,048	(663,556)
Other operating income/(expenses), net	619,005	396,263	2,119	(198,907)	9,003,368	(8,639,285)	1,182,563
<i>incl. Reimbursement of operating costs (government grants)</i>	72,170	63,118	110,709	240,315	-	-	486,312
<i>incl. Other adjustments to EBITDA (non-recurring items)</i>	475,967	279,059	(37,893)	(287,661)	8,994,118	(8,298,465)	1,125,125
Reversal of provision/(provision) for impairment of loans issued	-	-	-	-	(3,256,721)	-	(3,256,721)
Operating profit / (loss)	3,459,211	3,323,197	6,857,550	6,597,382	4,504,239	(8,365,605)	16,375,974
Adjustments:							
Depreciation included in Operating Profit	2,022,112	2,713,811	1,758,951	481,827	139,381	-	7,116,082
Other adjustments to EBITDA (non-recurring items)	(475,967)	(279,059)	37,893	287,661	(8,994,118)	8,298,465	(1,125,125)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(823,030)	(3,638,467)	-	-	(967,466)	(5,428,963)
Reversal of provision/(provision) for impairment of loans issued	-	-	-	-	3,256,721	-	3,256,721
Adjusted EBITDA*	5,005,356	4,934,919	5,015,927	7,366,870	(1,093,777)	(1,034,606)	20,194,689

* Non-IFRS measure

**Appendix 3. Consolidated statement of financial position as at 30 September 2021
(in RUB thousand)**

	30 September 2021	31 December 2020
ASSETS		
Current assets		
Cash and cash equivalents	56,964,661	11,866,798
Restricted cash	48	143,637
Short-term investments	31,265,683	19,583,523
Trade and other receivables	12,107,283	9,512,286
Prepayments	7,248,779	2,941,224
Current income tax receivable	1,154,624	646,162
Other taxes receivable	9,555,667	5,506,675
Inventories and short-term biological assets	69,931,761	69,001,368
Total current assets	188,228,506	119,201,673
Non-current assets		
Property, plant and equipment	117,931,797	87,519,088
Inventories intended for construction	2,175,721	3,353,330
Right-of-use assets	7,632,339	6,934,567
Goodwill	2,364,942	2,364,942
Advances paid for non-current assets	7,813,151	6,905,003
Long-term biological assets	3,383,996	2,528,128
Long-term investments and receivables	42,977,410	42,692,320
Investments in associates	359,782	257,782
Deferred income tax assets	4,219,139	3,566,168
Other intangible assets	641,508	619,793
Other non-current assets	606,865	205,793
Total non-current assets	190,106,650	156,946,914
Total assets	378,335,156	276,148,587
LIABILITIES and EQUITY		
Current liabilities		
Short-term borrowings	125,764,236	51,753,475
Lease liabilities	1,101,079	943,859
Trade and other payables	18,354,658	16,016,138
Provisions	801,867	179,796
Current income tax payable	267,017	69,546
Other taxes payable	9,227,332	4,096,199
Total current liabilities	155,516,189	73,059,013
Non-current liabilities		
Long-term borrowings	64,471,455	63,175,720
Government grants	8,885,948	8,536,899
Lease liabilities	5,714,502	4,855,508
Deferred income tax liability	1,817,451	487,049
Total non-current liabilities	80,889,356	77,055,176
Total liabilities	236,405,545	150,114,189
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	1,363,178	1,363,177
Retained earnings	114,099,612	98,185,038
Equity attributable to owners of ROS AGRO PLC	141,948,931	126,034,356
Non-controlling interest	(19,320)	42
Total equity	141,929,611	126,034,398
Total liabilities and equity	378,335,156	276,148,587

Appendix 4. Consolidated statement of cash flows for the Nine months ended 30 September 2021 (in RUB thousand) – NOT IFRS PRESENTATION (*)

	Nine months ended	
	30 September 2021	30 September 2020
Cash flows from operating activities		
Profit before income tax	37,522,369	15,727,234
<i>Adjustments for:</i>		
Depreciation and amortization	9,434,299	7,116,082
Interest expense	7,324,543	4,890,502
Government grants	(5,238,990)	(2,137,782)
Interest income	(6,307,773)	(4,578,972)
Loss/ (gain) on disposal of property, plant and equipment	(66,677)	(75,710)
Net (gain) / loss on revaluation of biological assets and agricultural produce	(10,570,007)	(5,428,963)
Change in provision for impairment of loans issued	(3,649,739)	3,256,721
Lease financial expense	370,436	359,122
Realised deferred day-one gain	(529,893)	(780,723)
Change in provision for net realisable value of inventory	1,017,409	351,315
Change in provision for impairment of receivables and prepayments	577,580	31,234
Foreign exchange (gain) / loss, net	(36,965)	1,525,153
Lost / (reversal of) harvest write-off	237,476	189,841
Net (gain) / loss from bonds held for trading	2,362	15,977
Settlement of loans and accounts receivable previously written-off	(1)	(2)
Change in provision for impairment of advances paid for property, plant and equipment	(38,260)	(23,168)
Change in other provisions	622,072	199,882
Dividend income	(377,269)	(186,506)
Other non-cash and non-operating expenses, net	19,270	(80,855)
Operating cash flow before working capital changes	30,312,242	20,370,382
Change in trade and other receivables and prepayments	(7,824,401)	(481,067)
Change in other taxes receivable	(4,048,993)	1,149,905
Change in inventories and biological assets	7,983,147	3,169,914
Change in trade and other payables	2,264,641	2,092,873
Change in other taxes payable	5,092,643	(639,320)
Cash generated from operations	33,779,279	25,662,687
Income tax paid	(1,524,306)	(986,154)
Net cash from operating activities	32,254,973	24,676,533

Appendix 4 (continued). Consolidated statement of cash flows the Nine months ended 30 September 2021 (in RUB thousand) – NOT IFRS PRESENTATION (*)

	Nine months ended	
	30 September 2021	30 September 2020
Cash flows from investing activities		
Purchases of property, plant and equipment including SolPro assets acquisition	(37,151,209)	(8,707,154)
Purchases of other intangible assets	(448,233)	(335,686)
Purchases of land lease rights	(36,933)	-
Proceeds from sales of property, plant and equipment	260,298	375,220
Purchases of inventories intended for construction	(399,645)	(1,383,337)
Purchases of associates	(102,000)	(63,000)
Movement in restricted cash	140,895	-
Dividends received	377,331	186,506
Other investing activities	281,501	61,211
Net cash from investing activities	(37,077,995)	(9,866,240)
Cash flows from financing activities		
Proceeds from borrowings	96,623,976	38,830,604
Repayment of borrowings	(23,593,441)	(43,477,527)
Interest paid	(3,098,985)	(2,960,414)
Change in cash on bank deposits	(28,000,000)	-
Proceeds from sales of bonds with maturity over three months*	220,282	-
Purchases of loans issued*	(728,269)	(8,191)
Loans repaid*	20,698,888	910,270
Interest received*	5,570,976	2,757,453
Proceeds from government grants	1,935,018	1,490,823
Dividends paid to owners Ros Agro PLC	(19,417,565)	(5,134,426)
Repayment of lease liabilities	(58,706)	(28,111)
Other financial activities	(44,645)	-
Net cash from financing activities	50,107,529	(7,619,519)
Net effect of exchange rate changes on cash and cash equivalents	(186,644)	291,126
Net increase/ (decrease) in cash and cash equivalents	45,097,863	7,481,900
Cash and cash equivalents at the beginning of the period	11,866,798	2,170,779
Cash and cash equivalents at the end of the period	56,964,661	9,652,679

(*) 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.