

ROS AGRO financial results for 9M 2022 and 3Q 2022

14 November 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 nine months ended 30 September 2022.

9M 2022 HIGHLIGHTS

- Sales amounted to RUB 182,027 million (US\$ 2,535 million¹), an increase of RUB 24,451 million (+16%) compared to 9M 2021;
- Adjusted EBITDA² amounted to RUB 35,371 million (US\$ 493 million), an increase of RUB 4,649 million (+15%) compared to 9M 2021;
- Adjusted EBITDA margin remained on the same level of 19% in 9M 2022 and 9M 2021;
- Net profit for the period amounted to RUB 1,337 million (US\$ 19 million), a decrease of RUB 34,085 million;
- Net debt position³ as of 30 September 2022 amounted to RUB 104,501 million (US\$ 1,820 million);
- Net Debt/Adjusted EBITDA (LTM⁴) as of 30 September 2022 was 1.98.

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

“During the time of unstable economic environment Rusagro demonstrated its resilience. Its net revenue and adjusted EBITDA for 9M 2022 increased by 16% (+RUB 24,451 million) and 15% (+RUB 4,649 million) respectively with adjusted EBITDA margin remaining flat in time of increasing pressure from cost of sales growth. These results were driven by higher sales volumes of sugar, pork products, as well as sugar beet, corn, sunflower seeds and meal. Sales growth was possible due to the launch of vertically integrated pork production cluster in Primorsky Krai, start of the wheat export trading operations and positive market dynamics on the Russian sugar market. In comparison to 9M 2021 net profit decreased, as it was negatively influenced by forex losses and revaluation of biological assets on the back of dropping market prices and rising costs of sales.”

Key consolidated financial performance indicators

in RUB million	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2022	September 2021			September 2022	September 2021		
Sales	182,027	157,576	24,451	16	54,796	53,204	1,592	3
Gross profit	40,103	44,885	(4,782)	(11)	7,517	20,506	(12,989)	(63)
<i>Gross margin, %</i>	<i>22%</i>	<i>28%</i>	<i>(6) pp</i>		<i>14%</i>	<i>39%</i>	<i>(25) pp</i>	
Adjusted EBITDA	35,371	30,722	4,649	15	5,211	8,603	(3,392)	(39)
<i>Adjusted EBITDA margin, %</i>	<i>19%</i>	<i>19%</i>	<i>0 pp</i>		<i>10%</i>	<i>16%</i>	<i>(6) pp</i>	
Net profit for the period ¹	1,337	35,422	(34,085)	(96)	1,170	17,822	(16,652)	(93)
<i>Net profit margin %</i>	<i>0%</i>	<i>22%</i>	<i>(21) pp</i>		<i>2%</i>	<i>33%</i>	<i>(31) pp</i>	

Sales volume of Rusagro products in 9M and 3Q 2022

in thousand tonnes	Nine months ended		Variance		Three months ended		Variance	
	30	30	Units	%	30	30	Units	%
	September 2022	September 2021			September 2022	September 2021		
Sugar	636	541	95	18	199	179	19	11
Pork products	205	182	22	12	72	61	10	17
Agriculture crops, incl.	1,382	1,537	(155)	(10)	881	964	(83)	(9)
Sugar beet	788	720	68	9	730	720	10	1
wheat	292	583	(291)	(50)	98	223	(125)	(56)
soybean	145	161	(17)	(10)	28	19	9	50
corn	135	58	77	134	25	-	25	0
sunflower seeds	21	8	13	169	1	0	0	0
barley	0	7	(6)	(95)	0	2	(2)	(92)
Oil and fat products, incl.	1,199	1,257	(58)	(5)	407	423	(15)	(4)
meal	470	443	27	6	171	138	33	24
crude oil	284	319	(35)	(11)	84	121	(37)	(30)
industrial fats	213	239	(26)	(11)	72	83	(11)	(14)
dry whey mixes	13	11	2	14	4	4	0	7
consumer oil & fat products	207	234	(27)	(11)	71	72	(1)	(1)
consumer dairy products	11	10	1	10	4	4	0	6

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	Nine months ended		Variance		Three months ended		Variance	
	30 September 2022	30 September 2021	Units	%	30 September 2022	30 September 2021	Units	%
Net cash from operating activities, incl.	7,918	32,255	(24,337)	(75)	8,625	10,907	(2,282)	(21)
<i>Operating cash flow before working capital changes</i>	32,427	30,312	2,115	7	3,656	7,570	(3,914)	(52)
<i>Working capital changes</i>	(22,995)	3,467	(26,463)	-	5,256	4,225	1,031	24
Net cash from investing activities, incl.	(6,752)	(37,078)	30,326	82	(2,790)	(19,667)	16,877	86
<i>Purchases of property plant and equipment and inventories intended for construction</i>	(7,642)	(8,816)	1,174	13	(3,015)	(2,594)	(422)	(16)
<i>Acquisition of SolPro assets</i>	-	(28,735)	28,735	-	-	(17,046)	17,046	-
Net cash from financing activities	28,748	50,108	(21,359)	(43)	(10,392)	13,735	(24,127)	-
Net effect of exchange rate changes on cash and cash equivalents	(17,177)	(187)	(16,990)	(9,103)	1,819	(85)	1,903	-
Net increase / (decrease) in cash and cash equivalents	12,738	45,098	(32,360)	(72)	(2,738)	4,890	(7,628)	-

(*) See Appendix 3

The key investments in property, plant and equipment and inventories intended for construction during 9M 2022 were made in the Meat segment in the amount of RUB 2,802 million (9M 2021: RUB 4,916 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 2,255 million (9M 2021 : RUB 1,885 million), Oil and Fat segment in the amount of RUB 1,934 million (9M 2021 : RUB 1,266 million excluding acquisition of SolPro assets), and Sugar segment in the amount of RUB 651 million (9M 2021 : RUB 749 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 2022	31 December 2021	Variance	
			Units	%
Gross debt	246,256	172,724	73,532	43
<i>Short-term borrowings</i>	183,260	108,749	74,511	69
<i>Long-term borrowings</i>	62,996	63,975	(979)	(2)
Cash and cash equivalents, bank deposits and bonds	(141,755)	(99,315)	(42,440)	(43)
<i>Short-term cash, deposits and bonds</i>	(107,334)	(65,344)	(41,990)	(64)
<i>Long-term cash, deposits and bonds</i>	(34,421)	(33,971)	(450)	(1)
Net debt	104,501	73,409	31,092	42
<i>Short-term borrowings, net</i>	75,926	43,405	32,521	75
<i>Long-term borrowings, net</i>	28,575	30,004	(1,429)	(5)
Adjusted EBITDA (LTM⁴)	52,709	48,060	4,649	10
Net debt/ Adjusted EBITDA (LTM)	1.98	1.53	0.5 pp	

Net finance income/ (expense)

in RUB million	Nine months ended		Variance		Three months ended		Variance	
	30 September 2022	30 September 2021	Units	%	30 September 2022	30 September 2021	Units	%
Net interest	(3,317)	(2,507)	(810)	(32)	(1,803)	(1,213)	(590)	(49)
<i>Gross interest</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	4,348	3,723	625	17	2,040	1,903	136	7
Net gain/ (loss) 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 gain/ (loss)</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/ (expenses)	(18,651)	1,051	(19,702)	-	(11,560)	546	(12,106)	-

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

In 9M 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 9M 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 9M 2021 in the sum of RUB 1,813 million changed to *net finance expense* in the amount of RUB 17,379 million in 9M 2022 mainly as the result of negative dynamics in forex losses in 9M 2022.

(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”.*

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 659 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 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 9M and 3Q 2022 financial results for investors and analysts.

Details of the call:

Date: 14 November 2022
Time: 4:00 PM (Moscow) / 1:00 PM (London)
Subject: ROS AGRO PLC 3Q and 9M 2022 Financial results
Registration (available up to 3:00 PM Moscow time / 12:00 AM London time on 14 November):
https://us06web.zoom.us/webinar/register/WN_zoIP53dySEWNfkBZS2golw

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 2022 (in RUB thousand)

	Nine months ended 30 September		Three months ended 30 September	
	2022	2021	2022	2021
Sales	182,026,606	157,576,090	54,796,326	53,204,321
Net gain / (loss) on revaluation of biological assets and agricultural produce	(2,087,230)	10,570,007	(239,057)	11,004,819
Cost of sales	(139,836,326)	(123,260,634)	(47,040,326)	(43,702,667)
Net gain / (loss) from trading derivatives	-	(5)	-	-
Gross profit	40,103,050	44,885,458	7,516,943	20,506,473
Distribution and selling expenses	(10,968,875)	(5,704,363)	(3,608,134)	(1,386,012)
General and administrative expenses	(6,735,396)	(8,322,598)	(2,465,036)	(3,681,761)
Other operating income/(expenses), net	(4,098,301)	1,201,562	(594,972)	168,752
Reversal of provision/(provision) for impairment of loans issued	-	3,649,567	-	1,797,273
Operating profit	18,300,478	35,709,626	848,801	17,404,725
Interest expense	(5,775,676)	(4,002,929)	(2,458,290)	(1,495,908)
Interest income	6,549,397	6,307,773	2,201,212	2,585,169
Net gain / (loss) from bonds held for trading	42	(2,362)	-	(1,000)
Other financial income/ (expenses), net	(18,151,908)	(489,739)	1,530,584	(326,330)
Profit / (loss) before taxation	922,333	37,522,369	2,122,307	18,166,656
Income tax expense	414,389	(2,100,271)	(951,986)	(345,043)
Profit for the period	1,336,722	35,422,098	1,170,321	17,821,613
Other comprehensive income:				
Total comprehensive income/ (loss) for the period	1,336,722	35,422,098	1,170,321	17,821,613
Profit / (loss) is attributable to:				
Owners of ROS AGRO PLC	1,296,521	35,441,460	1,129,402	17,819,894
Non-controlling interest	40,201	(19,362)	40,919	1,719
Profit / (loss) for the period	1,336,722	35,422,098	1,170,321	17,821,613
Total comprehensive income/ (loss) is attributable to:				
Owners of ROS AGRO PLC	1,296,521	35,441,460	1,129,402	17,819,894
Non-controlling interest	40,201	(19,362)	40,919	1,719
Total comprehensive income/ (loss) for the period	1,336,722	35,422,098	1,170,321	17,821,613
Earnings per ordinary share for profit attributable to the equity holders of ROS AGRO PLC, basic and diluted (in RR per share)	48.19	1,317.22	41.98	662.30

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

	30 September 2022	31 December 2021
ASSETS		
Current assets		
Cash and cash equivalents	59,199,907	46,462,179
Restricted cash	32	47
Short-term investments	64,890,345	21,001,760
Trade and other receivables	22,053,359	12,558,401
Prepayments	11,141,171	5,414,032
Current income tax receivable	995,192	1,532,726
Other taxes receivable	12,916,554	8,321,193
Inventories and short-term biological assets	79,028,575	77,509,033
Total current assets	250,225,135	172,799,371
Non-current assets		
Property, plant and equipment	120,828,896	119,159,412
Inventories intended for construction	956,361	1,604,570
Right-of-use assets	6,981,451	7,346,538
Goodwill	2,364,942	2,364,942
Advances paid for non-current assets	5,474,064	7,355,467
Long-term biological assets	4,389,147	2,744,863
Long-term investments and receivables	42,970,649	42,527,657
Investments in associates	455,916	359,782
Deferred income tax assets	7,545,290	4,835,268
Other intangible assets	1,526,228	1,144,057
Other non-current assets	75,451	79,125
Total non-current assets	193,568,395	189,521,681
Total assets	443,793,530	362,321,052
LIABILITIES and EQUITY		
Current liabilities		
Short-term borrowings	183,260,279	108,748,840
Lease liabilities	1,162,772	1,130,831
Trade and other payables	15,836,612	15,440,635
Provisions	245,462	494,709
Current income tax payable	197,104	464,471
Other taxes payable	12,644,731	7,454,558
Total current liabilities	213,346,960	133,734,044
Non-current liabilities		
Long-term borrowings	62,995,825	63,975,025
Government grants	10,627,190	9,325,530
Lease liabilities	5,222,242	5,535,014
Deferred income tax liability	2,388,371	1,876,244
Total non-current liabilities	81,233,628	80,711,813
Total liabilities	294,580,588	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	121,377,853	120,080,307
Equity attributable to owners of ROS AGRO PLC	149,227,171	147,929,625
Non-controlling interest	(14,229)	(54,430)
Total equity	149,212,942	147,875,195
Total liabilities and equity	443,793,530	362,321,052

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

	Nine months ended	
	30 September 2022	30 September 2021
Cash flows from operating activities		
Profit/(loss) before income tax	922,333	37,522,370
<i>Adjustments for:</i>		
Depreciation and amortization	10,844,824	9,434,299
Interest expense	14,932,317	7,324,543
Government grants	(10,131,758)	(5,238,990)
Interest income	(6,549,396)	(6,307,773)
Loss/ (gain) on disposal of property, plant and equipment	(467,203)	(66,677)
Net (gain) / loss on revaluation of biological assets and agricultural produce	2,087,230	(10,570,007)
Change in provision for impairment of loans issued	(3,385)	(3,649,739)
Interest expense on leases	420,998	370,436
Realised deferred day-one gain	-	(529,893)
Change in provision for net realisable value of inventory	646,480	1,017,409
Change in provision for impairment of receivables and prepayments	52,771	577,580
Foreign exchange (gain) / loss, net	20,856,051	(36,965)
Lost / (reversal of) harvest write-off	24,797	237,476
Net (gain) / loss from bonds held for trading	(42)	2,362
Change in provision for impairment of advances paid for property, plant and equipment	(14,205)	(38,260)
Change in other provisions	(249,247)	622,072
Dividend income	(397,125)	(377,269)
Loss on disposal of other assets	(21,698)	-
Gain on SolPro loans redemption	(466,330)	-
Other non-cash and non-operating expenses, net	(60,661)	19,269
Operating cash flow before working capital changes	32,426,754	30,312,242
Change in trade and other receivables and prepayments	(19,210,644)	(7,824,401)
Change in other taxes receivable	(4,595,361)	(4,048,993)
Change in inventories and short-term biological assets	(5,424,747)	7,983,147
Change in trade and other payables	737,498	2,264,641
Change in other taxes payable	5,497,786	5,092,643
Cash generated from operations	9,431,285	33,779,279
Income tax paid	(1,512,818)	(1,524,306)
Net cash from operating activities	7,918,467	32,254,973

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

	Nine months ended	
	30 September 2022	30 September 2021
Cash flows from investing activities		
Purchases of property, plant and equipment including SolPro assets acquisition	(7,433,806)	(37,151,209)
Purchases of other intangible assets	(690,318)	(448,233)
Purchases of land lease rights	(24,968)	(36,933)
Proceeds from sales of property, plant and equipment	479,519	260,298
Purchases of inventories intended for construction	(208,440)	(399,645)
Purchases of associates	(96,134)	(102,000)
Movement in restricted cash	-	140,895
Dividends received	722,768	377,331
Other investing activities	499,129	281,501
Net cash from investing activities	(6,752,250)	(37,077,995)
Cash flows from financing activities		
Proceeds from borrowings	99,630,403	96,623,976
Repayment of borrowings	(28,134,987)	(23,593,441)
Interest paid	(4,842,909)	(3,098,985)
Change in cash on bank deposits	(29,691,928)	(28,000,000)
Proceeds from sales of bonds with maturity over three months*	140,783	220,282
Loans given*	(15,445,102)	(728,269)
Loans repaid*	1,377,321	20,698,888
Interest received*	5,512,854	5,570,976
Proceeds from government grants	636,607	1,935,018
Dividends paid to owners Ros Agro PLC	(410)	(19,417,565)
Repayment of lease liabilities - principal	(435,240)	(58,706)
Other financial activities	722	(44,645)
Net cash from financing activities	28,748,114	50,107,529
Net effect of exchange rate changes on cash and cash equivalents	(17,176,603)	(186,644)
Net increase/ (decrease) in cash and cash equivalents	12,737,728	45,097,863
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	59,199,907	56,964,661

(*) 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.