# VITAL FORCE



ROS AGRO

**Previous annual reports** are available on the Company's website

# About the Report

This ROS AGRO PLC Annual Report 2021 (the "Report") contains information about the performance of Rusagro Group (the "Company" or "Rusagro") for the reporting period from 1 January 2021 to 31 December 2021. This Report is published on an annual basis, the last one being prepared in March 2021. The Report is a part of Rusagro's Integrated Annual Report 2021, which consists of the Company's Annual Report and ESG Report.

#### **Material subjects**

The Report contains information on Rusagro's progress on its medium-term strategy, the operating and financial performance of its business segments, as well as the status and changes in the Company's corporate governance and capital structure.

Non-financial results are presented in the context of social, environmental and corporate governance factors under the Company's ESG Report.

Questions and requests from interested parties can be sent to *ir@rusagrogroup.ru* 



#### The Company's ESG Report for 2021 is available on the Company's website

#### **Boundaries**

The operating and financial performance of ROS AGRO PLC (parent company) and its subsidiaries, together referred to as Rusagro Group, is presented in the Report in line with International Financial Reporting Standards (IFRS) consolidated financial statements.

#### Standards

The Report was modified from the management accounts of Rusagro and the consolidated financial statements for 2021. The consolidated financial statements of the Company are IFRS-compliant, as adopted by the European Union and the requirements of Section 113 of the Companies Law of the Republic of Cyprus.

The Report was aligned with the requirements of the following documents:

- The London Stock Exchange Listing Rules;
- The UK Listing Authority's Disclosure and Transparency Rules;
- The Moscow Exchange Listing Rules.

#### Audit

The IFRS consolidated financial statements of ROS AGRO PLC for 2021 was audited by KPMG Limited Chartered Accountants.

#### Approval of the Report

This Report was pre-approved by the Board of Directors of ROS AGRO PLC on 25 February 2022 and then approved by the General Meeting of Shareholders of ROS AGRO PLC on 1 April 2022.

#### Disclaimer

The Report contains estimations or forward-looking statements regarding operating, financial, economic, social, environmental and other Rusagro's performance indicators. Actual events or results presented in the subsequent reports may vary materially from those expressed in the estimations and forward-looking statements due to various reasons, in particular the changing market situation and other direct risks to ROS AGRO PLC and its subsidiaries. The Company assumes no responsibility or liability for any losses or damages incurred by individuals or entities through their reliance on the forward-looking statements. Any of such statements represent one of the many possible scenarios and should not be viewed as the most probable scenario.

In addition to the official information on the activities of Rusagro, the Report contains data obtained from third parties and sources that Rusagro considers to be trustworthy. This being said, the Company does not guarantee the accuracy of such information, since it may be abridged or incomplete.

#### Presentation of numerical data

Since some indicators and percentages in the tables, figures and texts of the Report were rounded to the nearest whole number or the nearest decimal place, the sum of the rounded values may not fully match the totals. Further, some percentages contained in the tables and figures, as well as in the texts of the Report were derived from on the pre-rounded indicators and may therefore not fully match the percentages calculated with the rounded values.

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ABOUT RUSAGRO

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Rusagro

Sugar Business

Meat Business

Agriculture Business

Oil and Fats Business

Dairy Products Business

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# Rusagro's history

The Company's history began in 1995 with sugar import operations, followed by import and processing of raw sugar in Russia. Soon after that, a period of forming a diversified vertically integrated holding company started, which could be divided into the following main stages.



About Rusagro / HISTORY

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<b>B</b> Z	<ul> <li>Conducting an initial</li> <li>public offering (IPO) of</li> <li>GDRs on the London Stock</li> <li>Exchange (LSE) and raising</li> <li>USD 300 mn in 2011.</li> </ul>		Listing the Company's global depositary receipts (GDRs) on the MICEX in 2014.		Conducting a secondary public offering (SPO) of GDRs on the LSE and raising USD 250 mn in 2016.	BB	Including GDRs in the MSCI Russia Small Cap Index in 2020.	0	Acquiring 100% of KapitalAgro in 2018 and 22.5% in Agro- Belogorie Group in 2019 – producers of pork products in the Belgorod Region.	
							Launching the second molasses desugarisation facility in 2019.		Belgorod Region.	
BZ 	Approving the dividend policy.		Modernising sugar plants and increasing the capacity of pulp drying			Acquiring three sugar plants in the Kursk and Orel Regions, a cereal processing plant, and a land		Exporting products of the Sugar Business to 34 countries.	0	Completing the construction of a grain elevator and starting deliveries of sows to a breeding farm in the Primorye Territory.
4	Putting a new packaging line into production and launching the Russkii Sakhar brand.		facilities.		bank from Razgulay.		Exporting products of the Agriculture Business to 11 countries. Making the first shipments of maize and soybeans to China.	0	Exporting products to 10 countries.	
後 戦	Expanding the land bank to 463 ths ha.		Expanding the land bank to 504 ths ha.	<b>B</b>	Launching the first molasses desugarisation facility.		Exporting products of the Oil and Fats Business to 29 countries. Making the first deliveries of pulp and resuming sales of consumer margarine to China.		Launching the Dairy Products Business for the production of cheeses, butter, and whey powder in 2018.	
©	Acquiring an oil extraction plant in the Samara Region in 2011.	0	Modernising the oil extraction plant.	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	Expanding the land bank to 665 ths ha.		Acquiring a right to purchase the majority interest of the company that owns Solnechnye Produkty (Solar Products) holding in 2018.	6	Making the first delivery of whey powder to China.	
	Launching pig farms in the Tambov Region in 2013.		Launching a slaughterhouse in the Tambov Region in 2015.	0	Launching the first retail meat products brand – Slovo Myasnika (Butcher's Word) in 2016.		Launching a packaged vegetable oil plant in the Samara Region and launching a mayonnaise plant in Atkarsk.			
10	<b>'11</b> '12 '13		<b>'14</b> '15		<b>'16</b> '17		<b>'18</b> '19 '20			
	2011-2013		2014-2015		2016-2017	$\uparrow$	2018-2020			
	Initial Public Offering (IPO) and purchasing of the first oil extraction plant		Starting floating on the Moscow Stock Exchange and launching a slaughtering sector		Closing the Razgulay deal and Secondary Public Offering (SPO)		Expanding of the business and developing exports			
			• • • •		• • • •					

#### 📶 ROS AGRO PLC

# Highlights of 2021

# COMPANY-WIDE EVENTS

#### Share capital

#### Acquiring Company's GDRs by a member of **ROS AGRO PLC Board of Directors**

Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of Rusagro Group LLC, bought 58,000 GDRs of ROS AGRO PLC in March 2021. As a result, his stake increased from 7.50% to 7.54% excluding treasury shares.

#### Publishing the first online version of the (02) annual report

Rusagro published an online version of the 2020 Annual Report in April 2021. The new report format is meant to improve the user experience.

#### Including ROS AGRO PLC GDRs in MVIS ( 03 ) Russia Small-Cap Index

In September 2021, MVIS Indices provider announced the results of another quarterly review of the country indices. ROS AGRO PLC Global Depositary Receipts were included in the MVIS Russia Small-Cap Index.

#### Increasing the minimum dividend 04 payout to 50%

On 13 September 2021, the Board of Directors of ROS AGRO PLC increased the Company's minimum dividend payout from 25% to 50% of IFRS net profit.

#### ROS AGRO PLC's secondary offering (05 of GDRs by the Company's majority shareholder

On 30 September 2021, Vadim Moshkovich, majority shareholder and Chairman of the Board of Directors of ROS AGRO PLC. sold 19,800,000 GDRs worth USD 275 mn on the secondary security market. The transaction resulted in the following changes in the share capital structure:

 Vadim Moshkovich's stake fell from 70.83% to 57.12%, excluding treasury shares;

- Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of LLC Rusagro Group of Companies, acquired 250,000 GDRs. His stake increased from 7.54% to 7.73% excluding treasury shares;
- Maxim Vorobiev, a minority shareholder in the Company, acquired 8,260,543 GDRs. His stake increased from 4.00% to 10.14% excluding treasury shares;
- The free float rose from 20.60% to 24.99%, excluding treasury shares.



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About Rusagro / HIGHLIGHTS

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#### Corporate governance

#### (06) Appointing a new Chief Financial Officer (CFO) of LLC Rusagro Group of Companie

In January 2021, Rusagro appointed Boris Chernicher to the position of Chief Financial Officer of the Company, who headed the Controlling, Investments and Reporting Department and Acting as Chief Financial Officer of Rusagro's Oil and Fats Business since 2019.

#### Appointing a Chief Investor Relations & ESG Officer of Rusagro Group of Companies

Rusagro appointed Svetlana Kuznetsova, Chief Investor Relations & ESG Officer, who has headed the Company's External Investment Department since 2016, to manage the sustainability issues.

**Expiring contract of Maxim Basov,** CEO of Rusagro Group of Companies

> Maxim Basov decided not to renew his contract, which expired on 31 December 2021. He will continue to be a shareholder and member of the Board of Directors of ROS AGRO PLC.

#### Sustainable development

## O9 Launching a project to develop a sustainable development strategy

In order to support sustainable growth, create additional value and enhance the transparency of disclosure of nonfinancial information, it was decided to launch a project to develop Rusagro's ESG strategy and transition to international non-financial reporting standards.

#### 10 Including Rusagro in the RAEX-Europe ESG ranking

On 15 April 2021, the independent credit rating agency – RAEX-Europe included an agricultural company, Rusagro, in its ESG ranking of Russian companies for the first time. The Company was ranked 51st out of 110 companies.

## Upgrading the sustainability rating of the Expert magazine

On 6 December 2021, Expert magazine published its 2020 Sustainability Scorecard for Russian companies. Rusagro moved up from 50th place last year to sixth place with a rating score of 66%.

#### Winning in the Best Employer category of the Star of the Far East Award

On 9 December 2021, a special public and business award ceremony, The Star of the Far East, was held in Moscow during the Days of the Far East. Rusagro Group of Companies won the Best Employer award.

#### **Technologies**

## Winning gold in the SAP Value Award for the HR digitalisation project

In October 2021, Rusagro's HR digital transformation project won gold in the People are the Most Valuable Capital category. The goal of the SAP SF project is to consolidate more than 40 HR services on a single platform. The system facilitated a painless transition to telecommutitng during the pandemic.

#### Transiting to a digital interface for suppliers management

Rusagro launched the Digital Farmer application to automate raw material suppliers relationship management. More than 1,500 agricultural producers in the three regions where the Oil and Fats Business operates are already using the app. Over time the app will be rolled out to other Rusagro regions and offered to third-party users.

### Rusagro Tech Challenge innovation competition

Rusagro, together with the Skolkovo Fund, held a large-scale competition for technological projects in the Agriculture, Meat, Oil and Fats and Sugar Business segments. As a result, 5 projects were selected as pilots totalling up to RUB 100 mn.

#### Winning a grant, in association with AssistAgro, for a project of implementing artificial intelligence for fields assistance

LLC Rusagro-Invest and LLC AssistAgro won a grant to implement and refine artificial intelligence in crop production from the Skolkovo Fund under of the federal Artificial Intelligence project of the Digital Economy national programme.

#### Events after the reporting date

#### Changes in the capital structure

On 7 March 2022, Granada Capital CY Limited completed the sale of 1,973,599 shares of the Company, representing 7.22% of the issued share capital of ROS AGRO PLC, to Yury Zhuravlev, a citizen of the Russian Federation. Given that Granada Capital CY Limited is under indirect control of Vadim Moshkovich, he reduced his effective interest in the Company below 50%.

#### Withdrawal of Vadim Moshkovich and Richard Smythe from the management bodies of the Company

On 10 March 2022, Vadim Moshkovich and Richard Smyth resigned from the Board of Directors of the Company. Vadim Moshkovich's term of office as Chairman of the Board of Directors of the Company, member of the Management Board and other governing bodies of of Rusagro Group companies were also terminated. Maxim Basov was appointed as Chairman of the Board of Directors.

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#### Sustainable development

#### (17) Certifying the Znamensky Sugar Plant for organic sugar production

The National Union of Producers and Consumers of Organic Products, "Organic Product", and the organic production certification body, LLC "Organic Expert", issued a certificate to Znamensky Sugar Plant confirming that the quality of the sugar under the Chaikofsky brand complies with the national organic standard GOST 33980.

#### **Exports**

#### (18) Sending the first pulp train to China

On 27 November 2021, Rusagro sent its first container train of dried granulated beet pulp to China. The railway service will reduce the cost and time of transport. The Company has started exporting pulp to China since 2020, where it is used as cattle feed.

For key highlights of the Segment see p. 17

SUGAR BUSINESS January March April June July September October November December February May August (06)(07) (13) (02)(10) (08) 01 ( 09 ) 03(04(05) 17 (20) (26)(28) (18 16 (19) (22) 21 25 (24)(27) 23 29 30

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#### **Business dealings**

#### Leasing 49 ths hectares of farming lands in the Saratov Region

On 15 June 2021, Rusagro Group of Companies leased 49 ths hectares of farming lands in the Saratov Region to grow wheat and sunflower.



Rusagro sold the dairy farm in the Belgorod Region and stopped producing cow's milk.







**For key highlights** of the Segment see p. 15

#### **Exports**

#### 2) Signing a contract for the supply of sunflower oil to the retail network in China

In February 2021, the Chinese division of Rusagro signed an agreement for the supply of bottled sunflower oil under the Leto Krasno (Beautiful Summer) trademark to the Century Mart hypermarket chain in China. This is the first straightforward agreement with a Chinese network.

#### 22 Signing a contract for the supply of sunflower oil to Hema retail chain in China and opening a shop on JD.com marketplace

In August 2021, Hangzhou Rusagro signed an agreement with Shanghai Hema Internet

of Things Co.Ltd to supply sunflower oil under the Leto Krasno trademark to the Hema chain owned by Alibaba Group Holding Limited. Also, a specialised Hangzhou Rusagro shop was opened on the JD.com marketplace to promote online sales.

23 Launching Moscovsky Provansal Ya lublu gotovit (I love cooking) mayonnaise on the JD.com marketplace

At early September 2021, Moscovsky Provansal Ya lublu gotovit mayonnaise was launched on the JD.com marketplace in China.

#### Dispatching a train with bottled sunflower oil to China

On 11 November 2021, Rusagro sent a first train full of bottled sunflower oil to China under the Schedroe Leto, Ya lublu gotovit, BONISSIMO and Leto Krasno (红色夏日) brands. The products hit the shelves of leading retail chains, online retailers of top marketplaces and were also shipped to major distributors in China.

#### 25 Receiving the Agribusiness Exporter of the Year Award

JSC Zhirovoy Kombinat won first place in the Agribusiness Exporter of the Year nomination in the Large Business category of the Exporter of the 2021 Year federal competition hosted by the Russian Export Center.

#### ABOUT RUSAGRO

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#### Sales

### 26 Launching prepackaged cream and curd cheeses under the Ya lublu gotovit brand»

Rusagro started selling cream and curd cheeses under the Ya lublu gotovit brand. The range of products includes 10%, 20% and 33% cream and curd cheeses creamy-, Italian herb- and mushroom-flavoured. There is a QR code on each pack to view the available recipes.

27 Rusagro became Russia's No. 1 supplier of frying oils to HoReCa

Rusagro won tenders to supply liquid frying fats to several leading international clients in the HoReCa segment in 2022. This made the Company the Russia's largest supplier of deep frying oils in this segment.

#### **Business dealings**



Rusagro acquired a 25% stake in Primorskaya Soya, consolidating 100% of the company shares in its ownership. Primorskaya Soya processes soybeans and produces vegetable oil and meal.



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## MEAT BUSINESS ©

#### **Production**

## 29 Launching the Rusagro-Primorye compound feed mill at the EEF

On 2 September 2021, at the Eastern Economic Forum in Vladivostok, Russian President Vladimir Putin gave the go-ahead for a new compound feed complex at Rusagro-Primorye LLC in the Mikhailovsky district of the Primorye Territory. The project was presented to the Russian Leader by the Chairman of the Board of Directors of Rusagro Group of Companies, Vadim Moshkovich.

#### 30 Launching recycling utilisation and meat processing plants by LLC Rusagro-Primorye

In October, Rusagro-Primorye's utilisation and meat processing plant in the Mikhailovsky district, Primorye Territory, began operating in raw material pre-commissioning mode, thus launching the full cycle production chain of Rusagro's vertically integrated pig-breeding cluster in the Far East.

#### Events after the reporting date

## Acquiring a pig farm in the Belgorod Region

In January 2022, Rusagro acquired the property of a 2,500-sow pig farm in the Belgorod Region. The target capacity for commercial pork production is 10 ths tonnes per year. This deal will not in any way affect pork production volumes in 2022.

#### For key highlights of the Segment see p.16

MEAT BUSINESS March April July September October November December January February May June August (06)(07) (02)(10) (08) (01)(09) 03(04(05) 13 Q (18) (20) 16 17 [2] (19` 26 28 ψ (22) 21 (25) (24)(27) 23 (29 (30) A

## ROS AGRO

# Key results

Rusagro is one of the largest vertically integrated agriholdings in Russia. The Company covers a significant share of domestic production of pork, sugar, agricultural and oil and fats products. Based on the results of 2021, the Company's average headcount totalled 20 ths people, and the turnover – RUB 223 bn (+40%).





About Rusagro / KEY RESULTS

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/ IBUSINESS MODEL

Rusagro

# Business model

Rusagro has a vertically integrated business model. The Sugar, Meat, and Oil and Fats Businesses have in place fully integrated production systems, with raw materials supplied by the Agriculture Business. With the vertically integrated structure, the business can exploit advantages of diversification, guarantee the supply of raw materials with minimum transportation costs, and effectively manage all elements of the value chain.

A high level of vertical integration both within each of the businesses and between the segments gives Rusagro a competitive edge in the markets, ensures superior production efficiency and financial stability. In order to gain maximum benefits of each business, the Company adopted a flexible commercial policy that does not restrict the sales of products to third-party companies.

Æ AGRICULTURE SUGAR BUSINESS Lime **BUSINESS** Beet sugar production Sugar beet Cultivation Extract sugar ۵× and sowing campaign production Production **Cultural treatment** 岛 of cereals and top dressing Marketing Harvesting E. and storage and sales Sales of products 9 **MEAT BUSINESS** Manure The Agriculture Business supplies sugar beet for the Sugar Segment, sells Compound feed production grain to the Meat Business Grain for subsequent coumcrops Livestock pound feed production, and breeding supplies the Oil and Fats Business with sovbeans Slaughtering and deboning and sunflower seeds when needed. Slaughterhouse refuse recycling Marketing and sales Meal **OIL AND FATS BUSINESS** Oil extraction Production of industrial fats and whey powder Oil crops For Business Production of consumer oil&fats details and dairy products see p. 50 Marketing

and sales

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#### SUGAR BUSINESS

All of the home-harvested beets are used by the Sugar Business. The beets come from the nearby territories, which minimises transportation costs. Pulp, molasses, refined sugar, betaine, and sugar beet lime are sugar processing co-products. Pulp is exported, and sugar beet lime is used as soil amendment.

Two molasses desugarisation facilities recover sucrose extract to produce additional sugar, and betaine is exported. Sugar and cereals are sold under six brands.

Consumer segment White and brown bulk and lump sugar, cereals

Industrial segment Sugar, betaine, molasses, pulp



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MEAT BUSINESS

Grain is supplied to compound feed mills of the Meat Business. The breeding farm raises young pigs and improves pig breeds. The sow farm grows piglets for fattening and young animals for breeding replacements. The meat processing plant produces finished products, including those sold under own private brand. Refuse is reduced further for the production of compound feed, thereby closing the production cycle.

#### **Consumer segment**

Large cuts, portion cuts, small cuts, chop meat, kupati, barbecue cuts, marinated meat

#### Industrial segment

Live-weight pork, half-carcasses, industrial cuts, by-products, meat and bone meal, fat, blood meal





OIL AND FATS BUSINESS

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The Agriculture Business sells soybeans and sometimes sunflower seeds to the Oil and Fats Business to produce oil. The oil is sold to third-party companies and used by the in-house oil and fats plants to make products under 11 brands.

Part of the meal is worked into feed for pigs in the Meat Business. Industrial fats are used to make spreads and cheese products.

#### **Consumer segment**

Packaged vegetable oil, margarine and spreads, mayonnaise and sauces, soaps, cheeses, butter and spreads, dairy cream

#### **Industrial segment**

Vegetable oil, meal, whey powder industrial blends



#### details see p. 70

# Geographic

The Company's assets are located in 11 regions of the Russian Federation: Belgorod, Tambov, Voronezh, Kursk, Orel, Sverdlovsk, Samara, Ulyanovsk, Saratov, and Orenburg Regions and Primorye Territory. The Company is headquartered in the Tambov Region, with a separate division in Moscow.

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**GEOGRAPHIC FOOTPRINT** 

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About Rusagro

Rusagro's oil extraction facilities are located in the Saratov Region, the Samara Region and Primorye Territory, while oil and fats production facilities are in the Saratov and Sverdlovsk Regions.

#### STRUCTURE OF ASSETS BY REGIONS IN 2021



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REVENUES

SALES

**FROM PRODUCTS** 



#### **EXPORT REVENUE BY SEGMENT**

Sales

geography



In 2021, Rusagro exported products to 50

The Company also continued to develop exports to East Asian countries, particularly

countries. The main trading partners are South-West Asia and CIS countries.

China and Vietnam.

The key driver of this growth was an increase in export revenues from the Oil and Fats segment to RUB 54.6 bn (+59%) and the Meat segment to RUB 6.1 bn (+47%). Restrictive trade measures being in effect in Russia in 2021 and the declining grain harvest made the revenues in the Agriculture segment drop considerably, amounting to RUB 1.1 bn against RUB 6.7 bn the year earlier.



**RUB** bn

**EXPORT REVENUES** 

**EXPORT** 

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SUSTAINABLE DEVELOPMENT

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About Rusagro

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# Sustainable development

Rusagro is a systemic enterprise in Russia, providing local food producers with raw materials and the domestic households with key foodstuffs. The Company's business continuity is essential for national food security. In pursuance of "Making People's Lives Longer and Better", Rusagro recognises its responsibility to future generations and places a strong emphasis on ethical business practices.

#### CARING FOR THE ENVIRONMENT

Climate change

- Achieving climate neutrality
- Higher energy efficiency
- Climate change adaptation

#### Impact on the ecosystem

- Soil health
- Waste management
- Reduction of pollutant emissions
- Water management
- Biosecurity and veterinary safety
- Resilient packaging

#### SOCIAL DEVELOPMENT

#### Care for employees

- Talent acquisition and retention
- Training and career advancement
- Employee health and safety
- Equal rights and opportunities

#### Support of local communities

- Charity
- Corporate volunteering
- Agricultural commodity producers management

#### CORPORATE GOVERNANCE

#### Consumer care

- Promotion of healthy diets and sustainable consumption
- Organic farming

#### Sustainable business practices

- Transparent ownership structure
- Better corporate governance practices
- Fair remuneration for top managers
- Upholding of shareholders' rights and interests
- Sustainable supply chain
- Animal welfare





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# Rusagro is working towards technological leadership in agriculture and food production. Over the past innovations

production. Over the past few years, the Company has noticeably intensify efforts in digital business transformation, research and innovation, which allow for improvements in production efficiency and better management of climate risks and changing customer needs.

In doing so, Rusagro believes that the services and products it develops will not only benefit the company itself, but also third-party agricultural goods producers. thereby increasing the sustainability of the national agribusiness industry as a whole.

#### **RUSAGRO-TECHNOLOGY**

Established in August 2021 to reorganise IT services in order to move towards a centralised implementation of the Company's digital transformation strategy. Received IT company status in December.

#### MATHEMATICAL SIMULATION SERVICE

Established in 2021 to support the Company's digital development and enablement objectives in working with technologies such as computer vision. At the end of the year, there were 10 people in the team and 22 projects in the pipeline.

#### GOLD IN THE SAP VALUE AWARD

Received by Rusagro in 2021 for its HR digitisation project to implement the SAP SF system, which enabled the integration of more than forty HR services on a single platform and a painless transition to telecommuting.

>**1,500** producers

Agricultural producers in three regions sell sunflowers through the Digital Farmer app developed by Rusagro.

>10 projects

Key R&D projects under consideration or underway in the Company at the end of 2021.

## 300 applications for innovative projects

Received by Rusagro at the Rusagro Tech Challenge held jointly with the Skolkovo Foundation in 2021.

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DIGITAL TRANSFORMATION

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# Corporate governance

Rusagro has been a publicly traded company since 2011. The global depositary receipts (GDRs) issued for the Company's shares are listed on London and Moscow stock exchanges. At the end of 2021, the Company had 24.6% of free float.

SHARE CAPITAL STRUCTURE AT THE END OF 2021



MAKSIM VOROBIEV

Maksim Vorobiev participated in the transaction

and increased his

including treasury

stake to 10.0%

shares.

In September 2021, the majority shareholder of ROS AGRO PLC, Vadim Moshkovich, carried out a secondary public offering of GDRs, which reduced his share in the Company to 56.2% including treasury shares.

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CORPORATE GOVERNANCE

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About Rusagro

SPO

Increase in the Company's free float as a result of a secondary public offering of ROS AGRO PLC GDRs by the Company's majority shareholder in 2021.

#### **DIVIDENDS**



Paid out in dividends from 2021 profits a record high of the Company.

#### **NEW DIVIDEND POLICY**

For the first time in Rusagro's history, minimum dividend payout is set at no less than 50% of Rusagro Group's IFRS net profit.



Maksim Basov participated in the transaction and increased his stake to 7.6% including treasury shares.

ROS AGRO PLC



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HANGZHOU RUSAGRO TRADING LIMITED

China, Hangzhou

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# Legal structure





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## ROS AGRO

# Statement by the Chairman of the Board of Directors

### **Dear Shareholders**,

The Board of Directors commends Rusagro's performance in 2021. Despite trade restrictions and retail price regulation in Russia, the Company achieved its highest ever revenue and earnings before interest, tax, depreciation and amortisation, resulting in a 71% increase in net profit to RUB 41.4 bn.



Rusagro's senior management demonstrated excellent performance in achieving the Company's strategic goals in 2021. During the year, Rusagro consolidated its status as the largest vertically integrated and diversified Russian agricultural holding, launched a pig-breeding cluster in the Primorye Territory, boosted exports of a range of product categories, retained its position in the retail market, upgraded its human capital assets and significantly advanced the automation and digitalisation of all business processes. During the reporting period, Rusagro issued its first ESG report after international standards and started the work on its first sustainability strategy.

Today Rusagro is the largest national producer of sunflower oil and consumer margarine, second largest producer of industrial fats and mayonnaise, third largest producer of sugar and fourth largest producer of pork (with a very small difference with the third largest company of 0.6 ths tonnes). Rusagro also ranks fourth among Russia's top landholders in terms of its agricultural land bank size.

The Company is a successful player not only in the industrial goods market, but also in the retail segment. For example, Rusagro's sugar brands (Russkii Sakhar, Chaikofsky, Khoroshiy and Mon Café) account for 48% of the Russian white cube sugar market, while the Brauni brand holds 28% of the brown cube sugar market. The brands of oil and fats products occupy a significant share of local markets: in the Urals, the No.1 mayonnaise brand with a 42% share is Provansal EZhK , and the No.1 margarine brand with a 59% share is Schedroe Leto (Generous Summer). The Slovo Myasnika (Butcher's Word) brand is still only fifth in the Russian market, but is increasing its share every year (9% in 2021).

In order to gain its competitive edge, Rusagro commits significant resources to deliver on a digital transformation strategy and to find high-end innovative solutions. For better management of these resources, the Company established Rusagro-Technology and a unified Mathematical Simulation Service in 2021 to centralise its IT services. In pursuit of innovative solutions the Company held a Rusagro Tech Challenge competition together with the Skolkovo Foundation. As results, five projects were selected to launch joint pilots.

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STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS 33

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With well-targeted increase in investments into the development of human capital (from RUB 2.6m to RUB 17.1m over the past five years), Rusagro enjoyed successful results in this essential for business continuity component in 2021. The investments covered various projects aimed at the improvement of staff training and development system and at its automation. For example, the number of man-courses taken doubled and more employees were recruited as mentors and internal instructors in the last year.

In an effort to share Rusagro's success, the Board of Directors recommended record dividends of RUB 8.8 bn (USD 119.7 mn) for 1H 2021 (USD 119.7 mn), or RUB 65.0 per GDR (USD 0.89 per GDR). In September 2021, the Board of Directors also resolved to increase the minimum level of dividend payments from 25% to 50% of the Company's net profit.

#### Vadim Moshkovich

Chairman of the Board of Directors of ROS AGRO PLC until 10 March 2022



↑ 71% 41.4 RUB bn

**NET PROFIT IN 2021** 

**DIVIDENDS FOR 1H 2021** 

↑ 5 times

**RUB** bn

# Statement by the CEO of Rusagro Group of Companies



Rusagro's core business segments recorded the following adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) in the reporting period.

- The year-end results showed that the Agriculture Business was the most profitable business, generating 48% of Rusagro's EBITDA before intersegment eliminations and other operating income and reaching RUB 23.3 bn (+53% from 2020). Revenue growth of 22% (to RUB 41.9 bn) against relatively stable production costs enabled the Group to achieve a profit margin of 56% year-on-year (44% in 2020). The positive changes in market prices for agricultural products and increased sales volumes of sugar beet and wheat were the key revenue drivers.
- The Oil and Fats Business, the Company's largest business by revenue size (51% of Rusagro's revenue before intersegment eliminations and other operating income), posted a 36% increase in EBITDA to RUB 12.8 bn. This was favoured by a 57% rise in revenues (to RUB 125.2 bn) from the sale of bulk oil, industrial fats and dairy products, the positive effect of which was partially offset by a higher growth rate in raw material costs. Adjusted EBITDA margin decreased by 2 p.p. and stood at 10%.
- After a period of declining earnings from 2017 to 2019, the Sugar Business showed a recovery in this indicator for the second consecutive year. EBITDA rose by 41% in 2021 to RUB 9.0 bn thanks to a 29% increase in revenue (to RUB 36.4 bn) and a 2 p.p. improvement in EBITDA margin (to 25%) on the back of slower rise in sugar beet procurement cost as compared to revenue growth.
- The Meat Business was the only business of the Company to experience a decline in profits in 2021. This was mainly due to higher feed and veterinary costs and the cost of launching the pig-breeding cluster in the Primorye Territory, which would only reach full production capacity in the next few years. As a result, despite revenue growth of 22% (to RUB 39.6 bn), EBITDA fell by 9% (to RUB 5.9 bn) and EBITDA margin by 5 p.p. (to 15%).

### **Dear Shareholders**,

Rusagro's financial results hit a new record in 2021. The revenue rose by 40% year-on-year and stood at RUB 222.9 bn, and adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 50% and reached RUB 48.1 bn. This growth was achieved through successful implementation of our strategic priorities, better adaptation to new market conditions, developed export sales and favourable pricing environment in the global agri-food market.

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Strategic report / STATEMENT BY THE CEO OF RUSAGRO GROUP OF COMPANIES HISTORIC RECORDS **OF RUSAGRO'S ADJUSTED** EBITDA RUB bn 19.4 '19 **16.2** '18 14.0 35 **18.2** '16 24.4 '15 18.1 '14 **6.8** '13 8.8 '12 Q **5.2** [2] '11 7.9 ⊎ '10 A

48.1

'21

32.0

'20

RUB 65.6 bn in export revenues, but was forced to reduce the share of revenues from export operations from 32% to 29%. This had to do with export restrictions on agricultural products and sunflower oil during the year, as well as high local demand for sugar and its by-products due to reduced sugar production in Russia. As a result, export revenues from the Agriculture Business went down by 83% (to RUB 1.1 bn) and those from the Sugar Business – by 34% (to RUB 3.7 bn). Meanwhile, the Company managed to increase export revenues from the Oil and Fats Business and Meat Business by 59% and 47%, respectively. Despite export quotas for crude sunflower oil and lower demand for consumer oil products in key purchasing countries, the Oil and Fats Segment again accounted for the highest share of export revenue among the Company's other businesses (44%). Rusagro invested RUB 13.8 bn to implement its growth strategy and maintain its existing business in 2021. With no new major projects, capital expenditure was down 2% year-on-year. More than half of the allocated funds (58%) were absorbed by the **Meat Business**, where the Company

continued to invest in the construction of a pork production cluster in the Primorye Territory, with facilities launched during 2021. Investments in the Agricultural Business totalled RUB 2.7 bn, the bulk of which was spent for the purchase of machinery and vehicles to work on a new land plot in the Saratov Region and to deliver a batching plant project in the Central Region. Investments in the Oil and Fats Business and Sugar Business amounted to RUB 2.1 bn and RUB 1.0 bn, respectively.

In 2021, Rusagro continued the expansion of its export areas, generating

To deliver on our strategic priorities and business development, we projected an increase in capital expenditure in 2022 to cover the further construction of a pig-breeding cluster in the Primorye Territory, expand the capacity of our oil extraction plants and increase our agricultural fleet. However, at the end of February 2022, Russia faced unprecedented sanctions, the effects of which necessitated a review of the Company's further investment programme and strategic plans.

Maxim Basov

CEO of LLC Rusagro Group of Companies until 31 December 2021, Chairman of the Board of Directors of ROS AGRO PLC since 10 March 2022


# Development strategy

# The Company's mission: "Let's make people's lives longer and better"

The strategic business goal of Rusagro is to increase returns for shareholders while adhering to the mission of "Making people's lives better and longer". In order to achieve this goal in 2008, the Board of Directors approved a strategic concept "From Field to Shelf", which implementation is based on the Company's vertically integrated business model in the area of food production.

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The strategy of the Company and its business units covers a period of five years and is annually reviewed by the Board of Directors to redirect the efforts in order to address the changes in the external environment and to effectively manage financial and human resources. The success of the Company's strategy rests upon a careful selection of long-term priorities and the exceptional quality of the investment process that ensures a high return on equity.

In 2021, Rusagro decided to develop a sustainable development strategy, which aims towards maintaining stable growth, adding more value for all stakeholders and enhancing the transparency of non-financial information about the Company's activities. The Company plans to complete this strategy in 2022, and consequently extend the list of its strategic priorities and tailor the corporate governance system accordingly for their successful accomplishment.

Rusagro's strategy is a classified document, and its targets are exempt from public disclosure, as this entails significant risks and may prejudice the Company's success. For the demonstration of the Company's success in implementing key priorities, the Annual Report contains an assessment of the results over a five-year strategic planning period.



Strategic report / DEVELOPMENT STRATEGY

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# KEY PRIORITIES OF RUSAGRO'S GROWTH STRATEGY

# **BUSINESS EXPANSION**

Rusagro aims to ramp up the production and expand its regional presence across all four business segments in order to maintain the market leadership. Below are the ways to achievethis aim:

- Organic growth building new production facilities, expanding the land bank, modernising and expanding the existing assets;
- Inorganic growth acquiring additional companies and assets, in particular in previously unexplored business areas;
- Increasing the share in the current regions of presence and expanding to new regions of Russia and to new countries through the export development.

#### DIGITAL TRANSFORMATION AND INNOVATION

In an era of technological revolution, the development and introduction of innovative solutions in IT, automation, and biotechnologies are becoming increasingly important in the terms of costs reduction, product quality improvement and additional revenue generation. The key areas of the Company's activities related to this strategic priority include as follows:

- introduction of precision farming technology;
- automation of businessprocesses;
- use of advanced biotechnology methods;
- > higher yields and soil fertility.

#### INCREASING SALES OF RETAIL PRODUCTS AND BRANDS

Sticking by "From Field to shelf" concept, Rusagro strives to develop its retail products through:

- > Deeper processing of products;
- > Wider product mix;
- Better representation in retail channels;
- Stronger private brands and their promotion on the consumer market.

# DEVELOPMENT OF HUMAN CAPITAL

Development of human capital is a crucial instrument in ensuring the Company's sustainable growth. The main goals in this area are:

- Labour efficiency and productivity management;
- Strengthening of the employer brand appeal;
- > Faster and better recruitment;
- Improved quality of staff and increased internal hiring.

ROS AGRO

# INVESTMENTS

In 2021, Rusagro invested RUB 13.8 bn in achieving the desired goals – the projects to maintain and to develop existing assets. The volume of investment dipped marginally – by 2% year-on-year. The largest share of funds (58%, or RUB 8.1 bn) in the reporting period was allocated to the Meat Business, which still continued the construction of a cluster in the Primorye Territory. Rusagro invested 19% of the total budget (RUB 2.7 bn) in the Agriculture Business – down RUB 0.7 bn from the year earlier as the expansion of the land bank necessitated the purchase of additional equipment and vehicles. The reporting period also recorded higher investments in the Oil and Fats Segment – from RUB 1.8 bn to RUB 2.1 bn – due to the projects for the relocation and expansion of oil extraction capacities. As all major investment projects in the Sugar Business were completed, the investment to this segment was cut by 33% and stood at RUB 1.0 bn.

# **RUSAGRO'S CAPITAL INVESTMENTS**



'19

118



**RUSAGRO'S CAPITAL INVESTMENT** 

**STRUCTURE BY BUSINESS IN 2021** 

# STRATEGY ACHIEVEMENTS FOR 2017-2021

# **BUSINESS EXPANSION**

# **Agriculture Business**

In 2021, Rusagro reached a record 689 ths hectares of agricultural land. The key objectives of the business expansion priority over the past five years, in addition to the direct expansion of the land bank, have been to preserve efficient arable land and reduce land unsuitable for cultivation. Arable land accounted for 88% of Rusagro's land in 2021, compared to 84% in 2017.

#### **RUSAGRO'S AGRICULTURAL LAND**

ths ha



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# STRATEGY ACHIEVEMENTS FOR 2017-2021

# **Oil and Fats Business**

Over the past five years, Rusagro has significantly expanded its oil and fats production capacity and has occupied leading positions in Russia. In 2019, the Company leased and gradually bought out two oil extraction plants and one oil and fats plant owned by Solnechnye Produkty, thus stepping up the output of vegetable oil four-fold, industrial fats thirteen-fold and bottled oil eleven-fold.

### RUSAGRO'S SUNFLOWER PROCESSING CAPACITY

**RUSAGRO'S BOTTLED OIL** 

**PRODUCTION CAPACITY** 

320

'21

ths tonnes

↑ by 11 times

30

1/17

#### ths tonnes per day



↑ 11 times

32

ths tonnes

**OIL PRODUCTION** 

BOTTLED

CAPACITY

# RUSAGRO'S INDUSTRIAL FAT PRODUCTION CAPACITY

ths tonnes



## RUSAGRO'S MAYONNAISE AND MAYONNAISE-BASED SAUCES PRODUCTION CAPACITY

#### ths tonnes



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# STRATEGY ACHIEVEMENTS

# **Meat Business**

Seeking out to maintain market share in a growing market and to lay the groundwork for the promotion of pork products exports, between 2017–2021 Rusagro invested in the expansion of pork production in the Tambov Region, the creation of a vertically integrated cluster in Primorye Territory and the acquisition of the Kapital-Agro assets in the Belgorod Region. This drove up live-weight pork production by 49% – from 207 ths to 309 ths tonnes.

# **Sugar Business**

Amid limited opportunities to expand its Sugar Business over the past five years, Rusagro has focused on improving the productivity of its plants and reducing sugar losses. 2018 saw the upgrade of two sugar plants, resulting in a 8% increase in their capacity. In 2017 and 2019, Rusagro launched two molasses desugarisation facilities, which allowed an extra sugar production of over 100 ths tonnes from the same volume of beet.

# DEVELOPMENT OF RETAIL SALES AND BRANDS

# **Oil and Fats Business**

The main objectives of Rusagro's Oil and Fats Business are to maintain leading brand positions in home regions. In 2021 in the Urals, the Provansal EZhK brand ranked first in the mayonnaise market and the Schedroe Leto (Generous Summer) brand - in the consumer margarine market. In Moscow, second place in the mayonnaise market went to the Moscovsky Provansal brand, which appeared in Rusagro's brand portfolio in 2019.

# Position of Rusagro's oil and fats brands in the Russian market

#### **RUSAGRO'S PORK PRODUCTION**

ths tonnes





ths tonnes

920

/17

21







**ON THE CONSUMER MARGARINE MARKET** IN THE URALS





**ON THE MAYONNAISE MARKET IN MOSCOW** 



ON THE CONSUMER **MARGARINE MARKET IN RUSSIA AND** THE VOLGA REGION

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# STRATEGY ACHIEVEMENTS FOR 2017–2021

# **Meat Business**

After the launch of its own brand at the end of 2016, Rusagro has been steadily upping the production of its own-branded consumer pork products. Based on the 2021 results, sales volume of chilled semi-finished products under the Slovo Myasnika (Butcher's Word) brand have risen from 3 ths to 23 ths tonnes over the last five years, and the market share of semi-finished pork products (including those with the addition of other meats) – from 2% to 9%<sup>1</sup>.

# Sugar Business

Rusagro has been dominating the Russian retail sugar market for many years. The Russkii Sakhar and Chaikofsky brands rank first and second in the white cube sugar market, while Brauni captured first place in the brown cube sugar market. The brands have a combined market share of 48% in the white cube sugar market, while Brauni holds a 28% share in the brown cube sugar market<sup>2</sup>.



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<sup>1</sup> Based on results for January to December 2021, according to AC Nielsen research.
 <sup>2</sup> Based on results for November 2021, according to AC Nielsen research.

# STRATEGY ACHIEVEMENTS FOR 2017–2021

# DIGITAL TRANSFORMATION AND INNOVATIONS

Rusagro approved the digital transformation strategy to introduce automation systems and develop innovative solutions for process optimisation in each business segment. This strategy is an integral part of the overall development strategy of each business. Higher profits from cost reductions, improved risk control and enhanced productivity against lower human errors and better decisionmaking are the shared objectives of the digital transformation strategy for all of the Company's business segments.

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For the next phases of the strategies to be successfully implemented in 2021, it was decided to centralise the IT service and create a company called Rusagro-Technology. A Mathematical Simulation Service was also set up to support the Company's objectives in working with technologies such as computer vision – at the end of the year there were 10 people in the team with 22 projects in the pipeline.

# Rusagro's key digital projects

AGRICULTURE BUSINESS 必连 Optimum routing of vehicles on the field Lower influence of human error in determining the vehicles direction of travel in the field, POL savings and higher productivity on the back of optimised distances travelled >2022 2021 Planning algorithm for own and hired trucks Better turnaround and optimised logistics services 2021 >2022 MEAT BUSINESS  $\bigcirc$ Logistics optimisation project team Reduced logistics costs for feed, livestock, personnel, and improved logistics services 2020 >2023

#### Video analytics and mobile application projects team

Improved production performance in livestock production against prompter and more accurate management data

2021 2023

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and
2022
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# SUGAR BUSINESS

Instrumental condition monitoring of equipment	
Obtaining objective digital information on ongoing process	ses
2021	2023
Introduction of machine learning, computer vision and artificial intelligence tools	)

Higher labour productivity

2023	> <b>2027</b>
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£

# DEVELOPMENT OF HUMAN CAPITAL

Human capital development is central to the sustainable growth of all Rusagro's business segments. Between 2017 and 2021, the Company increased investments in training and development seven-fold, from RUB 2.6 mn to RUB 17.1 mn, having built an effective system to support employees at all levels and positions every step of their way.

The institute of internal instructors established in 2017 already had 585 employees in 2021 (+13% from 2020), and the number of mentors grew to 1,133 (+23% from 2020). The distance learning system enabled Rusagro to markedly improve its training performance: the number of employees trained almost tripled over the past five years - from 7,581 to 19,673. Moreover, there was a significant increase in the number of man-courses after the launch of the SAP SuccessFactors platform in 2020. For example, in 2017 this figure stood at only 5,214 man-courses, whereas in 2020 it was already at 42,808. In 2021, we hit a record high of 87,344 man-courses completed.

## KEY BLOCKS OF THE TRAINING AND DEVELOPMENT SYSTEM



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# Agriculture BUSINESS

In 2021, Rusagro farmed 604 ths hectares and grew 5 mn tonnes of agricultural products: sugar beets, grains and oilseeds.

# Overview

of the Russian agricultural market in 2021 Due to weather conditions in 2021, Russian agricultural agricultural producers came against the need to reseed winter crops. This led to a decrease in the wheat and barley yields by 13.0 mn tonnes (-12%) and a 9.4 mn tonnes (-21%) reduction in exports of these crops. The latter was also added up by the imposition of duties. Market prices rose for the second consecutive year for all the major crops, including maize, sunflower, soybeans and sugar beet.



HARVEST OF SUNFLOWER IN RUSSIA IN THE 2021/2022 SEASON

↓ 21%

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mn tonnes

WHEAT EXPORTS FROM RUSSIA

**↑ 14%** 

mn tonnes

HARVEST OF SUGAR BEET IN RUSSIA IN THE 2021/2022 SEASON

↑ 15%



ths RUB/t, excl. VAT

AVERAGE PRICE OF WHEAT IN RUSSIA IN 2021

76

J 12%

mn tonnes

HARVEST OF WHEAT IN RUSSIA IN THE 2021/2022 SEASON

No. 4

RUSAGRO AMONG RUSSIA'S LARGEST AGRICULTURAL LAND HOLDERS AS OF MAY 2021

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PRODUCTION

Rosstat's preliminary figures indicate that the production of wheat, barley and maize in the 2021/2022 season was set at 108.6 mn tonnes, 10% (–12.1 mn tonnes) below the season earlier. Such drop was caused by a decline in lower wheat and barley harvest after a particularly productive previous season, by 12% (–10.0 mn tonnes) to 75.9 mn tonnes and by 14% (–3.0 mn tonnes) to 18.0 mn tonnes, respectively.

Furthermore, both the area sown with these crops and their yields decreased due to the difficult wintering conditions, which led to a high percentage of winter crops dying and being reseeded by spring crops, mainly oilseeds. Maize demonstrated a positive trend, with a 6% increase in harvest (+0.8 mn tonnes), and stood at 14.6 mn tonnes.

### GROSS YIELD OF GRAIN CROPS IN RUSSIA

# mn tonnes

			-10%	
119.8 13.2 20.6	<b>100.5</b> 11.4 17.0	1 <b>09.2</b> 14,3 20,5	<b>120.7</b> 13.9 20.9	<b>108.6</b> 14.6 (+6%) 18.0 (-14%)
86.0	72.1	74,5	85.9	75.9 (-12%)
'17/'18	'18/'19	'19/'20	/20//21	'21/'22
Wheat	Bar	lev M	aize	

# AREA UNDER GRAIN CROPS IN RUSSIA

# mn ha



# GRAIN CROPS YIELDS





— Maize

— Barlev

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Source: Rosstat (Russian Federal Service for State Statistics) (preliminary data)

#### Comment:

This market review covers fewer than all crops grown in Russia and includes the crops holding a significant share of the gross yield of Russian producers, including Rusagro. Thus, the Report addresses sugar beet, as well as wheat, barley and maize as grain crops, and sunflower and soybeans as oilseeds. Data for other crops can be found on the Rosstat website.



WHEAT HARVEST IN RUSSIA IN THE 2021/2022 SEASON ↓ 14% **18** 

mn tonnes

BARLEY HARVEST IN RUSSIA IN THE 2021/2022 SEASON



Wheat

# mn tonnes

MAIZE HARVEST IN RUSSIA IN THE 2021/2022 SEASON



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mn tonnes

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Preliminary sunflower and soybean harvest data for the 2021/2022 season indicate a 15% increase of (up 2.7 mn tonnes) in the aggregate, which totalled 20.3 mn tonnes. The sunflower output posted a considerable rise of 17% (up 2.2 mn tonnes) and reached 15.5 mn tonnes, fuelled by the growing area under this crop (+14%) due to the reseeding of dead winter crops.



SUNFLOWER SEEDS HARVEST IN RUSSIA **IN THE 2021/2022 SEASON** 

## **GROSS YIELD OF OIL CROPS IN RUSSIA**

#### mn tonnes



Sunflower seeds Soybeans

After a five-year record low harvest in the 2020/2021 season, when agricultural producers encountered adverse weather conditions, the sugar beet crop showed a 14% increase (up 4.8 mn tonnes) in gross output and stood at to 38.7 mn tonnes. The increase covered both crop yields (+10%, up to 40.6 t/ha) and cropped area (+8%), helped by the more stable sugar prices in Russia.



'17/'18

/18//19

mn tonnes

SUGAR BEET **HARVEST IN RUSSIA IN THE 2021/2022 SEASON** 

#### **GROSS YIELD OF SUGAR BEET IN RUSSIA**





**AREA UNDER OIL CROPS IN RUSSIA** 





YIELD OF OIL CROPS **IN RUSSIA** 



Sunflower seeds — Soybeans



'19/'20

20/21

# YIELD OF SUGAR BEET **IN RUSSIA** tonnes/ha



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**AGRICULTURE BUSINESS** 

Company's Business

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KEY PLAYERS

According to BEFL – accounting and consulting company, five largest farmland owners controlled 3.8 mn ha of agricultural lands as of May 2021. During the year, they increased their land bank by 32 ths ha (+1%). Russia's largest meat producer, Miratorg, tops the list with an estimated land bank of 1,047 ths ha. Rusagro ranked fourth with a land bank of 637 ths ha. As of the end of 2021, the Company had 689 ths ha of land under management, and this figure will be taken into account in the May 2022 ranking.

RUSAGRO'S PLACE BY THE AGRICULTURAL LAND BANK SIZE IN RUSSIA AS OF MAY 2021

Russia's top 5 landowners as

of May 2021, ths ha



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# EXPORTS AND IMPORTS

Company's Business / AGRICULTURE BUSINESS

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In 2021, exports of the main crops considered herein sat at 39.9 mn tonnes, down 22% (down 11.2 mn tonnes) from 2020. For example, shipments of wheat, barley and maize fell by 9.4 mn tonnes (-20%) and those of sunflower and soybean – by 1.8 mn tonnes (-63%). Exports of wheat dropped the most (down 8.1 mn tonnes, or -21%) as a result of lower yields and government restrictions, as did sunflower exports (down 1.3 mn tonnes, or -96%).

In 2021, Turkey, with a 21% share, topped the list of Russia's biggest grain importers. Volume of shipments thereto totalled 8.0 mn tonnes (+1%). Even with purchase volume reduced by 24%, Egypt was the second significant buyer, purchasing 5.1 mn tonnes of grain crops in the reporting period.

The main crop imported in Russia is soybeans – 1.8 mn tonnes of this crop were imported in 2021, down 11% (–0.2 mn tonnes) from a year earlier. The downward trend is driven by the high level of domestic oilseed production, the postponed commissioning of new oil-extraction capacities, and the simplied import procedure of genetically modified meal into Russia. The main importers of soybeans are Brazil (46% of supplies) and Paraguay (40%). The volume of all crops imported into Russia was 2.1 mn tonnes (–13%).

# EXPORT VOLUME OF GRAIN CROPS

mn tonnes



Wheat Barley Maize

BREAKDOWN OF GRAIN EXPORTS BY DESTINATION IN 2021  $\overline{\frac{1}{8}}$ 



#### EXPORT VOLUME OF OIL CROPS

mn tonnes



Sunflower seeds Soybeans



mn tonnes

WHEAT EXPORTS FROM RUSSIA IN 2021 In 2021, Russia imposed a number of export restrictions on grains and oilseeds. In addition to the quota of 17.5 mn tonnes for grain exports, there were duties on wheat, corn and barley. Duties on sunflower, soybean and rapeseed were in effect in 2021 and will

continue to be so until August 2022.

**Governmental restrictions** 

↓ 11% 9

# mn tonnes

SOYBEAN IMPORTS TO RUSSIA IN 2021

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**Source:** Federal Customs Service of Russia (preliminary data)

# PRICES

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In 2021, the average annual price of agricultural products in Russia kept rising for the second year in a row. Thus, prices for wheat, barley and maize rose by 15% (to 14.4 ths RUB/t), 28% (to 12.8 ths RUB/t) and 20% (to 14.4 ths RUB/t) respectively. The key contributors to this trend were a poor wheat and barley harvest in the 2021/2022 season and higher world prices resulting from lower production due to adverse weather conditions, with the latter being partly offset by grain export duties.

#### Oil crops showed an even higher rate of price escalation year-on-year. Domestic sunflower prices went up by 73% and reached 41.4 ths RUB/t, while soybean prices rose by 63% and stood at 43.7 ths RUB/t. That also related the global market situation, involving higher palm oil prices, growing demand in China due to the gradual recovery of pork production and the loss of the rapeseed crop in Canada due to bad weather conditions.

# PRICES FOR GRAIN CROPS

ths RUB/t, excl. VAT



- Wheat - Barley - Maize

# PRICES FOR OIL CROPS IN RUSSIA

ths RUB/t, excl. VAT



Source: APK-Inform

Meanwhile, after a record low in sugar beet prices in 2019, the prices were trending upwards for the past two years, following a decline in crop volumes amid adverse weather conditions in 2020 and a subsequent rise in sugar prices. In 2021, prices witnessed their highest level in five years. According to preliminary data from Rosstat, the price of sugar beet spiked by 48% over the year and sat at 3.3 ths RUB/t annual average.

### PRICES FOR SUGAR BEAT IN RUSSIA





**Source:** Rosstat (Russian Federal Service for State Statistics) (preliminary data



Rising market prices and improved sugar beet harvest caused Rusagro's Agriculture Business to post record high revenues in 2021. Revenues increased by 22% and amounted to RUB 41.9 bn (up RUB 7.5 bn) and adjusted EBITDA went up by 53% (up RUB 8.1 bn) and stood at RUB 23.3 bn. Driven by the sales of 2020 products, business profit margin reached 56% (+11 p.p.).

# **Operating results**

**↑ 13%** 

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mn tonnes

SALES VOLUMES **OF AGRICULTURAL CROPS** 

# **Financial results**

↑ 11 p.p.

**ADJUSTED EBITDA MARGIN** 



**OF RUSSIAN LAND BANK** 

RUB bn

No.4

**BY THE SIZE** 

**ADJUSTED EBITDA** 



18%

ths ha

FARMING

LAND AREA

689

REVENUES



# **BUSINESS OVERVIEW**

In 2021, the total area of land under Rusagro's management by the end of the year amassed 689 ths ha, increasing by 52 ths ha (+8%) due to a land lease agreement in the Saratov Region. The share of arable land is 88%. The expansion of the land bank was mainly hindered by the major increase in land prices in Russia against the background of high prices for agricultural products and the availability of spare capital in the country.

The total storage capacity, including four elevators and five grain storage sites, totalled 997 ths tonnes (+0%).



**AREA OF RUSAGRO'S ARABLE LAND IN 2021** 

# LEGAL STRUCTURE OF LANDS

Rusagro's agricultural land ownership structure changed in 2021. As at the end of 2021, Rusagro owned half (50%) of all the Company's agricultural land. With short-term land leases in the Saratov Region, the proportion of land owned by the Company shrank from 54% to 50%. Other reasons for the change in the lease share were the renunciation of leasehold rights on several inefficient land plots and the acquisition of ownership in a number of leasehold land plots with common ownership.

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lease

+8%

687

78

608

652

70

582

689

86 (+10%)

604 (+8%)



HARVESTING

AND STORAGE

SALES PRODUCTS

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**OF RUSAGRO'S LAND BANK** 

**RUSAGRO'S** 

ths ha

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LAND BANK AREA

675

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lease

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# BUSINESS OVERVIEW

# **REGIONAL STRUCTURE OF ARABLE LANDS**

Most of Rusagro's agricultural land is located in the Central Black Earth Region of Russia, mainly characterised by highly fertile chernozem black soils. The largest areas of arable land are in Belgorod and Tambov Regions – 257 ths ha (+1%, or 3 ths ha) and 139 ths ha respectively by the end of 2021. The Company's Agriculture Business has 86 ths ha (+2%, or 2 ths ha) of arable land in the Primorye Territory under management. In 2021, the Company leased land in the Saratov Region (39 ths ha of arable land).





Voronezh Region



# INVESTMENTS

Rusagro's 2021 investments in development and maintenance of the Agriculture Business totalled RUB 2.7 bn, up 31% year-on-year. Higher investments in business development were related to the purchase of machinery to work on a new land area in the Saratov Region and the implementation of a batching plant project in the Central Region. Meanwhile, the maintenance required more funds given the need to renew soil preparation and fertiliser equipment, as well as to renovate passenger and light car fleet. According to the year-end results, 66% of investments were absorbed by development projects.

# The major investment projects

# Project ACQUISITION **OF MACHINERY** FOR 44 THS HA **OF ARABLE LAND** IN THE SARATOV REGION

**BATCHING PLANT** 

CONSTRUCTION

Purpose: procurement of necessary machinery for the new arable land to enable cultivation of crops, compliance with the agronomic time requirements and crop rotation

**Purpose:** 

mitigation of risks of poor

technology-related errors

quality crop treatment through

#### Project cost: 1.6 RUB bn, excl. VAT

Implementation period: June 2021 to December 2022

Investment volume in 2021:

0.6 RUB bn, excl. VAT

Implementation period:

October 2020

to May 2022

**Project cost:** 0.4 RUB bn, excl. VAT

in 2021:

Investment volume

0.3 RUB bn, excl. VAT

# STRUCTURE OF RUSAGRO'S SEEDS



#### Comment:

The change in the crop rotation pattern in 2021 was brought about by the abandonment of barley cultivation due to its low profit margin relative to other crops (3% of the sown area in 2020), the reseeding of some amount of wheat with sunflower and the increase in fallow areas as new land plots were leased in the Saratov Region.

56

# RUSAGRO'S INVESTMENTS **IN AGRICULTURE BUSINESS**

RUB bn



↑ 31% 2.7 **RUB** bn

Project

#### **RUSAGRO'S INVESTMENTS** IN AGRICULTURE BUSINESS

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# IT AND INNOVATIONS

In 2017–2018, the Rusagro's Agriculture Business developed a digital management transformation strategy for 2018–2022 to increase efficiency along the entire production chain. In 2021, the strategy's goals were accomplished through the development and implementation of five key planning algorithms for business operations, which are an integral part of the overall smart farming system of the Company.

# **Digital fields**

Rusagro's field management automation function is realised through digital field twins containing information on electronic field boundaries, crop history, handling operations and nutritional characteristics of the soil in the fields. Operational field monitoring tasks are addressed by analysing the satellite image-based NDVI index and field scouting by agriscientists. This optimises the use of machinery and vehicles, crop area, fertiliser and CPA quantities and application zones, and allows for better control over the timing sowing and harvesting.

# CROP ROTATION PLANNING

#### Strategic planning and budgeting algorithm

Profit maximisation by choosing the best sequence of crops

2021		>20	22
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#### HARVESTING



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## Planning algorithm for harvesting operations

Increased gross yields through precise harvest timing
2021
2022

#### **CROP LOGISTICS**

# Planning algorithm for own and hired trucks

Finished goods transportation time and cost optimisation by increasing the transport turnover rate and streamlining the logistics service

2021 2022

# FIELD PREPARATION AND HANDLING



#### Automation of batching plants

Minimisation of errors in mother liquor technology and misappropriation of crop protection agents (CPA)

2020 2022

#### Planning algorithm for process operations

Increased yields as a result of precise and timely adherence to process operations

2021

#### PLACEMENT AND SALE OF FINISHED PRODUCTS

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Planning algorithm for the placement and sales of finished products

Higher revenues through better rotation of storage locations and planning of the sales schedule, as well as logistics costs optimisation

2022 2023

**AGRICULTURE BUSINESS** 

Company's Business /

# Company's Business / AGRICULTURE BUSINESS

# IT AND INNOVATIONS



# Soil fertility recovery project

In 2021, Rusagro initiated a project to improve soil fertility based on fertility models generated for each field in the study area with a view to increase the yield of cultivated crops. Such models will represent the set of agronomically relevant soil properties and regimes which allow for most efficient use of land resources and maximise yields without loss of quality. The first models were generated following the year-end results – Rusagro will start the roll-out under these models from the beginning of the 2022 field season. Model generation is expected to cover more fields in 2022.

# SoyuzSemSvekla genetics and breeding centre on accelerated creation of advanced sugar beet hybrids

Together with Schelkovo Agrochem, Rusagro has been involved in the development of yieldenhancing sugar beet hybrids since 2017. SoyuzSemSvekla, a genetics and breeding centre, was opened in the Voronezh Region in 2019. The Centre focuses on creating new high-yielding, disease-resistant sugar beet hybrids that are equal in basic biological and morphological characteristics. The sugar beet hybrids of our own breeding are registered in the National Register of Breeding Achievements Approved for Use in Russia. SoyuzSemSeekla has been selling the seeds of its hybrids in all key beet-growing regions since 2021.

SoyuzSemSvekla genetics and breeding centre works in the framework of the Federal Scientific and Technical Programme for the Development of Agriculture for 2017–2025, the Sub-programme for the Development of Selection and Seed Production of Sugar Beets in the Russian Federation according to the designed comprehensive scientific and technical project "Development of Highly Competitive Sugar Beet Hybrids of Domestic Breeding and the Organisation of their Seed Production System". In 2019, a commission of the Russian Ministry of Agriculture qualified this project for governmental support, which was received in 2020–2021. SoyuzSemSvekla was granted Skolkovo resident status in 2021.

# AssistAgro is a machine vision technology for agronomic decision-making

AssistAgro<sup>1</sup> was established in 2021 to develop crop management technologies at Rusagro and to offer these technologies to the market. AssistAgro mainly deals with the development of an automatic open field plant diagnostic system based on photo analysis, yield forecasting, recommendations for increasing returns per hectare and robot-assisted operations management. With remote diagnostics and precision farming tools, agricultural companies will also be able to improve control over their carbon footprint and impact on soil fertility.

In 2021, the Company received Skolkovo resident status and accreditation from the Ministry of Digital Development, Communications and Mass Media of the Russian Federation as an IT company. In December 2021, AssistAgro, together with Rusagro-Invest, won a grant to implement and refine artificial intelligence in crop production from the Skolkovo Foundation (VEB.RF Group) under the federal Artificial Intelligence project of the Digital Economy of the Russian Federation national programme. AssistAgro's project to introduce a weed identification and crop density counting solution received a highly positive evaluation by the competition members.

AssistAgro's first product, an automated field scouting and digital agri-service management system, is now available to the market. The second product – an advisory system with yield and profit forecasts for different technology scenarios – is planned to be presented by the end of next year, and an automated machinery and vehicles control solution – in another year.

A video clip about the AssitAgro project can be watched on YouTube

AssistAgro LLC is not included in the Group's legal structure; the company's founders are Vadim Moshkovich and Maxim Basov.

# **OPERATING RESULTS**

# PRODUCTION

Rusagro's 2021 total output was 4,956 ths tonnes, up 494 ths tonnes (+11%) from a year earlier. The higher figures were largely attributed to the increased gross sugar beet yield, amounting to 3,637 ths tonnes, up 748 ths tonnes (+26%) year-on-year. Such results were achieved through rising crop yield to 40.5 t/ha (+17%) thanks to wind erosion control activities and record yields in recent years on irrigated land. The area under sugar beet expanded by 8% (+6 ths ha) and amassed 90 ths ha.

# **RUSAGRO'S SUGAR BEET HARVEST**

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Yield, t/ha

ths tonnes

The gross grain harvest suffered a decline upon the refusal to sow barley (18 ths ha in 2020) and unfavourable weather conditions for winter crops: due to extreme wintering conditions, as well as low moisture levels and high temperatures during the grain filling period, wheat yields fell from 5.1 to 4.1 t/ha. As a result, the wheat production totalled 713 ths tonnes (-29%)and barley -2 ths tonnes (-98%). However, the Company still boosted the gross harvest of maize by 51% (to 163 ths tonnes) by reducting its sowing period and optimising its harvesting time.

Another positive development was associated with higher gross yield of oil crops, which was attained through the expansion of planting area. Thus, the soybean output rose by 21% (+60 ths tonnes) and the sunflower output - by 7% (+5 ths tonnes) owing to the 22% (+35 ths ha) and 26% (+6 ths ha) increase, respectively, in planting areas under these crops. The growth of the soybean crop was restrained by high temperatures and lack of rainfall during the soybean blossom period, and that of sunflower - by its use as a crop to reseed winter wheat die-off without basic autumn tillage. This reduced soybean yield by 2% to 1.7 t/ha and sunflower yield by 15% to 2.5 t/ha.

### **RUSAGRO'S HARVEST OF GRAIN CROPS**





harvest harvest harvest of wheat of maize of barley

379

88

291

'19

Gross harvest

of sunflower

+19%

349

282

'20

67

414

'21

72 (+7%)

**RUSAGRO'S HARVEST** 

329

62

267

'18

Gross harvest

of sovbean

'17

#### **GROSS HARVEST OF GRAIN CROPS**





# **GROSS HARVEST OF OIL CROPS**

t/ha



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**AGRICULTURE BUSINESS** 

Company's Business /

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# OPERATING RESULTS

# SALES

In 2021, sales volumes of Rusagro's Agriculture Business climbed by 13% and reached to 4,838 ths tonnes compared to 2020. The positive dynamics is associated with the growth of the sugar beet harvest and a higher level of wheat carry-over at the end of 2020. Sales of sugar beet went up by 22% (+637 ths tonnes) and wheat – by 17% (+114 ths tonnes) year-on-year.

Grain sales, which fell by a total of 8% (-76 ths tonnes), were affected by the abandonment of barley cultivation as a relatively low-margin crop and the transfer of some maize volumes to 2022 in expectation of better prices. Barley sales fell by 91% (–112 ths tonnes) and maize – by 52% (down 78 ths tonnes) compared to the previous year.

Oil crops sales also declined (-5%, down 19 ths tonnes). Sunflower sales volumes dropped by 24% (down 18 ths tonnes) year-on-year due to lower sunflower carry-overs at the end of 2020 and the transfer of some volumes to 2022 due to the expectation of higher prices. The level of soybean sales remained roughly at the previous year's level. All sugar beet (100%) of the Agriculture Business is sold to Rusagro's sugar plants. Part of the grain crops goes to the Meat Business for feed production – in 2021, the share of internal sales slipped down from 37% to 18% due to heightened third-party demand. The share of oilseeds supplied to Rusagro's plant spiked from 3% to 15% upon launching an oil extraction plant to process soybeans in the Primorye Territory.

Domestic sales became more profitable against the backdrop of export restrictions,

RUSAGRO'S SALES VOLUME

while export shipments of agricultural products fell by 63% (down 174 ths tonnes). For example, 87 ths tonnes of grain and 14 ths tonnes of oilseeds were sold outside Russia – down 26% and 91% respectively from the year earlier. All the grain crops were sold to Asian countries – Japan, China, and Korea.

# RUSAGRO'S SALES VOLUME

mn tonnes



Sugar beet Grain crops Oilseeds

#### RUSAGRO'S SALES VOLUME OF GRAIN CROPS

ths tonnes



# -5%

Soybeans Sunflower seeds

**OF OIL CROPS** 

ths tonnes



# EXPORT VOLUME OF RUSAGRO'S AGRICULTURAL PRODUCTS,

ths tonnes



Grain crops
 Oil crops

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# FINANCIAL RESULTS

Rusagro's agricultural business posted record financial performance in 2021. Due to favourable pricing conditions – market prices for agricultural commodity prices were trending upwards for the second consecutive year – and a bumper sugar beet harvest, revenues stood at RUB 41.9 bn, up 22% (up RUB 7.5 bn) above the previous year. The Company increased its EBITDA margin from 44% to 56% by selling a significant volume of products at 2020 production cost. As a result, adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) went up by 53% (up RUB 8.1 bn) to RUB 23.3 bn.

# REVENUES OF RUSAGRO'S AGRICULTURE BUSINESS



## ADJUSTED EBITDA OF RUSAGRO'S AGRICULTURE BUSINESS

RUB bn



— Adjusted EBITDA margin, %

# <sup>↑ 22%</sup>

RUB bn

REVENUES OF RUSAGRO'S AGRICULTURE BUSINESS IN 2021

<sup>+ 53%</sup> **23.3** 

RUB bn

ADJUSTED EBITDA OF RUSAGRO'S AGRICULTURE BUSINESS IN 2021



ADJUSTED EBITDA MARGING OF RUSAGRO'S AGRICULTURE BUSINESS IN 2021

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# Oil and Fats BUSINESS

In 2021, Rusagor's Oil and Fats Business processed 1.4 mn tonnes of sunflower seeds cultivated by local agricultural producers.



# Overview

of the Russian oil and fats products market in 2021 A lower sunflower harvest in 2020 (–13% compared to 2019) drove the sunflower oil production in the 2020/2021 season down by 9%. This, together with strong global demand for vegetable oils as the final carry-overs run out, improved domestic sunflower oil pricing. Russia imposed restrictive measures on the export of sunflower seeds and sunflower oil and froze maximum retail prices to curb the price development.

> ↑ 60% 89.1 ths RUB/t

AVERAGE PRICE OF CRUDE SUNFLOWER OIL IN RUSSIA IN 2021

N PRODUCTION 'S OF PACKAGED 21 VEGETABLE OIL IN RUSSIA IN 2021

PRODUCTION OF INDUSTRIAL FATS IN RUSSIA IN 2021

**RUSAGRO'S SHARE** 

**IN RUSSIA IN 2021** 

PRODUCTION

**OF INDUSTRIAL FATS** 

↑ 6%

3

mn tonnes

NES —— FION WER OF INE

5.3

19%

mn tonnes

PRODUCTION OF CRUDE SUNFLOWER OIL IN RUSSIA IN 2020/2021 SEASON

> ↓ 19% **7**

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mn tonnes

EXPORTS OF CRUDE SUNFLOWER OIL IN RUSSIA IN 2020/2021 SEASON

19%

↑ 2%

RUSAGRO'S SHARE IN CONSUMER MARGARINE PRODUCTION IN RUSSIA IN 2021



RUSAGRO'S SHARE OF SUNFLOWER OIL PRODUCTION IN RUSSIA IN 2020/2021 SEASON

63

**AND FATS BUSINESS** 

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Company's Business /

# PRODUCTION

# CRUDE VEGETABLE OIL

Vegetable oil production in the 2020/2021 season fell by 7%, reaching 6.8 mn tonnes. Sunflower oil was the core driver of the decline as its output dropped by 9% and stood at 5.3 mn tonnes due to a lower sunflower harvest in 2020 (–13% from 2019 level). For 2021 calendar year, Russia produced 5.0 mn tonnes of sunflower oil, down 14% year-on-year. This downturn was partly contained by export duties on sunflowers. With a 17% increase in the sunflower harvest in 2021, sunflower oil production in the 2021/2022 season can yet rise to 5.9 mn tonnes (+10%).







Higher demand against stagnant household incomes in 2021 caused production of industrial fats in Russia to rise by 6%, amounting to 1.3 mn tonnes. This growth mainly concerned universal fats (+8%, or 28 ths tonnes), cocoa butter analogues (+31%, or 15 ths tonnes) and confectionery fats (+19%, or 12 ths tonnes). The output mix of the different categories of industrial fats is determined by strong demand from the domestic confectionery and dairy industries and shows a slight year-to-year variation.

# PRODUCTION OF INDUSTRIAL FATS IN RUSSIA

mn tonnes



**Source**: expert assessment based on data from the All-Russian Union of Oils and Fats and the Federal Customs Service of Russia

**1.3** 

mn tonnes

PRODUCTION OF INDUSTRIAL FATS IN RUSSIA IN 2021

Including sunflower oil fractions.

<sup>2</sup> Including those for puff pastry and special margarines.

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# PRODUCTION

# CONSUMER PRODUCTS

Production of the main categories of consumer oil products in Russia in 2021 remained at about the same level as in the previous year. There was a mild increase in the output of packaged vegetable oil and mayonnaise (+2%) - up to 1.9 and 0.9 mn tonnes respectively (+35, and 16 ths tonnes). Following an occasional upswing in demand for these products due to quarantine measures related to the COVID-19 pandemic, production of packaged margarines and spreads still decreased by 4% (down 8 ths tonnes) to 2019 levels (0.2 mn tonnes). The output of cheese and cheese products in 2021 amounted to 0.8 mn tonnes, + 4% (up 31 ths tonnes) yearon-year, while output of butter dropped to 276 ths tonnes (-2%, or 6 ths tonnes).

### PRODUCTION OF PACKAGED VEGETABLE OIL IN RUSSIA



## PRODUCTION OF MAYONNAISE AND MAYONNAISE-BASED SAUCES IN RUSSIA

0.9 0.9 0.9 0.9 0.9 0.9 0.9 0.9 17 '18 '19 '20 '21

#### PRODUCTION OF PACKAGED MARGARINE AND SPREADS IN RUSSIA

mn tonnes



**Source:** Rusagro's estimate based on the data from the Russian Federal Service for State Statistics (Rosstat), Federal State Statistics Service, BusinesStat

**1.9** 

mn tonnes

PRODUCTION OF PACKAGED VEGETABLE OIL IN RUSSIA IN 2021 **0.9** 

mn tonnes

PRODUCTION OF MAYONNAISE AND MAYONNAISE-BASED SAUCES IN 2021

# 0.2

mn tonnes

PRODUCTION OF PACKAGED MARGARINE AND SPREADS IN 2021

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65



# KEY PLAYERS

# CRUDE VEGETABLE OIL

The 2020/2021 season witnessed seven players, jointly holding 57% of the total domestic production of crude sunflower oil. With a 13% share (+1.0 p.p. against the 2019/2020 season) and crude sunflower oil output of 664 ths tonnes in the 2020/2021 season, Rusagro topped the major producer list, according to the All-Russian Union of Oils and Fats and Company's estimates. Estimates showed that Yug Rusi (South of Russia) could account for around 11.7% (+0.6 p.p.) of the total national sunflower oil output and EFKO – for 8% (+1 p.p.).



in Russia in 2020/2021 season, %

Others

Source: the All-Russian Union of Oils and Fats and Rusagro estimate

Data on the actual sunflower oil production by Rusagro, NMZhK, Blago – estimated by the All-Russian Union of Oils and Fats; data on EFKO – estimated by the All-Russian Union of Oils and Fats plus the volumes of Elite Maslo (Elite Oil) and EFKO Taman branch estimated by the Company; Yug Rusi – the Company's estimate based on the proportional change to the vegetable oil production in Russia.

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**RUSAGRO'S PLACE AMONG RUSSIAN** 

SUNFLOWER OIL PRODUCERS

**IN THE 2020/2021 SEASON** 

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# INDUSTRIAL FATS

The Russian industrial fats market in 2021 featured three major players, with a combined share of 81%. The market leader is EFKO – in 2021 the company claimed 48% (+0.9 p.p.) of the domestic industrial fats market. Rusagro secured its second place and a 22% share. Cargill is traditionally in third place – its share rose up by 1.5 p.p. and stood at 11%.



RUSAGRO'S PLACE AMONG PRODUCERS OF INDUSTRIAL FATS IN RUSSIA IN 2021

# PACKAGED VEGETABLE OIL

Five players account for more than half of national packaged vegetable oil output (56%). The largest of these is Yug Rusi. As this company does not belong within the Russian Oil and Fats Union, Rusagro expertly estimated its production volumes at 420 ths tonnes, and its share in Russian production at 22% (+0.3 p.p.). With a share of 6% (-1.2 p.p.), Rusagro may go after the fifth place in the ranking.

MAJOR PRODUCERS

**OF PACKAGED VEGETABLE OIL** 



RUSAGROS' PLACE AMONG PRODUCERS OF PACKAGED VEGETABLE OIL IN RUSSIA IN 2021

#### MAJOR PLAYERS IN THE INDUSTRIAL FATS MARKET IN RUSSIA IN 2021



**Source**: All-Russian Union of Oils and Fats and expert assessment based on the data from the Federal Customs Service of Russia



**Source**: All-Russian Union of Oils and Fats, expert assessment<sup>1</sup>

<sup>1</sup> Data on the actual sunflower oil production by Rusagro, NMZhK, Blago – estimated by the All-Russian Union of Oils and Fats; data on EFKO – estimated by the All-Russian Union of Oils and Fats plus the volumes of Elite Maslo (Elite Oil) and EFKO Taman branch estimated by the Company; Yug Rusi – the Company's estimate based on the proportional change to the vegetable oil production in Russia.

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# KEY PLAYERS

# **CONSUMER MARGARINE**

For many years Rusagro has been leading the way in Russian market among consumer margarine producers. Rusagro's share of this product category in 2021 is estimated at 49% (-3.5 p.p.). The second place with a share of 19% (+1.5 p.p.) is occupied by NMZhK – its consumer margarine output is estimated at 14 ths tonnes.



RUSAGRO'S PLACE AMONG CONSUMER MARGARINE PRODUCERS IN RUSSIA IN 2021

# MAYONNAISE

The top five producers account for 70% of Russian mayonnaise output. In 2021, Essen ranked first with a share of 18%. Rusagro was again in the second place with a share of 16%.



RUSAGRO'S PLACE AMONG MAYONNAISE PRODUCERS IN RUSSIA IN 2021





**Source**: All-Russian Union of Oils and Fats, expert assessment<sup>1</sup>

## MAJOR MAYONNAISE PRODUCERS IN RUSSIA IN 2021



**Source**: All-Russian Union of Oils and Fats, expert assessment<sup>2</sup>

- Data on the actual volume of bottled oil production by Rusagro, Blago, EFKO, BUNGE – estimated by the All-Russian Union of Oils and Fats; data on Yug Rusi and other players – the Company's estimate based on the data from the Federal Customs Service of Russia and AC Nielsen.
- Data on the actual margarine production by Rusagro, EFKO, NMZhK, Yanta – estimated by the All-Russian Union of Oils and Fats; data on other players – the Company's estimate based on the data from the Federal Customs Service of Russia, AC Nielsen and BusinesStat.

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# EXPORTS AND IMPORTS

# CRUDE VEGETABLE OIL

Contracting domestic production of vegetable oil in the 2020/2021 season pushed exports down by 14% season-on-season. This has to do with smaller amount of crude sunflower oil shipments, which totalled 2.7 mn tonnes as of season-end (–19% from the season earlier). Export volumes are anticipated to increase in the new season as there are projections of output growth in January–August 2022 on the back of a higher sunflower harvest in 2021.

Turkey, Iran, China and Egypt have been the main buyers of Russian crude sunflower oil for the past few years. In the 2020/2021 season, Turkey and Iran accounted for 28% (+8 p.p.) and 27% (+14 p.p.) of all Russian exports, respectively. As Turkey has zero duties on sunflower oil imports, supplies to this country increased by 12%, totalling 757 ths tonnes. Sales to Iran amounted to 731 ths tonnes, posting a noticeable increase (+61%) on the back of growing demand and a lower spread for sunflower oil compared to soybean and palm oil.

#### Governmental restraints

On 1 September 2021, Russia introduced a floating export duty on sunflower oil exported outside the EEU and will have it place until 31 August 2022. This duty is 70% of the difference between the benchmark price (USD 1,000/t) and the indicative price (arithmetic average of monthly market prices), minus the adjustment factor (USD 50/t). In 2021, the export duty on sunflower oil hardly weighed on export volumes, but still it curtailed the influence of soaring world prices on domestic prices. Driven by a recovering demand for palm oil from the confectionery and dairy industries, imports of crude vegetable oil in 2020/2021 rose to 1.4 mn tonnes (+4%). Imports of this product jumped by 34% and reached 1.1 mn tonnes. Indonesia remained the main importer of palm oil in 2021, accounting for 97% of the total import volume in the 2020/2021 season.

# CRUDE VEGETABLE OIL EXPORTS

mn tonnes



STRUCTURE OF CRUDE SUNFLOWER OIL EXPORTS BY DESTINATION IN 2020/2021 SEASON



# 2.7

mn tonnes

EXPORTS OF CRUDE SUNFLOWER OIL IN RUSSIA IN 2020/2021 SEASON

#### **CRUDE VEGETABLE OIL IMPORTS**

mn tonnes



Source: Federal State Statistics Service



# Source: Federal State Statistics Service

Source: Federal State Statistics Service Source: Federal S

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# EXPORTS AND IMPORTS

# **INDUSTRIAL FATS**

In 2021, Russia exported 127 ths tonnes of industrial fats, up 33% (up 32 ths tonnes) above the 2020 level. The upward trend was spurred by a 135% increase in supplies of universal fats (up to 55 ths tonnes), which accounted for 43% of the total export volume on the year-on-year basis. More than half of Russia's supplies of industrial fats (54%) were sold to Uzbekistan (69 ths tonnes).

Imports of industrial fats were trending down for the second year in a row (-23% in 2020 and -15% in 2021) and amounted to 114 ths tonnes in 2021, including 53 ths tonnes (-10%) of universal fats and 45 ths tonnes (-18%) of cocoa butter analogues. Over half (66%) of the volumes were received from Indonesia (44 ths tonnes, -14%) and Malaysia (33 ths tonnes, -20%).

# STRUCTURE OF INDUSTRIAL FATS EXPORTS IN 2021 $\overline{\frac{3}{8}}$



**STRUCTURE OF INDUSTRIAL FATS** 

**EXPORTS BY DESTINATIONS IN 2021** 

\* 33% **127** ths tonnes

EXPORT OF INDUSTRIAL FATS FROM RUSSIA IN 2021

50% OF INDUSTRIAL FATS EXPORTS IN 2021 IS

EXPORTS IN 2021 IS COVERED BY UNIVERSAL AND CONFECTIONERY FATS



OF INDUSTRIAL FATS WAS EXPORTED TO UZBEKISTAN IN 2021

## EXPORTS AND IMPORTS OF INDUSTRIAL FATS

ths tonnes



**54** (+33 p. p.)

%

Uzbekistan

Source: APK-Inform



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# EXPORTS AND IMPORTS

# CONSUMER OIL AND FATS PRODUCTS

In 2021, Russia cut down exports of the major categories of consumer oil products by 25% (down 213 ths tonnes year-on-year). Due to more favourable conditions for exporting oil in bulk, bottled vegetable oil shipments recorded the most significant drop, by 32%, or 210 ths tonnes, and footed up 446 ths tonnes. Exports of consumer margarine and spreads fell by 7% (down 7 ths tonnes) and stood at 85 ths tonnes. Supplies of mayonnaises and mayonnaisebased sauces showed a 3% increase and amounted to 94 ths tonnes. Uzbekistan had traditionally been the world's largest importer of major categories of Russian consumer oil and fats products, being the main buyer of packaged vegetable oil. 2021 exports to this country amounted to 134 ths tonnes (–27%), or 30% of Russia's total exports of the said products. Kazakhstan is the second largest buyer of consumer oil and fat products, being the largest importer of Russian mayonnaise and mayonnaise-based sauces (30% of exports in this category) and margarines and spreads (26% of exports in this category).



EXPORTS OF BOTTLED OIL FROM RUSSIA IN 2021 Russia imports a small amount of consumer oil products – mainly olive oil from Spain and Italy. Vegetable oil imports in 2021 were 25 ths tonnes (+1%), including 10 ths tonnes from each of these two countries. Imports of mayonnaise and mayonnaise-based sauces continued to decline (-37%, or 2 ths tonnes year-on-year), influenced by stagnating imports of popular in Russia Korean sauces and lower imports in the Far East.

# 71

#### RUSAGRO'S EXPORTS OF CONSUMER OIL AND FATS PRODUCTS

ths tonnes



STRUCTURE OF EXPORTS OF CONSUMER OIL AND FATS PRODUCTS BY DESTINATIONS IN 2021  $\overline{\frac{9}{8}}$ 



# IMPORTS OF CONSUMER OIL AND FATS PRODUCTS

ths tonnes



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**Source**: Federal Customs Service of Russia, Eurasian Economic Community Customs Union, BusinessStat

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# PRICES

# **CRUDE SUNFLOWER OIL**

The average annual price for sunflower oil in Russia rose by 60% in 2021 compared to the 2020 average, reaching 89.1 ths RUB/t, excl. VAT. The escalation of market prices during the year was driven by strong global demand for vegetable oils on the back of declining final carry-overs and lower oil production in Russia for the 2020/2021 season. Most of the growth was recorded between January and May, while starting from June prices began the adjustment trend inspired by the expectations of high sunflower production in the 2021/2022 season, both in Russia and in other counties across the world. Domestic prices were also constrained by current export duties on sunflower and sunflower crude oil.

# CONSUMER OIL AND FATS PRODUCTS

Higher inflation and vegetable oil prices in 2021 fuelled up the producer prices for the major categories of consumer oil and fats products. Thus, the market prices for packaged sunflower oil rose by 54% - to 88.2 RUB/kg excl. VAT, and for mayonnaise and margarine - by 29 and 23% (to 97.0 and 66.3 RUB/kg excl. VAT), respectively. The price of spreads went up by 11% and came out at 144.1 RUB/kg, excl. VAT.

#### AVERAGE MARKET PRICES FOR CRUDE SUNFLOWER OIL IN RUSSIA



**OIL AND FATS BUSINESS** 

Company's Business /





+60%

#### AVERAGE GLOBAL CRUDE PALM OIL MARKET PRICES

USD/t



## AVERAGE PRICES FOR CONSUMER FAT AND OIL PRODUCTS IN RUSSIA



Source: BusinesStat



A price cap on retail bottled sunflower oil was in effect from 20 December 2020 through to 1 October 2021 to protect Russian consumers. Thus, producers agreed to keep an ex-works price for this product not higher than 95 RUB/l incl. VAT and retailers - to keep retail pricenot higher than 110 RUB/l incl. VAT.

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## **Results** of Rusagro's Oil and Fats Business in 2021

Oil and Fats Business revenues grew by 57% (up RUB 45.5 bn) in 2021 and reached RUB 125.2 bn, driven by favourable global pricing environment. However, rising vegetable oil prices increased the cost of production and thus pushed down the profit margin from 12% to 10%. As a result, the Company managed to increase adjusted earnings before interest, tax and depreciation (EBITDA) by 36% (up RUB 3.4 bn) to record RUB 12.8 bn.

## **Operating results**

↑8% **v 5%** ths tonnes ths tonnes **RUSAGRO'S SALES OF CONSUMER OIL AND FATS** PRODUCTS

**RUSAGRO'S SALES OF INDUSTRIAL FATS** 

ths tonnes **VEGETABLE OIL** 

**↑2%** 

**RUSAGRO'S SALES OF CRUDE** 

ths tonnes **RUSAGRO'S CRUDE SUNFLOWER OIL PRODUCTION** 

¥ 3%

12.8

**Financial results** 

ADJUSTED EBITDA MARGIN

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↑ 36% 12.8 RUB bn

**ADJUSTED EBITDA** 



REVENUES



0.7

73

ADJUSTED EBITDA

RUB bn

9.4

3.4 '19

2.9

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## OVERVIEW OF ASSETS

## **OIL EXTRACTION**

Rusagro's total sunflower processing capacity in 2021 did not change, being 4.6 ths tonnes of sunflower seeds per day or about 1.6 mn tonnes per year. Given the level of oil content of raw materials and the capacity of the plant, this allows for the production of around 660 ths tonnes of crude oil and 600 ths tonnes of meal. In addition, Rusagro owns a soybean processing plant in the Far East with a maximum annual capacity of around16 ths tonnes of soybean oil and 74 ths tonnes of soybean meal.

## STORAGE AND CONDITIONING

Rusagro's Oil and Fats Business owns five elevators with a storage capacity of 183 ths tonnes of sunflower seeds. Besides, the Company utilises the capacities of ten third-party elevators with a storage capacity of 260 ths tonnes of sunflower on a leasehold basis. The elevators can also accommodate grain crops.

## **PRODUCTION OF OIL** AND FATS PRODUCTS

In 2021, Rusagro's total annual production capacity for industrial fats approximated 400 ths tonnes, and for consumer products – 700 ths tonne (+5% against 2020 capacity), including around 320 ths tonnes of bottled oil (+5%), 300 ths tonnes of mayonnaise and mayonnaise-based sauces (+8%) and 80 ths tonnes of consumer margarine and spreads. The maximum possible output of finished products was slightly increased due to changes in the mix of production formats, the addition of new packaging lines or improved capacity of existing lines.

### **RUSAGRO'S SUNFLOWER SEED EXTRACTION CAPACITY**

tonnes per dav

4,610 4,610 4,610 1,244 1,225 117 '18 '19 20 21

## DAIRY PRODUCTS PRODUCTION

Rusagro's designed milk processing capacity at the butter and cheese plant is 270 tonnes of milk per day. The total production capacity of dry industrial mixes is 17 ths tonnes. Milk is purchased from private farms in the Ulyanovsk and Samara Regions and in Tatarstan. The product line includes cheese and cheese products, butter and spreads, cream and dry mixes. The plant specialises in the production of cheese and cheese products of the rennet type; byproducts of this process include butter and cream, as well as cheese whey-based dry mixes.





Read more about the environmental impact of the Oil and Fats Business and relevant mitigation measures in the ESG Report

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MARKETING

4 plants for processing oil crops into oil and meal

plants for the production of industrial fats and consumer oil and fats products

dairy plants





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Company's Business /

## OVERVIEW OF ASSETS

Rusagro's Oil and Fats Business has a product portfolio in four segments: sauces, liquid oils, solid fats and soaps, and dairy products. The key brands of sauces are Ya lublu gotovit, Mechta Khozyaiki (Dream of the Housewife), Provansal EZhK and the brands of margarine – Schedroe Leto (Generous Summer) and Chudesnitsa (Mischievous Lady). Yet, Ya lublu gotovit (I love cooking) is an umbrella brand that unites three local brands of mayonnaise (Moscovsky Provansal, Saratovsky Provansal and Novosibirsky Provansal).

Other brands include Rossiyanka, BENEFITTO, Maslava and Leto Krasno (butter), Saratovsky (margarine), Zhar Pechka and Buterbrodnoye Leto (Sandwich Morning) (spreads), Oliviez (mayonnaise), Melie and Syrnaya Kultura (Cheese Culture) Cheese Culture (cheeses). According to AC Nielsen research, the Company's margarine brands captured 34% of the consumer margarine market and mayonnaise brands - 13% of the mayonnaise market in Russia in 2021. In the Central Russia, the most recognizable brand is Moscovsky Provansal, in the Urals – Provansal EZhK and Schedroe Leto. The latter is also the number one brand in exports from the Russian Federation and dominates the markets of Uzbekistan, Tajikistan, and Turkmenistan. Mechta Khozyaiki is the market leader in Moldova and Azerbaijan, Oliviez - in Uzbekistan. To the Chinese market the products are supplied under the Leto Krasno

brand.

Merma xozaŭku ΕЖ Битербродное JUAG Провансаль Маслава **Лосковский** провансаль **BENEFITTO** Сливочный СЫРНАЯ КУЛЬТУРА *Саратовский* провансаль жан Новосибирский чудесница Россиянка Гечка ПРОВАНСАЛЬ

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## OVERVIEW OF ASSETS

## **INVESTMENTS**

In 2021, Rusagro invested RUB 2.1 bn into development and maintenance of the Oil and Fats Business, The 15% year-on-year increase in investments was attributable to the costs of a project to relocate oil and fats production capacities between sites and to increase the capacities of the Balakovsky Oil Extraction Plant.

#### RUSAGRO'S INVESTMENT IN THE OIL AND FATS BUSINESS



**Note:** Data for 2020 include investments in the "Dairy Products" Business

## Major investment projects of the Oil and Fats Business

Project RELOCATING THE PRODUCTION CAPACITIES TO THE ATKARSKY OIL EXTRACTION PLANT	Location: Saratov Region Project cost: 1.9 RUB bn, excl. VAT	<b>Goal:</b> relocation of mayonnaise production line from Moscow Oil and Fat Plant due to expiry of lease and abandonment of the site	Implementation period: 2020–2022 Investment volume in 2021: 0.7 RUB bn, excl. VAT
Project IMPROVING THE EFFICIENCY OF THE BALAKOVSKY OIL EXTRACTION PLANT	Location: Saratov Region Project cost: 1.2 RUB bn, excl. VAT	<b>Goal:</b> increase in sunflower processing capacity from 1.5 ths to 1.8 ths tonnes per day	Implementation period: 2020–2022 Investment volume in 2021: 0.3 RUB bn, excl. VAT
Project IMPROVING THE EFFICIENCY OF THE ATKARSKY OIL EXTRACTION PLANT	Location: Saratov Region Project cost: 0.8 RUB bn, excl. VAT	<b>Goal:</b> increase in sunflower processing capacity from 1.5 ths to 1.8 ths tonnes per day	Implementation period: 2021–2023 Investment volume in 2021: 0.02 RUB bn, excl. VAT
Project ACQUIRING A MARGARINE PRODUCTION LINE FOR PUFF PASTRY	Location: Saratov Region Project cost: 0.6 RUB bn, excl. VAT	<b>Goal:</b> doubling the production capacity of puff pastry margarine	Implementation period: 2021–2022 Investment volume in 2021: 0.1 RUB bn, excl. VAT

## IT AND INNOVATIONS

In 2020, Rusagro's Oil and Fats Business approved a 2021–2026 digital transformation strategy aimed at optimising costs and improving productivity through advanced automation systems. The greatest focus in 2021 was on automation of sunflower procurement management, output and storage of finished oil and fats products.

## OIL EXTRACTION

Digital twins of oil extraction plants and raw material management models based on the Digital Farmer platform and transportation management systems (TMS) and yard management systems (YMS)

Optimisation of the sunflower transportation cost and timing, and its storage and processing locations

#### PRODUCTION OF OIL AND FATS PRODUCTS

2021



> 2022

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System for optimised planning of oil and fats products with the creation of a digital twin

Increased quantity of output and lower production costs

2020

PRODUCT STORAGE AND LOGISTICS



Enterprise Warehouse Management System (WMS) and Yard Management System (YMS)

Faster and more accurate warehouse operations

2020 2023

## Digital Farmer — transfer to a digital interface for interaction with suppliers

In 2021, Rusagro successfully launched a desktop and mobile application, Digital Farmer, to automate work with raw material suppliers. More than 1,500 agricultural producers in the three regions where the Oil and Fats Business operates were already using the app as at the end of the year. In good time, we expect to roll out the app to other Rusagro regions as well. The Company also expressed a willingness to provide access to the app to noncompetitors of Rusagro.

In users' opinion, this additional method of interaction saves time and simplifies the agricultural produce selling procedure. With the digital service on offer, suppliers have the opportunity to use transport ordering, digitally signed purchase and sale options, exchange information on deliveries and professional advices, and receive up-to-date analytics..

## **Product innovations**

In addition to technology-related projects, Rusagro's Oil and Fats Business is interested in using advanced technologies to create innovative products with improved consumer properties. For example, since 2021 the Company has been involved in a project to produce compound fats from micro-organisms for use in various sectors of the food industry. Also, the Company is looking into unique alternatives to existing cocoa butter substitutes on the market.

## **OPERATING RESULTS**

## PRODUCTION

Rusagro's crude vegetable oil production in 2021 decreased by 3% (down 23 ths tonnes) and amounted to 649 ths tonnes. Due to weakening crop, the Company processed 1.4 mn tonnes of sunflowers, 6% less than a year earlier. This led to a 5% drop (down 33 ths tonnes) in oil output, standing at 639 ths tonnes. In addition to sunflower oil, 58 ths tonnes of soybean oil were processed and 10 ths tonnes of soybean oil were produced (there was no soybean oil production in 2020). The production of meal was maintained at last year's level due to the processing of soybeans, which have a higher meal yield than sunflowers. Production volume was 594 ths tonnes.

Rusagro produces all the main types of industrial fats, except cocoa butter analogues. The bulk of the products mix is represented by universal margarines and fats that are the most in-demand at the domestic market. In 2021, the Company stepped up its production of industrial fats by 11%, totalling 364 ths tonnes, through the launch of an additional line in July 2020 for filling industrial fats into tank trucks and the increase in productivity of the puff pastry margarine production line.

Following a turndown in demand for finished products on domestic and global markets and a simultaneous increase in demand for crude oil, Rusagro's output of consumer oil products in 2021 declined by 12% and stood at 297 ths tonnes (down 41 ths tonnes). The production of bottled oil fell by 20% (down 30 ths tons) and amounted to 120 ths tonnes, mayonnaise and mayonnaise-based sauces – by 4% (down 5 ths tonnes) to 139 ths tonnes, margarines and spreads - by 13% (down 6 ths tonnes).

### **RUSAGRO'S PRODUCTION OF CONSUMER OIL AND FATS** PRODUCTS

ths tonnes



Bottled	Mayonnaise and	Consumer
oil	mayonnaise-based	margarine and
	sauces	spreads

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## 13% 649

ths tonnes

**RUSAGRO'S CRUDE** SUNFLOWER OIL **PRODUCTION IN 2021** 



ths tonnes

**RUSAGRO'S PRODUCTION OF INDUSTRIAL FATS IN 2021** 

#### **RUSAGRO'S PRODUCTION OF INDUSTRIAL OIL AND FATS** PRODUCTS

ths tonnes

	+1%			
		1,541	1,592	1,607
		283	328	364 (+11%)
		624	672	649 (–3%)
<b>438</b> 3 192	<b>524</b> 10 279	634	592	594 ( <mark>0%</mark> )
243	234			
'17	'18	'19	'20	'21



ths tonnes

**RUSAGRO'S PRODUCTION OF CONSUMER OIL AND FATS PRODUCTS IN 2021** 

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Crude oil Industrial fats Meal

Company's Business /

80

## OPERATING RESULTS

## SALES

In 2021, Rusagro's industrial oil and fats sales volume increased by 2% (up 25 ths tonnes) and totalled 1,308 ths tonnes. The upward trend was contributed to by higher sales of industrial fats, which rose by 8% (up 25 ths tonnes to 335 ths tonnes) compared to 2020, when quarantine measures dampered demand for this type of products. Sales grew to 391 ths tonnes (+2%, or up 6 ths tonnes) on the back of an attractive crude oil price environment.

## \* 2% **391** ths tonnes

RUSAGRO'S SALES OF CRUDE VEGETABLE OIL IN 2021

335

ths tonnes

RUSAGRO'S SALES OF INDUSTRIAL FATS IN 2021

> In 2021, Rusagro won tenders to supply liquid frying fats to several leading international companies in the HoReCa segment in 2022. As a result, the Company became Russia's largest supplier of deep frying oils in this segment.

Sales of consumer oil products fell by 5% (down 17 ths tonnes) to 325 ths tonnes. All categories posted negative growth during the reporting period. Margarines and spreads (-18%, or down 8 ths tonnes) saw the biggest drop, mainly due to high product stocks in key export countries. Bottled oil and mayonnaise and mayonnaise-based sauces (48% and 41% of total sales of consumer oil and fats products) decreased by 2% and 4%, to 157 ths and 133 ths tonnes, respectively.

1 5%

325

ths tonnes

#### RUSAGRO'S SALES OF CONSUMER OIL AND FATS PRODUCTS IN 2021

Sales of dairy products amounted to 30 ths tonnes – 7% higher than in 2020 (up 2 ths tonnes). Sales of whey powder mixes used as ingredients for instant products, as cream powder for instant coffee and as additives for meat and confectionery products rose by 6% and totalled 15 ths tonnes. Sales volume of consumer dairy products grew by 9% as sales of cheese and butter increased.

## RUSAGRO'S SALES OF CONSUMER OIL AND FATS PRODUCTS



Bottled Mayonnaise and mayonnaise-based sauces
Consumer margarine and spreads

## RUSAGRO'S DAIRY PRODUCTS SALES

ths tonnes



 Industrial dry mixes
Consumer products

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## RUSAGRO'S SALES OF INDUSTRIAL OIL AND FATS PRODUCTS

ths tonnes



Company's Business /

81

## OPERATING RESULTS

## Exports

In the reporting period, 41% of all oil and fats products sold by the Rusagro were destined for export, its total volume amounting to 882 ths tonnes – down 4% year-on-year. Industrial exports remained more or less consistent with the previous year (575 ths tonnes): exports of meal decreased (–17%, or 33 ths tonnes), but supplies of crude oil (+7%, or 23 ths tonnes) and industrial fats (+32%, or 12 ths tonnes) increased. More than half (51%, or 185 ths tonnes) of the crude oil was sold to Turkey.

#### RUSAGRO'S EXPORTS OF INDUSTRIAL OIL AND FATS PRODUCTS

ths tonnes



Meal Crude oil Industrial fats

### RUSAGRO'S EXPORTS OF CONSUMER OIL AND FATS PRODUCTS



 Bottled oil
Consumer margarine and spreads
Mayonnaise and sauces

# **361**

ths tonnes

↓ 23%

107

ths tonnes

**RUSAGRO'S EXPORTS** 

**PRODUCTS IN 2021** 

**OF CONSUMER OIL AND FATS** 

#### RUSAGRO'S EXPORTS OF CRUDE VEGETABLE OIL IN 2021

## SALES OF CONSUMER OIL AND FATS PRODUCTS IN CHINA

Rusagro was pressing forward the sales of consumer oil and fats products in China in 2021. For example, the Company supplied sunflower oil under the Leto Krasno brand to the Hema network (Alibaba Group Holding Limited) for the first time in August. With a view to develop online sales, a speciality store of oil and fats products called Hangzhou Rusagro was opened on the JD.com marketplace, featuring both bottled oil under Leto Krasno brand and mayonnaise under the Ya lublu gotovit brand – Moscovsky Provansal. In November, the Company successfully sent to China a whole train of bottled sunflower oil of the Schedroe Leto, Ya lublu gotovit, BONISSIMO, and Leto Krasno brands.

## **2021 BEST EXPORTER**

JSC Zhirovoy Kombinat (Fats Plant), part of the Rusagro Oil and Fats Business, won first place in the "Agribusiness Exporter of the Year" nomination in the "Large Business" category of the "Exporter of the 2021 Year" federal competition hosted by the Russian Export Center. The awards ceremony was held on 10 December in Moscow at the Made in Russia forum. The ceremony was attended by Vladimir Aleksandrov, General Director of Rusagro's Oil and Fats Business.

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Export volumes of consumer oil and fats products shrank by 23% (down 32 ths tonnes – to 107 ths tonnes) as a result of a 37% (down 31 ths tonnes) drop in bottled oil shipments, reaching 54 ths tonnes, which was due to more beneficial conditions for exporting oil in bulk. Uzbekistan is the largest buyer of bottled oil and margarines from Rusagro; totalling 29 ths tonnes of bottled oil (54% of exports) and 10 ths tonnes of consumer margarines (41% of exports) in 2021. Mayonnaise sales outside Russia rose by 6% and amounted to 24 ths tonnes, 25% of

which was sold to Kazakhstan and Azerbaijan.

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Company's Business /

## FINANCIAL RESULTS

## **Brands**

In 2021, 42% (+2 p.p.) of oil and fats products sales and 60% (-3 p.p.) of Rusagro's Oil and Fats Business revenue came from the consumer segment. Rusagro's oil and fat products traditionally occupy leading positions in the home regions. Thus, according to AC Nielsen data for 2021, Provansal EZhK mayonnaise ranked first in the Urals with a 42% share, while Moskovsky Provansal was number two in the Central Russian with a 22% market share. As of the year-end, the Schedroe Leto consumer margarine brand is the number one on the Urals market with a share of 59%, and the Saratovsky Provansal brand is in second place on the Volga Region market with a share of 28%. These two brands also hold prominent positions in the Russian market - they are in third and second place respectively (each with 12% share).

stood at RUB 12.8 bn.

In 2021, Rusagro's Oil and Fats Business generated RUB 125.2 bn in revenue, which grew by 57% (+ RUB 45.5 bn) due to higher market prices for industrial and consumer oil and fats products on the back of strong global demand for vegetable oils. The production cost of sell goods climbed up more slowly than selling prices, however driving the profit margin down from 12% to 10%. As a result, adjusted earnings before interest, tax and depreciation (EBITDA) posted less growth than revenues (+36%) and



ADJUSTED EBITDA OF RUSAGRO'S **OIL AND FATS BUSINESS** 



Adjusted EBITDA margin, %



#### **REVENUES OF RUSAGRO'S OIL** AND FATS BUSINESS IN 2021

↑ 36% 12.8RUB bn

↓ 2 p.p.

**ADJUSTED EBITDA OF RUSAGRO'S OIL AND FATS BUSINESS IN 2021** 

**ADJUSTED EBITDA MARGIN** 

AND FATS BUSINESS IN 2021

**OF RUSAGRO'S OIL** 

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# **Meat** BUSINESS

Rusagro's Meat Business purchased 660 ths tonnes of grain for feeding pigs in 2021, including 190 ths tonnes from the Company's Agriculture Business.

# **Overview**

of the Russian pork market in 2021

The unfavourable epizootic situation in 2021 dampened the growth of pork production in Russia - it remained almost level with the previous year. Average market prices for livestock went up by 26% year-on-year, spurred by rising poultry prices and higher pig growing costs. Meanwhile, Russian producers achieved a 34% increase in exports to Vietnam, partially offsetting lower demand from Hong Kong.



**PORK PRODUCTION IN RUSSIA IN 2021**  **PRODUCTION IN RUSSIA IN 2021** 

↑7% ths tonnes

**IMPORTS OF PORK PRODUCTS INTO RUSSIA IN 2021** 

ths tonnes

**PORK EXPORTS** 



**FROM RUSSIA IN 2021** 



Interactive

version

KEY

PLAYERS

In 2021, six largest pork producers accounted for 41% of total production in Russia. The market leader is Miratorg Agribusiness Holding with a share of 10.1% (+0.6 p.p.). As a result of mergers and acquisitions, JCS Sibagro took second place – its share rose from 4.3% to 6.7%, relegating LLC Velikoluksky Pig-Breeding Complex to third place with a share of 5.6% (0 p.p.). Rusagro came in fourth with a share of 5.6% and a difference of 0.6 ths tonnes.

**5.6**%

RUSAGRO'S SHARE IN PORK PRODUCTION IN RUSSIA IN 2021

**Source:** Rusagro's calculations based on data from the National Union of Swine Breeders and Cherkizovo



## PRODUCTION

## EXPORTS AND IMPORTS

In 2021, pork production stayed at more or less the same level, amounting to 4.3 mn tonnes of pork in slaughter weight (–21 ths tonnes)<sup>1</sup>. Agricultural organisations recorded a slight increase in their production volumes (up 10 ths tonnes), while production of farm enterprises and private farm households sank by 6% down 30 ths tonnes). The key drivers of this situation were outbreaks of African swine fever (ASF), which also affected large enterprises, such as Miratorg Agribusiness Holding, LLC Korall, LLC Agropromkomplektatsiya and GC Cherkizovo. The year-end results showed that the volume of output was sufficient to cover the domestic demand for pork.

#### PORK PRODUCTION IN RUSSIA IN SLAUGHTER WEIGHT<sup>2</sup>

mn tonnes



In 2021, exports of pork (half-carcasses, large cuts, industrial cuts and semi-finished products) and pork offal from Russia showed a 7% yearon-year decrease and amounted to 203 ths tonnes (down 14 ths tonnes). This mainly covered the reduced offal deliveries (-24%, or -20 ths tonnes), which was partially compensated for by a 4% increase in pork exports (up 5 ths tonnes). The negative growth in pork offal deliveries was mainly caused by lower deliveries to Hong Kong (-59%, or -23 ths tonnes). Due to high demand on the domestic market, the pork exports experienced just a light decline. The main export destinations for Russian pork products are Vietnam, Ukraine, Belarus, and Hong Kong, accounting for 90% of the 2021 total. Vietnam was the biggest buyer of Russian pork and pork offal, accounting for 44% of Russian exports (+1 p.p.). In 2021, Russia supplied 89 ths tonnes of pork products thereto, down 5% (down 5 ths tonnes) below the previous year level. Vietnam remains a key export destination for fat cuts from Russia, and Russia is still Vietnam's largest supplier of pork and second largest supplier of pork offal. In contrast, the share of products sold to Hong Kong fell from 18% to 8%, resulting from the lower buying interest in China on the back of a gradual recovery of domestic production and tighter controls on imports from Hong Kong.

## **EXPORTS OF POR AND PIG OFFAL**

ths tonnes



#### Pork Pig offal

**Sources:** Federal Customs Service of Russia, Customs Union data

#### PATTERN OF PORK AND PORK OFFAL EXPORTS IN 2021 BY DESTINATIONS

%



Source: Federal State Statistics Service

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**Comment:** Pork

large cut, bulk

products and

ready-to-cook

foods

includes carcass,

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## EXPORTS AND IMPORTS

PRICES

Pork imports to Russia in 2021 increased by 7% year-on-year and reached 15 ths tonnes (+7%, or up 1 ths tonnes). This situation was attributable to the replacement of the pork tariff quota with a flat scale of 25% in 2020. The main suppliers of pork to Russia are Chile, Brazil, Belarus, and Argentina.



IMPORTS OF PORK AND PORK OFFAL TO RUSSIA IN 2021

## IMPORTS OF PORK AND PIG OFFAL, THS TONNES

ths tonnes



Source: Federal Customs Service of Russia

In 2021, the average market price for live pigs went up by 26% and reached 110.8 RUB/kg, excl. VAT. The year-on-year increase was due to the epizootic situation in the pork market and a rise in poultry prices on the back of avian influenza, a shortage of hatchery eggs resulting from the reduced supplies from Europe and growth in exports (+11% year-on-year). The price escalation was also influenced by the appreciation of production facilities and fodder resources as a result of the rising cost of cereals and meal. In addition to the above, traditional seasonal factors had a bearing on prices during the year.

#### AVERAGE MARKET PRICES FOR PORK IN LIVE WEIGHT IN RUSSIA IN THE CENTRAL FEDERAL DISTRICT





Source: Globa lMonitoring

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## **Results** of Rusagro's Meat Business in 2021

In 2021, the Meat Business reported a 22% (up RUB 7.2 bn) increase in revenues as a result of higher market prices for meat products and increased sales volumes (+2%) – despite the difficult epizootic situation in the country, the Company managed to avoid a decline in livestock output. Forced down by higher production costs and expenses for the new pork cluster in the Primorye Territory, the Business profit margin decreased by 5 p.p., leading to smaller EBITDA of RUB 5.9 bn (-9%).

## **Operating results**

**↑ 0.3%** ↑ 2% No.4 ths tonnes ths tonnes LIVE PIG PRODUCTION **PORK PRODUCTION** SALES OF PIG IN RUSSIA IN LIVE WEIGHT PRODUCTS **Financial results** ↑ 22% 19% **↓**5 p. p. 39.6 RUB bn RUB bn **ADJUSTED EBITDA MARGIN** REVENUES **ADJUSTED EBITDA** 

**5.9** 

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**6.3** 

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Company's Business / MEAT BUSINESS

Rusagro's Meat Business is represented by three vertically integrated clusters: two clusters in Central Russia - in the Tambov and Belgorod Regions, and one in the Russian Far East - in the Primorye Territory. The cluster in the Primorye Territory was launched in 2021. Each cluster comprises in-house breeding farms, livestock breeding sites, a feed mill, a slaughterhouse and meat processing plant, and a slaughterhouse refuse recycling plant.

%

#### LIVESTOCK BREEDING 89

Rusagro operates 23 commercial pig farms and five herd breeding farms (the launch of two more sites in Primorye Territory is scheduled for 2022). In 2023, following completion of the remaining two pig farms and full occupancy of all pig farms in Primorye Territory, the Company's maximum breeding sow herd size will be approximately 120 ths sows. Depending on production figures, this size of pig stock could produce around 390 ths tonnes of live-weight pork for slaughter each year.

The Company's pig farms operate to international standards and use the latest science and technology in pig breeding and feeding. These pig farms are modern highly-automated environmentally safe production facilities, giving close attention to the observance of biosecurity requirements and having a manure removal and waste handling system in place.

**BREAKDOWN OF RUSAGRO'S HERD OF BREEDABLE SOWS BY REGION** IN 2021,





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**MEAT BUSINESS** 

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Company's Business

## BUSINESS OVERVIEW

## COMPOUND FEED PRODUCTION

The livestock's feed requirements are fully covered by the Company's three feed mills with an annual production capacity of approximately 1.4 mn tonnes (+47% year-on-year), including about 1 mn tonnes in Central Russia and 0.4 mn tonnes in the Primorye Territory. The mills have granulated animal feed production lines in place for all processing cycles. The production technology laboratories offer chemical, technical and bacteriological analyses with a high degree of accuracy.

The storage capacity of the elevator in 2021 totalled 280 ths tonnes, including 120 ths tonnes in the Primorye Territory. Moreover, the Meat Business has grain crops storing sleeves with a simultaneous storage capacity of 410 ths tonnes. With in-house storage facilities, the Company can purchase ingredients at the most optimal time during periods of low prices.

#### **BREAKDOWN OF RUSAGRO'S COMPOUND FEED PRODUCTION CAPACITIES BY REGION IN 2021**



## SLAUGHTERHOUSE AND MEAT PROCESSING PLANT

Slaughtering and meat processing plants of the Company cover all stages of processing and production of finished goods: slaughter line, deboning shop, chilled small and large cuts shop, offal production shop, and slaughterhouse refuse recycling shop. In 2021, the slaughtering capacity was 680 heads per hour, including 130 heads per hour at the slaughterhouse in the Primorye Territory, and 440 heads per hour at the deboning shop (the launch of the deboning shop in the Primorye Territory is scheduled for 2022)<sup>1</sup>. The main categories of products include half-carcasses, large and small cuts, chilled semi-finished products and offal. The Meat Business has the Food Safety Management System in place to drive out risks at all production stages and adheres to the principle of compliance with the Technical Regulation on Meat Safety. All animals for slaughter come from the Company's own pig farms.

The slaughterhouse refuse recycling shop ensures deep processing of slaughter and deboning waste. Blood is used to produce blood meal; dead animal carcasses, scraps, bones and rejected products are used to produce meat and bone meal and fodder or technical fat. Some of the products are formulated into feed, and some are sold to other companies.

The maximum annual slaughter and deboning capacity depends on the labour efficiency and the number of shifts, which may vary with the in-house and market supply of live pork and the demand for finished products.

#### **BREAKDOWN OF RUSAGRO'S SLAUGHTERING CAPACITIES BY REGION IN 2021**



**BREAKDOWN OF RUSAGRO'S DEBONING CAPACITIES BY REGION IN 2021** 

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## BUSINESS OVERVIEW



## BUSINESS OVERVIEW

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## INVESTMENTS

In 2021, Rusagro's investments in the Meat Business totalled RUB 8.1 bn, down 8% against the previous year. The bulk of the funds (88%) were allocated to business development, mostly related to the launch of the vertically integrated cluster project in the Primorye Territory. Rescheduling this project was the main contributor to the Company's year-onyear increase in capital expenditure in the Meat Business.

The Company spent 12% of its budget to support the current capacities of the Meat Business. Funds were used to overhaul a number of the sites, to restore the integrity of the buildings and improve the safety of the livestock against the outside environment at production sites, as well as to replace the tractor fleet to ensure timely and quality application of the liquid fraction of manure and removal of fallen animals.

### RUSAGRO'S INVESTMENTS IN THE MEAT BUSINESS



## Project

## OF CONSTRUCTION OF NEW PIG FARMS IN THE PRIMORYE TERRITORY

**Status as of 2021:** four pig farms and one breeding farm, elevator complex and feed mill, slaughter and deboning plant, and slaughterhouse refuse recycling plant were launched

Plan for 2022: launch of two pig farms, one deboning line

Where: Primorye Territory, Mikhailovsky territory of priority development

#### Facilities:

6pig farms for 18 ths sows

- 1 breeding farm for three ths purebred sow
- 1 seed production workshop
- 1 compound feed mill with an annual capacity of 300 ths tonnes, one elevator with a storage capacity of 120 ths tonne, as well as a capacity to store 200 ths tonnes in "sleeves"
- 1 slaughterhouse and deboning shop with a capacity of 680 ths heads per year
- 1 slaughterhouse refuse recycling plant

Production capacity: 75 ths tonnes of pork in live weight Cost: 37.5 RUB bn, excl. VAT Construction time: 2016–2022 First production: mid-2021 Time to full production: mid-2023

## BRANDS

The Company has been selling the meat products under own trademark – Slovo Myasnika (Butcher's Word) since 2016. Over the past five years, the Company has achieved high levels of brand recognition and ensured steady growth in market share in its category and consumer loyalty. The brand's extensive product range is regularly reviewed to meet changing market needs. For example, a range of meat products with a high vegetable content and alternative meat without animal ingredients is going to be launched in 2022. The products are sold in major federal retail chains and to non-network retailers.

## область САОВО МЯСНИКА МЯСО ПО ВСЕМ ПРАВИЛАМ

## AUTOMATION AND INNOVATION

In 2019, the Meat Business approved a strategy to upgrade the digital maturity of the business until 2025, which consists of three waves: "Certainty" (2019–2021), "Digital Transformation in Action" (2021–2024), and "Digital Company" (2024– 2025). In 2021, we mainly focused on five groups of projects aimed at automation of key stages of the business chain.

## **Product innovations**

Apart from technology-related projects, Rusagro's Meat Business is also weighing options to generate additional profit from processing by-products generated at different stages of the production chain. Thus, in 2021 the Segment decided to explore the potential of insects and algae in advanced processing of manure and in additional production, for instance, fodder protein, organic fertiliser and chitin. This opportunities may have the additional benefit of reducing methane emissions from lagoon slurry sedimentation.

PROCUREMENTS		LIVESTOCK BREEDING	EIH)
Automation of procurement processes Streamlining and ensuring an end-to-end procurement process to improve efficiency 2021	$\rightarrow$	Automation of livestock breeding p processes using video analytics and learning tools Enhanced planning accuracy and improved p performance 2021	<b>I machine</b>
		ů v	
COMPOUND FEED PRODUCTION	$\leftarrow$	MEAT PROCESSING AND SLAUGHTERHOUSE WASTE UTILIZATION <b>Robotisation of packaging processe</b> Reduced staff costs <b>2021</b>	
Ļ			
ہولتے ہے۔ Multi-agent planning, traffic monitoring and warehouse management systems (WMS)			
Reduced logistics costs and upgraded performance of finished goods warehouses			
2021			

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Company's Business / MEAT BUSINESS

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## PRODUCTION

In 2021, Rusagro's commercial herds grew by 2% and totalled 2.6 mn heads. Commercial pork production was 309 ths tonnes, 0.9 ths tonnes (+0.3%) higher than in the previous year. Despite the high number of African swine fever (ASF) outbreaks, the abnormal summer heat and issues with the quality of feed ingredients, the Company managed to achieve positive results. That was made possible by prompt measures to prevent the introduction of the virus to the sites, increased livestock security and the establishment of a fodder quality control department with the help of international experts. Moreover, the reporting period saw the launch of a project in the Primorye Territory, where the first 5 ths tonnes of livestock were produced, as well as the increased productivity of the main herd at Central Russia's sites.

In the reporting period, the size of the commercial slaughter livestock rose by 2% (up 51 ths head) due to increased capacity and improved productivity of the slaughterhouse by upgrading the butchers' skills and reducing the downtime. However, new outbreaks of COVID-19, delays in equipment deliveries and a rescheduled launch of the deboning line in the Primorye Territory resulted in a 3% reduction in the size of the deboned livestock (down 50 ths heads).

Compound feed production in 2021 increased by 1% (up 9 ths tonnes) to 895 ths tonnes through the improved labour productivity. In order to enhance the quality of its products, the Company re-equipped its production laboratories and upgraded its equipment.

## **↑ 0.3%** ths tonnes

**RUSAGRO'S PORK PRODUCTION IN LIVE WEIGHT IN 2021** 

#### **RUSAGRO'S ACTUAL COMMERCIAL PIG STOCK**

ths heads





243

/19

207

/17

204

/18

+0.3%

309

'21

308

20

## **RUSAGRO'S COMPOUND FEED PRODUCTION VOLUME**

ths tonnes



ths tonnes

**↑1p.p.** 

SHARE OF OWN COMMERCIAL LIVESTOCK FOR SLAUGHTER IN 2021

## OPERATING RESULTS

## SALES

Following the slight expansion of production, Rusagro has been racking up the sales of meat products. In 2021, the Meat Business sold 260 ths tonnes of pork products (+2%), including 230 ths tonnes of meat processing products (+4%) and 31 ths tonnes of livestock (-9%). Sales of half-carcasses (+18%, or 9 ths tonnes) and half-finished products (+24%, or 6 ths tonnes) soared due to the rise in prices of half-carcasses and the accomplishment of targets for the development of the half-finished products category. Sales to the refuse recycling shop almost doubled (+91%, or 5 ths tonnes) as a result of reduced shipments of non-commercial livestock to mitigate epizootic risks.



RUSAGRO'S PORK PRODUCTS SALES IN 2021

## **RUSAGRO'S SALES VOLUMES OF PORK PRODUCTS IN RUSSIA**

ths tonnes



## **Consumer products**

In 2021, 22% of Rusagro's Meat Business sales and 30% of its revenues came from the consumer segment (excluding export sales). The yearon-year decrease of 3 and 6 p.p., respectively, is attributable to a more favourable pricing environment in the industrial customer channel.

As part of its retail market penetration strategy, Rusagro continued to refine the position of its own brand of meat products, Slovo Myasnika (Butcher's Word), in the Russian market despite rising market prices. Sales of own-brand products went up by 16% and stood at 23 ths tonnes. According to the retail audit, in the Modern Retail channel conducted by international agency – AC Nielsen, the market share of the Slovo Myasnika (Butcher's Word) brand grew by 0.5 p.p and stood at 8.6%' in 2021. Brand awareness (prompted) in the Central Federal District, according to Millward Brown, upgraded to 85% (+11 p.p.), and across Russia – to 73% (+15 p.p.).



ths tonnes



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## FINANCIAL RESULTS

## Exports

In 2021, Rusagro increased its exports of meat products by 19% to 37 ths tonnes (up 6 ths tonnes), representing 16% (+2 p.p.) of the Company's meat products sales. The key driver of this growth was a vastly improved customer base in 2020, a rapid review of output products and a reorientation of supplies between open markets. Almost half of the exported volume (46%) fell within the "large cuts and industrial cuts" category, which experienced the largest growth (46% (+5 ths tonnes) during the reporting period. The remaining 38% and 16% were exports of half-carcasses and by-products, respectively.

Rusagro accounts for 36% of deliveries to nearabroad countries and 6% of deliveries to farabroad countries. The main export destinations for Rusagro's meat products are Ukraine and Belarus – 47% and 32% of all exports, respectively. Opening a representative office in Vietnam helped to double its share over the past year, from 8% to 16%. All three destinations showed an increase in supplies, partly due to lower exports to Hong Kong as a result of the port closure.

## **EXPORTS OF RUSAGRO'S** MEAT BUSINESS PRODUCTS



**OF RUSAGRO'S MEAT PRODUCTS** 



#### The higher market prices for pork products in 2021 increased Rusagro's meat segment revenues by 22% and reached RUB 39.6 bn (up RUB 7.2 bn). However, adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) margin still dropped from 20% to 15% due to increased costs. Thus, expenditure on feed ingredients, such as cereals and meal, amino acids, vitamin and mineral supplements, grew. The costs of the sites launched in 2021 in the Primorye Territory also had a large bearing as the stage of their production cycle had not yet allowed compensating for the costs of raising livestock. As a result, adjusted

EBITDA showed a year-on-year decrease of 9%,

amounting to RUB 5.9 bn.

**39.6** 

**REVENUES OF RUSAGRO'S** 

**MEAT BUSINESS IN 2021** 

↑ 22%

RUB bn

## **REVENUES OF RUSAGRO'S MEAT BUSINESS**





## ADJUSTED EBITDA OF RUSAGRO'S MEAT BUSINESS



## **EXPORT DESTINATIONS** IN 2021

# Sugar BUSINESS

For sugar production in 2021, Rusagro processed 4.6 mn tones of sugar beet, with 75% of this volume grown on the Company's fields.

# Overview

of the Russian sugar market in 2021

Though sugar production in the 2021/2022 season showed a slight recovery (+8%, or +348 ths tonnes) from a five-year record low of 5.0 mn tonnes in the 2020/2021 season, the domestic market in 2021 was still under pressure. As a result, exports slowed down visibly (-62%, or -755 ths tonnes) and the market prices revived.

**5.6** mn tonnes SUGAR PRODUCTION IN RUSSIA IN 2021 **RUSAGRO'S SHARE IN SUGAR** PRODUCTION IN RUSSIA IN 2021

> 158 ths tonnes

SUGAR IMPORTS TO RUSSIA IN 2021

154

ths tonnes

SUGAR EXPORTS FROM RUSSIA IN 2021

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## PRODUCTION

According to the Union of Russian Sugar Producers (Soyuzrossakhar), sugar production for 2021 calendar year fell marginally (-2%), reaching 5.6 mn tonnes. The 1H production (in the 2020/2021 season) amounted to 0.4 mn tonnes, and the 2H production (in the 2021/2022 season) – to 5.2 mn tonnes. About 0.3 mn tonnes more could be produced in 2022 before the end of the 2021/2022 season.

The sugar output decline is attributable to decline of sugar content of sugar beet to 17.3% (-2 p.p.) in 2021/2022 season, with concurrent increase in beet processing volumes amid better crop results. Thus, in 2021 the plants processed 37.7 mn tonnes of beet (+7% in 2020), and in the 2021/2022 season they processed 39.0 mn tonnes, which is 25% more than in the previous season.

With annual sugar consumption at 5.8–6.0 mn tonnes in Russia, domestic demand during the reporting period was covered by the 2020-end high carry-overs (5.3 mn tonnes).

#### SUGAR PRODUCTION IN RUSSIA FOR THE CALENDAR YEAR



#### SUGAR PRODUCTION VOLUME FOR THE SEASON



#### **VOLUME OF SUGAR BEET** PROCESSED FOR THE CALENDAR YEAR

46.4

19/20

40.9

18/19

mn tonnes

46.5

'17/'18

### **VOLUME OF SUGAR BEET PROCESSED FOR THE SEASON**

mn tonnes

37.7

21/22

+7%

35.1

20/21





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sugar output data include sugar produced from molasses.

#### Source:

Soyuzrossahar

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KEY PLAYERS

By the end of 2021, five companies accounted for 68% of Russia's sugar production. Prodimex leads the market with a 19% share (-1.6 p.p.). With a 15% share (+1.4 p.p.), Rusagro ranks third. The variance in companies' share of total sugar output in the reporting period is explained by the different size of the sugar beet harvested in the regions where the companies' sugar plants operate.



RUSAGRO'S SHARE IN SUGAR PRODUCTION IN RUSSIA IN 2021



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**Comment:** sugar output data include sugar produced from molasses.

## Source:

Soyuzrossahar



## EXPORTS AND IMPORTS

PRICES

In 2021, white sugar exports from Russia fell by 62% (down 755 ths tonnes) and amounted to 454 ths tonnes. Reduced domestic sugar output drove down supplies to near-abroad countries, in particular year-on-year exports to CIS countries dropped by 65% (down 594 ths tonnes). Supplies to far-abroad countries totalled 2 ths tonnes (down 84 ths tonnes), returning to pre-2020 levels.

Belarus, which has traditionally been the largest supplier, ramped down the sugar production and thus their imports of white sugar to Russia continued the downward trend for the third consecutive year. In 2021, this figure dropped by 12% year-on-year and reached 158 ths tonnes.



#### SUGAR EXPORT BREAKDOWN **BY DESTINATION IN 2021**



The year-average price of sugar in Krasnodar in 2021 amounted to 39.9 RUB/kg, excl. VAT. The positive price trend is due to the poor sugar beet harvest in the last two seasons after a record high harvest in the 2019/2020 season, which led to prices falling to their lowest level in 10 years. The recovery in market prices were also influenced by the dollar and rising global prices - Sugar#11 contact prices are up 39% according to the ICE.

#### State tariff regulation

A price cap on retail sugar was in effect from 20 December 2020 to 1 October 2021 to protect Russian consumers. Thus, sugar producers agreed to keep ex-works sugar price (for 50-kg bag) not higher than 36 RUB/kg incl. VAT and retailers – to keep retail price not higher than 46 RUB/kg incl. VAT.

#### **AVERAGE SUGAR PRICES IN RUSSIA BASED ON THE PRICE INDEX IN KRASNODAR**

RUB/kg excl. VAT



#### Source:

Institute for Agricultural Market Studies (IKAR)

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railway traffic data

Source:

and the Federal Customs Service data

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## **Results** of Rusagro's Sugar Business in 2021

Rising sugar market prices in 2021 pushed the revenues of Rusagro's Sugar Segment up by 29%, which totalled RUB 36.4 bn (up RUB 8.2 bn). Coupled with a 2 p.p. improvement in EBITDA margin, this led to a 41% increase in adjusted EBITDA (up RUB 2.6 bn) - up to RUB 9.0 bn.

## **Operating results**

<b>769</b> ths tonnes	* 4% <b>791</b> ths tonnes	No.3	
SUGAR SALES VOLUMES	SUGAR OUTPUT VOLUME	SUGAR PRODUCER IN RUSSIA	<u>)</u>
<b>Financial results</b>			
<i>↑</i> 2 p.p.	<b>↑ 41%</b>	<b>↑ 29%</b>	
<b>25</b> %	9.0	36.4	
	RUB bn	RUB bn	5
ADJUSTED EBITDA MARGIN	ADJUSTED EBITDA	REVENUES	_



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## ASSETS OVERVIEW

## SUGAR PLANTS

In 2021, maximum sugar beets processing capacity of Rusagro's plants remained flat with the previous year – 53,850 tonnes of beets per day. The maximum production capacity of the Company during the season time (from August to July) is about 900 ths tonnes of beet sugar, excluding sugar from molasses<sup>1</sup>.

Rusagro's sugar beet processing plants produce two main by-products – pulp and molasses. The plants pelletise the pulp and sell it to third parties, while the molasses is used for additional sugar production and betaine production. The Company operates two desugarisation facilities at the Znamensky and Chernyansky sugar plants, with a total processing capacity of 310 ths tonnes of molasses per season. This enables the Company to produce an additional 120 ths tonnes of sugar and 30 ths tonnes of betaine per year, making Rusagro one of the world leaders in the production of this amino acid.

## **CEREAL PRODUCTION**

The Company's assets include JSC Gerkules cereal plant, a grain-processing facility with its own packaging line. The plant produces buckwheat and crushed buckwheat for the B2B channel and packaged buckwheat and rice for the B2C channel.

## CAPACITY OF RUSAGRO'S SUGAR PROCESSING PLANTS



~1.0

mn tonnes

MOLASSES

RUSAGRO'S SUGAR PRODUCTION CAPACITY, INCLUDING SUGAR FROM



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of the Sugar Business and relevant measures in Rusagro's ESG Report

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The estimate of Rusagro's maximum sugar output is based on a beet processing capacity of 53,850 tonnes per day, 115 plants' working days and a sugar yield of 14.5%. The number of working days and sugar yield can vary with a number of parameters, including the market supply of beets and their sugar content level.

Rusagro's Sugar Business is represented by nine sugar plants located in the Tambov, Belgorod, Kursk, and Orel Regions in close proximity to the sugar beet cultivation areas of the Company's Agriculture Business. In the Tambov Region, the Company runs the Znamensky, Nikiforovsky and Zherdevsky sugar plants, in the Belgorod Region - Chernyansky, Nika and Valuysky plants, in the Kursk Region – Krivetsky and Kshensky plants, in the Orel Region – Otradinsky plant.

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sugar plants

desugarisation facilities



%



Company's Business / SUGAR BUSINESS

## BRANDS

The Company's product portfolio includes five sugar brands of different price brackets: Russkii Sakhar, Chaikofsky, Brauni, Mon Café and Khoroshiy, as well as the Tyoplye Traditsii brand. Over years, the Company lead the way in the consumer sugar market, and the Russkii Sakhar, Chaikofsky, Brauni and Mon Cafe brands hold the first positions in their relevant segments. The Company's sugar brands are also the most sought-after brands among Russian consumers – Russkii Sakhar and Chaikofsky brands enjoy consistently high recognition and loyalty.



## INVESTMENTS

Due to the lack of new capital-intensive projects in 2021, Rusagro's investments in development and maintenance of the Sugar Business posted the negative growth (down 33% year-on-year) and amounted to RUB 1.0 bn. About half (45%) of the investments in the reporting period were allocated to maintain the existing facilities of the Sugar Business – automation, replacement of equipment, reconstruction of production facilities and augmentation of the operational reliability. The development projects included final works on the desugarisation station in the Belgorod Region and expansion of pulp granulation capacities.



## AUTOMATION AND INNOVATION

The strategic goal of Rusagro's Sugar Business is to reduce sugar losses in all sugar beet production cycles, and Industry 4.0's best practices and solutions – from physical devices to bio-engineering solutions – are being used to achieve this goal. The most active work is focused in three key areas, which include raw material management, production, and storage and logistics of products.

#### PROCUREMENT OF RAW MATERIALS

#### Automated beet procurement and plant logistics management system

Reducing losses and higher accuracy of sugar beet residue management

2021 > 2022

## SUGAR PRODUCTION

凸 Sugar production monitoring system with elements of artificial intelligence (AI)

Unbiased production data and reduced losses in sugar beet processing

2019 > 2021

STORAGE AND LOGISTICS

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Automation of outgoing inventory and introduction of a transportation management system (TMS) based on unique mathematical algorithms

Reduced cost of sales delivery by devising optimal routes

2022

## **Product innovations**

In addition to technology-related projects, Rusagro's Sugar Business is exploring innovative products as alternatives to traditional sugar. In 2021, for example, the Company decided to launch long-term projects in 2022 to produce a new generation of zero-glycaemic index sweeteners to replace fructose and synthetic sweeteners in diabetic and dietary products, and to produce sweet proteins from micro-organisms for use in various food industries.

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## OPERATING RESULTS

## PRODUCTION

The beet processing volume in 2021 totalled 4.6 mn tonnes (+13%) and in the 2021/2022 season – 4.7 mn tonnes (+27%). Similar to the last year, 75% of the beets were purchased from Rusagro's Agriculture Business. In the reporting season, the plants worked for 74 to 131 days (74 to 100 days in the 2020/2021 season), from 1 September 2020 to 16 January 2021. The average sugar content of beets at a time of reception was 19.0% (not including sugar recovered from molasses), down 1 p.p. against the previous season figure.

For the last year, Rusagro produced 791 ths tonnes of sugar, +4% year-onyear (up 27 ths tonnes). This figure includes 84 ths tonnes (-20%) of sugar that was recovered from molasses processed of beets harvested in the 2020/2021 season, and 12 ths tonnes of sugar from sugar beets from tolling arrangements. The total sugar output in the 2021/2022 season was 733 ths tonnes, +18% season-on-season (up 31 ths tonnes), excluding molasses sugar.



## SALES

In 2021, sugar sales amounted to 769 ths tonnes, down 5% year-on-year (down 43 ths tonnes). The negative growth was caused by lower sugar carry-overs at the end of 2020 due to cut-back in sugar production as compared to 2019. In addition to sugar, we sold 180 ths tonnes of pulp (-24%), 25 ths tonnes of betaine (-7%) and 11 ths tonnes of cereals (-40%). The sales of pulp and betaine were driven down by the decline in beet processing volume in the 2020/2021 season. In the reporting year, around 76% of all products sold were in the B2B segment and 24% – in the B2C segment. **769** ths tonnes

RUSAGRO'S SUGAR SALES IN 2021

### SALES VOLUMES OF KEY PRODUCTS FROM RUSAGRO'S SUGAR PLANTS



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## OPERATING RESULTS

#### **Consumer segment**

In 2021, 30% of sugar sales (+8 p.p.) fall on the consumer segment. Sugar sales of the own branded products amounted to 146 ths tonnes, 4% below the 2020 level. During the reporting period, Russkii Sakhar and Chaikofsky brands retained theire leading positions in the Russian white cube sugar market, while Brauni led the way in the brown cube sugar market.

According to AC Nielsen's survey for November 2021, the combined market share of Rusagro's four sugar brands – Russkii Sakhar, Chaikofsky, Mon Cafe and Khoroshiy – was 48% (+2 p.p.) on the cube white sugar market: Russkii Sakhar gained 33% market share (+1 p.p.) and Chaikofsky – 14% (+3 p.p.). Brauni accounted for 28% (–1 p.p.) of the brown cube sugar market in Russia.

According to Tiburon data, in 2021 Russkii Sakhar and Chaikofsky brands again showed a high level of brand recognition – for Russkii Sakhar it was 86%, for Chaikofsky – it stood at 61%.



SHARE OF RUSAGRO'S BRANDS ON THE WHITE CUBE SUGAR MARKET IN 2021

## Exports

In 2021, Rusagro exported 202 ths tonnes of products, down 21% year-onyear. The key export product for the Sugar Business in terms of volume of supplies is pulp; its exports in the reporting period totalled 167 ths tonnes (-18%). The top pulp purchasers were Ireland (51 ths tonnes, +283% yearon-year), Norway (24 ths tonnes, -20%), and China (23 ths tonnes, -45%). Exports of betaine amounted to 23 ths tonnes (-15%), including 9 ths tonnes (+79%) destined for Belgium. Due to insignificant growth in Russian sugar output in 2021, sugar exports almost halved in that period (-48%) and reached 12 ths tonnes.

#### EXPORTS OF RUSAGRO'S SUGAR BUSINESS

ths tonnes



## ↓ 21% 202 ths tonnes

EXPORTS OF RUSAGRO'S SUGAR BUSINESS IN 2021
## FINANCIAL RESULTS

In 2021, Rusagro's Sugar Segment revenues rose by 29% to RUB 36.4 bn (up RUB 8.2 bn), despite declining sales volumes (-5%) on the back of lower sugar production in the 2020/2021 season. As some of the sugar sold in the reporting period was produced in the previous season with a lower production cost, the growth rate of sugar sales revenue was higher than the growth of sugar beet procurement costs. This resulted in an increase in adjusted EBITDA margin by 2 p.p. to 25% and in adjusted EBITDA by 41% to RUB 9.0 bn (up RUB 2.6 bn).

#### **REVENUES OF RUSAGRO'S** SUGAR BUSINESS



**ADJUSTED EBITDA OF RUSAGRO'S** 

4.0

13

119

+41%

6.4

23

20

9.0

25 (+2 p. p.)

21

SUGAR BUSINESS

4.9

20

118

- Adjusted EBITDA margin, %

RUB bn

5.5

17

↑ 29% 36.4 RUB bn

**REVENUES OF RUSAGRO'S SUGAR BUSINESS IN 2021** 

## ↑ 41% 9.0 RUB bn

**ADJUSTED EBITDA OF RUSAGRO'S SUGAR BUSINESS** IN 2021

↑2 p.p.

**ADJUSTED EBITDA MARGIN OF RUSAGRO'S** SUGAR BUSINESS



112 Financial results review

# Financial results review

Rusagro annually prepares Consolidated and Parent Company IFRS financial statements published together with Independent Auditor's Report. In 2021, the Company replaced PricewaterhouseCoopers Limited with KPMG Limited Chartered Accountants as an auditor.

According to the Auditor, the prepared consolidated financial statements gave a true and fair view of the consolidated financial position of ROS AGRO PLC and its subsidiaries as of 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

Full 202

Full version of the Audited Consolidated Statements of ROS AGRO PLC for 2021 and the Audited Parent Company Statements of ROS AGRO PLC for 2021 is available at the official web page of the Company.

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Interactive version

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 December 2021, thousands of Russian roubles

	31.12.2021	31.12.2020
ASSETS		
Current assets		
Cash and cash equivalents	46,462,179	11,866,798
Restricted cash	47	143,637
Short-term investments	21,001,760	19,583,523
Trade and other receivables	12,558,401	9,512,286
Prepayments	5,414,032	2,941,224
Current income tax receivable	1,532,726	646,162
Other taxes receivable	8,321,193	5,506,675
Inventories	69,756,363	63,266,389
Short-term biological assets	7,752,670	5,734,979
Total current assets	172,799,371	119,201,673
Non-current assets		
Property, plant and equipment	119,159,412	87,519,088
Inventories intended for construction	1,604,570	3,353,330
Right-of-use assets	7,346,538	6,934,567
Goodwill	2,364,942	2,364,942
Advances paid for property, plant and equipment	7,355,467	6,905,003
Long-term biological assets	2,744,863	2,528,128
Long-term investments	42,527,657	42,692,320
Investments in associates	359,782	257,782
Deferred income tax assets	4,835,268	3,566,168
Intangible assets	1,144,057	619,793
Other non-current assets	79,125	205,793
Total non-current assets	189,521,681	156,946,914
TOTAL ASSETS	362,321,052	276,148,587

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#### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as of 31 December 2021, thousands of Russian roubles

	31.12.2021	31.12.2020
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	108,748,840	51,753,475
Lease liabilities	1,130,831	943,859
Trade and other payables	15,440,635	16,016,138
Current income tax payable	464,471	69,546
Other taxes payable	7,454,558	4,096,199
Provisions for other liabilities and charges	494,709	179,796
Total current liabilities	133,734,044	73,059,013
Non-current liabilities		
Long-term borrowings	63,975,025	63,175,720
Government grants	9,325,530	8,536,899
Lease liabilities	5,535,014	4,855,508
Deferred income tax liabilities	1,876,244	487,049
Total non-current liabilities	80,711,813	77,055,176
TOTAL LIABILITIES	214,445,857	150,114,189
EQUITY		
Share capital	12,269	12,269
Treasury shares	(490,607)	(490,607)
Share premium	26,964,479	26,964,479
Share-based payment reserve	1,313,691	1,313,691
Fair value reserve	49,486	49,486
Retained earnings	120,080,307	98,185,038
Equity attributable to owners of ROS AGRO PLC	147,929,625	126,034,356
Non-controlling interest	(54,430)	42
TOTAL EQUITY	147,875,195	126,034,398
TOTAL LIABILITIES AND EQUITY	362,321,052	276,148,587

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#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR

ended 31 December 2021, thousands of Russian rouble (unless otherwise stated)

	31.12.2021	31.12.2020
Sales	222,932,439	158,971,035
Net gain on revaluation of biological assets and agricultural produce	3,409,309	5,890,447
Cost of sales	(169,248,281)	(121,132,658)
Net (loss)/gain from trading derivatives	(5)	10,552
Gross profit	57,093,462	43,739,376
Distribution and selling expenses	(10,475,137)	(9,760,841)
General and administrative expenses	(10,975,898)	(7,377,449)
Reversal of provision/(provision) for impairment of loans issued	4,574,481	(5,070,598)
Other operating income/(expenses), net	2,334,177	2,293,017
Operating profit	42,551,085	23,823,505
Interest expense	(5,498,991)	(4,804,995)
Interest income calculated using the effective interest method	6,511,247	5,122,640
Other similar interest income	2,099,641	2,042,176
Net loss from bonds held for trading	(1,630)	(15,698)
Other financial income/(expenses), net	(705,356)	(1,844,130)
Profit before income tax	44,955,996	24,323,498
Income tax expense	(3,522,144)	(26,771)
Profit for the year	41,433,852	24,296,727

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#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR

ended 31 December 2021, thousands of Russian rouble (unless otherwise stated)

	31.12.2021	31.12.2020
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gains less losses on investments in equity securities at fair value through other comprehensive income	-	56,556
Income tax relating to other comprehensive income	_	(7,070)
Total comprehensive income for the year	41,433,852	24,346,213
Profit/(loss)is attributable to:		
- Owners of ROS AGRO PLC	41,477,865	24,359,786
- Non-controlling interest	(44,013)	(63,059)
Profit for the year	41,433,852	24,296,727
Total comprehensive income/(loss) is attributable to:		
- Owners of ROS AGRO PLC	41,477,865	24,409,272
- Non-controlling interest	(44,013)	(63,059)
Total comprehensive income for the year	41,433,852	24,346,213
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	1,541.57	905.39

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#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

ended 31 December 2021, thousands of Russian rouble

	31.12.2021	31.12.2020
Cash flows from operating activities		
Profit before income tax	44,955,996	24,323,498
Adjustments for:		
Depreciation and amortization	13,945,546	10,794,046
Interest expense	10,566,994	6,448,154
Government grants	(7,846,960)	(3,216,290)
Interest income	(8,610,888)	(7,164,816)
Net loss/(gain) on disposal of property, plant and equipment	4,424	(335,640)
Net gain on revaluation of biological assets and agricultural produce	(3,409,309)	(5,890,447)
Change in provision for impairment of loans issued	(4,574,481)	5,070,598
Change in provision for net realizable value of inventory	1,240,531	732,238
Interest expense on leases	591,558	580,276
The result from early repayment of the loan	_	131,363
Change in provision for impairment of receivables and prepayments	824,151	13,592
Foreign exchange loss /(gain), net	(59,354)	1,698,846
Lost harvest write-off	272,407	188,536
Net loss from bonds held for trading	1,630	15,698
Change in provision for impairment of advances paid for property, plant and equipment	26,084	(29,620)
Change in other provisions	314,918	179,796
Gain on other investments	(754,538)	(560,568)
Realized deferred day-one gain	(552,748)	(993,558)
Loss on disposal of other assets	256,144	-
Gain on SolPro loans redemption	(605,233)	-
Other non-cash and non-operating expenses/(income), net	234,325	(87,031)
Operating cash flows before working capital changes	46,821,197	31,898,671

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#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

ended 31 December 2021, thousands of Russian rouble

	31.12.2021	31.12.2020
Change in trade and other receivables and prepayments	(6,377,712)	(1,920,133)
Change in other taxes receivable	(2,814,518)	(1,157,275)
Change in inventories	(4,236,443)	(13,280,552)
Change in biological assets	(2,340,945)	(1,888,960)
Change in trade and other payables	82,068	(209,572)
Change in other taxes payable	3,278,845	708,164
Cash generated from operations	34,412,492	14,150,343
Income taxes paid	(3,679,541)	(2,033,327)
Net cash from operating activities	30,732,951	12,117,016
Cash flows from investing activities		
Purchases of property, plant and equipment	(42,029,048)	(12,405,295)
Purchases of intangible assets	(1,042,618)	(418,808)
Purchases of land lease rights	(68,772)	(86,729)
Proceeds from sales of property, plant and equipment	896,286	687,757
Purchases of inventories intended for construction	(476,322)	(1,660,923)
Change in cash on bank deposits	(18,000,000)	-
Purchases of associates	(102,000)	(92,712)
Purchases of bonds with maturity over three months	-	(197,523)
Proceeds from sales of bonds with maturity over three months	220,282	-
Purchases of loan issued	(2,256,313)	(13,829)
Loans repaid	22,959,494	1,012,854

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#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

ended 31 December 2021, thousands of Russian rouble

	31.12.2021	31.12.2020
Movement in restricted cash	140,894	(143,454)
Interest received	8,786,038	4,808,803
Dividends received	754,600	560,568
Purchases of other investments	(19,083)	-
Proceeds from sales of other investments	18,000	-
Proceeds from sales of other assets	217,591	-
Proceeds from sales of other investments	434,632	65,938
Net cash used in investing activities	(29,566,339)	(7,883,353)
Cash flows from financing activities		
Proceeds from borrowings	107,856,022	77,932,773
Repayment of borrowings	(52,668,951)	(65,389,365)
Interest and other finance cost paid	(4,591,935)	(4,196,451)
Purchases of non-controlling interest	(66,000)	-
Dividends paid to owners of ROS AGRO PLC	(19,417,565)	(5,134,426)
Proceeds from government grants	2,879,218	2,192,483
Repayment of lease liabilities-principal	(335,167)	(123,044)
Other financial activities	21,631	-
Net cash from financing activities	33,677,253	5,281,970
Effect of exchange rate changes on cash and cash equivalents	(248,484)	180,386
Net increase in cash and cash equivalents	34,595,381	9,696,019
Cash and cash equivalents at the beginning of the year	11,866,798	2,170,779
Cash and cash equivalents at the end of the year	46,462,179	11,866,798

/ FINANCIAL RESULTS REVIEW

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#### ADJUSTED EBITDA INFORMATION BY SEGMENT

as of 31 December 2

2021	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	36,360,566	39,628,064	41,881,010	125,236,601	719,452	(20,893,254)	222,932,439
Net (loss) / gain on revaluation of biological assets and agricultural produce	-	(370,486)	2,609,949	-	-	1,169,846	3,409,309
Cost of sales	(26,850,141)	(33,744,934)	(18,773,771)	(108,855,523)	(371,867)	19,347,955	(169,248,281)
incl. Depreciation	(2,766,162)	(3,965,508)	(2,547,072)	(2,877,234)	(9,186)	(85,607)	(12,250,769)
Net loss from trading derivatives	-	(5)	-	-	-	-	(5)
Gross profit	9,510,425	5,512,639	25,717,188	16,381,078	347,585	(375,453)	57,093,462
Distribution and Selling, General and administrative expenses	(3,958,396)	(5,728,548)	(3,396,730)	(7,463,073)	(2,646,176)	1,741,888	(21,451,035)
incl. Depreciation and amortisation	(72,862)	(910,976)	(357,854)	(348,591)	(90,102)	85,607	(1,694,778)
Other operating income/(expenses), net	677,174	1,353,391	598,467	(726,058)	27,175,376	(26,744,173)	2,334,177
incl. Reimbursement of operating costs (government grants)	576,559	516,862	546,424	495,720	-	_	2,135,565
Incl. Non-recurring other operating adjustment	105,924	489,812	(37,563)	(1,368,049)	27,067,942	(25,805,013)	453,053
Reversal of provision for impairment of loans issued	-	-	-	-	4,574,481	_	4,574,481
Operating profit	6,229,203	1,137,482	22,918,925	8,191,947	29,451,266	(25,377,738)	42,551,085
Adjustments:							
Depreciation and amortization included in Operating Profit	2,839,024	4,876,484	2,904,926	3,225,825	99,288	_	13,945,547
Non-recurring other operating adjustment	(105,924)	(489,812)	37,563	1,368,049	(27,067,942)	25,805,013	(453,053)
Net (loss)/ gain on revaluation of biological assets and agricultural produce	-	370,486	(2,609,949)	-	-	(1,169,846)	(3,409,309)
Reversal of provision for impairment of loans issued	-	-	_	_	(4,574,481)	-	(4,574,481)
Adjusted EBITDA <sup>1</sup>	8,962,303	5,894,640	23,251,465	12,785,821	(2,091,869)	(742,571)	48,059,789

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#### ADJUSTED EBITDA INFORMATION BY SEGMENT

as of 31 December 2020

2020	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	28,112,519	32,434,214	34,347,506	79,726,251	631,108	(16,280,563)	158,971,035
Net (loss)/ gain on revaluation of biologi- cal assets and agricultural produce	_	(681,302)	3,582,520	_	_	2,989,229	5,890,447
Cost of sales	(21,238,160)	(27,375,635)	(19,059,850)	(64,547,430)	(477,625)	11,566,042	(121,132,658)
incl. Depreciation	(2,605,853)	(3,716,132)	(2,861,216)	(542,826)	(10,639)	(75,387)	(9,812,053)
Net gain from trading derivatives	10,552	-	_	_	_	_	10,552
Gross profit	6,884,911	4,377,277	18,870,176	15,178,821	153,483	(1,725,292)	43,739,376
Distribution and Selling, General and administrative expenses	(3,399,788)	(2,713,324)	(3,732,770)	(6,730,675)	(1,704,354)	1,142,621	(17,138,290)
incl. Depreciation and amortisation	(83,738)	(218,146)	(386,864)	(184,327)	(184,305)	75,387	(981,993)
Other operating income/(expenses), net	602,466	653,934	459,868	(533,103)	15,582,175	(14,472,323)	2,293,017
incl. Reimbursement of operating costs (government grants)	179,564	104,836	299,020	347,210	-	_	930,630
incl. Non-recurring other operating adjustment)	425,102	459,983	71,372	(732,371)	15,526,199	(13,936,656)	1,813,629
Provision for impairment of loans issued	_	_	_	_	(5,070,598)	_	(5,070,598)
Operating profit	4,087,589	2,317,887	15,597,274	7,915,043	8,960,706	(15,054,994)	23,823,505
Adjustments:							
Depreciation and amortisation included in Operating Profit	2,689,591	3,934,278	3,248,080	727,153	194,944	_	10,794,046
Non-recurring other operating adjust- ment	(425,102)	(459,983)	(71,372)	732,371	(15,526,199)	13,936,656	(1,813,629)
Net (loss)/ gain on revaluation of biologi- cal assets and agricultural produce	_	681,302	(3,582,520)	_	_	(2,989,229)	(5,890,447)
Provision for impairment of loans issued	_	_	_	_	5,070,598	_	5,070,598
Adjusted EBITDA <sup>1</sup>	6,352,078	6,473,484	15,191,462	9,374,567	(1,299,951)	(4,107,567)	31,984,073

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#### SHORT-TERM BORROWINGS

	31.12.2021	31.12.2020
Bank loans	90,806,471	32,762,452
Loans received from third parties	16,600	16,600
Interest accrued on borrowings from third parties	246	615
Current portion of long-term borrowings	17,925,523	18,973,808
Total	108,748,840	51,753,475

All short-term borrowings are at fixed interest rate. The above borrowings are denominated in the following currencies:

	Interest rate	31.12.2021	Interest rate	31.12.2020
Russian Roubles	1.0–11.14%	108,748,840	1.0–11.14%	51,753,475
Total		108,748,840		51,753,475

#### LONG-TERM BORROWINGS

	31.12.2021	31.12.2020
Bank loans	81,900,548	82,149,528
Less current portion of long-term borrowings from:		
Bank loans	(17,925,523)	(18,973,808)
Total	63,975,025	63,175,720

All long-term borrowings are at fixed interest rate. The above borrowings are denominated in the following currencies:

	Interest rate	31.12.2021	Interest rate	31.12.2020
Russian Roubles	1.0%-12.5%	63,975,025	1.0%-12.5%	63,175,720
Total		63,975,025		63,175,720

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NET	DEBT

	31.12.2021	31.12.2020
Long-term borrowings	63,975,025	63,175,720
Short-term borrowings	108,748,840	51,753,475
Cash and cash equivalents	(46,462,179)	(11,866,798)
Bank deposits within long-term investments	(14 071 101)	(13,900,000)
Bank deposits within short-term investments	(18,519,392)	-
Long-term bonds held for collect	(19,900,000)	(19,900,000)
Long-term bonds held for trading	-	(165,129)
Short-term bonds held for collect	(362,475)	(197,523)
Net debt <sup>1</sup>	73,408,718	68,899,745
including long-term Net debt	30,003,924	29,210,591
including short-term Net debt	43,404,794	39,689,154
Adjusted EBITDA	48,059,789	31,984,073
Net debt/ Adjusted EBITDA <sup>1</sup>	1.53	2.15



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# Corporate governance system

Rusagro recognises the extent to which the quality of its corporate governance system affects its investment appeal, the confidence of the investment community and its business reputation, and aims to continuously improve and comprehensively develop its corporate governance system.

Increased requirements for the quality of corporate governance stem from the Company's public status. The global depositary receipts (GDRs) issued for the Company's shares are listed on London and Moscow stock exchanges.

## The Company's fundamental documents on corporate governance are listed below.:



#### CODE OF BUSINESS CONDUCT AND ETHICS

A new version of 2014 Code of Business Conduct and Ethics (hereinafter – the Code) was approved in 2017. The Code encompasses as follows:

- basic rules, principles and values of the Company and its employees;
- · standards of business and social conduct;
- ethical standards for internal and external corporate relations;
- principles of social commitment towards employees, shareholders, business partners, the state and society.

The Code is modelled on generally accepted rules of corporate ethics and business conduct, international laws and documents that define best corporate governance practice. It is a valuable instrument for creating a strong corporate culture and a well-defined system of corporate values that determine and shape the Company's reputation, its competitive performance and effectiveness.

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Corporate governance / Corporate governance / Corporate Governance SYSTEM

The Code applies to all Rusagro Group companies. Its provisions cover, and apply to, members of the Board of Directors, senior executives, and all other employees of the Company.

In addition to complying with the code, all employees must obey international anti-corruption acts, such as:

- The UK Bribery Act;
- The US Foreign Corrupt Practices Act (FCPA);
- The Company's anti-corruption regulations and other current antibribery laws that are applicable to the Company and its employees.

#### THE COMPANY'S CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING

As a public company, Rusagro has extensive responsibilities on establishing and observing a special procedure for the disclosure of information that can materially affect the value of the Company's securities.

In 2011, the Company adopted, and since then has in place, a Code of Conduct for the Prevention of Insider Trading (Rev. 2) that applies to all of its employees and members of the Board of Directors.

The Company uses the relevant global best practices to ensure that all securities market participants have equal access to sensitive information in an effort to prevent misuse of insider information – information that could affect the value of the Company's securities.

Other than understanding and observing the Company's Code of Conduct for the Prevention of Insider Trading, the employees must adhere to international acts on the use and disclosure of insider information, such as:

- Cyprus Market Abuse Law (2016);
- Market Abuse Regulation EU directive (596/2014);
- UK Financial Services and Markets Act (FSMA) (2000);
- Disclosure and Transparency Rules (DTR) of the UK Financial Services Authority;
- UK Criminal Justice Act (1993) and other applicable laws and/or the improvement notices of the regulatory authorities.

On 12 November 2021, the Company's Board of Directors resolved to amend the Code of Conduct for the Prevention of Insider Trading by reducing the time frames to start the Annual Blackout period for Securities transactions from 60 to 30 calendar days.



The resolution to amend the Code of Conduct for the prevention of insider trading is available on the Company's website

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## STRUCTURE OF MANAGEMENT AND CONTROL BODIES

As dictated by the Articles of Association, the Company's governing body system consists of the following levels:

- Meeting of Shareholders;
- Board of Directors;
- Audit Committee of the Board of Directors;
- · Managing Director.

#### GOVERNANCE AND CONTROL SYSTEM OF THE COMPANY



#### **MEETING OF SHAREHOLDERS**

The Meeting of Shareholders is the Company's supreme management body. The Annual Meeting of Shareholders shall be held once a year. Any meetings of shareholders other than the Annual Meeting shall be deemed extraordinary. The venue of the Meeting of Shareholders shall be 25 Aphrodite Street, 3rd floor, office 300, 1060 Nicosia, Cyprus. Should the necessity arise to change the venue the Meeting of Shareholders, the Company's Board of Directors shall appoint the date and venue of the Annual Meeting and extraordinary meetings.

The Meeting of Shareholders holds the following exclusive authorities:

- to announce the payment of dividends on the Company's securities;
- to decide upon the issue of shares and other issuable securities of the Company;
- to decide upon the acquisition of the shares previously issued by the Company;
- to approve financial (accounting) statements of the Company;
- to review the reports of the auditors and the Board of Directors;
- to approve the Company's Annual Report;
- to elect members to the Board of Directors;
- to elect an auditor for the Company and determine its remuneration;
- to approve the purchase of the Company's shares by the members of the Board of Directors;
- to decide upon the winding-up of the Company.

The Company held three Meetings of Shareholders in 2021: on 16 April (Annual Meeting), 10 September and 26 November (extraordinary meetings).

The Annual Meeting of of Shareholders in April 2021 approved as follows:

- · 2020 Audited Consolidated Financial Statements;
- 2020 Audited Separate Financial Statements;
- 2020 Independent Auditor's Report;
- 2020 Directors' report;
- 2020 Annual Report;
- dividend payout at the year-end 2020;
- other matters, including the re-election of members of the Board of Directors and approval of their remuneration.

The extraordinary Meeting of Shareholders held in September 2021 approved the decision on the payment of 2021 interim dividends.

The extraordinary Meeting of Shareholders held in November 2021 decided to change the Group's auditor from PwC to KPMG starting from 2021.



**Minutes of the Meetings of Shareholders** are available on the Company's website

Managing

Directors

Independent

Directors

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## STRUCTURE OF MANAGEMENT AND CONTROL BODIES

#### **BOARD OF DIRECTORS**

The Board of Directors is the Company's collective governance body responsible for overall management of the Company's business, except for issues within the exclusive authority of the Meeting of Shareholders. The Board of Directors is collectively responsible for the Company's performance.

The Board sets out strategic objectives, mobilises financial and human resources needed to achieve them, and measures the performance of the Company's management team. The Board of Directors also determines the values and standards of corporate governance and makes sure that the Company meets its obligations to shareholders.

As specified by the Company's Articles of Association, the Board of Directors shall have at least two and no more than five directors, with minimum two of them being non-executive directors. The Company has no formalised rules on cultural and gender diversity on the Board of Directors. Including representatives of different genders and nationalities on the Board of Directors helps Rusagro in effective decision-making.

#### **STRUCTURE OF THE BOARD OF DIRECTORS IN 2021**

membership Non-managing Directors a woman.

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The Board of Directors of ROS AGRO PLC is chaired by the majority shareholder of the Company, who is not the managing director. One of the managing directors is

#### **Composition of the Board of Directors**

The Annual Meeting of Shareholders held on 16 April 2021 elected the following members to sit on the Board of Directors.



#### Vadim Moshkovich

Chairman of the Board of Directors of ROS AGRO PLC from May 2015 to 10 March 2022

#### Born in 1967;

In 1992 – graduated from Moscow State Institute of Radio Engineering, Electronics and Automation (currently known as Moscow Technological University);

In agribusiness since 1995; originally headed Sugar Impex Trading CJSC and Sugar Impex Trading Company;

From 1999 to 2006 – CEO and co-owner of a group of companies that were consolidated into LLC Rusagro Group of Companies in 2003;

From 2006 to 2014 – a member of the Federation Council of the Federal Assembly of the Russian Federation: a representative of the Belgorod Region and a member of the Committee on Economic Policy:

From May 2015 to 10 March 2022 – Chairman of the Board of ROS AGRO PLC:

Shareholding of 56.2% (expressed in GDRs) as of 31 December 2021.

Together with his family, he holds 56.2% of the Company as at 31 December 2021.



#### Maxim Basov

Chairman of the Board of Directors of ROS AGRO PLC from 10 March 2022, Member of the Board of Directors of ROS AGRO PLC from 2011, CEO of JSC Rusagro Group and LLC Rusagro Group of Companies until 31 December 2021

Born in 1975; in 1996 - graduated from New York University, majoring in Economics and Finance, International Business, and Philosophy;

Senior management positions at OJSC Severstal, OJSC Kuzbassugol, OJSC Severstal Resource, and Interpipe Research, Industries and Investment Group:

From 2006 to 2009 - head of Metalloinvest;

From 2011 - member of the Board Directors, ROS AGRO PLC:

From 2009 to 31 December 2021 - Chief Executive Officer of LLC Rusagro Group of Companies<sup>.</sup>

From 2010 to 31 December 2021 – Chief Executive Officer of JSC Rusagro Group;

Shareholding of 7.6% (expressed in GDRs) as of 31 December 2021.

📶 ROS AGRO

PLC

## STRUCTURE OF MANAGEMENT AND CONTROL BODIES



Member of the Board of Directors of ROS AGRO PLC, Independent Director from 2011 to 1 April 2022

Born in 1948;

From 1994 to 1998 – a member of the ICPAC Board of Directors;

From 2002 to 2008 – Honorary Treasurer of the Limassol Chamber of Commerce and Industry;

From 2008 – chairman of the Management Board at CyproDirectLimited;

From 2009 – chairman of the Board of Directors at Limassol Bishopric;

For more than 20 years – a partner at Pricewaterhouse Coopers Cyprus; Held directorships in a Canadian pharmaceuticals group, Norwegian construction and drilling company, Gazprombank Financial Services (UK) Limited, and Olivant Investments;

A licensed auditor of the highest category;

From November 2011 – a member of the Board of Director and chairman of the Audit Committee at ROS AGRO PLC;

Shareholding of 0.01% (expressed in GDRs) as of 31 December 2021.



## Richard Andrew **Smyth**

Member of the Board of Directors of ROS AGRO PLC from 2011 to 10 March 2022, Independent Director

Born in 1962;

In 1984 – graduated from Oxford University;

From 2003 to 2009 – General Manager at LLC Mars;

From January 2009 – Regional President of MARS Central Europe and CIS;

From February 2011 to May 2015 – Chairman of the Board of Directors at ROS AGRO PLC;

Shareholding of 0.02% (expressed in GDRs) as of 31 December 2021.



#### Anna **Khomenko**

#### Member of the Board, Managing Director and Compliance Officer of ROS AGRO PLC

#### Born in 1977;

Studied international law at Institute of International Relations of Taras Shevchenko National University in Kyiv, Ukraine; continued her studies at Keele University in the UK and received a double BA degree in Law and International Politics in 1999; in 2000 – completed a Legal Practice Course at University of Law, Chester, UK;

Until 2007 – Head of the Corporate Department of Excel Service (Cyprus), a service provider;

From 2007 to 2009 – CEO of IFG Trust (Cyprus) Limited specialising in financial and corporate services for businesses and individuals;

In 2009 – founded and headed Fiduciana Trust (Cyprus) Limited, a corporate services company;

Has long track record in tax, compliance, corporate trust and fiduciary services. With over 20 years in the industry, she is a well-recognised expert and advises on all aspects of corporate law and excels at establishment and supporting of Cyprus and international tax planning structures, management and corporate trust services for all types of cross-border corporate structures; currently – Managing Partner at Fiduciana Trust (Cyprus) Limited;

From 2011 - a member of the Board of Directors at ROS AGRO PLC;

No shareholding.

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# Corporate governance / Corporate GOVERNANCE SYSTEM

## STRUCTURE OF MANAGEMENT AND CONTROL BODIES

#### Meetings of the Board of Directors

The Board of Directors held four meetings in 2021 – on 14 March, 12 May, 13 August and 12 November. All the above meetings were chaired by Anna Khomenko. The quorum present met the requirements of the Company's Articles of Association.

The Board of Directors reviewed and approved the following issues in March 2021:

- 4Q and 12M 2020 financial and operational results;
- Press-release on 12M 2020 financial results;
- Report of the Audit Committee meeting held on 4 March 2021, which recommended the audited consolidated financial statements for approval as at 31 December 2020;
- 131 2020 Annual Report:
  - Recommendations on the amount of dividends as envisaged in the Company's Dividend Policy;
  - Approval of the Auditor for 2021 and its remuneration;
  - Remuneration for the Company's senior management and scheduled changes in the management team, stock option plan;
  - 2021 business plan;
  - CAPEX forecast for 2021;
  - Major technology projects;
  - Presentation on M&A opportunities for Rusagro in 2021;
  - Amendments to the Code of Conduct for the Prevention of Insider Trading;
  - Selected issues related to the activities of the Cyprus office;
  - Setting of a date for the Annual General Meeting of Shareholders.

The Board of Directors reviewed and approved the following issues in May 2021:

- 1Q 2021 financial and operational results;
- Press-release on 1Q 2021 financial results;
- CAPEX forecast for 2021;
- Report of the Audit Committee meeting held on 4 May 2021;
- Presentation on M&A opportunities for Rusagro in 2021;
- Strategic overview of potential opportunities.

The Board of Directors reviewed and approved the following issues in August 2021::

- 2Q 2021 financial and operational results;
- Press-release on 2Q 2021 financial results;
- Updated Capex information;
- Convening of an extraordinary General Meeting of Shareholders;
- Recommendations for the dividend payout for 1H 2020 as envisaged in the Company's Dividend Policy;
- Report of the Audit Committee meeting held on 3 August 2021;
- Recommendation to change the independent auditor to provide a fresh perspective;
- Capacity to develop projects in Japan;
- Announcement of a change in the Group's management team in 2021;
- Strategic overview of potential opportunities.

The Board of Directors reviewed and approved the following issues in November 2021:

- 3Q and 9M 2021 financial and operational results;
- Estimate of FY 2021 financial results;
- Year-end 2021 press release;

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- Report of the Audit Committee meeting held on 2 November 2020;
- Change of CEO, Maxim Basov;
- Presentation of the CAPEX report;
- Status update of M&A projects and related opportunities;
- Capacity to develop projects in China;
- Amendments to the Code of Conduct for the Prevention of Insider Trading;
- Change in the date of the General Meeting of Shareholders;
- Strategic overview of potential opportunities.

#### Minutes of the Board of Directors

are available on the Company's website

#### AUDIT COMMITTEE UNDER THE BOARD OF DIRECTORS

The Audit Committee was established to enhance the performance efficiency of the Board of Directors. The Audit Committee is governed by the Charter of the Audit Committee adopted by the Board of Directors as required by the laws of the Republic of Cyprus, the Company's Articles of Association, the Regulation on the Board of Directors, and decisions of the Board of Directors.

The main responsibilities of the Audit Committee are as follows:

- to assist the Board in making decisions related to reporting and auditing;
- to raise the effectiveness of Board's control over the financial and economic activities of the Company by preliminary reviewing and preparing recommendations for the Board on matters within the Board's competence;
- to introduce effective controls over the financial and economic activities of the Company and ensure the Board's participation in their enforcement.

The members of the Audit Committee are elected by the Board of Directors of the Company. The Audit Committee may only be chaired by an independent director.

The Audit Committee had the following membership in 2021:

- Tassos Televantides (Chairman);
- Richard Andrew Smyth;
- Anna Khomenko.

Four in-person meetings of the Audit Committee of the Board of Directors were held in 2021: on 4 March, 4 May, 3 August and 2 November.

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## MANAGEMENT AND THEIR REMUNERATION

#### CORPORATE GOVERNMENT



Chairman of the Board of Directors of ROS AGRO PLC from 10 March 2022, Member of the Board of Directors of ROS AGRO PLC from 2011, CEO of JSC Rusagro Group and LLC Rusagro Group of Companies until 31 December 2021

For Mr. Basov's curriculum vitae, please see the Board of Directors section.



#### Boris **Chernicher**

#### Chief Financial Officer, LLC Rusagro Group of Companies

Born in 1986; Graduated with honours from Moscow State University of Economics, Statistics and Informatics, majoring in Economics and Mathematics; From 2015 – a member of the Association of Chartered Certified Accountants;

Prior to joining Rusagro – over 10-year experience in economics and finance; from 2012 – head of the reporting and budgeting departments at Home Credit & Finance Bank and Beeline;

From 2019 – Head of Controlling, Investment and Reporting at Rusagro, and from July to December 2020 – acting CFO of Rusagro's Oil and Fats Business;

From January 2021 – CFO of LLC Rusagro Group of Companies.



#### Sergey **Koltunov**

#### Director of Legal and Corporate Affairs, LLC Rusagro Group of Companies

Born in 1980; In 2003 – graduated from Lobachevsky State University of Nizhny Novgorod, Law Faculty;

In 2004 – received the second higher education, majoring in Economics and Management; In 2011 – completed a management training course at Russian Presidential Academy of National Economy and Public Service;

Before joining Rusagro – head of legal departments and senior management positions at Russky Alkohol Group of companies and Danone Group of companies;

From 2013 – Legal and Corporate Affairs Director at LLC Rusagro Group of Companies;

2013–2020 – repeatedly featured in the "Top 1,000 Russian Managers" ranking conducted by the Managers Association and Kommersant Publishing House, and The Legal 500 GC Powerlist: Russia. Ζ ш  $\sim$  $\supset$ СĽ Ω\_  $\supset$ 0 Ŷ O 0 СĽ Ο  $\triangleleft$ S  $\supset$ СĽ

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Corporate governance / CORPORATE GOVERNANCE SYSTEM

## MANAGEMENT AND THEIR REMUNERATION



#### Olga **Fedorova**

#### HR Director, LLC Rusagro Group of Companies

Born in 1979; In 2000 – graduated from Technological Department of State University of Non-Ferrous Metals and Gold, majoring in Metallurgy; In 2006 – graduated from Russian University of Economics named after G.V. Plekhanov, majoring in Economics and Management;

Before joining Rusagro – HR management at Russian Aluminium; From 2006 to 2018 – senior HR management positions at Rusagro's Sugar Business, particularly – Head of Human Resources;

From January 2019 – HR Director at LLC Rusagro Group of Companies;

A holder of the international certificate in Global Remuneration (GRP) from WorldatWork (USA), Chartered Institute of Personnel Development (UK) professional certificate in HR and ICF international coaching certificate.

#### Svetlana **Kuznetsova**

#### Chief Investor Relations & ESG Officer, LLC Rusagro Group of Companies

Born in 1989; in 2011 – graduated from National Research University Higher School of Economics, majoring in Global Economics and International Business;

From 2012 to 2015 – head of Funds & Investment Services Department of Europe Finance Ltd; In 2016 – senior analyst at Skolkovo Institute of Science and Technology under National Technology Initiative to develop the FoodNet roadmap for innovations in the agro-industry;

In June 2016 – Marketing Manager of LLC Rusagro-Ovoschi to develop an investment project for launching a vegetable business;

From October 2016 to January 2021 – Head of Investments at LLC Rusagro Group of Companies and in charge of M&A transactions and investor relations;

From 1 February 2021 – a Chief Investor Relations & ESG Officer at LLC Rusagro Group of Companies.



#### Dmitry **Brekhov**

#### Head of Internal Audit, LLC Rusagro Group of Companies

Born in 1971; in 1997 – graduated from the Faculty of Economics of Lomonosov Moscow State University, majoring in Accounting and Audit;

Before joining the Company – head of the Internal Audit function at AGRICO Agricultural Investment Company and Antanta Pioglobal Investment Group;

Holds an ACCA DipIFR diploma and a general audit certificate from the Ministry of Finance of the Russian Federation;

From October 2010 – Head of Internal Audit at LLC Rusagro Group of Companies.

#### ANNUAL RANKING OF THE ASSOCIATION OF MANAGERS

In 2021, Rusagro's management was recognised in the Top 1,000 Russian Managers ranking by the Association of Managers of Russia and Kommersant Publishing House in the following agriculture categories:

- Maxim Basov first place in the CEO category
- Olga Fedorova first place in the HR Director category
- Svetlana Kuznetsova first place in the Investor Relations Directors category
- Boris Chernicher fourth place in the CFO category



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Corporate governance / CORPORATE GOVERNANCE SYSTEM

## MANAGEMENT AND THEIR REMUNERATION

#### **DIVISIONS MANAGEMENT**



#### Dmitry **Laburtsev**

#### Head of the Agriculture Business

Born in 1977; Holds a law degree from Volgograd Public Service Academy and a master's degree in Agronomy from Saratov State Agrarian University;

From 2010 to 2017, prior to joining Rusagro – head of LLC Volgograd Agro-Industrial Company; From 2017 to 2019 – head of the agricultural business at Solnechnye Produkty Holding;

From 2019 to 2020 – General Director of LLC Agrotechnologies; From January to September 2021 – Chief Operating Officer of Rusagro's Agriculture Business;

Since September 2021 – Head of Rusagro's Agriculture Business.



#### Vladimir **Alexandrov**

#### Head of the Oil and Fats Business

Born in 1979; Graduated from Financial Academy under the Government of the Russian Federation, majoring in Finance and Credit; In 2006 – received MBA from Harvard Business School;

Before joining Rusagro – 19 years in the international consulting company – McKinsey & Company, where he worked his way up from a business analyst to the partner; run the CIS mining and chemical client practice, as well as major capital projects;

From September 2020 – Head of the Oil and Fats Business.



#### Evgeny **Sluchevsky**

#### Head of the Meat Business

Born in 1987; In 2009 – graduated from Tyumen Industrial University, majoring in Information Technology and Management Systems; in 2011 – received a Master's degree in System Analysis from Moscow Institute of Physics and Technology;

From 2010 to 2011 – a management consultant at KPMG; From 2011 to 2016 – a consultant at McKinsey & Company – an international consulting company, where he gained diverse functional and industry-specific experience; From 2016 to 2019 – head of one of the leading companies in the sausage market (the top 10 of the national rankino):

From October 2019 – Head of the Meat Business.



#### Pavel **Permyakov**

#### Head of the Sugar Business

Born in 1986; in 2007 – graduated from Moscow State University of International Relations (MGIMO), majoring in Economics;

From 2010 to 2015, before joining Rusagro – project manager at McKinsey&Co, specialising in the telecommunications and banking sectors; From 2015 – Commercial Director at Utair – Passenger Airlines, and from 2017 to January 2021 – President of the same company; From 2018 to December 2020 – member of the Board of PJSC UTair Aviation;

From July 2021 – Head of the Sugar Business.

#### Remuneration of key management personnel

In 2021, the list of key management personnel of Rusagro included 12 people (12 people in 2020): CEO, CFO and Legal Director of LLC Rusagro Group of Companies, general directors of five Businesses and four members of the Board of Directors. In 2021, their total remuneration, which covers salaries and bonuses, increased by 33% (RUB 397 mn) to RUB 1,609 mn, including RUB 235 mn (+124%, or RUB 130 mn) payable to the State Pension Fund, Members of the Board of Directors received RUB 1,188 mn (+48%, or RUB 384 mn) of the total remuneration. Board members also received dividends of RUB 1,478 mn (+286% or RUB 1,095 mn). The main reason for better remuneration was an increase in its variable component generated by the Company's higher profits in 2021

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# Share capital and securities

## SHARE CAPITAL STRUCTURE

At the end of 2021, the Company's authorised capital was divided into 60,000,000 declared ordinary shares and 27,333,333 issued ordinary shares with a par value of EUR 0.01 each, where 10,965,500 shares (8,333,333 in 2020) are listed on the London and Moscow stock exchanges in the form of 54,827,500 GDRs (five receipts for one share).

According to the year-end results, the main owner of the Company is Vadim Moshkovich (through Granada Capital CY Limited) with a 56.2% share (in 2020, 70.7%) in the Company's share capital including treasury shares – he holds 15,367,829 shares. The Company's largest minority shareholder with 10.0% is Maxim Vorobiev (directly or through affiliates), who holds 2,727,814 shares in the form of receipts. Maxim Basov (via Rigpa Limited), CEO of Rusagro Group LLC and member of the Board of Directors of ROS AGRO PLC, owns 7.6% (in 2020 – 7.2%) and holds 2,078,562 shares (including 1,000,000 shares acquired before the IPO and 1,078,562 shares as receipts acquired in 2011–2021). Other members of the Board of Directors own 8,225 shares in the form of receipts. There is a free float of 24.6% of the issued ordinary shares in the form of receipts (2,135,313 GDRs).

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## DATA ON SECURITIES

#### CHANGES IN THE SHARE CAPITAL STRUCTURE FOLLOWING SPO OF ROS AGRO PLC GDRS BY THE COMPANY'S MAJORITY SHAREHOLDER

On 30 September 2021, Vadim Moshkovich, majority shareholder and Chairman of the Board of Directors of ROS AGRO PLC, sold 19,800,000 GDRs worth USD 275 mn on the secondary security market. The transaction resulted in the following changes in the share capital structure:

- Vadim Moshkovich's stake decreased from 70.8% to 57.1% excluding treasury shares (from 70.7% to 56.2% including treasury shares);
- Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of LLC Rusagro Group of Companies, acquired 250,000 GDRs. His stake increased from 7.5% to 7.7% excluding treasury shares (from 7.4% to 7.6% including treasury shares);
- Maxim Vorobiev, a minority shareholder in the Company, acquired 8,260,543 GDRs. His stake increased from 4.2% to 10.1% excluding treasury shares (from 4.2% to 10.0% including treasury shares);
- The free float grew from 20.6% to 25.0% excluding treasury shares (from 20.3% to 24.6% including treasury shares.

#### Rusagro has been a public market company since 2011. GDRs for ROS AGRO PLC ordinary shares are listed on the London and Moscow stock exchanges. Rusagro's GDRs are included in Level 1 quotation list of the Moscow Exchange. The depository bank is the Bank of New York Mellon Corporation (BNY MELLON). Five GDRs are equivalent to one ordinary share of Rusagro.

#### Security tickers

- ISIN US7496552057
- LSE AGRO;

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- MOEX AGRO
- Reuters AGRORq.L
- Bloomberg AGRO LI Equity, 3191226Z CY Equity<sup>2</sup>

#### Index

In 2021, the Company's receipts were included in three indice:

- Moscow Exchange Index consumer sector
- Moscow Exchange Index of mid-and small-capitalisation
- MSCI Russia Small Index

Directly and through affiliates.

There are two tickers for ROS AGRO PLC

AGRO LI Equity – for listed shares (8,333,333

shares with 41,666,665 GDRs) and 3191226Z CY

Equity - for not-listed shares (19,000,000 shares).

securities in the Bloomberg terminal:

Seven investment banks provided analytical coverage for the Company in 2021: VTB Capital, Renaissance Capital, SOVA Capital, Sberbank CIB, J.P. Morgan, Gazprombank, and Alfa Bank. According to Bloomberg data available at the end of the year, six banks recommended to "buy" and one - to "hold".

#### SHARE CAPITAL STRUCTURE AT THE END OF 2021,



Rusagro is not aware of any other shareholdings in the form of receipts in excess of five per cent other than those already disclosed. In March 2022, the stake indirectly held by Vadim Moshkovich was reduced to 49.0% by the sale of 7.2% of ROS AGRO PLC to Yury Zhuravlev.

#### **RECOMMENDATIONS OF ANALYSTS** AS AT 31 DECEMBER 2021



## ROS AGRO

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# Shareholder and investor relations

## INFORMATION FOR SHAREHOLDERS AND INVESTORS

#### **GENERAL PRINCIPLES**

Rusagro is committed to serving the interests of its shareholders, protecting their rights and maintaining a relationship of trust with them. The Company is engaged in a direct dialogue with the shareholders and investors and guided by the current legislation and best global practices. The main standards of external corporate conduct and ethics to be applied in the relations with shareholders and investors are outlined in the Company's Code of Business Conduct and Ethics.

The Company seeks to minimise the actual risks to the investors, and therefore appropriately discloses the information on its activities and refrains from actions that could mislead the investors. The Company makes every effort to increase shareholder value, prevent inter-company conflicts and ensure a high quality of corporate governance.

Rusagro equally respects the rights of all shareholders, regardless of the number of shares or GDRs they hold. The Company guarantees all of its shareholders the security of all rights established by applicable law and arising from the Company's obligations in connection with the trading of its securities on stock exchanges. In doing so, the Company constantly works towards making the exercise of shareholders' rights easier, more accessible and effective, and yet less costly.

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## INFORMATION FOR SHAREHOLDERS AND INVESTORS

#### **INFORMATION POLICY**

Efficient and effective operations lie at the core of Rusagro's investment appeal; however positive investment decisions are also heavily weighed by performance and corporate governance matters, especially how open and transparent the Company's business is..

In its desire to ensure a level of transparency in line with international best practice, the Company communicates to the investment community in a timely manner all information that could have a material effect on the value of the Company's securities:

- · Annual and quarterly reporting on the financial and operating results;
- · Information on all material events pertaining to the Company's business;
- Specialised information and analytical materials for investors.

In doing so, Rusagro ensures that all members of the investment community have equal access to information about the Company and takes care to foreclose exclusive access to this information by certain groups of investors. To this end, the Company aims to ensure timely publication of information in Russian and English.

Any information that may have an impact on the Company's share price is posted on the official website of LLC Rusagro Group of Companies, RNS LSE and Interfax portals in accordance with established information disclosure requirements. The 2021 Annual Report was also the first to be disclosed through the National Storage Mechanism FCA system.

## Disclosure of the 2021 Annual Report in digital format

For the disclosure of Rusagro's 2021 Annual Report in the National Storage Mechanism FCA, the Company released its reports in the new iXBRL (iXBRL – Extensible Business Reporting Language) format for the first time. This is an XHTML-based digital financial reporting format, enriched with additional data, which allows specialised information systems to automatically process corporate financial statements and data.

From the 2021 reporting period on, this format is mandatory for all issuers of securities admitted to public trading on European regulated markets and obliged to submit annual financial statements. This is a requirement of the European Single Electronic Format (ESEF) developed by the European Securities and Markets Authority (ESMA) to implement the European Transparency Directive.

The publication of digital reporting should increase transparency and make the Company more accessible, analysable and comparable for a wide range of stakeholders, including regulators, investors and analysts. It will facilitate the rapid and reliable dissemination of reporting information and minimisation of errors.



#### Prompt feedback

Rusagro is committed to constantly improve the quality of our engagement with the investment community and open for comments and suggestions on development. We have highest regard for our shareholders and investors and will continue our efforts to better meet their need for reliable, complete and timely information. Rusagro's Shareholder and Investor Relations Department can be contacted at ir@rusagrogroup.ru



#### Rusagro's News and Publications are available on the Company's website in the Investor Relations section

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## INFORMATION FOR SHAREHOLDERS AND INVESTORS

#### Activities

To promote a unified interpretation of results and events, Rusagro holds regular meetings of the Company's management and key managers with representatives of the media and the investment community, as well as maintains constant communication via the internet and telecommunications networks.

As soon as the quarterly and annual financial results are available, the Company makes video calls to share the results and provide further explanations that are required to assess the financial standing of the Group. The speeches are given in Russian with simultaneous translation into English, and the recordings of the presentations are posted on the Company's website in the Investor

Rusagro is an active participant of shareholder and investor conferences held by major Russian and international investment banks. In 2021, the Company participated in five major conferences and hosted a number of one-to-one meetings with Russian and international investors, supported by VTB Capital and J.P. Morgan. For better access of retail investors to quality and reliable information about the Company, Rusagro also joined three events organised specifically for this group of investors.

Relations section in both languages.

#### THE BIGGEST INVESTOR CONFERENCES OF 2021

SBER CIB - Russia: The Inside Track

Renaissance Capital Renaissance Capital – 25th Annual

Russia Investor Conference

Alfa Bank

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Sova Capital Small-Mid Cap Conference



Moscow Exchange International Investment Forum

#### 2021 EVENTS FOR RETAIL INVESTORS

**GAZPROMBANK** 

Gazprombank Telegram Broadcast

## **VTB** Capital

VTB Investor School, March VTB Investor School, September

### CAPITAL MARKETS DAY

held by Rusagro on 14 September 2021 via videoconference in Russian with simultaneous interpretation into English

#### **Rusagro's publication dates and corporate events** can be followed on the corporate website in the Calendar section

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## DIVIDEND POLICY

The shareholders' right to participate in Rusagro's profits is exercised through the dividend policy. In August 2013, the Meeting of Shareholders approved the dividend policy providing for annual payments of at least 25% of the Company's net profit. In 2021, a decision was taken to raise the minimum payment threshold to 50% of the Company's net profit. Payment is made twice a year based on the financial results for the first half and second half of the year. Securities owned by the Company do not participate in the payment of dividends.

Rusagro's Annual Meeting of Shareholders on 17 April 2021 approved a record dividend for 2020 set at USD 1.23 per GDR (USD 6.15 per share). The total dividend payout amounted to USD 165.5 mn. This is equivalent to RUB 12.6 bn, or 50% of the Company's net profit for 2020.

Dividends for the first half of 2021 worth RUB 8.75 bn (USD 119.7 mn) were paid on 14 September 2021. No securities held by the Company, which amounted to 2,135,313 GDRs, were included in the dividend payment. As a result, payments per GDR stood at USD 0.89 (USD 4.45 per share).

## Conditions affecting the amount of the share of net profit payable to shareholders:

- availability and amount of net profit under IFRS;
- achievement of the target level of equity capital adequacy by 2021 and its maintenance on a mid-term horizon;
- Capital requirements for the implementation of the Development Strategy and targeted market M&A transactions;
- economic conditions and other internal and external changes that have or may have an adverse effect on the Company's operations;
- Striking of a balance between the Company and its shareholders with a view to enhance the investment attractiveness and uphold rights of the Company's shareholders.

#### **DIVIDEND PAYOUT DATE**<sup>1</sup>

Payment year	As of the end of	Payment date
2017	2H 2016	19.04.2017
	1H 2017	18.09.2017
2018	2H 2017	18.04.2018
	1H 2018	18.09.2018
2019	2H 2018	16.05.2019
	1H 2019	15.10.2019
2020	2H 2019	27.04.2020
	1H 2020	21.09.2020
2021	2H 2020	20.04.2021
	1H 2021	14.09.2021

#### **NEW DIVIDEND POLICY**

For the first time in Rusagro's history, minimum dividend payout is set at no less than 50% of Rusagro Group's IFRS net profit

<sup>1</sup> Dividend payments in rouble terms correspond to the amounts actually paid by the Company and may differ from the amounts declared in dividend declarations published by the Company due to changes in the currency exchange rate on the date of payment.

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## DIVIDEND Policy

#### RUSAGRO'S DIVIDEND PAYOUT FOR THE YEAR<sup>1</sup>

119.7

'21



1-st payment
 2-nd payment
 Dividend payout ratio<sup>2</sup>, % of net profit



1-st payment 2-nd payment

PAYOUTS PER SHARE

RUB



467.71

325.2

1-st payment 2-nd payment

#### PAYOUTS PER SHARE





1-st payment 2-nd payment



## **5** times

HIGHER DIVIDEND PAYMENTS FOR 1H 2021 COMPARED TO PAYMENTS FOR 1H 2020



#### PAYOUTS PER GDR

**PAYOUTS PER GDR** 

33.48

25.29

8.18

/18

RUB

30.096

17.73

13.23

117

USD

0.52

0.29

0.23

/17



93.54

79.29

14.25

/20

36.14

23.91

12.23

/19

65.04

1/21

Dividend payments in rouble terms correspond to the amounts actually paid by the Company and may differ from the amounts declared in dividend declarations published by the Company due to changes in the currency exchange rate on the date of payment.

Calculated from the dollar exchange rate on the date of the Board of Directors' meeting, which proposed the dividend payout for the stated period.



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# Risk management

Rusagro devotes significant resources to identifying, assessing and recognising risks in its business decisionmaking process. The Company is committed to observing the national and international standards in risk management: its going concern is to monitor the risks and to update its risk management toolkit in order to maximise the Company's value and reduce the risk impact severity. The Company identifies seven main types of risks having the greatest impact on the business performance. The 2020–2021 assessment also covered the impact of the COVID-19 pandemic on the Company's performance.

CORPORATE GOVERNANCE

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At the time of reporting, risks were being reassessed and revised on the back of the dramatically changed macroeconomic situation in March 2022.

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Corporate governance / RISK MANAGEMENT

## KEY RISKS

Description	Management	
Political risks		
Changes in state policy relating to price control, as well as export-imp	ort and tax regulation	
Changes in the state policy as pertaining to control over prices for products sold by Rusagro, as well as to export-import and tax regu- lation, could exert negative influence on the Company's performance. Thus, touching the price ceiling and introducing tariffs and quotas for the export of agro-food products impedes the ability to maximise revenue, and higher taxes translate into lower net profit.	<ul> <li>The Company monitors any changes in the state policy and responds accordingly, promptly re-tailoring Rusagro's strategy.</li> <li>The Company takes a proactive position and negotiates with government officials, whenever possible, the introduction of restrictive measures and their impact on business</li> </ul>	••••
larket risks		
Reduction in product prices		
<ul> <li>The Company's financial performance is linked to price levels for sugar, pork, agricultural crops, vegetable oils and products thereof. The price level depends on a number of factors which the Company cannot fully control. The key reasons for possible price reductions could be as follows:</li> <li>Higher competitive supply or competitive struggle;</li> <li>Erosion in household purchasing power;</li> <li>Slumping global prices.</li> </ul>	<ul> <li>Diversification of the Company's product portfolio by extending the product range and developing retail brands;</li> <li>Development of the sales channels, contracting with major industrial partners and retail chains;</li> <li>Development of export sales and expansion into new markets;</li> <li>Maintenance of ample stocks of finished products intended for sale during seasonal price hikes;</li> <li>Continuous monitoring of the market situation to obtain a true and fair view of the prevailing trends and to ensure a sound basis for forecasting the market developments</li> </ul>	••••
Operational risks		
Reduced revenues as a result of lower yields due to climate change and	d weather anomalies	
Extreme weather such as drought, frost, excessive moisture, strong winds, hail, damping-off may lead to reduced yield, which affects the revenue of the Agriculture, Meat, Sugar, and Oil and Fats Businesses.	<ul> <li>An integrated approach to weather forecasting based on weather station data.</li> <li>Monitoring of the crops on a regular basis;</li> <li>Digitalisation of strategic planning and operational processes in the Agriculture Business;</li> <li>Automation of the optimal scheduling of sugar beet digging, piling and delivery, as well as harvesting and exporting of grains and pulses;</li> <li>Automated quality control of handling operations;</li> <li>Development of sprinkling and irrigation systems;</li> <li>Climate-driven selection</li> </ul>	

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KEY RISKS

Description	Management		
Animal and plant diseases			Significance (score from 1 to !
Climatic changes and evolution cause new dangerous diseases of the livestock and plants to emerge that can adversely affect the produc- tion results of the Agriculture, Sugar, Meat Businesses of the Company. The most hazardous diseases are sugar beet diseases, pests, highly dangerous virus and infectious diseases of pigs, such as ASF, por- cine reproductive and respiratory syndrome, swine foot-and-mouth disease, and atypical pneumonia.	<ul> <li>Transport and inventory flow control and decontamination;</li> <li>Prevention of physical contact of farm-bred pigs with wild animals;</li> <li>Health monitoring of pigs reared at the Company's production facilities;</li> <li>Monitoring of ASF disease incidents in Russia;</li> <li>Pest control by treating plants and seeds with insecticides and fungicides</li> </ul>	• • • • • • • •	
Epidemics and pandemics			
The occurrence of epidemics and pandemics in Russia (in particular COVID-19) could have a negative impact on the Company's profits as a result of restrictions on the business activities of the Company and its counterparties. In particular, there are risks of plant shutdowns, loss of productivity when switching to work from home, delays in the execution and implementation of commercial contracts, freezing of construction and repair jobs.	<ul> <li>Establishment of a prompt response headquarters to develop anti-crisis measures and monitor their implementation;</li> <li>Restricted movements of employees between the Company's offices and production sites, as well as less travel to other regions and countries;</li> <li>Distribution of additional personal protective equipment and antiseptics, additional disinfection measures;</li> <li>Comprehensive communication programme to keep employees informed, launch of dedicated hotlines for employees;</li> <li>Support for employees to carry out regular testing and vaccinations</li> </ul>		
Process-related errors			
Human errors in the planning and implementation of technological operations can have negative consequences on production results and production costs. Agronomic errors are detrimental to the results of the Agriculture and Sugar Businesses, and poor technology at a meat processing plants – to the the results of the Meat Business.	<ul> <li>Monitoring and better management of the personnel, including through the development of effective motivation systems;</li> <li>Development of standards, regulations and instructions for the implementation of process-related operations and their enforcement;</li> <li>Automation and digitalisation of planning processes, management of production activities</li> </ul>		
Losses due to higher cost of meat business project in the Primorye Terr	itory and its delayed launch		
The risk of higher costs for a pig farming project in the Primorye Terri- tory is associated with the remoteness of the construction region from industrial centres, the lack of qualified engineering and labour person- nel in the region and weather conditions. This can lead to higher costs and longer delivery times for construction materials, cash flow gaps due to failure to submit supporting construction documents on time, and additional costs to deal with excessive rainfall and the effects of typhoons.	<ul> <li>The Company scheduled and is currently implementing the measures to protect its areas against natural phenomena common for the Primorye Territory, including the construction of additional surface water collection and drainage systems;</li> <li>The construction contracted large-scale companies with their own logistics network both in Russia and abroad, in-house engineering and operation personnel. This increases the cost of project implementation, but mitigates the risk of longer timelines</li> </ul>		<sup>1</sup> The launch of the project in 20 reduced the risk.

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# ROS AGRO PLC

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report 31 December 2021

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#### ROS AGRO PLC BOARD OF DIRECTORS AND OTHER OFFICERS

#### Board of Directors

Mr. Vadim Moshkovich Chairman of the Board of Directors President of LLC Rusagro Group of Companies

Mr. Anastassios Televantides Chairman of the Audit Committee Independent Director

Mr. Richard Andrew Smyth Member of the Audit Committee Independent Director

Mrs. Ganna Khomenko Member of the Audit Committee Managing Director

Mr. Maxim Basov Executive Director

#### Board Support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures.

#### **Company Secretary**

Fiduciana Secretaries Limited 8 Mykinon CY-1065, Nicosia Cyprus

#### Registered office

25 Aphrodite Street 3rd floor, Office 300 CY-1060, Nicosia Cyprus

#### ROS AGRO PLC CONSOLIDATED MANAGEMENT REPORT

The Board of Directors presents its report together with the audited consolidated financial statements of ROS AGRO PLC (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2021. The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

#### Principal activities

The principal activities of the Group are the agricultural production (cultivation of sugar beet, grain and other agricultural crops), cultivation of pigs, processing of raw sugar and production of sugar from sugar beet, vegetable oil production and processing.

#### Review of developments, position and performance of the Group's business

In 2021 revenue increased by RR 63,961,404 thousand or 40%. All segments demonstrated an increase in revenue. The major contributor to the sales increase was the Oil and Fat segment where turnover was higher by RR 45,510,350 thousand or 57% comparing to the previous year. Revenue in Sugar segment /increased by 29%, in the Agricultural and in Meat segments increased by 22%.

In 2021 Adjusted EBITDA increased by RR 16,075,715 thousand or 50% with positive dynamics in all segments except Meat. The highest increase demonstrated the Agriculture and Oil and Fat divisions due to the increase in gross profits. EBITDA in the Agricultural division was higher by RR 8,060,003 thousand or 53% and in the Oil and Fat division by RR 3,411,254 thousand or 36% growth. EBITDA in the Sugar segment increased by 41% and in the Meat segment decreased by 9%.

In 2021 the Group investments in property, plant and equipment and inventories intended for construction amounted to RR 42,505,370 thousand on a cash basis. Investments in the Oil and Fat division amounted to RR 30,792,485 thousand, including SolPro assets acquisition amounted to RR 28,735,087 thousand. Investments of RR 8,052,382 thousand were made in the Meat segment and were mainly related to pig farm construction in Primorsky Krai. The Agricultural segment invested RR 2,660,291 thousand in acquisition of land, new agricultural machinery and equipment. The Sugar segment invested RR 1,000,212 thousand in modernization of the sugar plants.

#### Changes in the Group's structure

The following company was liquidated during the year:

LLC Primorskaya Niva on 28 October 2021

The Group obtained 100.00% of ownership interest in the newly incorporated companies:

- LLC Rusagro-Zakupki on 12 March 2021
- LLC Rusagro-NPK on 27 May 2021
- LLC Agromeliorant on 23 August 2021
- LLC RusagroTechnologii on 6 August 2021
- LLC Rusagro-Altai on 25 October 2021
- The Group acquired 100.00% of ownership interest in the company:
- LLC Tsyfrovoi Fermer on 22 November 2021

On 22 October 2021 the Group acquired 25% additional shares in LLC Primorskaya Soya, thereby increasing its shares in the share capital of LLC Primorskaya Soya to 100% (2020: 75%).

For more details regarding the Group structure refer to Note 1 and Note 29 of the consolidated financial statements.

#### Principal risks and uncertainties

The Group's critical estimates and judgments and financial risk management are disclosed in Notes 2 and 30 to the consolidated financial statements. The Group's operating environment is disclosed in Note 1 to the consolidated financial statements.

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#### ROS AGRO PLC CONSOLIDATED MANAGEMENT REPORT

The Group's contingencies are disclosed in Note 31 to the consolidated financial statements.

#### Future developments

In 2021 and beyond, the Group plans to continue modernization and expansion of its production and storage facilities in all business segments. The Group plans to make further developments in the Far East region in agricultural and meat businesses.

#### Results

The Group's results for the year are set out on page 2 of the consolidated financial statements.

#### Human resources management and environmental protection

The Group offers its employees opportunities to realize their professional potential, improve their knowledge and skills, work on interesting innovative projects and be part of a cohesive team. Group management believes that one of the keys to a successful business is maintaining a balance between the high quality and efficient work of all employees who share common values and principles on one hand, and the Company's commitment to providing opportunities for career growth on the other. Group business divisions annually prepare and implement employee training and development plans based on the business's strategic and current objectives, as well as needs identified by comprehensive assessment. Based on the results of a comprehensive assessment, every employee draws up an individual development plan for a period of one to two years that lists all training and development activities that are intended to advance the employee's skills or pass on the knowledge they have gained.

The Group is committed to protecting the environment and minimizing the environmental impact of its operations in regions where it has a presence. All of the Group's divisions constantly monitor wastewater runoff and air quality, and are equipped with treatment facilities that meet all the standards of applicable environmental legislation. The Group has implemented guidelines for maximum allowable emissions and guidelines for waste generation and established sanitary buffer zones for warehouses storing crop protection agents. The Group also returns packaging from crop protection agents and fertilizer to counterparties and performs soil deacidification efforts on farmland.

#### The composition and diversity information of the Board of Directors of the Group

The authority and responsibilities of the Board of Directors are described in the Internal Rules of the Board of Directors.

On behalf of all shareholders and on the proposal or advice of the Management Board, the Board of Directors lays down the strategy and general policy of the Group. It also sets the Group's standards and monitors the implementation of that strategy.

It controls and gives direction to the management of the company and the Group and provides monitoring of risks.

It also ensures that the principles of good governance are respected.

The Board's acts are guided solely by a concern for the interests of the Company in relation to its shareholders, its customers and staff.

The Board of Directors is the decision-making body of our Group. Its role is to define the Group's strategic vision, assisted by a specialized committee (the Audit Committee). It is composed of 5 Directors, including 2 independent Directors and 1 managing Director. The Board offers a diverse and synergistic range of experience, nationalities and cultures and enables us to consider the interests of all our shareholders.

The Board has determined that, as a whole, it has the appropriate skills and experience necessary to discharge its functions. Executive and independent Directors have the experience required to contribute meaningfully to the Board's deliberations and resolutions. Independent Directors assist the Board by constructively challenging and helping develop strategy proposals.

#### ROS AGRO PLC CONSOLIDATED MANAGEMENT REPORT

#### Dividends

Pursuant to its Articles of Association the Company may pay dividends out of its profits. In August 2013 the Board of Directors has approved a new dividend policy with payout ratio of at least 25% of the Group's profit for the year applicable starting from the year ended 31 December 2013. On 13 September 2021 the Board of Directors has approved a new dividend policy with increased payout ratio to at least 50% of the Group's profit for the year. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (hereafter also referred as "GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company's subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to the Russian law.

In 2021 the Company distributed RR 10,770,584 thousand of remaining dividends for 2020 and RR 8,755,947 thousand of interim dividends for 2021. The remaining dividends for 2020 amounted to RR 400.30 per share and interim dividends for 2021 amounted to RR 325.42 per share.

Subsequent to the year ended 31 December 2021, the Board of Directors recommends the payment of additional dividends out of the profits for 2021 in the amount of RR 11,928,542 thousand. Given that the Company has already paid interim dividends for the 2021 in the amount of RR 8,755,947 thousand, the total dividend out of the profits for 2021 and prior years' undistributed reserves amounts to RR 20,684,489 thousand.

The proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These consolidated financial statements do not reflect the dividends that have not been approved on the reporting date.

#### Share capital

There were no changes in the share capital of the Company during 2020 and 2021.

#### The role of the Board of Directors

The Company is governed by its Board of Directors (hereafter also referred as the "Board") which is collectively responsible to the shareholders for the successful performance of the Group.

The Board sets corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance. The Board of Directors sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board believes it maintains a sound system of internal control to safeguard the Group's assets and shareholders' investments in the Group.

#### Significant direct/indirect holdings

For the significant direct and indirect shareholdings held by the Company, please refer to Note 1 of the consolidated financial statements.

#### Members of the Board of Directors

The members of the Board of Directors at 31 December 2021 and at the date of this report are shown in the beginning of these consolidated financial statements. All of them were members of the Board throughout the year ended 31 December 2021.

In accordance with the Company's Articles of Association, one third of the Directors shall retire by rotation and seek re-election at each Annual General Meeting.

The Company's Directors' remuneration is disclosed in Note 27. There were no any significant changes to the Directors' remuneration during the year ended 31 December 2021.

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ROS AGRO PLC CONSOLIDATED MANAGEMENT REPORT

#### Directors' Interests

The Directors Mr. Vadim Moshkovich, Mr. Maxim Basov, Mr. Richard Andrew Smyth and Mr. Anastassios Televantides held interest in the Company as at 31 December 2021 and 31 December 2020.

Mr. Vadim Moshkovich had no direct interest in the Company as at 31 December 2021 and 31 December 2020. The number of shares held indirectly through a company controlled by him as at 31 December 2021 is 15,367,829 (31 December 2020: 19,327,829).

The number of shares and GDRs held directly by Mr. Maxim Basov as at 31 December 2021 is 1,000,000 and 5,392,809 (equivalent of 1,078,562 shares), respectively (31 December 2020: 1,000,000 shares and 5,084,809 GDRs equivalent to 1,016,962 shares).

The number of GDRs held directly by Mr. Richard Andrew Smyth as at 31 December 2021 and 31 December 2020 is 31,125 (equivalent of 6,225 shares).

The number of GDRs held directly by Mr. Anastassios Televantides as at 31 December 2021 and 31 December 2020 is 10,000 (equivalent of 2,000 shares).

#### Audit Committee

The Board of Directors has established an Audit Committee. The Audit Committee is primarily responsible for (i) ensuring the integrity of our consolidated financial statements, (ii) ensuring our compliance with legal and regulatory requirements, (iii) evaluating our internal control and risk management procedures, (iv) assuring the qualification and independence of our independent auditors and overseeing the audit process and (v) resolving matters arising during the course of audits and coordinating internal audit functions. The Audit Committee consists of three members appointed by the Board of Directors. The current members are Mr. Anastassios Televantides (Chairman), Mr. Richard Andrew Smyth and Mrs. Ganna Khomenko.

#### Internal control and risk management systems in relation to the financial reporting process

The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations. The Audit Committee of the Board of directors of the Company reviews high-risk areas at least once a quarter. Reporting from various Group entities to the central office is supervised on an ongoing basis and procedures have been established for control and checking of such reporting. With each acquisition the Group seeks to adapt and incorporate the financial reporting system of the acquired operations quickly and efficiently.

#### **Corporate Governance**

Since 2011, the Company adopted the following codes: Code of Conduct on insider information and Code of Business Conduct and Ethics. In addition, since May 2014 the Company together with its subsidiaries and affiliates adopted a new edition of the Codes for mandatory compliance by all employees. In 2017 the Company adopted a new Code of Conduct and Business Ethics.

#### Non-Financial and Diversity Information

The Group publishes its non -financial information and Diversity Statement together with the Annual report on the Company's website, www.rusagrogroup.ru.

#### Events after the balance sheet date

The material events after the consolidated balance sheet date are disclosed in Note 1 and 33 to the consolidated financial statements. The Board considered the effects of the circumstances disclosed in Note 1 and concluded that no significant impact is expected to affect the Group's operations.

#### Branches

The Company operated through its branches in the United Arab Emirates and Hong Kong during the year.

#### ROS AGRO PLC CONSOLIDATED MANAGEMENT REPORT

#### Treasury shares

On 25 August 2011 the Board unanimously resolved that it is in the best interest of the Company to buy back GDRs from the market for the total amount of up to USD 10 million increased to up to USD 30 million via subsequent Board's decision on 17 July 2012.

At 31 December 2021 and 2020, the Company held 2,135,113 of its own GDRs (approximately 427,063 shares) that is equivalent to RR 490,607 thousand, representing 1.6% of its issued share capital. The GDRs are held as 'treasury shares'.

In 2020, the Company transfer 31,000 of its own GDRs (approximately 6,200 shares) from those held as treasury shares to employees of the Group representing 0.02% of the issued share capital. No GDRs were transferred to the employees under the share option incentive scheme during 2021.

During 2021 and 2020 the Company did not buy back any of its own GDRs from the market.

#### Research and development activities

The Group is not engaged in research and development activities.

#### Going Concern

Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the consolidated financial statements based on the fact that, after making enquiries and following a review of the Group's budget for 2022, including cash flows and borrowing facilities, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future.

#### Independent Auditors

On 13 August 2021 it was agreed by the board that rotation of the auditors would take place every 5 years for the purpose of getting objective and fresh view over Company's performance and business processes, especially in terms of rapid growth. On 26 November 2021 EGM approved replacement of the independent auditor from PricewaterhouseCoopers Limited to KPMG Limited Chartered Accountants.

#### By Order of the Board

Vadim Moshkovich Chairman of the Board of Directors

Larnaca 25 February 2022

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#### ROS AGRO PLC DIRECTORS' RESPONSIBILITY STATEMENT

The Company's Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the consolidated financial statements, the Board of Directors is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Each of the Directors confirms to the best of his or her knowledge that the consolidated financial statements, which are presented on pages 1 to 68, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

Further, the Board of Directors confirms that, to the best of its knowledge:

- adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions;
- all information of which it is aware that is relevant to the preparation of the consolidated financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors;
- (iii) the consolidated financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required;
- (iv) the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the consolidated financial statements;
- (v) the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated financial statements; and
- (vi) the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

By Order of the Board



Larnaca 25 February 2022

## PMG

KPMG Limited Chartered Accountants 14 Esperidon Street, 1087 Nicosia, Cyprus P.O. Box 21121, 1502 Nicosia, Cyprus T: +357 22 209000, F: +357 22 678200

#### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

OF

#### **ROS AGRO PLC**

#### Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of ROS AGRO PLC (the "Company") and its subsidiaries (the "Group"), which are presented on pages 1 to 68 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### Key audit matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Assessment of fair value of investment in LLC GK Agro - Belogorie

Please refer to the Note 10 in the financial statements.

The key audit matter	How the matter was addressed in our audit
This issue has become a key focus area for our audit due to the significance of the amounts and the subjective nature of the valuation of investment in LLC GK Agro-	We involved our own valuation specialists to assist us in evaluating the assumptions and methodologies used by the Company. Among others, our audit procedures included:
Belogorie.	
At 31 December 2021, the carrying amount of investment in LLC GK Agro- Belogorie at fair value through other comprehensive income amounted to RUB 8 556 556 thousand.	<ul> <li>evaluating the principles and the integrity of the Company's discounted cash flow model</li> <li>assessing the reasonableness of the Company's assumptions including projected EBITDA margins and discount rates</li> <li>assessing the accuracy of the Company's historic financial information to support evaluation of forecasts incorporated in the discounted cash flow model</li> </ul>
The fair value of this investment was measured using a discounted cash flow model based primarily on unobservable inputs and involving significant management indement.	We also considered the adequacy of the Company's disclosures with regard to fair value measurement of this investment.

### Acquisition of Assets from Solnechnye producty

Please refer to the Note 4 and Note 15 in the financial statements.

The key audit matter	How the matter was addressed in our audit
During 2018, the Group entered into a transaction involving the acquisition of secured debt from a third-party group of companies Solnechnye Producty (SolPro), which were classified as short-term and long-term investments and initially recognized at fair value. During 2021 the Group purchased assets of SolPro in the amount of RUB 28 202 943 thousand and recognised a reversal of expected credit loss allowance for the loans receivable from SolPro in the amount of RUB 4804 688 thousand due to settlement of the debts in the excess of the carrying amount recognised. At 31 December 2021, the carrying amount of nuclear in SolPro recognised at amortised cost amounted to RUB 1 591 805 thousand	We assessed whether the assets acquired by the Group from SolPro meet definition of business under IFRS 3 by analysing whether elements of definition of the business are present. We assessed whether the Group might have obtained control over SolPro assets before acquisition of those assets by analysing the rights of the Group as the main creditor over the relevant activities of SolPro during the bankruptcy process. We also considered the adequacy of the Group's disclosures with regard to this transaction.

### KPMG

Given the overall complexity of the transaction and the judgements applied in this calculation we consider this to be a key audit matter.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the consolidated management report, which we obtained prior to the date of this report, and the Company's Annual Report, other than the consolidated financial statements and our auditors' report thereon, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report thatfact.

With regards to the consolidated management report, our report in this regard is presented in the "Report on other legal requirements" section.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

## Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

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#### Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that
  are appropriate in the circumstances, but not for the purpose of expressing an opinion on the
  effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fairview.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

### KPMG

#### Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

#### **Other Matters**

#### Reporting responsibilities

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

#### Comparative figures

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 14 March 2021.

The engagement partner on the audit resulting in this independent auditors' report is Antonis I. Shiammoutis.

Diamen

Antonis I. Shiammoutis Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited Certified Public Accountants and Registered Auditors 14 Esperidon Street 1087 Nicosia Cyprus

25 February 2022

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#### ROS AGRO PLC CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	31 December 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	3	46,462,179	11,866,798
Restricted cash		47	143,637
Short-term investments	4	21,001,760	19,583,523
Trade and other receivables	5	12,558,401	9,512,286
Prepayments	6	5,414,032	2,941,224
Current income tax receivable	-	1,532,726	646,162
Other taxes receivable	7	8,321,193	5,506,675
Inventories	8	69,756,363	63,266,389
Short-term biological assets Total current assets	9	7,752,670 172,799,371	<u>5,734,979</u> 119,201,67
New comment encode			
Non-current assets		440 450 440	07 540 000
Property, plant and equipment	11 11	119,159,412	87,519,088
Inventories intended for construction	11	1,604,570	3,353,330
Right-of-use assets		7,346,538	6,934,56
Goodwill	25	2,364,942	2,364,942
Advances paid for property, plant and equipment	6	7,355,467	6,905,00
Long-term biological assets	9	2,744,863	2,528,12
Long-term investments	10	42,527,657	42,692,32
Investments in associates		359,782	257,782
Deferred income tax assets	26	4,835,268	3,566,16
Intangible assets	13	1,144,057	619,79
Other non-current assets		79,125	205,79
Total non-current assets		189,521,681	156,946,91
TOTAL ASSETS		362,321,052	276,148,58
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	15	108,748,840	51,753,47
Lease liabilities	12	1,130,831	943,85
Trade and other payables	16	15,440,635	16,016,138
Current income tax payable		464,471	69,54
Other taxes payable	17	7,454,558	4,096,19
Provisions for other liabilities and charges		494,709	179,79
Total current liabilities		133,734,044	73,059,01
Non-current liabilities			
Long-term borrowings	15	63,975,025	63,175,72
Government grants	18	9,325,530	8,536,89
Lease liabilities	12	5,535,014	4,855,50
Deferred income tax liabilities	26	1,876,244	487,04
Total non-current liabilities		80,711,813	77,055,17
TOTAL LIABILITIES		214,445,857	150,114,18
EQUITY			
Share capital	14	12,269	12,26
Treasury shares	14	(490,607)	(490,60
Share premium	14	26,964,479	26,964,47
Share-based payment reserve	27	1,313,691	1,313,69
Fair value reserve	21	49,486	49,48
Retained earnings		120,080,307	98,185,03
Equity attributable to owners of ROS AGRO PLC Non-controlling interest		<b>147,929,625</b> (54,430)	126,034,35
TOTAL EQUITY		147,875,195	126,034,39
TOTAL LIABILITIES AND EQUITY		362,321,052	276,148,58
Approved for issue and signed on behalf of the Board of	of Directors	X	h
August -		IVI.	
Aueurat -	Vadim M	loshkovich	<u> </u>
Ganna Khomenko Director of ROS ÁGRO PLC		loshkovich n of the Board of Dir	actors

ROS AGRO PLC CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

Distribution and selling expenses         21         (10,475,137)         (9,760,841           General and administrative expenses         22         (10,975,898)         (7,377,448           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,117         CJ293,017           Operating profit         42,551,085         23,823,505         14,804,995         14,804,995           Interest expense         24         (5,498,991)         (4,804,995         14,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640         14,841,130           Other similar interest income         2,099,641         2,042,176         1(16,30)         (15,630)           Net loss from bonds held for trading         (1,630)         (1,630)         (1,630)         1(5,630)           Profit before income tax         44,955,996         24,323,498         10,000         14,41,33,852         24,2496,727           Other comprehensive income:         Items that will not be reclassified to profit or loss:         Gains less losses on investments in equity securities at fair         941,433,852         24,346,213           Profit/(loss)is attributable to:         -		Note	Year ended 31 December 2021	Year ended 31 December 2020
Net gain on revaluation of biological assets and agricultural produce         9         3,409,309         5,890,44           Cost of sales         20         (169,248,281)         (121,132,658)           Net (loss)/gain from trading derivatives         29         (5)         10,555           Gross profit         57,093,462         43,739,376           Distribution and selling expenses         21         (10,475,137)         (9,760,841           General and administrative expenses         22         (10,975,898)         (7,377,449           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (1,630)           Other financial income/(expenses), net         24         (705,356)         (1,844,130)           Profit before income tax         44,955,996         24,323,498         24,323,498           Income tax expense         26	Sales	19	222 932 439	158 971 035
agricultural produce         9         3,409,309         5,890,44           Cost of sales         20         (169,248,281)         (121,132,658)           Net (loss)/gain from trading derivatives         29         (5)         10,55.           Gross profit         57,093,462         43,739,376           Distribution and selling expenses         21         (10,475,137)         (9,760,841           General and administrative expenses         22         (10,975,898)         (7,377,448           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest expense         24         (5,498,991)         (4,804,995           Interest income         2,099,641         2,042,176         2,042,176           Net loss from bonds held for trading         (1,630)         (15,698         (15,648           Other similar interest income         24         (705,356)         (1,844,195           Net loss from bonds held for trading         (1,630)         (15,698         (16,711           Profit before income tax         44,955,996         24,323,498		15	222,352,453	150,57 1,055
Cost of sales         20         (169,248,281)         (121,132,658           Net (loss)/gain from trading derivatives         29         (5)         10,55           Gross profit         57,093,462         43,739,376           Distribution and selling expenses         21         (10,475,137)         (9,760,841           General and administrative expenses         22         (10,975,898)         (7,377,448           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017         C293,040           Other operating income/(expenses), net         24         (5,498,991)         (4,804,995         0,472,640           Other similar interest income         2,099,641         2,042,176         0,122,640         0,15,698           Other similar interest income         2,099,641         2,042,176         0,122,640         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,15,698         0,16,609         0,16,609         0,16,609         0,16,609         0,16,609         0,16,609         0,16,609         0,16,609         0,1		q	3 409 309	5 890 44
Net (loss)/gain from trading derivatives         29         (5)         10,55           Gross profit         57,093,462         43,739,376           Distribution and selling expenses         21         (10,475,137)         (9,760,841           General and administrative expenses         22         (10,975,898)         (7,377,449           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest expense         (24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (1,630)           Other financial income/(expenses), net         24         (705,356)         (1,844,130)           Profit before income tax         44,955,996         24,323,498         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,329,786         24,329				
Gross profit         57,093,462         43,739,376           Distribution and selling expenses         21         (10,475,137)         (9,760,841           General and administrative expenses         22         (10,975,898)         (7,377,449           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest expense         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (15,698           Other nincial income/(expenses), net         24         (705,356)         (1,844,130)           Profit before income tax         44,955,996         24,323,498         (26,771           Profit or he year         41,433,852         24,296,727           Other comprehensive income         -         (7,070)           Total comprehensive income         -         (7,070)           Total comprehensive income of the year				
General and administrative expenses         22         (10,975,898)         (7,377,449           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest income (expenses), net         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (15,698           Other innacial income/(expenses), net         24         (705,356)         (1,844,130)           Profit before income tax         44,955,996         24,323,498         (26,771           Profit for the year         41,433,852         24,296,727           Other comprehensive income :         -         56,556         (7,700)           Income tax expense         -         -         (7,67,365         24,359,786           Income tax relating to other comprehensive income         -         -         (7,070)           Total comprehensive income         -         (7,070)		20		43,739,376
General and administrative expenses         22         (10,975,898)         (7,377,449           Reversal of provision/(provision) for impairment of loans         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest income (expenses), net         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (15,698           Other innacial income/(expenses), net         24         (705,356)         (1,844,130)           Profit before income tax         44,955,996         24,323,498         (26,771           Profit for the year         41,433,852         24,296,727           Other comprehensive income :         -         56,556         (7,700)           Income tax expense         -         -         (7,67,365         24,359,786           Income tax relating to other comprehensive income         -         -         (7,070)           Total comprehensive income         -         (7,070)				
Reversal of provision/(provision) for impairment of loans issued         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest expense         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (1,630)           Other similar interest income tax         44,955,996         24,323,498           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,2496,727           Other comprehensive income         -         56,556           Income tax relating to other comprehensive income         -         7,070           Total comprehensive income for the year         41,433,852         24,346,213           Profit/(loss)is attributable to:         -         41,433,852         24,399,786           - Non-controlling interest         (44,013)         <	Distribution and selling expenses	21	(10,475,137)	(9,760,841
Reversal of provision/(provision) for impairment of loans issued         15         4,574,481         (5,070,598)           Other operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest expense         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (1,630)           Other financial income/(expenses), net         24         (705,356)         (1,844,130           Profit before income tax         44,955,996         24,323,498         (26,771           Profit before income tax         44,955,996         24,323,498         (26,771           Profit for the year         41,433,852         24,246,727         (700)           Other comprehensive income :		22		
issued         (11,11,11)         (11,11,12)           Operating income/(expenses), net         23         2,334,177         2,293,017           Operating profit         42,551,085         23,823,505           Interest expense         (4,804,995         2,134,177         5,122,640           Other similar interest income         2,099,641         2,042,176         1,224,010           Net loss from bonds held for trading         (1,630)         (1,630)         (1,630)           Other similar interest income         2,24         (705,356)         (1,844,130           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,296,727           Other comprehensive income:         :         :         :           (26) sizes on investments in equity securities at fair         :         :         :           value through other comprehensive income         -         :         :         :           Income tax relating to other comprehensive income         -         :         :         :         :           Profit/(loss)is attributable to:         :         :         :         :         :	Reversal of provision/(provision) for impairment of loans	45	4 574 404	
Operating profit         42,551,085         23,823,505           Interest expense         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (15,630)           Other similar interest income         24         (705,356)         (1.844,130           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit to for the year         41,433,852         24,2496,727           Other comprehensive income:         Items that will not be reclassified to profit or loss:         Gains less losses on investments in equity securities at fair           value through other comprehensive income         -         56,556           Income tax relating to other comprehensive income         -         70,701           Total comprehensive income for the year         41,433,852         24,346,213           Profit/(loss)is attributable to:         -         (44,013)         (63,059           • Non-controlling interest         (44,013)         (63,059           Profit for the year <t< td=""><td></td><td>15</td><td>4,574,401</td><td>(3,070,396)</td></t<>		15	4,574,401	(3,070,396)
Interest expense         24         (5,498,991)         (4,804,995           Interest income calculated using the effective interest method         6,511,247         5,122,640           Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,630)         (15,698           Other financial income/(expenses), net         24         (705,356)         (1.844,130)           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,296,727           Other comprehensive income:         income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,296,727         Other comprehensive income:         -         56,556           Income tax relating to other comprehensive income         -         -         (7,070)           Total comprehensive income         -         (7,070)         -         -           Profit/(loss)is attributable to:         -         (44,013)         (63,059         -           - Owners of ROS AGRO PLC         41,433,852         24,296,727         -         -         -		23		2,293,017
Interest income calculated using the effective interest method       6,511,247       5,122,640         Other similar interest income       2,099,641       2,042,176         Net loss from bonds held for trading       (1,630)       (15,630)         Other similar interest income       24       (705,356)       (1,844,130         Profit before income tax       24       (705,356)       (2,4323,498         Income tax expense       26       (3,522,144)       (26,771         Profit for the year       21,433,852       24,296,727         Other comprehensive income:       Items that will not be reclassified to profit or loss:       Gains less losses on investments in equity securities at fair         value through other comprehensive income       -       56,556         Income tax relating to other comprehensive income       -       7(7,070)         Total comprehensive income for the year       41,433,852       24,359,786         - Non-controlling interest       (44,013)       (63,059         Profit for the year       41,433,852       24,296,727         Total comprehensive income for the year       41,477,865       24,359,786         - Non-controlling interest       (44,013)       (63,059         Profit for the year       41,433,852       24,296,727         Total comprehensive	Operating profit		42,551,085	23,823,505
Interest income calculated using the effective interest method       6,511,247       5,122,640         Other similar interest income       2,099,641       2,042,176         Net loss from bonds held for trading       (1,630)       (15,630)         Other financial income/(expenses), net       24       (705,356)       (1,844,130         Profit before income tax       24,955,996       24,323,498         Income tax expense       26       (3,522,144)       (26,771         Profit for the year       41,433,852       24,296,727         Other comprehensive income:       Items that will not be reclassified to profit or loss:       Gains less losses on investments in equity securities at fair         value through other comprehensive income       -       56,556         Income tax relating to other comprehensive income       -       7(7,070)         Total comprehensive income for the year       41,433,852       24,359,786         - Non-controlling interest       (44,013)       (63,059)         Profit for the year       41,433,852       24,296,727         Total comprehensive income for the year       41,433,852       24,359,786         - Non-controlling interest       (44,013)       (63,059)         Profit for the year       41,433,852       24,296,727         Total comprehensive income				
Other similar interest income         2,099,641         2,042,176           Net loss from bonds held for trading         (1,530)         (15,698)           Other financial income/(expenses), net         24         (705,356)         (1.844,130)           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771)           Profit for the year         41,433,852         24,296,727           Other comprehensive income:         items that will not be reclassified to profit or loss:         Gains less losses on investments in equity securities at fair           value through other comprehensive income         -         56,556         (7,070)           Total comprehensive income         -         (7,070)         70           Total comprehensive income to for the year         41,433,852         24,346,213           Profit/(loss)is attributable to:         -         (44,013)         (63,059)           - Owners of ROS AGRO PLC         41,477,865         24,409,727           Total comprehensive income/(loss) is attributable to:         -         (44,013)         (63,059)           - Owners of ROS AGRO PLC         41,477,865         24,409,727         24,409,727           Other comprehensive income/(loss) is attributable to:         -		24		
Net loss from bonds held for trading         (1,630)         (15,698)           Other financial income/(expenses), net         24         (705,356)         (1,844,130)           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771)           Profit for the year         41,433,852         24,296,727           Other comprehensive income:         Items that will not be reclassified to profit or loss:         Gains less losses on investments in equity securities at fair           value through other comprehensive income         -         56,556           Income tax relating to other comprehensive income         -         7(7,070)           Total comprehensive income for the year         41,433,852         24,359,786           - Non-controlling interest         (44,013)         (63,059)           Profit for the year         41,433,852         24,296,727           Total comprehensive income for the year         41,433,852         24,359,786           - Non-controlling interest         (44,013)         (63,059)           Profit for the year         41,433,852         24,296,727           Other comprehensive income/loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,2				
Other financial income/(expenses), net         24         (705,356)         (1,844,130           Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,296,727           Other comprehensive income:         38,852         24,296,727           Other comprehensive income:         -         -           items that will not be reclassified to profit or loss:         -         -           Gains less losses on investments in equity securities at fair         -         -           value through other comprehensive income         -         -         -           Income tax relating to other comprehensive income         -         -         -         -           Profit/(loss)is attributable to:         -         -         -         -         -         -           Owners of ROS AGRO PLC         41,477,865         24,409,727         -         -         -         -         -         -				
Profit before income tax         44,955,996         24,323,498           Income tax expense         26         (3,522,144)         (26,771           Profit for the year         41,433,852         24,296,727           Other comprehensive income:         Items that will not be reclassified to profit or loss:         26         (3,522,144)         (26,771           Other comprehensive income:         Items that will not be reclassified to profit or loss:         36,556         36,556           Income tax relating to other comprehensive income         -         56,556         56,556           Income tax relating to other comprehensive income         -         (7,070)         70tal comprehensive income for the year         41,433,852         24,346,213           Profit/(loss)is attributable to:         -         (7,070)         (63,059           - Non-controlling interest         (44,013)         (63,059           Profit for the year         41,433,852         24,296,727           Otal comprehensive income/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,727           - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Owners of ROS AGRO PLC				
Income tax expense       26       (3,522,144)       (26,771         Profit for the year       41,433,852       24,296,727         Other comprehensive income:       Items that will not be reclassified to profit or loss:       Gains less losses on investments in equily securities at fair         value through other comprehensive income       -       56,556         Income tax relating to other comprehensive income       -       7(7,07)         Total comprehensive income for the year       41,433,852       24,346,213         Profit/(loss) is attributable to:       -       (7,070)         - Owners of ROS AGRO PLC       41,477,865       24,359,786         - Non-controlling interest       (44,013)       (63,059)         Profit for the year       41,433,852       24,296,727         Total comprehensive income/(loss) is attributable to:       -       -         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (44,013)       (63,059)         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (44,013)       (63,051)		24		
Profit for the year       41,433,852       24,296,727         Other comprehensive income:       items that will not be reclassified to profit or loss:       Gains less losses on investments in equity securities at fair         value through other comprehensive income       -       56,556         income tax relating to other comprehensive income       -       56,556         income tax relating to other comprehensive income       -       (7,070)         Total comprehensive income for the year       41,433,852       24,346,213         Profit/(loss) is attributable to:       -       (41,477,865       24,359,786         - Non-controlling interest       (44,013)       (63,055)       24,296,727         Total comprehensive income/loss) is attributable to:       -       -       -         - Owners of ROS AGRO PLC       41,433,852       24,296,727         - Non-controlling interest       (41,477,865       24,296,727         Total comprehensive income/loss) is attributable to:       -       -         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (44,013)       (63,055)	Profit before income tax		44,955,996	24,323,498
Profit for the year       41,433,852       24,296,727         Other comprehensive income:       items that will not be reclassified to profit or loss:       Gains less losses on investments in equity securities at fair         value through other comprehensive income       -       56,556         income tax relating to other comprehensive income       -       56,556         income tax relating to other comprehensive income       -       (7,070)         Total comprehensive income for the year       41,433,852       24,346,213         Profit/(loss) is attributable to:       -       (41,477,865       24,359,786         - Non-controlling interest       (44,013)       (63,055)       24,296,727         Total comprehensive income/loss) is attributable to:       -       -       -         - Owners of ROS AGRO PLC       41,433,852       24,296,727         - Non-controlling interest       (41,477,865       24,296,727         Total comprehensive income/loss) is attributable to:       -       -         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (44,013)       (63,055)	Income tax expense	26	(3 522 144)	(26 771
Other comprehensive income:         Items that will not be reclassified to profit or loss:         Gains less losses on investments in equity securities at fair         value through other comprehensive income       -         Income tax relating to other comprehensive income       -         Income tax relating to other comprehensive income       -         Total comprehensive income for the year       41,433,852         Profit/(loss) is attributable to:       -         - Owners of ROS AGRO PLC       41,477,865       24,359,786         - Non-controlling interest       (44,013)       (63,059         Profit for the year       41,433,852       24,296,727         Total comprehensive income/(loss) is attributable to:       -       -         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (41,473,852       24,409,272         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Owners of ROS AGRO PLC       41,473,053       24,409,272         - Owners of ROS AGRO PLC       41,473,053       24,409,272         - Owners of ROS AGRO PLC       41,473,053       24,409,272		20		
Items that will not be reclassified to profit or loss: Gains less losses on investments in equity securities at fair value through other comprehensive income - 56,556 Income tax relating to other comprehensive income - (7,070) Total comprehensive income for the year - 41,433,852 24,346,213 Profit/(loss) is attributable to: - Owners of ROS AGRO PLC - 41,477,865 24,359,786 - Non-controlling interest - 41,433,852 24,296,727 Total comprehensive income/(loss) is attributable to: - Owners of ROS AGRO PLC - 41,477,865 24,409,272 - Owners of ROS AGRO PLC - 41,477,865 24,409,272 - Non-controlling interest - 0,000	· · · · · · · · · · · · · · · · · · ·			, ,
Gains less losses on investments in equity securities at fair         value through other comprehensive income       -       56,556         Income tax relating to other comprehensive income       -       (7,070)         Total comprehensive income for the year       41,433,852       24,346,213         Profit/(loss) is attributable to:       -       -       (7,070)         - Owners of ROS AGRO PLC       41,477,865       24,359,786       -         - Non-controlling interest       (44,013)       (63,059)         Profit for the year       41,433,852       24,296,727         Total comprehensive income/(loss) is attributable to:       -       -         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (41,477,865       24,409,272         - Non-controlling interest       (44,013)       (63,059)	Other comprehensive income:			
Gains less losses on investments in equity securities at fair         value through other comprehensive income       -       56,556         Income tax relating to other comprehensive income       -       (7,070)         Total comprehensive income for the year       41,433,852       24,346,213         Profit/(loss) is attributable to:       -       -       (7,070)         - Owners of ROS AGRO PLC       41,477,865       24,359,786         - Non-controlling interest       (44,013)       (63,059)         Profit for the year       41,433,852       24,296,727         Total comprehensive income/(loss) is attributable to:       -       -         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Non-controlling interest       (41,477,865       24,409,272         - Owners of ROS AGRO PLC       41,477,865       24,409,272         - Owners of ROS AGRO PLC       41,473,865       24,409,272         - Non-controlling interest       (44,013)       (63,059)	Items that will not be reclassified to profit or loss:			
Income tax relating to other comprehensive income         -         (7,070)           Total comprehensive income for the year         41,433,852         24,346,213           Profit/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,359,786           - Non-controlling interest         (44,013)         (63,059           Profit for the year         41,433,852         24,296,727           Total comprehensive income/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,272           Non-controlling interest         (44,013)         (63,059           (41,433,852         24,296,727         -				
Total comprehensive income for the year         41,433,852         24,346,213           Profit/(loss) is attributable to:         -         <	value through other comprehensive income		-	56,556
Profit/(loss)is attributable to:         41,477,865         24,359,786           - Owners of ROS AGRO PLC         41,477,865         24,359,786           - Non-controlling interest         (44,013)         (63,059           Profit for the year         41,433,852         24,296,727           Total comprehensive income/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Non-controlling interest         (44,013)         (63,059			-	(7,070)
- Owners of ROS AGRO PLC         41,477,865         24,359,786           - Non-controlling interest         (44,013)         (63,059           Profit for the year         41,433,852         24,296,727           Total comprehensive income/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,272           Non-controlling interest         (44,013)         (63,059	Total comprehensive income for the year		41,433,852	24,346,213
- Owners of ROS AGRO PLC         41,477,865         24,359,786           - Non-controlling interest         (44,013)         (63,059           Profit for the year         41,433,852         24,296,727           Total comprehensive income/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Non-controlling interest         (44,013)         (63,059				
- Non-controlling interest         (44,013)         (63,059           Profit for the year         41,433,852         24,296,727           Total comprehensive income/(loss) is attributable to:         -         -           - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Non-controlling interest         (44,013)         (63,059)				
Profit for the year         41,433,852         24,296,727           Total comprehensive income/(loss) is attributable to:         - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Non-controlling interest         (44,013)         (63,059)         (63,059)				
Total comprehensive income/(loss) is attributable to:           - Owners of ROS AGRO PLC         41,477,865         24,409,272           - Non-controlling interest         (44,013)         (63,055)				
- Owners of ROS AGRO PLC 41,477,865 24,409,272 - Non-controlling interest (44,013) (63,059	Profit for the year		41,433,852	24,296,727
- Owners of ROS AGRO PLC 41,477,865 24,409,272 - Non-controlling interest (44,013) (63,059	Total comprehensive income//loss) is attributable to:			
- Non-controlling interest (44,013) (63,059			41 477 865	24 409 272
				24,346,213

owners of ROS AGRO PLC, basic and diluted

(in RR per share)	28	1 541.57	905.39



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#### ROS AGRO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

		Share	Treasury		e to owners of I Share-based	Fair value	Retained	Total	Non-	Total
	Notes	Capital	shares	premium	payment reserve	reserve	earnings*	Total	controlling	equity
Balance at 1 January 2020		12,269	(490,607)	26,964,479	1,313,691	-	78,960,843	106,760,675	65,893	106,826,568
Total comprehensive income for the year:		-	-	-	-	49,486	24,359,786	24,409,272	(63,059)	24,346,213
Profit for the year		-	-	-	-	-	24,359,786	24,359,786	(63,059)	24,296,727
Other comprehensive income for the year		-	-	-	-	49,486	-	49,486	-	49,486
Dividends	14	-	-	-	-	-	(5,138,383)	(5,138,383)	-	(5,138,383)
Disposal of non-controlling interest	14	-	-	-	-	-	2,792	2,792	(2,792)	(-,,
Balance at 31 December 2020		12,269	(490,607)	26,964,479	1,313,691	49,486	98,185,038	126,034,356	42	126,034,398
Balance at 1 January 2021		12,269	(490,607)	26,964,479	1,313,691	49,486	98,185,038	126,034,356	42	126,034,398
Total comprehensive income for the year:		-	-	-	-	-	41,477,865	41,477,865	(44,013)	41,433,852
Profit for the year		-	-		-	-	41,477,865	41,477,865	(44,013)	41,433,852
Dividends	14	-	-	-	-	-	(19,526,532)	(19,526,532)	-	(19,526,532)
Dividends to non-controlling interest shareholders		-	-	-	-	-	(523)	(523)	-	(523)
Acquisition of non-controlling nterest	14	-	-	-	-	-	(55,541)	(55,541)	(10,459)	(66,000)
Balance at 31 December 2021		12,269	(490,607)	26,964,479	1,313,691	49,486	120,080,307	147,929,625	(54,430)	147,875,195

\*Retained earnings and Fair value reserve in the separate financial statements of the Company are the only reserves that are available for distribution in the form of dividends.

The accompanying notes on pages 151 to 185 are an integral part of these consolidated financial statements.

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ROS AGRO PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

ash flows from operating activities offit before income tax justments for: preciation and amortization 20, 21, 22 terest expense 23, 24 terest expense 23, 24 terest expense 23, 24 terest expense 23, 24 terest income 23, 24 terest income 23, 24 tagain on revuluation of biological assets and agricultural produce 9 ange in provision for impairment of loans issued ange in provision for impairment of the loan 23 ange in provision for impairment of receivables and prepayments reign exchange loss ((gain), net 23, 24 st harvest write-off 23, 24 at loss from bonds held for trading ange in provision for impairment of advances paid for property, plant and jupment ange in provision for impairment of advances paid for property, plant and jupment ange in other provisions 23 ain on other investments 23 ain on other investments 23 ain on SolPro loans redemption 23 ain on SolPro loans redemption 23 ange in trade and other receivables and prepayments ange in trade and other receivables and prepayments ange in trade and other preating expenses/(income), net perating cash flows before working capital changes ange in ther taxes receivables ange in ther taxes receivables ange in ther taxes receivables ange in ther proventing expenses/(income), net perating cash flows before working capital changes transes of incomparating expenses/(income), net perating cash flows before working capital changes transes of incomparating expenses/(income), net perating cash flows before working capital changes transes of incomparating expenses/(income), net perating cash flows before working capital changes transes of incomparating activities ange in inventories interased from operating expenses/ transes of other axes precisions come taxes paid et cash used from operating activities ash flows from investing activities transes of other investments oceeds from sales of other investments o		
justments for spreciation and amortization 20, 21, 22 terest expense 24 23, 24 terest expense 24 23, 24 terest income ange in provision for impairment of loans issued ange in provision for impairment of loans issued ange in provision for impairment of loans issued ange in provision for impairment of the loan 23 ange in provision for impairment of receivables and prepayments regine exchange loss /(gain), net 23, 24 terest expense on leases 22, 24 terest expense on leases 23, 24 terest expense on leases 23, 24 terest expense on leases 24 23, 24 terest expense on leases 23, 24 terest expense on lease 24, 23, 24 terest expense on lease 24, 23, 24 terest expense on lease 23, 24 terest expense on lease 23, 24 terest expense of loase 12, 23, 24 terest expense of loase 12, 23, 24 terest expense of loase 12, 23, 24 terest expense of loase redemption 23 and on ther investments 23 and on other investments 23 and on other loase redemption 23 tere non-cash and non-operating expenses/(income), net 23 tere non-cash and non-operating expenses/(income), net 23 terest expenses of loase redemption 23 terest expenses of loase redemption 23 terest expenses of loase redemption 23 terest expenses of loase 24 terest expenses of loade sets urchases of loade sets of property, plant and equipment urchases of loade sets of property, plant and equipment urchases of loade sets of other investments onceeds from sales of other inv		
preciation and amortization 20, 21, 22 persent expanse 23,24 terest income 23,24 terest income 23,24 terest income 23,24 terest income 23,24 toss/(gain) on disposal of property, plant and equipment 23 ange in provision for net realizable value of inventory 24 terest expense on leases 12 terest expense 15 terest expens	44,955,996	24,323,498
terest expense in 24 very memory grants 23,24 terest income 23 to solv (gin) on disposal of property, plant and equipment 23 ange in provision for impairment of loans issued ange in provision for impairment of the loan 23 ange in provision for impairment of the loan 23 ange in provision for impairment of receivables and prepayments regine exchange loss (gin), net 23, 24 terest travest write-off 23 to solv (find), net 23, 24 to solv (find), net 12, 23, 24 to solv (find), net 13, 23, 24 to solv (find), net 14, 24, 24, 24 to therest networe (find), net 24, 24, 24 to therest networe (find), net 24, 24 t		
overment grants 23,24 terest income 24,25,24 terest in provision for impairment of loans issued anage in provision for impairment of loans issued anage in provision for impairment of loans issued anage in provision for impairment of receivables and prepayments rest expense on leases (23,24,24,24,24,24,24,24,24,24,24,24,24,24,	13,945,546	10,794,046
terest income tasks of property, plant and equipment 23 toski(gain) on disposal of property, plant and equipment 23 ange in provision for impairment of loans issued 24 gain on revaluation of biological assets and agricultural produce 9 anage in provision for impairment of the loan 23 ange in provision for impairment of receivables and prepayments 24 gain on the easilt from early repayment of the loan 23 ange in provision for impairment of receivables and prepayments 23 at loss from bonds held for trading 23 at loss from bore provision for impairment of advances paid for property, plant and pupment 23 at loss from bore provision for assets 23 at on solFro loans redemption 23 at ange in trade and other receivables and prepayments ange in other taxes receivable anage in provision for impairment of payables 24 cash from operating activities 25 at cash from operating activities 25 at cash from operating activities 25 at cash from operating activities 26 at cash from operating activities 23 at cash from soles of property, plant and equipment 27 archases of loan issued ans repaid 26 other investments 23 at cash from soles of property, plant and equipment 27 at cash from soles of other investments 25 at cash from operating activities 23 at cash from soles of other investments 25 account 26 at cash from operating activities 25 at cash from operating activities 25 at cash from operating activities 25 at cash from operating activities 26	10,566,994	6,448,15
<pre>ti toss/(gain) on disposal of property, plant and equipment 23 ti gain on revuluation of biological assets and agricultural produce 9 ange in provision for impairment of loans issued ange in provision for impairment of the loan 23 ange in provision for impairment of the loan 23 ange in provision for impairment of the loan 23, 24 terest expense on leases 12, 24 st harvest write-off 23, 24 st harvest write-off 23, 24 st harvest write-off 23, 24 ange in provision for impairment of advances paid for property, plant and uppment 23, 24 ange in provision for impairment of advances paid for property, plant and uppment 23 ange in provision for impairment of advances paid for property, plant and uppment 23 ange in provision for impairment of advances paid for property, plant and uppment 23 ange in other provisions 23 ain on other provisions 23 ain on other investments 23 ain on SolPro loans redemption 23 ass on disposal of other assets 23 ain on SolPro loans redemption 23 ange in trade and other receivables and prepayments ange in inventories ange in trade and other provisiols ange in trade taxes receivable ange in inventories ange in trade taxes receivable ange in trade and other payables ash flows from operating activities ash flows from investing activities ash flows from investing activities urchases of property, plant and equipment urchases of ind lease rights occeeds from sales of other investments urchases of other investments archases of other</pre>	(7,846,960)	(3,216,29
t gain for revaluation of biological assets and agricultural produce 9 ange in provision for inpairment of loan issued ange in provision for inpairment of the loan 23 ange in provision for impairment of the loan 23 ange in provision for impairment of receivables and prepayments ange in provision for impairment of receivables and prepayments ange in provision for impairment of advances paid for property, plant and upment ange in other provision for impairment of advances paid for property, plant and upment ange in other provision for impairment of advances paid for property, plant and upment ange in other provision for impairment of advances paid for property, plant and upment ange in other provision for advances paid for property, plant and upment ange in other provision for agents alized deferred day-one gain 23 as on disposal of other assets 23 and on SolPro Loans redemption 23 ther non-cash and non-operating expenses/(income), net perating cash flows before working capital changes ange in trade and other receivables and prepayments ange in other taxes receivable ange in other taxes receivable ange in other taxes payable ash flows form operations come taxes paid et cash from operating activities urchases of inding pactivities archases of inding pactivities archases of associates urchases of associates urchases of other investments urchases of inventories intended for construction ange in the strest received vidends arceived vidends received v	(8,610,888)	(7,164,81
range in provision for impairment of loans issued range in provision for reinzizable value of inventory terest texpense on leases relign exchange loss (gain), net 23, 24 24 loss from bonds held for trading range in provision for impairment of receivables and prepayments 23, 24 24 loss from bonds held for trading range in provision for impairment of advances paid for property, plant and jupment range in provision for impairment of advances paid for property, plant and ingange in provision for impairment of advances paid for property, plant and ingange in provision for impairment of advances paid for property, plant and ingange in provision for impairment of advances paid for property, plant and ingange in provision for impairment of advances paid for property, plant and ingange in provision for magnetized by the provision and on ther provisions 23 ation on SoPro Loans redemption 23 ation on SoPro Loans redemption 23 ation of soPro Loans redemption 23 ation of bar to cleans receivables range in trade and other payables range in trade and other payables sange form operating activities saft fows from operations come taxes paid et cash from operating activities urchases of property, plant and equipment ruchases of intengible assets ruchases of intengible assets ruchases of intengible assets ruchases of inde lease rights coeeds from sales of ophesity with maturity over three months ruchases of other investments coeeds from sales of other i	4,424	(335,640
range in provision for net realizable value of inventory terest expense on leases 12 terest expenses on leases 12 to a standard expension for impairment of receivables and prepayments 23 terest expenses through the loan 23 to a standard expension for impairment of receivables and prepayments 23 to a standard expension for impairment of advances paid for property, plant and uppment 23 to a standard expenses for property, plant and uppment 23 to a standard expenses for property, plant and uppment 23 to a standard expenses for the standard expens	(3,409,309)	(5,890,447
terest expense on leases 12 tere scult from early repayment of the loan 23 anage in provision for impairment of receivables and prepayments reign exchange loss /(gain), net 23, 24 st harvest write-off 23, 24 at loss from bonds held for trading anage in provision for impairment of advances paid for property, plant and jupment 23 ain on other provisions 23 ain on other investments 23 ain on other investments 23 ain on other investments 23 ain on other investments 23 ain on soley to loans redemption 23 ther non-cash and non-operating expenses/(income). net perating cash flows before working capital changes anage in trade and other receivables and prepayments anage in trade and other receivables and prepayments anage in trade and other payables anage in trade sets anage in trade sets turchases of property, plant and equipment urchases of inon vesting activities urchases of indelese rights coceeds from sales of property, plant and equipment urchases of indelese rights anage assets urchases of load issued urchases of load issued sets urchases of load issued sets urchases of load issued sets urchases of load issued sets urchases of load issued ans repaid evement in restricted cash terest received vidends paid to owners of ROS AGRO PLC	(4,574,481)	5,070,598
le result from early repayment of the loan 23 anage in provision for impairment of receivables and prepayments reign exchange loss /(gain), net 23, 24 23 at larvest write-off 23, 24 23 at loss from bonds held for trading anage in provision for impairment of advances paid for property, plant and ujupment 23 and on other provision for impairment of advances paid for property, plant and ujupment 23 and on other investments 23 ain on other investments 23 ain on SolPro loans redemption 23 ain on SolPro loans redemption 23 her non-cash and non-operating expenses/(income), net perating cash flows before working capital changes nange in trade and other receivables and prepayments anage in other taxes receivable anage in trade and other receivables and prepayments anage in nother taxes receivable anage in trade and other payables anage in nother taxes payable ash generated from operating activities come taxes paid et cash from operating activities ash flows from investing activities archases of inporty, plant and equipment urchases of intangible assets urchases of inventories intended for construction nange in they ables of the stress registed archases of non operating activities archases of sole of the construction nange in cash of hor soles of the construction nange in cash of the assets urchases of lond lease rights coeded from sales of property, plant and equipment urchases of lond lease rights coeded from sales of properts and the assets urchases of lond swith maturity over three months urchases of lond swith maturity over three months urchases of other investments coeded from sales of other in	1,240,531	732,23
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verigin exchange loss (/gain), net     23, 24       sist harvest write-off     23       at loss from bonds held for trading     23       ain on ther provision for impairment of advances paid for property, plant and uppment     23       ain on other investments     23       sso of disposal of other assets     23       ain on SolPro loans redemption     23       ber non-cash and non-operating expenses/(income), net     23       perating cash flows before working capital changes     23       nange in trade and other receivables and prepayments     3       ange in trade and other receivables and prepayments     3       ange in inbiological assets     3       ange in intructories     3       ange in trade and other payables     3       ange in trade and other payables     3       ash generated from operating activities     3       urchases of intangible assets     3       urchases of ind lease rights     3       coceeds from sales of poperty, plant and equipment     3       urchases of ind lease rights     3       occeeds from sales of bonds with maturity over three months     4       occeeds from sales of bonds with maturity		131,36
ist harvest wrike-off	824,151	13,59
at loss from bonds held for trading nange in provision for impairment of advances paid for property, plant and jupiment nange in provision for impairment of advances paid for property, plant and jupiment in other provisions 23 and on the investments 23 and on the provision of a set of the provision of a set of the provision of	(59,354)	1,698,84
range in provision for impairment of advances paid for property, plant and uppment and in other provision s 23 and on other investments 23 and on other investments 23 and on other assets 23 and on other assets 23 and on SolPro I coans redemption 23 and solPro I coans redemption 24 and ther non-cash and non-operating expenses/(income), net 25 and in or SolPro I coans redemption 23 and on SolPro I coans redemption 23 and solPro I coans redemption 24 and ther receivables and prepayments and in thick takes receivable and prepayments and and other receivables and prepayments and and other payables and and other payables and and other payables and and other axes payable 25 and 26 a	272,407	188,53
upment         23           ain on other provisions         23           ain on other investments         23           sain on other investments         23           sain on SolPro loans redemption         23           sin on SolPro loans redemption         23           her non-cash and non-operating expenses/(income), net         23           perating cash flows before working capital changes         23           anage in trade and other receivables and prepayments         3           anage in intrade and other receivables         3           anage in other taxes receivable         3           anage in other taxes receivable         3           anage in other taxes receivable         3           anage in other taxes payable         3           sah generated from operating activities         3           archases of inangible assets         3           urchases of inal pigble assets         3           urchases of inangible assets         3           urchases of inal pigble assets         3           urchases of inangible assets         3           urchases of inal pigble assets         3           urchases of onds with maturity over three months         4           oceeds from sales of opperty, plant and equipment         3<	1,630	15,69
ange in other provisions     23       ain on other investments     23       ain on other investments     23       ass on disposal of other assets     23       ain on other investments     23       ain on other assets     23       ain on SolPro loans redemption     23       and on other assets     23       ain on SolPro loans redemption     23       ange in trade and other receivables and prepayments     ange in trade and other receivables       ange in trade and other receivables     ange in trade and other payables       ange in trade and other payables     ange in trade and other payables       ange in trade and other gravable     ange in trade and other gravable       ange in trade and other gravables     ange in trade and other gravables       ange in trade and other gravables     ange in trade and other gravables       ange in trade and other gravables     ange in trade and other gravables       ange in trade and other gravables     ange in trade and other gravables       ange in trade and other gravables     ange in trade and and equipment       urchases of property, plant and equipment     archases of inventories intended for construction       ange in cash on bank deposits     archases of associates       urchases of loan issued     ans repaid       owened in investing activities     archases of inventories intended for construction		(00.000
ain on other investments 23 salized deferred day-one gain 23 salized deferred day-one gain 23 san on SolPro loans redemption 23 her non-cash and non-operating expenses/(income), net perating cash flows before working capital changes anage in trade and other receivables and prepayments anage in trate taxes receivables and prepayments anage in trate taxes receivables anage in trate taxes receivables anage in trate taxes receivables anage in trate and other payables anage in trate and other payables ash generated from operations come taxes paid et cash from operating activities urchases of property, plant and equipment urchases of inal elase rights occeds from sales of property, plant and equipment urchases of indeposits urchases of lond elase rights occeds from sales of poopsits urchases of londs with maturity over three months urchases of lond sused and received vidends received vidends received set cash used in investing activities ash flows from financing activities ash flows from financing activities ash flows from financing activities apayment of borrowings 15 payment of b	26,084	(29,620
salized deferred day-one gain 23 sos on disposal of other assets 23 ali on SoPro loans redemption 23 her non-cash and non-operating expenses/(income), net 23 her non-cash flows before working capital changes hange in trade and other receivables and prepayments ange in trade and other receivables and prepayments ange in trade and other receivables and prepayments ange in trade and other payables ange in trade and other payables ange in tother taxes receivable ash generated from operations come taxes paid d cash from operating activities archases of property, plant and equipment urchases of inal passets urchases of inal passets urchases of inal passets urchases of indeparting activities urchases of indepart of the construction ange in cash of bonds with maturity over three months urchases of investing activities urchases of other investing activities and received vidends received vidends received inchases of other investing activities ash flows from financing activities archases of other finance cost paid urchases of o	314,918	179,79
ss on disposal of other assets 23 ain on SoPro Loans redemption 23 ther non-cash and non-operating expenses/(income), net 23 anage in trade and other receivables and prepayments anage in other taxes receivable and prepayments anage in inventories 1 anage in trade and other receivables and prepayments anage in other taxes receivable 1 anage in trade and other payables 1 anage in trade and other payables 1 anage in trade and other payables 1 anage in trade taxes payable 1 <b>state generated from operations</b> 1 <b>state from operating activities</b> 1 archases of property, plant and equipment 1 archases of indelease rights 2 archases of land lease rights 2 archases of lond suith maturity over three months 4 archases of other investments 4 archases of other investments 4 archases of other investments 5 archases of lond sales of other investments 5 archases of lond sales of other investments 5 archases of nom borrowings 15 apayment of borrowings 15 apayment of borrowings 15 archases of non-controlling interest 4 archases of non-controlling interest 4 archaes of other finance cost paid 15 breatest and other finance cost paid 15 archaese of non-controlling interest 4 archaese of non-controlling interest 4 archaese of non-	(754,538)	(560,568
se on disposal of other assets 23 ain on SolPo cleans redemption 23 ther non-cash and non-operating expenses/(income), net 23 ange in trade and other receivables and prepayments ange in other taxes receivable ange in inventories receivables and prepayments ange in other taxes receivable ange in trade and other receivables and prepayments ange in trade and other payables ange in trade taxes payable ash generated from operations come taxes paid et cash from operating activities urchases of property, plant and equipment urchases of from property, plant and equipment urchases of from sales of property, plant and equipment urchases of from sales of property, plant and equipment urchases of inventories with maturity over three months urchases of from sales of property, plant and equipment urchases of inventories under the construction ange in cash on bank deposits urchases of from sales of other investing activities ash steps of the construction ange in cash on bank deposits urchases of from sales of other investing activities and received vidends received vidends received vidends received inchases of other investing activities ash flows from sales of other investing activities ash flows from financing activities ash	(552,748)	(993,55
ain on SolPro loans redemption 23 beta mon-cost redemption 23 beta mon-cost redemption 24 berating cash flows before working capital changes anage in trade and other receivables and prepayments anage in trade and other payables come taxes payable beta cash from operating activities ash flows from investing activities ash flows from investing activities ash flows from investing activities anage in trade stars beta beta beta beta beta beta beta beta	256,144	
her non-cash and non-operating expenses/(income), net perating cash flows before working capital changes anage in trade and other receivables and prepayments anage in other taxes receivable anage in inventories anage in inventories anage in trade and other payables anage in uter taxes payable ash generated from operations come taxes paid at cash from operating activities ash flows from investing activities achases of property, plant and equipment urchases of inventories include for construction anage in generated from operating activities ash flows from investing activities urchases of inventories include for construction anage in a cash on bank deposits urchases of inventories with maturity over three months urchases of long issued anars repaid overeds from sales of other investments urchases of long issued anars repaid overeds from sales of other investments urchases of long issued and received vidends received vidends received set from sales of other investments occeeds from sales of other investments is terest and other finance cost paid urchases of other finance Cos	(605,233)	
perating cash flows before working capital changes anage in threade and other receivables and prepayments anage in that taxes receivable anage in inventories anage in that taxes receivable anage in that taxes receivable anage in other taxes payables anage in other taxes payables ash generated from operating activities ash flows from investing activities ash flows from investing activities ash flows of poerty, plant and equipment urchases of inangible assets urchases of inangible assets urchases of inangible assets urchases of inangible assets urchases of inventories intended for construction anage in cash on bank depositis urchases of incode swith maturity over three months urchases of incode swith maturity over three months urchases of incode swith maturity over three months urchases of form sales of other investments urchases of ther investments urchases of ther investments urchases of ther investments urchases of ther investments urchases of the investments urchases of the investments urchases of ther investments urchases of the	234,325	(87,031
range in other taxes receivable anage in inventories anage in inventories anage in the biological assets anage in the biological assets anage in the biological assets anage in tother taxes payable asin generated from operations   come taxes paid   ct cash from operating activities  achaese of inangible assets  urchaese of inventories intended for construction  anage in cash on bank deposits  urchaese of insecting activities  achaese of one with maturity over three months  urchaese of inal esse of property, plant and equipment  urchaese of inventories intended for construction  anage in cash on bank deposits  urchaese of associates  24  25  23  23  24  23  24  23  25  25  25  25  26  26  26  26  26  26  26  26  26  26	46,821,197	31,898,67
nange in liventories nange in liventories nange in trade and other payables nange in trade and other payables nange in other taxes payable sah generated from operations  come taxes paid et cash from operating activities ash flows from investing activities urchases of intangible assets urchases of intangible assets urchases of intangible assets urchases of intervention activities urchases of on bank deposits urchases of bonds with maturity over three months urchases of lond suite maturity over three months urchases of londs with maturity over three months urchases of londs received urchases of other investments coeeds from sales of other investments coeeds from borrowings 15 payment of borrowings	(6,377,712)	(1,920,13
range in the biological assets anage in take and other payables anage in take and other payables ash generated from operations come taxes paid et cash from operating activities ash flows from investing activities urchases of inangible assets urchases of inangible assets urchases of inangible assets urchases of inventories intended for construction anage in cash on bank deposits urchases of other investments urchases of other with maturity over three months urchases of other investments urchases of other investments occeeds from sales of other investments occeeds from sales of other investments urchases of other investments urchases of other investments urchases of other investments occeeds from sales of other investments occeeds from bases of ther investments occeeds from bases of other investments occeeds from borrowings 15 payment of borrowings 15 paym	(2,814,518)	(1,157,275
range in the biological assets anage in take and other payables anage in take and other payables ash generated from operations come taxes paid et cash from operating activities ash flows from investing activities urchases of inangible assets urchases of inangible assets urchases of inangible assets urchases of inventories intended for construction anage in cash on bank deposits urchases of other investments urchases of other with maturity over three months urchases of other investments urchases of other investments occeeds from sales of other investments occeeds from sales of other investments urchases of other investments urchases of other investments urchases of other investments occeeds from sales of other investments occeeds from bases of ther investments occeeds from bases of other investments occeeds from borrowings 15 payment of borrowings 15 paym	(4,236,443)	(13,280,552
anağe in trade and other payables anage in other taxes payable sash generated from operations come taxes paid et cash from operating activities come taxes paid et cash from operating activities ash flows from investing activities urchases of property, plant and equipment urchases of property, plant and equipment urchases of onds with maturity over three months urchases of onds received urchases of onds with maturity urchases	(2,340,945)	(1,888,96
nange in other taxes payable         ash generated from operating activities         come taxes paid         et cash from operating activities         saft flows from investing activities         surchases of intangible assets         urchases of inventories intended for construction         nange in cash on bank deposits         urchases of lowds with maturity over three months         ans repaid         owement in restricted cash         tensit received         vidends received         vidends received         vidends received         vidends received         vidends received         set asset from sales of other investments         oceeds from sales of other investments         oceeds from bards of other investments         oceeds from bards of bonds         set asset         oceeds from bards of other investments         oceeds from sales of other assets         oceeds from bards of Other investments         oceeds from bards of Other investments         oceeds from bortowings       15	82,068	(209,572
ash generated from operations         come taxes paid         at cash from operating activities         sh flows from investing activities         urchases of intangible assets         urchases of indangible assets         urchases of indangible assets         urchases of inda lease rights         occeeds from sales of property, plant and equipment         urchases of and lease rights         occeeds from sales of property, plant and equipment         urchases of associates         urchases of onds with maturity over three months         urchases of bonds with maturity over three months         urchases of onds with maturity over three months         urchases of one issued         urchases of onds with maturity over three months         urchases of other investments         urchases of other investments         urchases of other investments         occeeds from sales of other investments         urchases of one ontrowings       15         urchases of non-controlling interest       15         urchases	3,278,845	708,16
at cash from operating activities         ash flows from investing activities         urchases of property, plant and equipment         urchases of property, plant and equipment         urchases of intengible assets         urchases of intengible assets         urchases of intengible assets         urchases of opperty, plant and equipment         urchases of inventories intended for construction         nange in cash on bank deposits         urchases of bonds with maturity over three months         urchases of bonds with maturity over three months         urchases of bonds with maturity over three months         urchases of othords with maturity over three months         urchases of othords with maturity over three months         urchases of other investments         urchases of other investments         oceeds from sales of other investments         urchases of toher investments         urchases of the investments         urchases of other investments         urchases of other investing activities         ash flows from financing activities         urchases of other finance cost paid         urchases of ono-controlling interest         urchases of ono-cost paid	34,412,492	14,150,34
at cash from operating activities         ash flows from investing activities         urchases of property, plant and equipment         urchases of property, plant and equipment         urchases of intengible assets         urchases of intengible assets         urchases of intengible assets         urchases of opperty, plant and equipment         urchases of inventories intended for construction         nange in cash on bank deposits         urchases of bonds with maturity over three months         urchases of bonds with maturity over three months         urchases of bonds with maturity over three months         urchases of othords with maturity over three months         urchases of othords with maturity over three months         urchases of other investments         urchases of other investments         oceeds from sales of other investments         urchases of toher investments         urchases of the investments         urchases of other investments         urchases of other investing activities         ash flows from financing activities         urchases of other finance cost paid         urchases of ono-controlling interest         urchases of ono-cost paid		
ash flows from investing activities         urchases of inangible assets         urchases of inventories intended for construction         arange in cash on bank deposits         urchases of associates         urchases of associates         urchases of loads with maturity over three months         ass repaid         occeeds from sales of bonds with maturity over three months         urchases of loan issued         ass repaid         owement in restricted cash         terest received         vidends received         urchases of other investments         occeeds from sales of other assets         occeeds from sales of other investments         occeeds from bales of other investments         occeeds from bales of other assets         occeeds from borrowings       15         payament of borrowings       15         payament of harces cost paid       15         urchases of on-controlling interest       15         urchases of on-cont	(3,679,541)	(2,033,32
inchases of property, plant and equipment inchases of inlangible assets inchases of inlangible assets inchases of inlangible assets inchases of associates inchases of old in issued asins repail occeeds from sales of other investments inchases of other invest	30,732,951	12,117,01
urchases of intanglike assets urchases of land lease rights soceads from sales of property, plant and equipment urchases of land lease rights soceads from sales of property, plant and equipment urchases of londs with maturity over three months urchases of other investments urchases of other investments soceads from sales of other assets soceads from sales of other investments at cash used in investing activities saft flows from financing activities sapayment of borrowings spayment of borrowings urchases of non-controlling interest urchades of non So SAGRO PLC		
urchases of land lease rights coceeds from sales of property, plant and equipment urchases of inventories intended for construction ange in cash on bank deposits urchases of and base deposits urchases of bonds with maturity over three months urchases of old an issued asnas repaid covered from sales of other investments coreads from sales of other investments coreads from sales of other investments urchases of other investments coreads from sales of other investments coreads from borrowings 15 coreads from borrowings 15 coreads from sales of other france Cost paid 15 coreads from sales of other france Cost paid 15 coreads from sales of other france Cost paid 15 coreads from sales of other investments coreads from sales of coreads from Cost paid 15 coreads f	(42,029,048)	(12,405,29
oceeds from sales of property, plant and equipment urchases of inventories interned for construction range in cash on bank deposits urchases of associates urchases of bonds with maturity over three months urchases of bonds with maturity over three months urchases of loan issued owement in restricted cash terest received vidends received urchases of other investments oceeds from sales of other investments urchases of other investments oceeds from sales of other investments at cash used in investing activities ash flows from financing activities oceeds from source ost paid trefase of non-controlling interest urchases of non-controlling interest urchases of non-controlling interest	(1,042,618)	(418,80
urchases of inventories intended for construction ange in cash on bank deposits urchases of associates urchases of bonds with maturity over three months occeds from sales of bonds with maturity over three months urchases of olican issued arans repaid evenent in restricted cash terest received vidends received vidends received urchases of other investments occeds from sales of other assets occeds from borrowings ash flows from financing activities apayment of borrowings trefs at a other finance cost paid urchases of non-controlling interest vidends paid to owners of ROS AGRO PLC	(68,772)	(86,729
ange in cash on bank deposits urchases of associates urchases of sociates urchases of bonds with maturity over three months urchases of loan issued owement in restricted cash terest received vidends areceived vidends received v	896,286	687,75
urchases of bassociates 'urchases of bonds with maturity over three months 4 oceeds from sales of bonds with maturity over three months urchases of loan issued ansa repaid 0 ovement in restricted cash terest received 2 vidends received 23 urchases of other investments 0 oceeds from sales of other assets 0 oceeds from sales of other assets 0 oceeds from sales of other assets 0 oceeds from sales of other investments 1 <b>5 t cash used in investing activities 1</b> <b>5 t cash set of investing a</b>	(476,322)	(1,660,92
urchases of bassociates 'urchases of bonds with maturity over three months 4 oceeds from sales of bonds with maturity over three months urchases of loan issued ansa repaid 0 ovement in restricted cash terest received 2 vidends received 23 urchases of other investments 0 oceeds from sales of other assets 0 oceeds from sales of other assets 0 oceeds from sales of other assets 0 oceeds from sales of other investments 1 <b>5 t cash used in investing activities 1</b> <b>5 t cash set of investing a</b>	(18,000,000)	
urchases of bonds with maturity over three months     4       occeeds from sales of bonds with maturity over three months     4       urchases of loan issued     urchases of loan issued       urchases of loan issued     23       urchases of other investments     23       urchases of other investments     23       urchases of other investments     23       occeds from sales of other assets     5       occeds from sales of other assets     5       occeds from sales of other investments     5       ash flows from financing activities     15       apayment of borrowings     15       apayment of her finance cost paid     15       urchases of onor-controlling interest     15       urchases of non So CS AGRO PLC     15	(102,000)	(92,71
oceeds from sales of bonds with maturity over three months unchases of loan issued vans repaid over the stricted cash terrest received 23 unchases of other investments oceeds from sales of other assets oceeds from sales of other assets oceeds from sales of other investments et cash used in investing activities ash flows from financing activities 15 apayment of borrowings 15 apayment of borrowings 15 unchases of non-controlling interest valued 15 unchases of non-cost paid 15 u	( , , , , , , , , , , , , , , , , , , ,	(197,523
irchases of loan issued irchases of loan issued irchases of loan issued irchases of other investments irchases of other investments oceeds from sales of other investments oceeds from sales of other investments irchases of non-controlling interest irchases of non-controlling interest irchases of non-controlling interest irchases of non-controlling interest irchases irchases of non-controlling interest irchases i	220.282	(,
ans repaid volement in restricted cash terest received vidends received vi	(2,256,313)	(13,82
ovement in restricted cash tenset received vidends vident	22,959,494	1,012,8
terest received vidends received 23 urchases of other investments coceeds from sales of other assets coceeds from sales of other assets coceeds from sales of other assets as tower the sales of other assets the sale of the sales of the sales to the sales of the sales to the sale sale sale sale sale sale sale sal	140,894	(143,45
vidends received 23 urchases of other investments oceeds from sales of other investments oceeds from borrowings spayment of borrowings 15 spayment of borrowings 15 trefases of non-controlling interest urchases of non-controlling interest urchases of non-controlling interest urchases of non-controlling interest 15 15 15 15 15 15 15 15 15 15	8,786,038	4,808,80
urchases of other investments coceeds from sales of other assets coceds from sales of other assets coceds from sales of other assets te cash used in investing activities ash flows from financing activities coceds from borrowings apayment of borrowings treats and other finance cost paid urchases of non-controlling interest urchases of non-controlling interest urchases of non-controlling interest urchases of nos-controlling interest ur	754.600	4,000,00
oceeds from sales of other investments oceeds from sales of other assets oceeds from sales of other assets <b>at cash used in investing activities</b> <b>ash flows from financing activities</b> coceeds from borrowings 15 apayment of borrowings 15 trest and other finance cost paid 15 urchases of non-controlling interest vidends paid to owners of ROS AGRO PLC	(19,083)	500,50
oceeds from sales of other assets occeads from sales of other investments t cash used in investing activities ash flows from financing activities occeads from borrowings apayment of borrowings treat and other finance cost paid urchases of non-controlling interest urchases of non-controlling interest urchases of nos-controlling interest	(19,083) 18,000	
oceeds from sales of other investments et cash used in investing activities ash flows from financing activities coceeds from borrowings 15 spayment of borrowings 15 trest and other finance cost paid 15 urchases of non-controlling interest 05 AGRO PLC	217.591	
at cash used in investing activities ash flows from financing activities coceeds from borrowings payment of borrowings 15 terest and other finance cost paid 15 urchases of non-controlling interest urchases of non-controlling interest 05 SAGRO PLC		65.00
ash flows from financing activities     5       oceeds from borrowings     15       spayment of borrowings     15       trest and other finance cost paid     15       urchases of non-controlling interest     15       vidends paid to owners of ROS AGRO PLC     15	434,632 (29,566,339)	65,93 (7,883,35
oceeds from borrowings 15 spayment of borrowings 15 letrest and other finance cost paid 15 urchases of non-controlling interest vidends paid to owners of ROS AGRO PLC	, ,,,0/	
epayment of borrowings 15 terest and other finance cost paid 15 urchases of non-controlling interest vidends paid to owners of ROS AGRO PLC	107,856,022	77,932,77
terest and other finance cost paid 15 urchases of non-controlling interest Vidends paid to owners of ROS AGRO PLC	(52,668,951)	(65,389,36
urchases of non-controlling interest vidends paid to owners of ROS AGRO PLC	(4,591,935)	(4,196,45
vidends paid to owners of ROS AGRO PLC	(66,000)	(1,100,40
	(19,417,565)	(5,134,42
OCEEOS IJOHI OOVEUIIDEDI OFADIS	2,879,218	2,192,48
epayment of lease liabilities-principal 15	(335,167)	(123,04
ther financial activities	(335,167) 21,631	(123,04
et cash from financing activities	33,677,253	5,281,97
fect of exchange rate changes on cash and cash equivalents et increase in cash and cash equivalents	(248,484) 34,595,381	180,3 9,696,01
ash and cash equivalents at the beginning of the year 3	11,866,798	2,170,77
ash and cash equivalents at the end of the year 3	46,462,179	11,866,79

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 1. Background

#### Description of the business

These consolidated financial statements were prepared for ROS AGRO PLC (hereinafter the "Company") and its subsidiaries (hereinafter collectively with the Company, the "Group"). The Group is ultimately controlled by Mr. Vadim Moshkovich (hereinafter the "Owner"), who controls 56.2% of the issued shares in ROS AGRO PLC as at 31 December 2021 (31 December 2020: 70.7%).

The principal activities of the Group are:

- agricultural production (cultivation of sugar-beet, grain and other agricultural crops);
- cultivation of pigs and meat processing;
- processing of raw sugar and production of sugar from sugar-beet;
- vegetable oil extraction and processing.

The registered office of ROS AGRO PLC is at 25 Aphrodite Street, CY-1060, Nicosia, Cyprus.

The Group mainly operates in the Russian Federation except for goods trading activity. The subsidiaries of the Group was incorporated and is domiciled in the Russian Federation except for Ros Agro Trading Limited and Ros Agro China Limited which are incorporated in Hong Kong.

Principal subsidiaries of the Group included into these consolidated financial statements are listed below. The Group's ownership share is the same as the voting share.

		Group's share in t	
Entity	Principal activity	31 December 2021	31 December 2020
JSC Rusagro Group	Investment holding, financing	100	10
LLC Group of Companies Rusagro	Investment holding, financing	100	10
	Trading operations with goods for all		
Ros Agro Trading Limited	principal segments	100	10
LLC RusagroTechnologii	IT services	100*	-
	Sugar segment		
	Sugar division trading company,		
LLC Rusagro-Sakhar	sales operations	100	10
LLC Rusagro-Belgorod	Beet and raw sugar processing	100	10
LLC Rusagro-Tambov	Beet and raw sugar processing	100	10
JSC Krivets-Sakhar	Beet and raw sugar processing	100	10
JSC Kshenskiy Sugar Plant	Beet and raw sugar processing	100	10
JSC Otradinskiy Sugar Plant	Beet and raw sugar processing	100	10
JSC Hercules	Buckwheat processing plant	100	10
	Oil and Fat segment		
JSC Fats and Oil Integrated Works	Oil processing	100	10
JSC Samaraagroprompererabotka	Oil extraction	100	10
LLC Primorskaya Soya	Oil extraction and processing	100**	75
LLC Rusagro-Saratov	Oil processing	100	10
LLC Rusagro-Atkarsk	Oil extraction	100	10
LLC Rusagro-Balakovo	Oil extraction	100	10
	Oil and Fat raw materials		
LLC Rusagro-Zakupki	procurement	100*	
	Meat segment		
LLC Tambovsky Bacon	Cultivation of pigs	100	10
LLC Rusagro-Primorie	Cultivation of pigs	100	10
LLC Regionstroy	Construction for cultivation of pigs	100	10
220 Hogionolog	Agriculture segment	100	
LLC Rusagro-Invest	Agriculture	100	10
LLC Agrotehnology	Agriculture	100	10
JSC Primagro	Agriculture	100	10
LLC Kshenagro	Agriculture	100	10
LLC Otradaagroinvest	Agriculture	100	10
LLC Vozrozhdenie	Agriculture	100	10
LLC Agromeliorant	Production of fertilizers	100*	10
Newly incorporated companies in 2021.		100	

\*\* The Group increased ownership interest in the company LLC Primorskaya Soya to 100% by acquiring remaining 25% stake on 22 October 2021.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 1. Background (continued)

**Russian Federation.** The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 31) which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk and the commencement of military operations in Ukraine by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries against Russia. Moreover, there is an increased risk that even further sanctions may be introduced. This may have significant adverse impact on Russia's economy. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment. Also, the COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment. Management is taking necessary measures to ensure sustainability of the Group's operations and support its customers and employees. However, the future effects of the current economic situation and the above measures are difficult to predict, and management's current expectations and estimates could differ from actual results.

Although the COVID-19 pandemic had no significant impact on business activity, the Group is taking actions to reduce COVID-19 exposure and support its personnel. The specifics of the Group's business does not allow transferring all personnel to distance work. However, the Group did utmost to increase the share of employees handling their duties remotely. All employees were provided with personal protective equipment and antiseptics, and all surfaces and common areas at offices and enterprises were given additional disinfection. Maintaining business processes and additional focusing on occupational safety helped the Group to demonstrate strong operating and financial results in 2021.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

#### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, financial instruments categorized at fair value through profit or loss and at fair value through other comprehensive income, biological assets that are presented at fair value less point-of-sale costs and agricultural produce which is measured at fair value less point-of-sale costs and agricultural produce which is measured at fair value less point-of-sale costs and agricultural produce in Russia keep their accounting records in Russian Roubles in accordance with Russian accounting regulations (RAR). These consolidated financial statements significantly differ from the financial statements prepared for statutory purposes under RAR in that they reflect certain adjustments, which are necessary to present the Group's consolidated financial position, results of operations, and cash flows in accordance with IFRS as adopted by the EU.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below in Note 2.2.

#### 2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

#### Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2021 would be to increase it by RR 1,201,860 or decrease it by RR 1,468,940 (2020: increase by RR 894,928 or decrease by RR 1,093,800).

#### Fair value of livestock and agricultural produce

The fair value less estimated point-of-sale costs of livestock at the end of each reporting period is determined using the physiological characteristics of the animals, management expectations concerning the potential productivity and market prices of animals with similar characteristics. The fair value of the Group's bearer livestock is determined by using valuation techniques, as there were no observable market prices near the reporting date for pigs and cows of the same physical conditions, such as weight and age. The fair value of the bearer livestock was determined based on the expected quantity of remaining farrows and calves for pigs and cows, respectively, and the market prices of the young animals. The fair value of the production usage. The cash flow was calculated based on the actual prices of sales of culled animals from the Group's entities to independent processing enterprises taking place near the reporting date at a current market-determined pre-tax rate. In the fair value calculation of the immature animals of bearer livestock management considered the expected weight of the animals.

Key inputs used in the fair value measurement of bearer livestock of the Group were as follows:

	31 December 2021		31 December 2020		020	
	Cows	Pigs (sows)	Pigs (boars)	Cows	Pigs (sows)	Pigs (boars)
Length of production usage in calves / farrows	_*	6	-	5	5	-
Market prices for comparable bearer livestock in the same region (in Russian Roubles/kg, excl. VAT)	_*	217	715	184	197	453

\* Cows were bred for the purpose of production of milk and in 2021 were sold to external party.

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#### 2. Summary of significant accounting policies (continued)

#### 2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Should the key assumptions used in determination of fair value of bearer livestock have been 10% higher/lower with all other variables held constant, the fair value of the bearer livestock as at the reporting dates would be higher or lower by the following amounts:

	31 Decem	1ber 2021	31 December 2020	
	10%	10%	10%	10%
Couro	increase	decrease	increase	decrease
Cows				
Length of production usage in calves	-*	-*	2,489	(3,026)
Market prices for comparable bearer livestock in the same region	-*	-*	10,252	(10,252)
Pigs				
Length of production usage in farrows	66.079	(51.082)	50.090	(26,316)
Market prices for comparable bearer livestock in the same region	212,238	(212,238)	153,003	(153,003)

\* Cows were bred for the purpose of production of milk and in 2021 were sold to external party.

The fair value of consumable livestock (pigs) is determined based on the market prices multiplied by the livestock weight at the end of each reporting period, adjusted for the expected culling rates. The average market price of consumable pigs being the key input used in the fair value measurement was 101.7 Russian Roubles per kilogram, excluding VAT, as at 31 December 2021 (31 December 2020: 88.7 Russian Roubles per kilogram, excluding VAT).

Should the market prices used in determination of fair value of consumable livestock have been 10% higher/lower with all other variables held constant, the fair value of the consumable livestock as at 31 December 2021 would be higher/lower by RR 583,222 (31 December 2020: RR 465,891).

The fair value less estimated point-of-sale costs for agricultural produce at the time of harvesting was calculated based on quantities of crops harvested and the prices on deals that took place in the region of location on or about the moment of harvesting and was adjusted for estimated point-of-sale costs at the time of harvesting.

The average market prices (Russian Roubles/tonne, excluding VAT) used for fair value measurement of harvested crops were as follows:

	2021	2020
Sugar beet	3.677	3,512
Wheat	12,907	10,995
Barley	11,262	9,100
Sunflower	37,211	29,726
Corn	14,984	13,302
Soya bean	47,078	32,797
Rapeseed	46,375	-

Should the market prices used in determination of fair value of harvested crops have been 10% higher/lower with all other variables held constant, the fair value of the crops harvested in 2021 would be higher/lower by RR 4,041,059 (2020: RR 3,237,356).

The fair value less estimated point-of-sale costs for unharvested crops as at 31 December 2021 was calculated based on expected yield, degree of readiness for each crop and the forward market prices. As at 31 December 2020 unharvested crops were carried at the accumulated costs incurred, which approximated the fair value.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

The average forward market prices (Russian Roubles/tonne, excluding VAT) used for fair value measurement of unharvested crops at 31 December 2021 were as follows:

	2021
Winter wheat	13,001
Winter rapeseed	45,568

Should the forward market prices used in determination of fair value of growing crops have been 10% higher/lower with all other variables held constant, the fair value of the crops as of 31 December 2021 would be higher/lower by RR 181,700.

#### Fair value of investment in LLC GK Agro-Belogorie

Key inputs and assumptions used in the fair value measurement of investment in LLC GK Agro-Belogorie are disclosed in Note 10 and Note 30. Change in fair value of investment in LLC GK Agro-Belogorie is accounted within Fair value reserve line of Statement of financial position.

#### Estimated impairment of goodwill

The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units ("CGUs") have been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 25.

#### Deferred income tax asset recognition

The recognised deferred income tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable and in relation to losses carried forward it is also based on management judgement about deductibility of expenses included in the related profit tax base. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. The key assumptions in the business plan are EBITDA margin and pre-tax discount rate (Notes 25, 26).

#### Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 31).

#### Assessment of existence of control over the Group of companies Solnechnye producty

Management assessed the existence of control over Group of companies Solnechnye producty (hereinafter – "Solnechnye producty") in terms of control criteria set out in IFRS 10. The Group's rights in relation to Solnechnye producty being in the stage of bankruptcy are by nature protective and do not result in power over investee. Additionally, the Group has no ability to exercise its rights in order to influence variable returns from Solnechnye producty, meaning that at least two essential control existence criteria are not met. Thus, management of the Group believes that control over Solnechnye producty does not exist.

#### Estimated credit loss measurement of loans issued to Solnechnye producty

Key inputs and assumptions used in the estimated credit loss measurement of loans issued to Solnechnye producty are disclosed in Note 15.

#### Depreciation of right-of-use assets

Extension and termination options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of buildings, machinery, equipment and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As for the land leases historical lease durations were used in determining the terms of right-of-use assets depreciation. Based on the management assessment and previous experience, lease term was set as 10 years as a minimum for the contracts with prolongation option.

#### Discount rates used for determination of lease liabilities

The Group uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined. The Group's incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

10% increase in discount rate at 31 December 2021 would result in a decrease in lease liabilities of RR 271,024 (31 December 2020: RR 253,307). 10% decrease in discount rate at 31 December 2021 would result in an increase in lease liabilities of RR 299,321 (31 December 2020: RR 283,833).

#### 2.3 Foreign currency and translation methodology

#### Functional and presentation currency

The functional currency of the Group's consolidated entities is the Russian Rouble (RR), which is the currency of the primary economic environment in which the Group operates. The Russian Rouble has been chosen as the presentation currency for these consolidated financial statements.

#### Translation of foreign currency items into functional currency

Transactions in foreign currencies are translated to Russian Roubles at the official exchange rate of the Central Bank of the Russian Federation (CBRF) at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities at yearend exchange rates are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other operating income/(expenses), net'. Translation at yearend rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on nonmonetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss. ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

- 2. Summary of significant accounting policies (continued)
- 2.4 Group accounting

#### Consolidation

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The Group measures non-controlling interest on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the fair value of net assets of the acquiree from the aggregate of the fair value of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill, bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement. The consideration transferred for the acquiset is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carquisition and all other transaction costs areasted with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

#### Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of changes in net asset of investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.4 Group accounting (continued)

in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate is equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### Purchases of non-controlling interest

The Group applies the economic entity model to account for transactions with owners of non-controlling interest. The difference, if any, between the carrying amount of a non-controlling interest acquired and the purchase consideration is recorded as capital transaction in the consolidated statements of changes in equity.

#### Purchases of subsidiaries from parties under common control

Business combinations involving entities under common control (ultimately controlled by the same party, before and after the business combination, and that control is not transitory) are accounted for using the predecessor basis of accounting. Under this method the consolidated financial statements of the acquiree are included in the consolidated financial statements from the beginning of the earliest period presented or, if later, the date when common control was established. The assets and liabilities of the subsidiary transferred under common control are accounted for at the predecessor entity's IFRS carrying amounts using uniform accounting policies on the assumption that the Group was in existence from the date when common control was established. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to retained earnings within equity.

#### Disposals of subsidiaries and associates

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### 2.5 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and provision for impairment, if any.

Assets under construction are accounted for at purchase cost less provision for impairment, if required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing a major part or component of property, plant and equipment items is capitalized and the replaced part is retired.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the consolidated financial statements. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit or loss for the year within other operating ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

income and expenses.

2.6 Depreciation

Depreciation on property, plant and equipment other than land and assets under construction is calculated using the straight-line method to allocate their cost to the residual values over their estimated useful lives:

Asset category	Useful life, years
Buildings	15-50
Constructions	5-50
Machinery, vehicles and equipment	2-20
Other	4-6

Assets are depreciated on a straight-line basis from the month following the date they are ready for use.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

#### 2.7 Biological assets and agricultural produce

Biological assets of the Group consist of unharvested crops (grain crops, sugar beets and other plant crops) and pigs livestock.

Livestock is measured at their fair value less estimated point-of-sale costs. Fair value at initial recognition is assumed to be approximated by the purchase price incurred. Point-of-sale costs include all costs that would be necessary to sell the assets. All the gains or losses arising from initial recognition of biological assets and from changes in fair-value-less-cost-to-sell of biological assets less the amounts of these gains or losses related to the realised biological assets are included in a separate line "Net gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line.

At the year-end unharvested crops are measured at fair value less estimated point-of-sale costs. A gain or loss from the changes in the fair value less estimated point-of-sale costs of unharvested crops less the amount of such gain or loss related to the realisation of agricultural products is included as a separate line "Net gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line.

Upon harvest, grain crops, sugar beets and other plant crops are included into inventory for further processing or for sale and are initially measured at their fair value less estimated point-of-sale costs at the time of harvesting. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs of unharvested crops less the amount of such gain or loss related to the realisation of agricultural products is recognised in profit or loss in the period in which it arises.

Bearer livestock is classified as non-current assets; consumable livestock and unharvested crops are classified as current assets in the consolidated statement of financial position.

#### 2.8 Goodwill

Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.9 Intangible assets

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software, patents, trademarks and licences. Acquired computer software licences, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Intangible assets are amortised using the straight-line method over their useful lives:

Asset category	Useful life, years
Trademarks	5-12
Software licences	1-3
Capitalised internal software development costs	3-5
Other licences	1-3

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

#### 2.10 Impairment of non-current assets

The Group's non-current assets except for deferred income tax, biological assets and financial assets are tested for impairment in accordance with the provisions of IAS 36, Impairment of Assets. The Group makes an assessment whether there is any indication that an asset may be impaired at each reporting date, except for goodwill which is tested at least annually regardless of whether there are any indications of impairment. If any such indication exists, an estimate of the recoverable amount of the asset is made. IAS 36 requires an impairment loss to be recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its life.

#### 2.11 Financial instruments

#### Financial instruments – key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.11 Financial instruments (continued)

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

#### Initial recognition and measurement of financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets and liabilities are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### Financial assets – classification and subsequent measurement – measurement categories

The Group classifies financial assets in the following measurement categories: fair value through profit and loss, fair value through other comprehensive income and amortised cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. Equity investments at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

#### Financial assets – classification and subsequent measurement – business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows,") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at fair value through profit and loss.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.11 Financial instruments (continued)

#### Financial assets - classification and subsequent measurement - cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (SPPI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit and loss. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

All financial instruments except those that are measured at fair value meet the SPPI criteria and are recognised at amortised cost. The Group has some instruments that meet SPPI and are held for trading and to collect,those that are recognised at fair value through profit and loss and at fair value through other comprehensive income.

#### Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

#### Financial assets impairment - credit loss allowance for expected credit loss

The Group assesses, on a forward-looking basis, the expected credit loss for debt instruments measured at amortised cost and fair value through other comprehensive income and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures expected credit loss and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of expected credit loss reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions. ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.11 Financial instruments (continued)

Debt instruments measured at amortised cost and contract assets are presented in the consolidated statement of financial position net of the allowance for expected credit loss. For loan commitments and financial guarantees, a separate provision for expected credit loss is recognised as a liability in the consolidated statement of financial position. For debt instruments at fair value through other comprehensive income, changes in amortised cost, net of allowance for expected credit loss, are recognised in profit or loss and other changes in carrying value are recognised in other comprehensive income as gains less losses on debt instruments at fair value through other comprehensive income.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Group identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its expected credit loss is measured based on expected credit loss on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any. Refer to Note 30 for a description of how the Group determines when a significant increase in credit risk has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its expected credit loss. The Group's definition of credit impaired assets and definition of default is explained in Note 30. For financial assets that are purchased or originated credit loss information about inputs, assumptions and estimation techniques used in measuring expected credit loss, including an explanation of how the Group incorporates forward-looking information in the expected credit loss.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

**Financial assets – write-off.** Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

#### Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.11 Financial instruments (continued)

**Financial assets – modification.** The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

#### Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at fair value through profit and loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

#### Financial liabilities designated at fair value through profit and loss

The Group may designate certain liabilities at fair value through profit and loss at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in other comprehensive income and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

#### Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy. There were no offsets of financial assets and liabilities as at 31 December 2021.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

#### Presentation of results from sugar trading derivatives

The Group was engaged in raw sugar derivative trading transactions through an agent on ICE Futures US primarily in order to manage the raw sugar purchase price risk (Note 30). As such transactions are directly related to the core activity of the Group, their results are presented above gross profit as 'Net gain from trading derivatives' in the consolidated statement of profit or loss and other comprehensive income. Management believes that the presentation above gross profit line appropriately reflects the nature of derivative operations of the Group.

#### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash held on demand with banks, bank deposits with original maturity of less than three months, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit and loss. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in non-current assets.

#### 2.13 Investments

Bank deposits with original maturities of more than three months and less than twelve months are classified as short-term investments and are carried at amortised cost using the effective interest method.

Bank deposits with original maturity of more than twelve months are classified as long-term and are carried at amortised cost.

Bond held for trading are securities which are acquired solely to generate a profit from short-term fluctuations in price or trader's margin or are included in a portfolio in which a pattern of short-term trading exists. These financial assets are classified as part of "other" business model and measured at fair value through profit and loss. Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assess were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

#### 2.14 Prepayments

Prepayments classified as current assets represent advance payments to suppliers for goods and services. Prepayments for construction or acquisition of property, plant and equipment and prepayments for intangible assets are classified as non-current assets. Prepayments are carried at cost less provisions for impairment, if any. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

#### 2.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.15 Inventories (continued)

Raw materials intended for the operating activities of the Group, finished goods and work in progress are classified as current assets. Materials intended for construction are classified as non-current assets as "Inventories intended for construction".

#### 2.16 Borrowings

Borrowings are recognised initially at their fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between the amount at initial recognition and the redemption amount is recognised as interest expense over the period of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

#### 2.17 Trade and other payables

Trade and other payables are recognised when the counterparty has performed its obligations under the contract, and are carried at amortised cost using the effective interest method.

#### 2.18 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to purchases where all the specified conditions for recovery have not been met yet is recognised in the consolidated statements of financial position and disclosed separately within other taxes receivable, while input VAT that has been claimed is netted off with the output VAT payable. Where provision has been made for impairment of receivables, impairment loss is recorded for the goods amount of the debtor, including VAT.

#### 2.19 Other taxes payable

Other taxes payable comprises liabilities for taxes other than on income outstanding at the reporting date, accrued in accordance with legislation enacted or substantively enacted by the end of the reporting period.

#### 2.20 Income tax

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge or credit comprises current tax and deferred income tax and is recognised in profit or loss for the year.

#### Current tax

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

2.20 Income tax (continued)

#### Deferred income tax

Deferred income tax is provided in full, using the balance sheet liability method, on tax losses carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred income taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred income tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are netted only within the individual companies of the Group.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

#### 2.21 Employee benefits

#### Payroll costs and related contributions

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year, in which the associated services are rendered by the employees of the Group.

#### Pension costs

The Group contributes to the Russian Federation state pension fund on behalf of its employees and has no obligation beyond the payments made. The contribution was approximately 21.1% (2020: 21.2%) of the employees' gross pay and is expensed in the same period as the related salaries and wages.

The Group does not have any other legal or constructive obligation to make pension or other similar benefit payments to its employees.

#### Share-based payment transactions

The Group accounts for share-based compensation in accordance with IFRS 2, Share-based Payment. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted measured at the grant date. For share-based compensation made to employees by shareholders, an increase to share-based payment reserve in equity is recorded equal to the associated compensation expense each period.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.22 Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs. Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### 2.23 Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of discounts and value added taxes.

**Sales of goods.** Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

If the Group provides any additional services to the customer after control over goods has passed, revenue from such services is considered to be a separate performance obligation and is recognised over the time of the service rendering.

Contract assets and liabilities are not separately presented in the consolidated statement of financial position as they are not material.

**Commodity loans.** The Group provides and obtains commodity loans from other grain traders at the point of transhipment by entering into sales and purchase agreements. Commodity loans are usually returned within several months by reverse transactions between the same parties on identical terms.

These transactions are in substance commodity loans, rather than sale and purchase transactions. Therefore, revenue and cost of sales attributable to these transactions are eliminated from the consolidated statement of profit or loss and other comprehensive income.

No commodity loans were obtained/provided in 2021.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

#### 2.23 Revenue recognition (continued)

#### Sales of transportation services.

Revenue from providing transportation services is recognised in the accounting period in which these services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Interest income. Interest income is recorded for all debt instruments, other than those at fair value through profit and loss on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate. Interest income on debt instruments at fair value through profit and loss calculated at nominal interest rate is presented within 'finance income' line in profit or loss.

### 2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

#### 2.25 Government grants

Government grants comprise compensation of interest expense under bank loans and government grants relating to costs and property, plant and equipment.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grants relating to costs are deferred and recognised in profit or loss as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Compensation of interest expense under bank loans is credited to profit or loss over the periods of the related interest expense unless this interest was capitalised into the carrying value of assets in which case it is included in non-current liabilities as government grants and credited to profit or loss on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

The differences between nominal and market interest rate is recognized as interest expenses and government grants in the consolidated statement of profit or loss and other comprehensive income or in the consolidated statement of financial position.

Government grants are recognized at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants cash inflows are presented in the financing activities section of the consolidated statement of cash flows.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.26 Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved, appropriately authorised and are no longer at the discretion of the Group. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

#### 2.27 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration receivable over the par value of shares issued is recorded as share premium in equity. Share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

#### 2.28 Treasury shares

Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are cancelled, reissued or disposed of. Where such equity instruments are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

#### 2.29 Amendments of the consolidated financial statements after issue

Any changes to these consolidated financial statements after issue require approval of the Group's management and the Board of Directors who authorised these consolidated financial statements for issue.

#### 2.30 Right-of-use assets

The Group leases various land, buildings, machinery, equipment and vehicles. Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Useful lives of right-of-use of land is limited by contract terms but are not less than 10 years for contracts with prolongation option (Note 12). Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	1 to 50
Buildings	1 to 20
Machinery and equipment	1 to 7
Vehicles	1 to 5

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

#### 2.31 Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of land plots, buildings, machinery, equipment and vehicles across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take place, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of RR 300 or less.

#### 2.32 Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021.

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 2. Summary of significant accounting policies (continued)

#### 2.32 Adoption of new or revised standards and interpretations (continued)

The following amended standard became effective from 1 January 2021, but did not have any material impact on the Group:

The Group has initially adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 1 January 2021.

The Group applied the Phase 2 amendments retrospectively. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

The following amended standard became effective from 1 April 2021, but did not have any material impact on the Group:

The Group has adopted COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 issued in March 2021. Prior to this amendment IFRS 16 introduced an optional practical expedient with limited applicability period for leases in which the Group is a lesse – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The amendment in 2021 extended the availability of the practical expedient by one year. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2021

#### New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

#### Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that there will be no uncompleted contracts before the amendments become effective.

## Deferred Income Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) $\,$

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred income tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred income tax on leases applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred income tax impacts are presented net in the consolidated statement of financial position. Under the amendments, the Group will recognise a separate deferred income tax asset and a deferred income tax liability. As at 31 December 2021, the taxable temporary difference in relation to the right-of-use asset is RR 7,346,538 (Note 12) and the deductible temporary difference in relation to the lease liability is RR 6,665,845 (Note 12), resulting in a net deferred income tax liability of RR 50,718 (Note 26). Under the amendments, the Group will present a separate deferred income tax liability of RR 394,803 and a deferred income tax asset of RR 344,085. There will be no impact on retained earnings on adoption of the amendments. ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

#### 2.32 Adoption of new or revised standards and interpretations (continued)

#### Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

The Group's Board of Directors assesses the impact of new standards and interpretations at the point when these are endorsed by the European Union. The new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

#### 3. Cash and cash equivalents

	31 December 2021	31 December 2020	
Bank balances receivable on demand	456,816	2,597,065	
Cash in transit	-	234,798	
Bank deposits with original maturity of less than three months	46,004,535	9,034,370	
Cash in hand	828	565	
Total cash and cash equivalents	46,462,179	11,866,798	

The Group had the following currency positions:

	31 December 2021	31 December 2020
Russian Roubles	46,318,693	11,290,200
Euro	91,844	24,413
US Dollars	51,496	552,065
Other	146	120
Total	46,462,179	11,866,798

The weighted average interest rate on cash at bank balances in Russian Roubles presented within cash and cash equivalents was 9.38% at 31 December 2021 (31 December 2020: 5.15%).

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#### 4. Short-term investments

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	31 December 2021	31 December 2020	
Bank deposits with original maturity over three months	18.519.392	-	
Loans issued to third parties (Note 15)	2.119.893	19.137.343	
Interest receivable on long-term bonds held to collect (Note 10)	221,734	218,057	
Bonds held to collect	140,741	197,523	
Interest receivable on bonds held for trading (Note 10)	-	7,908	
Other short-term investments	-	22,692	
Total	21,001,760	19,583,523	

As at 31 December 2021 the bank deposits within short-term investments are denominated in Russian Roubles.

As at 31 December 2021 the interest rates on bank deposit denominated in Russian Roubles within

short-term investments vary between 6.5% and 7.75%. As at 31 December 2021 the weighted average interest rate on the bank deposits equals 6.92%.

As at 31 December 2021, the Group has bonds held to collect. The table below shows the rating and balances of bonds held to collect at 31 December 2021:

		31 December 2021		31 December 2020	
	Rating agency	Rating	Balance	Rating	Balance
PJSC VTB Bank	S&P			bbb	25.308
PJSC Magnit	S&P			bb	136,662
PJSC MegaFon	Fitch Ratings			bb+	35,553
PJSC Vimpelcom	Fitch Ratings	bbb-	140,741	-	-
Total bonds to collect	-		140,741		197,523

#### 5. Trade and other receivables

	31 December 2021	31 December 2020	
Trade receivables	12,294,677	8,508,956	
Other	548,016	469,167	
Less: credit loss allowance (Note 30)	(842,375)	(148,322)	
Total financial assets within trade and other receivables	12,000,318	8,829,801	
Deferred charges	558,083	682,485	
Total trade and other receivables	12,558,401	9,512,286	

The above financial assets within trade and other receivables are denominated in the following currencies:

31 December 2021	31 December 2020
8,996,307	7,273,692
2,717,063	1,501,230
286,948	54,879
12,000,318	8,829,801
	8,996,307 2,717,063 286,948

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 5. Trade and other receivables (continued)

The credit loss allowance for trade and other receivables is determined according to the provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due.

		31 December 2021		31 December 2020	
	Loss rate	Gross carrying amount	Lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss
Trade receivables					
- current	-	10.009.400		6.656.734	-
- less than 90 days overdue	2%	1,054,217	24.000	685,795	22.742
- 91 to 180 days overdue	100%	31,516	31,516	1.553	1,553
- 181 to 360 days overdue	100%	12.834	12.834	27,592	27,592
- over 360 days overdue	100%	678,821	678,821	24,958	24,958
Total trade receivables (gross					
carrying amount)		11,786,788	747,171	7,396,632	76,845
Credit loss allowance		747,171		76,845	
Total trade receivables from contracts					
with customers (carrying amount)		11,039,617		7,319,787	
Other receivables					
		450.044		207.002	
- current - less than 90 days overdue	- 100%	452,811 59.245	- 59.244	387,983 35.612	25.905
- 91 to 180 days overdue	100%	59,245 919	59,244 919	5.729	25,905
- 181 to 360 days overdue	100%	4,263	4.263	5,729	5,729
- over 360 days overdue	100%	30.778	30,778	34.804	34,804
Total other receivables	100 /0	548,016	95.204	469.167	71,477
Total other receivables		040,010	55,204	409,107	71,477
Credit loss allowance		95,204		71,477	
Total other receivables (carrying				,	
amount)		452,812		397,690	

The Group did not recognise any expected credit loss allowance for trade receivables in the amount of RR 507,889 because of excess of collateral value over the gross carrying value of these receivables as at 31 December 2021 (Note 15) (31 December 2020: RR 1,112,324).

The following table explains the changes in the credit loss allowance for trade and other receivables under the simplified expected credit loss model between the beginning and the end of the annual period:

	Trade receivables	Other receivables
As at 1 January 2021	76,845	71,477
Accrued	670,589	31,848
Utilised	(263)	(8,121)
As at 31 December 2021 (Note 30)	747,171	95,204
	Trade receivables	Other receivables
As at 1 January 2020	239,248	112,014
(Reversed)	(13,285)	(12,023)
Utilised	(149,118)	(28,514)
As at 31 December 2020 (Note 30)	76.845	71.477

The majority of the Group's trade debtors are proven counterparties with whom the Group has long-lasting sustainable relationships.

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### ROS AGRO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 6. Prepayments

Prepayments classified as current assets represent the following advance payments:

	31 December 2021	31 December 2020
Prepayments for other materials	1,338,778	554,650
Prepayments for transportation services	1,038,156	677,737
Prepayments to customs	794,204	6,245
Prepayments for fuel and energy	775,258	361,373
Prepayments for raw material	757.701	574.698
Prepayments under insurance contracts	339.334	299,138
Prepayments for advertising expenses	146,974	130.272
Prepayments for rent	89.471	127.639
Prepayments for animals	44,915	70.634
Other prepayments	276.884	207.803
Less: provision for impairment	(187,643)	(68,965)
Total	5,414,032	2,941,224

Reconciliation of movements in the prepayments' impairment provision:

	2021	2020
As at 1 January	68,965	34,936
Accrued	121,714	38,900
Utilised	(3,036)	(4,871)
As at 31 December	187,643	68,965

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As at 31 December 2021 prepayments classified as non-current assets and included in the "Advances paid for property, plant and equipment" line in the consolidated statement of financial position in the amount of RR 7,355,467 (31 December 2020: RR 6,905,003) and represent advance payments for construction works and purchases of production equipment.

### 7. Other taxes receivable

	31 December 2021	31 December 2020
Value added tax receivable	8,290,440	5,463,711
Other taxes receivable	30,753	42,964
Total	8,321,193	5,506,675

#### 8. Inventories

	31 December 2021	31 December 2020
Finished goods	39,281,443	30,298,732
Raw materials	26,874,508	30,337,027
Work in progress	4,764,294	3,041,868
Less: provision for write-down to net realisable value	(1,163,882)	(411,238)
Total	69,756,363	63,266,389

As at 31 December 2021 the value of finished goods increased mainly as a result of higher cost of Oil and Fats products and higher fair value of harvested crops. Effect on inventory was partially offset by lower raw materials due to decrease of sunflower seeds stocks.

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 9. Biological assets

The fair value of biological assets belongs to level 3 measurements in the fair value hierarchy. Pricing model is used as a valuation technique for biological assets fair value measurement. There were no changes in the valuation technique during the years ended 31 December 2021 and 2020. The reconciliation of changes in biological assets between the beginning and the end of the year can be presented as follows:

### Short-term biological assets

	Consumable livestock, pigs	Unharvested crops	Total
As at 1 January 2020	3,809,318	1,016,531	4,825,849
Increase due to purchases and gain arising from cost			
inputs	24,243,682	17.939.612	42,183,294
Gain on initial recognition of agricultural produce	-	14,279,563	14,279,563
Lost harvest written-off (Note 23)	-	(188,536)	(188,536)
Decrease due to harvest and sales of the assets	(23,971,389)	(32,185,021)	(56,156,410)
Gain arising from changes in fair value less estimated			, , , ,
point-of-sale costs	791,219	-	791,219
As at 31 December 2020	4,872,830	862,149	5,734,979
Increase due to purchases and gain arising from cost			
inputs	31,347,531	19,423,838	50,771,369
Gain on initial recognition of agricultural produce	-	21,756,917	21,756,917
Lost harvest written-off (Note 23)	-	(272,407)	(272,407)
Decrease due to harvest and sales of the assets	(30,070,060)	(40,138,183)	(70,208,243)
Loss arising from changes in fair value less estimated			
point-of-sale costs	(29,945)	-	(29,945)
As at 31 December 2021	6,120,356	1,632,314	7,752,670

#### Long-term biological assets

	Be	arer livestock	
-	Pigs	Cows	Total
As at 1 January 2020	2,154,000	125,335	2,279,335
Increases due to purchases and breeding costs of			
growing livestock	1,635,760	30,496	1,666,256
Decreases due to sales	(535,120)	(40,313)	(575,433)
Loss arising from changes in fair value less estimated	· · · /	( . ,	,
point-of-sale costs	(839,406)	(2,624)	(842,030)
As at 31 December 2020	2,415,234	112,894	2,528,128
Increases due to purchases and breeding costs of			
growing livestock	572,677	40,097	612,774
Decreases due to sales	(359,228)	(145,264)	(504,492)
Gain/(Loss) arising from changes in fair value less	( , ,	· · · /	· · · /
estimated point-of-sale costs	116,180	(7,727)	108,453
As at 31 December 2021	2,744,863	-	2,744,863

In 2021 the aggregate gain on initial recognition of agricultural produce and from the change in fair value less estimated point-of-sale costs of biological assets amounted to RR 21,835,425 (2020: RR 14,228,752).

Included in the above amounts there are gains related to realised biological assets and agricultural produce amounting to RR 18,426,116 (2020: RR 8,338,305).

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 9. Biological assets (continued)

Livestock population were as follows:

	31 December 2021	31 December 2020
Cows (heads)	-	2,032
Pigs within bearer livestock (heads)	135,545	130,229
Pigs within consumable livestock (tonnes)	64,068	59,016

Cows were bred for the purpose of production of milk, in 2021 they were sold to external party. In 2021 the milk produced amounted to 3,569 tonnes (2020: 7,080 tonnes).

In 2021 total area of arable land amounted to 604 thousand ha (2020: 559 thousand ha).

The main crops of the Group's agricultural production and output were as follows (in thousands of tonnes):

	2021	2020
Sugar beet	3.637	2,889
Wheat	713	1,007
Barley	2	78
Sunflower	72	67
Corn	163	110
Soya bean	341	284

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Key inputs in the fair value measurement of the livestock and the agricultural crops harvested together with sensitivity to reasonably possible changes in those inputs are disclosed in Note 2.2.

As at 31 December 2021 biological assets with a carrying value of RR 417,669 (2020: RR 1,397,922) were pledged as collateral for the Group's borrowings (Note 15).

The Group is exposed to financial risks arising from changes in meat and crops prices. The Group does not anticipate that crops and meat prices will decline significantly in the foreseeable future except some seasonal fluctuations and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in respective prices. The Group reviews its outlook for meat and crops prices regularly in considering the need for active financial risk management.

#### 10. Long-term investments

	31 December 2021	31 December 2020
Bonds held to collect (Note 15)	19,900,000	19,900,000
Bank deposits with maturity over twelve months	14,071,101	14,070,635
Investments in third parties	8,556,556	8,556,556
Bonds held for trading (Note 15)	-	165,129
Total	42,527,657	42,692,320

The above long-term investments are denominated in Russian Roubles. Interest receivable on bonds to collect is disclosed in Note 4.

As at 31 December 2021 bank deposits in the amount of RR 13,900,000 (31 December 2020: RR 13,900,000) were pledged as collateral for the Group's borrowings.

Bank deposits include a restricted deposit in Vnesheconombank in the amount of RR 13,900,000 which could not be withdrawn till 27 November 2028 (Note 15).

Bonds held to collect include restricted bonds in Rosselkhozbank in the amount of RR 19,900,000 which could not be withdrawn till 22 November 2038 (Note 15).

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 10. Long-term investments (continued)

On 20 August 2019 the Group acquired 22.5% of ownership interest in LLC GK Agro-Belogorie, one of the largest pork producers in Russia and a large landholder in Belgorod region. Total cash consideration transferred under the deal amounted to RR 8,500,000.

Key business areas of investee include industrial pig farming and meat processing, milk livestock, crop and feed production.

Investment in LLC GK Agro-Belogorie is classified as investment at fair value through other comprehensive income. The management considers that the Group does not have significant influence over LLC GK Agro-Belogorie due the following:

- The Group has no power to appoint the members of the board of directors or equivalent governing body of LLC GK Agro-Belogorie;
- Group management does not participate in the policy-making processes, including decisions about dividends or other distributions;
- There were no material transactions or interchange of managerial personnel between the Group and LLC GK Agro-Belogorie since the share acquisition date;
- No essential technical information was interchanged between the Group and LLC GK Agro-Belogorie.

The fair value of the investment determined applying the level 3 valuation model amounted to RR 8,500,000 at acquisition date.

Subsequent to the initial recognition this investment is measured at fair value through other comprehensive income. As at 31 December 2021 the fair value of the acquired investment amounted to RR 8,556,556 (31 December 2020: RR 8,556,556). The fair value of the investment has not changed significantly since 2020.

The fair value of the investment has been determined based on discounted cash flow calculation using the actual financial data and budgets of LLC GK Agro-Belogorie covering a five-year period and the expected market prices for the key products for the same period according to leading industry publications. Cash flows beyond the five-year period were projected with a long-term growth rate of 1.8% per annum).

The assumptions used for calculation and sensitivity of fair value measurement are presented in Note 30.

Bonds held to collect were denominated in Russian Roubles and mature in 2038. Nominal interest rate on bonds equals 10.5%. Bonds held for trading were acquired with the intention of generating a profit from short-term price fluctuations and for the purpose of these consolidated financial statements were classified as trading investments with measurement at fair value through profit or loss.

The table below shows the rating and balances of bonds held for trading and bonds held to collect:

		31 D	ecember 2021	31 Dec	ember 2020
	Rating agency	Rating	Balance	Rating	Balance
Rosselkhozbank	Fitch Ratings	bbb-	19,900,000	bbb-	19,900,000
VimpelCom Ltd	Fitch Ratings		-	bbb-	142,205
LLC Lenta	Fitch Ratings		-	bb+	22,924
Total bonds (Note 10)			19,900,000		20,065,129

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 11. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Land	Machinery, vehicles and equipment	Buildings and constructions	Assets under construction	Other	Total
Cost (Note 2.5)						
As at 1 January 2020	8,340,021	57,947,352	42,134,202	18,776,155	238,571	127,436,301
Additions	412,553	2,180,363	247,729	14,262,182	29,416	17,132,243
Transfers	-	3,596,649	12,554,965	(16,163,200)	11,586	-
Disposals	(21,624)	(664,621)	(175,781)	(167,736)	(17,508)	(1,047,270)
As at 31 December 2020	8,730,950	63,059,743	54,761,115	16,707,401	262,065	143,521,274
Accumulated						
depreciation (Note 2.6)						
As at 1 January 2020	-	(33,894,623)	(12,727,333)	-	(184,862)	(46,806,818)
Charge for the year	-	(6,667,902)	(3,138,494)	-	(37,807)	(9,844,203)
Disposals	-	590,912	41,526	-	16,397	648,835
As at 31 December 2020	-	(39,971,613)	(15,824,301)	-	(206,272)	(56,002,186)
Net book value as at 31 December 2020	8.730.950	23,088,130	38,936,814	16,707,401	55.793	87,519,088
	Land	Machinery, vehicles and	Buildings and	Assets under construction	Other	Total
	Land	vehicles and			Other	Total
Cost (Note 2.5)		vehicles and equipment	and constructions	construction		
As at 1 January 2021	8,730,950	vehicles and equipment 63,059,743	and constructions 54,761,115	construction 16,707,401	262,065	143,521,274
As at 1 January 2021 Additions		vehicles and equipment 63,059,743 19,772,434	and constructions 54,761,115 9,484,566	16,707,401 15,768,265	262,065 68,545	
As at 1 January 2021 Additions Transfers	8,730,950 1,021,851	vehicles and equipment 63,059,743 19,772,434 2,692,253	and <u>constructions</u> 54,761,115 9,484,566 1,288,521	construction 16,707,401 15,768,265 (4,003,480)	262,065 68,545 22,706	143,521,274
As at Ì Januarý 2021 Additions Transfers Disposals	8,730,950	vehicles and equipment 63,059,743 19,772,434	and constructions 54,761,115 9,484,566	16,707,401 15,768,265	262,065 68,545	143,521,274
As at 1 January 2021 Additions Transfers Disposals <b>As at 31 December</b>	8,730,950 1,021,851 - (254,764)	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586)	and <u>constructions</u> 54,761,115 9,484,566 1,288,521 (161,710)	construction 16,707,401 15,768,265 (4,003,480) (656,053)	262,065 68,545 22,706 19,625	143,521,274 46,115,661 - (2,619,488)
As at 1 January 2021 Additions Transfers Disposals <b>As at 31 December</b>	8,730,950 1,021,851	vehicles and equipment 63,059,743 19,772,434 2,692,253	and <u>constructions</u> 54,761,115 9,484,566 1,288,521	construction 16,707,401 15,768,265 (4,003,480)	262,065 68,545 22,706	143,521,274 46,115,661
As at 1 Januarý 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated	8,730,950 1,021,851 - (254,764)	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586)	and <u>constructions</u> 54,761,115 9,484,566 1,288,521 (161,710)	construction 16,707,401 15,768,265 (4,003,480) (656,053)	262,065 68,545 22,706 19,625	143,521,274 46,115,661 - (2,619,488)
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6)	8,730,950 1,021,851 - (254,764)	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) 83,957,844	and constructions 54,761,115 9,484,566 1,288,521 (161,710) 65,372,492	construction 16,707,401 15,768,265 (4,003,480) (656,053)	262,065 68,545 22,706 19,625 <b>372,941</b>	143,521,274 46,115,661 (2,619,488) 187,017,447
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6) As at 1 January 2021	8,730,950 1,021,851 (254,764) 9,498,037	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) 83,957,844 (39,971,613)	and <u>constructions</u> 54,761,115 9,484,566 1,288,521 (161,710) <b>65,372,492</b> (15,824,301)	construction 16,707,401 15,768,265 (4,003,480) (656,053) 27,816,133	262,065 68,545 22,706 19,625 <b>372,941</b> (206,272)	143,521,274 46,115,661 (2,619,488) <b>187,017,447</b> (56,002,186)
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6) As at 1 January 2021 Charge for the year	8,730,950 1,021,851 - (254,764)	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) 83,957,844 (39,971,613) (9,052,685)	and constructions 54,761,115 9,484,566 1,288,521 (161,710) <b>65,372,492</b> (15,824,301) (4,129,984)	construction 16,707,401 15,768,265 (4,003,480) (656,053)	262,065 68,545 22,706 19,625 <b>372,941</b> (206,272) (36,591)	143,521,274 46,115,661 (2,619,488) <b>187,017,447</b> (56,002,186) (13,219,260)
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6) As at 1 January 2021 Charge for the year Disposals	8,730,950 1,021,851 (254,764) 9,498,037	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) 83,957,844 (39,971,613)	and <u>constructions</u> 54,761,115 9,484,566 1,288,521 (161,710) <b>65,372,492</b> (15,824,301)	construction 16,707,401 15,768,265 (4,003,480) (656,053) 27,816,133	262,065 68,545 22,706 19,625 <b>372,941</b> (206,272)	143,521,274 46,115,661 (2,619,488) <b>187,017,447</b> (56,002,186)
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6) As at 1 January 2021 Charge for the year Disposals As at 31 December	8,730,950 1,021,851 (254,764) 9,498,037	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) <b>83,957,844</b> (39,971,613) (9,052,685) 1,281,129	and constructions 54,761,115 9,484,566 1,288,521 (161,710) <b>65,372,492</b> (15,824,301) (4,129,984) 62,657	construction 16,707,401 15,768,265 (4,003,480) (656,053) 27,816,133 - - - -	262,065 68,545 22,706 19,625 <b>372,941</b> (206,272) (36,591) 19,625	143,521,274 46,115,661 (2,619,488) <b>187,017,447</b> (56,002,186) (13,219,260) 1,363,411
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6) As at 1 January 2021 Charge for the year Disposals As at 31 December 2021	8,730,950 1,021,851 (254,764) 9,498,037	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) 83,957,844 (39,971,613) (9,052,685)	and constructions 54,761,115 9,484,566 1,288,521 (161,710) <b>65,372,492</b> (15,824,301) (4,129,984)	construction 16,707,401 15,768,265 (4,003,480) (656,053) 27,816,133	262,065 68,545 22,706 19,625 <b>372,941</b> (206,272) (36,591)	143,521,274 46,115,661 (2,619,488) <b>187,017,447</b> (56,002,186) (13,219,260)
As at 1 January 2021 Additions Transfers Disposals As at 31 December 2021 Accumulated depreciation (Note 2.6) As at 1 January 2021 Charge for the year Disposals As at 31 December	8,730,950 1,021,851 (254,764) 9,498,037	vehicles and equipment 63,059,743 19,772,434 2,692,253 (1,566,586) <b>83,957,844</b> (39,971,613) (9,052,685) 1,281,129	and constructions 54,761,115 9,484,566 1,288,521 (161,710) <b>65,372,492</b> (15,824,301) (4,129,984) 62,657	construction 16,707,401 15,768,265 (4,003,480) (656,053) 27,816,133 - - - -	262,065 68,545 22,706 19,625 <b>372,941</b> (206,272) (36,591) 19,625	143,521,274 46,115,661 (2,619,488) <b>187,017,447</b> (56,002,186) (13,219,260) 1,363,411

As at 31 December 2021 property, plant and equipment with a net book value of RR 40,384,880 (31 December 2020 RR 25,920,704) was pledged as collateral for the Group's borrowings (Note 15).

As at 31 December 2021 and 2020 the assets under construction related mainly to the pig farm construction in the Tambov region and Primorsky Krai. During the reporting period, the Group capitalised borrowing costs within assets under construction in the amount of RR 1,922,627 (2020: RR 1,537,052). The average capitalisation rate in 2021 was 7.34% (2020: 7.27%).

At 31 December 2021 and 2020, inventories intended for construction related mainly to the inventories which will be used for the pig farm construction in the Primorsky Krai.

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 11. Property, plant and equipment (continued)

Movements in the carrying amount of inventories intended for construction were as follows:

As at 1 January 2020	3,157,369
Additions	3,504,176
Disposals	(3,308,215)
As at 31 December 2020	3,353,330
As at 1 January 2021 Additions Disposals	3,353,330 468,839 (2,217,599)
As at 31 December 2021	1,604,570

#### 12. Right-of-use assets and lease liabilities

The Group leases various lands, buildings, machinery, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 49 years but may have extension options as described below.

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

As for the land lease, contracts include monetary agreements in which payments do not depend on an index or a rate and non-monetary agreements based on a fixed volume of harvested crops. Based on management's assessment and previous experience, the lease term was set as 10 years as a minimum for contracts with prolongation option. This term is justified by payback period of particular investment projects, which depend on the time to analyse composition of the land and the roll-out and purchase price of necessary fertilizers and equipment.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. For not tacitly renewable leases with contractual terms less than 12 months the lease term (and lease enforceability) is not considered to go beyond initial contract term. The Group applies the exemption for short-term leases for such agreements.

The Group recognised right-of-use asset as follows:

	Land	Buildings	Equipment	Other	Total
Carrying amount at 1 January 2020	4,801,618	1,335,643	88,445	5,001	6,230,707
Additions and modifications	1.620.103	468,444	8.217	-	2.096.764
Disposals	(663,379)	(8,507)	-,	-	(671,886)
Depreciation charge (Note 20,21,22)	(463,976)	(223,095)	(32,855)	(1,092)	(721,018)
Carrying amount at 31 December					
2020	5,294,366	1,572,485	63,807	3,909	6,934,567
	Land	Buildings	Equipment	Other	Total
Carrying amount at 1 January 2021	5,294,366	1,572,485	63,807	3,909	6,934,567
Additions and modifications	1,518,128	158,803	7,898	-	1,684,829
Disposals	(478,338)	-	-	-	(478,338)
Depreciation charge (Note 20,21,22)	(564,934)	(200,960)	(27,535)	(1,091)	(794,520)

Interest expense included in finance costs for 2021 was RR 591,558 (2020: RR 580,276) (Note 24).

As at 31 December 2021, future cash outflows of RR 2,192,694 (undiscounted) (31 December 2020: RR 1,830,868) to which the Group is potentially exposed to during the lease term have not been included in the lease liability because they include variable lease payments that are linked to cadastral value.

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ROS AGRO PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
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#### 12. Right-of-use assets and lease liabilities (continued)

Variable lease payments that depend on cadastral value are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Expenses relating to short-term leases (included in cost of sales and general and administrative expenses):

	2021	2020
Expenses related to contracts in which variable payments do not depend on an index or a rate Expenses relating to short-term leases	227,872 395,774	145,923 528,716

Total outflow for leases in 2021 was RR 1,098,167 (2020: RR 1,057,899), including RR 302,739 (2020: RR 439,157) settled in agricultural products.

The reconciliation of lease liabilities and the movements is presented in Note 15.

#### 13. Intangible assets

	Trademarks	Software licenses	Internally developed software	Other	Total
Cost (Note 2.9)					
As at 1 January 2020	156.971	902.077	49,712	365.644	1.474.404
Additions	4.903	336.653	122	77.130	418,808
Disposals	(1.333)	(238,403)	(14,362)	(265)	(254,363)
As at 31 December 2020	160,541	1,000,327	35,472	442,509	1,638,849
Accumulated amortisation					
(Note 2.9)					
As at 1 January 2020	(74,987)	(554,672)	(39,997)	(196,113)	(865,769)
Charge for the year	(6,354)	(325,279)	(3,782)	(56,756)	(392,171)
Disposals	1,333	223,310	14,098	143	238,884
As at 31 December 2020	(80,008)	(656,641)	(29,681)	(252,726)	(1,019,056)
Net book value as at 31 December 2020	80,533	343,686	5,791	189,783	619,793
	Trademarks	Software licenses	Internally developed software	Other	Total
Cost (Note 2.9)					
As at 1 January 2021	160,541	1,000,327	35,472	442,509	1,638,849
Additions	37,305	771,018	12,771	221,524	1,042,618
Acquisitions through business combinations	-	32,132	-	-	32,132
Disposals	(814)	(394,399)	(1,658)	(97,248)	(494,119)
As at 31 December 2021	197,032	1,409,078	46,585	566,785	2,219,480
Accumulated amortisation (Note 2.9)					
As at 1 January 2021	(80,008)	(656,641)	(29,681)	(252,726)	(1,019,056)
Charge for the year	(58,982)	(375,231)	(3,443)	(40,789)	(478,445)
Disposals	761	394,303	59	26,955	422,078
As at 31 December 2021	(138,229)	(637,569)	(33,065)	(266,560)	(1,075,423)
Net book value as at 31 December 2021	58,803	771,509	13,520	300,225	1,144,

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 14. Share capital, share premium and transactions with non-controlling interests

#### Share capital and share premium

At 31 December 2021 the issued and paid share capital consisted of 27,333,333 ordinary shares (31 December 20120: 27,333,333 ordinary shares) with par value of EUR 0.01 each.

At 31 December 2021 and 2020, the authorised share capital consisted of 60,000,000 ordinary shares with par value of EUR 0.01 each.

#### Treasury shares

At 31 December 2021 the Group held 2,135,313 of its own GDRs (31 December 2020: 2,135,313 own GDRs) that is equivalent of approximately 427,063 shares (31 December 2020: 427,063 shares). The GDRs are held as treasury shares. In 2021 and 2020 there were no acquisitions of treasury shares. In 2020 31,000 GDRs were transferred to the employees under the share option incentive arrangements. No GDRs were transferred to the employees under the share option incentive schemes during 2021.

#### Dividends

In 2021 the Company distributed RR 10,770,584 of dividends for the second half of 2020 and RR 8,755,947 thousand of interim dividends for the first half of 2021. The dividends for the second half of 2020 amounted to RR 400.30 per share and interim dividends for 2021 amounted to RR 325.42 per share.

In 2020 the Company distributed RR 3,216,350 of dividends for the second half of 2019 and RR 1,922,033 of interim dividends for the first half of 2020. The dividends for the second half of 2019 amounted to RR 119.54 per share and interim dividends for 2020 amounted to RR 71.43 per share. All dividends declared were paid in 2020.

#### Purchases of non-controlling interest

#### 2021

On 22 October 2021 the Group acquired 25% additional shares in LLC Primorskaya Soya, thereby increasing its share in the share capital to 100% (2020: 75%). The total excess of consideration paid over the Group's share of identifiable net assets acquired in the amount of RR 55,541 was recorded as a capital transaction in the consolidated statement of changes in equity.

On 28 October 2021 the Group's subsidiary LLC Primorskaya Niva was liquidated. The Group held 75% share in the share capital of LLC Primorskaya Niva at the date of liquidation, corresponding non-controlling interest disposal in the amount of RR 0 was recorded as a capital transaction in the consolidated statement of changes in equity.

#### 2020

On 3 March 2020 the Group's subsidiary OJSC Pugachevskiy Elevator was liquidated. The Group held 84.95% share in the share capital of OJSC Pugachevskiy Elevator at the date of liquidation, corresponding non-controlling interest disposal in the amount of RR 2,792 was recorded as a capital transaction in the consolidated statement of changes in equity.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 15. Borrowings

#### Short-term borrowings

	31 December 2021	31 December 2020
Bank loans	90.806.471	32,762,452
Loans received from third parties	16.600	16.600
Interest accrued on borrowings from third parties	246	615
Current portion of long-term borrowings	17,925,523	18,973,808
Total	108,748,840	51,753,475

All short-term borrowings are at fixed interest rate. The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2021	Interest rate	31 December 2020
Russian Roubles	1.0%-11.14%	108,748,840	1.0%-11.14%	51,753,475
Total		108,748,840		51,753,475

Long-term borrowings

	31 December 2021	31 December 2020
Bank loans	81,900,548	82,149,528
Less current portion of long-term borrowings from:		
Bank loans	(17,925,523)	(18,973,808)
Total	63,975,025	63,175,720

The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2021	Interest rate	31 December 2020
Russian Roubles	1.0%-12.5%	63,975,025	1.0%-12.5%	63,175,720
Total		63,975,025		63,175,720

In November 2018 the Group entered into a transaction with JSC Rosselkhozbank (hereinafter – "RSHB") for the acquisition of debt of Group of companies Solnechnye producty and its subsidiaries and related companies. The gross value of total consideration for this acquisition amounted to RR 34,810,446 and the payment will be made by the Group in cash in accordance with the payment schedule deferred over 20 years.

The deferred liability due to RSHB is presented within bank loans. The fair value of this liability at inception date was RR 19,897,813 determined using the effective interest rate of 10.7% (applying level 2 valuation model). The liability is subsequently measured at amortized cost with an effective interest rate of 10.7%. The liability is collateralised by the 20-year bonds of RSHB in the amount of RR 19,900,000 at the interest rate of 10.5% per annum purchased by the Group.

The fair value of the loans acquired in this transaction determined applying the level 3 valuation model amounted to RR 23,410,231.

The fair value of the acquired loans has been determined based on the fair value of the collateral. The collateral fair value is represented by the fair value of the underlying rights of claim determined with reference to the assets pledged and other assets of the borrower / guarantors, taking into account bankruptcy procedure period and discount rate, applicable to distressed assets. The fair value of the production companies as a part of the assets pledged was determined based on discounted cash flow calculations.

The difference of RR 3,412,418 between the fair value of the consideration and the fair value of loans acquired represented day-one gain was initially deferred for the period of 5 years being the average term of the acquired loans.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 15. Borrowings (continued)

As at 31 December 2019 the bankruptcy procedure expected to be finalised by the end of 2020. In 2020 COVID-19 pandemic caused the overall slowdown of bankruptcy procedures leading to the shift of expected finalization to the end of 2021. As at 31 December 2020 the acquired loans amounted to RR 18,580,203 (including RR 4,875,725 of interest receivable on these loans) and recognised within Short-term investments (Note 4).

In 2020 part of loans issued was repaid and the Group started to participate in auctions to buy some of the assets of Solnechnye producty. An expected credit loss allowance for loans receivable in the amount of RR 4,804,688 was recognized because of the excess of gross carrying value of these loans as at 31 December 2020 over their collateral fair value mainly driven by the bankruptcy procedures terms' increase. The collateral fair value is represented by the fair value of the underlying rights of claim determined with reference to the assets pledged and other assets of the borrower / guarantors, taking into account bankruptcy procedure period and discount rate, applicable to distressed assets. The fair value of the production companies as part of the assets pledged was determined based on discounted cash flow calculations using the actual financial data and budgets of pledged Solnechnye producty production units covering a five-year period and the expected market prices for the key products for the same period according to the leading industry publications.

The assumptions used for the calculations to which the fair value is most sensitive were:

- WACC after-tax discount rate of 12.3%;
- Discount rate applicable to distressed assets of 20.3%.

If the revised estimated WACC after-tax discount rate applied to the discounted cash flows used in the valuation models of the loans acquired and discount rate applicable to distressed assets had been 1.0% higher than management's estimates, with all other assumptions held constant, the Group would need to increase the credit loss allowance by RR 1,990,099.

During the year ended 31 December 2021 the Group acquired on a public auction the key production assets of two oil extraction plants: OJSC Atkarskiy MEZ and LLC Volzhskiy Terminal and fat plant JSC Zirovoj kombinat, subsidiaries of Solnechnye Producty, for total consideration of RR 28,202,943 (Note 11). These assets were pledged as a collateral for loans issued to Solnechnye Producty. After these asset acquisitions major part of corresponding loans issued were repaid. We assessed whether the assets acquired by the Group from Solnechnye Producty meet the definition of a business under IFRS 3. The Group acquired no processes or outputs in the transaction and, therefore the Group accounted for it as an acquisition of assets rather than a business combination.

As at 31 December 2021 the expected credit loss allowance for loans receivable in the amount of RR 4,804,688 recognized as at 31 December 2020 was reversed in full amount.

As at 31 December 2021 the acquired loans amounted to RR 1,591,805 (including RR 417,713 of interest receivable on these loans) and are recognised within Short-term investments (Note 4). Redemption of remaining loans issued is expected to be finalized by 30 June 2022.

As at 31 December 2020 the day-one gain amounted to RR 552,748 and is recognised within Trade and other payables (Note 16). As at 31 December 2021 the day-one gain was fully realised.

In November 2015 the Group entered into a transaction with VEB for the acquisition of debt (loans and bonds) of PJSC Group Razguliay and its subsidiaries (hereinafter – "Razguliay Group"). The total consideration for this acquisition amounted to RR 33,914,546 and was paid by the Group in cash. As at 31 December 2021 the debts were fully repaid.

For the purpose of financing of this transaction, the Group raised a thirteen-year loan from VEB in the amount of RR 33,914,546 at 1% per annum. The fair value of this loan at inception date was RR 13,900,000 determined using the effective interest rate of 13.23%. The loan is measured at amortized cost with an effective interest rate of 13.23%. The loan is secured by a thirteen-year deposit placed by the Group with VEB in the amount of RR 13,900,000 (Note 10) at the interest rate of 12.84% per annum.

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### ROS AGRO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 15. Borrowings (continued)

#### Maturity of long-term borrowings

	31 December 2021	31 December 2020
Fixed interest rate borrowings:		
2 years	9,963,539	16.867.579
3-5 years	26,737,172	21,662,876
More than 5 years	27,274,314	24,645,265
Total	63.975.025	63.175.720

For details of property, plant and equipment and biological assets pledged as collateral for the above borrowings see Note 9 and Note 11. For details of bank deposits pledged as collateral for the above borrowings refer to Notes 10.

Shares of several companies of the Group are pledged as collateral for the bank borrowings, as follows:

	Pledged shares, %		
	31 December 2021	31 December 2020	
LLC Rusagro-Primorie	100.0	100.0	
LLC Rusagro-Tambov	51.0	51.0	

#### Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

	Borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 January 2020	97,875,483	4,906,592	102,782,075
Cash flows			
Proceeds from borrowings	77,932,773	-	77,932,773
Repayment of borrowings	(65,389,365)	(123,044)	(65,512,409)
Interest payments	(3,700,753)	(495,698)	(4,196,451)
Non-cash changes			
Foreign exchange adjustments	1,366,375	24,502	1,390,877
Other non-cash movements	6,844,682	1,487,015	8,331,697
As at 31 December 2020	114,929,195	5,799,367	120,728,562
Cash flows			
Proceeds from borrowings	107.856.022	-	107.859.742
Repayment of borrowings	(52,668,951)	(335,167)	(53,004,118)
Interest payments	(4,131,675)	(460,260)	(4,591,935)
Non-cash changes		( . ,	( , , , , , , , , , , , , , , , , , , ,
Foreign exchange adjustments	(661)	(5,144)	(5,805)
Other non-cash movements	6,739,935	1,667,049	8,403,264
As at 31 December 2021	172,723,865	6,665,845	179,389,710

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 15. Borrowings (continued)

For the purpose of conformity with the methodology of the Group's Net Debt calculation, cash flows from investing and financing activities in the Group management accounts are presented as follows:

	Year ended 31 December 2021			
	According to IFRS	Reclassifications	Management accounts	
Cash flows from investing activities				
-	(42 029 048)	-	(42 029	
Purchases of property, plant and equipment			048)	
Purchases of inventories intended for construction	(476.322)	_	(476,322	
Change in cash on bank deposits	(18,000,000)		(470,322	
Proceeds from sales of bonds with maturity over three	220,282			
months	220,202	(220,202)		
Purchases of associates	(102,000)	-	(102,000	
Purchases of other investments	(19,083)		(19,083	
Purchases of loans issued	(2,256,313)	2,256,313		
Loans repaid	22,959,494	(22,959,494)	-	
Interest received	8,786,038	(8,786,038)	-	
Proceeds from sales of other assets	217,591	-	217,591	
Other cash flows in investing activities	1,133,022	-	1,133,022	
	(29 566	(11,709,501)	(41 275	
	339)		840)	
Net cash used in investing activities				
Cash flows from financing activities				
Proceeds from borrowings	107,856,022	-	107,856,022	
Repayment of borrowings	(52,668,951)		(52,668,951	
Change in cash on bank deposits	-	(18,000,000)	(18,000,000	
Purchases of bonds with maturity over three months	-	220,282	220,28	
Purchases of loans issued	-	(2,256,313)	(2,256,313	
Loans repaid*		22,959,494	22,959,494	
Dividends paid to owners Ros Agro PLC	(19,417,565)	-	(19,417,565)	
Interest and other finance cost paid	(4,591,935)		(4,591,935	
Interest received		8,786,038	8,786,038	
Proceeds from government grants	2,879,218	-	2,879,218	
Repayment of lease liabilities-principal	(335,167)	-	(335,167	
Other cash flows in financing activities	(44,369)	-	(44,369	
Net cash used in financing activities	33.677.253	11.709.501	45.386.754	

	Year ended 31 December 2020			
		Reclassifications	Management accounts	
Cash flows from investing activities				
Purchases of property, plant and equipment	(12,405,295)	-	(12,405,295)	
Purchases of inventories intended for construction	(1,660,923)	-	(1,660,923)	
Purchases of bonds with maturity over three months	(197,523)	197,523	-	
Purchases of associates	(92,712)	-	(92,712)	
Purchases of loans issued	(13,829)	13,829	-	
Loans repaid	1,012,854	(1,012,854)	-	
Interest received	4,808,803	(4,808,803)	-	
Other cash flows in investing activities	665,272	-	665,272	
Net cash used in investing activities	(7,883,353)	(5,610,305)	(13,493,658)	
Cash flows from financing activities				
Proceeds from borrowings	77,932,773	-	77,932,773	
Repayment of borrowings	(65,389,365)	-	(65,389,365)	
Purchases of bonds with maturity over three months	-	(197,523)	(197,523)	
Purchases of loans issued	-	(13,829)	(13,829)	
Loans repaid*	-	1,012,854	1,012,854	
Interest and other finance cost paid	(4,196,451)	-	(4,196,451)	
Interest received*	-	4,808,803	4,808,803	
Proceeds from government grants	2,192,483	-	2,192,483	
Repayment of lease liabilities-principal	(123,044)	-	(123,044)	
Other cash flows in financing activities	(5,134,426)	-	(5,134,426)	
Net cash used in financing activities	5,281,970	5,610,305	10,892,275	

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 15. Borrowings (continued)

#### Net Debt\*

As part of liquidity risk management, the Group Treasury analyses its net debt position. The Group management determines the Net Debt of the Group as outstanding long-term borrowings and short-term borrowings less cash and cash equivalents, all bank deposits, bonds held for trading and banks' promissory notes. The Group management compares net debt figure with Adjusted EBITDA (Note 29).

As at 31 December 2021 and 2020 the net debt of the Group was as follows:

	31 December 2021	31 December 2020
Long-term borrowings	63,975,025	63.175.720
Short-term borrowings	108.748.840	51,753,475
Cash and cash equivalents (Note 3)	(46,462,179)	(11,866,798)
Bank deposits within long-term investments (Note 10)	(14 071 101)	(13,900,000)
Bank deposits within short-term investments (Note 4)	(18,519,392)	-
Long-term bonds held for collect (Note 10)	(19,900,000)	(19,900,000)
Long-term bonds held for trading (Note 10)	-	(165,129)
Short-term bonds held for collect (Note 4)	(362,475)	(197,523)
Net debt*	73,408,718	68,899,745
including long-term Net debt	30,003,924	29,210,591
including short-term Net debt	43,404,794	39,689,154
Adjusted EBITDA* (Note 29)	48,059,789	31,984,073
Net debt/ Adjusted EBITDA*	1.53	2.15

\* not an IFRS measure.

#### 16. Trade and other payables

	31 December 2021	31 December 2020
Trade accounts payable	9,940,834	10,075,172
Payables for property, plant and equipment	992,962	983,481
Other payables	289,123	33,388
Total financial liabilities within trade and other payables	11,222,919	11,092,041
Payables to employees	2,297,560	1,597,491
Advances received	1,920,156	2,773,858
Other payables (Note 15)	-	552,748
Total trade and other payables	15,440,635	16,016,138

Financial liabilities within trade and other payables of RR 283,332 (31 December 2020: RR 177,222) are denominated in US Dollars, financial liabilities within trade and other payables of RR 452,470 (31 December 2020: RR 646,121) are denominated in Euros. All other financial liabilities within trade and other payables are denominated in Russian Roubles.

#### 17. Other taxes payable

	31 December 2021	31 December 2020
Value added tax	6,813,191	3,711,148
Social contributions	323,299	243,035
Property tax	200,701	92,776
Personal income tax	74,732	14.371
Transport tax	5,936	5.345
Other	36,699	29,524
Total	7,454,558	4.096.199

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 18. Government grants

During 2020-2021 the Group received government grants from the Tambov and Belgorod regional governments and the Federal government in form of partial compensation of the investments into acquisition of equipment for agricultural business and sugar processing and the investments into reconstruction and modernisation of the pig-breeding farms and the slaughter house. The receipts of these grants in 2021 amounted to RR 94,896 (2020: RR 291,966). These grants are deferred and amortised on a straight-line basis over the expected lives of the related assets.

In 2020-2021 the Group obtained government grants for reimbursement of interest expenses on bank loans received for construction of the pig-breeding farms in the Far East and Tambov. The government grants related to interest expenses capitalised into the carrying value of assets, were similarly deferred and amortised on a straight-line basis over the expected lives of the related assets. The deferred government grants, related to capitalised interest expense, amounted to RR 1.337.153 (2020; RR 995.874).

The movements in deferred government grants in the consolidated statement of financial position were as follows:

	2021	2020
As at 1 January	8,536,899	8,306,779
Government grants received	1,432,023	1,287,840
Amortization of deferred income to match related depreciation (Note 23)	(643,392)	(642,501)
Write-off due to early repayment of the loan	-	(415,219)
As at 31 December	9,325,530	8,536,899

Other bank loan interests, which had been refunded by the state, were credited to the consolidated statement of profit or loss and other comprehensive income and netted with the interest expense (Note 24).

Other government grants received are included in Note 23.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 19. Sales

Disaggregation of revenue for 2021 by category:

	Sugar	Meat	Agriculture	Oil and Fat	Other	Elimination	Total
Type of goods and services							
Sales of goods	35,264,205	39,546,509	41,357,971	122,792,170	184,673	(20,180,780)	218,964,748
Transportation services	478,926	81,555	82,989	2,320,078	-	-	2,963,548
Other services	617,435	-	440,050	124,353	534,779	(712,474)	1,004,143
Total revenue from contracts with customers	36,360,566	39,628,064	41,881,010	125,236,601	719,452	(20,893,254)	222,932,439
Geographical market							
Russian Federation	32,669,135	33,564,924	40,733,440	70,665,620	576,872	(20,893,254)	157,316,737
Foreign countries	3,691,431	6,063,140	1,147,570	54,570,981	142,580	-	65,615,702
Total revenue from contracts with customers	36,360,566	39,628,064	41,881,010	125,236,601	719,452	(20,893,254)	222,932,439
Timing of revenue recognition							
Goods transferred at a point of time	35,264,205	39,546,509	41,357,971	122,792,170	184,673	(20,180,780)	218,964,748
Services transferred over time	1,096,361	81,555	523,039	2,444,431	534,779	(712,474)	3,967,691
Total revenue from contracts with customers	36,360,566	39,628,064	41,881,010	125,236,601	719,452	(20,893,254)	222,932,439

Disaggregation of revenue for 2020 by category under revenue recognition guidance:

	Sugar	Meat	Agriculture	Oil and Fat	Other	Elimination	Total
Type of goods and services							
Sales of goods	27,272,132	32,391,964	33,973,009	77,230,964	326,357	(15,811,891)	155,382,535
Transportation services	761,798	42,250	82,138	2,312,951	-	-	3,199,137
Other services	78,589	-	292,359	182,336	304,751	(468,672)	389,363
Total revenue from contracts with customers	28,112,519	32,434,214	34,347,506	79,726,251	631,108	(16,280,563)	158,971,035
Geographical market							
Russian Federation	22,552,664	28,303,697	27,669,655	45,398,977	32,874	(16,280,563)	107,677,304
Foreign countries	5,559,855	4,130,517	6,677,851	34,327,274	598,234	-	51,293,731
Total revenue from contracts with customers	28,112,519	32,434,214	34,347,506	79,726,251	631,108	(16,280,563)	158,971,035
Timing of revenue recognition							
Goods transferred at a point of time	27,272,132	32,391,964	33,973,009	77,230,964	326,357	(15,811,891)	155,382,535
Services transferred over time	840,387	42,250	374,497	2,495,287	304,751	(468,672)	3,588,500
Total revenue from contracts with customers	28,112,519	32,434,214	34,347,506	79,726,251	631,108	(16,280,563)	158,971,035

The transportation expenses related to Revenue from transportation services in the amount of RR 2,963,548 were recognised within Cost of sales (2020: RR 3,199,137).

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 20. Cost of sales

	2021	2020
Raw materials and consumables used	142,726,706	103,510,553
Services	14,267,005	12,175,874
Depreciation	12,181,199	9,441,374
Payroll	10,859,254	8,963,448
Purchases of goods for resale	3,129,999	1,361,672
Other	4,881,272	1,614,609
Provision for net realisable value	1,043,295	621,090
Depreciation of right-of-use assets	616,248	534,025
Purchase of biological assets	129,779	1,241,577
Change in work in progress, finished goods and goods for resale,		
biological assets	(20,586,476)	(18,331,564)
Total	169,248,281	121,132,658

"Change in work in progress, finished goods and goods for resale, biological assets" line above includes changes in balances of goods produced and goods purchased for resale, changes in work in progress and changes in biological assets excluding the effect of revaluation adjustments. This line also includes change in depreciation as included in work in progress, finished goods and biological assets in the amount of RR (546,679) (2020: RR (163,346)).

Payroll costs include salaries of RR 8,437,218 (2020: RR 6,841,137) and statutory pension contributions of RR 1,847,658 (2020: RR 1,571,441).

The average number of employees employed by the Group during the year ended 31 December 2021 was 19,030 (19,344 for the year ended 31 December 2020).

#### 21. Distribution and selling expenses

	2021	2020
Transportation and loading services	3,857,111	4,055,104
Advertising	1,960,769	1,742,131
Payroll	1,718,304	1,701,474
Other services	773,172	725,053
Customs duties	550,318	17,291
Depreciation and amortization	219,171	163,534
Rent	172,035	172,732
Materials	162,713	158,811
Fuel and energy	130,437	135,763
Depreciation of right-of-use assets	34,847	27,062
Provision for impairment of receivables	25,226	13,592
Other	863,744	638,725
Change in selling and distribution expenses attributable to goods not sold	7,290	209,569
Total	10,475,137	9,760,841

Payroll costs include salaries of RR 1,364,609 (2020: RR 1,346,603) and statutory pension contributions of RR 353,695 (2020: RR 354,871).

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 22. General and administrative expenses

	2021	2020
Payroll	4,897,196	4,155,047
Depreciation	1,297,335	631,466
Services of professional organisations	1,263,971	523,805
Materials	760,384	106,362
Taxes, excluding income tax	627,768	457,069
Fuel and energy	257,048	104,290
Security	193,286	211,219
Rent	174,270	289,418
Depreciation of right-of-use assets	143,425	159,931
Bank services	135,729	170,517
Repair and maintenance	114,228	68,517
Insurance	92,674	57,890
Travelling expenses	90,071	145,379
Communication	40,884	44,023
Statutory audit fees	3,590	3,537
Other	884,039	248,979
Total	10,975,898	7,377,449

Payroll costs above include salaries of RR 4,065,961 (2020: RR 3,443,030) and statutory pension contributions of RR 831,235 (2020: RR 712,017).

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2021 amounted to RR 3,590 (2020: RR 3,537). No fees charged by the Company's statutory auditor for the year ended 31 December 2021 for tax advisory services (2020: RR 607).

#### 23. Other operating income, net

	2021	2020
Reimbursement of operating expenses (government grants)	2,135,565	930.630
Realised deferred day-one gain (Note 15)	552.748	993.558
Operating foreign exchange gain/(loss), net	170.355	(465,210)
Amortization of deferred income to match related depreciation	170,000	(400,210)
(Note 18)	643,392	642,501
(Loss)/gain on disposal of property, plant and equipment	(4,424)	335,640
Charitable donations and social costs	(918,181)	(411,179)
Gain on other investments	754,538	560,568
Fines and penalties receivable	60,238	450,000
The result from early repayment of the loan	· -	(131,363)
Provisions for receivables, other liabilities and charges	(1,082,407)	(179,796)
Gain on SolPro loans redemption	605,233	-
Loss on disposal of other assets	(256,144)	-
Loss on sale of goods and materials, except for main products	(160,907)	(24,314)
Lost harvest write-off (Note 9)	(272,407)	(188,536)
Loss on implementation of work, services	(27,209)	(118,230)
Payroll	11,941	(53,671)
Other shortages and losses	28,742	(146,916)
Other	93,104	99,335
Total	2,334,177	2,293,017

Gain on other investments in 2021 is comprised out of dividends received from LLC GK Agro-Belogorie in the amount of RR 754,538 (2020: RR 560,568).

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 23. Other operating income, net (continued)

The Group management excludes the following components of Other operating income/(expenses) from Adjusted EBITDA calculation as non-recurring items (Note 29):

#### Non-recurring other operating adjustment

|   | 2021        | 2020      |
|---|-------------|-----------|
| Realised deferred day-one gain (Note 15)                                | 552,748     | 993,558   |
| Amortization of deferred income to match related depreciation (Note 18) | 643,392     | 642,501   |
| Operating foreign exchange gain/(loss), net                             | 170,355     | (465,210) |
| (Loss)/ gain on disposal of property, plant and equipment               | (4,424)     | 335,640   |
| Charitable donations and social costs                                   | (918,181)   | (411,179) |
| Gain on other investments   | 754,538     | 560,568   |
| Fines and penalties receivable  | 60,238      | 450,000   |
| The result from early repayment of the loan                             | · -         | (131.363) |
| Gain on SolPro loans redemption   | 605,233     | -         |
| Loss on disposal of other assets  | (256,144)   | -         |
| Provisions for receivables, other liabilities and charges               | (1,082,407) | (179,796) |
| Other   | (72,295)    | 18,910    |
| Total   | 453,053     | 1,813,629 |

#### 24. Interest expense and other finance income/ (costs), net

Interest expense comprised of the following:

|   | 2021        | 2020        |
|---|-------------|-------------|
| Interest expense                                      | 10,566,994  | 6,448,154   |
| Reimbursement of interest expense (government grants) | (5,068,003) | (1,643,159) |
| Interest expense, net                                 | 5,498,991   | 4,804,995   |

Other finance income/ (costs), net comprised of the following items:

|  | 2021      | 2020        |
|--|-----------|-------------|
| Financial foreign exchange differences (loss)/ gain, net | (111,001) | (1,233,636) |
| Interest expense on leases (Note 12)                     | (591,558) | (580,276)   |
| Other finance costs, net                                 | (2,797)   | (30,218)    |
| Other finance costs, net                                 | (705,356) | (1,844,130) |

25. Goodwill

|                                | 2021      | 2020      |
|--------------------------------|-----------|-----------|
| Carrying amount at 1 January   | 2,364,942 | 2,364,942 |
| Acquisitions                   | -         | -         |
| Carrying amount at 31 December | 2,364,942 | 2,364,942 |

The carrying amount of goodwill is allocated to the following CGUs:

|                          | 31 December 2021 | 31 December 2020 |
|--------------------------|------------------|------------------|
| Meat CGU                 | 538,684          | 538,684          |
| Oil Samara CGU           | 899,401          | 899,401          |
| Agriculture Center CGU   | 199,276          | 199,276          |
| Sugar CGU                | 502,083          | 502,083          |
| Agriculture Primorie CGU | 225,498          | 225,498          |
| Total                    | 2,364,942        | 2,364,942        |

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 25. Goodwill (continued)

#### **Goodwill Impairment Test**

The carrying amount of goodwill as at 31 December 2021 and 2020 was tested for impairment. The recoverable amount of the Group's cash-generating units has been determined based on a value-inuse calculation using cash flow projections based on financial budgets approved by the Group management covering a five-year period and the expected market prices for the Group's key products for the same period according to leading industry publications. Cash flows beyond the five-year period are projected with a long-term growth rate of 4% per annum (31 December 2020: 3.5% per annum).

The assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

|                          | EBITDA margin* |             | Pre-tax discou | nt rate |
|--------------------------|----------------|-------------|----------------|---------|
|                          | 2021           | 2020        | 2021           | 2020    |
| Oil Samara CGU           | 10.7%-12.9%    | 8.8%-13.5%  | 20,58%         | 12.45%  |
| Agriculture Center CGU   | 33.9%-44.5%    | 31.8%-36.7% | 11.91%         | 9.87%   |
| Sugar CGU                | 30.5%-32.7%    | 20.5%-22.2% | 12.18%         | 12.08%  |
| Agriculture Primorie CGU | 26.2%-32.8%    | 31.1%-34.5% | 11.90%         | 10.15%  |
| Meat CGU                 | 9.1%-20.1%     | 26.0%-30.0% | 9.36%          | 10.15%  |

\* EBITDA margin is calculated as the sum of operating cash flows before income tax and changes in working capital divided by the amount of cash flow received from trade customers.

#### 2021 and 2020

As a result of the testing, no impairment losses were recognised for the goodwill allocated to each CGU.

#### 26. Income tax

|                                       | 2021      | 2020        |
|---------------------------------------|-----------|-------------|
|                                       |           |             |
| Current income tax charge             | 3,397,411 | 1,755,669   |
| Deferred income tax charge / (credit) | 124,733   | (1,728,898) |
| Income tax expense                    | 3,522,144 | 26,771      |

The Group companies domiciled in Russia were subject to an income tax rate of 20% (2020: 20%) of taxable profits, except for profit on sales of agricultural produce taxable at 0% (2020: 0%).

Group entities operating in other tax jurisdictions were taxed at 0% and 12.5% (2020: 0% and 12.5%).

The current income tax charge represents a tax accrual based on statutory taxable profits. A reconciliation between the expected and the actual taxation charge is as follows:

|   | 2021       | 2020        |
|---|------------|-------------|
|   |            |             |
| Profit before income tax:   | 44,955,996 | 24,323,498  |
| - taxable at 0%   | 36,439,999 | 25,640,390  |
| - taxable at 12.5%  | 911,511    | 1,575,368   |
| - taxable at 20%  | 7,604,486  | (2,892,260) |
| Theoretical income tax (credit)/charge calculated at the applicable tax rate of 20% and 12.5% (2020: 20% and 12.5%) | 1,634,836  | (381,531)   |
| - non-taxable income  | (228,223)  | (533,881)   |
| - non-deductible expenses   | 582,857    | 322,321     |
| Deferred income tax charge in respect of withholding income tax on dividends to be distributed                      | 186,170    |             |
| Withholding income tax on dividends distributed   | 262,599    | 599,940     |
| Adjustments of income tax in respect of prior years and tax penalties   | 1,182,454  | 16,611      |
| Other   | (98,549)   | 3,311       |
| Income tax expense  | 3,522,144  | 26,771      |

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 26. Income tax (continued)

Differences between IFRS as adopted by the EU and local statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and their tax bases. Deferred income taxes are attributable to the following:

|  | 1 January<br>2021   | Deferred<br>income tax<br>assets/<br>(liabilities)<br>acquisition/<br>disposal | Deferred<br>income tax<br>credited/<br>(charged) to<br>other<br>comprehensi<br>ve income | Deferred<br>income tax<br>credited/<br>(charged) to<br>profit or loss                            | 31 December<br>2021   |
|--|---|--|--|--|---|
| Tax effects of deductible/ (taxable)<br>temporary differences:<br>Property, plant and equipment  | (1,434,441)   | (213)  | -  | (960,000)  | (2,394,654)   |
| Impairment of receivables<br>Payables  | (545,708)<br>188,089  | -  | -  | 714,493 (65,819)   | 168,785<br>122,270  |
| Financial assets   | 478,645   | -  | -  | (1,255,477)  | (776,832)   |
| Inventory and biological assets  | 852,997   | -  | -  | 276,826  | 1,129,823   |
| Borrowings<br>Tax loss carried-forwards  | (2,301,061)<br>5,185,956  | -<br>4.851   | -  | 399,076<br>711,287   | (1,901,985)<br>5,902,094  |
| Lease liability  | 361,487   | 4,001  | -  | (17,402)   | 344,085   |
| Right-of-use assets  | (380,062)   | -  | -  | (14,741)   | (394,803)   |
| Withholding income tax on dividends to be distributed  | -   | -  | -  | (186,170)  | (186,170)   |
| Other  | 673,217   | -  | -  | 273,194  | 946,411   |
| Net deferred income tax<br>asset/(liability)   | 3,079,119   | 4,638  | -  | (124,733)  | 2,959,024   |
| Recognised deferred income tax assets  | 3,566,168   |  |  |  | 4,835,268   |
| Recognised deferred income tax<br>liabilities  | (487,049)   |  |  |  | (1,876,244)   |
|  | 1 January<br>2020   | Deferred<br>income tax<br>assets/<br>(liabilities)<br>acquisition/<br>disposal | Deferred<br>income tax<br>credited/<br>(charged) to<br>other<br>comprehensi<br>ve income | Deferred<br>income tax<br>credited/<br>(charged) to<br>profit or loss                            | 31 December<br>2020   |
| Tax effects of deductible/ (taxable)   |   |  |  |  |   |
| temporary differences:   |   |  |  |  |   |
| temporary differences:<br>Property, plant and equipment<br>Impairment of receivables   | (1,188,904)<br>(465,199)<br>(180,134)   | -  | -  | (245,537)<br>(80,509)  | (545,708)   |
| Property, plant and equipment<br>Impairment of receivables<br>Payables   | (465,199)<br>(180,134)  | -  | -  | (80,509)<br>368,223  | (545,708)<br>188,089  |
| Property, plant and equipment<br>Impairment of receivables   | (465,199)   | -<br>-<br>-<br>-   |  | (80,509)   | (545,708)<br>188,089<br>478,645   |
| Property, plant and equipment<br>Impairment of receivables<br>Payables<br>Financial assets<br>Inventory and biological assets<br>Borrowings  | (465,199)<br>(180,134)<br>210,604<br>268,649<br>(2,826,526)   |  | -  | (80,509)<br>368,223<br>275,111<br>584,348<br>525,465   | (545,708)<br>188,089<br>478,645<br>852,997<br>(2,301,061)   |
| Property, plant and equipment<br>Impairment of receivables<br>Payables<br>Financial assets<br>Inventory and biological assets<br>Borrowings<br>Tax loss carried-forwards   | (465,199)<br>(180,134)<br>210,604<br>268,649<br>(2,826,526)<br>5,020,048                                    | -<br>-<br>-<br>(734)   | -  | (80,509)<br>368,223<br>275,111<br>584,348<br>525,465<br>166,642                                  | (545,708)<br>188,089<br>478,645<br>852,997<br>(2,301,061)<br>5,185,956                                    |
| Property, plant and equipment<br>Impairment of receivables<br>Payables<br>Financial assets<br>Inventory and biological assets<br>Borrowings<br>Tax loss carried-forwards<br>Lease liability  | (465,199)<br>(180,134)<br>210,604<br>268,649<br>(2,826,526)<br>5,020,048<br>298,317                         | (734)  | -  | (80,509)<br>368,223<br>275,111<br>584,348<br>525,465<br>166,642<br>63,170                        | (545,708)<br>188,089<br>478,645<br>852,997<br>(2,301,061)<br>5,185,956<br>361,487                         |
| Property, plant and equipment<br>Impairment of receivables<br>Payables<br>Financial assets<br>Inventory and biological assets<br>Borrowings<br>Tax loss carried-forwards   | (465,199)<br>(180,134)<br>210,604<br>268,649<br>(2,826,526)<br>5,020,048                                    | -<br>-<br>-<br>(734)<br>-<br>19  | -  | (80,509)<br>368,223<br>275,111<br>584,348<br>525,465<br>166,642                                  | (545,708)<br>188,089<br>478,645<br>852,997<br>(2,301,061)<br>5,185,956<br>361,487                         |
| Property, plant and equipment<br>Impairment of receivables<br>Payables<br>Financial assets<br>Inventory and biological assets<br>Borrowings<br>Tax loss carried-forwards<br>Lease liability<br>Right-of-use assets                                     | (465,199)<br>(180,134)<br>210,604<br>268,649<br>(2,826,526)<br>5,020,048<br>298,317<br>(288,440)            | -  | (7,070)  | (80,509)<br>368,223<br>275,111<br>584,348<br>525,465<br>166,642<br>63,170<br>(91,622)            | (545,708)<br>188,089<br>478,645<br>852,997<br>(2,301,061)<br>5,185,956<br>361,487<br>(380,062)<br>673,217 |
| Property, plant and equipment<br>Impairment of receivables<br>Payables<br>Financial assets<br>Inventory and biological assets<br>Borrowings<br>Tax loss carried-forwards<br>Lease liability<br>Right-of-use assets<br>Other<br>Net deforred income tax | (465,199)<br>(180,134)<br>210,604<br>268,649<br>(2,826,526)<br>5,020,048<br>298,317<br>(288,440)<br>509,591 | - 19   | -<br>(7,070)<br>-<br>-<br>-<br>-   | (80,509)<br>368,223<br>275,111<br>584,348<br>525,465<br>166,642<br>63,170<br>(91,622)<br>163,607 | (545,708)<br>188,089<br>478,645<br>852,997<br>(2,301,061)<br>5,185,956<br>361,487<br>(380,062)<br>673,217 |

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 26. Income tax (continued)

Starting from 1 January 2017 the amendments to the Russian tax legislation became effective in respect of tax loss carry-forwards. The amendments affect tax losses incurred and accumulated since 2007 that have not been utilised. The 10-year expiry period for tax loss carry-forwards no longer applies. The amendments also set limitation on utilisation of tax loss carry forwards that will apply during the period from 2017 to 2020, later this period was prolonged to 2024. The amount of losses that can be utilised each year during that period is limited to 50% of annual taxable profit.

In the context of the Group's current structure tax losses and current income tax assets of different companies may not be set off against taxable profits and current income tax liabilities of other companies and, accordingly, taxes may accrue even where there is a net consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity.

|  | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Deferred income tax assets:  |                  |                  |
| - Deferred income tax assets to be recovered after more than 12 months             | 2,657,466        | 2,576,008        |
| <ul> <li>Deferred income tax assets to be recovered within 12 months</li> </ul>    | 2,177,802        | 990,160          |
|  | 4,835,268        | 3,566,168        |
| Deferred income tax liabilities:   |                  |                  |
| - Deferred income tax liabilities to be settled after more than 12 months          | (1,649,258)      | (275,985         |
| <ul> <li>Deferred income tax liabilities to be settled within 12 months</li> </ul> | (226,986)        | (211,064         |
|  | (1,876,244)      | (487,049)        |
| Total net deferred income tax asset  | 2.959.024        | 3,079,119        |

Temporary differences associated with undistributed earnings of subsidiaries totalled RR 185,184,106 (2020: RR 105,199,322). No deferred income tax liability was recognised as the Group is able to control the timing of reversal of those temporary differences and it is probable that they will not reverse in the foreseeable future. For those temporary differences that will reverse in the foreseeable future correspondent deferred income tax liabilities was recognized in the amount of RR 186,170 (2020: nil)

On 13 September 2021 the Board of Directors has approved a new dividend policy and increased minimal payout ratio of dividends of the Company from 25% to 50%. As the dividends will be distributed from net income of the reporting periods, they will be subject to current withholding income tax at the applicable rate.

Refer to Note 31 "Contingencies" for description of tax risks and uncertainties.

#### 27. Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Company is controlled by GRANADA CAPITAL CY LIMITED, incorporated in Cyprus, which owns 56.2% of the Company's shares. The parent entity which prepares consolidated financial statements of the largest and smallest body of undertakings of which the Company forms part as a subsidiary undertaking, is GRANADA CAPITAL CY LIMITED, which is incorporated in Cyprus with registered office at 205 Archiepiskopou Makariou, Victory House, Flat/Office 211 A, CY-3030, Limassol, Cyprus.

As at 31 December 2021 and 2020, the ultimate controlling party of the Company is Mr. Vadim Moshkovich (the "Owner"), who ultimately controls 56.2% of the total issued shares as at 31 December 2021 (2020: 70.7%).

#### Key management personnel

Share option incentive scheme

In 2017 the Group initiated a share option incentive scheme for its top-management. Under this scheme

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES. UNLESS NOTED OTHERWISE)

#### 27. Related party transactions (continued)

the employees were granted GDRs of the Company provided they remained in their position up to a specific date in the future. The amount of GDRs granted were dependent on the average market prices of GDRs for the period preceding this date. Vesting period of the scheme ended by 31 December 2019. No expenses or gains were recognized under the scheme for the years ended 31 December 2021 and 2020, no GDRs of the Company were transferred to the employees under the scheme in 2021 (2020: 31,000 GDRs amounting to RR 0).

As at 31 December 2021, the share-based payment reserve accumulated in equity as a result of the sharebased payment transactions amounted to RR 1,313,691 (2020: RR 1,313,691).

#### Other remuneration to key management personnel

Remuneration to 12 (2020: 12) representatives of key management personnel, included in payroll costs, comprised short-term remuneration such as salaries, discretionary bonuses and other short-term benefits totalling RR 1,608,744 including RR 235,239 payable to the State Pension Fund (2020: RR 1,211,653 and RR 104.895 respectively).

#### The Company Directors' remuneration

Included in the share-based compensation and other remuneration to Company Directors disclosed above, are the Company Directors' fees, salaries and other short-term benefits totalling RR 1,187,689 including RR 156.339 pavable to the State Pension Fund (2020: RR 803.673 and RR 68.761 respectively) for the year ended 31 December 2021.

#### Dividends paid to the Company Directors

During the year ended 31 December 2021 the dividends paid to the Company Directors amounted to RR 1,478,145 (2020: RR 383,216).

#### Loan agreements with the Key management personnel

Balances and transactions under loan agreements with Key management personnel consist of the followina:

| Transactions   | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Operating foreign exchange differences gain/ (loss), net | (987)            |                  |
| Balances   | 31 December 2021 | 31 December 2020 |
|  |                  | 45               |

#### Entities controlled by the Owner

Dividends paid to entities controlled by the Owner

During the year ended 31 December 2021 the dividends paid to entities controlled by the Owner amounted RR 14,026,673 (2020: RR 3,691,102).

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES. UNLESS NOTED OTHERWISE)

#### 27. Related party transactions (continued)

Balances and transactions with entities controlled by the Owner are presented in the table below:

|   | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| Transactions                                  |                  |                  |
| Sales of goods and services                   | 2,840            | 198              |
| Purchases of services                         | 4,022            | 3,060            |
| Charitable donations and social costs         | 7,088            | 208,762          |
| Repayment of lease liabilities                | 168,681          | 156,047          |
| Short-term loans repaid                       | -                | 4,066,495        |
| Interest expenses                             | -                | 5,898            |
| Interest paid                                 | -                | 13,249           |
|   | 31 December 2021 | 31 December 2020 |
| Balances                                      |                  |                  |
| Trade receivables from related parties, gross | 24               | 24               |
| Other receivables from related parties, gross | 1,138            | 402              |
| Prepayments to related parties, gross         | 82,435           | 76,209           |
| Lease liabilities                             | (1,331,054)      | (1,288,163)      |

Lease liabilities relate to the rent of Moscow office premises from a related party for an expected lease period of 20 years. Liability at 31 December 2021 and 31 December 2020 is accounted for in accordance with IFRS 16.

#### Associates

Balances and transactions with associates are presented in the table below:

|  | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Transactions   |                  |                  |
| Purchases of services  | 559              | 370              |
| Purchases of goods   | 18,409           | -                |
|  | 31 December 2021 | 31 December 2020 |
| Balances   |                  |                  |
| Other receivables from related parties, gross                      | 51,513           | 51,513           |
| Trade receivables from related parties, gross                      | 509              | 49               |
| Provision for impairment of trade receivables from related parties | (509)            | (49)             |
| Trade and other payables   | (110)            | (63)             |

#### 28. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding the effect of GDRs purchased by the Company and held as treasury shares.

The Company has no significant dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

|  | 2021       | 2020       |
|--|------------|------------|
| Profit for the year attributable to the Company's equity holders | 41,477,865 | 24,359,786 |
| Weighted average number of ordinary shares in issue              | 26,906,270 | 26,905,237 |
| Basic and diluted earnings per share (RR per share)              | 1 541.57   | 905.39     |

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 29. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is a person or a group of persons who allocates resources and assesses the performance of the Group. The functions of CODM are performed by the Board of Directors of ROS AGRO PLC.

#### Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of four main business segments:

- Sugar processing of raw sugar and production of sugar from sugar-beet;
- Meat cultivation of pigs and meat processing;
- Agriculture agricultural production (cultivation of sugar-beet, grain and other agricultural crops);
- Oil and Fat vegetable oil extraction and processing.

Certain of the Group's businesses are not included within the reportable operating segments, as they are not included in the reports provided to the CODM. The results of these operations are included in "Other" caption. The Company, JSC Rusagro Group and LLC Group of Companies Rusagro that represent the Group's head office and investment holding functions and earn revenue considered incidental to the Group's activities are included in "Other" caption.

There were no changes in approach to the identification and measurement of operating segment profit or loss, assets and liabilities.

#### Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different customers. They are managed separately because of the differences in the production processes, the nature of products produced and required marketing strategies.

Financial information reviewed by the CODM includes:

- Quarterly reports containing information about income and expenses by business units (segments) based on IFRS numbers, that may be adjusted to present the segments results as if the segments operated as independent business units and not as the division within the Group;
- Quarterly reports with a breakdown of separate material lines of IFRS consolidated statement of financial positions and IFRS consolidated statement of cash flows;
- In addition to the main financial indicators, operating data (such as yield, production volumes, cost per unit, staff costs) and revenue data (volumes per type of product, market share) are also reviewed by the CODM on a quarterly basis.

#### Measurement of operating segment profit or loss, assets and liabilities

The CODM assesses the performance of the operating segments based on the Adjusted EBITDA figure for the period. Adjusted EBITDA figure is not an IFRS measure. Adjusted EBITDA is reconciled to IFRS operating profit in this Note.

In 2020 the Group updated its EBITDA calculation within Other operating income/(expenses) outlining nonrecurring items in order to reflect more precisely the operating activities of the Company. Adjusted EBITDA is defined as operating profit before taking into account:

- depreciation and amortisation;
- non-recurring other operating adjustment (Note 23);

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 29. Segment information (continued)

- the difference between the gain on revaluation of biological assets and agricultural produce recognised in the year and the gain on initial recognition of agricultural produce attributable to realised agricultural produce for the year and revaluation of biological assets attributable to realised biological assets and included in cost of sales;
- share-basetion;
- provision/ (reversal of provision) for net realisable value of agricultural products in stocks
- provision / (reversal of provision) for impairment of loans issued.

Transactions between operating segments are accounted for based on financial information of individual segments that represent separate legal entities.

#### Analysis of revenues by products and services

Each business segment except for the "Agriculture" and "Oil & Fat" segments is engaged in the production and sales of similar or related products (see above in this note). The "Agriculture" segment in addition to its main activity of growing and harvesting agricultural crops, was engaged in the cultivation of dairy cattle livestock until October, 2021 when assets of Rusagro-Moloko were sold to a third party. Related revenue from sales of milk and other livestock products was RR 116,611 (2020: RR 205,997). The "Oil and Fat" segment in additional to its main activity of vegetable oil extraction and processing is engaged in the products was RR 4,866,075 (2020: RR 3,787,225). Dairy Products segment are included in Oil and Fat segment in 2021 financial year, 2020 financial year results were corrected accordingly.

For the amount of revenue from services, which comprise mainly grain elevator services and processing of sugar beet for third party agricultural enterprises, see Note 19.

#### Geographical areas of operations

All the Group's assets are located in the Russian Federation. Distribution of the Group's sales between countries on the basis of the customers' country of domicile was as follows:

|                    | 2021        | 2020        |  |
|--------------------|-------------|-------------|--|
| Russian Federation | 157,316,736 | 107,677,304 |  |
| Foreign countries  | 65,615,703  | 51,293,731  |  |
| Total              | 222,932,439 | 158,971,035 |  |

Among key customers from foreign countries are Turkey, CIS countries, Switzerland, China, Japan.

#### Major customers

The Group has no customer or group of customers under common control who would account for more than 10% of the Group's consolidated revenue.

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 29. Segment information (continued)

#### Information about reportable segment adjusted EBITDA, assets and liabilities

Segment information for the reportable segments' assets and liabilities as at 31 December 2021 and 2020 is set out below:

| 2021                             | Sugar       | Meat       | Agriculture | Oil and Fat   | Other       | Eliminations  | Total       |
|----------------------------------|-------------|------------|-------------|---------------|-------------|---------------|-------------|
| Assets                           | 110,264,224 | 86,800,384 | 68,869,840  | 127,096,588   | 255,378,779 | (286,088,763) | 362,321,052 |
| Liabilities                      | 89,631,913  | 56,471,863 | 40,321,089  | 85,525,732    | 135,978,028 | (193,482,768) | 214,445,857 |
| Additions to non-current assets* | 1,040,334   | 13,423,203 | 3,605,236   | 31,300,649    | 671,984     | -             | 50,041,406  |
| 2020                             | Sugar       | Meat       | Agriculture | Oil and Fat** | Other**     | Eliminations  | Total       |
| Assets                           | 58,114,485  | 77.953.893 | 59.110.299  | 52.514.406    | 176.044.412 | (147.588.908) | 276.148.587 |
| Liabilities                      | 41,201,441  | 51,419,029 | 34,167,859  | 50,459,015    | 58,684,587  | (85,817,742)  | 150,114,189 |
| Additions to non-current assets* | 1,309,376   | 14,356,807 | 3,783,597   | 1,927,505     | 496,309     | ,             | 21,873,594  |

\* Additions to non-current assets exclude additions to financial instruments, assets held for sale, goodwill and restricted cash.

\*\* Dairy Products segment was included in Oil and Fat segment in 2021 financial year (Other segment in 2020), 2020 financial year results were corrected accordingly.

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 29. Segment information (continued)

Segment information for the reportable segments' adjusted EBITDA for the years ended 31 December 2021 and 2020 is set out below:

| 2021  | Sugar          | Meat               | Agriculture     | Oil and Fat     | Other                   | Eliminations | Total                |
|---|----------------|--------------------|-----------------|-----------------|-------------------------|--------------|----------------------|
| Sales (Note 19)   | 36,360,566     | 39,628,064         | 41,881,010      | 125,236,601     | 719,452                 | (20,893,254) | 222,932,439          |
| Net (loss) / gain on revaluation of biological assets and<br>agricultural produce (Note 9)                        | -              | (370,486)          | 2,609,949       | -               | -                       | 1,169,846    | 3,409,309            |
| Cost of sales (Note 20)   | (26,850,141)   | (33,744,934)       | (18,773,771)    | (108,855,523)   | (371,867)               | 19,347,955   | (169,248,281)        |
| incl. Depreciation<br>Net loss from trading derivatives   | (2,766,162)    | (3,965,508)<br>(5) | (2,547,072)     | (2,877,234)     | (9,186)                 | (85,607)     | (12,250,769)         |
| Gross profit  | -<br>9,510,425 | 5,512,639          | -<br>25,717,188 | -<br>16,381,078 | -<br>347,585            | (375,453)    | (5)<br>57,093,462    |
| Distribution and Selling, General and administrative  | (3,958,396)    | (5,728,548)        | (3,396,730)     | (7,463,073)     | (2,646,176)             | 1,741,888    | (21,451,035)         |
| expenses (Notes 21, 22)<br>incl. Depreciation and amortisation  | (72,862)       | (910,976)          | (357,854)       | (348,591)       | (90,102)                | 85.607       | (1,694,778)          |
| Other operating income/(expenses), net  |                | ,                  | ,               |                 |                         |              |                      |
| (Note 23)   | 677,174        | 1,353,391          | 598,467         | (726,058)       | 27,175,376              | (26,744,173) | 2,334,177            |
| incl. Reimbursement of operating costs (government grants)  | 576,559        | 516,862            | 546,424         | 495,720         | -                       | -            | 2,135,565            |
| Incl. Non-recurring other operating adjustment) (Note 23)<br>Reversal of provision for impairment of loans issued | 105,924        | 489,812            | (37,563)        | (1,368,049)     | 27,067,942<br>4,574,481 | (25,805,013) | 453,053<br>4,574,481 |
| Operating profit  | 6,229,203      | 1,137,482          | 22,918,925      | 8,191,947       | 29,451,266              | (25,377,738) | 42,551,085           |
| Adjustments:  |                |                    |                 |                 |                         |              |                      |
| Depreciation and amortization included in Operating Profit  | 2,839,024      | 4,876,484          | 2,904,926       | 3,225,825       | 99,288                  | -            | 13,945,547           |
| Non-recurring other operating adjustment (Note 23)  | (105,924)      | (489,812)          | 37,563          | 1,368,049       | (27,067,942)            | 25,805,013   | (453,053)            |
| Net (loss)/ gain on revaluation of biological assets and<br>agricultural produce                                  | -              | 370,486            | (2,609,949)     | -               | -                       | (1,169,846)  | (3,409,309)          |
| Reversal of provision for impairment of loans issued  | -              | -                  | -               | -               | (4,574,481)             | -            | (4,574,481)          |
| Adjusted EBITDA*  | 8,962,303      | 5,894,640          | 23,251,465      | 12,785,821      | (2,091,869)             | (742,571)    | 48,059,789           |

\* Non-IFRS measure

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 29 Segment information (continued)

| 2020   | Sugar        | Meat         | Agriculture  | Oil and Fat** | Other**      | Eliminations | Total         |
|--|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Sales (Note 19)  | 28,112,519   | 32,434,214   | 34,347,506   | 79,726,251    | 631,108      | (16,280,563) | 158,971,035   |
| Net (loss)/ gain on revaluation of biological assets and   |              |              |              |               |              | ,            |               |
| agricultural produce (Note 9)                              | -            | (681,302)    | 3,582,520    | -             | -            | 2,989,229    | 5,890,447     |
| Cost of sales (Note 20)                                    | (21,238,160) | (27,375,635) | (19,059,850) | (64,547,430)  | (477,625)    | 11,566,042   | (121,132,658) |
| incl. Depreciation   | (2,605,853)  | (3,716,132)  | (2,861,216)  | (542,826)     | (10,639)     | (75,387)     | (9,812,053)   |
| Net gain from trading derivatives                          | 10,552       | -            | -            | -             | -            | -            | 10,552        |
| Gross profit   | 6,884,911    | 4,377,277    | 18,870,176   | 15,178,821    | 153,483      | (1,725,292)  | 43,739,376    |
| Distribution and Selling, General and administrative       |              |              |              |               |              |              |               |
| expenses (Notes 21, 22)                                    | (3.399.788)  | (2,713,324)  | (3,732,770)  | (6,730,675)   | (1,704,354)  | 1,142,621    | (17,138,290)  |
| incl. Depreciation and amortisation                        | (83,738)     | (218,146)    | (386,864)    | (184,327)     | (184,305)    | 75,387       | (981,993)     |
| Other operating income/(expenses), net                     | (            | (=)          | ()           | ()            | ())          | ,            | ()            |
| (Note 23)  | 602,466      | 653,934      | 459,868      | (533,103)     | 15,582,175   | (14,472,323) | 2,293,017     |
| incl. Reimbursement of operating costs (government         | 002,100      | 000,001      | 100,000      | (000,100)     | 10,002,110   | (,2,020)     | 2,200,011     |
| grants)  | 179.564      | 104.836      | 299,020      | 347,210       | -            | -            | 930.630       |
| incl. Non-recurring other operating adjustment) (Note 23)  | 425,102      | 459,983      | 71,372       | (732,371)     | 15.526.199   | (13,936,656) | 1.813.629     |
| Provision for impairment of loans issued                   |              | -            | -            | (             | (5,070,598)  | -            | (5,070,598)   |
| Operating profit   | 4,087,589    | 2,317,887    | 15,597,274   | 7,915,043     | 8,960,706    | (15,054,994) | 23,823,505    |
| Adjustments:   |              |              |              |               |              |              |               |
| Depreciation and amortisation included in Operating Profit | 2.689.591    | 3.934.278    | 3.248.080    | 727.153       | 194.944      | -            | 10.794.046    |
| Non-recurring other operating adjustment                   | 2,000,001    | 0,001,210    | 0,210,000    | 121,100       | 101,011      |              | 10,101,010    |
| (Note 23)  | (425,102)    | (459,983)    | (71,372)     | 732,371       | (15,526,199) | 13.936.656   | (1,813,629)   |
| Net (loss)/ gain on revaluation of biological assets and   | (120,102)    | (100,000)    | (11,012)     | 102,011       | (10,020,100) | 10,000,000   | (1,010,020)   |
| agricultural produce                                       | -            | 681,302      | (3,582,520)  | -             | -            | (2,989,229)  | (5,890,447)   |
| Provision for impairment of loans issued                   | -            | -            | (0,002,020)  | -             | 5,070,598    | (2,000,220)  | 5,070,598     |
| Adjusted EBITDA*   | 6,352,078    | 6,473,484    | 15,191,462   | 9,374,567     | (1,299,951)  | (4,107,567)  | 31,984,073    |

\* Non-IFRS measure

\*\* Dairy Products segment was included in Oil and Fat segment in 2021 financial year (Other segment in 2020), 2020 financial year results were corrected accordingly.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management

#### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposure, except in 2020 for raw sugar commodity price risk management as described below.

Operating risk management is carried out on the level of the finance function of the Group's business segments with overall monitoring and control by management of the Group. The management is implementing principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of non-derivative financial instruments, and investing excess liquidity.

#### Credit risk

The credit risk represents the risk of losses for the Group owing to default of counterparties on obligations to transfer to the Group cash and cash equivalents and other financial assets.

Activities of the Group that give rise to credit risk include granting loans, making sales to customers on credit terms, placing deposits with banks and performing other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk at the reporting date without taking account of any collateral held is as follows:

|   | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| Long-term financial assets                                      |                  |                  |
| Bonds held to collect (Note 10)                                 | 19,900,000       | 19,900,000       |
| Bank deposits (Note 10)   | 14,071,101       | 14,070,635       |
| Investments in third parties (Note 10)                          | 8,556,556        | 8,556,556        |
| Bonds held for trading (Note 10)                                |                  | 165,129          |
| Total long-term financial assets                                | 42,527,657       | 42,692,320       |
| Short-term financial assets                                     |                  |                  |
| Cash and cash equivalents (Note 3)                              | 46,462,179       | 11,866,798       |
| Bank deposits (Note 4)  | 18,519,392       | -                |
| Financial assets within trade and other receivables (Note 5)    | 12,000,318       | 8,829,801        |
| Loans issued (Note 4)   | 2,119,893        | 19,137,343       |
| Interest receivable on long-term bonds held to collect (Note 4) | 221,734          | 218,057          |
| Bonds held to collect (Note 4)                                  | 140,741          | 197,523          |
| Short-term restricted cash                                      | 47               | 143,637          |
| Other short-term investments (Note 4)                           | -                | 22,692           |
| Interest receivable on bonds held for trading (Note 4)          | -                | 7,908            |
| Total short-term financial assets                               | 79,464,304       | 40,423,759       |
| Total   | 121,991,961      | 83,116,079       |

As at 31 December 2021 the Group has collateral against RR 56,176 of its trade receivables (31 December 2020: RR 46,887). The Group has geographical concentration of credit risk in the Russian market since the majority of the Group's customers conduct their business in the Russian Federation.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies two approaches – an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

| Master scale credit risk grade | Corresponding internal<br>ratings | Corresponding ratings of<br>external international rating<br>agencies | Corresponding<br>PD interval |
|--------------------------------|-----------------------------------|---|------------------------------|
| Excellent                      | 1-6                               | AAA to BB+  | 0.01% - 0.05%                |
| Good                           | 7 – 14                            | BB to B+  | 0.06% - 1%                   |
| Satisfactory                   | 15 – 21                           | B, B-   | 1% - 5%                      |
| Special monitoring             | 22 – 25                           | CCC+ to CC-   | 6% - 99.9%                   |
| Default                        | 26 - 30                           | C, D-I, D-II  | 100%                         |

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent strong credit quality with low expected credit risk;
- Good adequate credit quality with a moderate credit risk;
- Satisfactory moderate credit quality with a satisfactory credit risk;
- Special monitoring facilities that require closer monitoring and remedial management; and
- Default facilities in which a default has occurred.

The IRB system is designed internally, and ratings are estimated by management. Various credit-risk estimation techniques are used by the Group depending on the class of the asset. There are three commonly used types of such systems:

- Model-based In this system, credit risk ratings are assigned by internally developed statistical
  models with the limited involvement of credit officers. Statistical models include qualitative and
  quantitative information that shows the best predictive power based on historical data on defaults.
- Expert judgement-based In this system, credit risk ratings are assigned subjectively by experienced
  credit officers based on internally developed methodology and different qualitative and quantitative
  factors. This approach is based on expert methodology and judgements rather than on sophisticated
  statistical models.
- Hybrid This rating system is a combination of the two systems above. It is developed by using historical data combined with expert input.

The Group applies IRB systems for measuring credit risk for the following financial assets: cash and cash equivalents, bank deposits, bonds held for trading.

The table below discloses the credit quality of cash and cash equivalents balances and bank deposits based on credit risk grades at 31 December 2021.

|  | Cash and cash<br>equivalents | Bank<br>deposits | Total      |
|--|------------------------------|------------------|------------|
| - Excellent  | 46,444,018                   | 32,590,493       | 79,034,511 |
| - Good   | 18,161                       | -                | 18,161     |
| Total cash and cash equivalents, excluding cash on |                              |                  |            |
| hand   | 46,462,179                   | 32,590,493       | 79,052,672 |

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

The table below discloses the credit quality of cash and cash equivalents balances and bank deposits based on credit risk grades at 31 December 2020.

|  | Cash and cash<br>equivalents | Bank<br>deposits | Total      |
|--|------------------------------|------------------|------------|
| - Excellent  | 11,808,294                   | 14,070,635       | 25,878,929 |
| - Good   | 58,504                       | -                | 58,504     |
| Total cash and cash equivalents, excluding cash on<br>hand | 11,866,798                   | 14,070,635       | 25,937,433 |

The credit quality of cash and cash equivalents, bank deposits and restricted cash balances may be summarised as:

|                          |                          | 31 Decem | ber 2021   | 31 Decem | ber 2020   |
|--------------------------|--------------------------|----------|------------|----------|------------|
|                          | Rating agency            | Rating   | Balance    | Rating   | Balance    |
| Alfa Bank                | Fitch Ratings            | bbb-     | 34.216.104 | bb+      | 10.243.340 |
| Bank GPB                 | S&P                      | bbb-     | 18,623,438 | bb+      | 149        |
| Vnesheconombank          | S&P                      | bbb-     | 14,071,107 | bbb      | 14,070,658 |
| Rosselkhozbank           | Moody's                  | Ba1      | 9,090,345  | Ba1      | 38,392     |
| Sberbank                 | Fitch Ratings            | bbb      | 3,014,725  | bbb      | 670,168    |
| Credit Suisse            | Fitch Ratings            | a-       | 16.821     | a-       | 1.575      |
| Bank NCC                 | Fitch Ratings            | bbb      | 1,113      | bbb      | 1,002,633  |
| Rosbank                  | Fitch Ratings            | bbb      | 858        | bbb      | 2.275      |
| Other                    | -                        | -        | 18,208     | -        | 51,880     |
| Total cash at bank, bank | deposits (Note 3,10) and |          |            |          |            |
| restricted cash          | • • • • • •              |          | 79,052,719 |          | 26,081,070 |

Expected credit loss measurement. Expected credit loss is a probability-weighted estimate of the present value of future cash shortfalls. An expected credit loss measurement is unbiased and is determined by evaluating a range of possible outcomes. Expected credit loss measurement is based on four components used by the Group: Probability of Default, Exposure at Default, Loss Given Default and Discount Rate.

Exposure at Default is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the borrower is deceased;
  - the borrower is insolvent;
  - it is becoming likely that the borrower will enter bankruptcy.

Forward-looking information incorporated in the ECL models. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios. The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such backtesting is performed at least once a year.

The results of backtesting the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

The Group did not recognise any expected credit loss allowance in respect of loans issued because of significant excess of its collateral value over the gross carrying value of these loans.

Neither past due nor impaired trade receivables relate to the customers who have a long-standing relationship with the Group and a sound trading history.

Concentrations of trade receivables by type of customer are as follows:

|  | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Distribution and retail outlets        | 7.248.772        | 5.095.469        |
| Manufacturers (candy, juice and other) | 4,258,210        | 3,213,548        |
| Other not categorised                  | 40,524           | 123,094          |
| Total trade receivables                | 11,547,506       | 8,432,111        |

The majority of the customers do not have independent ratings. To minimize the risk of default on payment of amounts due by counterparties for supplied goods or rendered services the Group regularly revises the maximum amount of credit and grace periods for each significant customer.

#### Financial assets that are impaired as at the reporting date

The table below shows the analysis of impaired financial assets:

|                                | 31 Decemb     | er 2021    | 31 December 2020 |            |  |
|--------------------------------|---------------|------------|------------------|------------|--|
|                                | Nominal value | Impairment | Nominal Value    | Impairment |  |
| Impaired receivables (Note 5): |               |            |                  |            |  |
| - trade receivables            | 1,777,388     | (747,171)  | 1,141,874        | (76,845)   |  |
| - other receivables            | 95,204        | (95,204)   | 81,184           | (71,477)   |  |
| Total                          | 1,872,592     | (842,375)  | 1,223,058        | (148,322)  |  |

Financial assets are impaired when there is evidence that the Group will not receive the full amount due or receive the full amount later than contracted. Factors to consider include whether the receivable is past due, the age of the receivable and past experience with the counterparty.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. The Group Treasury analyses the net debt position as disclosed in Note 15.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

|   | Carrying                              | Contractual undiscounted cash flows    |                                     |                                   |                                      |                                       |
|---|---------------------------------------|--|-------------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|
| At 31 December 2021   | value                                 | Total                                  | 2022                                | 2023                              | 2024-2026                            | After 2026                            |
| Borrowings and loans (Note 15)  |                                       |  |                                     |                                   |                                      |                                       |
| - principal amount<br>- interest<br>Lease liabilities (Note 12)<br>Financial liabilities within<br>trade and other payables | 170,527,920<br>2,195,945<br>6,665,845 | 194,961,620<br>25,505,128<br>7,643,740 | 107,310,675<br>3,620,333<br>611,369 | 9,003,566<br>2,472,856<br>569,575 | 25,788,953<br>4,397,629<br>1,557,975 | 52,858,426<br>15,014,310<br>4,904,821 |
| (Note 16)<br>Total  | 11,222,919<br><b>190,612,629</b>      | 11,222,919<br>239,333,407              | 11,222,919<br>122,765,296           | 12,045,997                        | 31,744,557                           | 72,777,557                            |

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

|   | Carrying                  | Contractual undiscounted cash flows |                          |                         |                         | g Contractual undiscounted cash flows |  |  |  |
|---|---------------------------|-------------------------------------|--------------------------|-------------------------|-------------------------|---------------------------------------|--|--|--|
| At 31 December 2020   | value                     | Total                               | 2021                     | 2022                    | 2023-2025               | After 2025                            |  |  |  |
| Borrowings and loans<br>(Note 15)<br>- principal amount<br>- interest                   | 113,357,741<br>1.571.454  | 139,770,853<br>28.810,356           | 50,404,705<br>3,798,805  | 16,133,646<br>2,589,672 | 20,723,547<br>5.954.667 | 52,508,955<br>16.467,212              |  |  |  |
| Lease liabilities (Note 12)<br>Financial liabilities within<br>trade and other payables | 5,799,367                 | 11,329,467                          | 976,982                  | 917,680                 | 2,380,704               | 7,054,101                             |  |  |  |
| (Note 16)<br>Total  | 11,092,041<br>131.820.603 | 11,092,041<br>191.002.717           | 11,092,041<br>66.272.533 | - 19.640.998            | - 29.058.918            | 76.030.268                            |  |  |  |

The exchange rates used for calculating payments for bank borrowings denominated in currencies other than Russian Roubles:

|           | 31 December 2021 | 31 December 2020 |
|-----------|------------------|------------------|
|           |                  |                  |
| US Dollar | 74.2926          | 73.8757          |
| Euro      | 84.0695          | 90.6824          |

In addition, the Group has commitments as disclosed in Note 32.

#### Market risk

Market risk, associated with financial instruments, is the risk of change of fair value of financial instruments or the future cash flows expected on a financial instrument, owing to change in interest rates, exchange rates, prices for the commodities or other market indicators. From the risks listed above the Group is essentially exposed to the risks associated with changes in interest rates, exchange rates and commodity prices.

#### Cash flow and fair value interest rate risk

The Group's income and operating cash flows are exposed to changes in market interest rates. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain most of its borrowings in fixed rate instruments. The Group does not have formal policies and procedures in place for management of fair value interest rate risk.

Interest rates under most of the Group's borrowings are fixed. However, the terms of the contracts stipulate the right of the creditor for a unilateral change of the interest rate (both increase and decrease), which can be based, among other triggers, on a decision of the CBRF to change the refinancing rate.

Bank deposits and loans issued bear fixed interest rate and therefore are not exposed to cash flow interest rate risk.

The Group analyses its interest rate exposure on a continuous basis. Various scenarios are considered taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each scenario, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

During the year ended 31 December 2021 and 31 December 2020 the Group was not exposed to the cash flow interest rate risk as all of the Group's borrowings had fixed rates.

#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

#### Foreign exchange risk

As at 31 December 2021 and 2020, foreign exchange risk arises on cash in banks, short-term investments, trade and other receivables, borrowings and trade and other payables denominated in foreign currency (Notes 3, 4, 5, 15 and 16).

At 31 December 2021, if the Russian Rouble had weakened/strengthened by 30% (31 December 2020: 30%) against the US dollar with all other variables held constant, the Group's profit before taxation and equity would have been RR 732,838 (2020: RR 562,822) higher/lower.

At 31 December 2021 if the Russian Rouble had weakened/strengthened by 30% (31 December 2020: 30%) against the Euro with all other variables held constant, the Group's profit before taxation and equity would have been RR 20,922 (2020: RR 170,149) lower/higher.

#### Purchase price risk

The Group is exposed to equity securities price risk arising on investments held by the Group and classified in the consolidated statement of financial position at fair value through other comprehensive income (Note 10). The Group does not manage its price risk arising from investments in equity securities.

#### Sales price risk

Changes in white sugar prices are closely related to changes in world raw sugar prices. The storage facilities of own sugar plants permit to build up stocks of white sugar to defer sales to more favourable price periods.

The Group is exposed to financial risks arising from changes in meat and crops prices (Note 9).

#### Fair value estimation

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

#### Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

#### Liabilities carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

#### Financial instruments by measurement categories and fair values as at 31 December 2021

|   | Amortised<br>cost | At fair value<br>through other<br>comprehen-<br>sive income | At fair value<br>through<br>profit or loss | Total<br>carrying<br>amount | Fair value  |
|---|-------------------|---|--|-----------------------------|-------------|
| Financial assets  |                   |   |  |                             |             |
| Cash and cash equivalents (Note 3)                              | 46,462,179        | -   | -  | 46.462.179                  | 46,462,179  |
| Short-term restricted cash                                      | 47                | -   | -  | 47                          | 47          |
| Short-term loans issued (Note 4)                                | 2,119,893         | -   | -  | 2,119,893                   | 2,119,893   |
| Interest receivable on bonds held to collect (Note 4)           | 221,734           | -   | -  | 221,734                     | 173,397     |
| Bank deposits (Note 4)  | 18,519,392        | -   | -  | 18,519,392                  | 18,519,392  |
| Bonds held to collect (Note 4)                                  | 140,741           | -   | -  | 140,741                     | 140,741     |
| Financial assets within trade and other receivables (Note 5)    | 12,000,318        | -   | -  | 12,000,318                  | 12,000,318  |
| Total short-term financial assets                               | 79,464,304        | -   | -  | 79,464,304                  | 79,415,967  |
| Investments in third parties (Note 10)                          |                   | 8,556,556   |  | 8,556,556                   | 8,556,556   |
| Bonds held to collect (Note 10)                                 | 19.900.000        | 0,000,000   |  | 19,900,000                  | 19,900,000  |
| Bank deposits (Note 10)   | 14,071,101        | -   | -  | 14,071,101                  | 14,002,700  |
| Total long-term financial assets                                | 33,971,101        | 8,556,556   | -  | 42,527,657                  | 42,459,256  |
| Total financial assets  | 113,435,405       | 8,556,556   | -  | 121,991,961                 | 121,875,223 |
| Financial liabilities   |                   |   |  |                             |             |
| Short-term borrowings (Note 15)                                 | 108,748,840       | -   | -  | 108.748.840                 | 108.748.840 |
| Financial liabilities within trade and other payables (Note 16) | 11,222,919        | -   | -  | 11,222,919                  | 11,222,919  |
| Total short-term financial liabilities                          | 119,971,759       | -   | -  | 119,971,759                 | 119,971,759 |
|   |                   |   |  |                             |             |
| Long-term borrowings (Note 15)                                  | 63,975,025        | -   | -  | 63,975,025                  | 63,975,025  |
| Total long-term financial liabilities                           | 63,975,025        | -   | -  | 63,975,025                  | 63,975,025  |
| Total financial liabilities                                     | 183,946,784       | -   |  | 183,946,784                 | 183,946,784 |

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

Financial instruments by measurement categories and fair values as at 31 December 2020

|   | Amortised<br>cost | through other | At fair value<br>through<br>profit or loss | Total<br>carrying<br>amount | Fair value |
|---|-------------------|---------------|--|-----------------------------|------------|
| Financial assets  |                   |               |  |                             |            |
| Cash and cash equivalents (Note 3)  | 11,866,798        | -             | -  | 11,866,798                  | 11,866,798 |
| Short-term restricted cash  | 143,637           | -             | -  | 143,637                     | 143,637    |
| Short-term loans issued (Note 4)<br>Interest receivable on bonds held to  | 19,137,343        | -             | -  | 19,137,343                  | 19,214,704 |
| collect (Note 4)<br>Interest receivable on bonds held for                 | 218,057           | -             | -  | 218,057                     | 135,320    |
| trading (Note 4)  | -                 | -             | 7,908                                      | 7,908                       | 7,908      |
| Bonds held to collect (Note 4)<br>Other short-term investments (Note      | 197,523           | -             | -  | 197,523                     | 197,523    |
| 4)<br>Financial assets within trade and                                   |                   | -             | 22,692                                     | 22,692                      | 22,692     |
| other receivables (Note 5)  | 8,829,801         | -             | -  | 8,829,801                   | 8,829,801  |
| Total short-term financial assets   | 40,393,159        | -             | 30,600                                     | 40,423,759                  | 40,418,383 |
| Bonds held for trading (Note 10)  | -                 | -             | 165,129                                    | 165,129                     | 165.129    |
| Investments in third parties (Note 10)                                    | -                 | 8,556,556     |  | 8,556,556                   | 8.556.556  |
| Bonds held to collect (Note 10)   | 19,900,000        | -             | -  | 19,900,000                  | 19,900,000 |
| Bank deposits (Note 10)   | 14,070,635        | -             | -  | 14,070,635                  | 13,961,012 |
| Total long-term financial assets  | 33,970,635        | 8,556,556     | 165,129                                    | 42,692,320                  | 42,582,697 |
| Total financial assets  | 74,363,794        | 8,556,556     | 195,729                                    | 83,116,079                  | 83,001,080 |
| Financial liabilities   |                   |               |  |                             |            |
| Short-term borrowings (Note 15)<br>Financial liabilities within trade and | 51,753,475        | -             | -  | 51,753,475                  | 51,753,475 |
| other payables (Note 16)  | 11,092,041        | -             | -  | 11,092,041                  | 11,092,041 |
| Total short-term financial liabilities                                    | 62,845,516        |               | -  | 62,845,516                  | 62,845,510 |
| Long-term borrowings (Note 15)  | 63,175,720        |               | _  | 63,175,720                  | 63,175,720 |
| Total long-term financial liabilities                                     | 63,175,720        | -             |  | 63,175,720                  | 63,175,720 |
| Total financial liabilities   | 126.021.236       | -             | -  | 126.021.236                 | 126.021.23 |

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies bonds held to collect, loans issued, long-term borrowings to Level 2 of the fair value hierarchy. Other financial instruments except bonds held for trading are classified to level 3 of the fair value hierarchy.

Fair value of bonds held-for trading is derived from open active markets and is within level 1 of the fair value hierarchy.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value is based on discounting of cash flows using 10.7-15.6% (2020: 9.9-20.3%) discount rate.

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs in relation to the investment at fair value through other comprehensive income (Note 10) are as follows at 31 December 2021:

|                              | Inputs used     | Range of inputs<br>(weighted average) | Reasonable<br>change | Sensitivity<br>of fair value<br>measurement |
|------------------------------|-----------------|---------------------------------------|----------------------|---|
| Investment at FV through OCI |                 |                                       |                      |   |
|                              | EBITDA Margin   | 17 – 24%                              | ± 1%                 | ± 462,808                                   |
|                              | Terminal growth |                                       |                      |   |
|                              | rate            | 1.8%                                  | ± 0.5%               | ± 120,515                                   |
|                              | WACC            | 15.6%                                 | ± 0.5%               | ± 225,302                                   |

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#### ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 30. Financial risk management (continued)

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs in relation to the investment at fair value through other comprehensive income (Note 10) are as follows at 31 December 2020:

|                              | Inputs used                      | Range of inputs<br>(weighted average) | Reasonable<br>change | Sensitivity<br>of fair value<br>measurement |
|------------------------------|----------------------------------|---------------------------------------|----------------------|---|
| Investment at FV through OCI |                                  |                                       |                      |   |
|                              | EBITDA Margin<br>Terminal growth | 16 – 22%                              | ± 1%                 | ± 523,765                                   |
|                              | rate                             | 1.8%                                  | ± 0.5%               | ± 161,302                                   |
|                              | WACC                             | 12.0%                                 | ± 0.5%               | ± 274,518                                   |

Sensitivity of fair value to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not be significant. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2021 (2020: none).

#### Capital management

The primary objective of the Group's capital management is to maximize participants' return while sustaining a reasonable level of financial risks. The Group does not have a quantified target level of participants' return or capital ratios. To fulfil capital management objectives while providing for external financing of regular business operations and investment projects, the Group management compares expected return of these operations and projects with the costs of debt and maintains prudent financial risk management as described above.

The Group companies complied with all externally imposed capital requirements throughout 2021 and 2020

#### 31. Contingencies

#### Tax legislation

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group, Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), with certain specific features. Transfer pricing legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis. Management has implemented internal controls to be in compliance with current transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 31. Contingencies (continued)

Starting from 2015 new rules were put in place establishing when foreign entities can be viewed as managed from Russia and consequently can be deemed Russian tax residents. Russian tax residency means that such legal entity's worldwide income will be taxed in Russia.

The tax liabilities of the Group were determined on the assumption that the foreign companies of the Group were not subject to applicable Russian taxes, because they did not have a permanent establishment in Russia and were not Russian profit tax residents by way of application of the new tax residency rules. However, the Russian tax authorities may challenge this interpretation of relevant legislation in regard to the foreign companies of the Group. The impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group's Management believes that its interpretation of the relevant legislation is appropriate, and the Group's tax and customs positions will be sustained. Accordingly, at 31 December 2021 no provision for potential tax liabilities had been recorded (2020: no provision). Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements if these are challenged by the authorities.

#### Social obligations

Some production companies of the Group have collective agreements signed with the employees. Based on these contracts the companies make social payments to the employees. The amounts payable are determined in each case separately and depend primarily on performance of the company. These payments do not satisfy the liability recognition criteria listed in IAS 19, "Employee Benefits". Therefore, no liability for social obligations was recognised in these consolidated financial statements.

#### Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims.

There are no current legal proceedings or other claims outstanding which could have a material effect on the results of operations and financial position of the Group.

#### Operating environment of the Group

The uncertainties related to the operating environment of the Group are described in Note 1.

#### 32. Commitments

#### Contractual capital expenditure commitments

As at 31 December 2021 the Group had outstanding contractual commitments in respect of purchases or construction of property, plant and equipment in the amount of RR 6,705,623 (31 December 2020 RR: 6.974.843).

#### 33. Subsequent events

Dividends. Subsequent to the year ended 31 December 2021, the Board of Directors recommends the payment of additional dividends out of the profits for the year 2021 to the amount of RR 11.928.542. Given that the Company has already paid interim dividends for 2021 to the amount of RR 8,755,947, the total dividend out of the profits for 2021 would amount to RR 20,684,489. The dividend per share will be fixed at the dividend record date set on 1 April 2022. The proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These consolidated financial statements do not reflect the dividends that have not been approved on the reporting date.

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ROS AGRO PLC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

#### 33. Subsequent events (continued)

From 1 January 2022, Timur Lipatov became Rusagro's Chief Executive Director. Contract of Maxim Basov, previous CEO, expired on 31 December 2021.

As part of bankruptcy procedures the Group transferred back to the insolvency estate the interest on loans paid by Solnechnye Producty during 2021 in the amount of RR 2,354,811. Cash is expected to be received back until 30 June 2022.

## CONTACT INFORMATION

#### Full corporate name

Public Company Limited by Shares ROS AGRO PLC

#### Abbreviated name

ROS AGRO PLC

#### Full corporate name in Russian

РОС АГРО ПЛС

#### Legal address

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#### Contact for shareholders and investors

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#### Independent auditors in Cyprus

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#### Depository

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#### Company website

Russian: www.rusagrogroup.ru English: www.rusagrogroup.ru/en

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