

**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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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.

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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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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.

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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

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25 February 2022