



ABOUT THE REPORT

This Annual Report for 2020 (hereinafter referred to as the Report) was prepared by ROS AGRO PLC. Rusagro Group (hereinafter referred to as the Company or Rusagro) should be understood to mean the group of companies consisting of ROS AGRO PLC and its subsidiaries.

Material subjects of the Report

The Report reviews the implementation of the Company's mid-term development strategy in 2020, presents operating and financial results and describes the existing activities in the corporate governance sphere. The Report is prepared in accordance with good practice in Environmental, Social and Governance reporting (ESG) with a particular focus on human resource management, social investment and environmental protection.

Standards

The Report was prepared on the basis of ROS AGRO PLC's management reporting and the consolidated financial statements of the Company and its subsidiaries for 2020. The Company's consolidated financial statements were prepared in line with the International Financial Reporting Standards (IFRS) adopted by the European Union, and the requirements contained in Cap.113 of the Cyprus Companies Law.

Audit

The audit of the IFRS consolidated financial statements of ROS AGRO PLC for 2020 was conducted by PricewaterhouseCoopers Limited company.

Disclaimer

The Report contains estimations or forward-looking statements about operating, financial, economic, social and other indicators characterising the development of Rusagro. 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.

Since some indicators and percentages in the tables, figures and texts of the Report have been 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 calculated on the indicators prior to the rounding and may therefore not fully match the percentages calculated with the rounded values.

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RUSAGRO'S HISTORY

The history of Rusagro began in 1995 with sugar imports to Russia. Over time, the Company acquired several sugar and fat and oil plants, elevators, and also established its own land bank. Rusagro's Group of Companies was created in 2003 to manage these assets and expand the business; the development of the Group can be divided into several key stages.



LAUNCHING THE SUGAR AND AGRICULTURE BUSINESSES

- Acquiring the first sugar plants and launching the sugar production line in the Belgorod Region.
- Establishing our own land bank for the production of sugar beets and grain crops.
- Purchasing elevators for storage and trade of grains.



LAUNCHING THE OIL AND FATS BUSINESS AND INTRODUCING THE FIRST RETAIL BRAND

- Purchasing an oil and fats production asset in Yekaterinburg.
- Launching the first retail sugar brand – Chaikofsky.



LAUNCHING THE MEAT BUSINESS

- Opening the pork production in the Belgorod Region.
- Expanding the Sugar Business by acquiring two sugar plants in the Belgorod and Tambov Regions.
- Launching the Mon Café and Brauni sugar brands.
- Expanding the land bank to 380 ths ha.



INITIAL PUBLIC OFFERING (IPO)

- Initial placing the GDRs on the London Stock Exchange and approving the dividend policy.
- Acquiring an oil extraction plant in the Samara Region.
- Launching the Russkii Sakhar (Russian Sugar) brand.
- Expanding the land bank to 463 ths ha.
- Exporting products to 14 countries across the world.



STARTING FLOATING ON THE MOSCOW STOCK EXCHANGE AND LAUNCHING A SLAUGHTERHOUSE

- Listing the Company's global depositary receipts (GDRs) on the MICEX.
- Launching pig farms and a slaughterhouse in the Tambov Region.
- Approving a project to create a food cluster in the Primorye Territory.
- Expanding the land bank to 504 ths ha.



CLOSING THE RAZGULAY DEAL AND SECONDARY PUBLIC OFFERING (SPO)

- Holding SPO on the LSE and raising USD 250 mn.
- Acquiring three sugar plants in the Kursk and Orel Regions, a cereal processing plant, and a land bank from Razgulay.
- Launching the first molasses desugarisation facility.
- Launching the first retail brand of Slovo Myasnika (Butcher's Promise) meat products.
- Expanding the land bank to 665 ths ha.



EXPANDING FOUR BUSINESSES

- Acquiring 100% of KapitalAgro and 22.5% of Agro-Belogorie Group of Companies – producers of pig products in the Belgorod Region.
- Completing the construction of an elevator in the Primorye Territory.
- Launching the second molasses desugarisation facility.
- Launching a bottled vegetable oil production shop in the Samara Region.
- Acquiring a right to purchase the majority interest of the company that owns Solnechnye Produkty (Solar Products) holding.
- Launching the Dairy Products Business for the production of cheeses, butter, and whey powder.
- Exporting products to 49 countries across the world. Making the first deliveries of corn, soybeans, meal, and pulp and resuming sales of consumer margarine to China.

HIGHLIGHTS OF 2020

STARTING THE DELIVERY OF SOWS TO A BREEDING FARM IN THE PRIMORYE TERRITORY

In August, Rusagro began supplying sows and boars of Danish origin to our its breeding farm in the Primorye Territory.

LAUNCHING A NEW MAYONNAISE WORKSHOP IN ATKARSK

In November, Rusagro launched a new mayonnaise shop line with an annual design capacity of 120 thousand tonnes in Atkarsk. Investments amounted to RUB 2 billion.

INCLUDING GDRs IN THE MSCI RUSSIA SMALL CAP INDEX

By results of the November rebalancing, the MSCI index provider again included the ROS AGRO PLC's global depository receipts in the MSCI Russia Small Cap index.

PURCHASING THE FIRST MODERN RUSSIAN-SELECTED SUGAR BEET HYBRIDS

Rusagro made a decision to purchase 10,000 seed units of sugar beet hybrids from SoyuzSemSvekla, which exhibited a strong performance in terms of sugar recovery per hectare based on the results of many years of testing.

FIRST DELIVERY OF WHEY POWDER TO CHINA

In December, Rusagro sold the first trial batch of dry milk cheese whey to China and became the first Russian company to carry out such a delivery.

Events after the reporting period

APPOINTING A NEW CFO

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

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 non-financial information, it was decided to launch a project to develop Rusagro's sustainable development strategy. As Director of Investor Relations and Sustainable Development, the project will be headed by Svetlana Kuznetsova, who has been heading the Company's External Investments Management since 2016.

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.

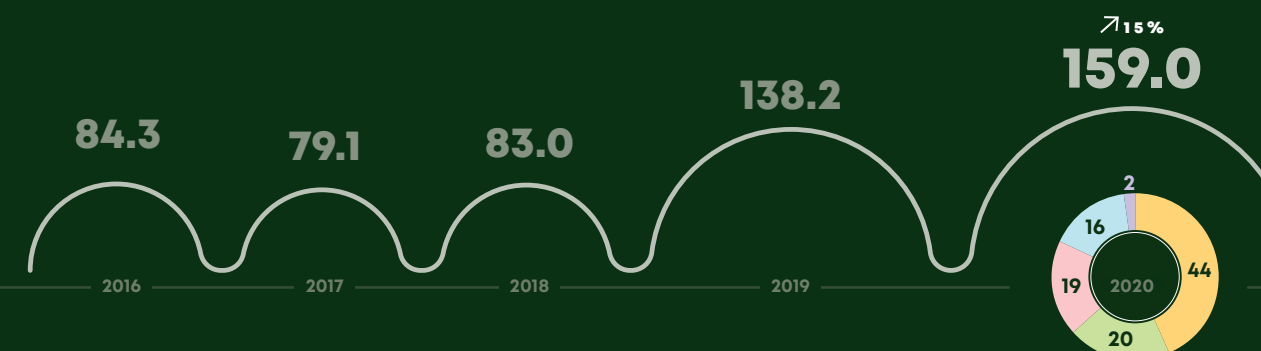
THE COMPANY TODAY

- Sugar Business
- Meat Business
- Oil and Fats Business
- Agriculture Business
- Dairy Products Business

Rusagro is one of the largest vertically integrated agriholdings in Russia. The Company holds the substantial share in the domestic production of pork, sugar, agricultural products and oil and fats products. Based on the results of 2020, the Company's average headcount totalled 19.3 thousand people, the turnover – RUB 159 billion.

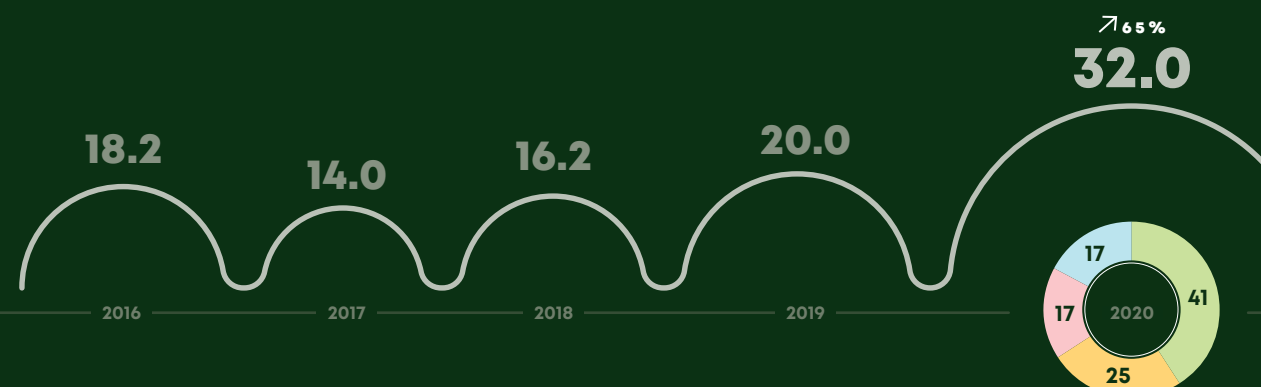
Sales by business¹, %

Favourable market conditions and production expansion led to sales rise across all business segments in 2020



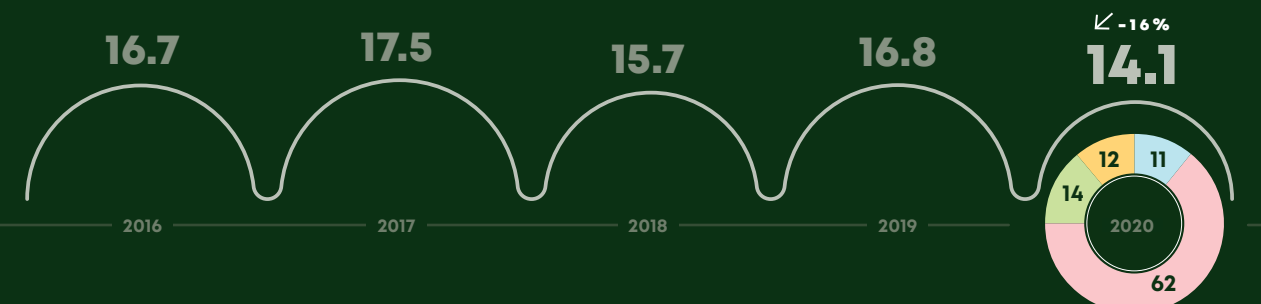
Adjusted EBITDA by business¹, %

Growing market prices in 2020 supported adj. EBITDA of four key business segments leading to margins improvements



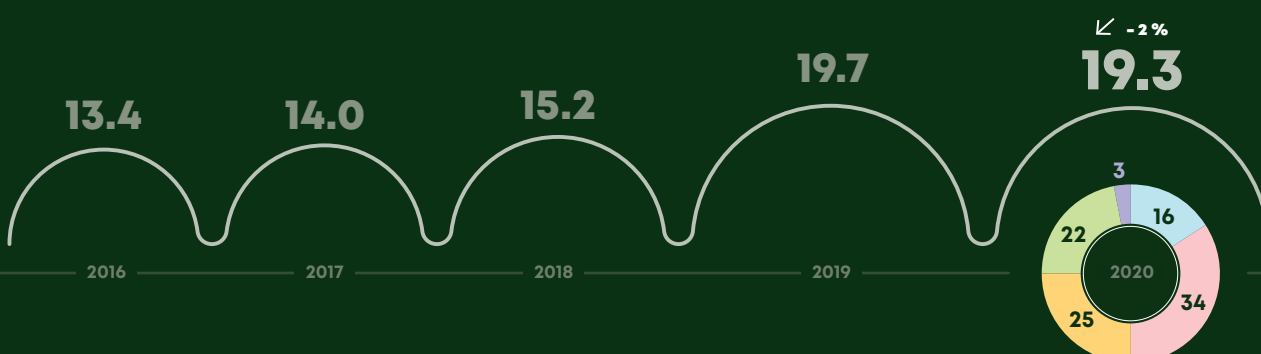
Capital investments by business, %

Finalisation of major investment projects in 2020 reduced capex budget



Average headcount by business, %

After headcount increase in 2019 due to business's expansion, in 2020 Rusagro reviewed it downwards

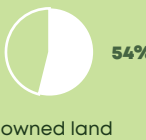


¹ Excluding the corporate centre and before intersegment eliminations

Agriculture Business

POSITIONS IN RUSSIA

No. 4
land holder



↘ -1%
637
ths ha

| the land bank

↘ -1%
559
ths ha

| arable lands

FINANCIAL HIGHLIGHTS

↗ 157%
15.2

RUB bn
Adj. EBITDA

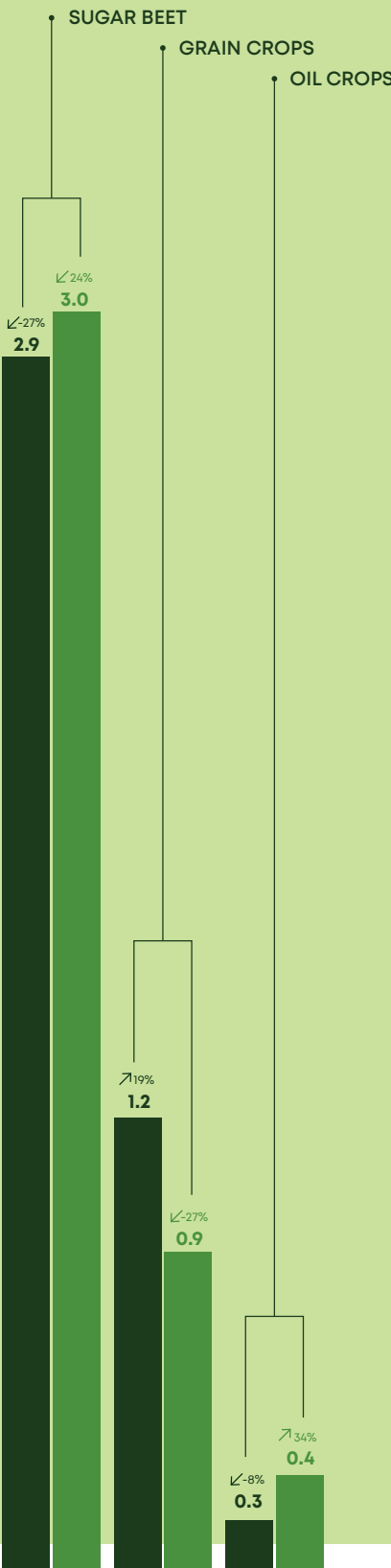
↗ 33%
34.3
RUB bn

| Sales

↗ 21 p.p.
44%
| Adj. EBITDA margin

PRODUCTION AND
SALES HIGHLIGHTS

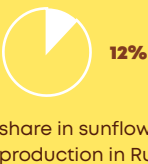
● Production ● Sales



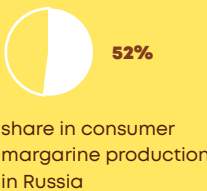
Oil and Fats Business

POSITIONS IN RUSSIA

No. 1
sunflower oil
producer in Russia



No. 1
consumer
margarine producer
in Russia



No. 2
mayonnaise
producer in Russia



No. 2
industrial fats
player in Russia



No. 5
bottled oil producer
in Russia



FINANCIAL HIGHLIGHTS

↗ 177%
9.4

RUB bn
Adj. EBITDA

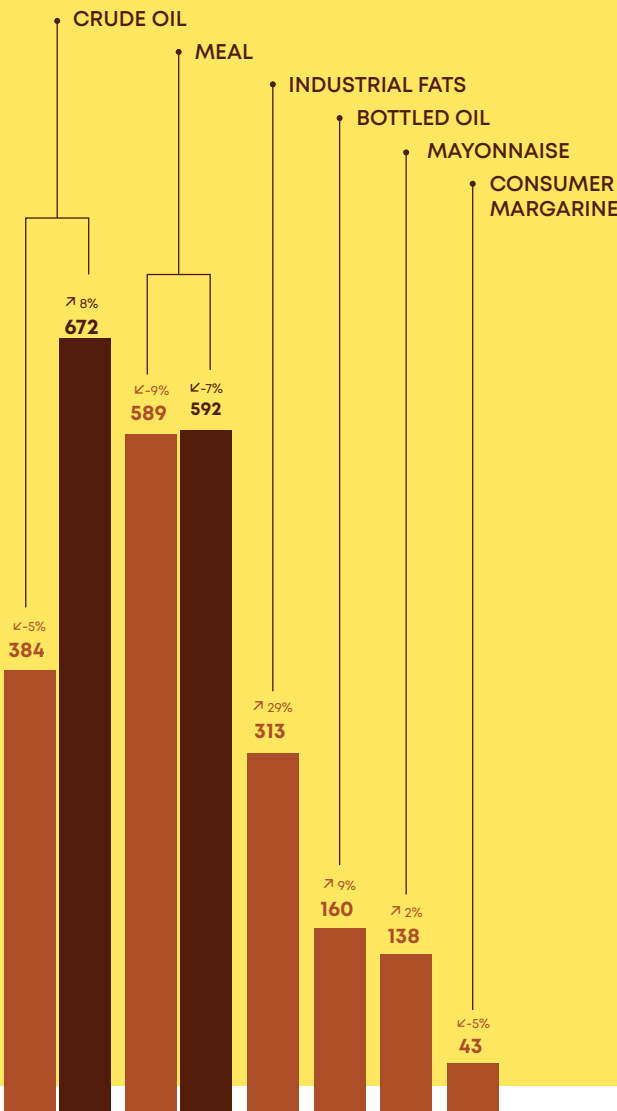
↗ 22%
76.2
RUB bn

| Sales

↗ 7 p.p.
12%
| Adj. EBITDA margin

PRODUCTION AND
SALES HIGHLIGHTS

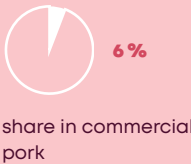
● Production ● Sales



MEAT BUSINESS

POSITIONS IN RUSSIA

No. **3**
commercial pork



FINANCIAL HIGHLIGHTS

↗ 34%
6.5

RUB bn
Adj. EBITDA

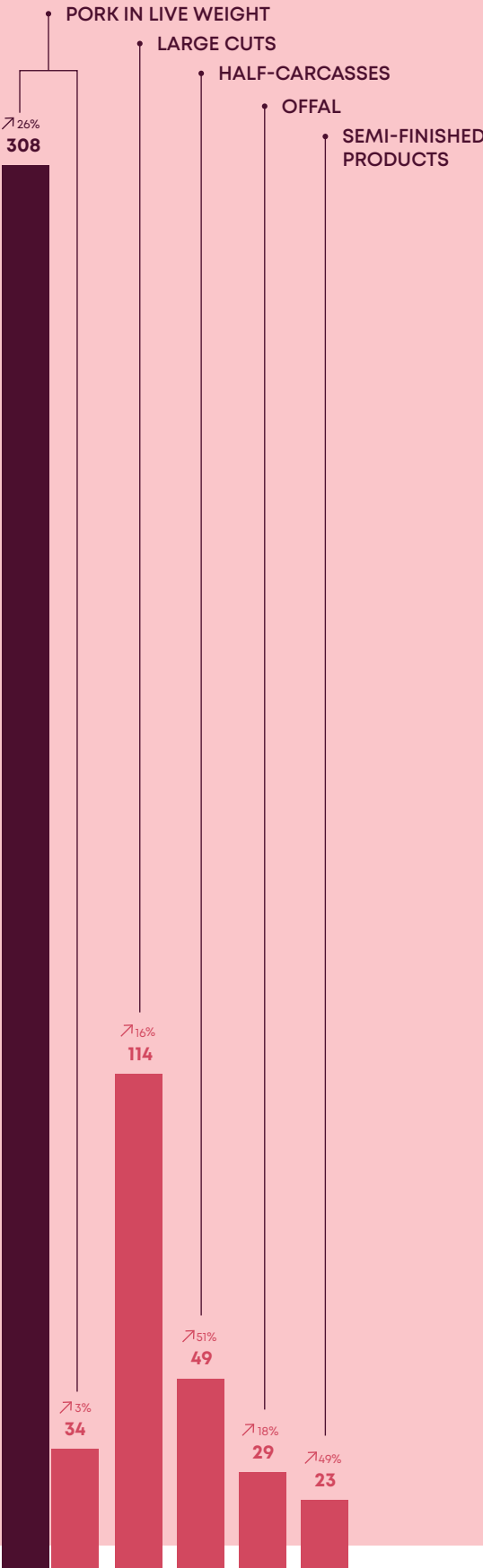
↗ 26%
32.4

RUB bn
Sales

↗ 1 p.p.
20%
Adj. EBITDA margin

PRODUCTION AND
SALES HIGHLIGHTS

● Production ● Sales



SUGAR BUSINESS

POSITIONS IN RUSSIA

No. **1**
lump sugar market
player



No. **2**
sugar producer



FINANCIAL HIGHLIGHTS

↗ 59%
6.4

RUB bn
Adj. EBITDA

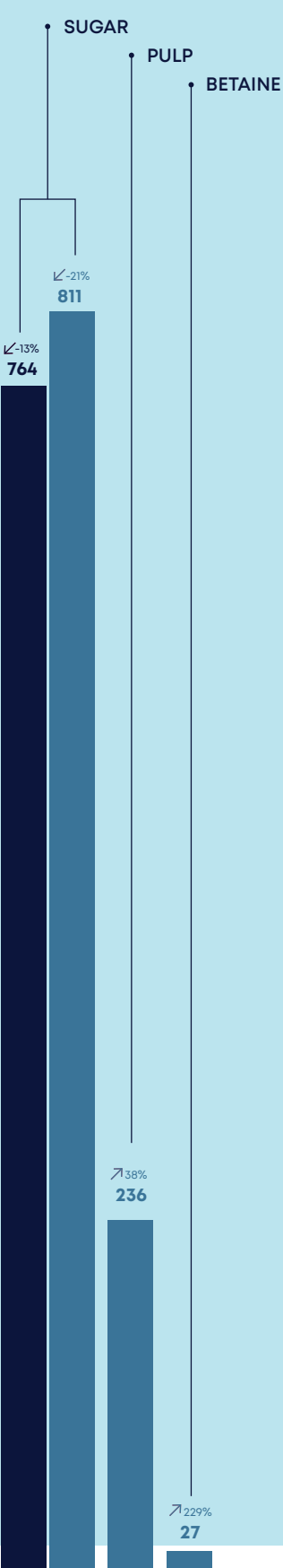
↘ -10%
28.1

RUB bn
Sales

↗ 10 p.p.
23%
Adj. EBITDA margin

PRODUCTION AND
SALES HIGHLIGHTS

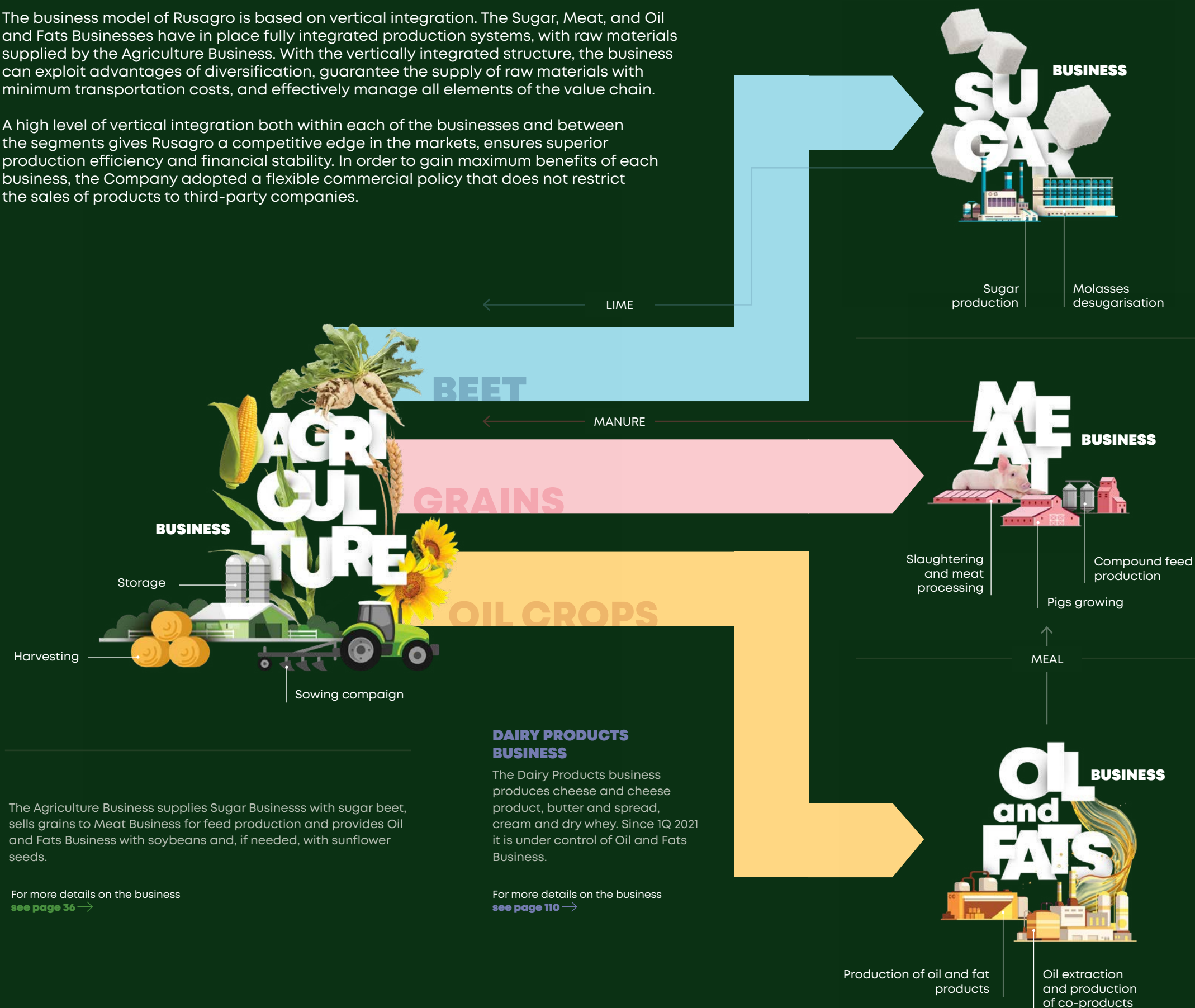
● Production ● Sales



BUSINESS MODEL

The business model of Rusagro is based on vertical integration. 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.



All of the home-harvested beets are used by the Sugar Business. The beets are sourced from the nearby territories, thus minimising transportation costs. Pulp, molasses, betaine, and sugar beet lime are sugar processing co-products. Pulp is exported, while sugar beet lime is used as soil amendment. The two molasses desugarisation facilities recovers sucrose extract to produce additional sugar, and betaine is exported. The Company sells its sugar and cereals under six different brands.

B2C > Sugar, cereals

B2B > Sugar, betaine, molasses, pulp

For more details on the business
[see page 96](#) →

Grain is supplied to compound feed mills of the Meat Business. The breeding farms raise young pigs and improve pig breeds. Piglets for fattening and young animals for breeding replacements are grown on the breeding unit. The output of meat processing facilities includes finished products sold under own private brand. Waste is sent to deeper processing - products used for the production of animal feed, thereby closing the production cycle.

B2C > Large cuts, portion cuts, small cuts, minced meat

B2B > Pigs, half-carasses, industrial cuts, offal, waste recycling products

For more details on the business
[see page 78](#) →

The Agriculture Business sells soybeans and sometimes sunflower seeds to the Oil and Fats Business. It processes them into oil, which is further sold to third parties or is used for the production of oil and fat products that are sold under eleven brands. Part of the meal is sold to Meat Business to produce feed for pigs. Industrial fats are used to make spreads and cheese products.

B2C > Bottled vegetable oil, mayonnaise and sauces, margarine and spreads, jams, soap

B2B > Industrial fats, vegetable oil, meal

For more details on the business
[see page 54](#) →

RUSAGRO'S BRANDS

OIL AND FATS BUSINESS



SUGAR BUSINESS



MEAT BUSINESS



DAIRY PRODUCTS BUSINESS



GEOGRAPHIC FOOTPRINT

The assets of the Company are located in 12 constituent entities of the Russian Federation: Belgorod, Tambov, Voronezh, Kursk, Orel, Sverdlovsk, Samara, Ulyanovsk, Saratov, Orenburg, Penza Regions, as well as Primorye Territory. The Company is headquartered in the Tambov Region, with a separate division in Moscow.

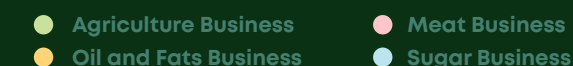


¹ Under Rusagro's control on a leasehold basis

SALES GEOGRAPHY

In 2020, Rusagro exported products to **60** countries, including **9** new destinations. Based on the results of the year, **32%** of the Company's revenues was received from foreign countries, which is 8 p.p. more in comparison to 2019.

— DETAILED BREAKDOWN OF EXPORTS



RUSAGRO'S SALES, %

61

countries
of Rusagro's products sales

DETAILED BREAKDOWN OF EXPORTS

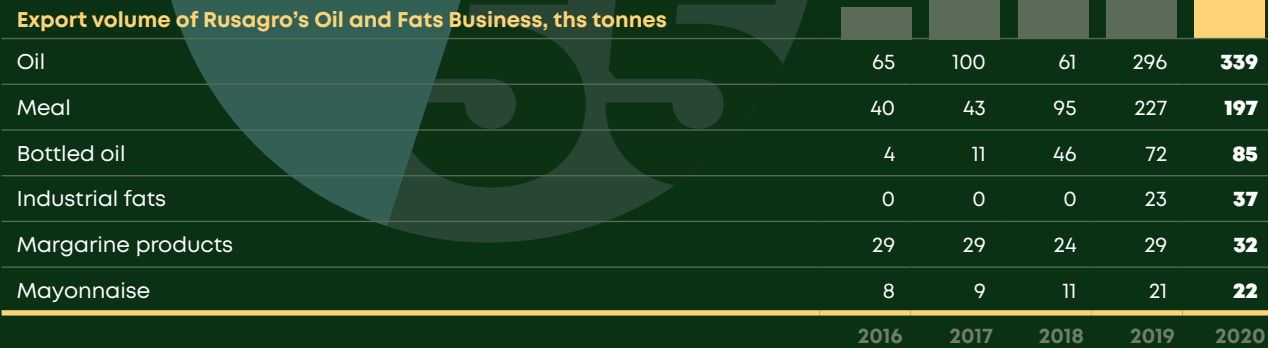
Geography of sales in 2020, %

- Russia
- Foreign countries

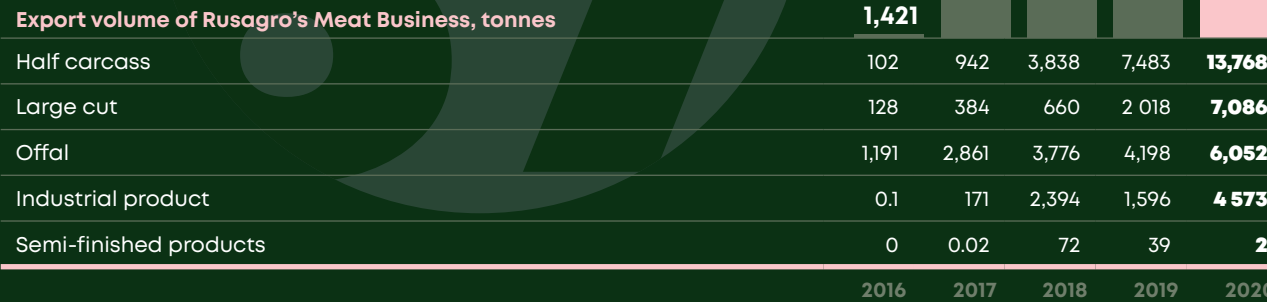
AGRICULTURE BUSINESS



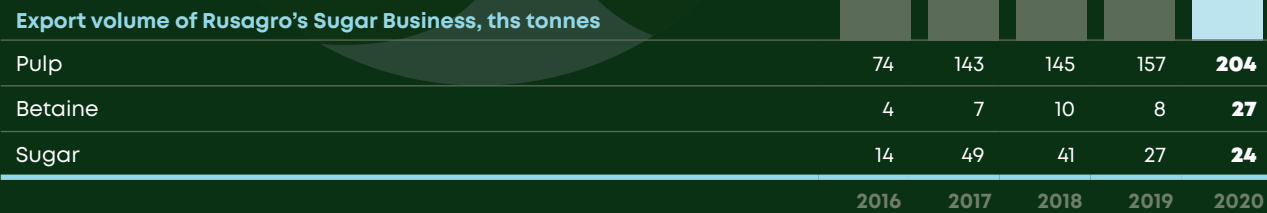
OIL AND FATS BUSINESS



MEAT BUSINESS



SUGAR BUSINESS



STRUCTURE OF THE GROUP

ROS AGRO PLC
(Cyprus)

100%
Ros Agro Trading Limited
(Hong Kong)

100%
JSC Rusagro Group
(Tambov)

100%
Ros Agro China Limited
(Hong Kong)

99.99%
LLC Rusagro Group of Companies
(Tambov)

SUGAR BUSINESS

→ **100%**
LLC Rusagro-Centre
(Moscow)

→ **100%**
LLC Rusagro-Sakhar
(Tambov)

→ **100%**
LLC RUSAGRO-BELGOROD
(Belgorod)

→ **100%**
LLC RUSAGRO-TAMBOV
(Tambov)

→ **100%**
OJSC Krivets-sakhar
(Kursk)

→ **100%**
JSC Gerkules
(Voronezh)

→ **100%**
JSC Kshenskiy sugar plant
(Kursk)

→ **100%**
JSC Sugar plant "Otradinsky"
(Orel)

AGRICULTURE BUSINESS

→ **100%**
LLC Rusagro-Invest
(Belgorod)

→ **100%**
LLC Agrotehnologii
(Tambov)

→ **100%**
JSC PrimAgro
(Ussuriysk)

→ **100%**
LLC Rusagro-Moloko
(Belgorod)

→ **100%**
LLC Armada-Land¹
(Primorye Territory)

→ **100%**
LLC Georitm¹
(Primorye Territory)

→ **100%**
LLC LANDLORD¹
(Primorye Territory)

→ **100%**
LLC Kshenagro
(Kursk)

→ **100%**
LLC Vozrozhdeniye
(Tambov)

→ **100%**
LLC Otradaagroinvest
(Orel)

→ **75%**
LLC Primorskaya Niva
(Ussuriysk)

OIL AND FATS BUSINESS

→ **100%**
JSC Fats and Oil integrated Works
(Yekaterinburg)

→ **100%**
JSC Samaraagroprompererabotka
(Samara)

→ **75%**
LLC Primorskaya Soya
(Ussuriysk)

→ **100%**
LLC Rusagro-Saratov
(Saratov)

→ **100%**
LLC Rusagro-Atkarsk
(Saratov Region)

→ **100%**
LLC Rusagro-Balakovo
(Saratov Region)

→ **89.675%**
LLC Molochnye Producty Rusagro²
(Samara)

→ **100%**
LLC Moscovsky Provansal
(Moscow)

→ **100%**
杭州俄农贸易有限责任公司
Hangzhou Rusagro Trading Limited
(China, Hangzhou)

MEAT BUSINESS

→ **100%**
LLC Tambov Bekon
(Tambov)

→ **100%**
LLC RUSAGRO-PRIMORYE
(Ussuriysk)

→ **100%**
LLC Regionstroy
(Ussuriysk)

→ **100%**
俄农畜牧
Rosagro meat product Co., Ltd
(China, Pingdu)

OTHERS

→ **50%**
LLC SouyzSemSvekla
(Voronezh Region)

→ **100%**
LLC Otiasskoye
(Tambov)

→ **100%**
LLC Primorskaya Zemlya
(Ussuriysk)

→ **31.3%**
CJSC Voskhod
(Belgorod)

→ **100%**
LLC RusagroEnergSbyt
(Tambov)

→ **50%**
Teman Terminal Limited
(Cyprus)

→ **22.5%**
LLC Agro-Belogorie Group of companies
(Belgorod)

¹ Undergo winding-up

² At the end of 2020, it was resolved to transfer the management of the Dairy Products Business to the Oil and Fats Business of Rusagro

STRATEGIC

REPORT

↗ 15%

159.0

RUB bn

| Sales

↗ 65%

32.0

RUB bn

| Adj. EBITDA

↗ 6 p.p.

20%

| Adj. EBITDA margin

The strategic business goal of Rusagro is to increase returns for shareholders through growth of products quality, expansion of the production, reduction of costs, development of human capital and artificial intelligence.

↘ -16%

14.1

RUB bn

| Capital investments

↘ -2%

19.3

ths people

| Average headcount

↗ x7

242.0

RUB mn

| Investments in social programmes

Key business divisions

4

Regions of presence

12

Brands

23

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

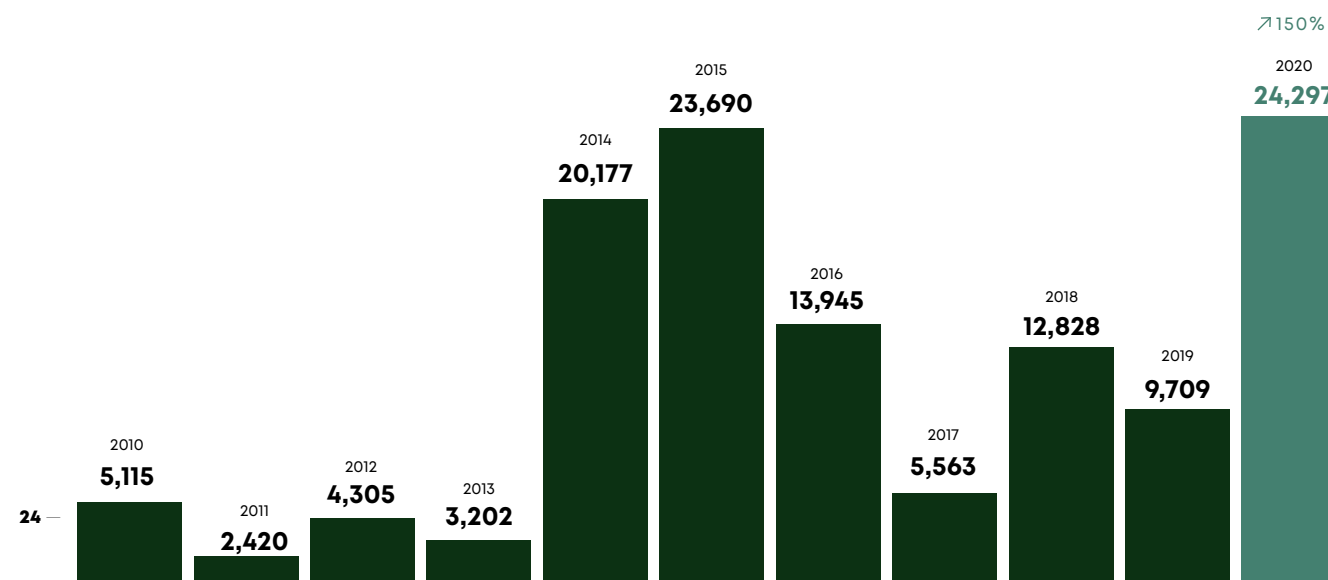
Dear shareholders,

The Board of Directors gives an upbeat assessment of Rusagro's performance in 2020. Despite the epidemiological situation in the world and the unstable economic situation in Russia, the Company hit the record high in sales and earnings before interest, taxes and amortisation, which led to a 150% rise in net profit of the Company – up to RUB 24.3 billion. Given the net debt versus adjusted EBITDA ratio of 2.15 and the pre-approved CAPEX plan, I uphold the Board members' recommendation to pay the Company's shareholders 50% of net income as dividends for 2020.

Rusagro's top management demonstrated superior performance in implementing the Company's strategic goals in 2020. Over the past year, Rusagro has strengthened its position in the Russian market of agro-industrial products by ramping up the production in the Meat and Oil and Fats Businesses, affluently embraced the opportunities offered by growing export sales, successfully coped with the COVID-19 spread control at all production sites, despite limited possibilities of Rusagro's employees to work from home.

Today the Company is the largest producer of sunflower oil and consumer margarine in Russia, ranks second among Russian producers of industrial fats, mayonnaise and sugar and third among producers of pork. As for the size of agricultural lands under control, Rusagro holds the fourth spot among the top landowners in Russia. The Company is onwards and upwards not only in the industrial goods market (B2B), but yet in the retail segment. Thus, *Russkii Sakhar*, *Chaikofsky*, *Khoroshy (Good)* and *Mon Café* sugar brands of Rusagro amounted to 46% in the white lump sugar market, and *Brauni* brand – 29% in the brown lump sugar market. Brands of oil and fat products hold a significant share in local markets – in the Urals, the mayonnaise brand No. 1 is *Provansal EZhK*, and margarine brand No. 1 is *Schedroe Leto (Generous Summer)*; in the Central Russia, *Moskovsky Provansal* is recognized as the mayonnaise brand No. 1.

Rusagro's historical net profit, RUB mn



Vadim Moshkovich

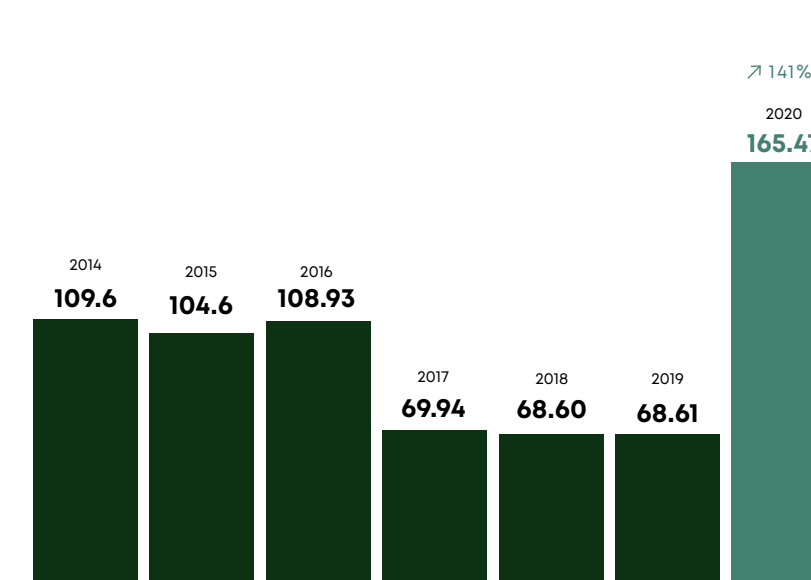
Chairman of the Board of Directors,
ROS AGRO PLC

With the view to keep market positions and competitive strength, Rusagro commits significant resources to the implementation of the business digital transformation strategy and projects at the intersection of information and biological technologies. In 2020, 21 home selected sugar beet hybrids were listed in the State Register of Selection Achievements Authorised for Use in Russia.

To ensure long-term sustainable growth, Rusagro gives a high profile on working with all stakeholders and transparency of non-financial information about the Company's activities. The approach to sustainable development management, including personnel management, and the Company's performance in this regard is presented in the ESG Report section of this report.

With the achieved business performance and size of assets, growing demand for Russian products and climate changes, Rusagro will fare well and strongly in financial terms over the coming years. The Board of Directors will encourage the payment of non-investment cash to shareholders of the Company. Therefore, the Board decided to pay the largest ever dividends for 2020.

Rusagro's historical dividend payouts for a year, USD mn



LETTER FROM THE CHIEF EXECUTIVE OFFICER OF LLC RUSAGRO GROUP OF COMPANIES

Dear shareholders,

Rusagro showed the all-time best financial performance in 2020. Despite the difficulties caused by the COVID-19 pandemic, year-on-year sales rose by 15% — to RUB 159.0 billion, and adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) — by 65%, amounting to RUB 32.0 billion. The growing income derived from the successful implementation of strategic priorities and beneficial market conditions, specifically the positive movements of global prices for agri-food products and the devaluation of the rouble.

Rusagro delivered the following results in terms of earnings across the core business segments:

- Based on the year-end results, **the Agriculture Business** turned out to be the most lucrative segment — it accounted for 41% of Rusagro's EBITDA (before intersegmental eliminations and accounting for other operating incomes), which was equal to RUB 15.2 billion with a 157% year-on-year increase. Such growth was driven by the rising world prices and the devaluation of the rouble. Thus, the selling price of sugar beets went up by 119%, oil crops — by 47%, grain crops — by 20%, allowing for EBITDA margin of 44% on an annual basis.
- **The Oil and Fats Business** also displayed a higher EBITDA pushed up by a 22% increase in sales against the backdrop of rising world prices and a significant share of sell products made from cheaper sunflower of the 2019 season. EBITDA reached RUB 9.4 billion, up 177% above the 2019 level, and the business margin grew by 7 p. p. — to 12%.
- **The Meat Business** enjoyed a bump in EBITDA by 34% to RUB 6.5 billion, in profit margin — by 1 p. p. — up to 20%, driven by increased sales on the back of higher volumes of meat production and the development of export supplies, which doubled year-on-year (up to 31 thousand tonnes). Three new pig farms in the Tambov Region reached full capacity and the meat processing plant was expanded: the number of animals for slaughter increased by 22%, for deboning — by 15%.
- Even with the lower sales (–10%) pushed down by decreased sugar output amid a lower sugar beet crop in Russia, **the Sugar Business** posted a notable increase in EBITDA (+59%) — to RUB 6.4 billion. A 10 p. p. rise in profit margin (up to 23%) was defined by the relatively low cost of sugar sold and the growing market prices.



Maxim Basov

the Chief Executive Office,
Rusagro Group of Companies

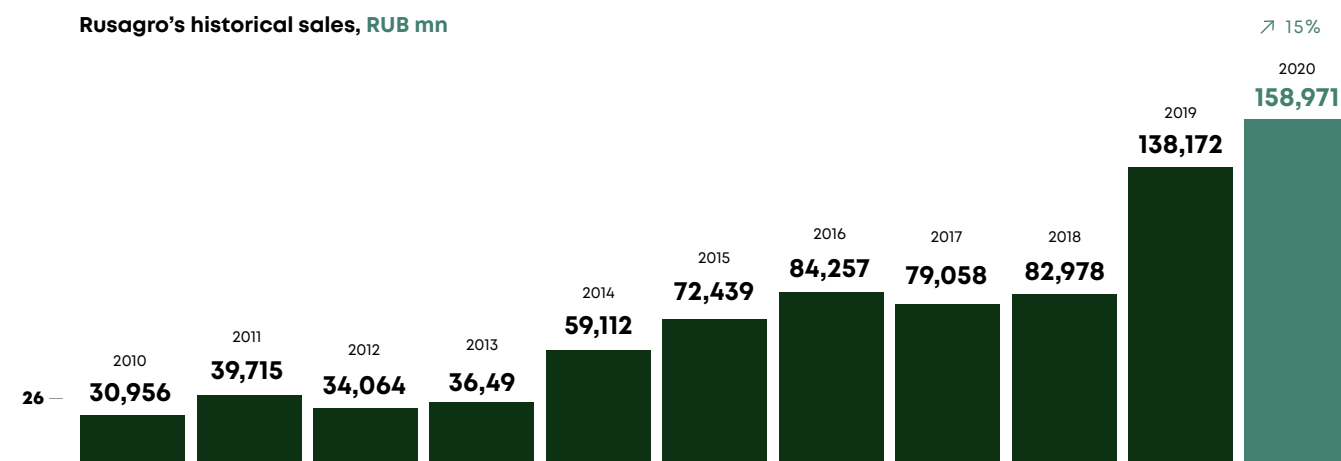
With the global over demand and positive year-on-year behaviour of world prices, Rusagro massively scaled up the share of proceeds from export operations, which reached 32% (+8 p. p). **The Oil and Fats Business** was the best performer in terms of the export sales – RUB 34.3 out of 76.2 billion (45%, +5 p. p.) was earned from the international sales of products. A noticeable increase in the share of export proceeds was also registered in **the Sugar and Meat Businesses**, where it reached 20 and 13%, respectively (+11 and 6 p. p).

Last year Rusagro invested RUB 14.1 billion in delivering the development strategy and in maintaining the existing business, 62% of which was directed to **the Meat Business**. The gradual completion of key investment projects dragged down investments by 16% compared to the previous year. The Company plans to launch a pig-breeding cluster in the Primorye Territory in 2021. Along with the implementation of capital projects, the Company's investments cover the digital transformation strategy and the development of new technologies, laying down the background requisite for the long-term development of Rusagro.

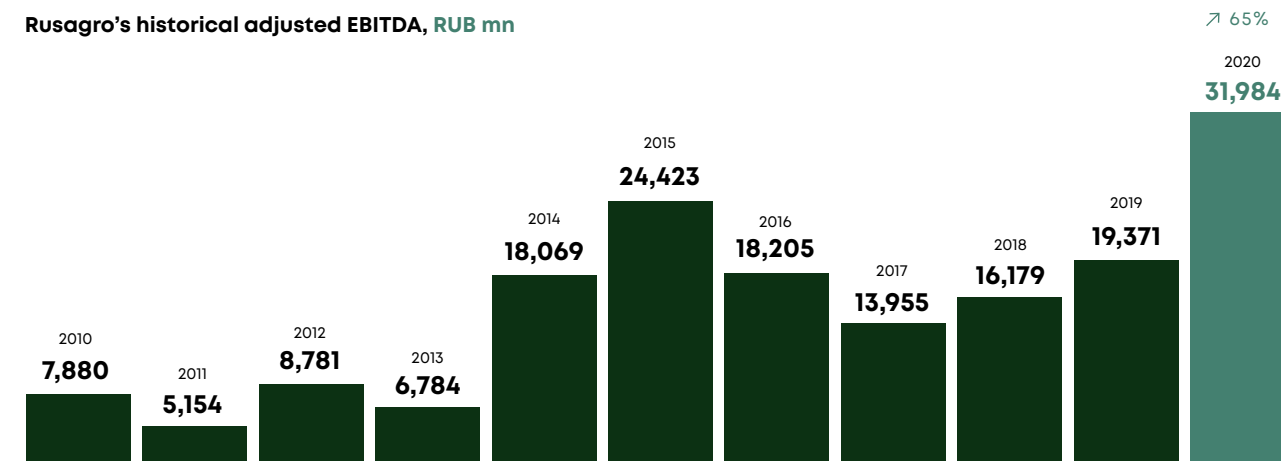
Sustainable growth of Rusagro would not have been possible without high quality human capital. The Company heavily invests in the professional development of its employees and providing them with safe working conditions. Employee engagement rates in 2020 improved by 6 p. p. — up to 72%, and voluntary turnover reduced by 1 p. p. — up to 9%. The epidemic necessitated all possible measures to be taken to protect employees and to lend support for testing and vaccination. Thanks to the well-coordinated and prompt actions, the Company assesses its financial losses from the COVID-19 epidemic as insignificant — all key production facilities and business services were functioning in a normal operation mode. The Company recorded a total of 630 sickness cases (3.2% of the average headcount) in 2020.

Our plans for 2021 include the completion of large investment projects, but I am positive that we will be able to offer our Board of Directors new high added value projects, covering primarily the expansion of oil & fat and crop-growing production, advances in new technologies, new consumer products, and foreign investments.

Rusagro's historical sales, RUB mn



Rusagro's historical adjusted EBITDA, RUB mn



GROWTH STRATEGY

The strategic business goal of Rusagro is to increase returns for shareholders while adhering to the mission *Let's Make people's lives better and longer*. In the furtherance of this goal, the Board of Directors approved the *From Field To Market* strategic concept in 2008, the implementation of which is based on the Company's vertically integrated business model of food production.

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, if required, 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. After considering the results obtained, Rusagro plans to extend the list of its strategic priorities and adapt the corporate governance system for their successful implementation.

INVESTMENTS

In 2020, Rusagro invested RUB 14.1 billion in achieving the desired goals – for projects to maintain existing assets and to develop them. The volume of investments decreased by 16% due to the completion of some of the Company's major projects. Most of the funds (62%, or RUB 8.8 billion) in the reporting period were absorbed by the Meat Business, where new pig farms were launched, the productivity of the meat processing plant was expanded, and the construction of a cluster in the Primorye Territory was underway. Rusagro invested 11% of the budget (RUB 1.5 billion) in the Sugar Business – the funds were used to complete the construction of the second desugarisation facility. In order to optimise distribution of existing capacities between assets and develop new directions, the Company increased its financial input into the Oil and Fats Business – from RUB 0.5 to 1.6 billion in the reporting period.

In 2021, the Company plans to allocate funds for the implementation of a pig-breeding project in the Primorye Territory, information technology projects, and project for the modernisation of production and storage facilities.

Rusagro's capital investments, RUB bn

Business	2016	2017	2018	2019	2020
Meat	8.1	6.3	9.4	10.9	8.8
Agriculture	5.1	6.2	2.0	2.0	2.0
Oil and Fats	1.0	1.6	1.2	0.5	1.6
Sugar	2.5	3.4	3.1	3.4	1.5

MISSION OF THE COMPANY: LET'S MAKE PEOPLE'S LIVES LONGER AND BETTER

THE PRIORITIES:

- Expanding business
- Improving human capital assets
- Reducing costs and increasing productivity through automation
- Developing retail products and own brands

PRIORITIES OF RUSAGRO'S GROWTH STRATEGY

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 for a five-year strategic planning period.

1.

Business expansion

Rusagro strives to ramp up the production and expand its regional presence across all four business segments in order to maintain the market leadership. The ways of achieving this goal are as follows:

- 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 development of exports.

2.

An increase in the sales of retail products and brands

Pursuant to its *Field to shelf* concept, Rusagro strives to develop its retail products taking the following measures:

- Increasing the depth of product processing;
- Expanding the product mix;
- Increasing representation in retail channels;
- Developing private brands and promoting them on the consumer market.

3.

Automation 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 terms of their potential for cost reduction, product quality improvement, and additional revenue generation. The key areas of the Company's activities related to this strategic priority include as follows:

- Introducing the precision farming technologies;
- Developing the automation of production and operating processes;
- Using advanced selection methods in crop and livestock farming, with a focus on sugar beet and pigs.

4.

Development of human capital

Development of human capital is a key for ensuring the Company's sustainable growth. To achieve this goal, the following measures are taken:

- Comprehensive assessment of the strategically important personnel to generate individual development plans;
- Regular assessment of human capital development progress using the personnel quality index and personnel efficiency index;
- Creation of a talent pool of young professionals, in particular, by offering internal training and building a strong employer brand;
- Automation of HR processes.

STRATEGIC RESULTS

BUSINESS EXPANSION

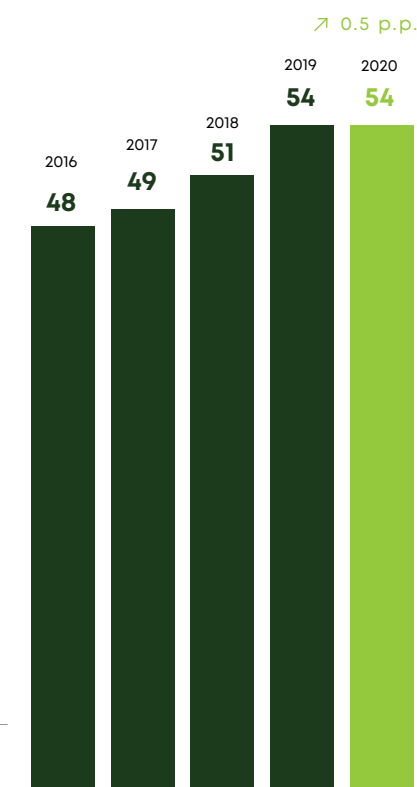
The share of land owned by the Company over five years

AGRICULTURE BUSINESS

↑6 p.p.

In 2016, Rusagro hit a record high in farming land area – 665 thousand hectares (+161 thousand hectares compared to 2015) – and over the past five years, the key moves within business expansion priority involved the preservation of efficient arable land, reduction of uncultivable land and increase in area owned. According to the results of 2020, arable land accounted for 88% of Rusagro's land bank vs 83% in 2016. The share of land owned by the Company has grown by 6 p.p. over five years and amounted to 54%.

Legal structure of Rusagro's land bank, %



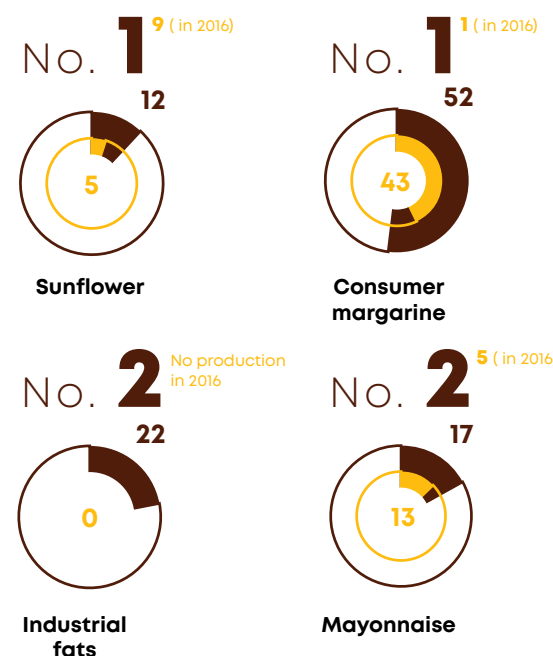
OIL AND FATS BUSINESS

Sunflower oil production in 2020
No. 1

Rusagro has had a drastic shift of its ground among the producers of fat and oil products in Russia over the past five years. Thus, in 2016 it ranked only ninth among sunflower oil producers and fifth – among mayonnaise producers. In an effort to strengthen its position, Rusagro delivered on industrial fats production projects in 2017 and in late 2018. Rusagro agreed on a tolling scheme and subsequent lease of plants belonging to the Solnechnye Products holding. This resulted in a notable progress of the Company in improving its position in 2020. According to open data estimates, Rusagro became the largest producer of sunflower oil in Russia, the second largest producer of mayonnaise and industrial fats, and its share in margarine production has grown to 52%.

Production in Russia, %

● 2016 ● 2020



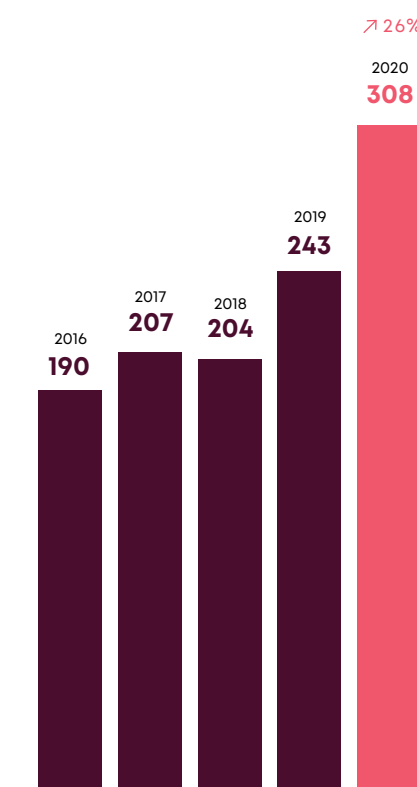
MEAT BUSINESS

Pork production over five years

↑62%

In an attempt to maintain a share in the growing market and lay the groundwork for the development of pig products exports, Rusagro invested in the expansion of pork production during 2016–2020. In 2018, a deal was closed to acquire assets in the Belgorod Region, and in 2019, three new pig farms were launched in the Tambov Region, boosting the production of pork in live weight by 62% – from 190 thousand to 308 thousand tonnes, the production of compound feed – by 48% – from 598 to 886 thousand tonnes, and slaughtering capacity – by 21% – to 545 heads per hour. On the top of that, the Company did a project to improve the productivity of the meat processing plant in 2019–2020, increasing the productivity of the slaughterhouse and deboning workshop.

Rusagro's pork production, ths tonnes in live weight



SUGAR BUSINESS

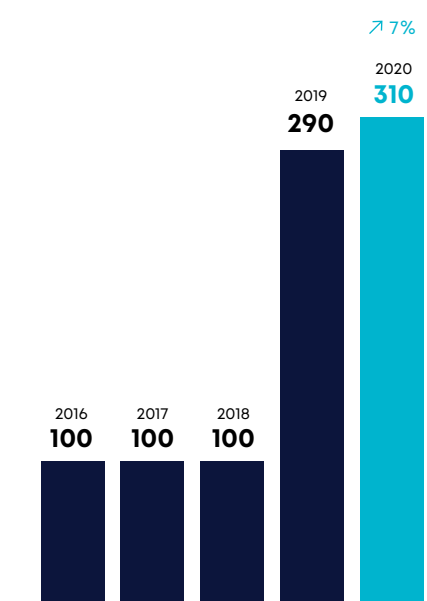
Molasses processing capacity production over five years

↑211%

Having increased the daily sugar beet processing capacity in 2016 from 34.6 to 50.2 thousand tonnes through the acquisition of three sugar plants from Razgulay company and having further ramped up this capacity to 53.9 thousand tonnes in 2018 through upgrade and modernisation of the plants, Rusagro concentrated its efforts on reducing sugar losses through additional processing of by-products – molasses.

The first desugarisation facility with an annual molasses processing capacity of 100 thousand tonnes was launched in the Tambov Region in late 2016. The second desugarisation facility was opened in the Belgorod Region at the end of 2019, which led to total processing capacity increase to 300 thousand tonnes. With these two facilities, now the Company can send the whole amount of molasses to deep processing, thus additionally receiving about 100 thousand tonnes of sugar and 30 thousand tonnes of betaine per year.

Molasses processing capacity of Rusagro, ths tonnes

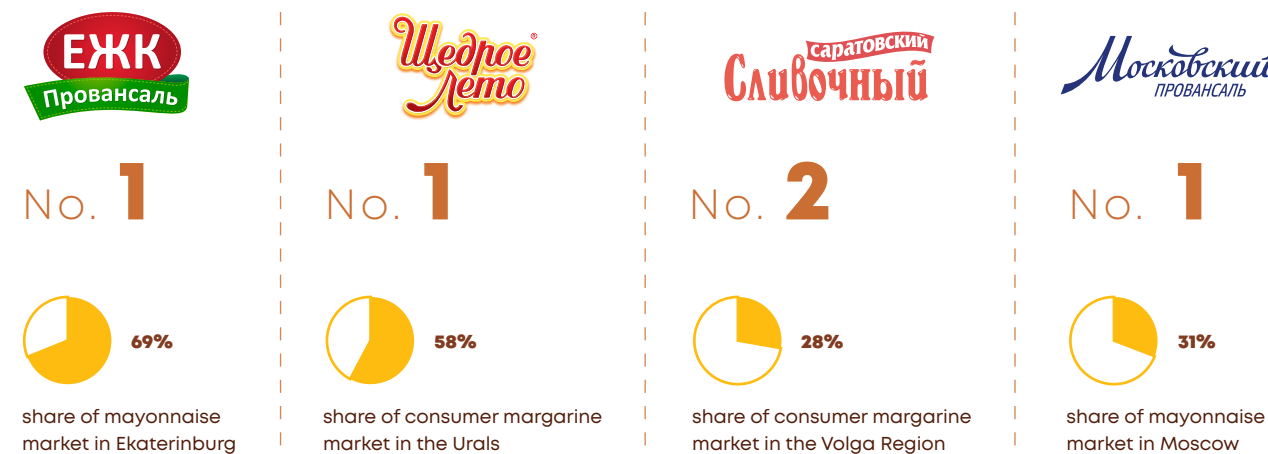


DEVELOPING RETAIL SALES AND BRANDS

OIL AND FATS BUSINESS

Over the past five years, Rusagro has expanded its portfolio of brands of fat and oil products to eleven brands, including the umbrella brand of *Ya lublu gotovit (I Love to cook)* sauces, which includes three more brands. The main objectives of the Company were to maintain the leading positions of brands in home regions and to conquer the mayonnaise market in the Central Federal District. So, in 2020, the *Provansal EZhK* brand took the first place and 69% of the mayonnaise market in Ekaterinburg, the *Schedroe Leto (Generous summer)* brand took the first place and 58% of the consumer margarine market in the Urals, and the *Saratovsky* brand took the second place and 28% in the consumer margarine market in the Volga Region. In Moscow, the first place and 31% of the mayonnaise market was held by the *Moskovsky Provansal* brand, which entered the portfolio of Rusagro's brands in 2019.

Share of Rusagro's brands of fat and oil products in the Russian market, %

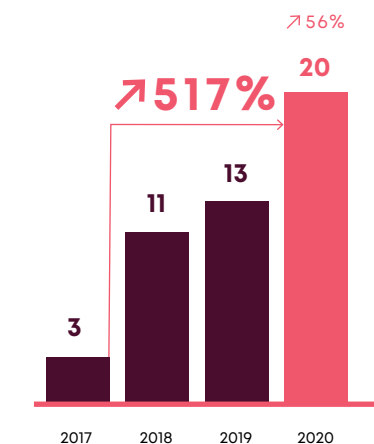


Source: AC Nielsen for January-December 2020

MEAT BUSINESS

After the launch of the meat processing plant in 2015 and its own brand at the end of 2016, Rusagro progressively stepped up the output of pig cuts and sales of branded consumer products. According to the results of 2020, the share of own animals to be slaughtered amounted to 88% vs 46% in 2016, and the sales volume of chilled semi-finished products under the *Slovo Myasnika* brand reached 20 thousand tonnes. With an 8% market share of semi-finished pork products (including with the addition of other types of meat), the Business has achieved high brand strength indicators over the past years – brand awareness in the Central Federal District has grown by 51 p.p. as compared to 2019 – from 23 to 74%, and throughout Russia – by 39 p.p. (from 19 to 58%)¹.

Volume of Rusagro's pork sales under own brand, ths tonnes



No. 5



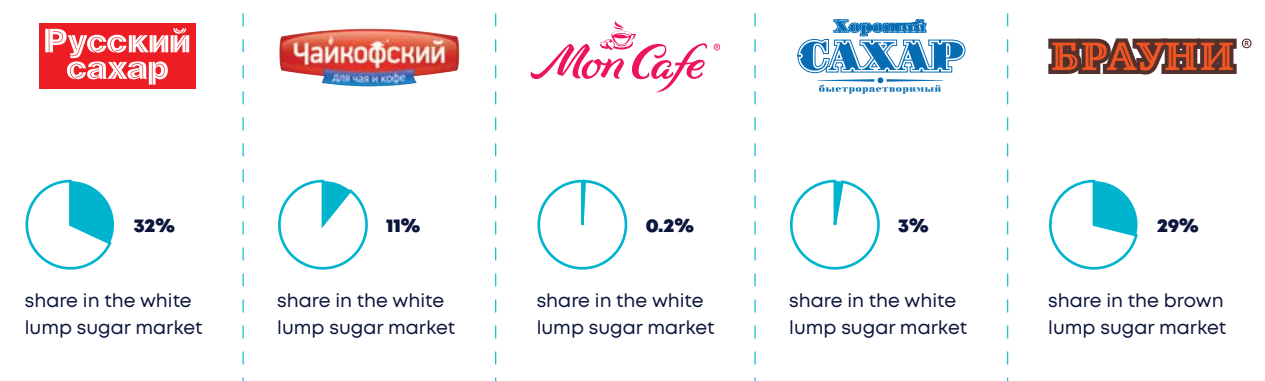
Market share of chilled semi-finished pork products (including with the addition of other types of meat)

Source: AC Nielsen for January-December 2020

SUGAR

For many years now, Rusagro has been dominating the Russian market for white and brown lump sugar. The total share of *Russkii Sakhar*, *Chaikofsky*, *Khoroshy (Good)* and *Mon Café* brands amounted to 46% in the white lump sugar market, and *Brauni* – 29% in the brown lump sugar market. The *Khoroshy* brand launched in August 2020 to meet the growing demand for low-price products accounted for 3%. With a share of 32%, brand awareness of 90% and loyalty of 59%, *Russkii Sakhar* again was the strongest brand of white lump sugar.

Share of Rusagro's sugar product brands in the Russian market, %



Source: AC Nielsen for December 2020

¹ Based on 2020 results according to Millward Brown research

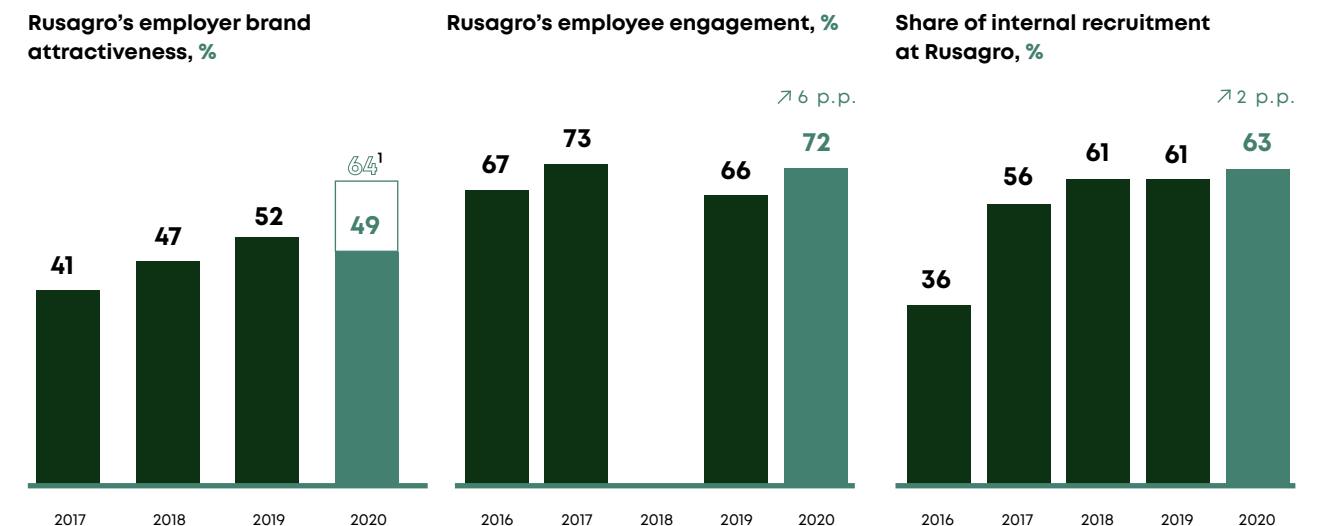
AUTOMATION AND INNOVATION

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. The digital transformation strategy of the Company has a common goal shared by all its businesses: enhancing profits through the reduction of costs and improvement of productivity, specifically by mitigating human factor.

<p>AGRICULTURE BUSINESS</p> <p>In 2017–2018, the Sugar Business approved the Business Process Digitalisation Concept and the Management System Digital Transformation Strategy for 2018–2022, with a focus on:</p> <ul style="list-style-type: none"> ■ Planning the Company's activities in the information system with the use of simulation and optimisation tools; ■ Ensuring the real-time management of production operations in the information system in automatic mode with the use of optimisation tools; ■ Ensuring the control over production steps, use of machinery, commodities and materials, financial resources in the information system in automatic mode with the use of optimisation tools. <p>See more p. 36</p>	<p>OIL AND FATS BUSINESS</p> <p>In 2020, the Oil and Fats Business approved the Digital Transformation Strategy until 2026, with a focus on:</p> <ul style="list-style-type: none"> ■ Increasing sales margins of finished products and reducing the farm-gate price of sunflower through the optimisation of the logistics and storage; ■ Reducing costs and losses per unit of production; ■ Mitigating risks and improving safety. <p>See more p. 54</p>	<p>MEAT BUSINESS</p> <p>In 2019, the Meat Business approved the Digital Business Maturity Improvement Strategy until 2025, comprising three waves: Certainty (2019–2021), Digital Transformation in Action (2021–2024) and Digital Company (2024–2025). The core objectives of the first wave were:</p> <ul style="list-style-type: none"> ■ Better management decision-making; ■ Mitigation of the human factor in data generation – priority on automated data feed over manual data input; ■ Automation and robotisation of standard operations; ■ Reduction of costs and operating losses; ■ Risk mitigation. <p>See more p. 78</p>	<p>SUGAR BUSINESS</p> <p>The digital transformation the Business involves several stages: the first stage – Digital Measurements – builds a foundation for a digital data-based decision-making system, mainly focusing on mitigation of human factor in measuring production efficiency parameters. This stage was completed in 2020, providing the Company with means for online high-accuracy measurement of key targets of the Sugar Business.</p> <p>See more p. 96</p>
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HUMAN CAPITAL

Sustainable growth of the Company is primarily promoted by the development of human capital. The Company has been devoting significant resources over the past five years to improve its brand in the job market, to increase employee engagement and internal recruitment. Rusagro worked towards higher attractiveness of employment with the agro-industry, bigger opportunities for career and professional development of employees, much better working conditions and higher level of compensation and benefits, as well as more attractive corporate culture. As a result, the attractiveness of Rusagro as an employer brand upgraded from 41% in 2017 to 49% in 2020 (64% according to our own research across target regions), and employee engagement rose from 67% to 72%, and the share of internal recruitment went up from 36% to 63% over 2016–2020.



Source: RANDSTAD AWARD, in 2020 with Rusagro data

¹ 64% - according to our own research across target regions

AGRI CULTURE



BUSINESS

RUSAGRO'S AGRICULTURE BUSINESS RESULTS IN 2020

↙ -1%

637

ths ha

| Farming land area

No. 4

| By the size of the agricultural
land bank in Russia

↙ -21%

4.3

mn tonnes

| Sales volumes of agricultural
crops

ADJ.EBITDA OF RUSAGRO'S AGRICULTURE BUSINESS, RUB BN



↗ 33%

34.3

RUB bn

| Sales

↗ 157%

15.2

RUB bn

| Adj. EBITDA

↗ 21 p.p.

44%

| Adj. EBITDA margin

Amid the development of prices on global markets and the depreciation of the rouble, the Agriculture Business's income hit a record high in 2020. The sales went up by 33% and reached RUB 34.3 billion (+RUB 8.5 billion) despite falling-off in total sales volume (-21%). With the production cost standing at more or less 2019 level, the Business's profit margin reached 44% with the earnings before interest, taxation, depreciation & amortisation (EBITDA) of RUB 15.2 billion, posting an increase of 157% (+RUB 9.3 billion).

MARKET OVERVIEW

PRODUCTION

GROSS HARVEST

The preliminary data from Russian Federal Service for State Statistics showed that in the 2020/2021 season the harvest of main grains amounted to 121 million tonnes, up 11% (+11 million tonnes) season-on-season, which is the second largest yield in the last ten years. Due to high yields per hectare in Central Russia, wheat enjoyed the major growth – by 11 million tonnes (+15%) up to 86 million tonnes. 2020 witnessed a significant drop in the sugar beet yield – it decreased by 40% (-22 million tonnes) to its five year low of 32 million tonnes. Main oil crops also were on a downward trend – the harvest volume went down by 11% (-2 million tonnes) and amounted to 18 million tonnes, which was mainly spurred by a 14% decrease in sunflower seed yield (-2 million tonnes) – to 13 million tonnes.

AREA UNDER CROPS

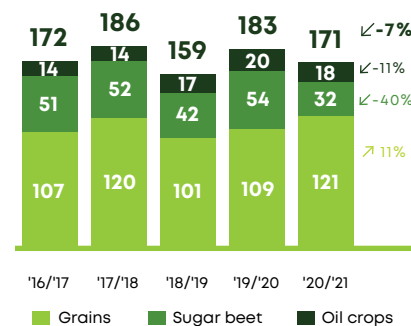
High prices for wheat and corn in 2019 resulted in a 3% increase in the total area under main grain crops, totalling 40.8 million hectares (+1.4 hectares) in the 2020/2021 season. On the other hand, the area under oil crops shrank to 11.4 million hectares (-2%) as a result of the reduced soybean seeding-down (-7%) due to the closure of processing plants in the Russian Far East. The area under sugar beet experienced a significant shrinkage of 19% and amounted to 0.9 million hectares, which is attributable the lower profitability of sugar beet production in the 2019/2020 season, as compared to other crops, driven down by a record high harvest, a decreased state support for the industry and projected high commodity stocks in the 2020/21 production season.

YIELD PER HECTARE

Weather conditions in the 2020/2021 season were less favourable than a year earlier. Average yields per hectare for main grain crops rose by 7% driven by increased figures for wheat and barley (+10 and 5%, respectively). Due to agrometeorological conditions, the sunflower suffered a 13% fall in yield per hectare, as compared to the previous season when these conditions contributed to touching the record high. But of all crops, the hardest hit was sugar beet – its yield per hectare dropped by 25% and amounted to 36.2 tonnes per hectare, with a previous four season average of 44.3 tonnes per hectare.

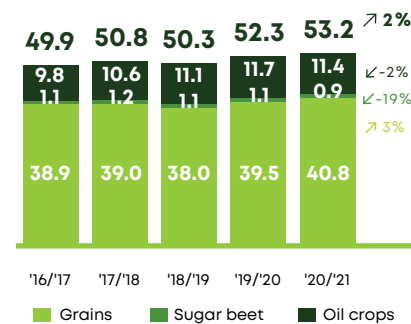
¹ For the annual report purposes, the main agricultural crops include wheat, barley and corn (main grain crops), as well as sunflower seeds and soybeans (main oil crops)

Gross yield of main crops in Russia for the season, mn tonnes¹



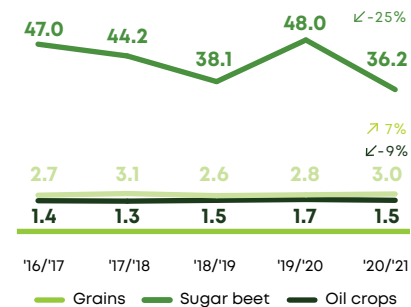
Source: Russian Federal Service for State Statistics (preliminary data)

Cultivated area under main crops in Russia for the season, mn ha¹



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

Yield per hectare of main crops in Russia, tonnes/ha¹

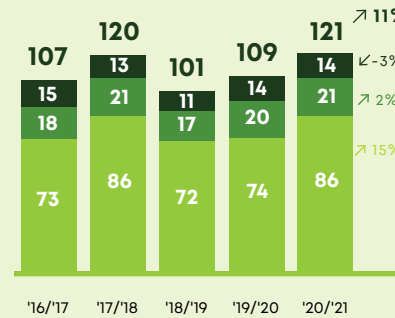


Source: Russian Federal Service for State Statistics (preliminary data)

DOMESTIC PRODUCTION FIGURES BROKEN DOWN INTO MAIN CROPS

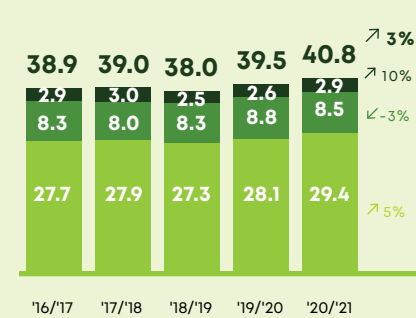
GRAINS

Gross yield of main grain crops in Russia for the season, mn tonnes



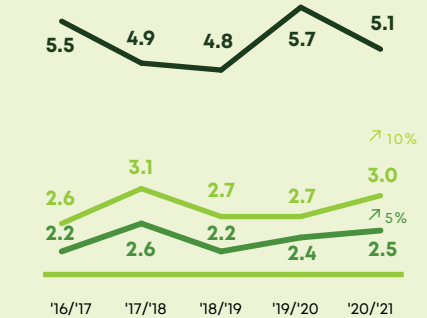
Source: Russian Federal Service for State Statistics (preliminary data)

Cultivated area under main grain crops in Russia for the season, mn ha



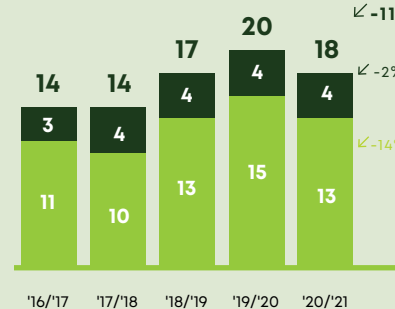
Source: Russian Federal Service for State Statistics (preliminary data)

Yield per hectare of main grain crops in Russia for the season, tonnes/ha



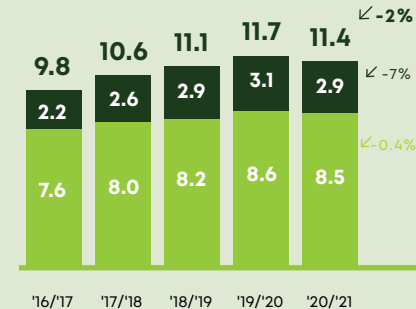
OIL CROPS

Gross yield of main oil crops in Russia for the season, mn tonnes



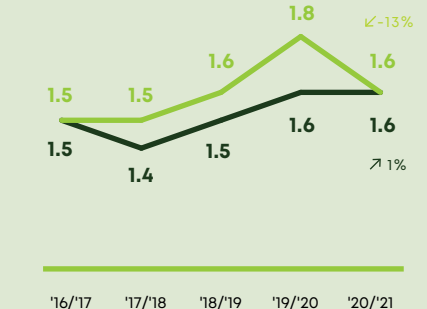
Source: Russian Federal Service for State Statistics (preliminary data)

Cultivated area under main oil crops in Russia for the season, mn ha



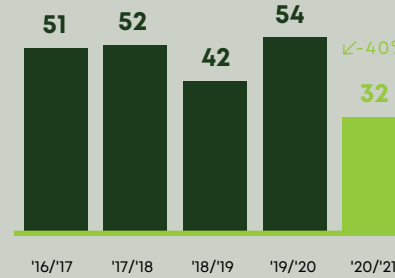
Source: Russian Federal Service for State Statistics (preliminary data)

Yield per hectare of main oil crops in Russia for the season, tonnes/ha



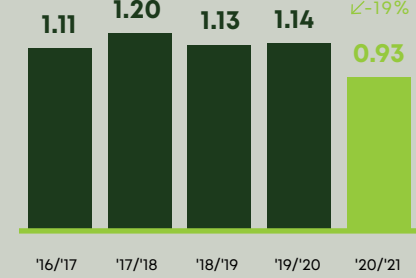
SUGAR BEET

Gross yield of sugar beet in Russia for the season, mn tonnes



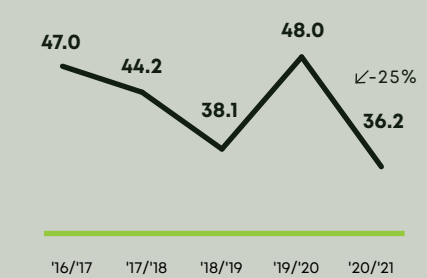
Source: Russian Federal Service for State Statistics (preliminary data)

Cultivated area under sugar beet in Russia for the season, mn ha



Source: Preliminary data of the Russian Ministry of Agriculture

Yield per hectare of sugar beet in Russia for the season, tonnes/ha

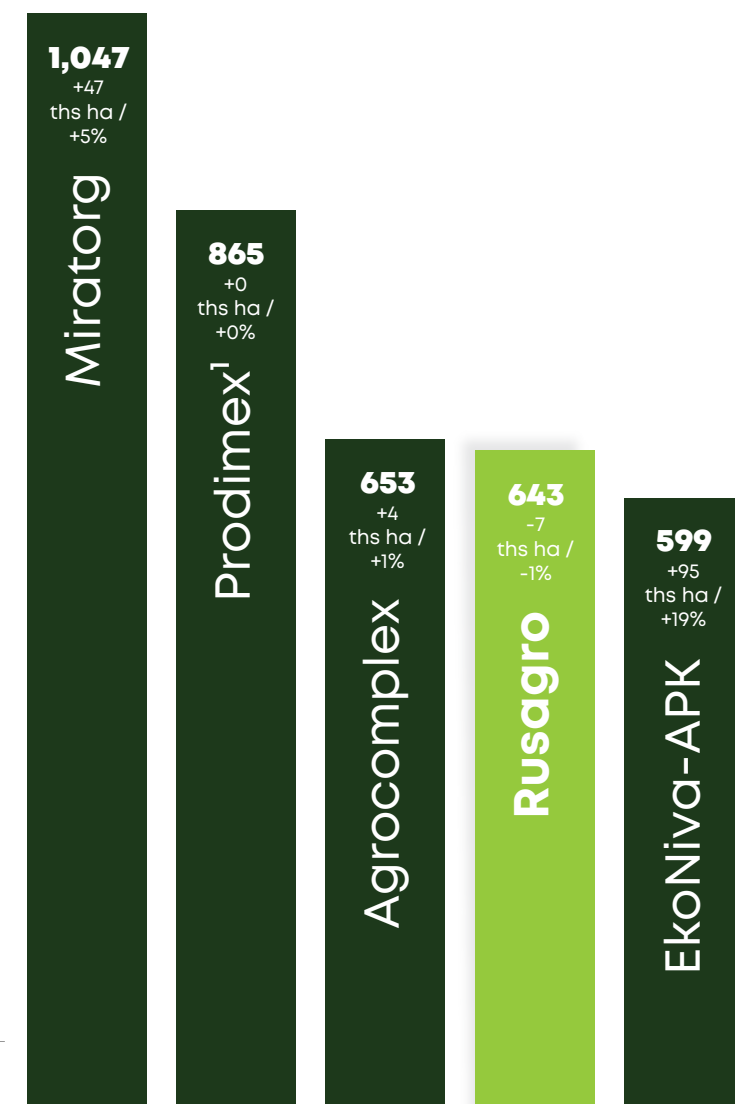


KEY PLAYERS

According to BEFL, accounting and consulting company, 3.8 million hectares of agricultural lands were controlled by five largest farmland owners as of May 2020. Over the year, their total land bank increased by 139 thousand hectares (+4%) as EkoNiva expanded its lands by 95 thousand hectares (+19%) and Miratorg – by 47 thousand hectares (+5%).

For the second year in a row, the rating is topped by the largest meat producer in Russia, Miratorg – the company's land bank is estimated at 1,047 thousand hectares. The second largest sugar producer in Russia is Prodimex with a land bank of 865 thousand hectares (+0%). The third place was taken by the Kuban agricultural holding, Agrocomplex, having 653 thousand hectares (+1%, or 4 thousand hectares) under management. Rusagro with a land bank of 643 thousand hectares took the fourth position – in an effort to optimise the structure of land assets, the Company reduced the total area by 7 thousand hectares (-1%).

The largest farmland owners in Russia as of May 2020, ths ha



No. 4
Among largest agriculture land bank holders

Source: BEFL

¹ Including Agrokultura

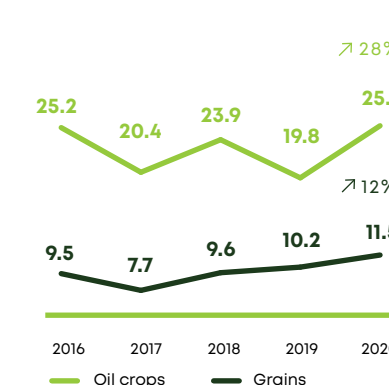
PRICES

The average annual market prices for all key agricultural crops cultivated in Russia increased under the influence of the rising world prices and the devaluation of the rouble in 2020. Thus, domestic prices for main grain crops grew by 12% and amounted to RUB 11.5 thousand per tonne, mainly due to corn and wheat, which prices rose by 18 and 17% – up to RUB 12.0 and 12.5 thousand per tonne, respectively, while barley showed just a slight change in price – only by 2%. The poorer harvest of oil crops in Russia and the introduction of duties in China on soybeans from the United States and Australia, the selling prices of oil crops showed even higher growth results than those of grains. The average selling price was RUB 25.4 thousand per tonne, which is 28% above the previous year. The price of sunflower rose by 38% – to RUB 23.9 thousand per tonne, soybeans – by 21% to RUB 26.9 thousand tonne.

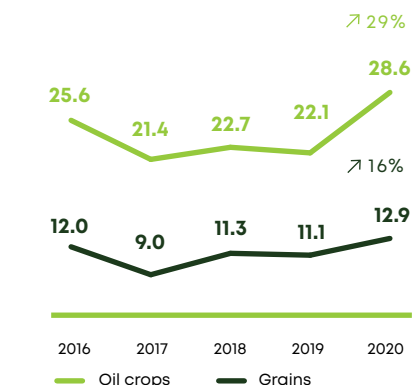
World prices for grain crops in 2020 went up by 16%, for oil crops – by 29%, reaching the level of RUB 12.9 and 28.6 thousand per tonne, respectively. The high prices were mainly attributable to the growing global demand against the backdrop of reducing supply. Higher demand was driven by a build-up in commodity inventories because of the coronavirus pandemic and the imposition of duties in China on products from the United States and Australia. Lower supply resulted from unfavourable weather conditions prevailing in key producing countries, especially in South America, the restrictions on the export of grains and sunflower seeds imposed by Russia, as well as increased EU control over the content of pesticides in raw materials and finished products.

¹ Calculated as (unweighted) simple mean of average prices for each crop
² Prices for wheat and maize are based on the Chicago Stock Exchange, barley - France FOB
³ Prices for soybeans are based on FOB South America (Chicago Stock Exchange and Argentina), sunflower seed – FOB Ukraine

Prices for main agricultural crops in Russia, ths RUB/tonne, excl. of VAT¹



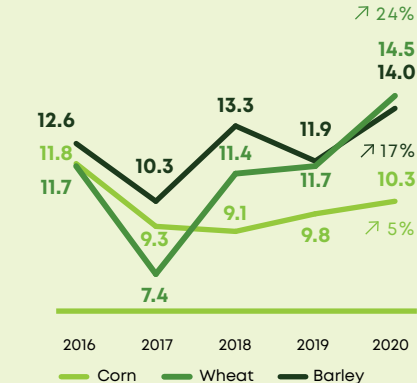
Global prices for agricultural crops, ths RUB/tonne, excl. of VAT¹



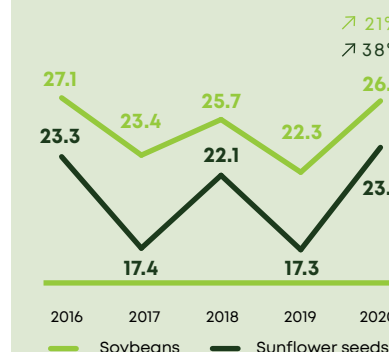
Prices for main grain crops in Russia, ths RUB/tonne, excl. of VAT



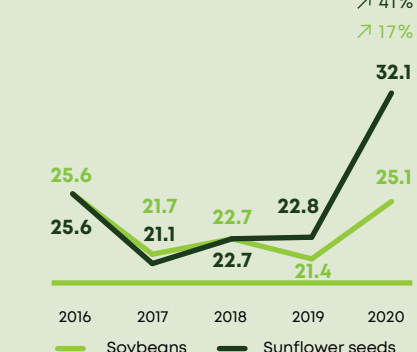
Global prices for main grain crops², ths RUB/tonne, excl. of VAT



Prices for main oil crops in Russia, ths RUB/tonne, excl. of VAT



Global prices for main oil crops³, ths RUB/tonne, excl. of VAT



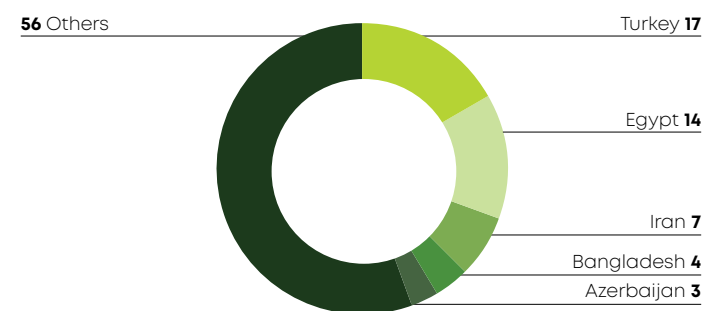
Source: APK-Inform, agribusiness consultant agency

EXPORTS

In 2020, the volume of exports of main crops totalled 51.1 million tonnes, up 26% (+ 10.5 million tonnes) year-on-year¹. Thus, the supply of grain crops increased by 9.4 million tonnes (+24%); wheat exports – by 6.7 million tonnes (+21%) to 38.6 million tonnes, barley – by 2.0 million tonnes (+52%) to 6.0 million tonnes, corn – by 0.7 million tonnes (+22%) to 3.8 million tonnes. The reasons behind the growth in grain exports include a higher harvest in Russia and increased demand in the world market, specifically due to the coronavirus epidemic. Meanwhile, exports of sunflower and soybeans grew by 1.1 million tonnes (+71%) in 2020 and reached a record high over the past five years – 2.8 million tonnes.

In 2020, Turkey, with a share of 17%, topped the list of the largest importers of Russian grain. With the abolition of duties on grain in 2019 and the ambition for the increase in domestic stocks, Turkey became a key importer of Russian wheat for the past two years. Imports of Russian grain to this country reached 8.0 million tonnes (+3%). Egypt received 6.7 million tonnes from Russia – the volume of supplies grew by 9% (+0.5 million tonnes) as a result of reduced harvest in Ukraine and the EU countries. In the reporting period, Russia stepped up grain exports to Iran by 56% (+1.2 million tonnes), reaching 3.4 million tonnes.

Breakdown of export deliveries of grain crops by destinations, %

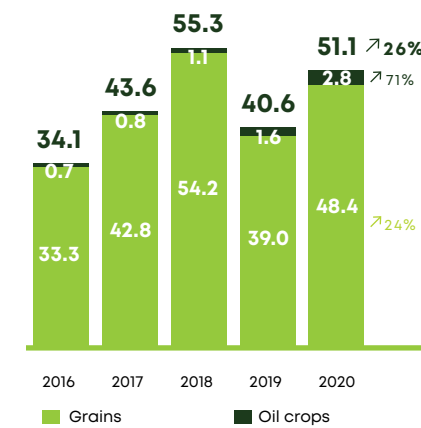


Key export destinations of Russian main grain crops, mn tonnes

Countries	2016	2017	2018	2019	2020
Turkey	3.4	5.0	6.8	7.8	8.0
Egypt	6.7	7.8	9.6	6.1	6.7
Iran ²	1.8	2.2	2.5	2.2	3.4
Bangladesh	1.9	1.9	1.9	2.6	1.9
Azerbaijan	1.4	1.4	0.8	1.4	1.2
Others	18.1	24.6	32.7	18.9	27.2

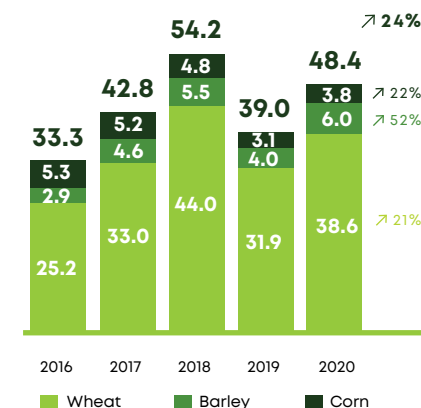
¹ For the annual report purposes, the main agricultural crops include wheat, barley and corn (main grain crops), as well as sunflower seeds and soybeans (main oil crops)
² Export volumes to Iran in 2020 are Rusagro's estimation

Russian export volume of main crops, mn tonnes¹

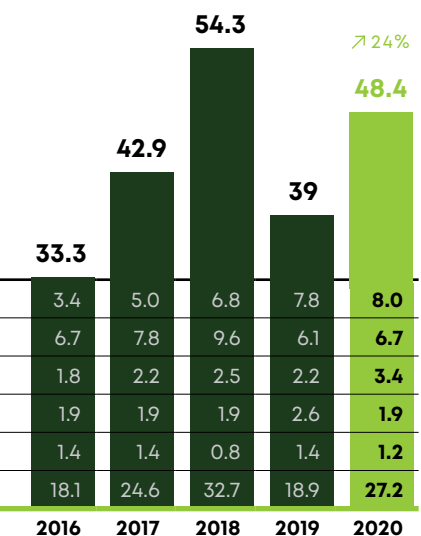


Source: Federal Customs Service of Russia (preliminary data)

Russian export volume of main grain crops, mn tonnes



Source: Federal Customs Service of Russia (preliminary data)



Source: Federal Customs Service of Russia (preliminary data)

EXPORT QUOTAS

Due to the growth in export volumes and sales prices of agricultural products in late 2020 and early 2021, Russia approved a number of restrictive measures that will have a big impact on the market in 2021:

- On 10 December 2020, the Prime Minister of the Russian Federation signed a decree introducing quotas for grain crops and tariffs on wheat, sunflower and rapeseed. The allocation of quotas for the export of grain crops (wheat, rye, barley and corn) in the amount of 17.5 million tonnes will be in effect from 15 February to 30 June 2021. The quota will be prorated between the companies based on export volumes from 1 January to 31 December 2020. Wheat will be subject to a 25 Euro per tonne tariff within that quota from 1 March to 30 June 2021. In case wheat is exported outside the quota, a tariff of 50% of the FOB price will apply, but not less than EUR 100 per tonne. Sunflower and rapeseed will be subject to the 30% tariff of the customs value, but not less than EUR 165 per tonne from 9 January to 30 June 2021.
- On 27 January 2021, Russia raised export tariffs on grain crops sold outside the Customs Union countries. From 1 March 2021, the export tariff rate for wheat within the export quota will be increased from EUR 25 to 50 per tonne. From 15 March 2021, corn and barley will also be subject to the EUR 25 and EUR 10 per tonne tariff, respectively.
- On 6 February 2021, Russia approved a different tariffication method. From 2 June 2021, a flexible tariff calculation formula will be in effect. With the world price of wheat below USD 200 (and USD 185 for barley and corn) per tonne, the tariff will not be charged. If the price exceeds this figure, the tariff will be 70% of the difference between the world price and the base price (USD 200 or USD 185 per tonne).

↑ 26%

51.1

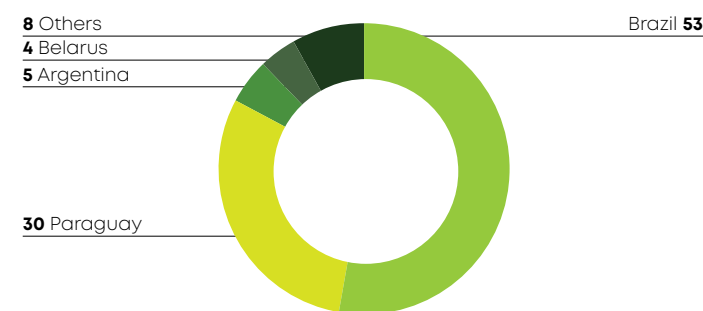
mn tonnes

Exports of main grain and oil crops from Russia in 2020

IMPORTS

In 2020, imports of main agricultural products to Russia compared to 2019 remained virtually unchanged (+1%) and amounted to 2.4 million tonnes. Imports (87%) mainly consist of soybean, specifically 2.1 million tonnes (+2%). The major suppliers of soybean to Russia are the two South America countries, which is due to high oil content and product quality, as well as logistical convenience. In 2020, Russia received 1.1 million tonnes (+16%) from Brazil and 0.6 million tonnes (-24%) – from Paraguay.

Breakdown of soybean imports by destinations in 2020, %



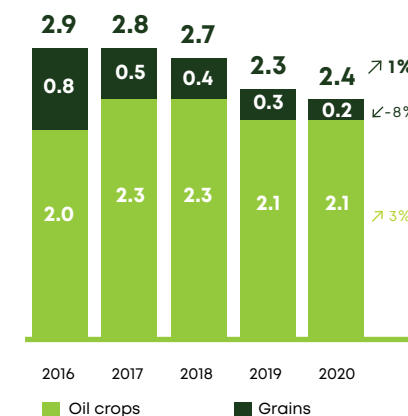
↑ 2 %

2.1

mn tonnes

Soybeans imports
to Russia in 2020

Volume of Russian imports, mn tonnes



Source: Federal Customs Service of Russia

OUTLOOK FOR 2021

The major market drivers in 2021 will include the rouble exchange rate and the volume of the harvest of main grains (wheat, barley, corn) and oil crops (sunflower, soybeans), as well as sugar beet. The Ministry of Agriculture expects that dry weather can lead to a poorer yield of winter crops, and quotas and high tariffs on grains introduced by Russia in December 2020 – February 2021 may entail a revision of crop rotations in favour of more profitable crops. For example, there is a stable domestic demand for sunflower seed and a growing Chinese demand for Russian soybeans. Given the recovery in sugar prices, the Ministry of Agriculture expects that in 2021 producers will expand the area under sugar beet. Product pricing in 2021 will be influenced by the new rules for regulating the export of grain from Russia – the world's largest exporter of wheat. Reduced supply of Russian products may drive up the prices, which will also hinge upon the situation with the world balance of agricultural crops.

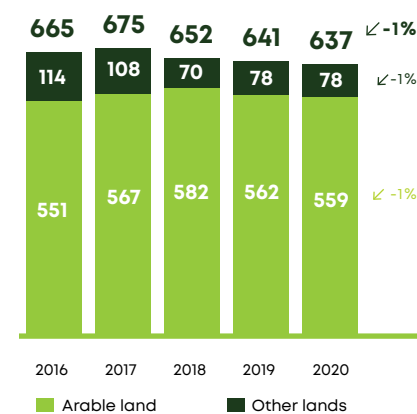
RUSAGRO'S RESULTS IN 2020

BUSINESS OVERVIEW

In 2020, the total farming area of lands under Rusagro's management by the end of the year amounted to 637 thousand hectares, showing a decrease of 1%, resulting from the disposal of 4 thousand hectares due to the termination of inefficient land lease agreements.

In 2020, the aggregate storage capacity, including four elevators and five grain storage sites, totalled 997 thousand tonnes (+18%). By the end of the year, the main fleet of equipment includes 1.6 thousand self-propelled agricultural vehicles and 3.8 thousand trailed implements.

Rusagro's farming land bank area,
ths ha²



↘ -1%

559

ths ha

area of Rusagro's
arable land in 2020

REGIONAL STRUCTURE OF ARABLE LANDS

The majority of Rusagro's agricultural lands are located in the Central Black Earth Region of Russia with highly fertile chernozem black soils. The largest arable lands are located in the Belgorod and Tambov Regions – 255 thousand hectares and 139 thousand hectares, respectively, as of end-2020. The Company's Agriculture Business manages 84 thousand hectares of arable lands in the Primorye Territory.



CULTIVATION AND SOWING CAMPAIGN



PROCESSING AND TOP-DRESSING



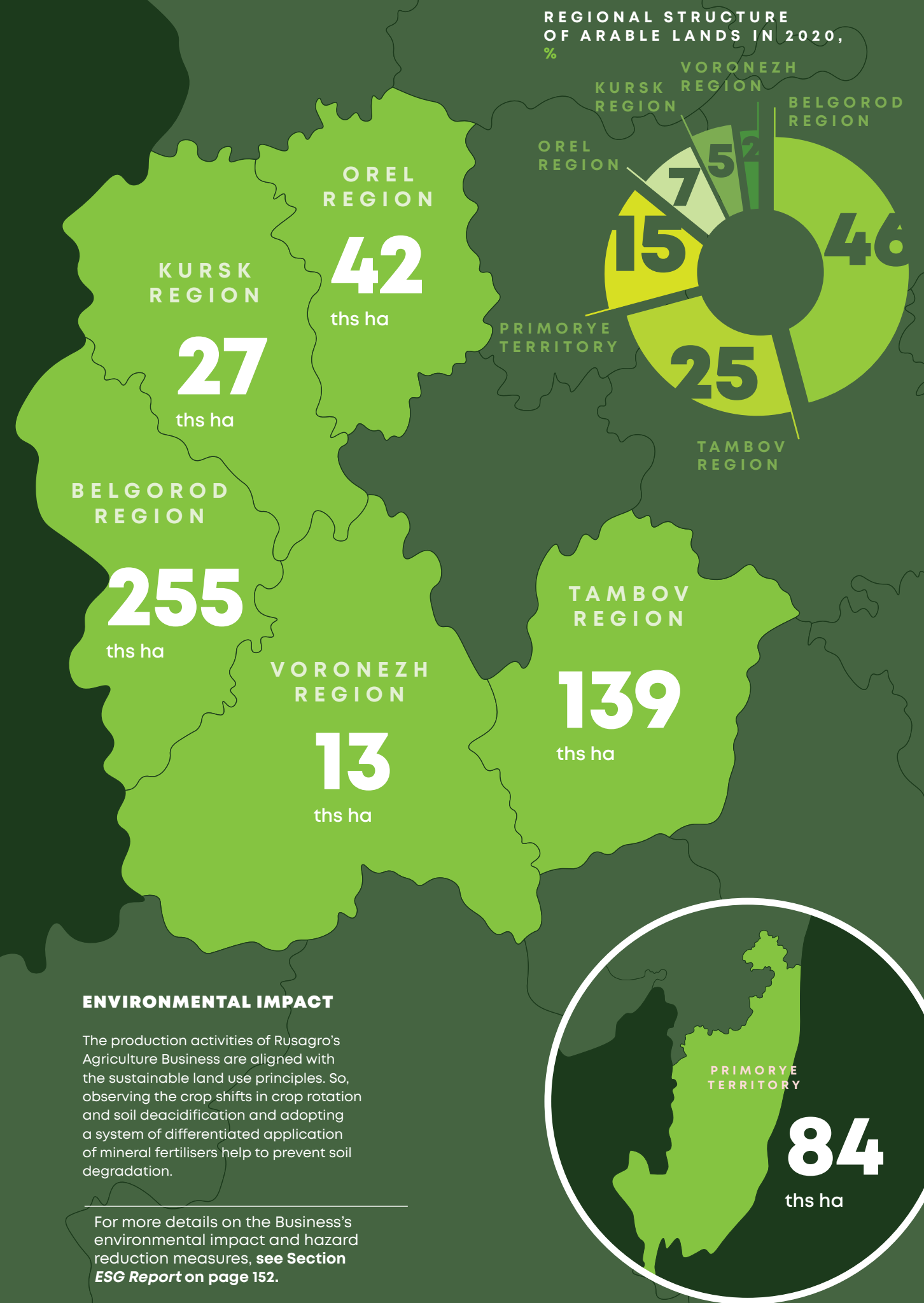
HARVESTING AND STORAGE



SALES

¹ Including leased facilities

² Land bank area in 2019 does not include 46 thousand hectares leased in Saratov Region from February to November



ENVIRONMENTAL IMPACT

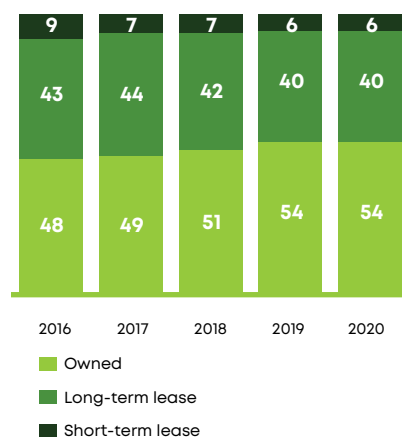
The production activities of Rusagro's Agriculture Business are aligned with the sustainable land use principles. So, observing the crop shifts in crop rotation and soil deacidification and adopting a system of differentiated application of mineral fertilisers help to prevent soil degradation.

For more details on the Business's environmental impact and hazard reduction measures, **see Section ESG Report on page 152.**

LEGAL STRUCTURE OF LANDS

In accordance with the accepted strategy on establishing control over arable land and reducing lease costs, Rusagro continues to increase the areas owned. So, at the end of 2020, 54.0% of the whole land bank was already in ownership of the Company, with a year-on-year uptick of 0.5 p.p. Another 40% of all areas are under long-term lease and 5.9% – under short-term lease.

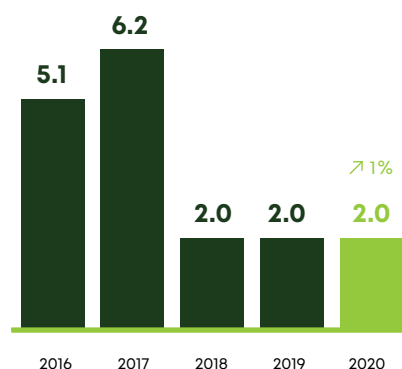
Legal structure of Rusagro's land bank, %¹



INVESTMENTS

In 2020, Rusagro invested RUB 2.0 billion in development and support of the Agriculture Business, staying about flat year-on-year (+1%). The bulk of the funds (62%) was directed to business development – to buy out land shares and increase the share of owned lands, as well as to provide material and technical support (facilities and equipment) to new lands. Thirty eight percent of investments were allocated to maintain the existing capacities, mainly to renovate and upgrade machinery and equipment.

Rusagro's investments in Agriculture Business, RUB bn



↑ 0.5 p.p.

54.0%

share of agricultural lands owned by Rusagro in 2020

↑ 1%

2.0

RUB billion

Investments in the Agriculture Business in 2020

AUTOMATISATION AND INNOVATIONS

In 2017–2018, Rusagro's Agriculture Business approved the concept of digitalisation of business-processes and a strategy for digital transformation of the management system for 2018–2022, with the following key objectives:

1.

Planning the Company's activities in the information system with the use of simulation and optimisation tools;

2.

Ensuring the real-time management of production operations in the information system in automatic mode with the use of optimisation tools;

3.

Ensuring the control over production steps, use of machinery, commodities and materials, financial resources in the information system in automatic mode with the use of optimisation tools.

In 2020, all business management processes were algorithm-supported, and most of the processes were automated. In 2021, digitalisation and automation entered a new stage, with the main tasks including the use of neural networks in some applications and the complete automation of some processes.

¹ Land bank area in 2019 does not include 46 thousand hectares leased in Saratov Region from February to November

RUSAGRO AND SCHELKOVO AGROCHEM GENETIC SELECTION CENTRE

Since 2017, Rusagro has been involved, together with Schelkovo Agrochem, in the development of sugar beet hybrids with improved yield per hectare. In 2019, SoyuzSemSvekla, a selection and genetic centre, was opened in the Voronezh Region. The Centre aims towards creating new highly productive, disease-resistant sugar beet hybrids even in the main biological and morphological characteristics. The first hybrids were registered in 2019. As of the end of 2020, 21 home selected sugar beet hybrids were listed in the State Register of Selection Achievements Authorised for Use in the Russian Federation. In 2021, the Company plans to sell about 40 thousand seeds.

SoyuzSemSvekla, genetic selection centre, is operating 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 for the Development of Highly Competitive Sugar Beet Hybrids of Domestic Selection and the Organisation of their Seed Production System. In 2019, the project was picked up by the governmental support grant commission of the Ministry of Agriculture and in 2020, it won the governmental support.

OPERATIONAL RESULTS

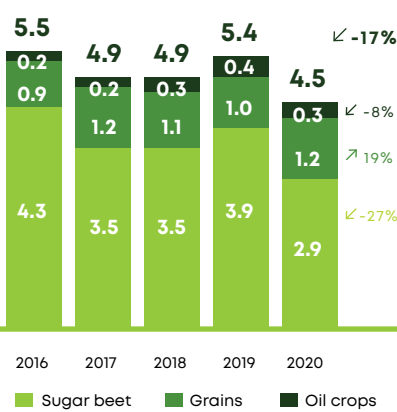
PRODUCTION

In 2020, Rusagro harvested 4.5 million tonnes of crops, down 0.9 million tonnes (-17%) year-on-year. The decrease in this indicator relates to the reduced gross harvest of sugar beet – it dropped by 1.0 million tonnes (-27%) and amounted to 2.9 million tonnes. The yield of oil crops also was on the declining trend (-8%, or -30 thousand tonnes) and amounted to 0.3 million tonnes. The negative growth of these crops was partially offset by an increase in grain harvest to 1.2 million tonnes (+19%, or 190 thousand tonnes) due to the increased wheat yield (+41%, or 293 thousand tonnes).

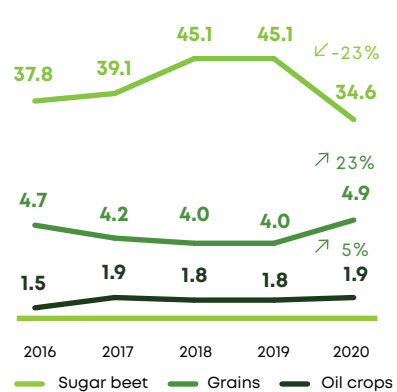
Rusagro's area under crops decreased by 8% in 2020 and amounted to 539 thousand hectares, excluding 20 thousand hectares of laylands. However, this decline does not affect the harvest results as much as the yield per hectare. Thus, the area under beet cultivation decreased only by 4% (-4 thousand hectares) because of lower crop profitability due to low sugar prices in early 2020. Grain crops were sown on 244 thousand hectares, which is 3% (-8 thousand hectares) less than in 2019. The area under oil crops shrank the most: the area under sunflower – by 38% (-14 thousand hectares) due to land disposal in the Saratov Region, under soybeans – by 7% (-11 thousand hectares) due to opting for corn. This was a reason of a lower yield of oil crops.

The drop in the gross yield of sugar beet mainly stemmed from unfavourable weather conditions, which led to a 23% decrease in crop yield per hectare in Rusagro's fields – to a five year record low average of 34.6 tonnes per hectare. At the same time, the average yield per hectare for grain crops experienced a significant rise (+23%), which was bolstered by higher indicators for wheat (+27%) and barley (+34%). Unlike the market average results, Rusagro managed to increase the sunflower yield per hectare by 24% – this was made possible thanks to the correct choice of hybrids and an optimal nutrient status.

Rusagro's gross yield, mn tonnes



Average yield per hectare across all Rusagro's regions, tonnes/ha¹



Breakdown of Rusagro's planted area, ths ha²

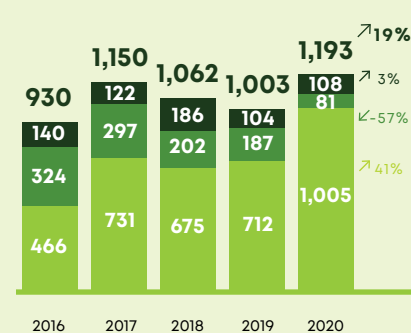
Crops	2016	2017	2018	2019	2020
Grains	227	245	252	252	244
Oil crops	123	151	169	212	186
Sugar beet	98	93	89	87	84
Other crops and fallow	102	50	45	32	26

¹ Calculated as a simple mean weighted for the area under each crop
² Land bank area in 2019 includes planted share of arable land leased in Saratov Region from February to November

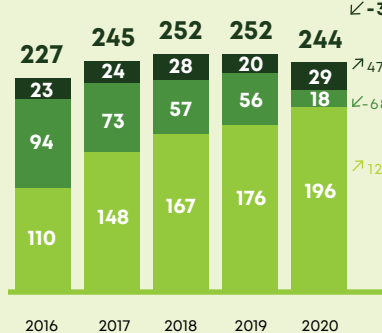
PRODUCTION FACTORS BROKEN DOWN INTO MAIN CROPS

GRAINS

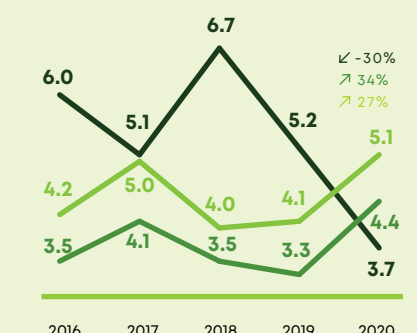
Rusagro's gross yield of grain crops, **ths tonnes**



Rusagro's area under grain crops, **th ha**

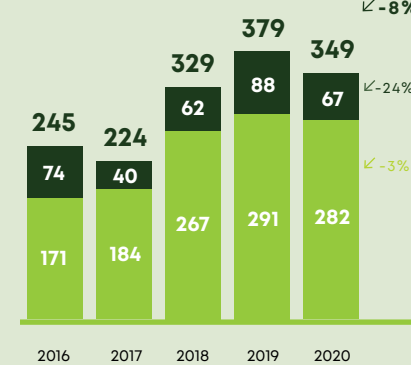


Rusagro's yield per hectare for grain crops, **tonnes/ha**



OIL CROPS

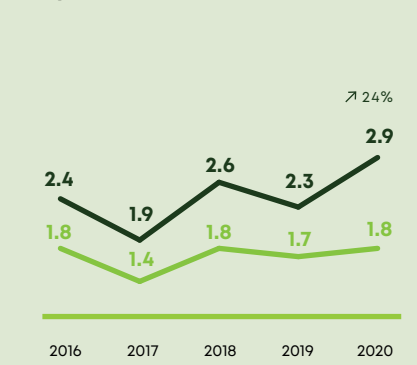
Rusagro's gross yield of oil crops, **th tonnes**



Rusagro's area under oil crops, **th ha**



Rusagro's yield per hectare for oil crops, **tonnes/ha**

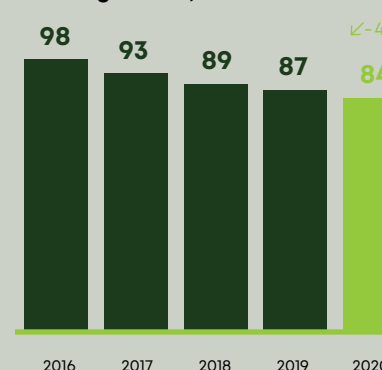


SUGAR BEET

Rusagro's gross yield sugar beet, **mn tonnes**



Breakdown of Rusagro's planted area sugar beet, **th ha**



Average yield per hectare across sugar beet, **tonnes/ha**



SALES

In 2020, sales volumes of Rusagro's Agriculture Business went down by 21% – to 4.3 million tonnes as compared to 2019. Such dynamic pattern is associated with a poorer sugar beet yield and a lower level of carry-overs of grain crops at the end of 2019 (312 thousand tonnes at the end of 2019 against 474 thousand tonnes at the end of 2018) with larger carry-overs at the end of 2020 (484 thousand tonnes). Thus, the sales of grain fell by 27% (-0.3 million tonnes) – to 0.9 million tonnes, and those of sugar beet – by 24% – to 3.0 million tonnes. Only soybean enjoyed a rise in sales; it was sold by 47% (+106 thousand tonnes) more year-on-year due to the large volume of carry-overs from previous years in 2020. Before the imposition of export duties, the Company managed to sell the most of the 2020 crop – by the end of the year, 62% of wheat, 45% of soybeans and 88% of sunflower were sold.

All sugar beet (100%), 37% grains and 3% oil crops – were sold to companies of Rusagro's Group. In 2020, the exports of the Company's agricultural crops went down by 5% (-13 thousand tonnes) – to 275 thousand tonnes, which related to a significant decrease in grain supplies (-55%). At the same time, demand from China jumped noticeably; the Company supplied 78 thousand tonnes (+35 thousand tonnes) thereto as of the end of the year, including 35 thousand tonnes of grain and 42 thousand tonnes of soybeans.

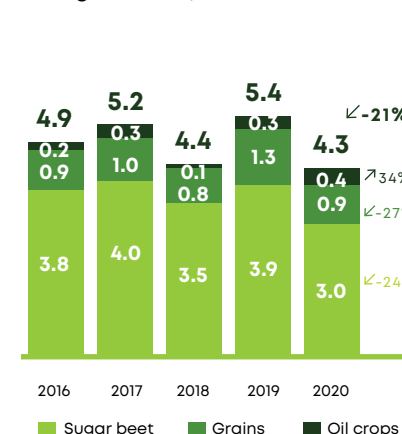
↓ - 5 %

275

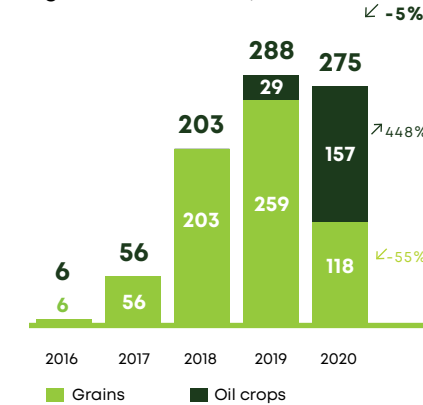
th tonnes

Exports of Rusagro's agricultural crops in 2020

Rusagro's sales, **mn tonnes**



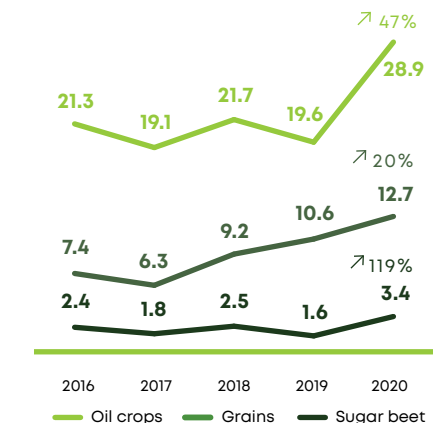
Export volume of Rusagro's Agriculture Business, **th tonnes**



PRICES

In 2020, the selling prices of all crops went up. The sales price of sugar beet showed the most increase: as a result of a lower yield, it doubled – from RUB 1.6 to 3.4 thousand per tonne, exclusive of VAT. Oil crop prices also posted a significant growth (+47%). Thus, the prices for sunflower and soybeans reached record values over the past five years of RUB 30.0 and 28.6 thousand per tonne (+73 and 40%), respectively. Grain crop prices increased by 20% – up to RUB 12.7 thousand per tonne exclusive of VAT mainly due to the development of prices for wheat (+24% – up to RUB 12.9 thousand per tonne). The positive movements of prices for grains and oil crops was promoted by the growing world demand amid a lower harvest of certain crops and the devaluation of the rouble.

Selling price of Rusagro's products, **th RUB/tonne, excl. of VAT¹**



¹ Calculated as a simple mean weighted for sales volume of each crop

VOLUMES AND PRICES OF RUSAGRO'S SALES BY MAIN AGRICULTURAL CROPS

GRAINS

Rusagro's sales volume of grain crops, **ths tonnes**

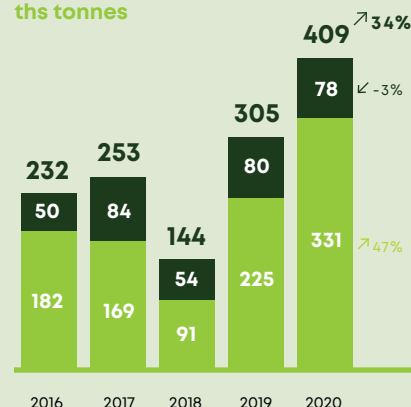


Rusagro's selling price of grain crops, **ths RUB/tonne, excl. of VAT**

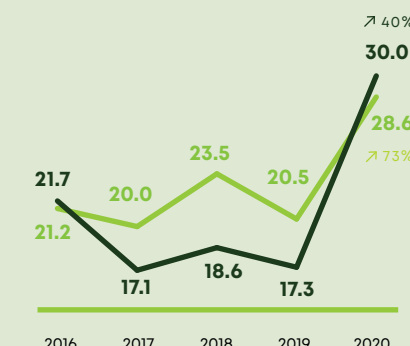


OIL CROPS

Rusagro's sales volume of oil crops, **ths tonnes**

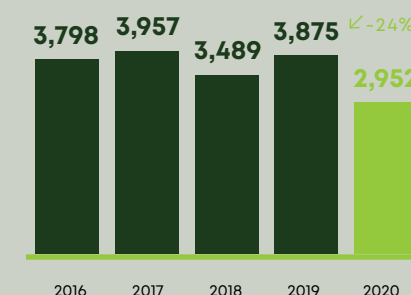


Rusagro's selling price of oil crops, **ths RUB/tonne, excl. of VAT**



SUGAR BEET

Rusagro's sales volume of sugar beets, **ths tonnes**



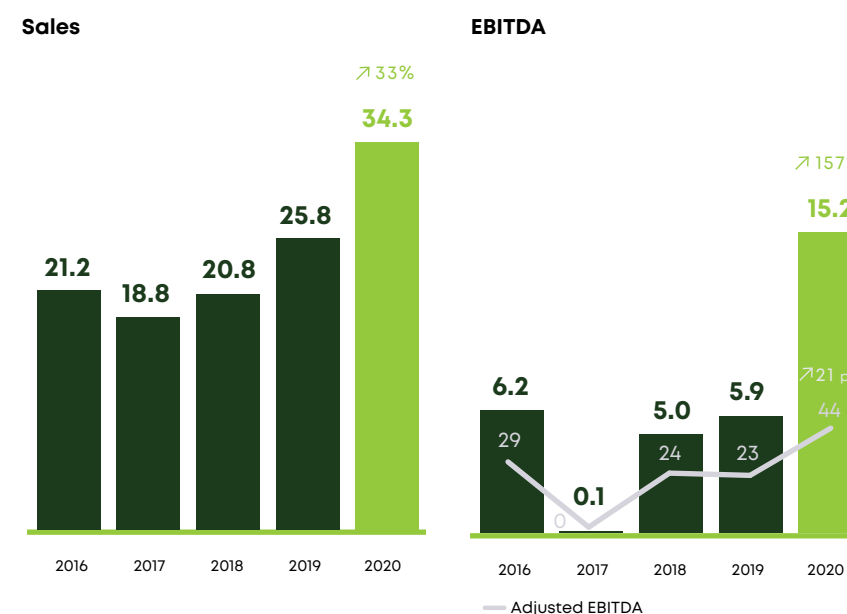
Rusagro's selling price of sugar beets, **ths RUB/tonne, excl. of VAT**



FINANCIAL RESULTS

In 2020, the revenue of Rusagro's Agriculture Business grew by 33% (+RUB 8.5 billion) despite the decreased sales volume of sugar beets and grain crops. Due to a major increase in prices for the products sold by the Company (excluding prices for barley, which grew by only 1%), this segment hit a record high revenue of RUB 34.3 billion. As the cost of production remained more or less at the 2019 level, the adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) rose by 157% (+RUB 9.3 billion) to RUB 15.2 billion with a adj. EBITDA margin of 44% (+21 p.p.).

Financial results of Rusagro's Agriculture Business, RUB bn



PLANS FOR 2021

In 2021, Rusagro's Agriculture Business plans to look into the possibility of creating a land bank in the Saratov Region and figures on to increase yield per hectare through the consistent improvements in technology and management. As a result, Rusagro may increase the gross harvest of key agricultural crops, which though will largely depend on weather conditions at key stages of crop growing. Thus, moisture stress in the autumn period in the Central Federal District of Russia can have an adverse effect on the harvest. The use of digital algorithms for scheduling technological operations and digital business management tools will support the ramp-up of production efficiency.

As of the end of 2020, carry-overs of grain and oil crops amounted to 655 thousand tonnes of products, with a year-on-year increase of 129 thousand tonnes. Before the introduction of export restrictions, Rusagro sold a significant share of its products, however, the new conditions for regulating trade in agricultural crops will drive down the market prices and may count against business income, which touched a historical high in 2020.

↑ 33%

34.3

RUB bn

Sales of Rusagro's Agriculture Business in 2020

↑ 157%

15.2

RUB bn

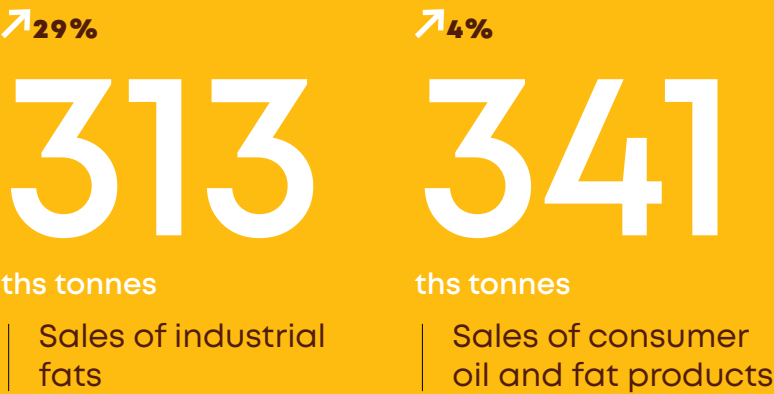
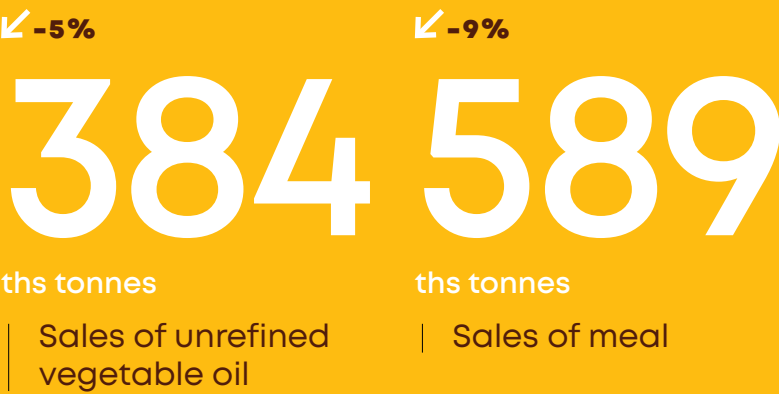
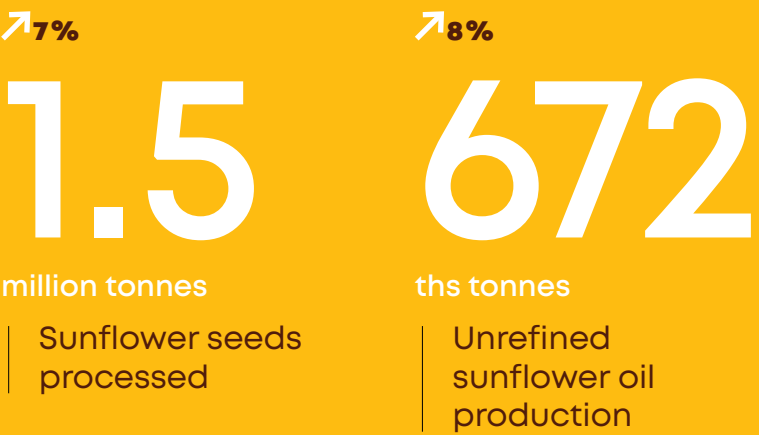
Adj. EBITDA of Rusagro's Agriculture Business in 2020



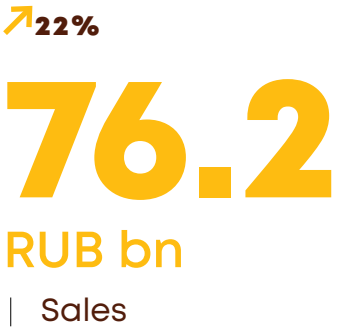
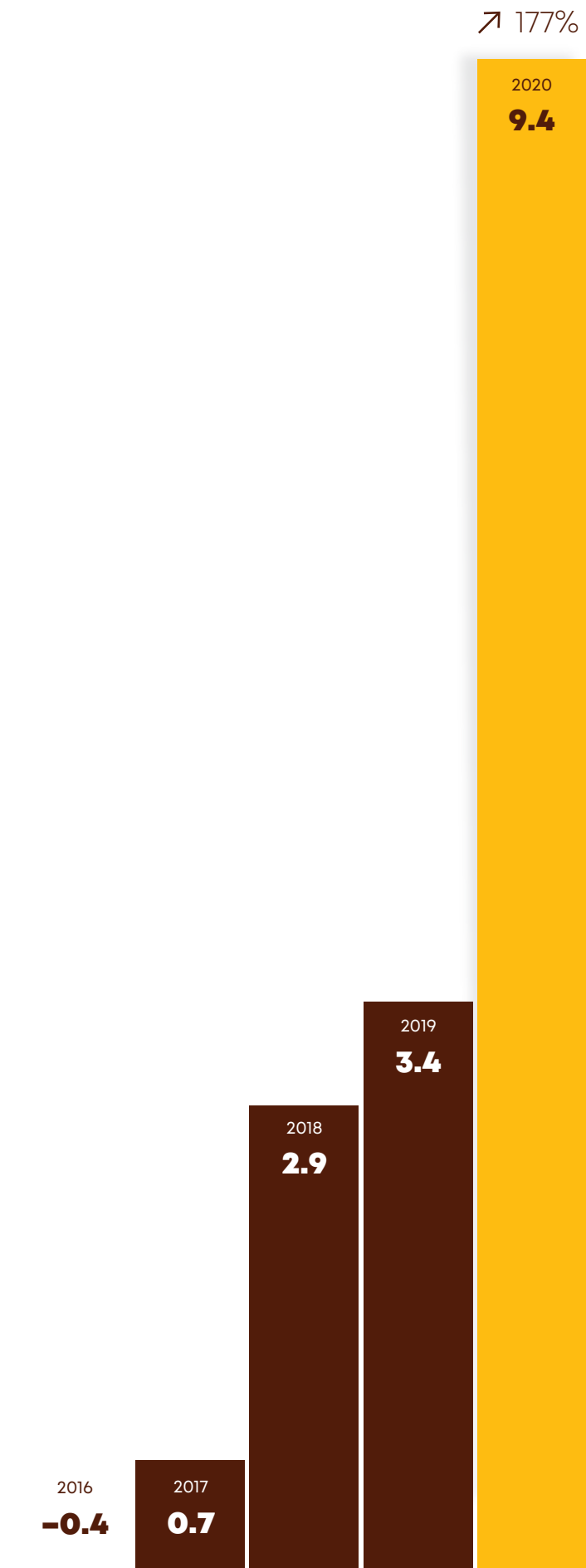
OIL AND FATS

B U S I N E S S

RUSAGRO'S OIL AND FATS BUSINESS RESULTS IN 2020



ADJUSTED EBITDA OF RUSAGRO'S OIL AND FATS BUSINESS
RUB BN



In 2020, the sales of Oil and Fats segment grew by 22% (+RUB 13.8 billion) – to RUB 76.2 billion on the back of advancing selling prices for all products and a larger sales volume of industrial fats, bottled oil, and the mayonnaises. Thanks to the high share of sold products made from cheaper sunflower seeds of the 2019 the earnings before interest, taxes, depreciation, and amortisation (EBITDA) increased by 177% and reached RUB 9.4 billion, and the adjusted EBITDA margin – by 7 p.p. from 5 to 12%.

- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

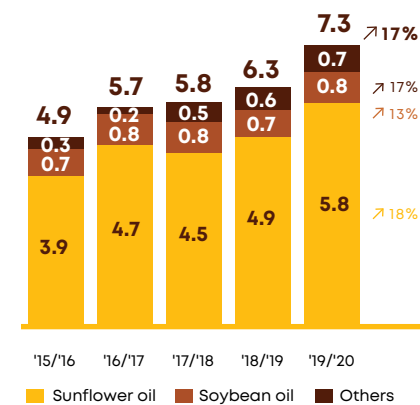
MARKET OVERVIEW

PRODUCTION

UNREFINED VEGETABLE OIL

In the 2019/2020 season, the production of vegetable oil increased by 17% and reached 7.3 million tonnes. The growth driver was sunflower oil, which occupies 79% of all vegetable oils produced in Russia. With the heavy sunflower harvest in 2019 (+20% vs 2018), sunflower oil production reached 5.8 million tonnes (+18% compared to the 2018/2019 season). For calendar 2020, Russia produced 5.8 million tonnes of sunflower oil, up 11% year-on-year. This volume includes 3.9 million tonnes of oil (+16%) produced from January to August out of the 2019 harvest and 2.0 million tonnes (+2%) – from September to December out of the 2020 harvest. In the 2020/2021 season, due to a 13% decrease in sunflower yield in 2020, oil production may went down to 6.6 million tonnes (-10%), including 5.0 million tonnes (-14%) of sunflower oil.

Production of unrefined sunflower oil in Russia, mn tonnes¹



INDUSTRIAL FATS

Industrial fat production in Russia in 2016–2018 stood at the level of 1.2 million tonnes, in 2019 – at the level of 1.3 million tonnes. In 2020, it was driven up by 6% to 1.4 million tonnes by higher exports of industrial fats and confectionery products they are used in. Therefore, universal fats and milk fat substitutes accounted for the major portion of the growth (+12%, or 42 thousand tonnes, and +8%, or 29 thousand tonnes, respectively). The largest share (29 and 28% respectively) in the output mix was taken by universal fats, and milk fat substitutes, which is explained by the high demand from the confectionery and dairy industry in Russia.

↑6%

1.4

mn tonnes

production of industrial fats in Russia in 2020

Production of industrial fats in Russia, ths tonnes

Indicator	2016	2017	2018	2019	2020
Universal and confectionery fats	442	465	371	418	462
Milk fat substitutes	369	370	360	373	402
Universal margarines, margarines for puff pastry and special margarines	349	379	367	379	363
Frying fats	0	0	46	64	84
Cocoa butter analogues	39	27	43	54	52

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

CONSUMER OIL AND FAT PRODUCTS

Over the previous three years, the production of consumer fats and oil products in Russia remained at more or less the same level, but in 2020 it grew by 3% – to 3.0 million tonnes. Rusagro estimates that all product categories contributed to this growth. The output of packaged butter increased by 4% (+76 thousand tonnes), and the output of consumer margarines and spreads – by 5%. The production volumes of mayonnaise and mayonnaise-based sauces remained almost unchanged (+0.2 thousand tonne). Exports of these product categories came as the main booster of the growth. Domestic consumption showed an episodic rise in demand for butter and mayonnaise fuelled by quarantine measures taken in the context of the coronavirus pandemic.

↑3%

3.0

mn tonnes

production of consumer oil and fat products in Russia in 2020

Production of consumer oil and fat products in Russia, ths tonnes

Indicator	2016	2017	2018	2019	2020
Bottled vegetable oil	1,720	1,819	1,850	1,907	1,983
Mayonnaise and mayonnaise-based sauces	831	849	866	850	851
Packaged margarine and spreads	218	236	211	184	193

Source: Rusagro's estimate based on the data from the Russian Federal Service for State Statistics, Federal State Statistics Service, BusinessStat

¹ Including sunflower oil fractions

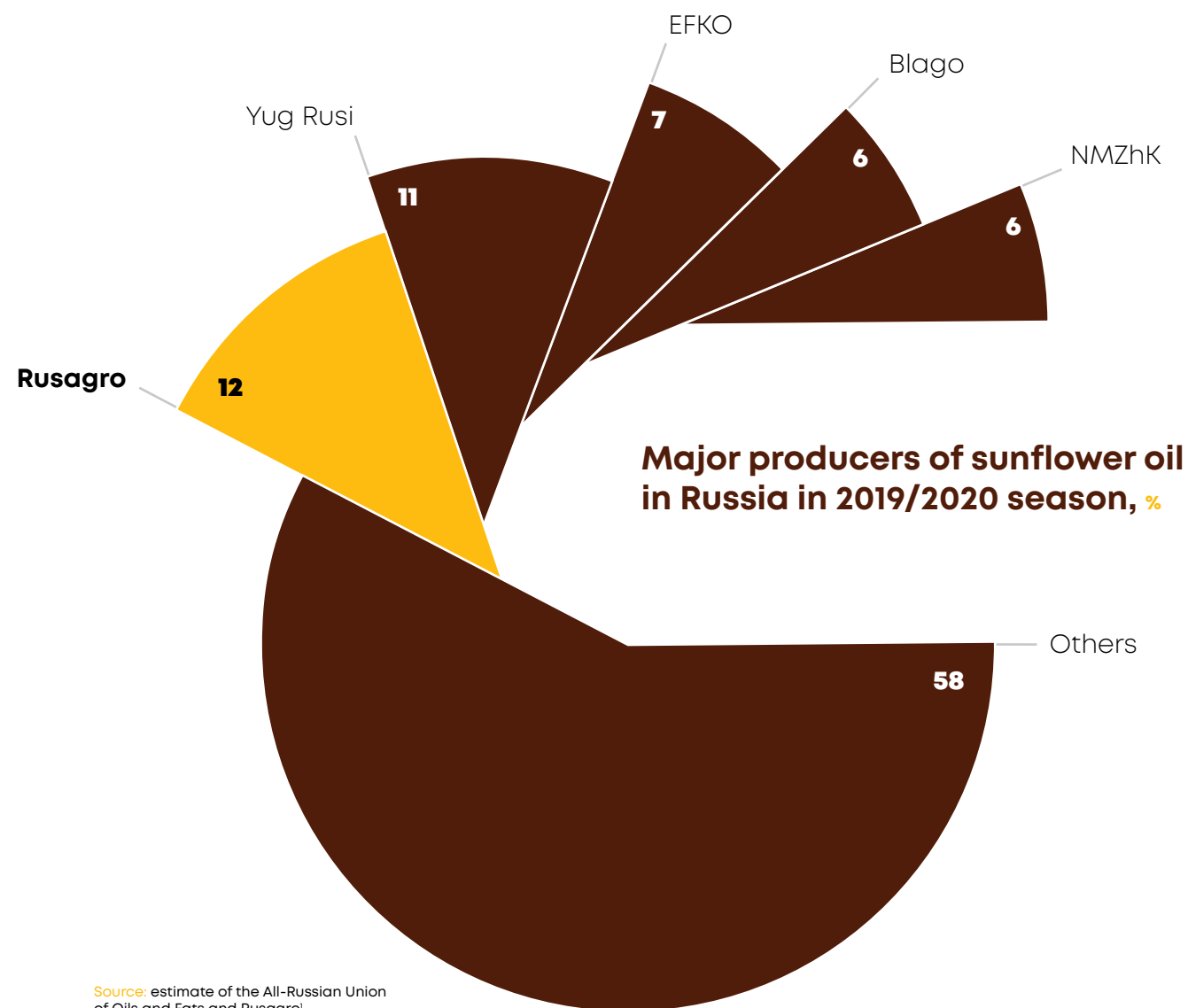
KEY PLAYERS

UNREFINED VEGETABLE OIL

In the 2019/2020 season, five players accounted for 42% of the total domestic production of unrefined sunflower oil. As estimated by the Oil and Fats Union and the Company, Rusagro topped the list of the largest producers with a 12% share – it ramped up the production of unrefined sunflower oil from 610 thousand tonnes in the 2018/2019 season to 671 thousand tonnes in the 2019/2020 season through the attainment of projected capacity of the plants under management. Yug Rusi (South of Russia), which previously was the third-largest player, increased oil production volumes by 47% and occupied 11% of the market, thus approaching Rusagro's positions and outperforming EFKO, whose share fell from 10 to 7%.

No. 1

Rusagro's place among producers of sunflower oil in Russia in 2020



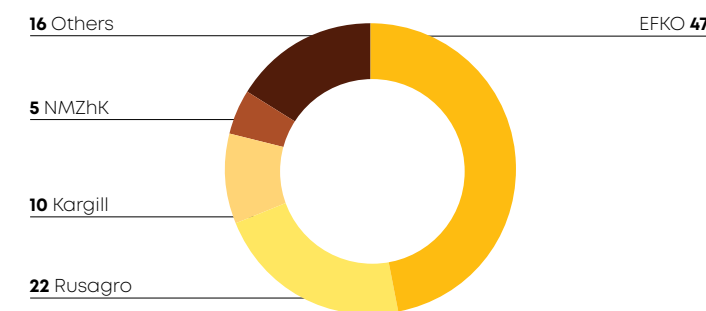
Source: estimate of the All-Russian Union of Oils and Fats and Rusagro¹

¹ Data on the actual production volume of sunflower oil by Rusagro, NMZhK, Blago—estimate of the All-Russian Union of Oils and Fats; EFKO data – estimate of the All-Russian Union of Oils and Fats plus the volumes of Elite Maslo (Elite Oil) and EFKO Taman branch as estimated by the Company; Yug Rusi – the Company's estimate based on the growth in proportion to the growth of vegetable oil production in Russia

INDUSTRIAL FATS

Four major players in the Russian industrial fats market hold 84% in 2020. The top spot in the market is taken by EFKO: in 2020, this company occupied 47% (+2 p.p.) of the Russian industrial fats market. Having recaptured a market segment from smaller producers, Rusagro retained its second place among the players on the Russian market of industrial fats and expanded its share by 1 p.p. to 22%.

Major players in the industrial fats market in Russia in 2020, %

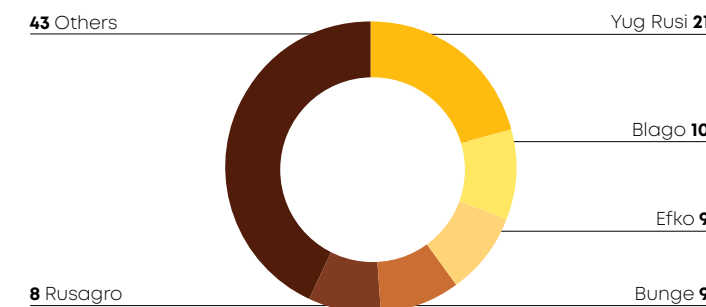


Source: All-Russian Union of Oils and Fats and expert assessment based on the data from the Federal Customs Service of Russia

MAJOR PRODUCERS OF BOTTLED VEGETABLE OIL

The major producer of bottled vegetable oil in Russia is Yug Rusi. Since this company is not part of the All-Russian Union of Oils and Fats, Rusagro made an expert estimate of its output at a level of 425 thousand tonnes and its share in Russian production – at 21%. Blago produced 199 thousand tonnes of oil in 2020 and ranked second with a share of 10%. Rusagro may qualify for fifth place in the ranking with a share of 8%.

Major producers of bottled vegetable oil in Russia in 2020, %



Source: All-Russian Union of Oils and Fats, expert assessment¹

¹ Data on the actual volume of production of bottled oil by Rusagro, Blago, EFKO, Bunge – an estimate of 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

No. 2

Rusagro's place on industrial fats market in Russia in 2020

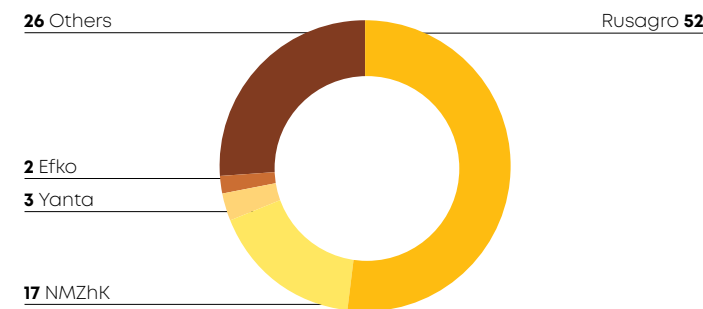
No. 5

Rusagro's place among bottled oil producers in Russia in 2020

MAJOR PRODUCERS OF CONSUMER MARGARINE

Since 2019, Rusagro has been accounting for more than half of the consumer margarine produced in Russia. In 2020, its share in this product category output is estimated at 52% (+1.8 p.p.). Second in the rank comes NMZhK with a production volume of 15 thousand tonnes and a share of 17% (-1.5 p.p.).

Major consumer margarine producers in Russia in 2020, %

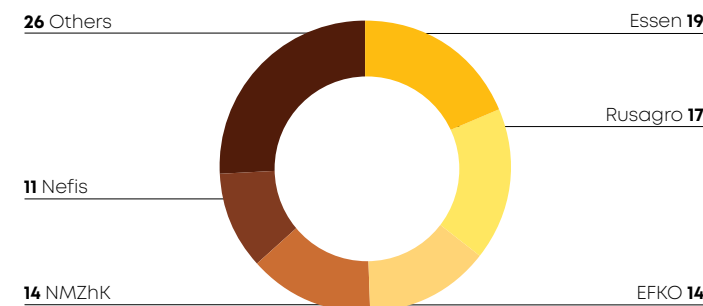


Source: All-Russian Union of Oils and Fats, expert assessment¹

MAJOR PRODUCERS OF MAYONNAISE

Three quarters of mayonnaise production in Russia is covered by five players. With a 19% share, Essen became the largest mayonnaise producer in Russia in 2020. Rusagro was in second place with a share of 17%.

Major mayonnaise producers in Russia in 2020, %



Source: All-Russian Union of Oils and Fats, expert assessment²

No. 1

Rusagro's place among consumer margarines producers in Russia in 2020

No. 2

Rusagro's place among mayonnaise producers in Russia in 2020

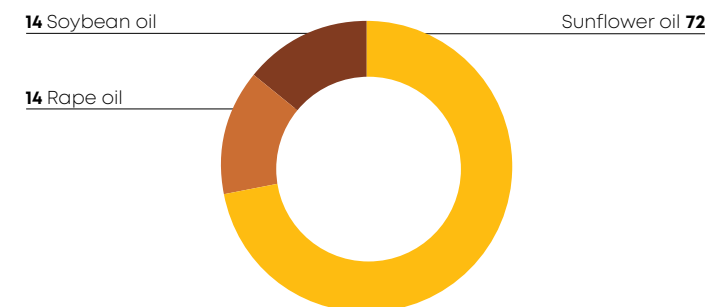
EXPORTS AND IMPORTS

UNREFINED VEGETABLE OIL

EXPORTS

As a result of growth in the production of vegetable oil in Russia, its exports in the 2019/2020 season were increased by 43% year-on-year. The exported volume of oil amounted to 4.7 million tonnes, which is equal to 64% of the total volume produced in the country. Other reasons behind export growth include increased demand from importers and higher world prices. Unrefined sunflower oil accounted for 72% of supplies, or 3.3 million tonnes, which is 60% over the level of the previous season. The export of sunflower oil for the 2020 calendar year amounted to 3.3 million tonnes, which is up 18% year-on-year. In the new season, the export volumes of this product category are projected to go down amid the expectations of a decline in production in January-August 2021 caused by a lower sunflower harvest in 2020.

Breakdown of unrefined oil exports, %



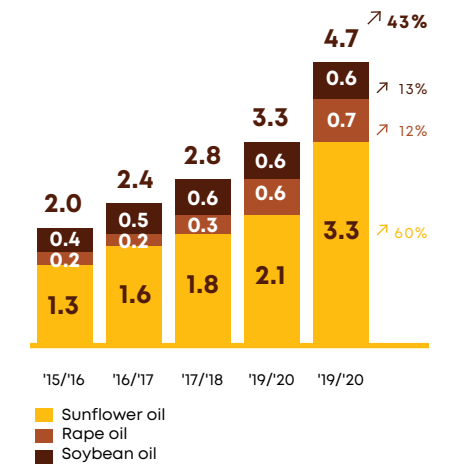
↑ 60%

3.3

mn tonnes

exports of unrefined sunflower oil in Russia in 2020 season

Unrefined vegetable oil exports, mn tonnes



Source: Federal State Statistics Service

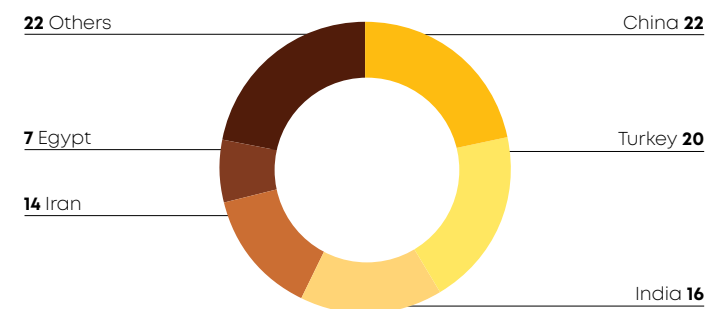
¹ Data on the actual volume of production of mayonnaise by Rusagro, EFKO, NMZhK, Yanta – an estimate of the All-Russian Union of Oils and Fats; data on other players – the Company's estimate based on the data from the Federal Customs Service of Russia, AC Nielsen and BusinesStat

² Data on the actual volume of production of mayonnaise by Rusagro, Essen, EFKO, NMZhK – an estimate of the All-Russian Union of Oils and Fats; data on Nefis – the Company's estimate based on the data from the Federal Customs Service of Russia and AC Nielsen

- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

Historically, major buyers of Russian unrefined sunflower oil are Turkey and Egypt, and plus Iran since the 2018/2019 season. However, in the 2019/2020 season, export destinations mix experienced some major changes – with a share of 22%, China became the main importer, tripling the volume of imported Russian sunflower oil – to 722 thousand tonnes. Another new large importer, with a 16% share, is India – the volume of supplies to this country grew sixfold from 89 to 526 thousand tonnes. The supplies to the above destinations are driven up by higher oil purchases on the back of the pandemic and better purchasing power of the population. Meanwhile, Turkey keeps the lead and goes in the close second after China: in the 2019/2020 season, its imports of Russian sunflower oil amounted to 677 thousand tonnes (+54%). Growing imports to China, Turkey and India made Egypt drop to the fifth place, although the volume of its supplies declined only marginally (-5%) and amounted to 242 thousand tonnes.

Sunflower oil export destinations in 2020, %



Russian unrefined sunflower oil export destinations, ths tonnes

Indicator	'15/'16	'16/'17	'17/'18	'18/'19	'19/'20
China	133	98	171	228	722
Turkey	505	543	355	440	677
India	-	-	18	89	526
Iran	51	189	202	643	454
Egypt	167	317	423	254	242
Others	484	483	651	436	719

Source: APK-Inform, agribusiness consultant agency

IMPORTS

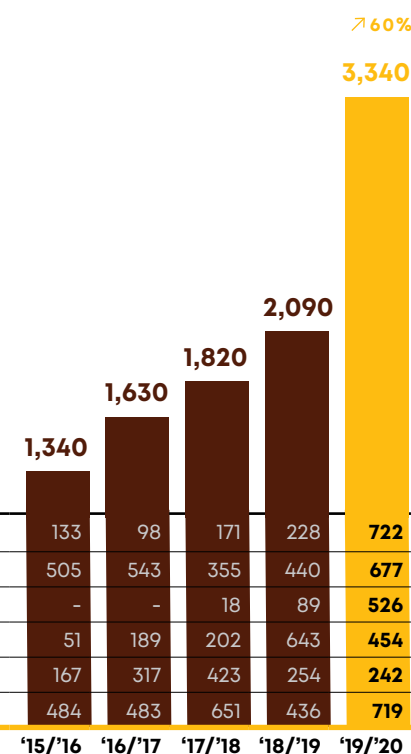
Imports of unrefined vegetable oil in the 2019/2020 season remained flat with the previous season – 1.4 million tonnes. However, the structure of imports changed – the share of palm oil dropped from 79 to 60% on the back of tougher control over the production of dairy products (mandatory labelling and higher VAT), as well as a recession of demand from HoReCa during the quarantine period, resulting in a decrease in palm oil supplies by 0.3 million tonnes (-25%). Indonesia is the major importer of palm oil in the 2019/2020 season, with a total of 0.7 million tonnes (-5%) of this product.

↑217%

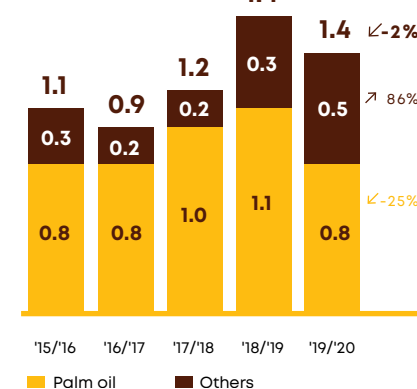
722

ths tonnes

Unrefined sunflower oil export to China in 2020



Unrefined vegetable oil imports, mn tonnes



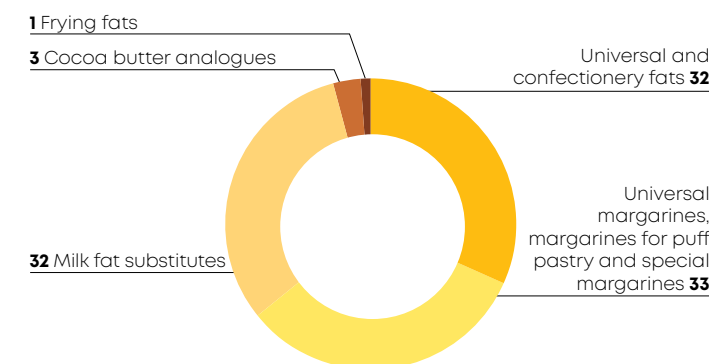
Source: Federal State Statistics Service

INDUSTRIAL FATS

In 2020, Russia exported 95 thousand tonnes of industrial fats, which is up 30% (+22 thousand tonnes) year-on-year. Commonly exported products are milk fat substitutes (30 thousand tonnes, +10%) and universal margarines (25 thousand tonnes, -12%). The major part of industrial fats (42%) were sold to Uzbekistan (21 thousand tonnes), Ukraine (10 thousand tonnes), and Tajikistan (9 thousand tonnes).

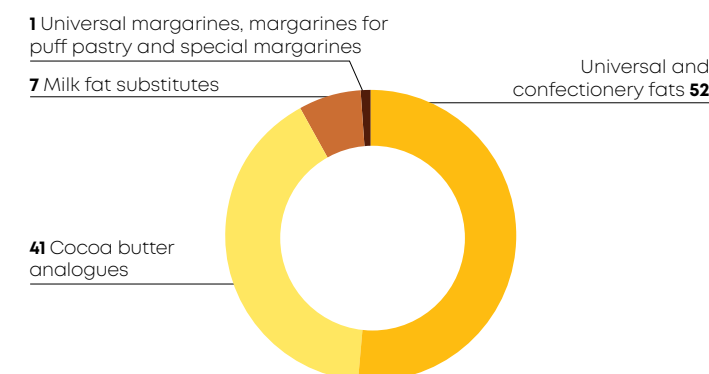
Imports of industrial fats posted a substantial reduction to 134 thousand tonnes (-23%), including 59 thousand tonnes (-23%) of universal fats and 54 thousand tonnes (-24%) of cocoa butter equivalents. Over half (66%) of the export volumes were received from Indonesia (44 thousand tonnes, -14%) and Malaysia (33 thousand tonnes, -20%). The imports were driven down by the growing domestic production, new types of products, and also the devaluation of the rouble.

Structure of industrial fats exports in 2020, %



Source: Federal Customs Service of Russia

Structure of industrial fats imports in 2020, %



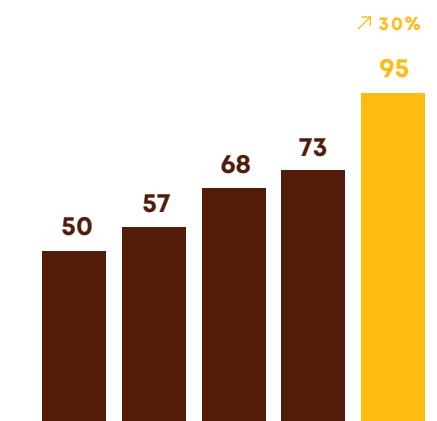
↑30%

95

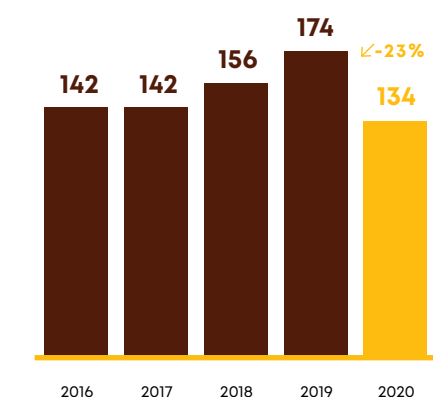
ths tonnes

Industrial fats export from Russia in 2020

Exports and imports of industrial fats in Russia, ths tonnes



Import and imports of industrial fats in Russia, ths tonnes



- Agriculture Business
- **Oil and Fats Business**
- Meat Business
- Sugar Business
- Dairy Products Business

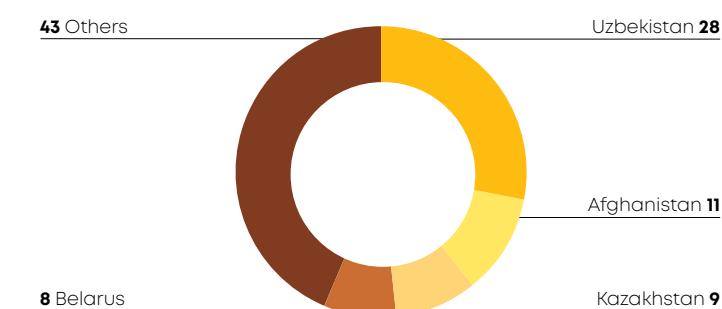
CONSUMER OIL AND FAT PRODUCTS

EXPORTS

In 2020, Russia exported 876 thousand tonnes of packaged oil and fat products (+17%, or 129 thousand tonnes vs 2019). Three quarters of this volume are covered by sales of bottled vegetable oil, the export demand for which pulled up the supplies by 22% – up to 656 thousand tonnes. Exports of consumer margarine and spreads, as well as mayonnaise and mayonnaise-based sauces also went up – these two product categories increased by 6 and 2% – to 129 and 91 thousand tonnes, respectively.

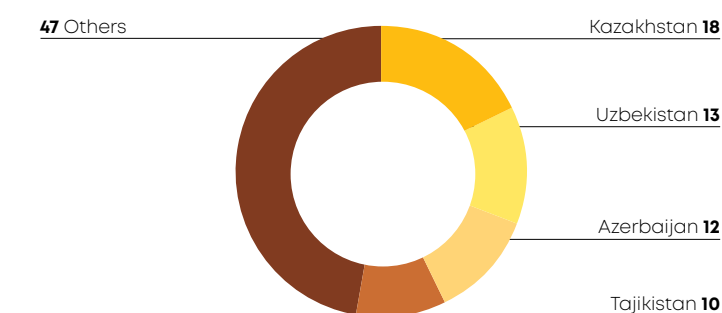
The major customers of Russian packaged and bottled oil and fat products are the CIS countries, such as Uzbekistan, Kazakhstan, Belarus, and Kyrgyzstan. In 2020, these countries imported 50% of the total volume, or 435 thousand tonnes (+9%). For instance, Uzbekistan is the largest buyer of Russian bottled oil; in 2020, it imported 185 thousand tonnes (+14%) of this product from Russia. Meanwhile, Kazakhstan purchased the largest portion of Russian mayonnaise and mayonnaise-based sauces, as well as margarines and spreads – 27 thousand tonnes (-2%) and 24 thousand tonnes (-1%), respectively.

Export destinations of bottled vegetable oil in 2020, %



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

Export destinations for consumer margarine and spread in 2020, %



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

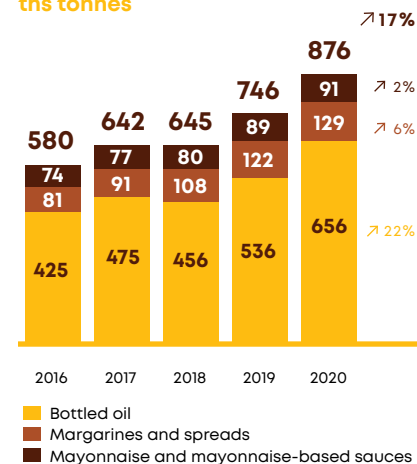
↑17%

876

ths tonnes

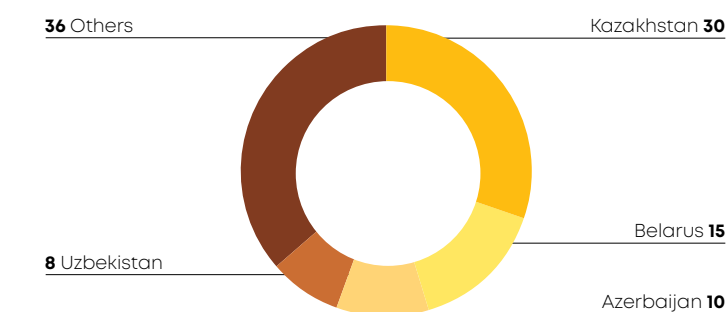
exports of bottled and packaged oil and fats products from Russia in 2020

Oil and fat products exports, ths tonnes



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

Export destinations of mayonnaise and mayonnaise-based sauces in 2020, %

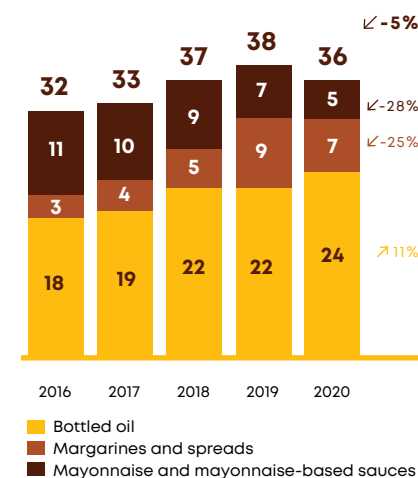


Source: Federal Customs Service of Russia, Eurasian Economic Community Customs Union, BusinesStat

IMPORTS

In 2020, the imports of oil and fat products dropped by 5% to 36 thousand tonnes. At the same time, the growing demand for healthy food products boosted the imports of bottled oil and made them grow by 11%; (96%) of this volume falls on olive oil supplied from Spain (42%), Italy (42%) and Greece (8%). The devaluation of the rouble dragged down the purchases of imported consumer margarine and spreads, as well as mayonnaises. The volume of imports of these two product categories decreased by 25 and 28%, respectively, amounting to a total of 12 thousand tonnes.

Imports of oil and fat products, ths tonnes



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

↑2%

91

ths tonnes

exports of mayonnaise and mayonnaise-based sauces from Russia in 2020

↓-5%

36

ths tonnes

imports of bottled and packaged oil and fat products into Russia in 2020

- Agriculture Business
- **Oil and Fats Business**
- Meat Business
- Sugar Business
- Dairy Products Business

PRICES

UNREFINED SUNFLOWER OIL

In 2020, the average annual price for unrefined sunflower oil in Russia amounted to RUB 55.6 thousand per tonne, excl. of VAT, which is 40% above the 2019 level. In response to the rising world prices amid expectations of a lower sunflower seeds crop in Russia and Ukraine and a weak rouble, the price increased from RUB 41.7 to 77.6 thousand per tonne from January to December. The price behaviour in late 2020 was also influenced by the cutback in world production of sunflower oil against the increased demand from India and China and the change in customs duties. For example, Indonesia increased the export duty on palm oil, Turkey lowered import duties on sunflower oil, and Russia imposed export duties on sunflower, starting from 2021.

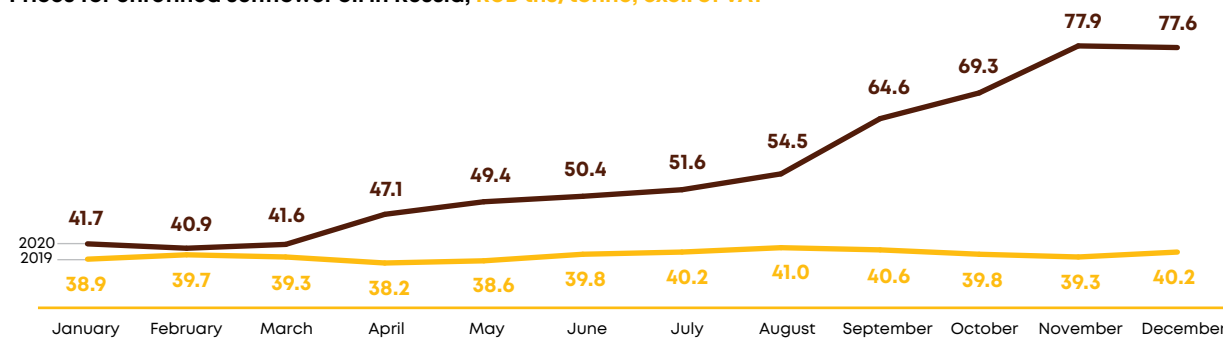
↑40%

55.6

RUB ths/t, excl. of VAT

Annual average
unrefined sunflower
oil price in 2020

Prices for unrefined sunflower oil in Russia, RUB ths/tonne, excl. of VAT

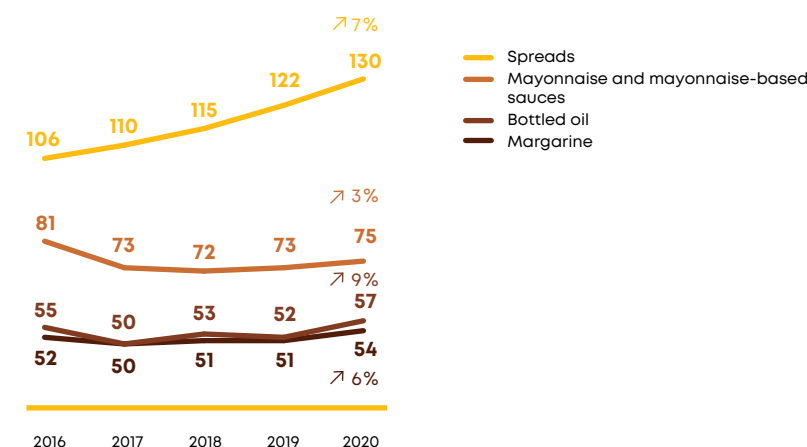


Source: APK-Inform, agribusiness consultant agency

CONSUMER OIL AND FAT PRODUCTS

Higher inflation and vegetable oil prices in 2020 fuelled the producer prices for the main categories of fat and oil products. Thus, prices for bottled sunflower oil rose by 9% – to RUB 57 per kg, excl. of VAT, and spreads and margarines – by 7 and 6%, respectively. The price of mayonnaise increased by only 3% and amounted to RUB 75.2 per kg.

Average prices for consumer fat and oil products in Russia, RUB/kg excl. of VAT



Source: BusinesStat

OUTLOOK FOR 2021

APK-Inform Agency predicts that, based on a 14% reduction in the sunflower seed crop in Russia in 2020, the production of sunflower oil in the 2020/2021 season may decrease by 14% season-on-season – to 5.0 million tonnes. So, given the production of 2.0 million tonnes of oil in September-December 2020, it is expected that 3.0 million tonnes will be produced in January-August 2021, which is down 22% period-on-period. Thirty per cent export duties on sunflower (but not less than EUR 165 per tonne), which were imposed in December 2020, will contain the exports of raw materials from Russia and help to keep the plants utilised.

Global demand for Russian sunflower oil, in particular from China, may be spurred up by unfavourable agrometeorological conditions, which will have a detrimental effect on the production of main oil crops in the world. The La Niña natural phenomenon is expected to last until mid-2021 and bring drought to the US South and South America. Industrial fats production may be affected by the expected decline in palm oil output due to heavy rainfall in Southeast Asia, which impairs the quality of palm fruit. Quarantine measures that trim sales to the HoReCa channel will also have bearing on the market of consumer fat and oil products.

RUSAGRO'S RESULTS IN 2020

OIL EXTRACTION PLANTS

Rusagro's total sunflower processing capacity, including at leased facilities, amounted to 4.6 thousand tonnes of sunflower seeds per day, or about 1.6 million tonnes per year. Depending on the level of oil content of raw materials and the productivity of the plant, the potential production amounts to about 660 thousand tonnes of unrefined oil and 600 thousand tonnes of meal. Besides, Rusagro owns a soybean processing plant in the Far East with a maximum annual capacity of 180 thousand tonnes of soybeans, resulting in about 30 thousand tonnes of oil and 140 thousand tonnes of soybean meal per year.

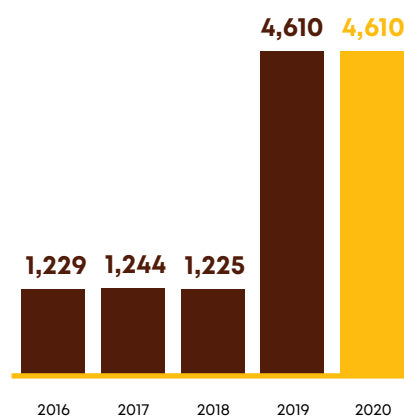
ELEVATORS

Rusagro's Oil and Fats Business owns four elevators with a storage capacity of 97 thousand tonnes of sunflower seeds. Besides, the Company utilises ten third-party elevators with a storage capacity of 260 thousand tonnes of sunflower seeds on a leasehold basis. The elevators can also accommodate grain crops.

OIL AND FATS PLANTS

In 2020, the total industrial fats output capacity of Rusagro approximated 400 thousand tonnes per year, consumer products – 660 thousand tonnes per year, among them – 300 thousand tonnes of bottled oil, 280 thousand tonnes of mayonnaise and mayonnaise-based sauces, and 80 thousand tonnes of consumer margarine and spreads. Facilities for the production of these categories of products are housed at two oil and fat factories, and since 2018, a line for oil refining, deodorisation and packaging with a capacity of 100 thousand tonnes of products per year has been operating at the Bezenchuksky oil extraction plant.

Capacity of Rusagro's sunflower seeds extraction, **tonnes/day**



OIL EXTRACTION



OIL AND FATS PRODUCTS PRODUCTION



MARKETING AND SALES

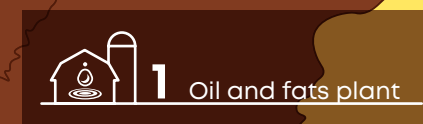
ASSET OVERVIEW

4

oil extraction plants¹

2

oil and fats plants¹



For details on the Business's environmental impact and hazard reduction measures, see Section ESG Report on **page 152**

¹ Including leased assets

BRANDS

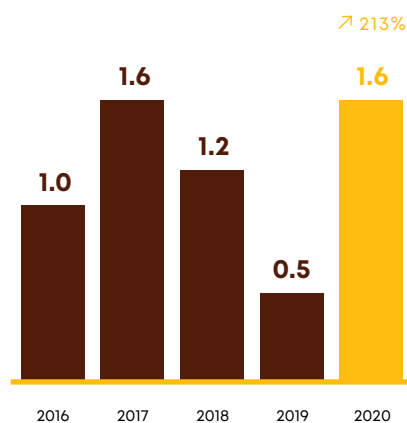
The product portfolio of Rusagro's Oil and Fats Business is represented in four segments: sauces (mostly white), liquid oils, solid fats and soaps. The key brands of sauces include *Ya lublu gotovit* (I love to cook), *Mechta Khozyaiki* (Dream of the Housewife), *Provansal EZhK*, *Oliviez* and the brands of margarine – *Schedroe Leto* (Generous Summer), *Saratovsky* and *Chudesnitsa* (Mischievous Lady). Yet, *Ya lublu gotovit* is an umbrella brand that unites three local brands of mayonnaise (*Moskovsky Provansal*, *Saratovsky Provansal* and *Novosibirsk Provansal*).

Other brands include: *Rossiyanka*, *BENEFITTO Krasno Leto* and *Maslava* (oil). The AC Nielsen's research shows that the Company's margarine brands in 2020 occupied almost 33% of the consumer margarine market in Russia, and mayonnaise brands account for more than 13% of the mayonnaise market. In the Central Russia, the most recognizable brand is *Moskovsky 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. The products are supplied to the Chinese market under the *Leto Krasno* brand.

INVESTMENTS

In 2020, Rusagro invested RUB 1.6 billion into development and support of the Oil and Fats Business, posting a year-on-year growth of 213% boosted by the launch of a new line of the mayonnaise workshop. The maintenance of the existing assets absorbed about 48% of the total investment.

Rusagro's investment in the Oil and Fats Business, RUB bn



AUTOMATION AND INNOVATION

The Oil and Fats Business in 2020 was primarily focused on the preparation and approval of a strategy for digital transformation until 2026. With a reference to the digital transformation, the Business defined a global objective: *Increase the Company's bottom line through cost cutting and improvement in the productivity by means of digital tools*. This objective involved the formulation of the following goals of digital transformation:

1.

Increase the finished products sales margins and reduce the farm-gate price of sunflower by optimising the logistics and storage;

2.

Reduce costs and losses per unit of production;

3.

Reduce risks and improve safety.



These goals will be attained with the help of a micro-service architecture, which allows using the information systems most suitable for business requirements. The emphasis was given to decision-making information systems (using mathematic simulation and optimisation technologies, neural networks, machine learning) and data analysis systems (BigData, DWH, PowerBI).

The following projects are launched to achieve the first goal:

- Improving the raw materials procurement efficiency;
- Improving the finished products sales performance;
- Improving the performance of the industrial fat sales system.

The following projects are launched to achieve the second goal:

- S&OP Integrated Business Planning
- Introduction of automation means for field personnel in B2C channel
- Dynamic model of a production plan adjusted for profit margin
- Maintenance and repair management
- Routing administration
- Cost management and controlling

The following projects are launched to achieve the third goal:

- Management of quality, acceptance, storage of raw materials using impersonal acceptance approach
- Management of quality, acceptance, storage, sales of finished products
- Accounting and tax reporting - creation of a unified service centre
- Legal counselling and document control
- Master data management system

In 2020, the Accounting, tax reporting - creation of a unified service centre project was finalised, and the Routing Administration and Maintenance and Repair Management projects are being rolled out at production sites.

OPERATIONAL RESULTS

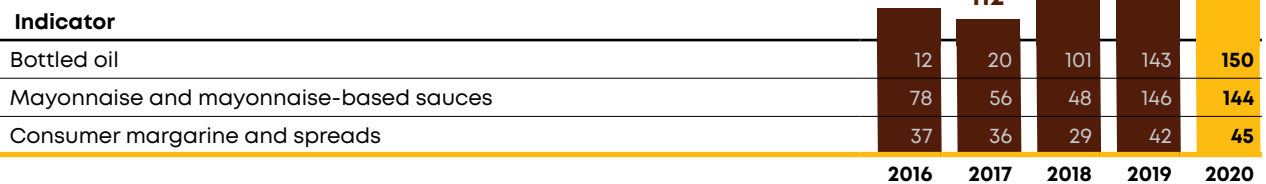
PRODUCTION

Rusagro's production of unrefined sunflower oil in 2020 grew by 8% (+48 thousand tonnes) and amounted to 672 thousand tonnes. The total volume of oil was produced from sunflower seeds – there was no soybean oil in the reporting period (vs 18 thousand tonnes in 2019). The production of sunflower oil rose due to a higher oil content of seeds of the 2020 harvest and an increased volume of processed sunflower seeds (+7%, or +101 thousand tonnes) – up to 1.5 million tonnes. The processing volumes grew on the back of a bumper yield of sunflower seeds in 2019, an additional day of work (leap year), and the increased productivity of plants (utilisation rate 98.7% vs 92.4% in 2019) due to the adjustment of technological regimes of and a higher technical availability. Meal production reduced by 7% (-42 thousand tonnes) following from the abandonment of soybean processing in 2020 (vs 81 thousand tonnes in 2019). At the same time, the production of sunflower meal increased by 7% (+38 thousand tonnes).

Rusagro produces all the main types of industrial fats other than cocoa butter analogues. The bulk of the products mix is represented by universal margarines and fats that are of the highest demand at the domestic market. In 2020, the Company ramped up its production of industrial fats by 16% – up to 328 thousand tonnes through the launch of an additional line for filling industrial fats into tankers in July.

In the reporting period, the output of Rusagro's oil and fat consumer products grew by 2% – to 338 thousand tonnes (+7 thousand tonnes) amid an increase in the production of bottled oil by 6 thousand tonnes (+4%) and the margarines and spreads category – by 3 thousand tonnes (+6%). The production of mayonnaise and mayonnaise-based sauces dropped by 1% (-2 thousand tonnes).

Rusagro's production of consumer oil and fat products, **ths tonnes**



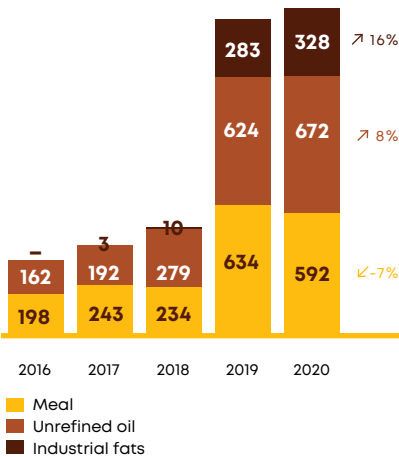
↑8%

672

ths tonnes

Rusagro's unrefined sunflower oil production in 2020

Rusagro's production of industrial oil and fat products, **ths tonnes**



SALES

In 2020, sales of all categories of Rusagro's oil and fat products remained more or less at the level of the preceding year (+0.3%, or +5 thousand tonnes) and amounted to 1,628 thousand tonnes. With the increased demand for unrefined oil with an aim to produce additional bottled products, sales of unrefined sunflower oil off the company's premises went down by 5% (-21 thousand tonnes). The meal sales declined by 9% (-58 thousand tonnes) due to the decision no to launch a soybean processing plant. At the same time, sales of sunflower meal went up by 2% (+10 thousand tonnes) and amounted to 579 thousand tonnes (also, 11 thousand tonnes of soybean meal were sold in 2020). Moreover, with stronger market positions, Rusagro pushed up the sales of industrial fats in 2020 to 313 thousand tonnes, 29% (+70 thousand tonnes) more than a year earlier. Sales of consumer products scored better due to higher sales of bottled oil (+ 9%, or +13 thousand tonnes) and the mayonnaise and mayonnaise-based sauces category (+2%, or +2 thousand tonnes).

Rusagro's sales of industrial oil and fat products, ths tonnes

Indicator	2016	2017	2018	2019	2020
Meal	200	253	302	647	589
Unrefined oil	116	150	168	406	384
Industrial fats	–	3	10	243	313

Rusagro's sales of industrial oil and fat products, ths tonnes

Indicator	2016	2017	2018	2019	2020
Bottled oil	18	20	97	147	160
Mayonnaise and sauces	77	59	48	136	138
Consumer margarine and spreads	37	36	29	45	43

↘ -5%

384

ths tonnes

Rusagro's sales of unrefined vegetable oil in 2020

↘ -1%

BRANDS

The consumer segment accounted for 40% (+3 p.p.) of the sales volume of oil and fat products and 63% (+3 p.p.) of the revenue of Rusagro's Oil and Fats Business in 2020. Rusagro's oil and fat products traditionally occupy leading positions in the domestic regions. Thus, according to AC Nielsen data for 2020, *Provansal EZhK* mayonnaise ranks first and has a 69% share in Ekaterinburg and 40% share in the Urals, while *Moskovsky Provansal* takes first place in, and 31% of, Moscow and 24% of the Central Russian market. Likewise, *the Schedroe Leto* consumer margarine brand, with a 58% share, dominates the Urals market, and *the Saratovsky* brand, with a share of 28%, gains the lead in the Volga region market. The top five national brands include two brands of Rusagro's consumer margarine: *Saratovsky* ranks second with a market share of 13%, and *Schedroe Leto* is fourth with a market share of 11%.

As for the recognition ratio, BrandPuls research (3Q 2020) showed that the best performance in 2020 was achieved by *the Provansal EZhK* mayonnaise (86% in the Urals Federal District), *Moskovsky Provansal* (80% in the Central Federal District and 60% in Russia), and *Mechta Khozyaiki* (56% in Russia), as well as *Rossiyanika* oil (42% in Russia). The brand loyalty survey revealed an increased loyalty of the Ural consumers to *the Provansal EZhK* mayonnaise (39%) and the consumers from the Central Federal District – to *the Moscovsky Provansal* mayonnaise (21%).

↗ 4%

341

ths tonnes

Rusagro's sales of consumer oil and fat products in 2020



EXPORTS

In the reporting period, 44% of all oil and fat products sold by Rusagro were exported; the export volume as at the end of the year totalled 712 thousand tonnes, up 7% year-on-year; this rise was mainly driven by higher supplies of unrefined vegetable oil, amounting to 339 thousand tonnes (+15%, or +43 thousand tonnes), which is 88% of the total bulk oil sales volume of the Company. The first sales of the Company's industrial fats outside of Russia were made only in 2019, and for the last year the exports of this product increased by 60% (+14 thousand tonnes) – up to 37 thousand tonnes. Higher world demand for vegetable oil also affected bottled oil – its exports rose by 18% (+13 thousand tonnes) and amounted to 85 thousand tonnes. Deliveries of products of the consumer margarine and spreads (74% of the total sales volume were exported) and mayonnaise and mayonnaise-based sauces categories posted an increase of 8 (+2 thousand tonnes) and 5% (+1 thousand tonnes), respectively.

The products of Rusagro's Oil and Fats Business are represented in 33 countries of the world. In 2020, best part of unrefined vegetable oil was sold in Western Asia. Denmark has been the largest buyer of meal (75% of the total exports volume of Rusagro) for the second year in a row; in 2020, it purchased 148 thousand tonnes (+39%, or +42 thousand tonnes) of this product. Key sales destinations of consumer oil and fat products are represented by CIS countries, such as Uzbekistan, Kazakhstan, Azerbaijan, and Tajikistan. Thus, 45% of Rusagro's exports of consumer oil and fat products in 2020 were delivered to Uzbekistan, including 49 thousand tonnes (+37%) of bottled oil, 12 thousand tonnes of margarine (-10%), and 1 thousand tonnes (+75%) of mayonnaise.

↑15%

339

ths tonnes

Rusagro's exports of unrefined vegetable oil in 2020

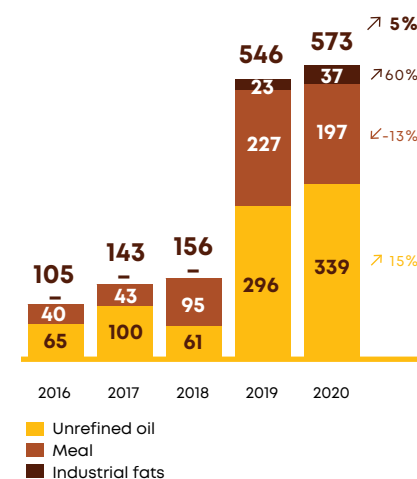
↑13%

139

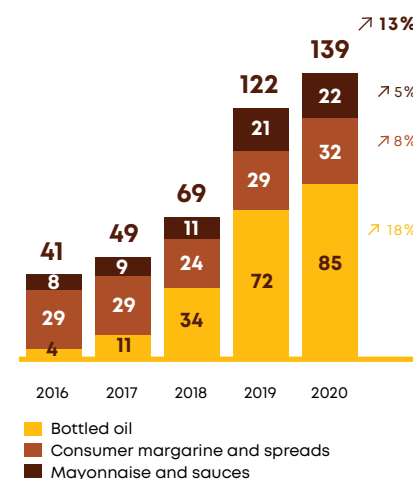
ths tonnes

Rusagro's exports of consumer oil and fat products in 2020

Rusagro's exports of industrial oil and fat products, ths tonnes



Rusagro's sales of consumer oil and fat products, ths tonnes



PRICES

In 2020, sales prices for all categories of oil and fat products were trending upwards. The escalation in market prices for sunflower oil against a lower yield of oilseeds in the key oil-producing countries and the devaluation of the rouble led to a 20% increase in the selling price of crude sunflower to RUB 53.3 per kg, excl. of VAT. The price of meal rose by only 6% following the change in the product mix – in 2020, the Company made no sales of soybean meal, the price of which is higher than that of sunflower meal. The growing global prices for vegetable oils also impacted palm oil, leading to a 24% increase in the sale price of Rusagro's industrial fats – up to RUB 59.7 per kg, excl. of VAT.

In the reporting period, the annual average selling price of Rusagro's bottled oil jumped by 27% – up to RUB 68.3 per kg exclusive of VAT, which was caused by higher prices for unrefined oil. Likewise, selling prices of other fat and oil products in the consumer segment were slowly climbing up. The price of the consumer margarine and spreads category advanced by 11% – up to RUB 88.8 per kg exclusive of VAT, and that of the mayonnaise and mayonnaise-based sauces category – by 9% – up to RUB 87.3 per kg exclusive of VAT.

↑20%

53.3

ths RUB/t, excl. of VAT

Unrefined sunflower oil selling price

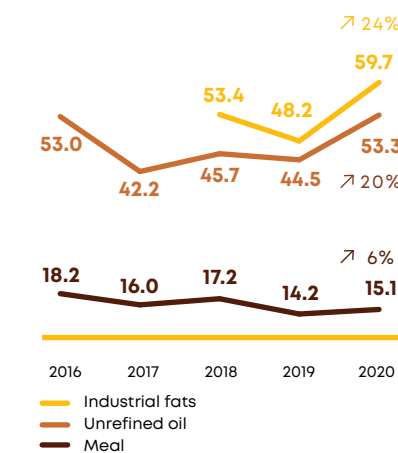
↑11%

88.8

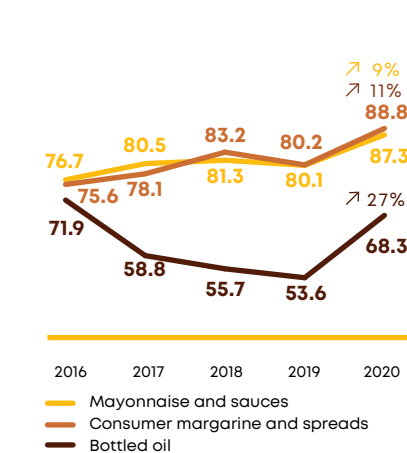
ths RUB/t, excl. of VAT

Consumer margarine and spreads selling price

Selling price of Rusagro's industrial fat and oil products, RUB/kg excl. of VAT



Selling price of Rusagro's consumer fat and oil products, RUB/kg excl. of VAT



FINANCIAL RESULTS

In 2020, the sales of Rusagro's fat and oil segment grew by 22% (+RUB 13.8 billion) – to RUB 76.2 billion, including RUB 29.4 billion (+ 8%, or +RUB 2.1 billion) proceeds from unrefined oil and meal, RUB 26.8 billion (+20%, or +RUB 4.4 billion) – from consumer oil and fat products, and RUB 18.7 billion (+60%, or RUB 7.0 billion) – from industrial fats. The sales were growing on the back of advancing selling prices for all categories of products sold (from 6 to 17%, depending on the category) and a larger sales volume of industrial fats (+29%), bottled oil (+9%), and the mayonnaise and mayonnaise-based sauces category (+2%). The performance of the segment's sales was also contributed by the growing prices and demand in the global market, driving up the proceeds from export operations by 37% – from RUB 25.1 to 34.3 billion. In 2020, the Oil and Fats Business outperformed other businesses of the Company in terms of export sales share – it amounted to 45% compared to 40% a year earlier.

With the positive behaviour of sales and a high share of sell products made from cheaper sunflower seeds of the 2019 harvest, as well as only partial recognition of financial gains from sales of products in 2019 (+RUB 6.0 billion), the earnings before interest, taxes, depreciation, and amortisation (EBITDA) increased by 177% and reached RUB 9.4 billion, and the adjusted EBITDA margin – by 7 p.p. from 5 to 12%.

↑22%

76.2

RUB bn

Rusagro's Oil and Fats Business revenues in 2020

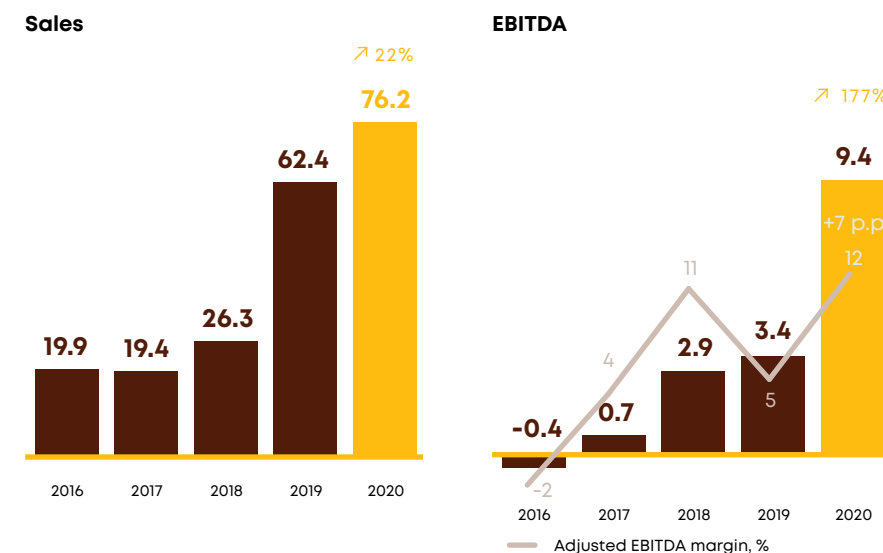
↑177%

9.4

RUB bn

Adj. EBITDA of Rusagro's Oil and Fats Business in 2020

Financial results of Rusagro's Oil and Fats Business, RUB bn



PLANS FOR 2021

In 2021, production capacity will remain steady, and the output volume will depend on the performance of the sunflower seeds purchase campaign and the harvest of this crop in the new season, as well as market environment, including the exchange rate of the national currency and world prices. The Company's decision to launch Primorskaya soya, a Rusagro's soybean processing plant in the Russian Far East, with projected processing capacity of about 60 thousand tonnes, added a positive momentum to the output of unrefined vegetable oil and meal. As for the development of the industrial fats category, the eye will be kept on higher profit margins of the products and further strengthening of the market position. In the consumer segment, there are plans to enter new export directions, strengthen the position of brands in the domestic market and launch new product family articles.

In 2021, Rusagro plans to join the Dairy Products Business launched in 2018 to the Oil and Fats Business. This will necessitate the revision of the budget and preparation of a new plan for managing assets and brands of the Dairy Products Business. For more details on the results of this Business in 2020 see page 110.



B U S I N E S S

RESULTS OF RUSAGRO'S MEAT SEGMENT IN 2020

↗ 7%

104

ths sows

| Pig stock

↗ 26%

308

ths tonnes

| Pork production in live weight

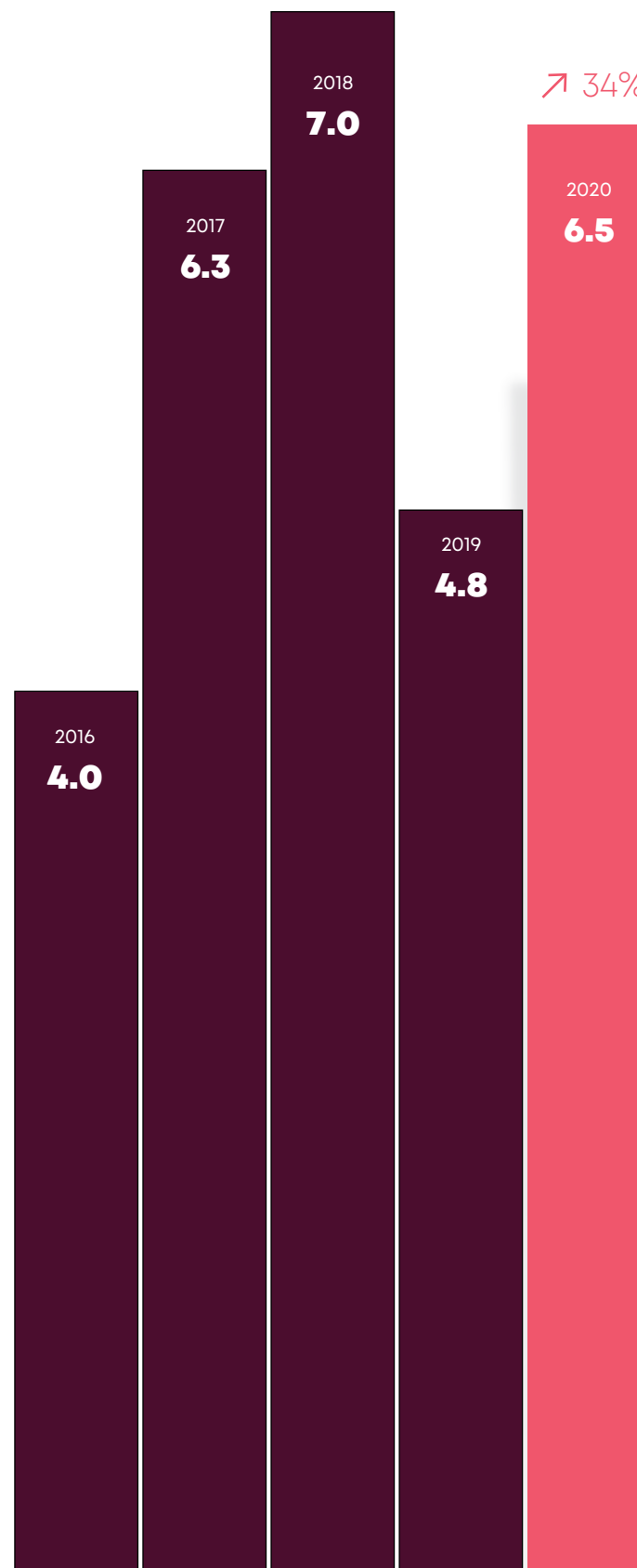
↗ 22%

254

ths tonnes

| Sales volume

ADJ. EBITDA OF RUSAGRO'S MEAT BUSINESS, RUB BN



↗ 26%

32.4

RUB bn

| Sales of Meat Business

↗ 34%

6.5

RUB bn

| Adj. EBITDA

↗ 1 p.p.

20%

| Adj. EBITDA margin

In 2020, the Meat Business posted major increase in revenues (+6.6 RUB billion, or +26%) driven by higher sales of meat products against the backdrop of reaching full capacity of the pig farms built in 2019 in the Tambov Region, an increase in the productivity of slaughterhouses and deboning shops, as well as export development. Despite the rise in the price of the compound feed component of the live pork cost, profit margin improved by 1 p.p. – up to 20%, fuelling the growth of adjusted EBITDA by 34% – up to RUB 6.5 billion (+RUB 1.7 billion).

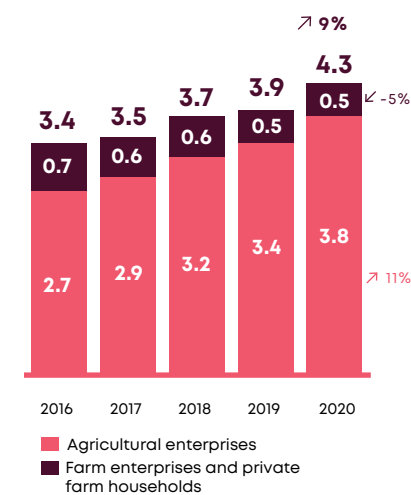
MARKET OVERVIEW

PRODUCTION

In 2020, Russia produced 4.3 million tonnes of pork in slaughter weight, showing a year-on-year increase of 9%. With the expansion of capacities, the domestic market enabled to approach the self-sufficiency in pork and the per capita consumption of pork went up by 5% – to 28 kg per year.

Higher output was attributable to the expansion of the industrial sector. Thus, pork production by agricultural enterprises grew by 11% (+0.4 million tonnes) to 3.8 million tonnes. The majority of this growth was shared by four market players – Miratorg, Rusagro, AgroPromkomplektatsiya and Velikie Luki Pig-Breeding Complex, which in total ramped up their production by 0.2 million tonnes in slaughter weight. Meanwhile, the capacity figures of farm enterprises and private farm households continued the downward trend. In 2020, they produced 5% below the 2019 level – 0.5 million tonnes, making the share of the industrial sector grow by another 2 p.p. to 89%.

Pork production in Russia in slaughter weight, mn tonnes¹



Source: Federal State Statistics Service

¹ Excluding the pork produced in the Republic of Crimea

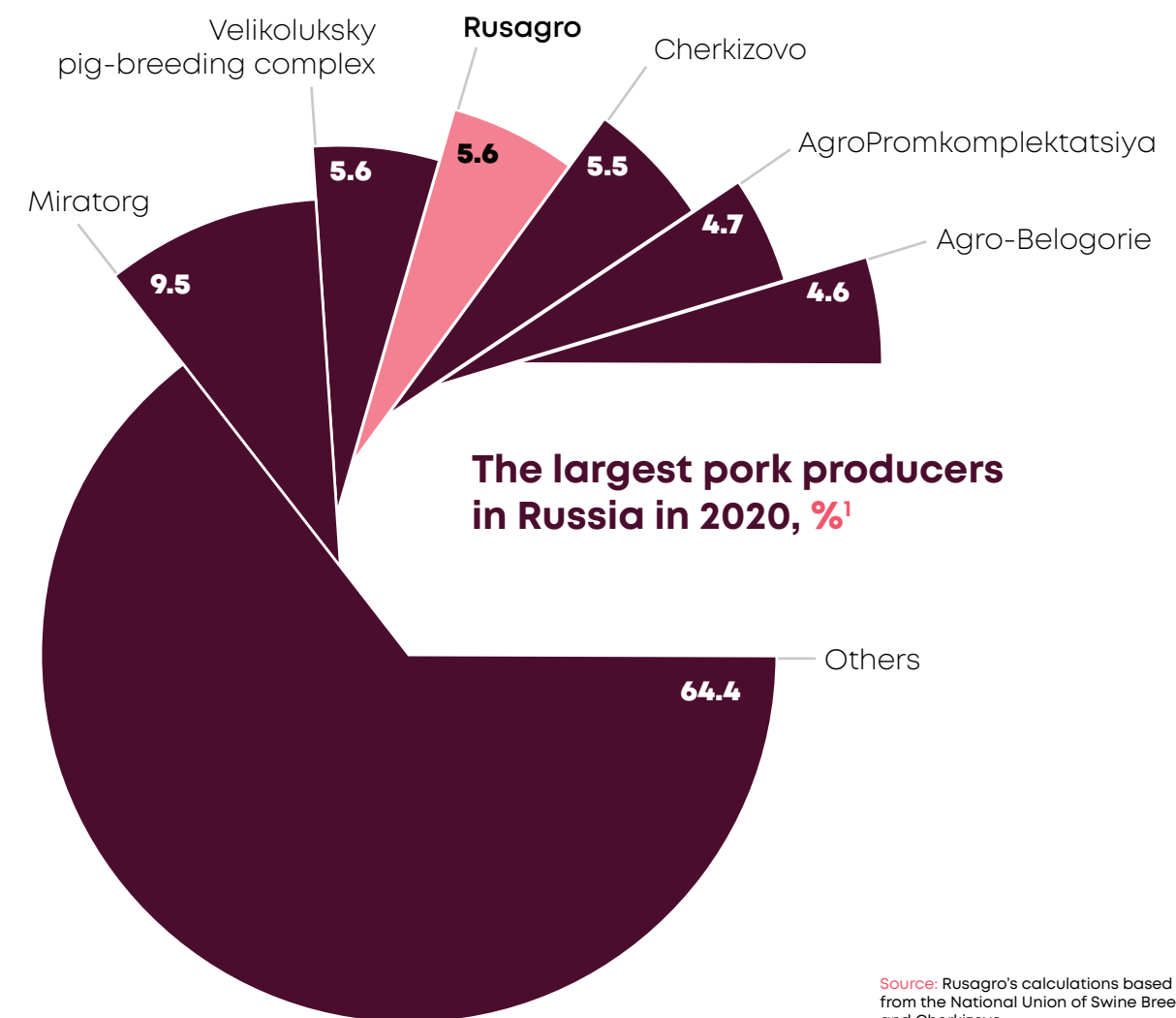
KEY PLAYERS

In 2020, six largest pork producers together produced 1.9 million tonnes of pork in live weight (1.5 million tonnes in slaughter weight), an equivalent of 36% of total domestic production. During the year, the market leaders scaled up their output by 0.3 million tonnes of pork in live weight (0.2 million tonnes in slaughter weight). With a share of 9.5% (+1.0 p.p.), Miratorg retained its status of the largest domestic pork producer – its production volume rose by 95 thousand tonnes (+22%) and amounted to 522 thousand tonnes of slaughter pigs in live weight. Rusagro, with a share of 5.6% (+0.8 p.p.), came in a close third after the Velikoluksky Pig-Breeding Complex, with a slight lag of 0.2 thousand tonnes.

↑ 0.8 p.p.

5.6%

Rusagro's share in pork production in Russia in 2020



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

¹ The share of Russian companies in pork production was estimated by reference to the volume of pork production by agricultural enterprises, farm enterprises and private farm households

PRICES

In 2020, due to the higher supply of domestic pork, the average market price for live pigs fell by 3% and stood at RUB 87.9 per kg, exclusive of VAT. The month to month variation of prices during the year was caused by the seasonality of demand for meat products, the supply of live pork, and the pork export developments. The coronavirus epidemic had slight impact on domestic prices – a price hike was registered in March and was related to the outbreak of the epidemic and the panic-buying spree, but in the spring the demand had already dropped to the season-specific level.

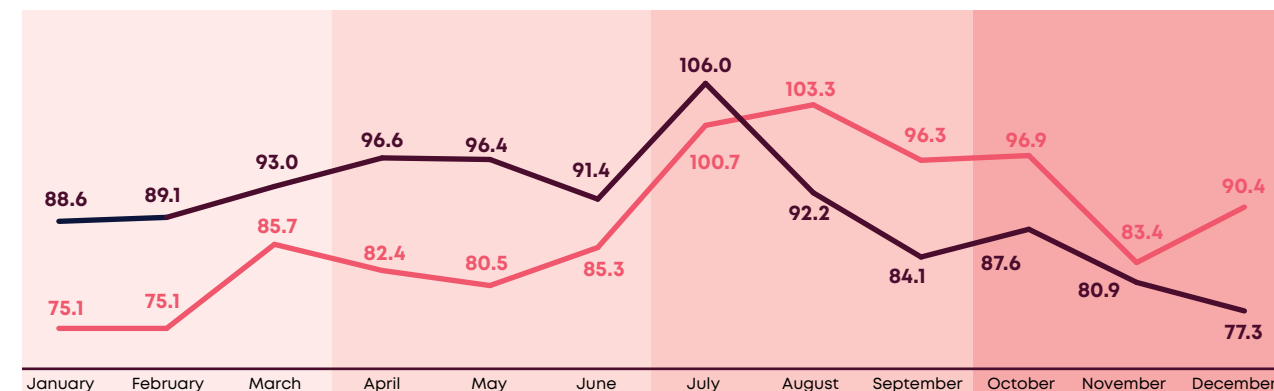
↙ - 3 %

87.9

RUB/kg, excl. of VAT

Average price for pigs in live weight in Russia in 2020

Average market prices for pigs in live weight in Russia, RUB/kg, excl. of VAT



1.

The average price for the first quarter of 2020 stood at RUB 78.6 per kg, down 13% period-on-period. Compared to the fourth quarter of 2019, the price declined by 4% due to an increased supply of pork and seasonal contraction of its demand on the market. The end of March witnessed the recovery in demand, partly owing to the coronavirus epidemic and arising buying fever.

2.

Likewise, the average price for the second quarter of 2020 was down 13% period-on-period and stood at RUB 82.7 per kg. Compared to the first quarter, prices posted a seasonal growth of 5%. The prices continued the rising trend in the summer months, when the period of isolation and rest of Russians at domestic resorts provoked an increased demand for pork.

3.

The average price for the third quarter of 2020 was RUB 100.1 per kg, up 6% period-on-period. Compared to the second quarter, the price went up by 21% owing to the seasonality, greater exports of pork and poultry, and also to the increased number of African swine fever outbreaks, which affected several Russian top pork producers.

4.

The average price for the fourth quarter of 2020 was RUB 90.2 per kg, up 10% period-on-period. Compared to the third quarter, the price fell by 10% due to the seasonal fluctuation of pork demand.

EXPORTS

In 2020, the exports of pork (half carcass, large cut, industrial cuts and semi-finished pork products) and pig offal from Russia recorded significant year-on-year growth. Owing to the opening up of the Vietnamese market for pork – in addition to pig offal – at the end of 2019 and the growing demand for pork in Hong Kong, pork exports increased by 130%, totalling 243 thousand tonnes (+138 thousand tonnes). Specifically, supplies of pork went up by 160% (+78 thousand tonnes) and reached 126 thousand tonnes, supplies of pig offal – by 101% (+59 thousand tonnes) – up to 117 thousand tonnes.

The pork products of Russian origin are mainly purchased by Hong Kong, Vietnam, Ukraine, and Belarus (93% of the total volume). In 2020, all above economies intensified their imports of Russian pork and pig offal. The largest contributors to this growth were Vietnam (+398%, or 57 thousand tonnes) and Hong Kong (+132, or +49 thousand tonnes), which was supported and promoted by the continued decline in domestic pork production in Asia. Exports to Vietnam totalled 24 thousand tonnes (+69%, or +10 thousand tonnes) of offal and 47 thousand tonnes of pork (vs 0 thousand tonnes in 2019). Sales to Hong Kong amounted to 78 thousand tonnes (+117%, or +42 thousand tonnes) of offal and 8 thousand tonnes (up 8 times year-on-year) of pork.

↗ 130 %

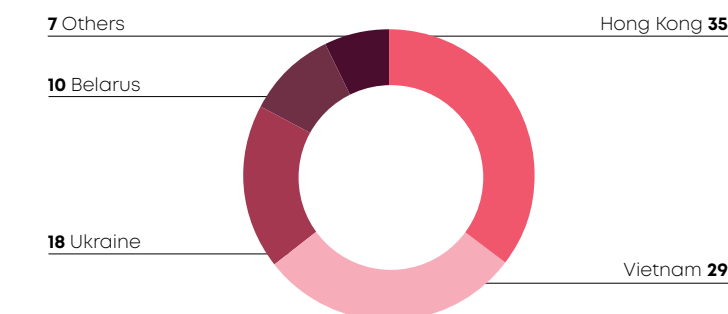
243

ths tonnes

Pork and offal exports from Russia in 2020

Hong Kong and Vietnam were the major markets for Russian pork and pig offal in 2020

Breakdown of pork and pig offal exports in 2020 by destinations, %



Comment: Pork includes half carcass, large cut, industrial cuts and semi-finished pork products

Source: Federal Customs Service of Russia

Key destinations of pork and pig offal exports, ths tonnes

Indicator	2016	2017	2018	2019	2020
Hong Kong	25	36	35	37	86
Vietnam	6	5	19	14	71
Ukraine	11	19	24	28	45
Belarus	7	5	8	19	25
Others	3	3	5	7	16

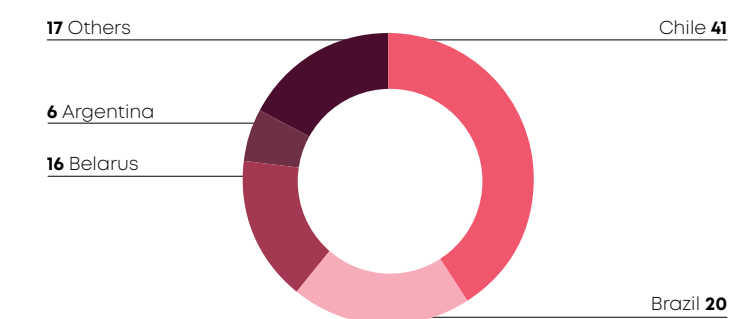
Comment: Pork includes half carcass, large cut, industrial cuts and semi-finished pork products

Source: Federal Customs Service of Russia

IMPORTS

In 2020, pork imports to Russia sank year-on-year by 83% (–69 thousand tonnes) to 14 thousand tonnes. All top suppliers, except for Argentina, scaled down the volume of their supplies due to the replacement of the tariff quota for pork with a flat top rate of 25% and the depreciation of the rouble against world currencies amid the enhancing appeal of the Chinese and Southeast Asian markets. In 2020, Chile, with a total supplies of 6 thousand tonnes (–75%), emerged as the largest importer of pork and pig offal to Russia. Brazil, which used to be the main supplier of imported pork and pig offal for years, reduced export volumes by 94% – to 3 thousand tonnes and was second after Chile.

Breakdown of pork and pig offal imports in 2020 by destinations, %



Comment: Pork includes half carcass, large cut, industrial cuts and semi-finished pork products

Source: Federal Customs Service of Russia

Key destinations of pork imports, ths tonnes

Indicator	2016	2017	2018	2019	2020
Chile	17	25	47	23	6
Brazil	246	242	12	43	3
Belarus	4	6	7	1	2
Argentina	5	7	10	11	1
Others	12	13	9	5	2

Comment: Pork includes half carcass, large cut, industrial cuts and semi-finished pork products

Source: Federal Customs Service of Russia

↘ - 83 %

14

ths tonnes

Pork and offal imports to Russia in 2020

OUTLOOK FOR 2021

In 2021, Russian pork producers will hold a continued focus on increasing their output to promote the utilisation of slaughtering capacities, earlier growing at an outstripping pace, which yet may be hindered by recurrent outbreaks of African swine fever. Declining real incomes of households will cramp the development of domestic demand for finished goods. At the same time, weakening rouble will favour the growth of export supplies, especially to Vietnam, and prop up domestic prices, thus exposing them to the changes in the exchange rate. Combined with an spike in world prices for agricultural products, the devaluation of the national currency will drive up the raw material costs, which will put a downward pressure on the profit margin of pig breeding companies in 2021.

RUSAGRO'S RESULTS IN 2020

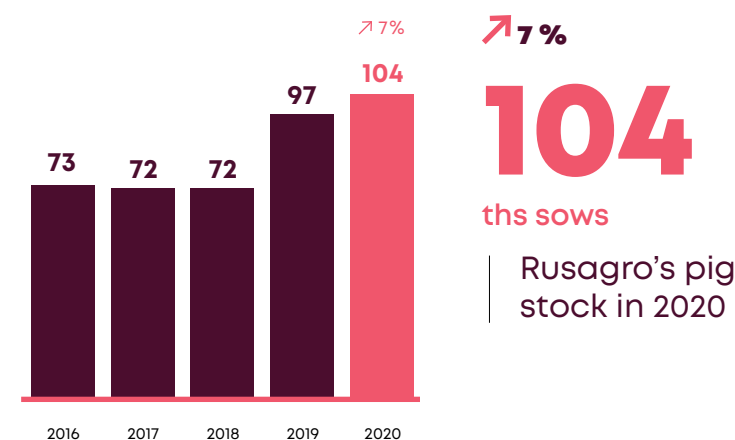
BUSINESS OVERVIEW

Rusagro's Meat Business was launched in 2008 as a vertically integrated business for livestock breeding and production of pork products sold under the Slovo Myasnika (Butcher's Word) brand. Assets of the Business are located in the Central Russia in the Tambov Region and the Belgorod Region. In 2021, the Business plans to launch of a pig farm in the Far East of Russia in the Primorye Territory.

PRODUCTION OF LIVE PIGS

Rusagro manages 19 commercial pig-breeding complexes and five breeding farms for herd reproduction. In 2020, the average annual livestock of productive sows amounted to 104 thousand heads. With the size of available livestock, the production approximates 300 thousand tonnes of pork in live weight for slaughter per year, depending on the current production indicators. The pig farms of the Company comply with the international standards and use the latest science and technology achievements 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.

Rusagro's livestock size year average, **th**s productive sows



COMPOUND FEED PRODUCTION



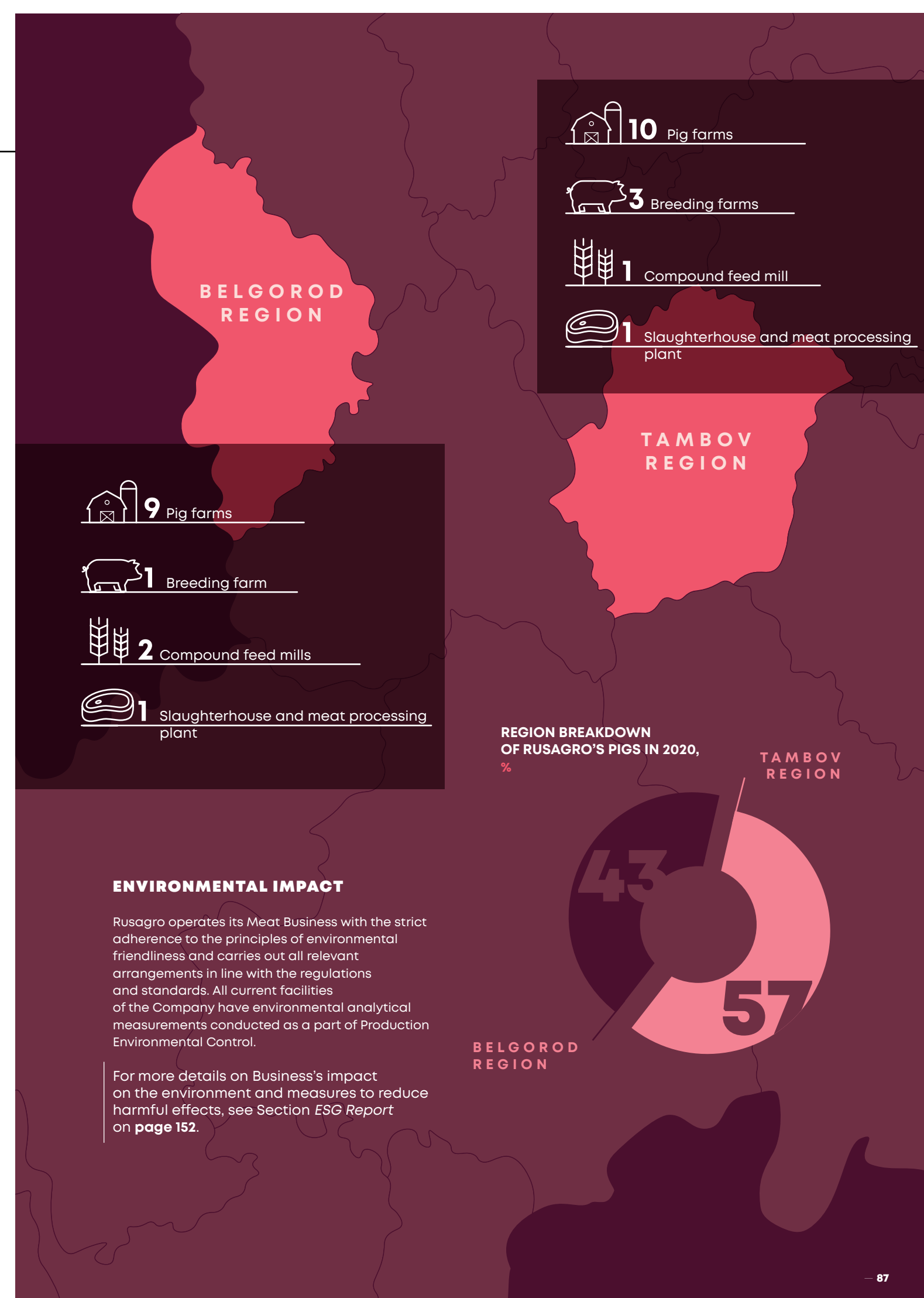
LIVE PIGS PRODUCTION



PIGS SHAUGHTERING AND DEBONING



MARKETING AND SALES

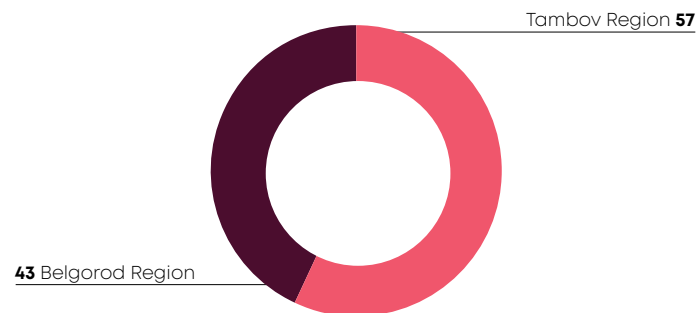


COMPOUND FEED PRODUCTION

The need for livestock compound feed is fully covered by three in-house feed mills with an annual production capacity of 900 thousand tonnes. The mills have been operating a total of five production lines, preparing the granular compound feed formulas for livestock of all life stages. About 50–60% of grains are provided by the Rusagro's Agriculture Business. The production technology laboratories ensure high accuracy of chemical, technical, and bacteriological analyses.

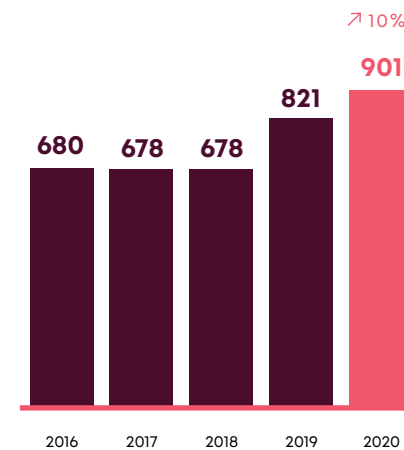
The storage capacity at the elevator in 2020 was 220 thousand tonnes, including 60 thousand tonnes in the Primorye Territory. Moreover, the Meat Business has "sleeves" for storing grain with a simultaneous storage capacity of 410 thousand tonnes. With in-house storage facilities, the Company can purchase ingredients at the most optimal time during periods of low prices.

Region breakdown of Rusagro's combined feed production capacities in 2020, %



In 2020, the compound feed production capacity of Rusagro went up by 10% year-on-year due to the commissioning of the feed mill acquired under the KapitalAgro transaction. Launching the elevator in the Primorye Territory increased the storage capacity by 60 thousand tonnes (+38%).

Rusagro's maximum compound feed production capacity, ths tonnes

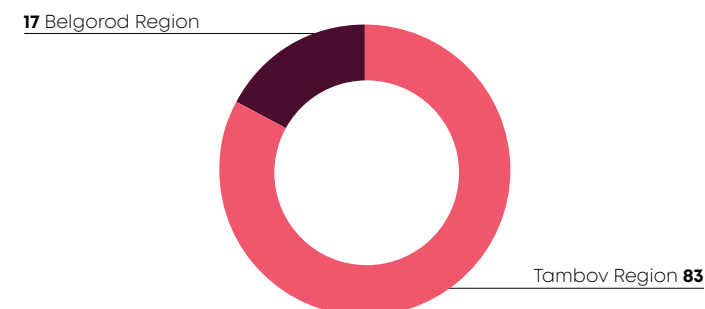


PRODUCTION OF MEAT PRODUCTS

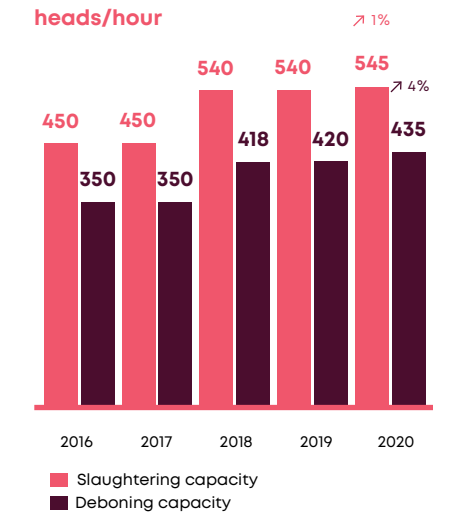
Slaughtering and meat processing shops of the Company offer all stages of processing and production of finished goods: slaughter line, deboning area, chilled small and large cuts area, offal production area, and technical waste recycling area. In 2020, the slaughter capacity was 545 heads per hour, deboning capacity – 435 heads per hour¹. The main categories of products include carcasses, large and small cuts, chilled semi-finished products and offal. The Meat Business has the Food Safety Management System in place that reduces risks at all production stages and respects the principle of compliance with the technical regulation *On Meat Safety*. The majority of animals for slaughter originate from the Company's own pig farms (99% in 2020).

The waste recycling shop ensures deep processing of slaughter and deboning waste. Thus, blood is used to produce blood meal, while livestock losses, cut-offs and bones or spoilage – to produce meat & bone meal and feeding fat or inedible fat. Some of the products are formulated into feed, and some are sold to other companies.

Region breakdown of Rusagro's slaughtering and deboning capacities in 2020, %



Rusagro's maximum deboning and slaughtering capacity, heads/hour



With the growth in livestock in 2020, Rusagro increased the performance of the slaughterhouse and deboning workshop. The reasons for this improvement involved the increased number of working hours and enhanced labour productivity, the expansion of the pre-slaughter animal management area and the carcasses cooling and storage area, and the modernisation of equipment.

CONSUMER PRODUCTS

Since 2016, the Company has been selling the meat products under own trademark, Slovo Myasnika (Butcher's Word). In 2017, Slovo Myasnika brand was ranked first in the Forbes's new brand ranking for brand concept. In 2020, the brand's portfolio included 60 items (+5 year-on-year), which were delivered to the largest federal retail chains X5 (Perekrestok, Pyaterochka, and Karusel), Magnit, Verniy, BILLA, Diksi, Lenta, as well as to non-chain retail stores.

To meet global rising demand for alternative meat protein, in 2020 Rusagro started to explore opportunities to use plant protein to develop new product range.



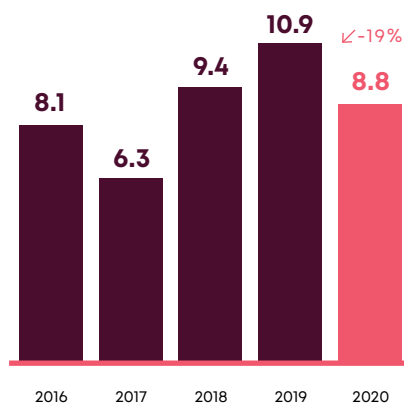
¹ The maximum annual slaughter and deboning capacity depends on the labour efficiency and the number of shifts, which may vary depending on the supply of live pork (own pork and purchased pork) and the demand for finished products

INVESTMENTS

In 2020, Rusagro invested RUB 8.8 billion, down 19% against the previous year. The bulk of the funds (90%) was allocated to business development, which is associated with the implementation of the vertically-integrated cluster project in the Primorye Territory – the procurement of equipment for the meat processing plant and the formation of the reproductive herd. Pork production in the Primorye Territory will begin in 2021 with time to full capacity – until 2024. Part of the funds was spent to complete the project for the construction of new pig farms in the Tambov Region – they were launched in 2019 and reached full capacity in 2020 – and to implement the project for the expansion of slaughtering capacities until 2021, with the first stage finished in 2019.

To support the current capacities of the Meat Business, the Company spent 10% of its budget. Maintenance investment in 2020 was halved year-on-year due to the lack of capital-intensive maintenance projects in 2019.

Rusagro's investment in the Meat Business, RUB bn



In 2019, Rusagro invested RUB 8.5 billion to acquire a 22.5% stake in Agro-Belogorie and earned dividend income from this equity. Agro-Belogorie is one of the largest pork producers in Russia with 2020 production volumes of 250 thousand tonnes of pork for slaughter in live weight.

↙ -19%

8.8

RUB bn

investments
into the Meat
Business in 2020

AUTOMATION AND INNOVATION

In 2019, the Meat Business of Rusagro prepared and approved the Business Digital Maturity Boosting Strategy until 2025, consisting of three stages: Certainty (2019–2021), Digital transformation in action (2021–2024) and Digital company (2024–2025). The first part of the strategy mainly focuses on two groups of processes – raising of live pigs and feed production. The key goals of the Digital Transformation of the first stage are as follows:

- Better management decision-making;
- Minimisation of the human factor in data generation – priority on automated data feed over manual data input;
- Automation and robotisation of standard operations;
- Reduction of costs and operating losses;
- Risk mitigation.

The first stage of the digital transformation includes the following areas:

1. Management of raising of live pigs, livestock logistics, maintenance and repairs of pigs farms;
2. Feed production, inter-facility feed logistics, maintenance and repairs of compound feed mills;
3. Procurement and inventory management.



In continuation of the first wave of digital transformation in 2020, the Business developed the architecture of the ERP system¹, approved a programme of 55 innovative projects with a implementation period of 2020–2024, and introduced a new 5 steps methodology for managing innovative projects: concept – research – prototype – pilot – scale up. During the reporting period, the Business has been implementing the following projects:

- 1.** Accurate management of logistics between production sites;
- 2.** Automation of feed reserves management;
- 3.** Detection of animals diseases (behaviour analytics);
- 4.** Creation of a predictive-optimisation model for planning a sow herd;
- 5.** Automation of the control procedures for admitting vehicles to production sites in order to manage biosecurity;
- 6.** Usage of neural networks, in particular computer vision, to monitor production figures at pig farms;
- 7.** Creation of a system for conducting audits for quality, labour protection and industrial safety, for registering deviations, and for developing and monitoring corrective actions;
- 8.** Automation of clients interaction (requests, claims, etc.) on the CRM-platform.

¹ ERP (Enterprise Resource Planning) is an organisational strategy for the integration of production and operations, human resources management, financial management and asset management, focused on the continuous balancing and optimisation of enterprise resources through a specialised integrated suite of application software that provides a common model data and processes for all areas of activity. ERP-system is a specific software package that implements the ERP strategy

CONSTRUCTION OF NEW PIG FARMS IN THE TAMBOV REGION PROJECT

Status: launched in 2019, full capacity in 2020

Location: Tambov Region

Facilities:

- three pig farms for 16 thousand sows;
- one pig breeding farm for three thousand sows.

Production capacity: up to 58 thousand tonnes of pork in live weight per year.

Project cost: 12 RUB bn, excl. of VAT

Construction time: 2016–2019

First production: mid-2019

Time to full production: 1Q 2020

TAMBOV
REGION

EXPANSION OF SLAUGHTERING CAPACITY IN THE TAMBOV REGION PROJECT

Status: the first stage launched in 2019, the second one – in 2020

Location: Tambov Region.

Slaughtering capacity: increase in the slaughtering capacity by 46%

Project cost: 2.2 RUB bn, excl. of VAT

Timeline: 2018–2021

Time to full production: 2Q 2021.

CONSTRUCTION OF NEW PIG FARMS IN THE PRIMORYE TERRITORY PROJECT

Status: construction in progress, elevator complex launched, start of sows and boars supply

Location: Primorye Territory, Mikhailovsky territory of priority development

Facilities:

- six pig farms for 18 thousand sows;
- one breeding farm for three thousand purebred sows;
- one seed production workshop;
- one compound feed mill with a capacity of 300 thousand tonnes per year and an elevator with a capacity of 120 thousand tonnes;
- one slaughterhouse with a capacity of 180 heads/hour (0.7 million heads/year);
- one industrial waste recycling plant.

Production capacity: 75 ths tonnes of pork in live weight

Project first stage construction cost: 33 RUB bn, excl. of VAT (net of investments in land acquisition and development of home-grown feed base).

Construction time: 2016–2022

First production: mid-2021

Time to full production: mid-2023

PRIMORYE
TERRITORY

- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

OPERATIONAL RESULTS

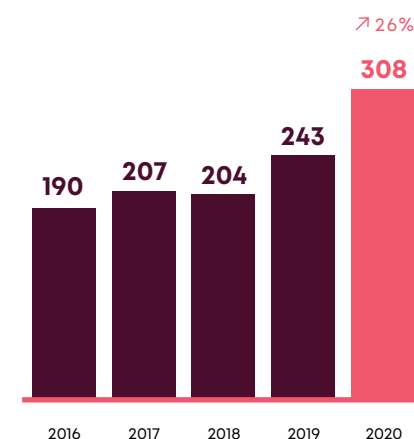
PRODUCTION

With the increased number of sows and improved production indicators, Rusagro produced 2.6 million pigs for sale in 2020, which is up 23% year-on-year. Due to the improvement of these indicators, the Company raised livestock production in the reporting period by 26% (+64 thousand tonnes) – up to 308 thousand tonnes of pork in live weight, among them 186 thousand tonnes (+34%) in the Tambov Region and 122 thousand tonnes in the Belgorod Region (+17%). The boosted productivity of meat processing shops, despite the difficulties arising from the coronavirus epidemic, translated into the respective increase in the number of animals sent for slaughter. So in 2020, the total number of pigs for slaughter amounted to 2.3 million, up 22% year-on-year. Three quarters of these animals, i.e. 1.7 million pigs (+15%), were further subject to deboning.

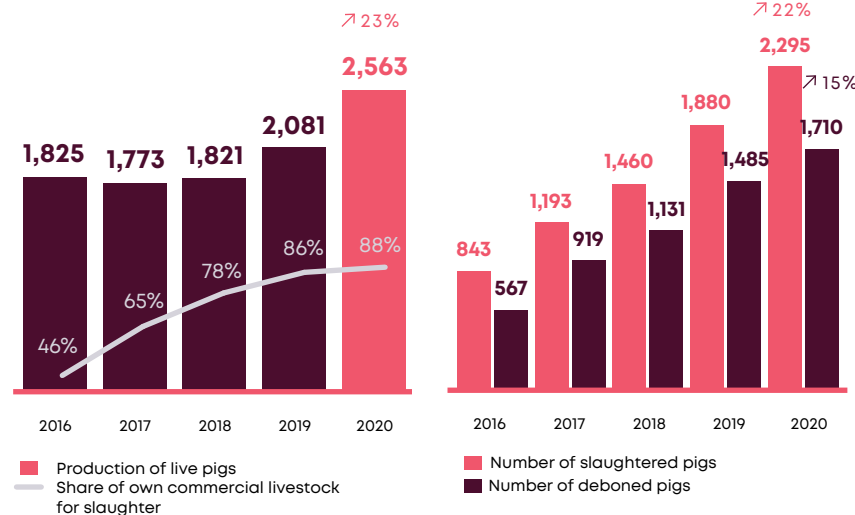
The number of pigs for slaughter includes 28 thousand outsourced live pork, which is equivalent to 1% of the total number of pigs for slaughter

Rusagro also increased the volume of compound feed production to meet the growing needs in 2020. With the improved performance of the plant in the Tambov Region and the commissioning of the feed mill acquired from KapitalAgro in the Belgorod Region, the production volume grew by 18% to 886 thousand tonnes.

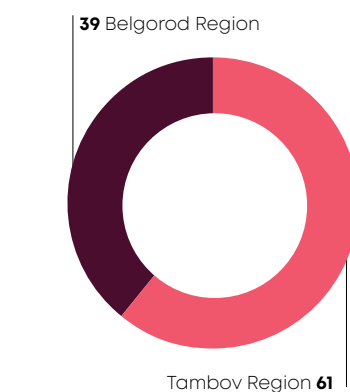
Rusagro's pork production in live weight, ths tonnes



Number of pigs to be slaughtered and deboned at Rusagro, ths pigs

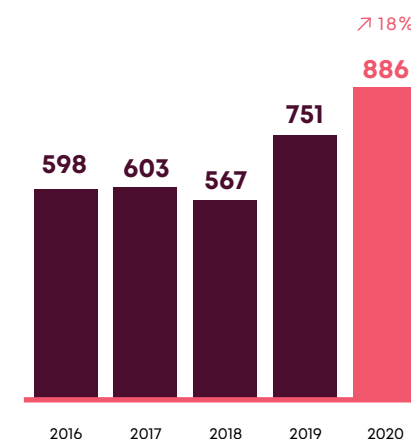


Region breakdown of Rusagro's pork production in live weight in 2020, %



The full capacity operation of the pig farms built in 2019 and the improvement in production indicators in the Tambov Region (+31%, or 0.4 million heads), as well as improvement of the same in the Belgorod Regions (+14%, or 0.1 million heads) are among the main contributors to the 23% year-on-year growth of Rusagro's commercial pig stock in 2020.

Rusagro's compound feed production volume, ths tonnes



SALES AND PRICES

Following the expansion of production, Rusagro has been racking up the sales of meat products. In seeking to create the added value, the Company has been deliberately reducing the sales of live pigs (13% in 2020 and 47% in 2016) over the last five years to support the output of processed meat products and to promote sales of semi-finished products under own Slovo Myasnika (Butcher's Word) brand. As for 2020 year-end results, the sales of pig products by the Meat Business totalled 220 thousand tonnes (up 25% year-on-year), and those of live pigs – 34 thousand tonnes (up 3% year-on-year). Total sales volume reached 254 thousand tonnes (+22%, or 46 thousand tonnes).

Rusagro's volumes of sales of live pigs and meat products, ths tonnes

Indicator	2016	2017	2018	2019	2020
Large cuts and industrial products	42	65	74	97	114
Half carcass	32	31	30	32	49
Live pigs	76	57	27	33	34
Offal	9	16	18	24	29
Semi-finished products	0	4	16	16	23
Waste recycling products	3	3	4	6	6

The increase in supply of the Company's products matched the growth of demand, which determined the product mix. The half carcasses together with industrial products and large cuts recorded the largest increase in sales of deboning products (+17 thousand tonnes, or +51%, and +16 thousand tonnes, or +16%, respectively). Semi-finished products also enjoyed a noticeable growth (+8 thousand tonnes, or +49%) – the volume of their sales went up to 23 thousand tonnes.

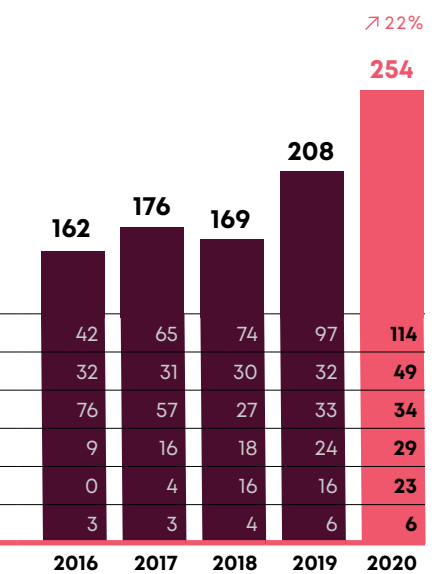
In 2020, the average annual sale price of pork in live weight grew by 6% and stood at RUB 80 per kg, exclusive of VAT. The main reasons behind this growth include the wider demand of the largest producers for live pigs with concurrent temporary restrictions on the supply of the same due to the epizootic situation. And yet, with larger slaughtering and deboning capacities available in the market, the selling prices for their products did not show any considerable advance. Offal is the only exception; the rise of its price was driven by the high export alternative in Hong Kong and Vietnam directions, as well as by the increased demand from Mars and Nestlé, animal feed companies.

↑ 22 %

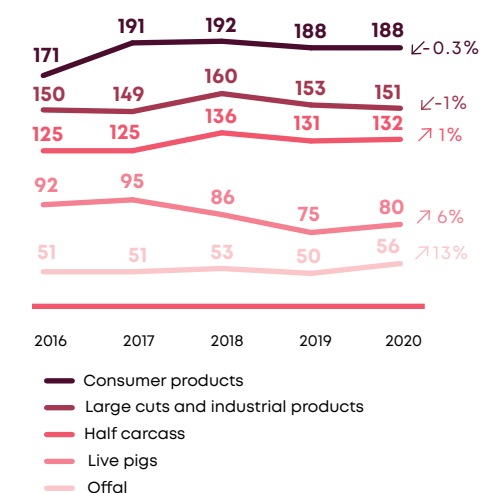
254

ths tonnes

Sales of Rusagro's Meat Business products in 2020



Rusagro's sales prices for live pigs and meat products, RUB/kg, excl. of VAT



CONSUMER PRODUCTS

In 2020, consumer segment accounted for 25% of sales volumes and 37% of revenues of Rusagro's Meat Business (excluding export sales). A two p.p. increase in both figures is associated with higher consumption of the Russian households during the pandemic.

In pursuing its strategy to conquer the retail market, including product mix updates and TV promotion, Rusagro expanded the position of its own brand of meat products, *Slovo Myasnika* (*Butcher's Word*), on the Russian market. Sales of the products under this brand grew by 56% – from 13 to 20 thousand tonnes. The audit of retail trade in the Modern Retail channel conducted by AC Nielsen international agency showed that the market share of the Slovo Myasnika brand increased by 1.3 p.p. year-on-year and amounted to 8.1% (in 2017 – only 2%). According to Millward Brown, (prompted) brand awareness increased by 51 p.p. year-on-year – from 23% to 74% in the Central Federal District, which is the major sales market, and by 39 p.p. (from 19 to 58%) – in all Russia.

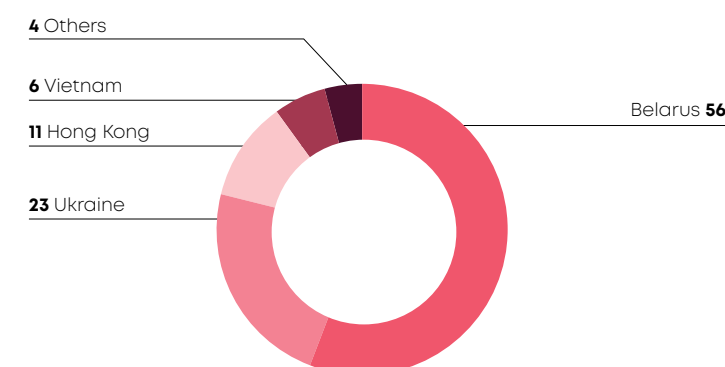
2020 witnessed a significant change in consumer habits amid restrictions and isolation, which drove up the consumption of the large cuts category and slowed down switching to value-added categories. With key partners working remotely, the consideration of issues on introducing new products and expanding the product mix was hindered. Despite these circumstances, we managed to timely agree on the listing of the new product mix for key customers and produce the desired results.

EXPORTS

In 2020, Rusagro stepped up exports of meat products by 105% (+16 thousand tonnes) – to 31 thousand tonnes. The key factors contributing to this growth were the qualification of the large cut category in Vietnam, product-line expansion, and the increased customer base.

Almost half (44%) of the exported products were taken by half carcasses, 37% – by large cuts and bulk products, and 19% – by offal. As in past years, Belarus is the main export destination with a share of 56%. In 2020, Rusagro increased export capacity in this direction from 5 to 18 thousand tonnes due to the better competitive pricing of Russian pork as compared with the local prices of the CIS countries. Another seven thousand tonnes (+15%) were sold to Ukraine. Deliveries to Asian countries – Hong Kong and Vietnam – rose by 43% from four to five thousand tonnes. In 2020, Rusagro made the first supplies of large cuts of meat to Vietnam (one thousand tonnes).

Export destinations of Rusagro's meat products in 2020, %



↑ 56%

20

ths tonnes

Slovo Myasnika sales volume in 2020

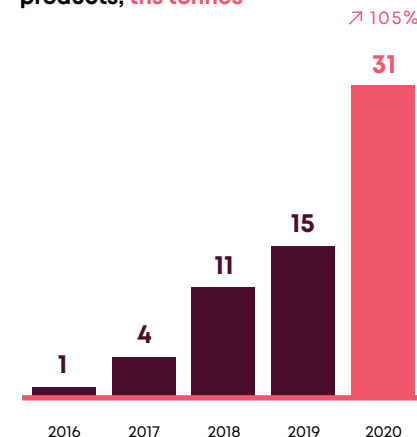
↑ 105%

31

ths tonnes

Rusagro's exports of meat products in 2020

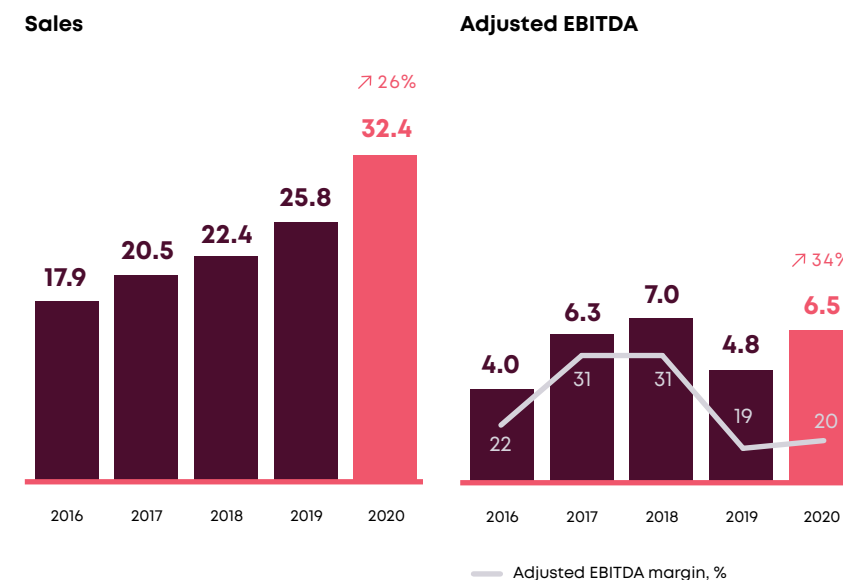
Exports of Rusagro's Meat Business products, ths tonnes



FINANCIAL RESULTS

In 2020, the revenues of Rusagro's Meat Business grew by 26% (+RUB 6.6 billion) to RUB 32.4 billion thanks to the full capacity operation of new pig farms and an increase in the productivity of the slaughterhouse and deboning workshop, and successful export sales of meat products. Despite the growth in prices for grain crops, the Business experienced the 1 p.p. increase in - in profit margin – up to 20%, earnings before interest taxes depreciation and amortisation (EBITDA) reached RUB 6.5 billion, up 34% (+RUB 1.7 billion) year-on-year

Financial results of Rusagro's Meat Business, RUB bn



↑ 26%

32.4

RUB bn

Sales of Rusagro's Meat Business in 2020

↑ 34%

6.5

RUB bn

Adj. EBITDA of Rusagro's Meat Business in 2020

PLANS FOR 2021

In 2021, Rusagro plans to ramp up the production of pigs in live weight to about 2.8 million through higher utilisation of production capacities and increase in productivity. Improvements in herd management and genetic potential will be a boon to the production results of the Meat Business. On top of that, shipping commercial pigs from pig farms in the Primorye Territory is scheduled to commence in autumn. In the meantime, reaching the target indicators of the project to increase the efficiency of the slaughterhouse and deboning shop enabled by streamlining the production chain will preserve a high proportion of livestock sent to slaughter and deboning and step up the output of consumer meat products. The Company will further build up the potential of own brand sales and ramp up export deliveries in key markets, in particular to Vietnam. High prices for grain crops of the 2020 harvest and the low exchange rate of the rouble against key world currencies will have a detrimental effect on the Meat Business's income in 2021.

SUGAR

BUSINESS



RESULTS OF RUSAGRO'S SUGAR BUSINESS IN 2020

↙ -13%

764

ths tonnes

| Sugar production volume

No. 2

| Sugar producer
in Russia

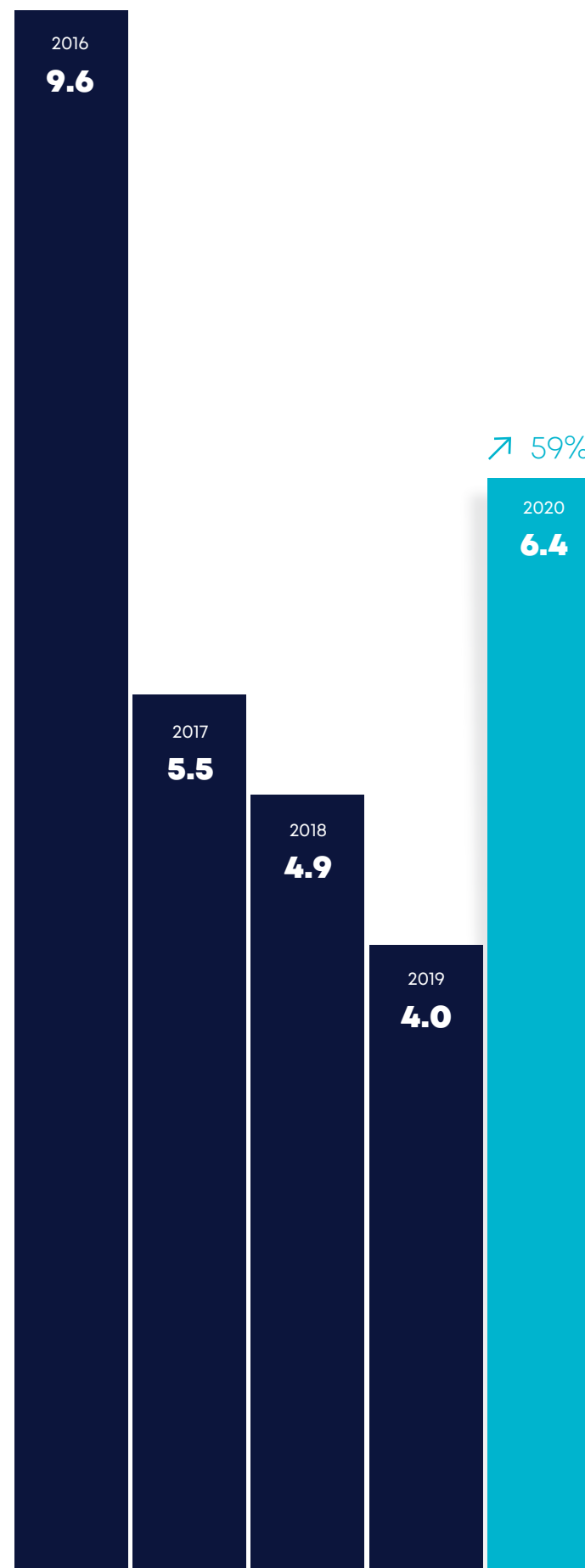
↙ -21%

811

ths tonnes

| Sales of sugar

ADJUSTED EBITDA OF RUSAGRO'S SUGAR BUSINESS, RUB BN



↘ -10%

28.1

RUB bn

| Sales

↗ 59%

6.4

RUB bn

| Adj. EBITDA

↗ 10 p.p.

23%

| Adj. EBITDA margin

In 2020, the Sugar Business showed a decrease in sales as a result of a reduction in sugar sales volume (-21%, or 212 thousand tonnes) due to lower sugar production resulted from poorer yield of the sugar beet in Russia; on the other hand, lower cost of goods noticeably improved the adj. EBITDA (+59%, or RUB 2.4 billion) and margin from 13 to 23%.

- Agriculture Business
- Oil and Fats Business
- Meat Business
- **Sugar Business**
- Dairy Products Business.

MARKET OVERVIEW

PRODUCTION

In 2020, according to the Russian Ministry of Agriculture the gross harvest of sugar beet in Russia sank by 40% year-on-year and amounted to 32 million tonnes. A decrease was recorded both in the cultivated area under sugar beet (-19%) and in the yield of this crop per hectare (-25%). The reduction in the crop area was caused by a fall in the profitability of sugar beet arising from higher gross harvest in 2019 and higher profitability of other crops. Yield per hectare was affected by negative weather conditions in the 2020/2021 crop season, which though led to an increase in sugar content of beets from 18.0 to 19.2%. This resulted in 35.1 million tonnes of beets (-24%) processed at the domestic level for the 2020 calendar year, and 31.0 million tonnes – for the 2020/2021 season, which is down 38% season-on-season.

Sugar production for the 2020 calendar year fell by 20% (-1.5 mn tonnes) – to 5.7 million tonnes. In the first six months (within the 2019/2020 season), 0.9 million tonnes were produced, in the second six months (within the 2020/2021 season) – 4.8 million tonnes. In 2021 before the end of the 2020/2021 season, about 0.3 million tonnes more can be produced. The total production volume for the 2020/2021 season is estimated at 5.2 million tonnes of sugar – down 34% (-2.6 million tonnes) season-on-season. With an annual sugar consumption of 5.8–6.0 million tonnes in Russia, high carry-overs will satisfy the domestic demand. As at the end of 2019, they amounted to 6.5 million tonnes, and as at the end of the 2019/2020 season – 3.1 million tonnes.

↘ -24%

35.1

mn tonnes

Sugar beet processed
in Russia in 2020

↗ 1.2 p.p.

19%

Sugar content
in sugar beet harvest
of 2020

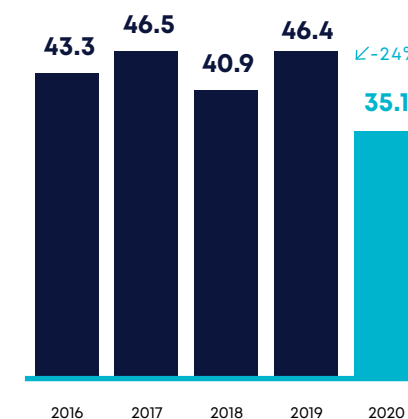
↘ -20%

5.7

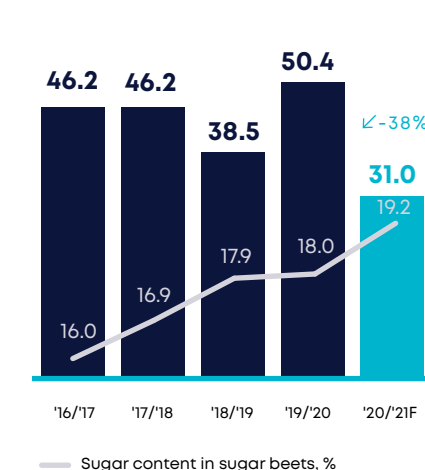
mn tonnes

Sugar production
in Russia in 2020

Volume of processed sugar beets
for the calendar year, mn tonnes

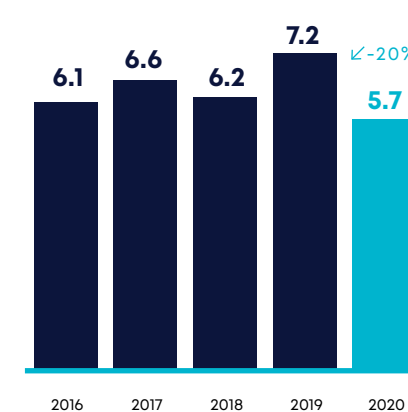


Volume of processed sugar beets
in Russia in seasons, mn tonnes

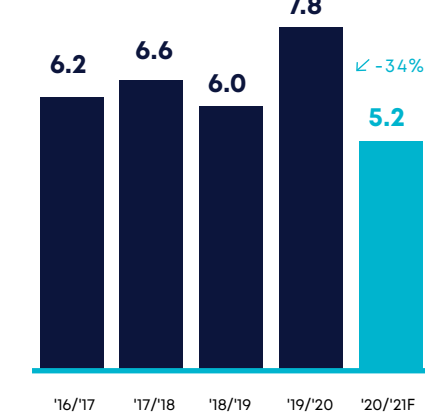


Sugar beet harvest drop in 2020 led to reduction in sugar output by 20% to 5.7 million tonnes in the calendar year. High carry-over stocks will help though to satisfy current demand and allow volumes for export.

Sugar production in Russia
for the calendar year, mn tonnes



Sugar production in Russia
in seasons, mn tonnes



Comment: data on sugar production include sugar produced from molasses

Source: Union of Russian Sugar Producers (Soyuzrossakhar)

KEY PLAYERS

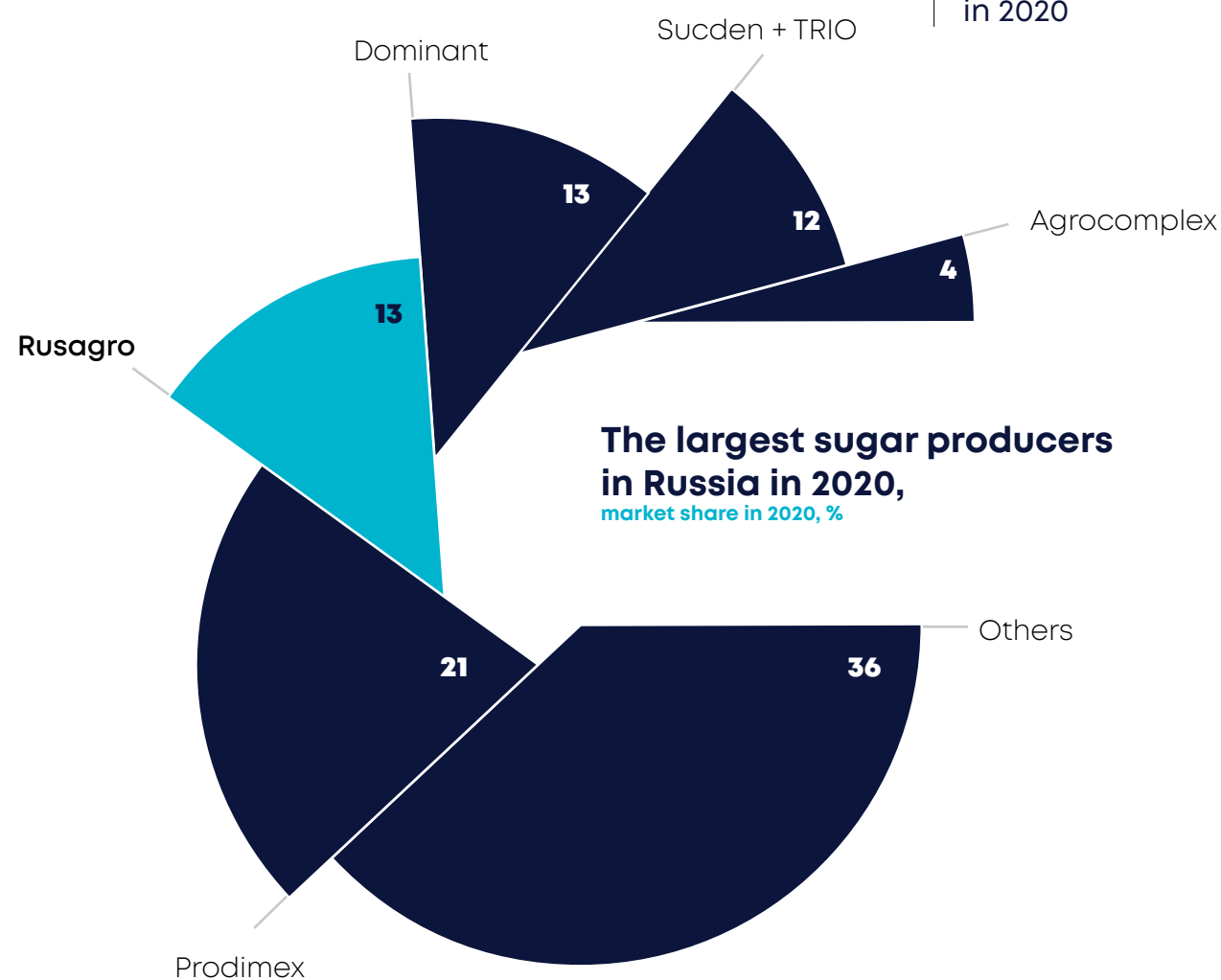
In Russia, 64% of the sugar production market is held by five companies. Prodimex, with a 21.1% share (-1.0 p.p.), is a leader among domestic producers. Rusagro became second largest sugar producer in Russia with a share of 13.5% (+1 p.p.). Dominant placed third with a share of 13.4% (+1.5 p.p.). The fourth place was occupied by Sucden, which expanded its share to 11.8% (+2.7 p.p.) through the acquisition of TRIO sugar plants.

13.5%

Rusagro's share
in sugar production
in Russia in 2020

No. 2

Rusagro among sugar
producers in Russia
in 2020



Comment: Calculation of shares takes into account the sugar produced from molasses

Source: Union of Russian Sugar Producers (Soyuzrossakhar)

PRICES

In 2020, the annual average price of sugar, based on Krasnodar data, rose by 11% year-on-year and reached RUB 27.5 per kg, exclusive of VAT. In a 12-month period, prices spiralled upwards by 78% – from RUB 19.6 per kg in January to RUB 34.9 per kg in December. The average price for August-December 2020 amounted to RUB 34.6 per kg, exclusive of VAT, which is up 79% compared with a similar period last year.

The positive price behaviour in the domestic market was influenced by a decrease in the sugar beet harvest and, as a result, sugar production. The first significant spike in prices occurred in March (+25% compared to February) after the appearance of information about a significant decline in cultivated area, as well as the outbreak of the coronavirus pandemic. The rise in domestic prices at the beginning of the year was also supported by the situation on the global sugar markets. Due to poor yield of sugar cane in Thailand and sugar beet in the EU and CIS countries, world prices for sugar (contract Sugar No. 11) exhibited an increase – in February 2020 they hit a 3-year high and reached USD 332 per tonne. This increased exports to the CIS countries and some non-traditional destinations.

The next significant rise in prices was experienced in September and October, when under expectations of harvest drop the price jumped by 20% two months in a row (to RUB 33.1 per kg in September and to RUB 39.6 per kg in October). In November, prices began to gradually decline: in November they dropped by 5% compared to October, in December – by another 8%. The downward price movements at the end of the year were also spurred by government measures to control the maximum price level. On 16 December 2020, on behalf of the President and the Prime Minister of the Russian Federation, agreements were signed to limit sugar prices from 20 December to 1 April 2021 to a level not exceeding RUB 36.0 per kg inclusive of VAT for retail chains.

↑11%

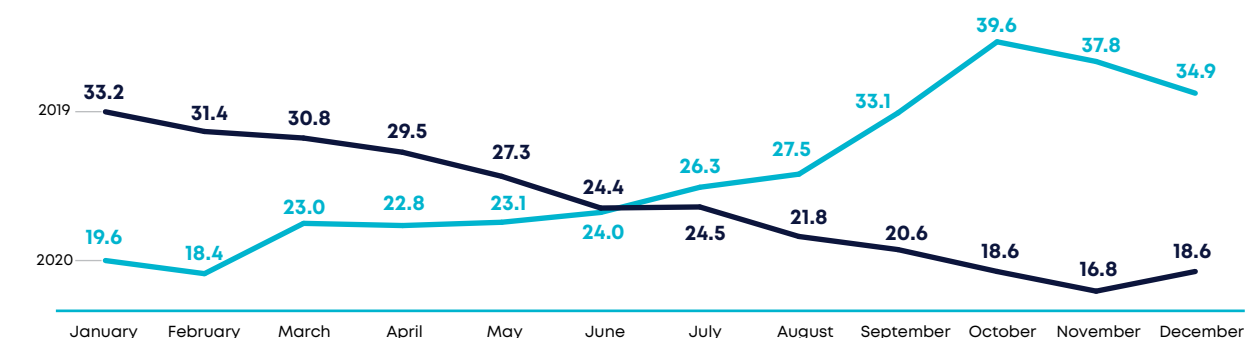
27.5

RUB/kg

average price
for sugar in Russia
in 2020

Following expectations of sugar beet harvest decline and lower yield results, sugar price showed upward trend in 2020, rising from RUB 19.6 per kg in January to its year maximum of RUB 39.6 per kg in October.

Average sugar prices in Russia based on the Krasnodar price index, RUB/kg excl. of VAT



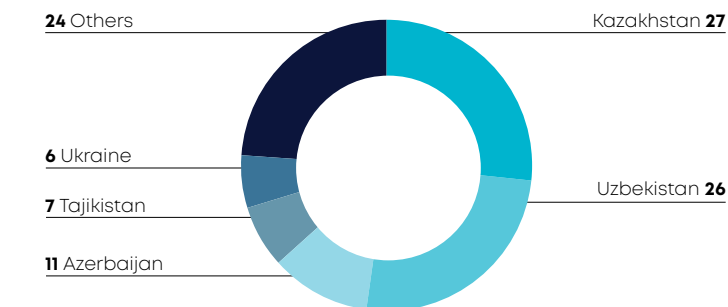
Source: Institute for Agricultural Market Studies (IKAR)

EXPORTS

In 2020, the national export of white sugar grew by 76% (+522 thousand tonnes) – up to 1,208 thousand tonnes. The growth was mainly driven by heavy sugar stocks in Russia as at the end of 2019 and the abolition of duties on the import of white sugar to Uzbekistan. The major buyers of Russian sugar are Kazakhstan and Uzbekistan. Twenty seven percent of the total volume of sugar exports from Russia, or 321 thousand tonnes of sugar (+53%), were sold to Kazakhstan, and 26%, or 316 thousand tonnes (+139%), – to Uzbekistan. Another 282 thousand tonnes (+27%) of sugar were sold to Azerbaijan, Tajikistan, Belarus, and other CIS countries. In 2020, Russia also exported 115 thousand tonnes (+111 thousand tonnes) to non-CIS countries.

↑76%
1,208
ths tonnes
| Export

Sugar export structure by destinations in 2020, %



Source: Federal Customs Service of Russia

Exports of white sugar, ths tonnes

Indicator	2016	2017	2018	2019	2020
Kazakhstan	28	168	154	210	321
Uzbekistan	0.1	112	111	132	316
Azerbaijan	8	115	7	68	132
Tajikistan	26	30	1	65	79
Ukraine	9	42	36	71	70
Others	23	115	69	140	290

Source: Federal Customs Service of Russia

IMPORTS

Influenced by the large sugar stocks in Russia, the cut in sugar production in Belarus and the imposition of duties on sugar imports to Kaliningrad from 1 January 2020, imports of white sugar to Russia dropped by 31% – down to 166 thousand tonnes. The main importer of sugar to Russia is Belarus (96%).

↓-31%
166
ths tonnes
| Imports

Imports of white sugar, ths tonnes

Indicator	2016	2017	2018	2019	2020
Belarus	240	211	268	198	159
Others	72	47	54	44	7

Source: Union of Russian Sugar Producers (Soyuzrossakhar)

OUTLOOK FOR 2021

The situation on the sugar market in Russia in 2021 will depend on the yield of sugar beet and its sugar content, as well as export opportunities and world sugar prices. The area under sugar beet is anticipated to expand due to the rise in sugar prices. However, the higher profitability of alternative crops may contain the growth of beet planting. The yield and sugar content will further depend on weather conditions, which, given an average air temperature increase tendency generally favourable for the Central Russia, are affected by year-to-year variation in the level of moisture and the strength of winds.

RUSAGRO'S RESULTS IN 2020

ASSETS OVERVIEW

SUGAR PLANTS

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.

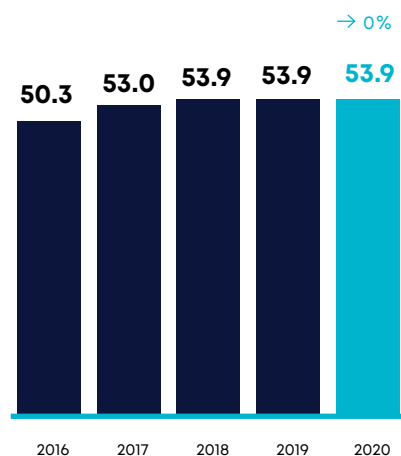
In 2020, maximum sugar beets processing capacity of Rusagro's plants remained at the level of the previous year – 53,850 tonnes of beets per day. Over a season (period from August to July), the Company can at most produce about 900 thousand tonnes of sugar from beets exclusive of sugar produced from molasses¹.

The key by-products of sugar beet processing at Rusagro's sugar plants are pulp and molasses. The pulp is sold to third parties, while the molasses is used for deep sugar production and betaine recovery. The first molasses desugarisation facility was launched in 2017 in the Tambov Region and the second one – at the end of 2019 in the Belgorod Region. The maximum processing capacity of molasses at both stations approximates 310 thousand tonnes. From 2020 on, the Company utilises the total amount of molasses for deep processing, thus allowing to additionally produce around 100 thousand tonnes of sugar and 30 thousand tonnes of betaine, which makes Rusagro the world leader in the production of this amino acid.

OTHER ASSETS

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

Sugar beet processing capacity of Rusagro's sugar plants, ths tonnes/day



PRODUCTION OF SUGAR FROM BEETS



PRODUCTION OF EXTRACT FROM MOLASSES



PRODUCTION OF SUGAR FROM EXTRACT



MARKETING AND SALES

¹ Maximum sugar production capacity is estimated based on total processing capacity of 53,850 tonnes of sugar beet a day, 115 days of processing and sugar output of 14.5%. Number of days plants process the sugar beet and sugar output vary due to different factors, for example sugar beet yield and its sugar content

OTRADINSKY

OREL
REGION

KURSK
REGION

KRIVETS-SAKHAR

CHERNYANSKY

BELGOROD
REGION

NIKA

VALUIKISAKHAR

KSHENSKY

NIKIFOROVSKY

ZNAMENSKY
MOLASSES DESUGARISATION
FACILITY

TAMBOV
REGION

ZHERDEVSKY

OREL
REGION TAMBOV
REGION

CAPACITY OF RUSAGRO'S
SUGAR PLANTS
BY REGIONS IN 2020
%

KURSK
REGION

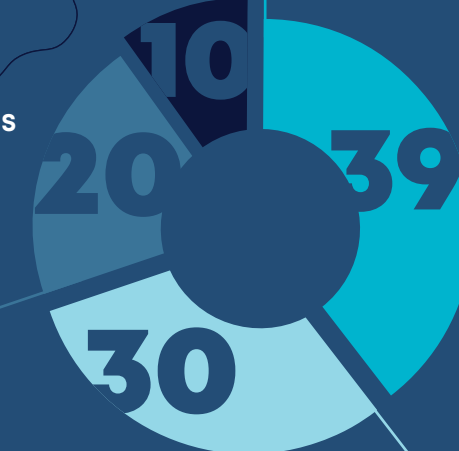
BELGOROD
REGION

9

| sugar plants

2

Molasses
desugarisation
facilities



For Environment impact please refer to ESG
Report on **page 152**

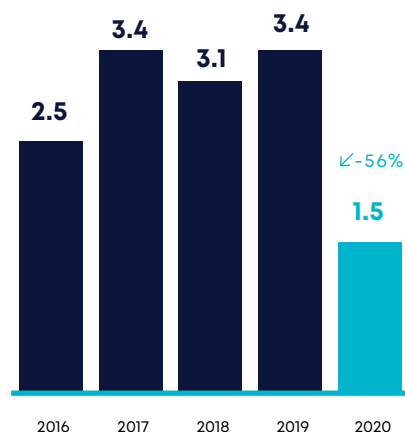
BRANDS

The Company's product portfolio includes four key brands of different price categories: Russkii Sakhar (Russian Sugar), Chaikofsky, Mon Cafe, and Brauni. The Company is the leader in the consumer sugar market and these brands are the market leaders in their respective segments. Russkii Sakhar is number one and Chaikofsky is number two in Russian white sugar lumps market, while Brauni is number one in Russian brown sugar lumps market. They are also the most popular brands among the Russian consumers, as confirmed by AK Nielsen retail audit data and the consumer preference tracking study undertaken by Synovate Comcon, an independent research company. Rusagro's brands enjoy the high level of brand awareness, consumption, and customer loyalty. Since 2015, the Company has been selling cereals under the brand Tyoplye Traditsii (Warm Traditions).

INVESTMENTS

In 2020, Rusagro invested RUB 1.5 billion in development and maintenance of the Sugar Business – down 56% year-on-year, due to the completion of the project for the construction of a desugarisation facility in the Belgorod Region. In 2019, the facility was launched to process molasses into extract that was used to produce additional sugar in 2020. As the result the bulk of the funds (83%) in 2020 was allocated for business development, while in order to maintain the existing facilities of the Sugar Business, the Company allocated 17% of the budget.

Rusagro's investment in the Sugar Business, RUB bn



Русский
сахар

Чайковский
для чая и кофе

БРАУНИ®

Mon Cafe®

Хороший
САХАР
быстрорастворимый

Тёплые
традиции

↙ -56%

1.5

RUB bn

Rusagro's investment
in the Sugar Business
in 2020

AUTOMATION AND INNOVATION

The Sugar Business is one of the most technology-intensive segments of Rusagro. The Management of high technology projects created the Department of Innovation Development. The strategic goal of the Department's activities is to reduce losses at all stages of sugar beet production by adopting the best world practices and innovative solutions with an eye on cost-effectiveness. The main active work is focused on three key programmes: Raw Materials Management, Long-Term Storage, and Smart Production.

In 2019, the Company implemented the first stage of the digital transformation strategy for the Sugar Business – Digital Measurements, which is the foundation for creating a decision-making system based on digital data. The key goal of this stage is to minimise the human factor in measuring production efficiency parameters. In 2020, the works under this project were completed, enabling the high accuracy online measurement of the KPIs (key target indicators) of the Sugar Business.



1.

The Raw Material Management Programme focuses on reducing beet storage losses through automation of the measurement-based scheduling using thermal monitoring on an IIOT-platform¹. To evaluate the management quality at the beet storage facility, a project was undertaken to employ drones for measuring the sugar beet left-over stock. In 2020, the implementation of this programme at the Znamensky plant resulted in automatic accounting of beets supplied to production, allowing the Company to keep track of losses of beets stored in piles.

2.

The purpose of the Long-Term Storage Programme is to try out methods to extend plant's service time by extending the storage life of beets up to 90 or more days through the use of an aeration system. We utilise computer vision solutions to assess the quality of beets moving into long-term storage.

3.

The Smart Production Programme aims to reduce the losses on work sites through the computer-automated measurements and the use of artificial intelligence.

- In 2019, digital meters were installed in key workflow points to collect equipment operating parameters into single data storage and processing system. In order to streamline technological processes and reduce losses, a monitoring and machine learning module was developed to control a beet diffuser.
- In 2020, the monitoring module was rolled out across the entire technological line of the Znamensky plant in order to optimize the production process and find ways for further improvements in technology. The Company continues with the programme of equipping its laboratories with modern devices and systems: the automated beet reception laboratory at the Krivetsky sugar plant has been automated, and a pilot project has been carried out to automate the laboratory of the molasses desugarisation facility at the Znamensky sugar plant.
- The implementation of the project of robotic automation of the packing station at the Nika sugar plant is still ongoing.

Aside from that, the Znamensky Sugar Plant of the Company is testing NIR spectrometers for online determination of sugar content in by-products².

¹ The Industrial Internet of Things (IIoT) refers to a system of interconnected computer networks and industrial (production) facilities connected to them with built-in sensors and software for data collection and exchange, adapted for remote monitoring and control in an automated mode, without human intervention
² Near-infrared spectroscopy (NIR)

OPERATIONAL RESULTS

PRODUCTION

Beet processing volume in 2020 amounted to 4.0 million tonnes (~30%), including 3.7 million tonnes of beets (~36%) in the 2020/2021 season. About 76% (+13 p.p.) of beets were purchased from Rusagro's Agriculture Business. The plants worked up to 100 days in the reporting season (season 2019/2020: 136 days), starting in early September and ending in late December. The average sugar content of beets at a time of acceptance in the 2020/2021 season reached the level of 20.5% (excluding the sugar yield from molasses), which is 2 p.p. higher than last year.

In 2020, Rusagro produced 764 thousand tonnes of sugar, which is down 13% (-117 thousand tonnes) year-on-year. This volume covers 36 thousand tonnes of sugar produced at the beginning of the year within the 2019/2020 season, 105 thousand tonnes (+226%) of sugar from molasses recovered from beet processed in the 2019/2020 season and 622 thousand tonnes (-27%) of sugar produced from August to December 2020 within the 2020/2021 season.

SALES VOLUME AND PRICES

In 2020, sugar sales amounted to 881 thousand tonnes, which is 21% (-212 thousand tonnes) less than in 2019. Negative change can be explained by production volumes drop due to smaller sugar beet yield. In addition to sugar, 236 thousand tonnes of pulp (+38%), 27 thousand tonnes of betaine (+229%), and 19 thousand tonnes of cereals were sold. The growth in pulp sales was driven by its high stock over from 2019/2020 season, and the growth in betaine sales – by the launch of the second desugarisation facility. About 83% of the products sold belong with the B2B segment.

Rusagro's average annual selling price of sugar grew by 7% to RUB 29.5 per kg exclusive of VAT, following the movement of market prices (+11%). Over the year, average selling prices went up by 30% from RUB 24.9 per kg, exclusive of VAT, in the first quarter of 2020 to RUB 39.2, exclusive of VAT, in the fourth quarter.

Sales volumes of Rusagro's Sugar Business, ths tonnes

Indicator					
Sugar	866	900	702	1,022	811
Pulp	193	201	192	171	236
Betaine	4	7	10	8	27
	2016	2017	2018	2019	2020

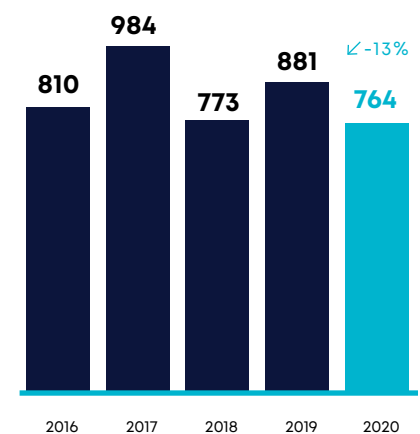
↘ -13%

764

ths tonnes

Rusagro's sugar production in 2020

Rusagro's sugar production, ths tonnes

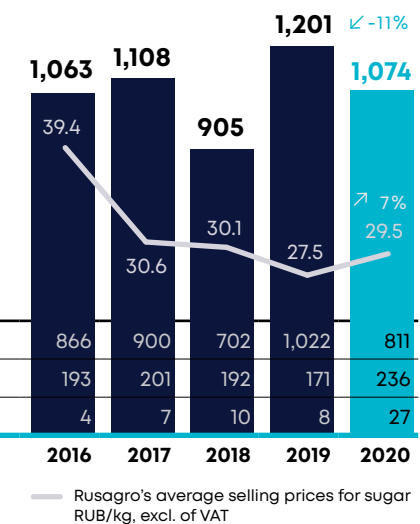


↘ -21%

881

ths tonnes

Rusagro's sugar sales in 2020



CONSUMER SEGMENT

In 2020, consumer segment accounted for 21% of sales volume and 23% of revenue of Rusagro's Sugar Business. The decrease in figures by 6 and 4 p.p., respectively, is associated with a more attractive pricing environment in the B2B segment. The volume of sugar sales under its own brands amounted to 152 thousand tonnes, down 30% year-on-year. In 2020, Russkii Sakhar (Russian Sugar) and Chaikofsky continued to hold first and second position in white lump sugar market in Russia, and Brauni – to be a leader in brown lump sugar. According to AC Nielsen in December 2020, the total market share in the white lump sugar category of four Rusagro's sugar brands – Russkii Sakhar (Russian Sugar), Chaikofsky, Mon Café and Horoshiy (Good) – amounted to 46% (+5.6 p.p.), including 32% (+1.6 p.p.) of Russkii Sakhar and 11% (+1.6 p.p.) of Chaikofsky. Meanwhile, Brauni achieved a 4.1 p.p. growth in its share in brown lump sugar market which reached 29% in December.

EXPORTS

In 2020, Rusagro exported 255 thousand tonnes of products, which is 33% higher than in the previous year. The main export products for the Sugar Business are pulp and betaine. In the reporting period, the Company exported 86% of pulp and delivered 204 thousand tonnes (+30%) of products. The major buyers of pulp were China (42 thousand tonnes), Spain (31 thousand tonnes), and Norway (30 thousand tonnes). In 2020, exports of pulp to China were made possible for the first time ever – 8 out of 9 Rusagro's plants were authorised by the Chinese State Commission. A poor harvest in southern Europe drove up the prices in this region, for which reason pulp was first supplied to Spain, Italy and Cyprus. The entire volume of betaine was exported – the main buyers were Austria, Belgium, and the USA. The volume of sugar exports amounted to 3% of the Company's sales – 24 thousand tonnes of sugar (-13%).

Exports of Rusagro's Sugar Business, ths tonnes

Indicator	2016	2017	2018	2019	2020
Pulp	74	143	145	157	204
Betaine	4	7	10	8	27
Sugar	14	49	41	27	24

↑+5.6 p.p

46%

RUB per kg, excl. of VAT

Rusagro's brands share on Russian white lump sugar market

↑33%

255

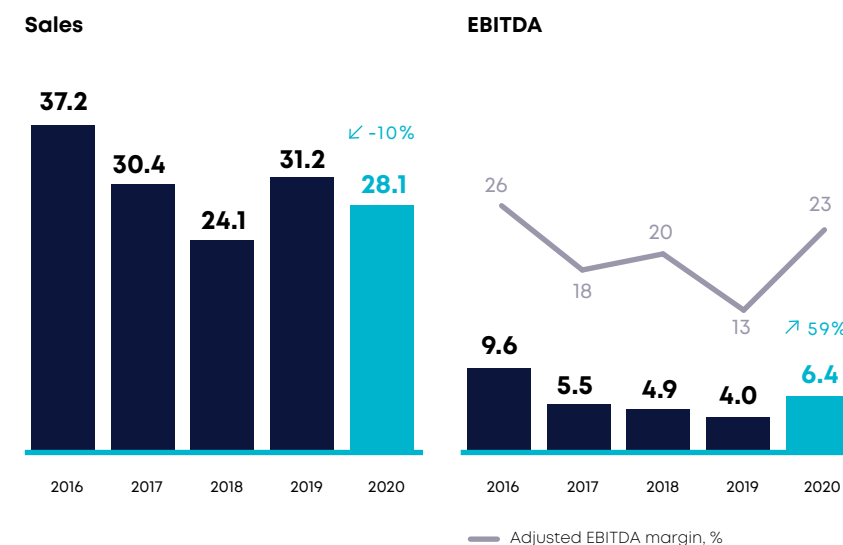
ths tonnes

Exports of Rusagro's Sugar Business in 2020

FINANCIAL RESULTS

In 2020, the sales of Rusagro's Sugar Business decreased by 10% (-RUB 3.1 billion) – to RUB 28.1 billion. The drop in sales was related to a 21% decline in sales volume due to a lower sugar production volume (-13%) caused by a poor yield of sugar beet in Russia. The Company still managed to increase its adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) by 59% (+RUB 2.4 billion) – to RUB 6.4 billion. This was enabled by the low cost of sugar (relative to its selling price), which was formed during the period of low autumn prices in 2019. In turn, part of the sugar was sold during the period of rising prices, when prices shot up amid expectations of poorer beet yield. As a result, the adjusted EBITDA margin of Rusagro's Sugar Business increased from 13 to 23% (+10 p.p.).

Financial results of Rusagro's Sugar Business, RUB bn



↓-10%

28.1

RUB bn

| Sales

↑59%

6.4

RUB bn

| Adj. EBITDA

PLANS FOR 2021

In 2021, the major challenges for the Sugar Business of Rusagro will include the full loading of plants and molasses desugarisation facilities and adaptation to the changing framework of state regulation of sugar prices. The Company will keep on improving its production efficiency through the reduction of sugar losses and costs. This trend will mainly involve the efficient performance of molasses processing plants, innovations and production automation. The Company will continue to develop sugar sales to its industrial and retail consumers.



PRODUCTS
BUSINESS

ROSAGRO'S DAIRY
PRODUCTS BUSINESS
RESULTS IN 2020:

↑ 2 %

28

ths tonnes

| Dairy products sales

↓ - 2 %

3.8

RUB bn

| Sales

- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

MARKET OVERVIEW

DAIRY PRODUCTION

The consumption of cheese and cheese products in 2020 compared to 2019 was driven up by the expansion of the footprint of chains and active demand-boosting promotional events, as well as a change in consumer preferences in favour of home-made consumption and partial refusal from public catering during the pandemic. This ramped up the production volume of this category of products, as well as that of butter, by 5% – up to 758 and 282 thousand tonnes, respectively. The combat of the Government against illegal trafficking of products from vegetable fats, as well as the decline in real household earnings, pushed up the demand for cheese products, while the growth in the production of semi-hard cheese slowed down.

Dairy products production in Russia, **ths tonnes**¹

Product category	2016	2017	2018	2019	2020
Cheeses and cheese products	605	652	673	721	758
Margarine and spreads	651	697	633	603	595
Butter	251	270	267	269	282
Whole milk power and skimmed milk	88	135	133	155	151

Source: By MilkNews Analytical Centre as per data from the Federal State Statistics Service and analysis by the National Union of Milk Producers (Souzmoloko); data for 2020 are preliminary

Cheese production in Russia by types, **ths tonnes**

Product category	2016	2017	2018	2019	2020
Semi-hard cheese	126	217	214	238	250
Cheese products	146	184	206	181	192
Processed cheese	102	102	112	133	139
Soft cheese	34	61	64	85	89
Hard cheese	137	56	48	55	58
Others	60	29	29	29	30

Source: AC MilkNews according to the Federal State Statistics Service, National Union of Milk Producers (Souzmoloko); data for 2020 are preliminary

¹ The margarines and spreads category includes monolith margarines

↑ 5 %

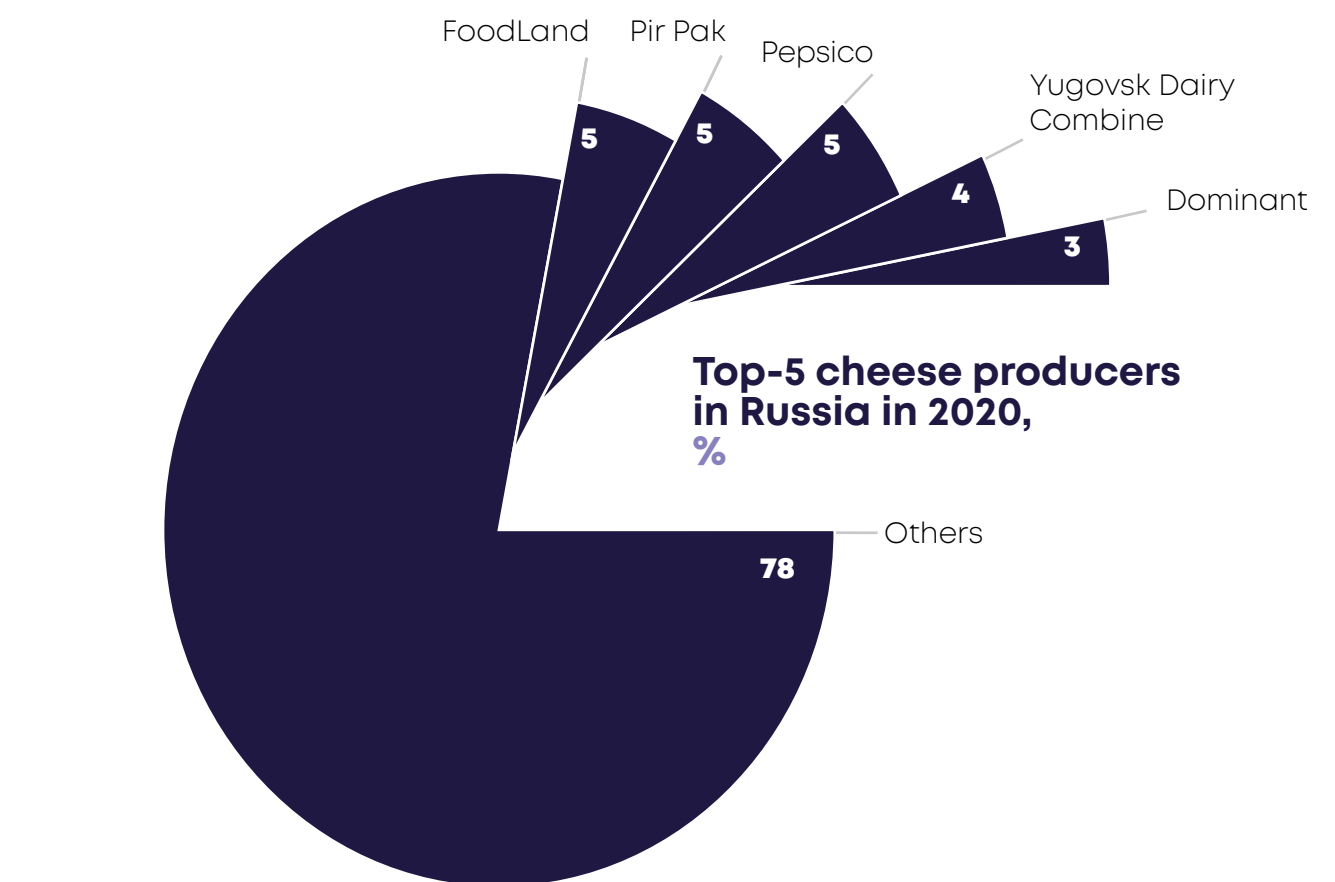
758

ths tonnes

Cheese production in Russian in 2020 (estimate)

KEY PLAYERS

The dairy products market in Russia is fragmented. Based on preliminary data for 2020, the top-5 cheese producers accounted for 22% of the market. Rusagro's share in the Russian cheese market was 1.8%.



Source: Streda Consulting

EXPORTS AND IMPORTS

In 2020, the exports of margarines and spreads from Russia, including monolith margarines, grew by 10% to 234 thousand tonnes. Supplies of cheese and cheese products increased by 26% to 312 thousand tonnes, which included 50 thousand tonnes of cheese products (+26%). Export sales of Russian butter, whole milk powder and skim milk posted a considerable growth as to relative ratio (94% and 65%), but amounted to only 3 and 2 thousand tonnes, respectively. The development of exports of the product categories under consideration was boosted by higher competitiveness of Russian dairy products amid weakening rouble environment.

↑ 26%

72

ths tonnes

Exports of cheeses and cheese products from Russia in 2020 (forecast)

Exports of dairy products from Russia, ths tonnes¹

Product category	2016	2017	2018	2019	2020
Margarine and spreads	162	182	182	213	234
Cheeses and cheese products	37	43	49	57	72
Butter	4	3	2	2	3
Whole milk power and skimmed milk	3	2	2	2	3

Source: By MilkNews Analytical Centre as per data from the Federal State Statistics Service, the National Union of Milk Producers (Souzmoloko); data for 2020 are preliminary

Imports of dairy products in Russia, ths tonnes¹

Product category	2016	2017	2018	2019	2020
Cheeses and cheese products	292	345	329	308	312
Butter	97	91	81	107	111
Whole milk power and skimmed milk	182	168	119	128	89
Margarine and spreads	34	42	50	52	45

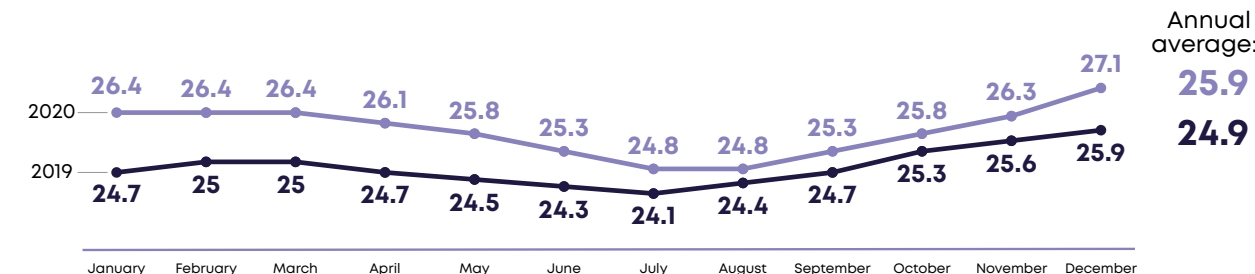
Source: By MilkNews Analytical Centre as per data from the Federal State Statistics Service, the National Union of Milk Producers (Souzmoloko); data for 2020 are preliminary

¹ The margarines and spreads category includes monolith margarines

PRICES

With the rising cost of milk production in 2020, the average annual price of raw milk increased by 4% and stood at RUB 25.9 per kg, excl. of VAT, which is a record high over the last five years.

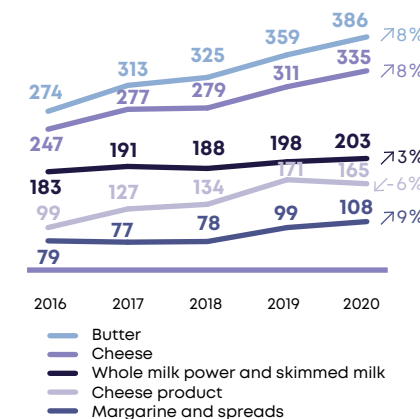
Sales prices of commercial milk in Russia in 2019–2020, RUB/kg, excl. of VAT



Source: AC MilkNews according to the Federal State Statistics Service, Souzmoloko

The average annual producer prices for finished dairy products remained above the last year figures across all categories under analysis, other than cheese product category. Thus, with higher prices for milk, prices for cheese and butter rose by 8% – up to RUB 335 per kg exclusive of VAT. Prices for margarines and spreads, including monolith margarines, showed a little more advance – by 9%, due to higher market prices for palm oil.

Selling prices of certain categories of dairy products in Russia, RUB/kg, excl. of VAT¹



Source: By MilkNews Analytical Centre as per data from the Federal State Statistics Service, the National Union of Milk Producers (Souzmoloko); data for 2020 are preliminary

¹ The margarines and spreads category includes monolith margarines

RUSAGRO'S RESULTS IN 2020

ASSET OVERVIEW

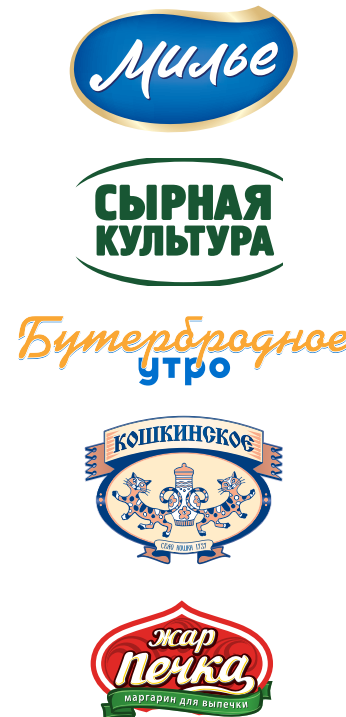
The Dairy Products Business was established in September 2018. The Company leases two plants: the Koshkinsky Butter and Cheese Plant in the Samara Region and the Zavolzhsy Milk Plant in the Ulyanovsk Region.

The design capacity of the Koshkinsky Butter and Cheese Plant is 270 tonnes of milk per day. The dry industrial mixes output capacity is 3 thousand tonnes. Milk is purchased from farms in the Ulyanovsk and Samara Regions and in Tatarstan. The product mix includes cheese and cheese products, butter and spreads, cream and dry mixes. The plant specialises in the production of rennet cheese and cheese products, with butter and cream, as well as dry mixes based on cheese whey as by-products.

The plant's products are represented by five brands in the middle and medium-high price brackets: Melie, Curnaya Kultura, Buterbrodnoye Utro (Sandwich Morning), Zhar Pechka (Fire Stove), Koshkinskoe.

- Melie trademark products include natural semi-hard cheeses and butter of above-average price brackets. These products are mainly sold in retail networks and represented in the regions of the Central and Volga Federal Districts, in the Urals, and in the South of Russia. This trademark can also be found in the federal retail networks: Auchan, Metro Cash & Carry, Tander, X5 Retail Group, Lenta, as well as in 32 local networks.
- Cheese products are sold under the Curnaya Kultura (Cheese Culture) brand in the average price brackets with an optimal price to quality ratio. A vegetable spread was sold under the Koshkinskoye brand, which was replaced by the Buterbrodnoye Utro and Zhar Pechka brands.

The Zavolzhsy Milk Plant of the Company produces only dry industrial mixes. The annual production output of these mixes is 14 thousand tonnes. The mixes are sold to food manufacturers as instant food ingredients, such as dry cream for instant coffee and additives for meat and confectionery products.

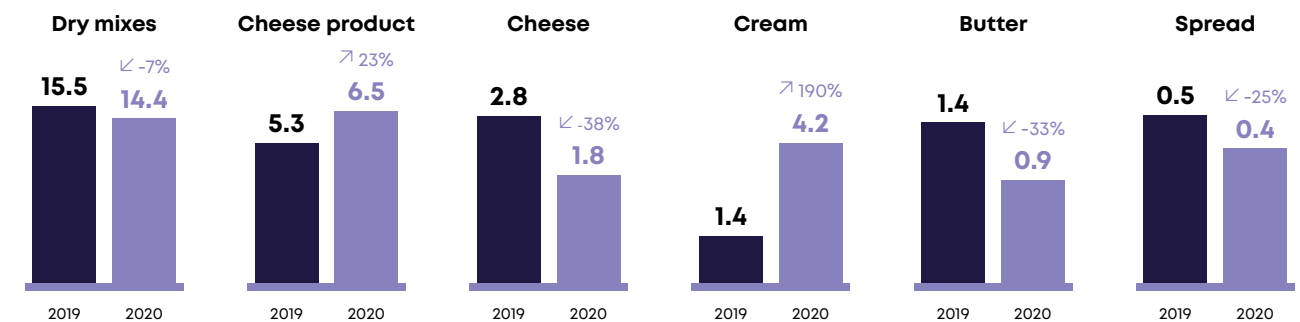


OPERATIONAL HIGHLIGHTS

PRODUCTION

In 2020, Rusagro processed 94.4 thousand tonnes of raw cow's milk. The plants utilisation rate in the reporting period stood at 84%. The operating performance of equipment in 2020 was improved through the implementation of technical measures and the reduction in the number of commissioning operations. The year-end production amounted to 28.1 thousand tonnes of products (+5%).

Rusagro's dairy products in Russia, **ths tonnes**



SALES VOLUME

The sales volume of dairy products in 2020 increased by 2% and amounted to 28 thousand tonnes. At the same time, the product composition underwent a significant change – the product mix has been optimised in favour of more profitable products. The emphasis was placed on the weighted and packaged cheese products (+23%), as well as packaged cheese and its social network promotion. The sales of cream were also trending upwards (+190%) as the most effective (in terms of profitability) product in utilising milk fat, which translated into reduced sales of monolith butter. Industrial products hold the major share in the sales pattern as their mix varies with the needs of consumers and the current market conditions.

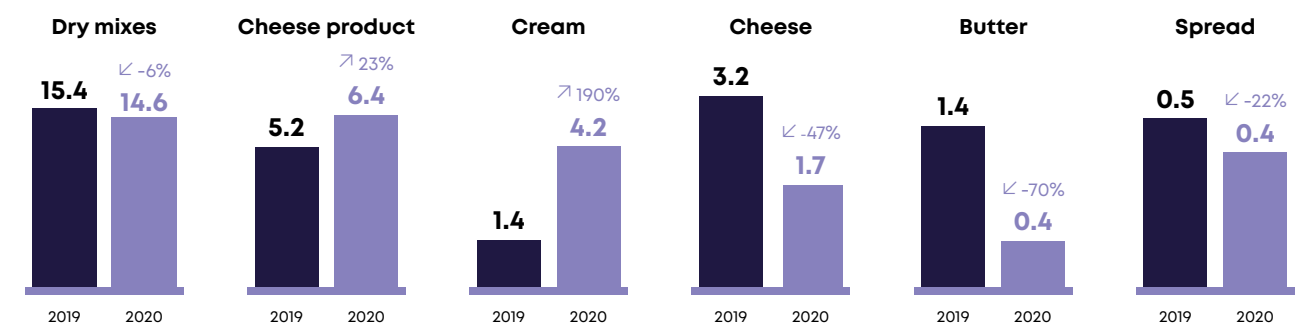
↑ 2 %

28

ths tonnes

Sales of Rusagro's dairy products in 2020

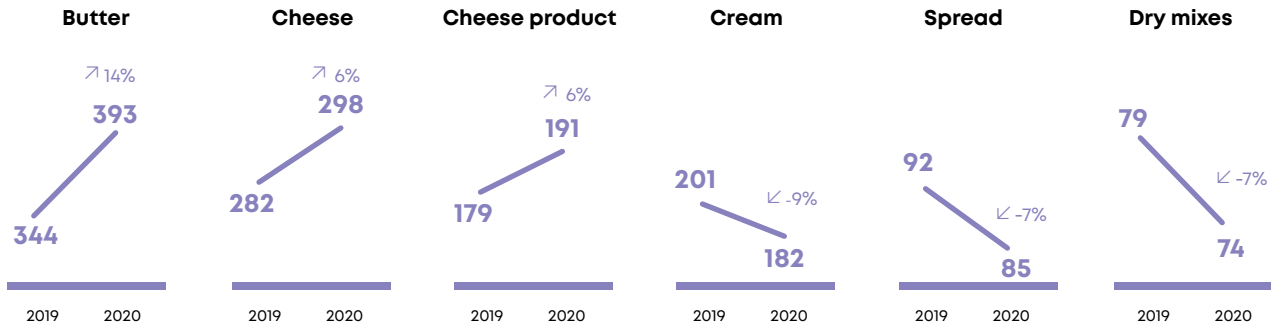
Sales of Rusagro's dairy products in Russia, **ths tonnes**



PRICES

With growing share of packaged products, the selling prices for butter, cheese and cheese products in 2020 was on an upward trend. The price of butter rose by 14% – to RUB 393 per kg exclusive of VAT, cheese and cheese product – by 6% to RUB 298 and RUB 191 per kg exclusive of VAT, respectively. Meanwhile, low consumer demand in the first half of the year and low prices for milk fats brought down the price for cream, spreads and dry mixes. The change in the product mix resulted into the drop in the average selling price for dry mixes.

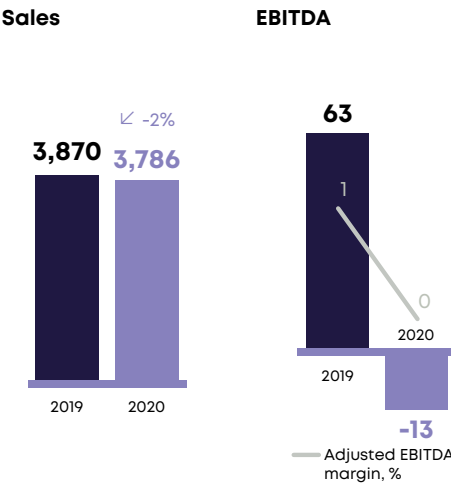
Selling prices of Rusagro's dairy products in Russia, RUB/kg, excl. of VAT



FINANCIAL HIGHLIGHTS

The sales of the Dairy Products Business in 2020 reached RUB 3.8 billion, which is 2% below the level recorded in the previous year, and its earnings before interest, taxes, depreciation, and amortisation (EBITDA) was down by RUB 13 million. The decline in revenues and the lack of profit were caused by the rise in prices for commercial milk driven, among other things, due to better quality of purchased milk, lower prices for milk fats and the non-availability of more efficient ways to utilise them, a decrease in sales volume and profitability of dry milk products.

Financial results of Rusagro's Dairy Products Business, RUB mn



PLANS FOR 2021

Rusagro plans to incorporate the Dairy Products Business in the perimeter of the Oil and Fats Business in 2021. This will necessitate the revision of the budget and the preparation of a new plan for managing assets and brands of the Dairy Products Business.

FINANCIAL

RESULTS

FINANCIAL RESULTS REVIEW

Rusagro annually prepares Consolidated and Parent Company IFRS financial statements published together with Independent Auditor's Report. In 2020, the independent auditor was PricewaterhouseCoopers Limited.

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 2020, 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.

Complete copy of the Audited Consolidated Statements of ROS AGRO PLC for 2020 is included in Additional Information. The Audited Parent Company Statements of ROS AGRO PLC for 2020 is available at the official web page of the Company. They can also be found on the portal of the London and Moscow Exchanges.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020, THOUSANDS OF RUSSIAN ROUBLES

	31 December 2020	31 December 2019
ASSETS		
Current assets		
Cash and cash equivalents	11,866,798	2,170,779
Restricted cash	143,637	39
Short-term investments	19,583,523	23,456,552
Trade and other receivables	9,512,286	8,068,349
Prepayments	2,941,224	3,018,658
Current income tax receivable	646,162	225,315
Other taxes receivable	5,506,675	4,349,400
Inventories	63,266,389	44,560,948
Short-term biological assets	5,734,979	4,825,849
Total current assets	119,201,673	90,675,889
Non-current assets		
Property, plant and equipment	87,519,088	80,629,483
Inventories intended for construction	3,353,330	3,157,369
Right-of-use assets	6,934,567	6,230,707
Goodwill	2,364,942	2,364,942
Advances paid for property, plant and equipment	6,905,003	8,721,155
Long-term biological assets	2,528,128	2,279,335
Long-term investments	42,692,320	42,636,323
Investments in associates	257,782	165,070
Deferred income tax assets	3,566,168	1,852,983
Intangible assets	619,793	608,635
Other non-current assets	205,793	173,002
Total non-current assets	156,946,914	148,819,004
TOTAL ASSETS	276,148,587	239,494,893

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020, THOUSANDS OF RUSSIAN ROUBLES (CONTINUATION)

	31 December 2020	31 December 2019
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	51,753,475	31,834,699
Lease liabilities	943,859	916,791
Trade and other payables	16,016,138	17,492,614
Current income tax payable	69,546	123,846
Other taxes payable	4,096,199	3,468,034
Provisions for other liabilities and charges	179,796	-
Total current liabilities	73,059,013	53,835,984
Non-current liabilities		
Long-term borrowings	63,175,720	66,040,784
Government grants	8,536,899	8,306,779
Lease liabilities	4,855,508	3,989,801
Deferred income tax liability	487,049	494,977
Total non-current liabilities	77,055,176	78,832,341
Total liabilities	150,114,189	132,668,325
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	-
Retained earnings	98,185,038	78,960,843
Equity attributable to owners of ROS AGRO PLC	126,034,356	106,760,675
Non-controlling interest	42	65,893
Total equity	126,034,398	106,826,568
TOTAL LIABILITIES AND EQUITY	276,148,587	239,494,893

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020, THOUSANDS OF RUSSIAN ROUBLES

	Year ended 31 December 2020	Year ended 31 December 2019
Sales	158,971,035	138,172,424
Net gain/(loss) on revaluation of biological assets and agricultural produce	5,890,447	(4,111,947)
Cost of sales	(121,132,658)	(110,470,963)
Net gain/(loss) from trading derivatives	10,552	(7,348)
Gross profit	43,739,376	23,582,166
Distribution and selling expenses	(9,760,841)	(9,818,779)
General and administrative expenses	(7,377,449)	(6,711,005)
Provision for impairment of loans issued	(5,070,598)	-
Other operating income/(expenses), net	2,293,017	1,926,686
Operating profit	23,823,505	8,979,068
Interest expense	(4,804,995)	(5,481,240)
Interest income calculated using the effective interest method	5,122,640	5,140,878
Other similar interest income	2,042,176	2,163,967
Net (loss) from bonds held for trading	(15,698)	(27,711)
Other financial income/(expenses), net	(1,844,130)	(330,699)
Profit before income tax	24,323,498	10,444,263
Income tax expense	(26,771)	(735,754)
Profit for the year	24,296,727	9,708,509
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	24,346,213	9,708,509
Profit/(loss) is attributable to:		
■ Owners of ROS AGRO PLC	24,359,786	9,808,204
■ Non-controlling interest	(63,059)	(99,695)
Profit for the year	24,296,727	9,708,509
Total comprehensive income/(loss) is attributable to:		
■ Owners of ROS AGRO PLC	24,409,272	9,808,204
■ Non-controlling interest	(63,059)	(99,695)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	24,346,213	9,708,509
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	905.39	364.62

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020, THOUSANDS OF RUSSIAN ROUBLES

	Year ended 31 December 2020	Year ended 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	24,323,498	10,444,263
Adjustments for:		
Depreciation and amortization	10,794,046	8,479,952
Interest expense	6,448,154	6,829,598
Government grants	(3,216,290)	(2,363,233)
Interest income	(7,164,816)	(7,304,845)
Net (gain)/loss on disposal of property, plant and equipment	(335,640)	110,601
Net (gain) / loss on revaluation of biological assets and agricultural produce	(5,890,447)	4,111,947
Change in provision for impairment of loans issued	5,070,598	-
Change in provision for net realizable value of inventory	732,238	(29,168)
Loss on sale of assets held for sale	-	412,111
Lease finance expense	580,276	590,777
The result of early loan repayment	131,363	-
Change in provision for impairment of receivables and prepayments	13,592	75,855
Foreign exchange loss /(gain), net	1,698,846	(177,728)
Share based remuneration	-	(12,888)
Lost harvest write-off	188,536	122,468
Net loss from bonds held for trading	15,698	27,711
Change in provision for impairment of advances paid for property, plant and equipment	(29,620)	29,066
Change in other provisions	179,796	-
Gain on sale of subsidiaries, net	-	(364,880)
Dividend income	(560,568)	-
Realized deferred day-one gain	(993,558)	(1,592,001)
Other non-cash and non-operating (income)/expenses, net	(87,031)	33,405
Operating cash flows before working capital changes	31,898,671	19,423,011
Change in trade and other receivables and prepayments	(1,920,133)	(2,509,233)
Change in other taxes receivable	(1,157,275)	70,610
Change in inventories	(13,280,552)	771,944
Change in biological assets	(1,888,960)	(859,311)
Change in trade and other payables	(209,572)	4,902,852
Change in other taxes payable	708,164	(428,669)
Cash generated from operations	14,150,343	21,371,204
Income taxes paid	(2,033,327)	(206,139)
Net cash from operating activities	12,117,016	21,165,065

	Year ended 31 December 2020	Year ended 31 December 2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(12,405,295)	(15,056,765)
Purchases of intangible assets	(418,808)	(261,046)
Purchases of land lease rights	(86,729)	-
Proceeds from sales of property, plant and equipment	687,757	288,096
Purchases of inventories intended for construction	(1,660,923)	(1,741,948)
Purchases of investments in third parties	-	(8,500,000)
Proceeds from cash withdrawals from deposits	-	4,623,323
Deposits placed with banks	-	(2,012,991)
Purchases of associates	(92,712)	(78,150)
Purchases of bonds with maturity over three months	(197,523)	-
Proceeds from sales of bonds with maturity over three months	-	2,314,831
Redemption of promissory notes	-	100,000
Purchases of loan issued	(13,829)	(372,899)
Loans repaid	1,012,854	1,864,061
Movement in restricted cash	(143,454)	(6,241)
Interest received	4,808,803	4,820,116
Dividends received	560,568	-
Proceeds from sale of assets held for sale	-	408,839
Proceeds from sale of subsidiaries, net of cash disposed	-	478,710
Proceeds from sales of other investments	65,938	145,000
Net cash used in investing activities	(7,883,353)	(12,987,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	77,932,773	91,687,403
Repayment of borrowings	(65,389,365)	(91,118,861)
Interest and other finance cost paid	(4,196,451)	(5,024,201)
Purchases of non-controlling interest	-	(600)
Dividends paid to owners of ROS AGRO PLC	(5,134,426)	(5,046,515)
Proceeds from government grants	2,192,483	2,086,446
Repayment of lease liabilities-principal	(123,044)	(235,859)
Other financial activities	-	(10,998)
Net cash from/(used in) financing activities	5,281,970	(7,663,185)
Effect of exchange rate changes on cash and cash equivalents	180,386	(72,433)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,696,019	442,383
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,170,779	1,728,396
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11,866,798	2,170,779

SEGMENT INFORMATION FOR THE REPORTABLE SEGMENTS' ADJUSTED EBITDA FOR THE YEARS ENDED 31 DECEMBER 2020

2020	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	28,112,519	32,434,214	34,347,506	76,160,418	4,406,702	(16,490,324)	158,971,035
Net gain/ (loss) on revaluation of biological 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)	(61,382,829)	(3,854,140)	11,777,956	(121,132,658)
incl. Depreciation and amortisation	(2,605,853)	(3,716,132)	(2,861,216)	(536,301)	(17,164)	(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	14,777,589	552,562	(1,723,139)	43,739,376
Distribution and Selling, General and administrative expenses	(3,399,788)	(2,713,324)	(3,732,770)	(6,313,621)	(2,121,408)	1,142,621	(17,138,290)
incl. Depreciation and amortisation	(83,738)	(218,146)	(386,864)	(181,013)	(187,619)	75,387	(981,993)
Other operating income/(expenses), net	602,466	653,934	459,868	(256,767)	15,305,841	(14,472,325)	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	(463,483)	15,257,311	(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	8,207,201	8,666,397	(15,052,843)	23,823,505
ADJUSTMENTS:							
Depreciation included in Operating Profit	2,689,591	3,934,278	3,248,080	717,314	204,783	-	10,794,046
Non-recurring other operating adjustment	(425,102)	(459,983)	(71,372)	463,483	(15,257,311)	13,936,656	(1,813,629)
Net gain/ (loss) on revaluation of biological 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*	6,352,078	6,473,484	15,191,462	9,387,998	(1,315,533)	(4,105,416)	31,984,073

SEGMENT INFORMATION FOR THE REPORTABLE SEGMENTS' ADJUSTED EBITDA FOR THE YEARS ENDED 31 DECEMBER 2019

2019	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	31,194,715	25,833,637	25,844,693	62,375,087	4,164,293	(11,240,001)	138,172,424
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(852,455)	(1,559,526)	-	-	(1,699,966)	(4,111,947)
Cost of sales	(25,758,275)	(21,717,486)	(18,583,596)	(53,461,301)	(3,640,734)	12,690,429	(110,470,963)
incl. Depreciation and amortisation	(1,925,029)	(2,696,297)	(2,462,063)	(472,629)	(12,507)	(70,938)	(7,639,463)
Net (loss) from trading derivatives	(7,342)	-	-	-	(6)	-	(7,348)
Gross profit	5,429,098	3,263,696	5,701,571	8,913,786	523,553	(249,538)	23,582,166
Distribution and Selling, General and administrative expenses	(3,516,890)	(2,135,635)	(4,168,971)	(6,011,841)	(1,606,311)	909,864	(16,529,784)
incl. Depreciation and amortisation	(74,134)	(183,169)	(437,344)	(141,980)	(74,800)	70,938	(840,489)
Other operating income/(expenses), net	544,406	326,251	(95,492)	(452,519)	14,973,889	(13,369,849)	1,926,686
incl. Reimbursement of operating costs (government grants)	71,290	56,562	130,623	141,791	-	-	400,266
incl. Non-recurring other operating adjustment	467,932	366,207	(17,158)	(321,376)	15,073,831	(13,369,849)	2,199,587
Operating profit	2,456,614	1,454,312	1,437,108	2,449,426	13,891,131	(12,709,523)	8,979,068
ADJUSTMENTS:							
Depreciation included in Operating Profit	1,999,163	2,879,466	2,899,407	614,609	87,307	-	8,479,952
Non-recurring other operating adjustment (Note 23)	(467,932)	(366,207)	17,158	321,376	(15,073,831)	13,369,849	(2,199,587)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	852,455	1,559,526	-	-	1,699,966	4,111,947
ADJUSTED EBITDA*	3,987,845	4,820,026	5,913,199	3,385,411	(1,095,393)	2,360,292	19,371,380

SHORT-TERM BORROWINGS

	31 December 2020	31 December 2019
Bank loans	32,762,452	14,918,829
Loan received from related parties (Note 27)	-	3,472,349
Loans received from third parties	16,600	710,460
Interest accrued on borrowings from third parties	615	8,624
Current portion of long-term borrowings	18,973,808	12,724,437
TOTAL	51,753,475	31,834,699

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

	Interest rate	31 December 2020	Interest rate	31 December 2019
Russian Roubles	1.0%-11.14%	51,753,475	1.0%-12.95%	23,854,865
Euro	-	-	0.7%-0.8%	7,979,834
TOTAL		51,753,475		31,834,699

LONG-TERM BORROWINGS

	31 December 2020	31 December 2019
Bank loans	82,149,528	78,765,221
Less current portion of long-term borrowings from:		
Bank loans	(18,973,808)	(12,724,437)
Total	63,175,720	66,040,784

The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2020	Interest rate	31 December 2019
Russian Roubles	1.0%-12.5%	63,175,720	1.0%-12.95%	66,040,784
TOTAL		63,175,720		66,040,784

NET DEBT

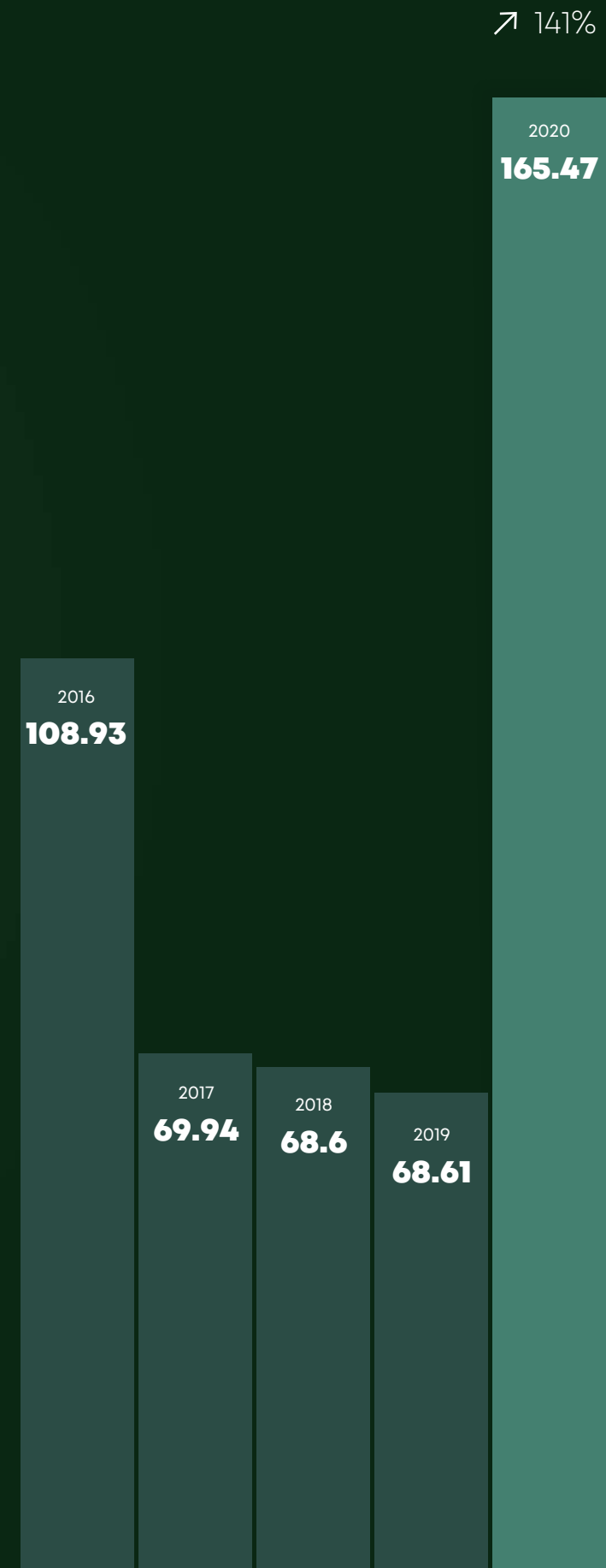
	31 December 2020	31 December 2019
Long-term borrowings	63,175,720	66,040,784
Short-term borrowings	51,753,475	31,834,699
Cash and cash equivalents (Note 3)	(11,866,798)	(2,170,779)
Bank deposits within long-term investments (Note 10)	(13,900,000)	(13,900,000)
Long-term bonds held for collect (Note 10)	(19,900,000)	(19,900,000)
Long-term bonds held for trading (Note 10)	(165,129)	(165,222)
Short-term bonds held for collect (Note 4)	(197,523)	-
NET DEBT¹	68,899,745	61,739,482
including long-term Net debt	29,210,591	32,075,562
including short-term Net debt	39,689,154	29,663,920
ADJUSTED EBITDA¹ (NOTE 29)	31,984,073	19,371,380
NET DEBT/ ADJUSTED EBITDA¹	2,15	3,19

¹ Not an IFRS measure

CORPORATE

GOVERNANCE

RUSAGRO'S DIVIDEND PAYOUT, MILLION USD¹



50%

Total consolidated comprehensive income attributable to shareholders for 2020 to be paid as dividends

¹ Dividend payout in 2020 includes dividends for the second half of 2020, recommended by the Board of Directors to the Annual General Meeting of shareholders to be held on 16 April 2021

CORPORATE GOVERNANCE SYSTEM

Rusagro understands that a quality corporate governance system is an essential factor influencing the investment appeal, the level of trust of the investment community and business reputation, and seeks to improve and develop its corporate governance system.

The public status of the Company requires higher standards of corporate governance: 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 as follows:

- The Company's Articles of Association;
- Code of Business Conduct and Ethics;
- The Company's Code of Conduct for the Prevention of Insider Trading;
- The Company's Regulation on the Board of Directors;
- The Regulation on the Audit Committee of the Company's board of directors.

CODE OF BUSINESS CONDUCT AND ETHICS

A new version of 2014 Code of Business Conduct and Ethics (hereinafter – the Code) was approved in 2017. It includes the following guidelines:

- Basic rules, principles and values governing the Company's activities;
- Standards of business and social conduct;
- Ethical standards for internal and external corporate relations;
- Commitment to social accountability to employees, shareholders, business partners, the state, and the society.

The Code has derived from 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 capacity, and effectiveness.

The Code extends over all subsidiaries and affiliated companies of Rusagro. Its provisions cover, and apply to, members of the board of directors, senior executives, and other employees of the Company.

In addition to the Code, all employees must observe the relevant international anti-corruption acts, in particular:

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



Articles of Association of Ros Agro Plc is available on Rusagro's website.



Regulation on the Audit Committee of The Board of Directors of Ros Agro Plc is available on Rusagro's website.



Code of Conduct and Business Ethics of Ros Agro Plc and Companies of the Group is available on Rusagro's website.

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 price of the Company's securities.

In 2011, the Company adopted a Code of Conduct for the Prevention of Insider Trading (revision 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 equal access of all securities market participants to sensitive information while striving to prevent unlawful use of insider information.

In addition to understanding and observing the Company Code of Conduct for the Prevention of Insider Trading, the employees must adhere to international acts on the use and disclosure of insider information, in particular:

- The Cyprus Market Abuse Law (2016);
- Financial Services and Markets Act (FSMA) (2000);
- The Disclosure and Transparency Rules (DTR) of the UK Financial Services Authority;
- The UK Criminal Justice Act (1993) and other applicable laws and (or) the rules of the regulatory authorities.



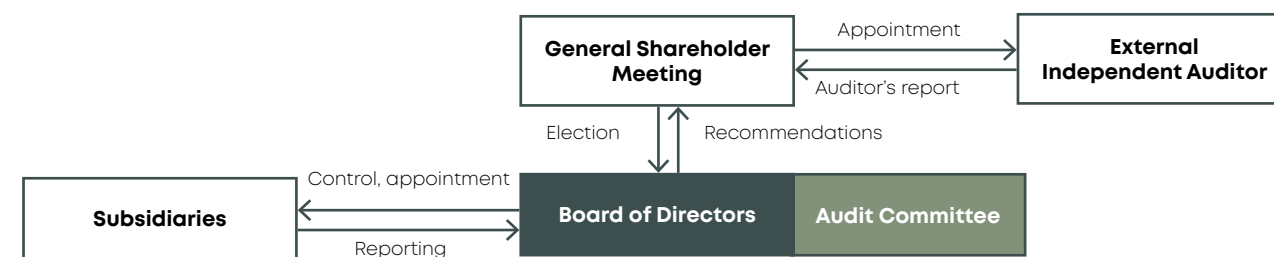
Code of Conduct for the Prevention of Insider Trading Ros Agro Plc and Companies of the Group is available on Rusagro's website.

GOVERNANCE AND CONTROL SYSTEM

In accordance with the Articles of Association, the Company's corporate governance system includes as follows:

- The Shareholder Meeting;
- The Board of Directors;
- The Audit Committee of the Board of Directors;
- The Managing Director.

The Company's governance and control system



GENERAL SHAREHOLDER MEETING

The General Shareholder Meeting is the Company's supreme management body. The Annual General Meeting is held once a year. Any additional General Shareholder Meeting is regarded as an extraordinary general meeting. The General Shareholder Meetings are held at 25 Aphrodite Street, 3rd floor, office 300, 1060 Nicosia, Cyprus. If there is a necessity to change the location, the Company's Board of Directors appoints the date and place of the Annual General Meeting and extraordinary meetings.

The General Shareholder Meeting holds exclusive authority to:

- Announce the payment of dividends on the Company's securities;
- Decide upon the issues of shares and other Company's securities;
- Decide upon the acquisition of the shares previously issued by the Company;
- Approve the Company's financial statements;
- Review the reports of the Auditors and the Board of Directors;
- Approve the Company's annual reports;
- Appoint members of the Board of Directors;
- Elect an Auditor for the Company and decide upon its remuneration;
- Approve the purchase of the Company's shares by the members of the Board of Directors;
- Decide on the dissolution of the Company.

In 2020, the Company held two General Shareholder Meetings: on 17 April (Annual General Meeting) and on 18 September (extraordinary General Shareholder Meeting).

The Annual General Meeting in April 2020 approved as follows:

- 2019 Audited Consolidated Financial Statements;
- 2019 Audited Separate Financial Statements;
- 2019 Independent Auditor's Report;
- 2019 Annual Report;
- 2019 dividend payout.

In September 2020, the extraordinary General Shareholder Meeting approved the decision on the payment of 2020 interim dividends.



Minutes of General Shareholder Meetings are available at the Company site under Corporate Documents of Ros Agro PLC.

BOARD OF DIRECTORS

The Board of Directors is the Company's collective governance body responsible for overall management of the Company's business, except to issues within the exclusive authority of the General Shareholder Meeting. The Board of Directors has a collective responsibility to the shareholders for the Company's performance.

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

In 2020, the Board of Director held four in-person meetings: on 06 March, 15 May, 14 August, and 13 November. Vadim Moshkovich was appointed Chairman of the Board of Directors's meeting on 6 March 2020. Anna Khomenko was appointed Chairman of the Board of Directors's meetings on 15 May 2020, 14 August 2020, 13 November 2020. The quorum present met the requirements of the Company's Articles of Association.

In March 2020, the Board reviewed and approved the following issues:

- Financial results for 4Q and 12 months of 2019;
- Press-release on the financial results for 12 months of 2019;
- Results of the Audit Committee meeting held on 6 March 2020;
- Annual Report, including information on the structure of the management team, corporate governance and corporate social responsibility, and a review of financial results;
- Approval of the Auditor for 2020 and their remuneration;
- Recommendations for payment of dividends for the second six months of 2019 in accordance with the Company's dividend policy;
- Remuneration for the Company's senior management for 2019 and scheduled changes in the management team, employee stock option plan;
- Business plan for 2020;
- Capex forecast for 2020;
- Presentation on M&A opportunities for Rusagro in 2020;
- Approval of a new compliance policy;
- Setting a date for the annual meeting of shareholders;

In May 2020, the Board reviewed and approved the following issues:

- 1Q 2020 financial results;
- Results of the Audit Committee's meeting held on 13 May 2020;
- Status update of M&A projects and related opportunities for 2020;
- Approval of a plan for the development of a pig-breeding project in the PRC;

In August 2020, the Board reviewed and approved the following issues:

- Financial results for 2Q and six months of 2020;
- Convening an extraordinary meeting of shareholders to decide on the payment of 2020 interim dividends;
- Updated capex information;
- Recommendations for the dividend payout for the first six months of 2020 in accordance with the Company's Policy;
- Results of the Audit Committee's meeting held on 11 August 2020;
- Presentation of the Company's business strategy for 2021–2026;
- Setting a date for an extraordinary meeting of shareholders;

In November 2020, the Board reviewed and approved the following issues:

- Financial results for 3Q and nine months of 2020;
- Results of the Audit Committee's meeting held on 10 November 2020;
- Plans for possible changes in the structure of the management team and introduction of new positions by the end of 2020;
- Presentation of the capex report for the Company's major projects with aggregate investments;
- Status update of M&A projects and related opportunities for 2020;
- Negotiation of the possibility of creating a corporate venture fund;
- Discussion of issues related to trading of GDRs;
- Dates for the Board's meetings in 2021.



The decisions adopted are detailed and made available at the Company's site under Corporate Documents of Ros Agro PLC.

Pursuant to the Company's Articles of Association, the Board shall have at least two and no more than five directors, with at least two of them being non-executive directors. In order to properly close a number of corporate events and ongoing transactions, some of which were not consummated by the end of 2020, the Annual Meeting of Shareholders held on 17 April 2020 re-elected the Board of Directors comprising as follows:



Vadim Moshkovich

Chairman of the Board of Directors, ROS AGRO PLC

Born in 1967;

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

In 1995, he started his career in agribusiness as head of CJSC Shugarimpeks Trading and Sugarimpeks Trading Company; From 1999 to 2006, he was Chief Executive Officer and co-owner of a group of companies that were consolidated into LLC Rusagro Group of Companies in 2003;

From 2006 to 2014, he was a member of the Federation Council, the upper house of the Federal Assembly of Russia (the Parliament), where he represented the Belgorod Region and sat on the Committee for Economic Policy;

In May 2015, Mr. Moshkovich was elected Chairman of the Board of ROS AGRO PLC;

Shareholding of 70.7% (expressed in GDRs).



Tassos Televantides

Member of the Board, ROS AGRO PLC, Independent Director

Born in 1948;

From 1994 to 1998, Mr. Televantides was a member of the ICPAC board of directors;

From 2002 to 2008, he was Honorary Treasurer of the Limassol Chamber of Commerce and Industry; Since 2008, he has been chairman of CyproDirect Limited, and

Since 2009, – Board Chairman at Limassol Bishopric;

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

Mr. Televantides is a certified auditor of the highest category;

In November 2011, he was elected a member of the board and chairman of the board audit committee of ROS AGRO PLC;

Shareholding of 0.01% (expressed in GDRs).



Richard Andrew Smyth

Member of the Board, ROS AGRO PLC, Independent Director

Born in 1962;

In 1984, Mr. Smyth graduated from Oxford University;

From 2003 to 2009, he was the General Manager at LLC Mars;

Since January 2009 has been the Regional President of MARS Central Europe and CIS;

From February 2011 to May 2015, Mr. Smyth served as chairman of the board of directors of ROS AGRO PLC;

Shareholding of 0.02% (expressed in GDRs).



Anna Khomenko

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

Born in 1977;

Mrs Khomenko studied international law at the Institute of International Relations of the Taras Shevchenko National University of Kyiv, Ukraine. She continued her studies at Keele University in the UK, which she graduated with a dual degree in Law and International Politics in 1999;

In 2000, she completed a Legal Practice Course at the University of Law Chester, UK;

Till 2007, Ms Khomenko headed the Corporate Department of Excel Serve Management (Cyprus), served as a service provider; From 2007 to 2009, she was the Chief Executive Officer of IFG Trust (Cyprus) Limited, specialising in financial and corporate services for businesses and individuals;

Ms Khomenko currently holds the position of the Managing Partner at Fiduciana Trust (Cyprus) Limited;

Since 2011, she has been a member of the board of ROS AGRO PLC.

She does not have any shareholding in the Company.



Maxim Basov

Member of the Board, ROS AGRO PLC, Chief Executive Officer of JSC Rusagro Group and LLC Rusagro Group of Companies;

Born in 1975;

In 1996, Mr. Basov graduated from New York University where he majored in Economics and Finance, International business and Philosophy;

He held management positions at OJSC Severstal, OJSC Kuzbassugol, OJSC Severstal Resource, and Interpipe Research, Industries and Investment Group;

From 2006 to 2009, he headed Metalloinvest; In 2011, Mr. Basov was elected Member of the Board of ROS AGRO PLC. He has headed JSC Rusagro Group of companies since its establishment in 2003;

In 2009, he was appointed Chief Executive Officer of LLC Rusagro Group of Companies;

Shareholding of 7.4% (expressed in GDRs).

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee was established to enhance the performance and effectiveness 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 the decisions of the Board.

The main responsibilities of the Audit Committee are as follows:

- Assist the Board in making decisions related to reporting and auditing;
- Raise the effectiveness of Board control over the financial and economic activities of the Company through preliminary reviewing and preparing recommendations for the Board on matters within the Board's competence;
- Create an effective system of control over the financial and economic activities of the Company and ensure the Board's participation in controls over the Company's financial and economic activities.

The Audit Committee is elected by the Company's Board of Directors. The Audit Committee may only be chaired by a non-executive director.

In 2020, the Audit Committee had the following membership:

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

In 2020, the Board' Audit Committee held four in-person meetings: on 6 March, 13 May, 11 August, and 10 November.

MANAGEMENT

CORPORATE MANAGEMENT



Maxim Basov

Member of the Board, ROS AGRO PLC, Chief Executive Officer of JSC Rusagro Group and LLC Rusagro Group of Companies

For Mr. Basov's CV, please see the **Board of Directors** section.



Alexey Podolyakin

Chief Financial Officer, LLC Rusagro Group of Companies

Born in 1976;

In 1998, Mr. Podolyakin graduated from the Ivanovo State University with a major in National Economy;

Before joining Rusagro, he held senior positions at SUN InBev Russia;

Since 2013, he has been Chief Financial Officer of Sugar business in LLC Rusagro Group of Companies; In January 2018, Mr. Podolyakin was appointed Chief Financial Officer of LLC Rusagro Group of Companies.



In January 2021, Boris Chernicher took over as CFO – his biography can be found on the Rusagro's website.



Sergey Koltunov

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

Born in 1980;

In 2003, Mr. Koltunov graduated from the Lobachevsky State University of Nizhny Novgorod, Law Faculty. In 2004, he received the second higher education with degree in Economics and Management. In 2011, he completed a management training course at the Russian Presidential Academy of National Economy and Public Service;

Before joining Rusagro, Mr. Koltunov headed legal departments and held other senior positions at Russky Alcohol Group of companies and Danone Group of companies;

Since 2013, he has been Director of Legal and Corporate Affairs of LLC Rusagro Group of Companies;

In 2019, he was included in the Top 1,000 Russian Managers rating by the Kommersant Publishing House and the Legal 500 GC Powerlist: Russia 2017 rating.



Olga Fedorova

HR Director, LLC Rusagro Group of Companies

Born in 1979;

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

Before joining Rusagro, Mrs Fedorova worked in the HR management in Russian Aluminium Company;

From 2006 to 2018, she held senior HR management positions in Rusagro Sugar Business, including Head of Human Resources; In January 2019, Mrs Fedorova was appointed HR Director of Rusagro;

She is a holder of the international certificate in Global Remuneration (GRP) from WorldatWork (USA).



Svetlana Kuznetsova

Head of Investment Department, LLC Rusagro Group of Companies

Born in 1989;

In 2011, she graduated from the National Research University Higher School of Economics, majoring in world economy and international business;

From 2012 to 2015, she was the Head of Funds & Investment Services Department of Europe Finance Ltd. In 2016, she was Senior Analyst at the Skolkovo Institute of Science and Technology under National Technology Initiative to develop the FoodNet roadmap;

In June 2016, she was appointed the Marketing Manager of LLC Rusagro-Ovoschi to develop an investment project for launching a vegetable business;

Since October 2016, she has held the position of Head of Investment Department of LLC Rusagro Group of Companies. In February 2021, the position is transformed into Director of Investor Relations and Sustainable Development.



Dmitry Brekhov

Head of Internal Audit, LLC Rusagro Group of Companies

Born in 1971;

In 1997, Mr. Brekhov graduated from the Faculty of Economics of the Lomonosov Moscow State University, majoring in Accounting and Audit;

Before joining the Company, Mr. Brekhov headed the Internal Audit function at AGRICO Agricultural Investment Company and Antanta Pioglobal Investment Group;

In October 2010, he was appointed Head of Internal Audit of LLC Rusagro Group of Companies.

BUSINESS MANAGEMENT



Roman Shkoller
Head of the Agriculture Business

Born in 1986;

In 2008, he graduated with honours from the Russian School of Economics; In 2010, he received a Ph.D. in Economics from the Higher School of Economics; In 2013, – a Master of Business Administration (MBA) from the Massachusetts Institute of Technology;

Prior to joining Rusagro, he held the position of a partner in the international consulting company – McKinsey & Company, headed the strategy and corporate finance practice in the CIS;

He was engaged in the development of strategies and the implementation of digital and operational transformations in large Russian and foreign companies;

In March 2020, he was appointed Head of the Agriculture Business of Rusagro.



Vladimir Alexandrov
Head of Oil and Fats business

Born in 1979;

In 2001, Graduated from Financial Academy under the Government of the Russian Federation with a degree in Finance and Credit; In 2006, he received MBA from Harvard Business School;

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

Since September 2020, he has been heading the Fat and Oil Business of Rusagro.



Evgeny Sluchevsky
Head of the Meat Business

Born in 1987;

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

From 2010 to 2011, Mr. Sluchevsky worked at KPMG in the management consulting department;

From 2011 to 2016, he worked as a consultant at McKinsey & Company – an international consulting company, where he gained diverse functional and industrial experience;

From 2016 to 2019, Mr. Sluchevsky headed one of the leading companies in the market of sausage products (in the top 10 of the national rating);

In October 2019, he was appointed Head of the Meat Business of Rusagro.



Nikolai Zhirnov
Head of the Sugar Business

Born in 1974;

In 1996, Mr. Zhirnov graduated from the Chelyabinsk State Technical University with a degree in Applied Mathematics; In 2004, he received an MBA at the Stockholm School of Economics (Sweden);

From 1997 to 2005, he worked at WRIGLEY Russia;

From 2005 to 2009, he was Chief Executive Officer of SPORTLAND Russia of SPORTLAND INTERNATIONAL;

In September 2009, he was appointed Commercial Director of LLC Rusagro-Centre; In October 2011, he was appointed Chief Executive Officer of LLC Rusagro-Centre;

In November 2011, Mr. Zhirnov was appointed Head of the Sugar business of Rusagro.



Roman Danilin
Head of the Dairy Products Business

Born in 1981;

In 2003, Roman Danilin graduated from the Plekhanov Russian Academy of Economics with a degree in Corporate Management;

From 2001 to 2011, he worked at OJSC Hlebprom; From 2011 to 2017, he held the post of Chief Executive Officer at CJSC Perm Flour Mill, LLC Venskiy Tsekh, and LLC Cheremushki Confectionery and Bakery Plant;

In 2017, Mr. Danilin was included in Top 250 Executives rating of the Kommersant Publishing House in Consumer Products Manufacturing;

From 2017 to August 2019, he headed the Oil and Fats Business; In September 2019, he was appointed Head of the Dairy Products Business.

KEY MANAGEMENT PERSONNEL REMUNERATION

In 2020, as in the previous year, the list of key management personnel of Rusagro included 12 people: CEO, CFO and Legal Director of LLC Rusagro Group of Companies, general directors of five Businesses and four members of Board of Directors. In 2020, their total remuneration grew by 66% (RUB 481 million) and amounted to RUB 1,212 million, including RUB 105 million (+68%, or RUB 62 million) payable to the State Pension Fund. The members of the Board of Directors were paid RUB 804 million (+53%, or RUB 280 million) of the total amount of remuneration. In addition, members of the Board of Directors received dividends in the amount of RUB 383 million (+0.9%, or RUB 4 million). The bigger remuneration was mainly attributable to the increase in its variable part as a result of the Company's higher profits in 2020.

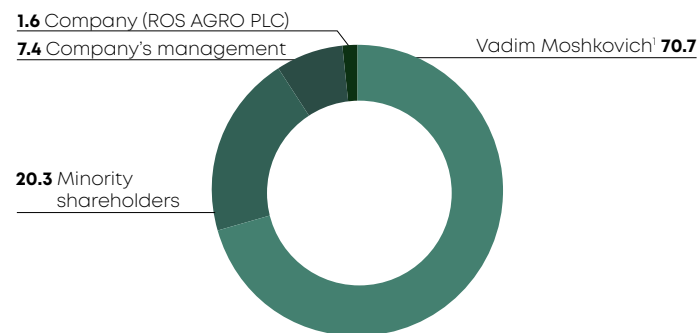
SHARE CAPITAL AND SECURITIES

SHAREHOLDER STRUCTURE

At the end of 2020, the Company's Authorised Capital was made up of 60,000,000 declared ordinary shares and 27,333,333 issued ordinary shares with par value of EUR 0.01 each. Among them, 8,333,333 shares were placed on the London and Moscow stock exchanges in the form of 41,666,665 global depository receipts (GDRs) (five receipts give the right to one share).

The majority owner of the Company is Vadim Moshkovich (directly and through affiliates) with a 70.7% share in the issued ordinary shares of the Company – he owns 19,327,829 shares, including 17,999,996 shares acquired before the IPO, and 1,327,833 shares in the form of receipts purchased during the secondary offering. Another 7.4% (2,016,962 shares, including 1,000,000 shares purchased before the IPO and 1,016,962 shares in the form of receipts purchased in 2011–2020) of the Company belongs to the CEO of LLC Rusagro Group of Companies, Maxim Basov. Other members of the Board of Directors own 8,225 shares in the form of receipts. Twenty point three percent of issued ordinary shares in the form of receipts, or 66.5% of securities placed on the exchange, are free-floating. Treasury securities account for 1.6%, or 427,063 shares in the form of receipts.

Shareholder structure as of end-2020, %



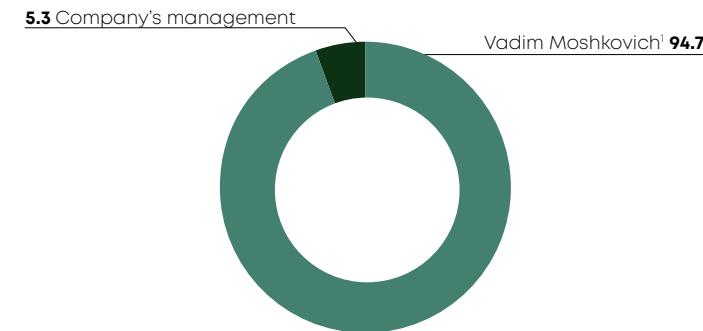
Shareholder structure as of the year-end, %

	2016	2017	2018	2019	2020	2020/2019 change
Vadim Moshkovich ¹	70.7	70.7	70.7	70.7	70.7	-
Minority shareholders ¹ (free-float)	20.8	20.6	20.5	20.4	20.3	-0.2 p.p.
Company's management	6.9	7.1	7.3	7.3	7.4	+0.2 p.p.
Company (ROS AGRO PLC)	1.6	1.6	1.6	1.6	1.6	-

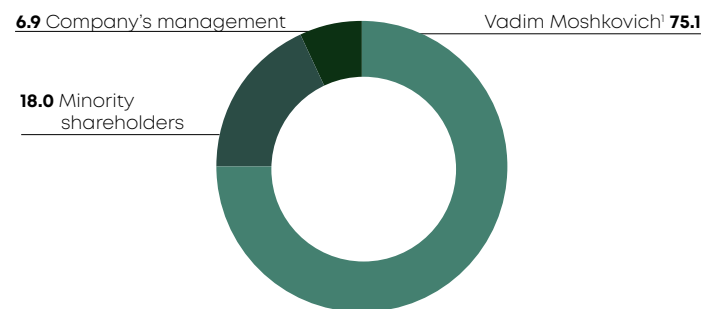
¹ Directly and through affiliates

STAGES OF OFFERING RUSAGRO'S SECURITIES ON PUBLIC FINANCIAL EXCHANGES:

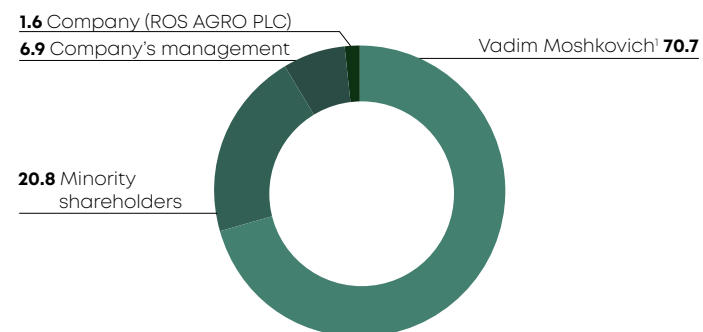
Shareholder structure before IPO, %



Shareholder structure after IPO, %



Shareholder structure after SPO, %



¹ Directly and through affiliates

■ In April 2011, the Company made an initial public offering (IPO) (by listing the global depository receipts (GDRs) with 5 GDRs representing one share) and listed on the London Stock Exchange (LSE). The listing included 4,000,000 shares issued by the Company (including a Green Shoe option) and 1,000,000 shares offered by the Company's controlling shareholders at a price of USD 15 per one global depository receipt. Alfa Capital Holdings (Cyprus) Limited, London Branch, Credit Suisse Securities (Europe) Limited, and Renaissance Securities (Cyprus) Limited investment banks acted as joint global coordinators, bookrunners, and lead managers. The Company's proceeds from the IPO amounted to about USD 300 million, net of expenses for fees and commissions, and post-IPO capitalisation was USD 1,800 million.

■ To expand the investor base, it was decided to list on the Moscow Exchange MICEX-RTS. On 26 November 2014, the global depository receipts of ROS AGRO PLC (ISIN US7496552057) were admitted for trading on First Tier (top) quotation list. The trading of the GDRs on the Moscow Exchange began on 1 December 2014.

■ In May 2016, the Company made a second public offering (SPO) of its depository receipts. A total of 3,333,333 shares issued by the Company or 16,665,665 GDRs, USD 15 each per one GDR, were listed. J.P. Morgan Securities plc, UBS Limited, and VTB Capital plc investment banks acted as joint global coordinators and bookrunners. The Company's proceeds from IPO approximated USD 250 million, net of expenses for fees and commissions. Rusagro's post-SPO market capitalisation was USD 2,050 million.

INFORMATION ON SECURITIES

Rusagro has been a publicly traded company since 2011. Global depository receipts (GDRs) for ordinary shares of ROS AGRO PLC are listed on the London and Moscow Stock Exchanges. Global depository receipts of Rusagro are included in the top-tier quotation list of PJSC Moscow Exchange. The depository bank is the Bank of New York Mellon Corporation (BNY MELLON). Five global depository receipts are equivalent to one common share of Rusagro.

The Company's receipts are included in the Moscow Exchange Consumer Sector Index with a weight of 14.51% and the Moscow Exchange Index of medium and small capitalisation with a weight of 2.99%. In 2020, Rusagro's securities were also included in the MSCI Russia Small index with a weight of 0.03%.

In 2020, the bulk of trading activities with the Company's GDRs (85%) are conducted on the Moscow Exchange. The average daily trading volume (ADTV) on the Moscow Exchange for 12 months of the reporting period amounted to USD 0.79 million, on the London Exchange – USD 0.14 million. During the reporting period, the Company's securities showed an upward trend: their value on the Moscow Exchange increased by about 29% over the year and amounted to RUB 837 per GDR, on the London Stock Exchange – by about 12% per year and amounted to USD 11.1 per GDR as of 31 December 2020. The securities were upheld by a strong fundamental history of Rusagro and a favourable pricing environment for key categories of products sold, partly owing to the natural and climatic situation and the depreciation of the rouble against key world currencies.

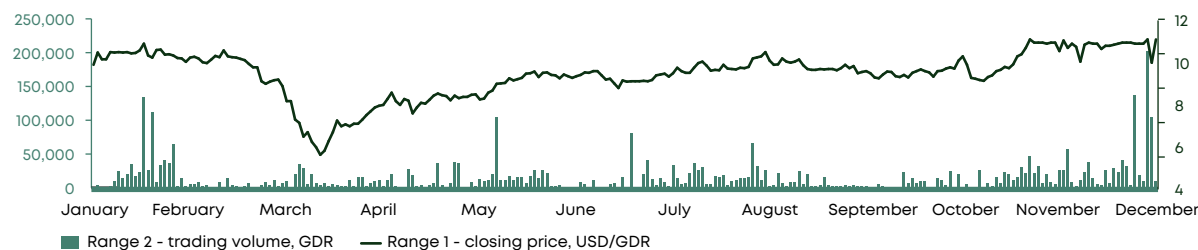
In 2020, seven investment banks offered its analytical coverage: VTB Capital, Renaissance Capital, SOVA Capital, Sberbank, J.P. Morgan, Gazprombank and Alfa-Bank. According to Bloomberg data available at the end of the year, six banks recommend for buy option and one – for hold. The median average target price for GDRs was USD 13.6 per GDR, with an average annual market price of USD 9.5 per GDR (according to the London Stock Exchange quotations).

TRENDING TICKERS FOR THE COMPANY'S SECURITIES:

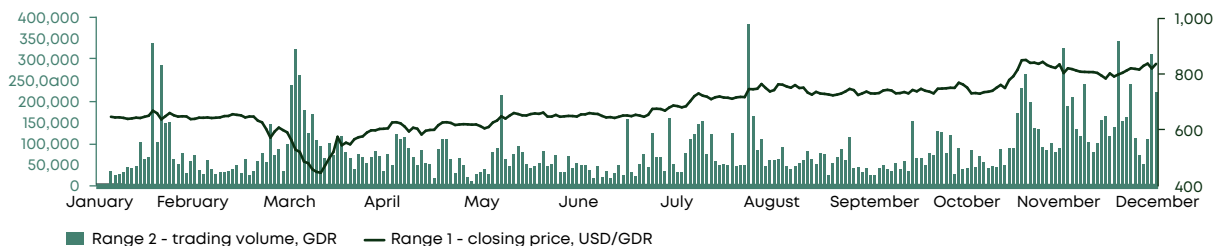
- ISIN US7496552057
- LSE – AGRO;
- MOEX – AGRO
- Reuters – AGRORq.L
- Bloomberg – AGRO LI Equity, 3191226Z CY Equity¹

¹ There are two tickers for ROS AGRO PLC securities in the Bloomberg terminal: AGRO LI Equity – for shares traded on the stock market (8,333,333 shares with an equivalent of 41,666,665 issued GDRs), and 3191226Z CY Equity – for shares that have not been placed on the stock market (19,000,000 shares)

Quotes for the Company's GDRs and trading volume on the London Stock Exchange (from 1 January to 31 December 2020), USD per GDR



Quotes of the Company's GDR and trading volume on the Moscow Stock Exchange (from 1 January to 31 December 2020), in USD per GDR



RELATIONS WITH SHAREHOLDERS AND INVESTORS

INFORMATION FOR SHAREHOLDERS AND INVESTORS

PROTECTION OF SHAREHOLDERS' RIGHTS

The Company prioritises the protection of shareholders' interests, seeking to forge and maintain the relations of trust. In building its relations with the shareholders, the Company makes every effort to protect their rights and prevent any violation of these rights. 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 Code of Business Conduct and Ethics.

The Company strives to minimise the actual risks to the investors; therefor it appropriately discloses the information on its activities and refrains from actions that may mislead the investors. The Company makes every effort to increase its shareholder value, prevent intercompany conflicts and ensure high quality of corporate governance.

The Company equally respects the rights of all shareholders, regardless of the number of shares or GDRs they hold. The Company guarantees to all its shareholders the protection of all the rights stipulated by the current legislation and the rights resulting from the Company's obligations in relation to trading securities on the stock exchanges. The Company also offers assistance to the shareholders in line with the best global practices in corporate governance. In doing so, the Company constantly works towards making the exercise of these rights even easier and more accessible, more effective, and yet less costly.

INFORMATION POLICY

Though the Company's investment appeal largely depends on its effectiveness and performance, corporate governance, especially the openness and the transparency of the Company's activities, is also very important for making a positive investment decision.

To ensure a high level of openness that is consistent to the global best practice, the Company timely provides

the investment community with all the information that may materially affect the value of the Company's securities, in particular:

- Annual and quarterly reporting on the financial and operating performance;
- Information on all material events in the Company's activities;
- Specialised information and analytical materials for investors.

Further, the Company ensures equal access to Company information for all representatives of the investment community and makes every effort to prevent separate groups of investors from gaining exclusive access to such information.

Any information that can have a material effect on the value of the Company's shares is published at the official web site of LLC Rusagro's Group of Companies, the RNS LSE, the Moscow Stock Exchange, and Interfax news agency, in line with the statutory requirements on information disclosure. As soon as the quarterly and annual financial results are available, the Company holds conference calls to share the results and provide further explanation that is required to assess the financial standing of the Group.

To ensure unified understanding of the results and events, Rusagro holds regular meetings between its senior executives and key managers and the representatives of media and the investment community, and maintains contact through internet and telecommunications networks. Once a year, the Company arranges visits to the Group's major facilities and holds workshops; these visits are timed to coincide with the Analyst and Investor Day.

The calendar with dates of key news release and corporate events is available at the Company's web site.

The Company is committed to constantly improve its cooperation with the investment community and open for comments and suggestions on its development. The Company values its shareholders and investors and will continue its efforts on better meeting their demand in accurate, complete, and timely information.



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 March 2021, Payment is made twice a year based on the financial results for the first half of the year and the second half of the year. Securities owned by the Company do not participate in the payment of dividends.

Rusagro's payout of dividends to shareholders totalled RUB 4.9 billion (USD 68.6 million), which amounted to 50% of the Company's net profit for 2019, while the absolute indicator of net profit in 2019 decreased by 24% - from RUB 12.8 to 9.7 billion. The Company has maintained the level of dividends in dollar terms paid for the previous year (in roubles - increased by 8%): RUB 180.69 were paid per share (USD 2.55), RUB 36.14 - per GDR (USD 0.51). The payout of dividends for 2019 did not include securities owned by the Company; in calculating the first dividend payments, their amount was 2,166,313 GDRs, and in calculating the second ones - 2,135,313 GDRs.

The first interim dividends in 2020 were paid in the amount of RUB 1.9 billion (USD 25.6 million). As for the second half of the year, the Board of Directors recommended to pay USD 139.91 million. Thus, the total amount of dividends for 2020 will amount to USD 165.47 million; payment per share will be USD 5.20 (gross), for one GDR - about USD 1.04 (gross).¹ The payment of dividends for 2020 did not include securities owned by the Company, which amounted to 2,135,313 GDRs during the year.

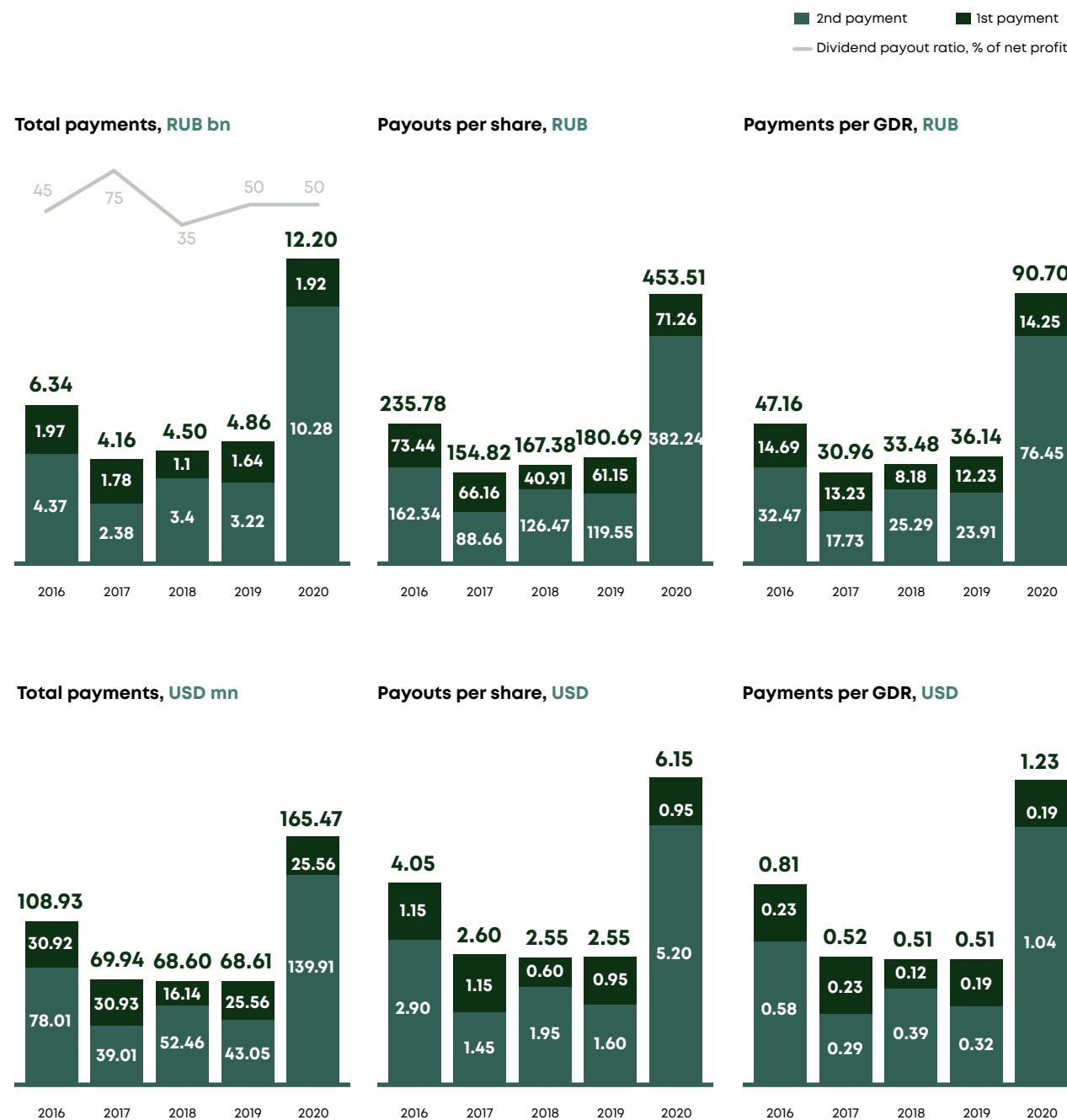
Dividend payout period¹

Payment type	At the end of	Payment date
2016	2H 2015	15.06.2016
	1H 2016	26.09.2016
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	on or before 27.05.2021

CONDITIONS AFFECTING THE AMOUNT OF NET PROFIT PAID TO SHAREHOLDERS:

- Availability and amount of net profit under IFRS;
- Achieving the target level of equity capital adequacy by 2020 and maintaining it in the medium term;
- Capital requirements for the implementation of the Development Strategy and targeted M&A transactions in the market;
- The state of the economy, other internal and external changes affecting or capable of negatively affecting the Company's operating activities;
- Striking a balance of interests of the Company and its shareholders, with the need to upgrade the investment appeal and respect for the rights of the Company's shareholders.

RUSAGRO'S DIVIDEND PAYOUT FOR THE YEAR¹



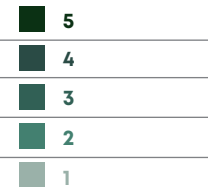
¹ The dates of debiting funds from ROS AGRO PLC account are taken as dividend payout period. The date when dividends are credited to shareholders' accounts may depend on the timing of payments made by the Company's depository and the timing of funds credited by shareholders' brokers

¹ Dividend payments in RUB denomination (total, per GDR and per share) are indicated in accordance with the amount paid by the Company. Kindly note, the amount can differ from the one stated in the Dividend Declaration for the relevant period due to the change of official exchange rate established by the Central Bank of the Russian Federation on the date of the payment. Share of net profit distributed to the Company's shareholders as dividends is calculated based on the paid amount in RUB. Dividends in RUB for the second half of 2020 are calculated based on the official exchange rate established by the Central Bank of the Russian Federation on 14 March 2021, which equals to RUB 73.5081 per USD 1

RISK MANAGEMENT

Rusagro allocates considerable resources to identification, analysis, and assessment of risks during business decision-making. The Company has been committed to observing the national and international standards in risk management: its going concern has been to monitor the risks and to update its risk management toolkit in order to maximise the Company's value and mitigate the potential negative impact of risks if realised. The Company identifies seven main types of risks having the greatest impact on the business performance. The 2020 assessment also covered the impact of the COVID-19 pandemic on the Company's results.

**Risk significance
(score from 1 to 5)**



KEY RISKS

Risk description	Risk mitigation
POLITICAL RISKS	
CHANGES IN STATE POLICY RELATING TO PRICE CONTROL, AS WELL AS EXPORT-IMPORT 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 regulation, may 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 style="list-style-type: none"> The Company monitors any changes in the state policy and responds to them by the respective adaptation of Rusagro's strategy. The Company takes a proactive position and negotiates with government officials, whenever possible, the introduction of restrictive measures and their impact on business.
MARKET RISKS	
PRICE DECLINES FOR PRODUCTS	
The Company's financial results depend on the prices of sugar, pork, agricultural products, vegetable oils, and products made from them. The level of prices is driven by several factors that the Company cannot fully control. The key reasons that may cause a decline in prices include as follows: Higher competitive supply or competitive struggle; A decline in household purchasing power; Drop in global prices.	<ul style="list-style-type: none"> Diversifying the Company's product portfolio by extending the product range and developing retail brands; Developing the sales channels, signing contracts with major industrial partners and retail chains; Developing exports and entering new markets; Maintaining ample stocks of finished products intended for sale during seasonal price hikes; Continuous monitoring of the market situation to get a full and accurate picture of the trends and to ensure a reliable basis for projections on the market dynamics.
OPERATIONAL RISKS	
DECREASED SALES AS A RESULT OF LOWER YIELDS DUE TO CLIMATIC VARIATIONS AND 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 style="list-style-type: none"> Comprehensive approach to weather forecasting based on the data obtained from weather stations; Monitoring of the crops on a regular basis; Digitalisation of strategic planning and operational processes in the Agriculture Business; Automated generation of the optimum schedule for sugar beet digging, piling, and delivery, as well as the schedule for harvesting and delivery of grains and pulses; Automated control of the process execution quality; Development of the irrigation systems; Selection of the best hybrids and pedigree seeds depending on climatic zones.

Risk description	Risk mitigation
LIVESTOCK AND PLANT DISEASES	
Climatic changes and evolution bring new dangerous diseases of the livestock and plants that can adversely affect the production 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, porcine reproductive and respiratory syndrome, swine foot-and-mouth disease, and atypical pneumonia.	<ul style="list-style-type: none"> Monitoring the transport, goods and materials flow, their disinfection; Preventing physical contact of the pigs at farms with wild animals; Monitoring the health of pigs grown at the Company's production facilities; Monitoring the ASF incidents in Russia; Pest control through the treatment of plants and seeds with insecticides and fungicides.
EPIDEMICS AND PANDEMICS	
The emergence of epidemics and pandemics in Russia (in particular COVID-19) may have a negative impact on the Company's profit on the back of restrictions on the business activities of the Company and its counterparties. In particular, there are risks of shutdown of plants, loss of productivity when switching to remote work, delays in the execution and implementation of commercial contracts, freezing of construction and repair activities.	<ul style="list-style-type: none"> Creating a prompt response headquarters to develop anti-crisis measures and control of their implementation; Restricting the movement of employees between the offices and production sites of the Company, as well as business trips to other regions and countries; Distributing additional personal protective equipment and antiseptics, taking extra disinfection measures; Conducting a comprehensive communication programme to inform employees, launching special hot lines for employees; Supporting employees with regular testing and vaccinations.
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 failure to comply with the technology at a meat processing plant adversely affects the Meat Business.	<ul style="list-style-type: none"> Control and improvement of the quality of personnel management, including through the development of effective motivation systems; Development of standards, regulations and instructions on technological operations and their enforcement; Automation and digitalisation of planning processes, management of production activities.
LOSSES DUE TO THE APPRECIATION OF THE MEAT BUSINESS PROJECT IN THE PRIMORYE TERRITORY AND ITS DELAYED LAUNCH	
The risk of appreciation of the pig-breeding farm project in the Primorye Territory is associated with the remoteness of the construction area from industrial centres, absence of skilled engineering personnel and workforce in this region, and also weather conditions. It can lead to a rise in prices and longer delivery of construction materials, cash deficiency due to untimely submission of supporting construction documents, additional costs for the protection from excessive precipitations and typhoon consequences.	<ul style="list-style-type: none"> The Company scheduled and is currently implementing the measures to protect its lands against natural phenomena common for the Primorye Territory, including the construction of additional systems for surface water collection and drainage; The construction contract involved large-scale companies with own logistics network both in Russia and abroad, own engineering and operation personnel. This leads to increased costs of projects but helps to mitigate the risk of longer construction period.

¹ The launch of the project in 2021 reduced the risk

ESG

REPORT

↘ -2%

19.3

ths people

Average headcount
of employees in 2020

↘ -1 p.p.

9%

Voluntary turnover
rate in 2020

↘ -0.3 p.p.

34%

of women among
employees in 2020

92%

of employees
work full-time
on a unlimited
employment contract

↗ 6 p.p.

72%

Engagement rate
in 2020

↗ x7

242

RUB mn

Philanthropy
programme budget
in 2020

SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

Rusagro is a Russian systemic company that provides the domestic households with such food products as sugar, pork, vegetable oil, margarine and mayonnaise, and industrial fats. The stability of the Company's business is essential in maintaining food security and the country's independence from imported food. In keeping with the mission To make people's lives longer and better, the Company focuses on long-term growth and responsible doing business, accommodating the interests of all stakeholders.

Rusagro's sustainable development agenda prioritises three areas – social development, green focus and high quality corporate governance. Their implementation is an integral part of a 5-year Development Strategy of Rusagro, up for annual revision. In 2021, the Company plans to engage an independent consultant to assess the feasibility of developing a Sustainable Development Strategy as a single comprehensive document, as well as to explore opportunities to improve the quality of sustainable development management and disclosure of non-financial information.

Rusagro's priority areas under the sustainable development agenda

PRIORITY AREAS		
SOCIAL DEVELOPMENT	GREEN FOCUS	CORPORATE GOVERNANCE
<div>Priorities</div> <ul style="list-style-type: none">• Training and career advancement;• Safe working environment;• Equal rights and opportunities;• Financial incentive and social assistance;• Attractive employer brand;• Low voluntary turnover and high engagement;• Effective corporate culture;• Automated personnel management;• Support of local communities;	<div>Priorities</div> <ul style="list-style-type: none">• Water consumption and wastewater management;• Solid and liquid waste management;• Emissions of greenhouse gases and pollutants;• Biosecurity and veterinary safety;• Energy efficiency and energy saving;	<div>Priorities</div> <ul style="list-style-type: none">• Transparent ownership structure;• Development and revision of the Company's development strategy;• Remuneration for top managers;• Upholding of shareholders' rights and interests;• Internal audit and risk control system;• Disclosure of financial and non-financial information;• Sustainable development management;• Responsible supply chain;• Corporate ethics and the fight against corruption.

Measures to satisfy the interests of Rusagro's stakeholders

SHAREHOLDERS AND INVESTORS

Measures to satisfy interests

The priority for Rusagro is to accommodate the interests of investors and shareholders regardless of geography, skill level, and the size of their block of shares. Timely disclosure of information on the activities and results of the Company in alignment with the best international practices and the requirements of the Moscow and London Stock Exchanges. Openness and efficient response in interaction with shareholders and investors.

- Transparent dividend policy and regular payment of dividends to shareholders.
- Direct interaction of shareholders and investors with the Company in offline and online formats.
- Disclosure of information and running of events in formats suitable for all categories of shareholders and investors in Russian and English.
- Meetings with investment funds and analysts to discuss current trends and the questions concerning the Company's activities.
- Disclosure of information under applicable laws, international listing requirements and best practices.
- Disclosure of information on the management of the Company's sustainability factors in the annual report.
- An annual investor perception survey, assessment of the strengths and weaknesses of the investment track record.

PERSONNEL

The personnel is the key asset of the Company and the basis for its sustainable development. The Company heavily invests in the formation and development of human capital, the creation of an attractive employer brand image, and higher level of engagement.

- Competitive pay conditions and social support.
- Elaboration of a career path and an individual development plan, a succession system.
- Mentoring and Internal Coach Programme, Distance Learning System
- Corporate values promotion and engagement surveys.
- Annual meetings with the Management of the parent company and business units.
- Assessment of employee satisfaction with the quality of internal HR services.
- Communication with employees via the corporate portal, TV, social networks, mailings by e-mail, an in-house newspaper.
- Cultural and sports events, awards.
- Well-being programmes, a psychological aid line.

GOVERNMENT

Rusagro is a systemic company wielding major influence on the national food security and the well-being of the regions where it operates. The Company maintains ongoing cooperation with the state and its representatives to control political risks and support the accomplishment of state goals.

- Monitoring changes in government policy with respect to agro-industry support programmes.
- Accountable use of state support funds allocated to the Company under the ongoing programmes.
- Control of changes in the rules of state regulation of the markets within the Company's footprint and the tax system.
- Participation in public discussions of projects to change the rules for the provision of state support and regulation of food and agricultural markets.
- Disclosure of information as mandated by laws.

CLIENTS

Rusagro's clients are Russian and international industrial and trade enterprises operating in Russia and abroad. The Company sets sights on further expansion of its client base and strengthening of its position in destination markets.

- Clients interaction based on long-term cooperation, mutual benefit, respect, trust, honesty and fairness.
- Anti-corruption and anti-bribery system.
- A wide on-shelf availability of products, coverage of various price segments, a varied product mix.
- Recognisable brands with a high level of loyalty and trust of the end consumer.

COMMUNITY

Rusagro is a strategic investor concerned with social development and improvement of the quality of life in the regions of its presence.

- Implementation of charitable projects to support kindergartens, preschool educational institutions and schools, as well as the development of personal and universal professional skills of children living in unfavourable socioeconomic backgrounds
- Execution of educational, cultural, sports events and environmental initiatives in the regions.
- Monitoring of media in the regions of presence and the Internet to control the negative information environment, publication and distribution of the Company's news.
- Annual disclosure of information on the Company's social and environment impact.

HUMAN RESOURCES MANAGEMENT

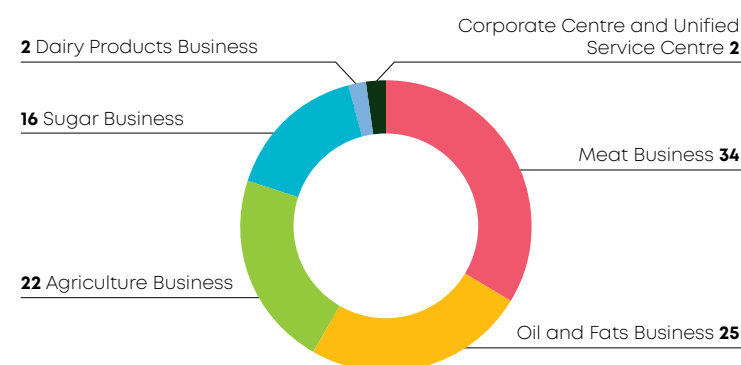
Human capital development is one of the four strategic objectives for Rusagro. The Company creates decent working conditions, provides competitive compensations and social guarantees, and maintains a particular focus on personal and professional development of its employees. Rusagro considers its employees as a key asset of inherent value and encourages them to fulfil their potential, improve their knowledge and skills, and participate in challenging innovative projects.

PERSONNEL STRUCTURE

HEADCOUNT

In 2020, the Company's average headcount decreased by 1.6% (-314 people) year-on-year and totalled 19.3 thousand employees. The most of layoffs were witnessed by the Oil and Fats Business, where the number of employees was cut down by 15% (-840 people) in 2020 due to automation, amplification of positions, and outsourcing of low-skilled jobs. At the same time, the average headcount of the Meat Business in 2020 went up by 10% (+591 people) as a result of the expansion of production in the Tambov Region and the development of business in the Primorye Territory. The number of employees in the United Service Centres (USC) increased by another 90 people (+28%) with the opening of a second USC in Saratov and the transfer of support functions from businesses to the USC (information security, administration of benefits, HR administration). At the end of 2020, Rusagro had 20.1 thousand employees (-2%, or -402 people).

Breakdown of the average headcount by businesses in 2020, %



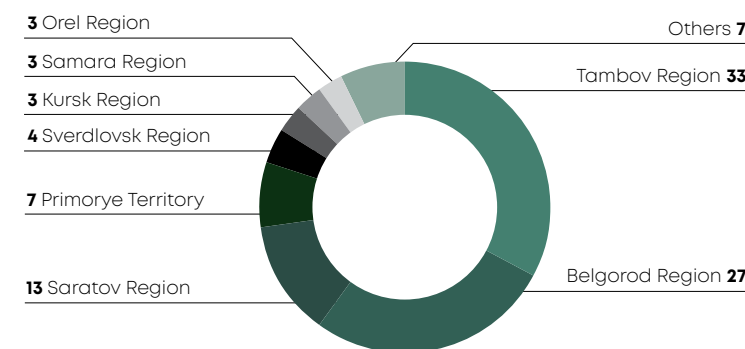
Rusagro's average headcount, employees

Business	2016	2017	2018	2019	2020
Meat Business	3,789	4,186	5,300	5,919	6,510
Oil and Fats Business	2,042	1,969	2,025	5,590	4,750
Agriculture Business	4,292	4,478	4,443	4,340	4,191
Sugar Business	3,095	3,248	3,149	3,044	3,005
Dairy Products Business			3	446	479
Corporate Centre and Unified Service Centre	144	157	298	319	409

↓ -2 %
19.3
ths people
Average headcount
of employees in 2020

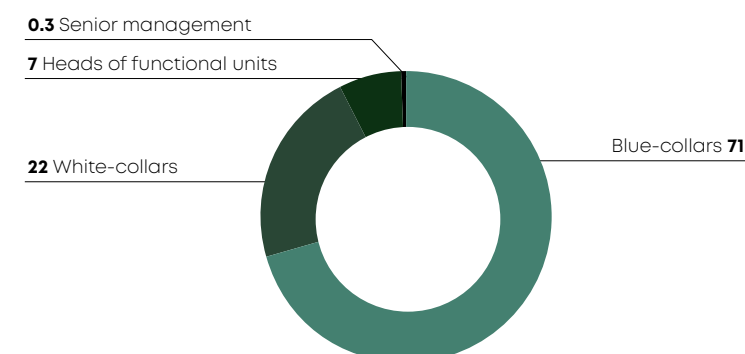
The bulk of jobs (94%) are distributed between eight regions of Russia, where Rusagro's key production assets are located. The Tambov Region accommodate the most of employees (33%, or 6,291 people in total), further go the Belgorod and Saratov Regions (27 and 13% or 5,265 and 2,599 people, respectively). With the rightsizing the businesses, most of key regions of presence, except for the Primorye Territory (+39%, to 1,342) and the Tambov and Voronezh Regions (+3% in total), where the Company were ramping up the production, experienced the drop in the number of jobs as at the year-end.

Jobs in the regions of Rusagro's presence in 2020 (average headcount), %



The majority of Rusagro's employees (71%) are qualified as blue collar staff. Twenty two per cent of the Company's employees work at the white collar level, and only 8% are heads of functional departments and senior managers. This distribution of employees between the levels of job complexity is typical for all Russian production companies, and the increased number of blue collars and white collars in 2016–2020 (from 49 and 15%, respectively, in 2016) was associated with the expansion of production capacities and a higher need for employees of these job categories. On top of that, the vast majority of Rusagro's employees obtained a full-time job (92%)¹.

Rusagro's workforce structure by job complexity level in 2020, %



↑ 1.3 p.p.
71%
of blue collar
employees in 2020

¹ For the calculation of the indicator, full-time employees do not include seasonal employees

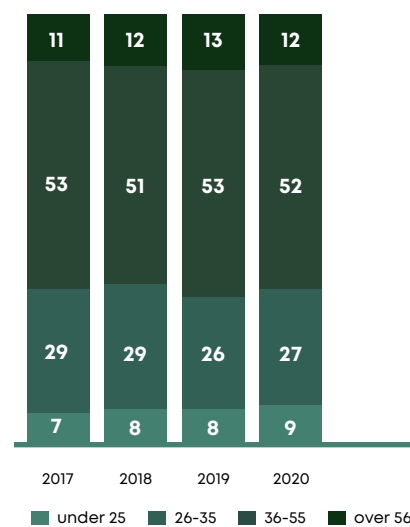
In 2020, employees with secondary vocational education (36%) and higher education (32%) were prevalent at the Company – these two categories of personnel make up the nucleus of the Company. At the same time, their total share has decreased over the past five years, while the share of personnel with secondary education has grown from 5 to 21%, which is explained by the increasing need for production personnel.

Rusagro's workforce structure by education level, %

	2017	2018	2019	2020	2020/2019 change
Post-secondary	37	29	33	32	-1.2 p.p
Vocational secondary	41	39	37	36	-0.9 p.p
Initial vocational	1	8	8	6	-1.8 p.p
Complete secondary	5	17	18	21	3.4 p.p
Basic general education	18	8	4	5	0.9 p.p

Most of the Company's employees (52% in 2020) are aged 36 to 55 years old. The next largest category comprises employees aged 26 to 35 years old (27% in the reporting period). The “youngest” business is the Meat Business, where the total share of employees aged 35 and less is 44%. And the Agriculture Business comprises the most (19%) of older employees (aged 56 and over).

Rusagro's workforce structure by age, %

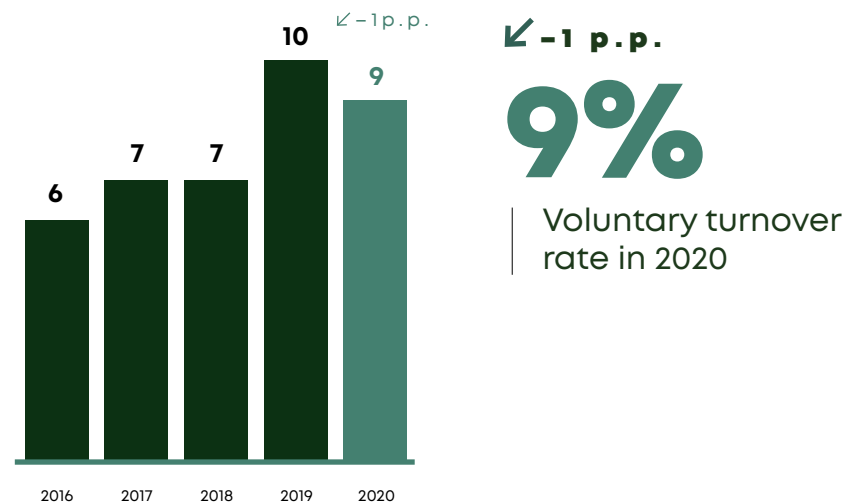


↑0.8 p.p.
52%
Employees of 35–55 age range in 2020

TURNOVER

Voluntary staff turnover in 2020 went down by 1 p.p. – from 10 to 9% compared to a year earlier, which is below the market average of 13%. The improvement in the turnover rate in the Company resulted from the successful outcome of consistent work with this indicator and from the arising pandemic – employees began to value their jobs in a stable industry. At the same time, the highest voluntary turnover was recorded in the Meat Business (12%), the lowest – in the Dairy Products Business (2%). Rusagro's target is 7% – to achieve this, the Company is developing programmes to speed up career advancement, to provide social assistance for personnel, and to increase engagement.

Voluntary staff turnover in the strategic segment¹, %



¹ Strategic segment comprises of 11,513 employees

EQUAL CONDITIONS

SUPPORTING WOMEN

Rusagro creates equal working conditions and career opportunities for all of its employees, regardless of gender. At the end of 2020, the average share of women in the Company was 33% (6,077 people), which is above the average for production companies in Russia. The share of women varies across the Businesses: the Agriculture Business has the smallest proportion of women – 22% (936 people), the Meat Business and Oil and Fats Businesses have the largest proportion – 39% (2,551 or 1,704 people, respectively). In the United Service Centre and the Corporate Centre where office work is required, the proportion of women is even higher – 98 and 56%, respectively.

In the largest category of employees – blue collars (71% of all employees of the Company) – the proportion of women in 2020 stood at 28% (+3.2 p.p.). The variability of this indicator across business segments is explained by the peculiarities of production activities. Thus, the smallest proportion of women among blue collars is recorded in the Sugar Business (7%) due to the high risk of this production, and the largest proportion is in the Dairy Products Business (69%) and then in the Oil and Fats and Meat Businesses (31 and 30%, respectively). The Agriculture Business of the Company has a 20% share of women.

Most women at Rusagro (51%) belonged to the white collar category. The share of women among the heads of functional units is 36% (+3.0 p.p.), while the share of women among senior managers is 18% (-3.6 p.p.), which is higher than the average for Russian production companies. Moreover, the proportion of women among the heads of functional units is greatest in the Meat Business (44%), and among top managers – in the Oil and Fats Business (27%).

The pay difference between women and men is negligible. The fixed part of the remuneration of female employees is 1% less than that of men.

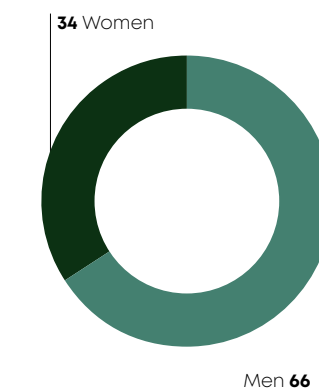
Percentage of women among Rusagro's employees of different levels, %

	2018	2019	2020
Senior management	0	22	18
Heads of functional units	10	33	36
White-collars	36	57	51
Blue-collars	54	25	28

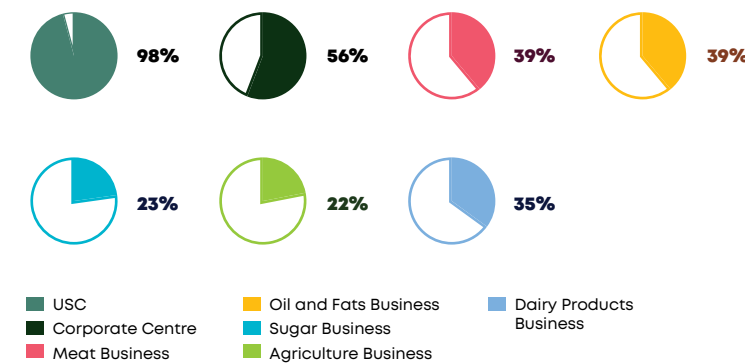
↙ - 0.3 p.p.

34%
of women among
employees in 2020

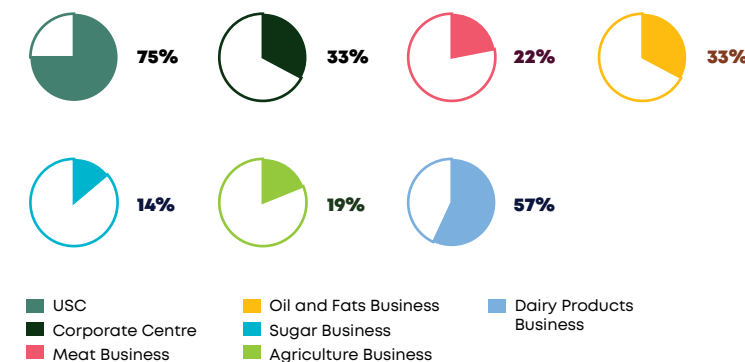
Rusagro's workforce structure by gender in 2020, %



Proportion of women in Rusagro's businesses in 2020, %



Percentage of women among senior managers in Rusagro's business segments in 2020, %



RECRUITING YOUTH

Rusagro is interested in attracting and retaining young people who bring a new perspective on technologies and processes. At the same time, 80% of Rusagro's production sites are located in rural areas experiencing a shortage of staff, especially in the Agriculture Business. Therefore, the Company makes consistent efforts in attracting young people.

The Company has internship programmes and dual training programmes with regional educational institutions. In 2020, 24 educational institutions were involved in the on-the-job training project, and a total of 380 people participated in on-the-job training (in 2019, there were 291 participants).

Due to COVID-19 related restrictions, 2020 Career Day for students of vocational colleges was held online for the first time. More than 300 undergraduate students from 46 educational institutions across Russia learned about employment and internships at Rusagro from top managers of the Company.

Moreover, under the sponsorship of Rusagro, a new demanded specialty. Introducing automation equipment into technical processes and production will be opened in September 2021 at the Zherdevsky College of the Sugar Industry. The newly enrolled students will be taught by qualified teachers, including the employees of Rusagro's Sugar Business. Also, agreements have already been reached on the on-the-job training of college teachers at the Zherdevsky sugar plant.

FINANCIAL INCENTIVE AND SOCIAL ASSISTANCE

COMPETITIVE EMPLOYEE COMPENSATION

Rusagro's incentives and compensation policy is aimed at maintaining a competitive salary level. During 2020, the average monthly salary in the Company increased by 8% – up to RUB 49 thousand. The largest growth (+14%) was recorded in the Oil and Fats Business, where it amounted to RUB 57 thousand. The salaries were pushed up by inflation, the amplification of positions and outsourcing of secondary low-skilled positions. The average salary varies across the business segments due to presence of the Company in different regions, and each business and region has different working conditions and other business-related features.

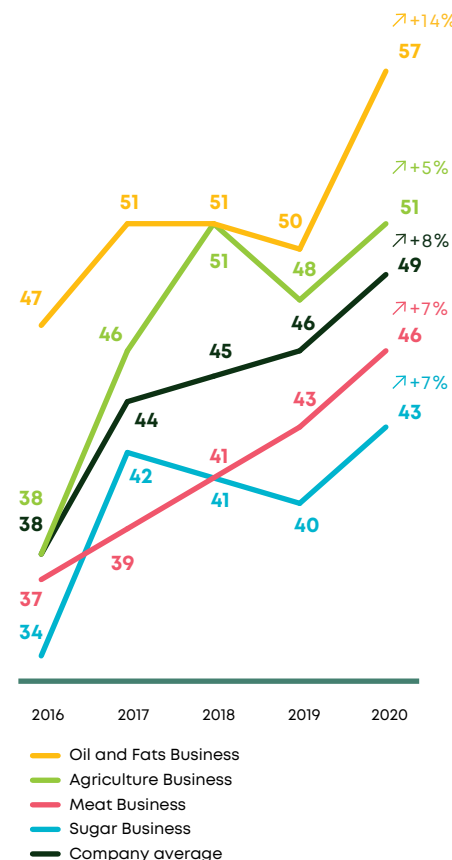
SOCIAL BENEFITS AND GUARANTEES

In addition to competitive salaries, Rusagro offers its employees a comfortable and safe working environment and a generous benefits package that includes meals, employee shuttles, voluntary health insurance schemes, sanatorium-resort care, and good-quality workwear. Young professionals working in rural areas may qualify for home-buying assistance from the Company. Students doing internships and receiving on-the-job training are given rooms in the Company dormitories.

In case of accidents and special family circumstances, employees of the Company receive financial help. Rusagro compensates for food expenses or provides home-raised product, as well as compensates for the purchase of medicines and health resort treatment. All employees who have passed the probationary period are provided with voluntary medical insurance (VMI). In addition, all employees have the opportunity to insure their relatives under voluntary health insurance on preferential terms, and certain categories of benefits are provided free of charge.

In 2020, a project of the Taking Care of Everyone well-being programme was piloted in the Tambov and Saratov Regions. This programme involved the development of a comprehensive programme of activities focused on the health of employees: training lectures, health days, competitions, on-the-job doctors' appointments, and the opening of medical offices at production sites. In 2021, the programme will be rolled out at other assets of the Company to cover around 5,000 employees.

**Average monthly salaries
at Rusagro's enterprises, RUB ths**



TRAINING AND CAREER ADVANCEMENT

CAREER GROWTH

All employees of the Company have opportunities for career growth through the developed career paths in major functional directions. The employees can also share their career aspirations, including those that involve a transfer to other businesses within Rusagro.

The Company strives to maintain high level of internal hires, gradually increasing this level by internal pool of candidates. The share of internal recruitment increased year-on-year by 7 p.p. – to 68%, which is associated with an improvement in the succession training system. The Company increased its succession coverage by 7 p.p. – up to 87%, and the operating reserve by 10 p.p. – up to 41%.

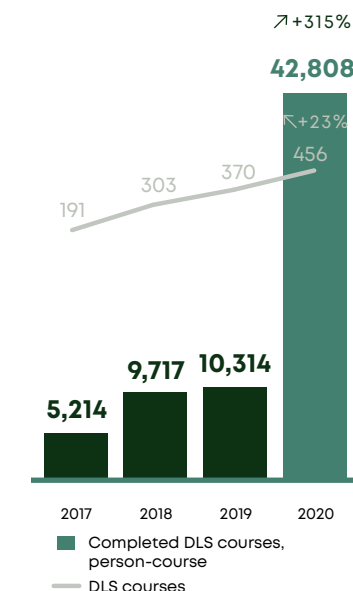
TRAINING AND DEVELOPMENT

With HR-processes of Rusagro, each employee can continuously improve his/her own professional, managerial and communication competencies. All employees have access to the distance learning system (DLS) – in 2020, there were 456 courses passed (+23%). The Company also has an internal mentoring and coaching institute; the number of mentors and coaches in 2020 amounted to 918 (+8%) and 516 (+23%) people.

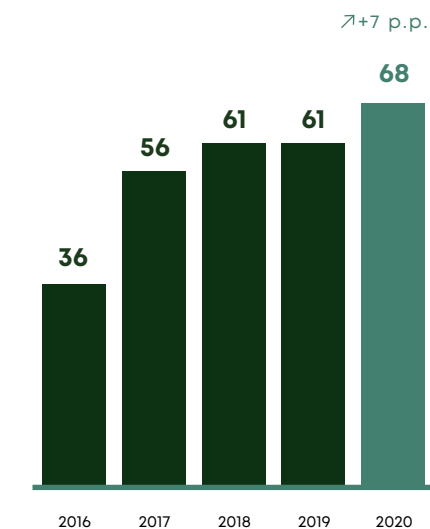
Thanks to the efforts of Rusagro to support the development of its employees, as well as the promotion of online training formats amid the coronavirus pandemic, the number of person-courses taken in 2020 quadrupled and reached 42,808.

Rusagro educational system is primarily focused on the improvement of employees' qualifications and skills. In 2020, the Company paid special attention to enhance the quality of industrial training, and the common skills qualification upgraded year-on-year by 7 p.p. and stood at 57%.

Distance Learning System Training results



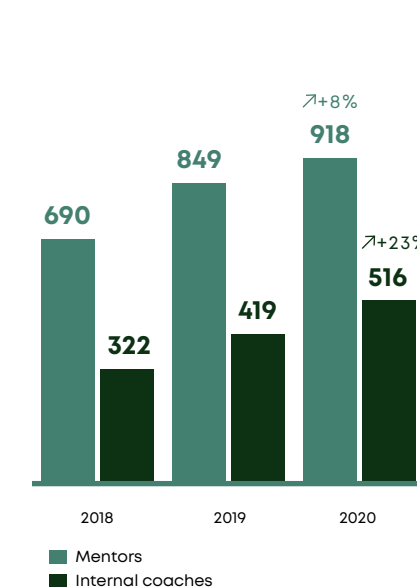
**Rusagro's share of internal
recruitment, %**



76%

of employees
completed at least
one training course
in 2020

Mentors and coaches



CORPORATE CULTURE AND ENGAGEMENT

EMPLOYER BRAND

The Net Promoter Score (NPS) among Rusagro's employees increased from 16 p.p. in 2017 to 26 p.p. in 2020, which reflects positively on the Company's employer brand. At the same time, according to the Randstad Award international independent study, the attractiveness of Rusagro among the external audience and brand awareness in 2020 in comparison to the previous year showed a slight decrease (by 3 and 9%, respectively), although the places in the attractiveness and awareness ranking remained the same (2nd in awareness, 3rd in attractiveness). The decline in the Company's attractiveness is explained by the fact that integration in the Oil and Fats Business, as well as transformation in the Agriculture Business, caused a decrease in engagement rate at the time of the study (January 2020).

In December 2020, Rusagro conducted its own study of the attractiveness and brand awareness of employers among students (56 universities and colleges). This study showed that the attractiveness of Rusagro stood at 64%, awareness – at 53%. The Company was ranked first in terms of attractiveness in the industry and second in terms of awareness.

In 2020, Rusagro launched the Brand Ambassadors project to improve its brand as an employer. Training was given to 66 ambassadors, the Instagram-marathon competition was started, resulting in 342 posts about the Company, 47 thousand likes and comments. The number of subscribers in Rusagro's offices in social networks grew by 75% to 17.7 thousand (Instagram and V Kontakte). There was also a social media advertising campaign for young people with 1.3 million ad impressions that generated 4,300 clicks and 138 on-the-job training applications. In 2020, a recruiting commercial was shot for a student audience, and over 170 publications about employment at Rusagro were made, attracting more than 110 thousand views in total.

Employer brand awareness and attractiveness, %

	2016	2017	2018	2019	2020
Net Promoter Score (NPS) among employees	16	23	—	24	26
Rusagro's Employer Brand awareness	—	38	60	60	51 (RA)/ 53 (Rusagro)
Rusagro's Employer Brand attractiveness	—	41	47	52	49 (RA)/ 64 (Rusagro)

Source: International Randstad Award Research and Rusagro's Engagement Survey

RUSAGRO GROUP IS INCLUDED IN THE TOP 200 BEST EMPLOYERS IN RUSSIA

In 2020, HeadHunter Group and RBC Publishing House presented the annual Rating of Russia's Best Employers, where Rusagro Group of Companies was enlisted for the first time, taking 31st place in the TOP-200 Russian employers. In total, about 900 applications were submitted for participation in the rating.

Rusagro Group also entered the Most Popular among Applicants' sub-rating, taking 33rd place and outstripping such well-known employers as SAP, Volvo, Nor Nickel, IC, X5 Retail Group, etc. Rusagro came second in the Food production industry rating, having received 18% of the applicants votes.

EMPLOYEE ENGAGEMENT

In June 2020, RUSAGRO Group of Companies held an express survey across all business areas. This is a new prompt tool for measuring employee opinions on what else can be improved in their work. An invitation to take part in a express survey was sent to 30% of employees who were randomly selected by an external independent provider. This allowed to quickly collect reliable data for research without taking up the time of most employees.

The results of the survey, which covered 6,400 people, showed that employee engagement increased by 6 p.p. compared to last year and reached 72%, which is above the Russian average (69%) and the average for production companies (65%). Engagement was on an upward trend in most of businesses, except the Agriculture one; the largest growth was posted by the Meat Business (+9%). Engagement among young people (aged under 25) increased by 4 p.p. – up to 74%.

A successful result suggests that in a turbulent environment, employees higher appreciated good work in a stable industry. Nevertheless, the Company is intent on improving the engagement in order to enter the high performance zone, which stood at 77% and higher in Russia in 2020.

Employee engagement at Rusagro, %

	2016	2017	2019	2020
Rusagro's engagement rate	67	73	66	72
Average Russian engagement rate	62	68	66	69
Engagement rate of producing companies	57	63	69	65
FMCG engagement rate	63	69	66	N/A
High performance zone for engagement	69	75	77	77

CORPORATE CULTURE

A single corporate culture that is based on the Company values shared by all of the employees plays a key role in ensuring Rusagro's effective operation. To support its corporate culture, Rusagro annually holds multiple teambuilding events.

The communication quality in the Company was upgraded in 2020 by 8 p.p. to 67%, and the information awareness level – by 6 p.p. to 70%. The most popular communication channels included mailings, a corporate portal (visits and unique views increased by 39 and 40%, respectively) and the Rusagro's Vestnik corporate newspaper. A new communication channel was launched for the first time in 2020 – television question-and-answer sessions with General Directors, which were attended by more than 3.9 thousand participants, and 67% of employees rated this channel as excellent. The Meat Business was actively developing a new communications channel, Corporate TV, and the Agriculture Business launched a new news channel in the Viber messenger.

72%

Rusagro's
engagement rate
in 2020

**MISSION OF RUSAGRO:
LET'S MAKE PEOPLE'S
LIVES LONGER
AND BETTER**

¹ Since 2017, the Company has been referring to the Randstad Award assessment – an independent study conducted in a limited sample of regions – to estimate Rusagro's employer brand appeal. Inasmuch as these regions do not include all regions of within Rusagro's footprint and cover regions that are of no interest to the Company, it was decided to additionally conduct our own survey. The 2020 respondents were presented by students from key universities and secondary schools in the target regions of presence; the 2021 sample will additionally include blue collars, white collars and managers in the sample

In 2020, Rusagro held a Week of Values for the second year in a row, during which General Directors of business segments shared their vision of the Company's values and mission. As a result, the mission of the Company was called a worthy work goal by 79% of respondents (vs 66% in 2019).

Last year, the Company also held the first online festival of sports and family values Fair Games (21 days, 115 live broadcasts). The total number of participants exceeded 6,400. This event was recognised as the best corporate online event of the year in Russia according to the Golden Puzzle award. In addition, the Company held the first online strategic conference – Intellect. Evolution, which was watched by more than 800 participants (+400 year-on-year).

COMPANY'S VALUES:



RESULT

We set ambitious goals and achieve results

Rusagro employee:

- continuously sets ambitious goals
- plans and analyze scenarios
- achieves results with minimum cost
- find solutions in any situation



CONTINUOUS IMPROVEMENT

We do our job better every day and become better every day

Rusagro employee:

- learns and gains new skills
- suggests improvements
- implements improvements
- analyzes results
- shares experience



TEAM WORK AND COOPERATION

We achieve goals together and value the contribution of every team member

Rusagro employee:

- values knowledge and contribution of team members
- offers solutions, shares and defends opinions
- follows team work rules and decisions
- helps others to archive the goals
- resolves conflicts constructively



OUR PEOPLE

Our success is in successful people. We respect identity, value professionalism and fulfill our dreams together

Rusagro employee:

- recognizes colleagues' achievements and dignity
- educates others and share knowledge
- respects others
- evaluates results fairly and gives a feedback
- builds relationships
- offers development opportunities



INTEGRITY

We value trust and rely on everyone's integrity. Honesty is more important than profit

Rusagro employee:

- speaks out a problem when sees it
- doesn't make impossible promises
- follows rules
- tells the truth
- doesn't steal and doesn't allow others to steal

FAIR GAMES WERE RECOGNISED AS THE BEST CORPORATE ONLINE EVENT OF THE YEAR

Rusagro Fair Games 2020, which took place in September 2020, was named the best corporate online event of the year and won the Golden Puzzle award. The competition programme covered more than 130 projects implemented from May 2019 to October 2020. The jury evaluated the stylistic solution of the event, the general implementation level of a project, including the level of equipment capability of the platform, interactive with project participants, the degree of audience involvement, the availability of a live broadcast, and a number of other parameters.

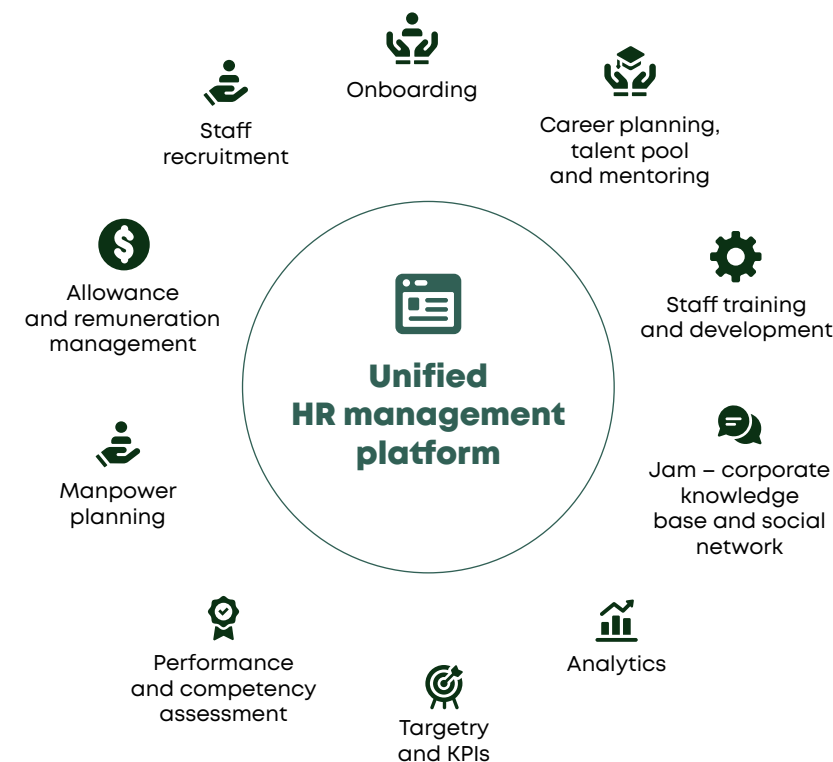
The 2020 Fair Games project was well clear of its rivals:

- 21 days of active programme;
- 6,476 participants;
- 88 teams in 8 disciplines;
- 115 live broadcasts;
- 3,000 downloaded creative assignments;
- 106 thousand video views on the games portal.

AUTOMATION

In 2020, Rusagro finally introduced one of the most advanced and high-performance systems in the human resources management – SAP Success Factors (SF). Through the implementation of the SAP Success Factors, all stages of the employees' life in the Company can be recorded and controlled in one system, which offers an intuitive interface and high capacity.

In 2020, a video interview robot was used to fill 40% of vacancies at Rusagro. Audiobots were also used for exit-interviews and for a onboarding survey.



The system's output for 2020:

the system covers

19,000

employees

among them 67% – blue collars

87%

of unique visitors during the year

26%

sign in from mobile devices

5,000

mobile users

SOCIAL INVESTMENT

Rusagro Group is a strategic investor with long-term interests, seeking for social development and raising the living standards in the regions of its operation. In December 2015, the Board of Directors of the Company adopted a Charity Programme oriented to helping schools, preschool educational institutions, as well as district administrations for the construction of playgrounds. Most of the targeted assistance goes to the regions where Rusagro's employees live and work. The programme's budget is calculated as 0.5% of the payroll budget for the producing facilities in Rusagro's presence regions.

In 2020, the charity programme was tailored to meet the COVID-19 pandemic requirements. The funds in the amount of RUB 42 million (+23% year-on-year) were used to help medical institutions in the regions of presence (RUB 34 million) and to implement the Sprouts of the Future educational initiative (RUB 8 million). The latter aims towards giving equal opportunities to children from various socioeconomic backgrounds, supporting their personal development and Soft Skills. In 2020, the Sprouts of the Future initiative, in addition to the traditional regions (Tambov, Belgorod, Orel, Kursk Regions), for the first time covered rural schools in the Primorye Territory and Saratov Region.

During November-December, schools hosted competition games in immersive online format among school students of 8–9 grades. In total, 6,647 students from 125 schools took part in such classes, up 30% year-on-year. The next stage of the initiative involved students in 7–11 grades, participating in the competition for children's research projects. A total of 287 projects was received on the following themes: Livestock Husbandry, Crop Production, Agriproduct Processing Production And Processing Technology and Mechanisation (vs 120 projects in 2019). Award-winning schools and authors of the best research projects will receive grants from the Company.

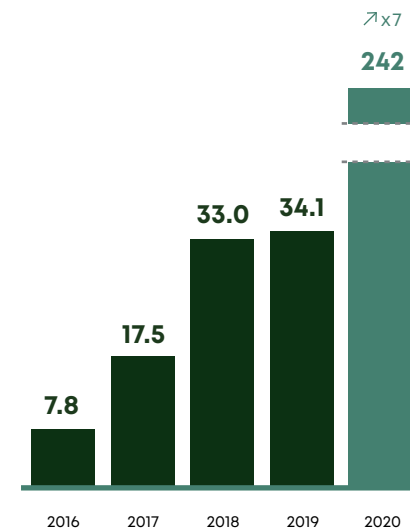
In 2020 Rusagro also expanded its philanthropy programme to support schools in Moscow Region (RUB 200 million).

PLANS FOR 2021

In 2021, Rusagro plans to focus on the following tasks concerning the HR management:

- to ensure the rise in labour productivity based on world benchmarks by changing the structures of business segments, as well as introducing the digital tracking of working hours and the WFM performance management system;
- to provide adequate manpower by expanding staff recruitment channels, internal rotation of personnel between business segments and cooperation with the best universities;
- build an agile organisation that cares for employees through the amplification of the employee well-being project and through brand appeal strengthening projects;
- deliver on the HR transformation plan through the adaptation of digital tools in HR processes and through data- and analytics-driven process management.

Rusagro's Philanthropy Programme budget, RUB mn



HEALTH AND SAFETY PROTECTION

The occupational health and safety system is an integral element of the Company's effective production management. The amenity spaces, equipment, and the processes of all the enterprises meet the highest occupational health and safety standards. To prevent employee ill-health, the Company introduced the *Manage Your Health* programme that includes vaccination, an office doctor, routine health checks, physical exercise and wellness promotion.

OCCUPATIONAL SAFETY

Rusagro spares no effort to preserve the life and health of its employees and ensure their safety at the workplace. The safety of employees is ensured through an occupational health and safety management system, in particular, each business has in place an approved Occupational Safety Policy, as well as valid regulations and standards and keep a close and continuous watch on their observance.

To assess the performance efficiency in this area, all business segments of the Company are developing a Strategy to improve occupational safety that involves tracking of a number of key indicators, showing the accident frequency rates.

These rates are reduced through ongoing precautionary and preventive measures; any accidents occurred are followed by mandatory investigations, and the injured and their families are offered moneyed assistance.

The number of accidents at Rusagro's enterprises decreased by 5% (-7 people) year-on-year and amounted to 139 accidents. At the same time, the number of accidents with recorded microtraumas decreased by 28% (-28 cases), but the number of accidents with minor injuries increased by 46% (+18 cases). The reporting period witnessed five fatalities, three more than the year before. The number of lost time injuries (LTI) was 63 and remained at the same level.

CONTROL MEASURES

Ensuring labour safety is a priority in all business segments of Rusagro. The following measures are taken to minimise the number of accidents:

- Providing employees with all necessary personal protective equipment, such as special clothing and footwear, sensory organs protective equipment and neutralising agents;
- Conducting regular medical examinations and mental health evaluation of employees;
- Conducting regular training events on safe methods and techniques for all jobs, as well as first-aid treatment and measures to test this knowledge;
- Conducting a regular audit of the state of on-the-job safety, industrial and fire safety, developing measures to eliminate identified inconsistencies and monitoring the implementation of corrective measures;
- Assessing the potential risks with the introduction of preventive measures;
- Studying the best practices for improving occupational safety conditions and their implementation;
- Conducting investigations into each accident to determine the root causes, develop and implement preventive measures.

With the change in the number of accidents in 2020, the Lost Time Accident Frequency Rate (LTAFR) increased from 2.63 to 3.03 (+15%) due to the degradation of this performance indicator in the Oil and Fats Business and Meat Business. The fatal injury frequency rate went up from 0.06 to 0.10. At the same time, we manage to arrive at smaller Lost Time Injury Frequency Rate (LTIFR) (-22%) – from 2.24 to 1.75. The major injury frequency rate (non-fatal) also went down from 0.30 to 0.13.

The main accident causes include non-compliance with the requirements of occupational safety instructions, among them due to carelessness and negligence of employees, inadequate preparation for work, failure to comply with the requirements of rulebooks and process regulations, insufficient organisation of safe job techniques by corporate employees and traffic offences.

STRATEGIC OBJECTIVES

The main objectives under the Occupational Safety Improvement Strategies developed by Rusagro's business segments are listed below:

- Reducing the number of minor industrial accidents and preventing the major industrial accidents;
- Reducing the rate of hazard to life and health of employees arising out of and in the course of their employment;
- Introducing advanced methods of occupational safety management and reducing the accidents and injuries frequency rate;
- Ensuring a high level of occupational safety knowledge and skills of workers, including by upgrading existing instructions and their visual representation;
- Mainstreaming of occupational safety issues in the work of managers and specialists on production sites;
- Minimising fines from supervisory authorities.

Accident frequency rates

	2016	2017	2018	2019	2020	2020/2019 change %
LTAFR (Lost Time Accident Frequency Rate)	2.70	3.27	2.66	2.63	3.03	15
LTIFR (Lost Time Injury Frequency Rate)	2.24	2.22	2.18	2.24	1.75	-22
Major accident frequency rate (non-fatal)	0.56	0.12	0.41	0.30	0.13	-56
Fatality rate	0.00	0.00	0.06	0.06	0.10	77

Number of accidents and injuries at work

	2016	2017	2018	2019	2020	2020/2019 change, person
Total number of accidents, incl. :	37	302	201	146	139	-7
fatalities	0	0	2	2	5	3
major accidents	5	5	2	5	5	0
minor accidents	32	43	39	39	57	18
microtraumas	0	254	158	100	72	-28
Number of people injured in accidents (total number of injuries)	37	39	44	66	68	2
number of fatalities (FA)	0	0	2	3	5	2
number of lost time injuries	37	39	42	63	63	0

PROTECTING PERSONNEL FROM THE COVID-19 PANDEMIC

The COVID-19 pandemic has not spared Rusagro. During 2020, 630 people at Rusagro's enterprises fell sick (3.2% of the average headcount), and six people deceased. The majority of affected was recorded in the Meat Business (342 people) and in the Oil and Fats Business (137 people), which is due to the larger headcount, the specific character of working conditions (conveyor production), and the location of plants in large cities (Yekaterinburg and Saratov).

The need to ensure food security in Russia limited the possibilities of Rusagro's employees to work from home. However, Rusagro did utmost to increase the share of employees handling their duties remotely. In 2020, 1,036 people worked in the completely remote mode (5.4% of the average headcount), including 545 people in the Agriculture Business, and 611 people (3.2%) – in partially remote mode. These were mainly employees of administrative units.

With the outbreak of the COVID-19 pandemic, a strict ban was introduced in the agricultural holding on all business trips across Russia and abroad, as well as on face-to-face meetings with contractors. All internal meetings were held via Skype, and access to all business sites was restricted. All business areas had operational headquarters organised to develop measures to combat the spread of coronavirus. In the regions of business presence, persons responsible for interaction with the prompt response headquarters at the level of regional authorities were appointed to monitor the situation and develop anti-crisis plans.

All employees of the Company were provided with personal protective equipment and antiseptics, and all surfaces and common areas at offices and enterprises were given additional disinfection. There was a strict observance of social distance at work; every employee must undergo compulsory pyrometry to be cleared for work. The vehicles carrying employees were also subject to regular disinfection. Meals for employees at the sites are catered with the use of disposable cutlery. In the Meat Business the production facilities were equipped with supply and exhaust ventilation in the supply and exhaust separation mode. The employees are redeployed from different workshops only in designated areas; arrangements are made for separate passageways from changing rooms and for separate pick up and drop off points.

A comprehensive communication campaign was pursued to inform the personnel at the enterprises (mailings, posters, videos, We Feed the Country campaign). The Company developed and approved local regulations as recommended by Rospotrebnadzor (Russian Federal State Agency for Health and Consumer Rights) and decrees of the mayor of Moscow and the regions of presence, as well as recommendations for upgrade of occupational safety. Business segments launched hotlines for employee feedback.

In addition, the Company sponsored medical institutions in the Tambov, Saratov, Orel, Kursk and Belgorod Regions, as well as in the Primorye Territory (together with the Far East Development Fund) in fighting against coronavirus infection.

ASSISTING THE TAMBOV REGION IN THE FIGHT AGAINST COVID-19

In 2020, the Company donated medical equipment for laboratory research to the Tambov Infectious Diseases Hospital Regional State Funded Healthcare Facility. The KingFisher Flex Automatic Nucleic Acid, Protein and Cell Isolation Station with a magnetic particle processor for purifying nucleic acids, cells and proteins completely meets the needs of high-performance laboratories. The station automates complex manual operations and is capable of processing 24 to 96 samples in a single run.

The Company also made financial contributions to medical institutions in the Saratov, Orel, Kursk and Belgorod Regions, as well as in the Primorye Territory (together with the Far East Development Fund) in fighting against coronavirus infection. The total amount of contributions to the regions amounted to over RUB 34 million.

ENVIRONMENTAL PROTECTION

In the line of its work, Rusagro maintains a high profile on observing the Russian environmental legislation, ensuring rational use of natural resources, assimilating environmentally-friendly technologies, as well as ensuring biological and veterinary security of its livestock division. The Company adheres to the practice of reusing the raw materials and mitigates the negative environmental impact of the production activities of all business areas.

Rusagro's environmental management system has been developed in compliance with Russian environmental legislation. In addition to ensuring full compliance with all the requirements of the current environmental and health protection legislation, the Company seeks to minimise the negative impact on people, natural resources and the environment.

The principles of achieving a sustainable balance between production jobs and environmental protection form the mainstay of the Company's activities, enabling it to limit financial and reputational risks, identify the areas of concern at early stages, and make the best decisions. The Company is open for dialogue with the community and other stakeholders on environmental protection and rational use of natural resources.

Rusagro is anxious to contribute to environmental conservation by implementing the following measures:

- Reducing the environmental footprint in all business segments;
- Producing more eco-friendly products;
- Facilitating rational use of natural resources – both those included in production and those found in the Company's presence regions;
- Implementation of the best technologies available.

In 2020, the growing production volumes pushed up the Company's rates for waste water (+3%) emissions and the power consumption (+13%); on the other hand, volume of greenhouse gas (GHG) (-1%), solid waste (-15%), water consumption (-4%), and heat consumption (-0.5%) posted a decrease.

EMISSIONS OF GREENHOUSE GASES AND POLLUTANTS

Rusagro's Industrial Environmental Monitoring Programme involves regular monitoring of pollutant emission sources and necessary measures taken to reduce the environmental impact. The enterprises utilise wastewater treatment plants that meet the requirements of the applicable environmental laws, and in case the production works are subject to upgrade and modernisation, new air pollution control equipment and dust & gas catchers are installed. The major sources of the Company's greenhouse gases are boiler houses.

As estimated by Rusagro, the greenhouse gas emissions in 2020 totalled 721 thousand tonnes (-1% vs 2019). The Sugar Business and Meat Business revised the emissions calculation approach in 2020, which was used to verify the data for 2019 and 2020. In this regard, the data for 2016–2018 are not representative for the dynamic analysis of greenhouse gas emissions and are not presented in this report. Further, as there is no approved calculation methodology, the total indicator for the Company does not contain data from the Oil and Fats Business, which are planned to be prepared and published in the next reporting period.

Based on the current projections, the bulk of greenhouse gas emissions falls on the Sugar Business – their volume is estimated at 648 thousand tonnes (-2%). To a high degree, they are generated during the operation of the heat and power sections, the pulp drying station and the lime-gas section. The total greenhouse gas emissions were driven down by the shorter processing season as compared to the previous year.

The volume of emissions in the Meat Business amounted to 72 thousand tonnes (+5%), including 68 thousand tonnes of carbon dioxide and 4 thousand tonnes of methane. The bulk of emissions results from burning of natural gas to ensure the life functions of animals at pig farms and to heat the premises. The increase in indicator derives from new pig farms reaching their full capacity and the expansion of meat processing volumes.

Greenhouse gas emissions in the Agriculture Business amounted to 0.8 thousand tonnes (-9%).

The greenhouse gas emissions are reduced through the ongoing projects to improve the energy resources consumption efficiency. For the reduction of methane emissions, the Meat Business employs biodegradating agents, which accelerate the decomposition of manure runoffs and reduce the content of ammonia and hydrogen sulphide in the working zone air and at the sources of pollutant emissions in production buildings.

GHG emissions of Rusagro, ths tonnes



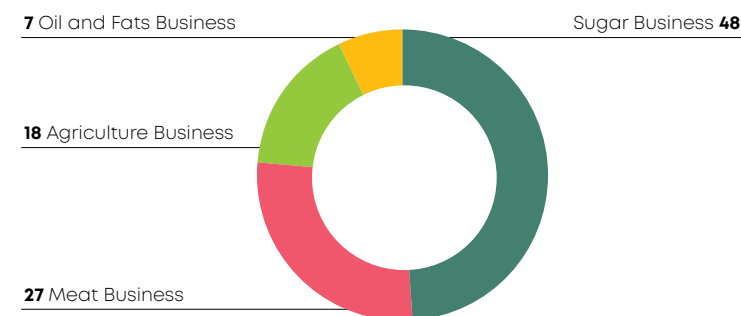
WATER CONSUMPTION AND WATER DISCHARGES

WATER CONSUMPTION

The volumes of water consumption and discharges of industrial water are directly related to the technological characteristics of the production process of each Business, its production capacities and product yield. At 2020-end, 48% of the water consumed by Rusagro fell on the Sugar Business, where about 10% of the water goes to washing beets sugar is made from. The Meat Business accounted for 27% of the Company's water consumption – here water is used to feed livestock and wash pig farms and vehicles. In the Agriculture Business (18% of water consumption in 2020), water demand is mainly driven by the use of irrigation systems. Since water in the Oil and Fats Business mainly satisfies technical needs, the product output requires the least water consumption as compared with other businesses of the Company.

In 2020, Rusagro reduced water consumption by 4% – to 20.9 million cu. m. as compared to the previous year. The key reasons behind this drop include lower water losses due to smaller leaked amount and a higher rate of condensate return at plants in the Oil and Fats Business, as well as a decreased water demand due to fewer operating fat and oil plants and a shorter sugar beet processing season. Thus, in the Oil and Fats Business, water consumption fell by 40% – to 1.6 million cu. m., in Sugar Business – by 8% - to 10.0 million cu. m. Meanwhile, water consumption in the Meat and Agriculture Businesses increased by 14% and 10%, respectively, driven by new pig farms reaching the full capacity and dry weather.

Breakdown of Rusagro's water consumption by businesses in 2020, %



48%
Rusagro's water
consumption used
for the needs
of the Sugar Business

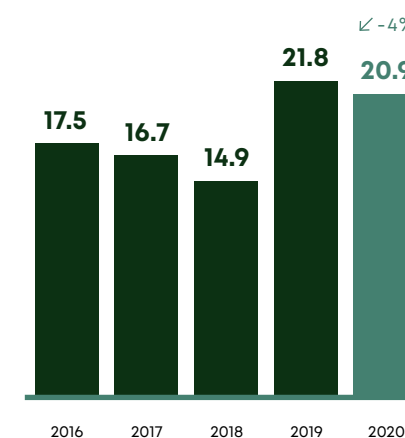
Rusagro's Sugar Business has in place a three-year strategy to reduce water consumption and valid balances of water consumption and wastewater disposal. Internal audit, as well as external audit of process heating systems, are held twice a year.

↙ - 4 %
20.9

mn cu. m

Water consumption
by Rusagro in 2020

Rusagro's consumption of water,
mn cu. m



MEASURES TO REDUCE WATER CONSUMPTION

The Sugar Business undertakes the following water efficiency measures:

1. replacing river water with recycling water for cooling equipment during technological processes by increasing the capacity of the closed-loop recycling water supply system, resulting in 20% water savings;
2. re-use of river water for washing, washers and make-up of circulating water supply, resulting in 30% water savings;
3. automation of river water consumption processes to avoid overflows in case levels in storage tanks are exceeded and to ensure water consumption exactly as needed;
4. installation of water metering units for accurate measurement, identification of deviations, development and implementation of loss cutting measures and verification of achieved positive outcomes;
5. regular monitoring and detailed analysis of water use deviations.

The Meat Business undertakes the following water efficiency measures:

1. installing the well dispatching system, which will allow on-line monitoring of water supply from each well to the plant, timely detection of water leaks, and repair of leaky pipes;
2. transition from the reactive maintenance of equipment to scheduled preventive repair and maintenance.

The Agriculture Business undertakes the following water efficiency measures:

1. more accurate assessment of the needs of irrigated fields for additional moisture;
2. maintaining engineering structures in good condition;
3. water savings in washing equipment and household use.

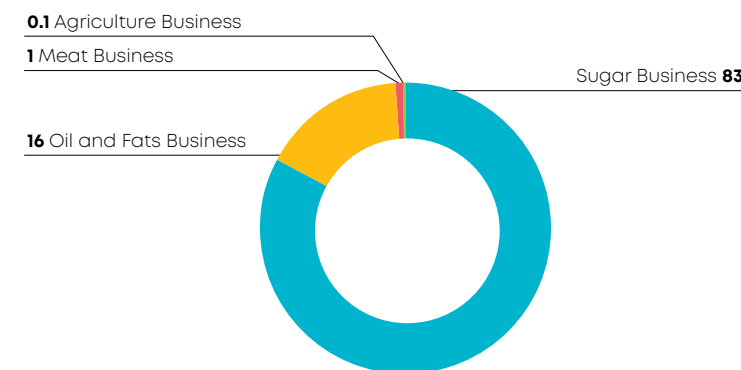
The Oil and Fats Business undertakes the following water efficiency measures:

1. adoption of water recycling systems;
2. repairs of leaky water supply pipelines, valves and process equipment;
3. maximisation of the condensate return to the boiler room for reuse of softened water;
4. prohibition of misuse of water and implementation of water management measures;
5. audits and monitoring of water consumption by production units.

WASTEWATER DISCHARGE

In 2020, 10.9 million cu.m of process and waste water were discharged (up 3% year-on-year). The bulk of the discharged water (83%) is generated from the production activities of the Company's Sugar Business, which does not use water in the production of the final product and discharges 100% of the water consumed. The Oil and Fats Business also spews out all the water it consumes, accounting for 16% of the Company's emissions. Emissions from the Meat and Agriculture Businesses are minimal (1.1% in total) and are mainly attributable to vehicle washing and household use.

Breakdown of Rusagro's wastewater discharge by businesses in 2020, %



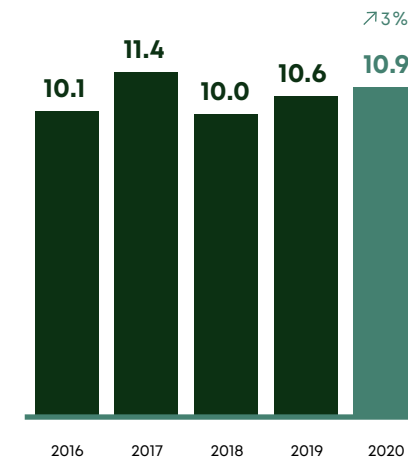
↑ 3 %

10.6

mn cu. m

Wastewater discharge by Rusagro in 2020

Rusagro's process and waste water discharges, mn cu.m



MEASURES TO TREAT WASTE WATER

In **the Sugar Business**, the process and waste water is routed to filtration beds, where water is biologically purified through sedimentation, land filtration, and water evaporation. The productivity of the filtration fields is maintained through their regular cleaning and plowing works. The discharged waters are safe for the environment – to confirm their safety, the Company monitors the quality of river water by taking water samples from observation wells.

The Oil and Fats Business adopted several water treatment technologies, depending on the specific nature of production sites and the composition of wastewater. Industrial effluents are preliminarily cleaned of fats by means of grease traps and then purified by storm water treatment plants by means of a sand and oil trap. Local treatment facilities with the cleaning principle based on pressure flotation involving chemical reagents are also in use.

The Meat Business has in place biological treatment plants for wastewater treatment. The technology involves mechanical, physical-chemical, biological treatment and disinfection of wastewater. Wastewater of the feed mill is discharged into the municipal sewer and that of the meat processing plant – into evaporation ponds. There is no discharge of untreated wastewater into sewerage lines or water bodies, and there is no discharge of wastewater into surface water bodies.

Under a sewerage contract, **the Agriculture Business** transfers wastewater to the municipal wastewater treatment plants for mechanical and chemical-biological treatment. Treated wastewater is safe for the environment.

WASTE MANAGEMENT

SOLID WASTE

In 2020, the volume of solid waste at all Rusagro's enterprises amounted to 719.9 thousand tonnes, down 15% year-on-year. The reduction occurred across all business segments, except for Oil and Fats Business. Here, higher production of unrefined oil resulted in bigger volumes of by-products – husks; due to limited demand, only part of this by-product was pelletised and sold to third-party companies.

Almost all (98%) of the Company's waste are of Class 4 (low hazard) and Class 5 (almost non-hazardous) of environmental impact. In 2020, their total volume fell by 15% and amounted to 719.8 thousand tonnes, including 704.7 thousand tonnes of Class 5 waste. Waste of Classes 1, 2 and 3 accounted for 0.02% of the total waste volume – 157 tonnes, which is 39% (+44 tonnes) above the 2019 level because of the increased amount of Class 2 and 3 wastes in the Agriculture Business. The list of Class 4 and 5 wastes, as well as the methods of their disposal or reuse vary with the specifics of production, and the waste of the first three classes mainly comprises mercury lamps, lead-acid batteries and waste petroleum products and is handed over to specialised contractors on a regular basis.

Each business division of the Company employs its own environmentally friendly methods of disposal and reuse of solid waste generated during the production of core products. Waste that is not safe for unassisted recycling, such as batteries, lamps, paper, cardboard, polyethylene, scrap metal, is sold or transferred to enterprises that take in recyclables for further use or recycling as stipulated by government regulations. No solid waste is stored at production sites.

98%

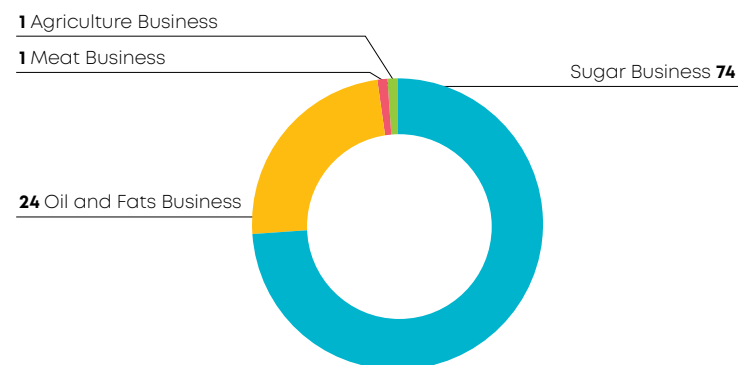
of Rusagro's solid waste is of Class 4 and 5

Breakdown of Rusagro's total solid wastes by classes, tonnes

	2016	2017	2018	2019	2020	Change 2020/2019, %
Class 1	8	6	3	3	3	-23
Class 2	35	41	44	21	37	76
Class 3	240	241	104	89	118	33
Class 4	5,150	5,153	4,788	20,788	15,048	-28
Class 5	808,216	854,979	867,463	822,375	704,720	-14
Total	813,648	860,421	872,403	843,276	719,926	-15

About three quarters (74%) of all solid waste of the Company resulted from the production activities of the Sugar Business. At the end of 2020, their volume decreased by 21% – to 532.9 thousand tonnes due to a shorter sugar beet processing season and improved efficiency of pulp processing equipment.

Breakdown of Rusagro's solid waste by businesses in 2020, %



Solid waste disposal methods at Rusagro, tonnes

	2016	2017	2018	2019	2020
Re-use	284,740	399,833	264,681	270,442	289,313
Separation of valuable components	276,144	360,606	294,118	218,156	190,716
Landfilling	2,200	12,991	14,059	30,265	18,024
Storage at the plant's site	3	0	1	3	0
Other methods	242,954	77,055	287,610	315,046	215,831
Total	806,041	850,486	860,468	833,911	713,885

MEASURES TO TREAD SOLID WASTE

Waste from **the Sugar Business** mainly consists of raw pulp, lime and dirt from filtration fields, which are classified as Class 5 and have a minimal environment impact, since they are either reused by the Company or utilised to extract valuable components:

- Raw pulp is worked into granulated pulp, which is sold to farms as an addition to cattle feed. Unlike the traditional method, under which the raw pulp fermented in the pits generates bacteria and microorganisms that can enter the soil, the dried and granulated pulp has no negative environment impact and creates additional value for the Company.
- The dirt from the filtration fields contains particles of earth, sand and microparticles of other impurities, which, getting into the soil, afflict minimal damage to the environment. To reduce the amount of dirt, the Company enhanced the quality of flume water by removing dry sludge through mechanical sludge dewatering from a circular settling tank. The fields are regularly cleaned, and the remaining dirt is plowed down into fields that are not used in crop production.
- The lime is a common soil amendment, as its nutrient content is close to that of the manure and suitable for chalking or sweetening of sour lands. There are plans for 2021 to officially register this waste as fertilizer to participate in the state soil chalking programme.

The volume of solid waste from **the Oil and Fats Business** in 2020 amounted to 171.2 thousand tonnes, which is equivalent to 24% of all solid waste of the Company. An 18% year-on-year rise in their volume was driven by increased husk production (due to higher sunflower seed processing) amid limited demand for pelleted husk.

Virtually all wastes of the Oil and Fats Business (99.98%) consist of Class 4 and 5 wastes, which account for 11.2 and 160.0 thousand tonnes of solid waste, respectively. Depending on the type of waste, the Company applies methods of reuse or environmentally friendly disposal that have minimal damage to the environment:

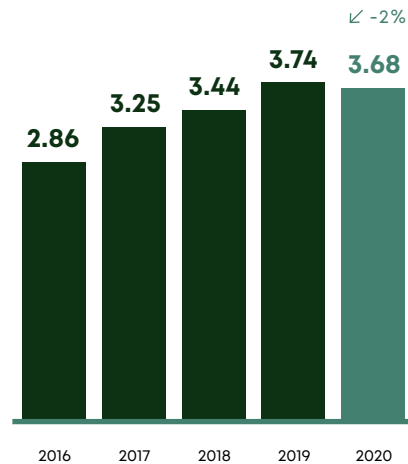
- Sunflower husk is used as fuel for own boiler house or is added to the meal;
- Wastes from grease skimmers containing vegetable fatty products are used to enrich the meal with mineral matters;
- Soap stocks formed during the refining of vegetable oil are used as raw materials for our own soap making shops.

The volume of solid waste in **the Meat** and **Agriculture Businesses** amounted to 2% of all Rusagro's solid waste – this is about 15.8 thousand tonnes, which, as in other businesses, mainly include Class 4 and 5 waste (99%). Such waste in the Meat Business mainly consists of solid municipal waste, sweepings from the territory, construction debris and activated sludge from treatment facilities, in the Agriculture Business – grain post-cleaning waste, clean wood, sawdust, containers for mineral fertilisers and plant protection agents, previously used grain crop storage sleeves (bags). Both businesses curtailed these two classes of solid waste year-on-year – by 25 and 23%, respectively.

LIQUID WASTE

In addition to solid waste, Rusagro also generates liquid waste as a result of the life activities of pigs and the use of water for washing pig farms; this waste falls under fourth hazard class. In 2020, despite the growth in livestock, the amount of this waste decreased by 2% and amounted to 3.7 million tonnes. This became possible due to a change in the process of washing equipment at pig farms, resulting in lower water consumption and smaller runoffs in the manure storage yard. Furthermore, new treatment facilities were moved to operations at Rusagro's meat processing plant in the Tambov Region, thus totally removing the liquid waste.

Total weight of Rusagro's liquid waste, mn tonnes



PROTECTION OF SOILS AND WATER BODIES

Land assets are an important source of income for Rusagro and their long-term productivity has a direct impact on the Company's success. In 2020, Rusagro cultivated 559 thousand hectares of agricultural land, and the Agriculture Business became the most lucrative of all the Company's business divisions. The sustainable results are ensured through a number of effective measures being taken and high-tech solutions being developed to increase the field management accuracy.

The Agriculture Business implements the following measures to prevent soil degradation: crop rotation and soil deoxidisation by placing lime into soils of the Central Federal District territory and dolomite powder into soils of the Primorye Territory. The Company adheres to the principles of rational use of the mineral fertiliser complex – the application rates of fertilisers are adapted to the specific content of nutrients in a particular field. Decision-making on the need to use chemicals are facilitated through the analysis of soils and the state of plants – the protection of water bodies is ensured with permits for water intake from surface water bodies issued by local competent authorities and with relevant protection measures developed and ongoing.

MEASURES TO TREAT LIQUID WASTE

Manure effluents, which constitutes the bulk of the liquid waste generated by **the Meat Business**, is applied to the fields as organic fertiliser. To that end, manure is accumulated in baths in production buildings during the life of animals. The manure is mixed with water and biodegradating agents and then drained through the sewage system into the lagoons, where the liquid effluents are accumulated and neutralised to the Class 4 waste. By agreement with the owners of the fields, manure is applied into the soil to a depth of at least 20 cm. The closed method of manure application, i.e. the injection method, reduces the ammonia concentration in the air. In the winter, the introduction of manure is prohibited.

Manure serves as a fertiliser and improves the soil quality, but in case of errors during technological operations it can also bring negative environmental impact risks. With a view to avoiding such a situation, we developed technological regulations for manure application. As early as in winter, the Company prepares equipment for application, repair and replacement, develops and approves application schedules and rates. Another measures taken in the winter period are as follows: the heads of the transport department and environmental engineers conducts operational control over the compliance with the application procedure, the fields are plowed around the perimeter in order to prevent leaks outside the field and they are timely disked in case of a rupture of the hose system and manure flowing to the surface.

The negative environment impact risks during application of manure are mitigated through the registration of liquid organic fertilisers resulting from the life activities of animals as an organic fertiliser at the Ministry of Agriculture of Russia. Technical regulations for the production and application of organic fertilisers to the soil have been developed and approved, and their registration roadmap is currently underway.

BIOSECURITY AND VETERINARY SAFETY

Rusagro adheres to the latest standards on growing quality livestock and reducing the risk of disease. The Company's pig-breeding farms are fitted with modern high-tech equipment and comply with the top biosecurity status: Compartment IV (protection level of a pig-breeding plant). To ensure the high biosecurity level, the Meat Business relies on the following principles:



Physical separation – the land, where the pig farms are located, is controlled by the Group. Within a 10-kilometre radius from its farms, there are no other livestock farms or household animal breeding enterprises. The distance between the farms is one to three kilometres, which help to prevent the spread of infection.



AIAO (All-in / all-out) production – animals of different generations and different production functions are kept separately to prevent the spread of diseases.



Restricted access – access to the areas inside the pig farms is stringently controlled and restricted. Each production facility is equipped with showers: every visitor is required to shower before entering and exiting, and also to leave all personal belongings outside and use specialised clothing and footwear. The vehicles can enter the territory of the pig farms only after they have been washed and disinfected. The incoming and outcoming employees, visitors, and vehicles must be registered.



Feed quality control – all feed ingredients are subject to constant laboratory control, which includes the assessment of quality and purity, and monitoring for pathogenic elements, infections, and toxic substances. All feed is heat-treated in order to prevent the spread of disease through the feed.



Strict sanitary procedures – the production areas at the farms are regularly cleaned and disinfected. The Company uses the AIAO (All-in / all-out) system, which implies that any production area may only be occupied by animals of the same generation. Once the growing stage is completed, the area is thoroughly cleaned and disinfected. All technological vehicles get access to the production sites after being washed with foam detergents, disinfection, and heat treatment, involving a specially equipped drying machine. Vehicles are permitted for washing by quality inspectors and a veterinary laboratory, which performs bacteriological examinations after disinfection; quality inspectors and the veterinary laboratory exercise control over all stages.



Vaccination – the animals are regularly vaccinated to prevent all known diseases.



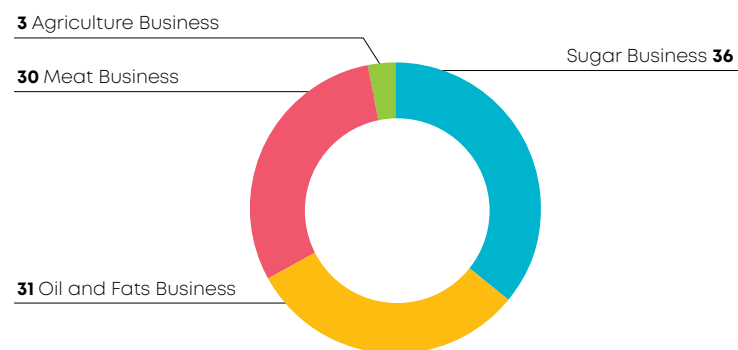
Disease monitoring – The Company's veterinarians constantly monitor the data on the spread of any disease and follow the latest scientific achievements in biosecurity and veterinary safety. The Group makes every effort to rapidly respond to any outbreaks of disease in the country by immediately interrupting feed purchases and supplies of animals to the affected regions.

Thanks to adherence to these principles, Rusagro minimised the impact of the negative epidemiological situation in Russia. Thus, the Company suffered from ASF (African swine fever) only two times – one time in 2017 and one time in 2018; as a result, 17 and 14 thousand animals were disposed of, respectively, which is a negligible quantity if compared with the size of the total livestock. Some of the losses were compensated by insurance payments.

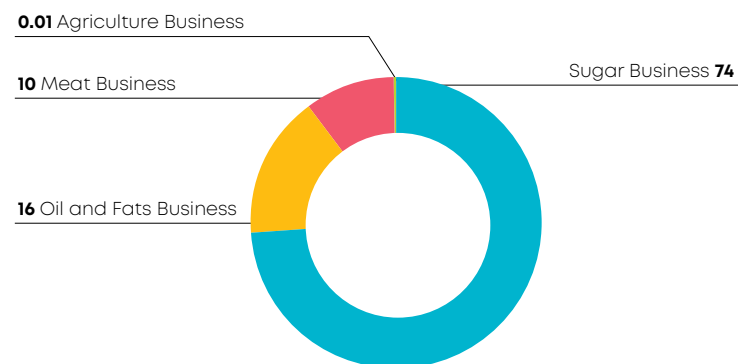
ENERGY EFFICIENCY AND ENERGY SAVING

With higher production in the Meat Business and Oil and Fats Business (+27 and 51 million kWh, respectively) in 2020, Rusagro increased electricity consumption by 13% (to 563 million kWh). At the same time, the consumption of heat energy did not increase and even showed a slight decline (by 0.5%), because 10.1 million out of 13.7 million GJ is used to cover the needs of the Sugar Business, which adjusted down the power requirements in 2020 due to the shorter processing season and the successful implementation of energy efficiency measures.

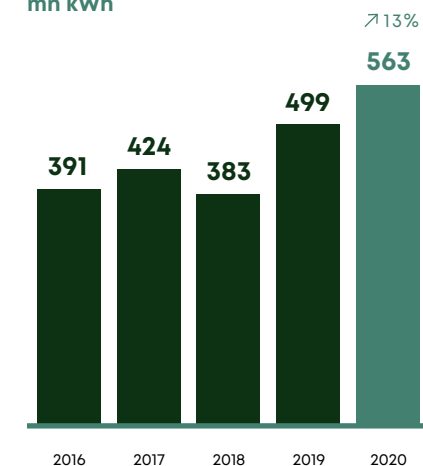
Breakdown of Rusagro's energy consumption by businesses in 2020, %



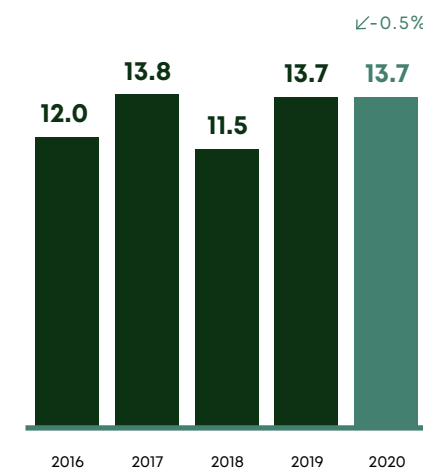
Breakdown of Rusagro's heat consumption by businesses in 2020, %



Electrical energy consumption, mn kWh



Heat consumption, mn GJ



LEAN PRODUCTION

Rusagro has consistently implemented global best practices aimed at increasing production efficiency in all of its businesses. In particular, the Everest world-class production system is being successfully implemented in the Sugar Business; the Agriculture Business has put in place the 5S (Kaizen) continuous improvement system; the Meat Business has carried out the Lean Production project, and the Oil and Fats Business is using its own production system based on the WCM (World Class Manufacturing) methodology.

Essentially, all these programmes are about continuous efforts aimed at cost optimisation using the approaches that driving towards the elimination of all losses, engaging every employee in the optimisation process, and ensuring maximal customer orientation.

LEAN PRODUCTION PRACTICES

The constant improvement system of **the Agriculture Business** is based on four key elements:

- 5S methodology;
- Improvement management system (rewarding the employees for work-improvement suggestions);
- Value stream mapping (identifying and eliminating losses in the processes);
- Overall maintenance of equipment.

Since late 2016, **the Meat Business** has implemented the Lean Production project. The project is aimed at increasing overall equipment and operational efficiency, as well as reducing production costs.

The World Class Production programme implemented in **the Oil and Fats Business** covers ten key areas: occupational health and safety, finance, targeted improvements, autonomous maintenance, professional maintenance, quality, logistics and client service, equipment control, personnel development, environmental protection and energy.

In 2014, **the Sugar Business** introduced a new *Your Idea Works* programme aimed at stimulating the generation of ideas on improvement. The programme primarily targets the employees who have a profound knowledge of their jobs and see what can be changed and improved and at what stage. Most of the proposed ideas are related to technology modernisation or rational use of available technology and resources. The programme implies a reward for employees after their idea has been successfully implemented. The amount of this reward depends on the annual economic effect achieved through this idea.

The Sugar Business has the highest energy demand among the four main businesses of Rusagro – in 2020 it consumed 205 million kWh of electricity (36% of total consumption) and 10.1 million GJ of heat energy (74% of total consumption). Every year the Sugar Business develops and updates a 3-Year Energy Resources Utilisation Strategy to optimise energy consumption. Its core objective is to reduce the cost of consumption of purchased electricity and gas used for technological processes and for thermal generation needs. The following measures are taken to cut the cost of purchased electricity:

- installation of local best power air compressors, which during the repair season are used only to pack sugar;
- replacement of energy-intensive equipment and installation of energy efficient electric motors and LED lighting;
- installation of frequency-controlled motor drives, which, depending on the required performance, reduce power consumption as the frequency is decreased;

- year-round generation of own electricity and the connection of all electricity consumers to own generation, as well as the sale of excess generation – in 2020, the Sugar Business produced 177 million kWh of electricity;
- automation and rhythmicity of processes.

The following measures are taken to save gas:

- installation of a hot water boiler, replacement of high-capacity steam boilers;
- optimisation of heated premises;
- automation of boilers, operational testing;
- hydraulic method of descaling heat exchange equipment;
- high-quality regulation and control of technological processes;
- condensate heat recovery.

The consumption of energy resources in **the Oil and Fats Business** during the reporting period increased by 41% – up to 175 million kWh due to the expansion of the utilised production capacities, as well as growing output of finished products. The Energy Resources Management Strategy for the Oil and Fats Business envisages the following measures:

- Conducting energy audits of production sites, identifying unreasonable losses and developing measures to eliminate them;
- Using husk (a sunflower processing by-product) for burning in boiler houses;
- Modernisation of boiler equipment;

- Increased condensate return, recovery of heat emitted into the atmosphere;
- Modernisation of lighting systems via use of LEDs and automatic lighting on/off systems;
- Replacement of oversized (overpowered) pumping equipment with energy efficient one;
- Gradual transition to the wholesale electricity purchase market;
- Implementation of the ISO50001 Energy Management System;
- Creation of in-house automated fiscal electricity metering system.

The consumption of electricity in **the Meat Business** in 2020 amounted to 168 million kWh (+19%), heat energy – 1.4 million GJ (+7%). The consumption was pushed up by three new pig farms reaching their full capacity, an increased production at the meat processing plant, including due to the expansion of refrigeration units. For the energy efficiency management, the Meat Business develops and annually revises the Energy Resources Utilisation Strategy focusing on the reduction of purchased electricity costs. The following key measures are taken for this purpose:

- housing sealing;
- purchase of electricity on the wholesale market;
- work during periods of low electricity tariffs;
- staff training for correct microclimate settings;
- replacement of gas heat generators with more efficient ones in terms of gas consumption;
- increasing the efficiency of refrigeration units.

The consumption of electricity and heat in **the Agriculture Business** is insignificant and in 2020 amounted to 15 million kWh (-19%) and 1.2 thousand GJ (-38%), respectively. Energy is mainly used for drying, conditioning and cleaning of the harvested crop.

The Business has no energy resources management strategy. The measures implemented include the transition to LED lighting and the replacement of old boilers with modern electrode boilers.

QUALITY MANAGEMENT

The key priority of Rusagro Group is to produce competitive, high-quality products that comply with the statutory requirements of the Russian Federation and meet the expectations of the customers. The Company recognizes the importance of safe high-quality food products for the nation's health and controls every stage of production in all of its business segments, including control of incoming materials, production control, control of finished products, and control of vehicles used for the transportation of the products. The state-of-the-art production equipment ensures the quality of the manufactured products and their compliance with all relevant requirements on sanitary and hygienic practices.

The Group's enterprises are certified as compliant with Russian and international standards, regulations, and safety principles applied to the production and supply of products. The enterprises have introduced the GOST ISO 9001–2011 quality management system and the ISO 22000:2005 food products safety management system. Separate enterprises have also been certified as compliant with ISO/TS 22002–1, ISO/TS 22002 and FSSC 22000 if this was required by the specific aspects of their activities.

The two feed plants of LLC Tambov Bekon and all the enterprises of the Oil and Fats Business have been certified by HACCP system, a key element of the ISO 22000:2005 international standard for food safety management. HACCP certification implies that the required safety level should be ensured during food production, storage, transportation, and preparation.

JSC Samaraagroprompererabotka, part of the Oil and Fats Business, was the second sunflower seed processing facility in Russia certified under GMP + B2 good manufacturing practices standard. The Agriculture Business operates in compliance with Technical Regulation 015/2011 of the Customs Union *On Grain Safety*.

The Company focuses on increasing customer satisfaction and uses the information obtained in the process of handling complaints to improve its products. The Group's enterprises gather extended statistics of complaints. Every incoming complaint is compared to similar cases, and the customer's complaints history is analysed, which makes it possible to reduce the complaint handling time. As soon as the root causes of the shortcoming are identified, the Company makes every effort to address them as quickly as possible and provide feedback. Personnel engagement is ensured through a system of remuneration based on achieving specific KPIs.

RELATIONS WITH STAKEHOLDERS

EXTERNAL CORPORATE RELATIONS AND ETHICS STANDARDS

The Company conforms its activities on strict compliance with the laws and other regulatory legal acts of the countries within its footprint. In addition, Rusagro and its employees adhere to the basic ethical principles set forth in the Code of Business Conduct and Ethics.

The Company's relations with the government agencies and local authorities are based on responsibility, trustworthiness, partnership, and mutual trust, as well as on respect for, and consistency with, the obligations.

The underlying principles of the Company's relations with its business partners (customers, suppliers, contractors, and consultants) are long-term cooperation, mutual benefits, respect, trust, honesty, and fairness. The Company does business only with reliable partners who are engaged in legal activities and observes the following basic rules:

- Being a public company, the Group primarily selects its suppliers on a competitive basis;
- The Company fulfils the contractual obligations to its business partners and expects them to do the same;
- The Company settles any dispute that may arise in the process of its business activity by legal means and negotiations aimed at finding a mutually acceptable solution;
- The Company always takes into account the requirements of the legislation of the countries it does business with.

The Company builds its relations with the competitors on mutual trust; it welcomes and encourages mutually beneficial cooperation. The Company regards any manifestation of unfair competition or abuse of market power as completely unacceptable. The Company fully complies with the competition laws of the countries where it operates.

RUSAGRO'S ETHICAL PRINCIPLES:

- Effectiveness and profitability;
- Observing laws and regulations;
- Social responsibility;
- Integrity;
- Partnership.

RESPONSIBLE SUPPLY CHAIN

PREVENTING CORRUPTION

As prescribed by the Code of Business Conduct and Ethics, all the Company's employees observe the current anti-corruption and anti-money laundering legislation. The employees may not make, promise or receive illegal payments in cash, in kind or in any other form. The Company rules also prohibit the employees to offer, receive, or authorise offering of valuable gifts to public or private customers, business partners, their representatives or affiliated parties with an aim to obtain undue commercial advantages.

Any contact with government officials and other persons referred to in the UK Bribery Act and the US Foreign Corrupt Practices should strictly comply with the Company's anti-corruption regulations and the current legislation.

- As part of its anti-corruption efforts, the Company implements the following principles:
- Do business only with reliable business partners (customers, suppliers, contractors, and consultants) engaged in legal activities and not involved in corruption, and make every effort, to the extent permitted by the applicable law of the Russian Federation, to inform them thereof, and to examine their business practices;
 - Make every possible effort to prevent bribery in the name of the Company by developing and introducing a system of adequate procedures;
 - Make every effort, to the extent permitted by the legislation of the Russian Federation, to obtain the information verifying the appropriate use of funds that the Company allocated for charity and sponsorship;
 - Cooperate with the authorised agencies, partners and customers on preventing corruption, on the principle of reciprocity.

All the principles and restrictions set forth by the Code of Business Conduct and Ethics equally apply to agents, consultants, and other third parties acting on behalf of the Company.

Procurement efficiency is of key importance to Rusagro since this process defines the production cost and quality of the products and ultimately the profit and market competitiveness of the Company.

The Company's procurement is managed through a SAP-based system that contains actual information on the procurement process and generates reports on specific aspects for a selected period with various level of detail. The suppliers are selected on a competitive basis – through tenders.

The Company has a unified Tender Regulation that defines the basic requirements for the tender procedure. The purpose of the Regulation is to stick to the principle of competitive procurement, ensuring the transparency of the logistics process and reducing supply costs.

The Regulation applies to all procurement areas for LLC Rusagro Group of Companies, as well as its business units. The tendering process all purchases implies electronic bidding on an electronic trading platform in order to ensure the evenhandedness of bidding. Tendering outside electronic trading platforms is allowed only if tender funds are below the established limits.

Today, the bulk of purchases in monetary terms (about 90%) is done on the electronic trading platforms, which saves time and efforts, ensures the transparency of the procurement process and impartiality in the selection of contractors, thus promoting the fair competition.

In order to implement the procedure for the effective selection of the most preferred supplier, the final decision shall be made by the Tender Committee; the membership of the Committee depends on the subject and funds of the tender.

RUSAGRO'S PROCUREMENT PRINCIPLES:

- Choosing the suppliers, contractors, performers who proposed the optimal quality, price, terms and conditions for the implementation of supply, contract and service agreements.
- Creating the equal competitive conditions for all participants.
- Reducing the risk of transactions with defaulted partners.

APPENDICES

INTERNATIONAL FINANCIAL REPORTING STANDARDS CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT 31 DECEMBER 2020

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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
Chief Executive Officer of JSC Rusagro Group and LLC Rusagro Group of Companies

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 2020. 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 2020 revenue increased by RR 20,798,611 thousand or 15%. All segments, except from Sugar division, demonstrated an increase in revenue. The major contributor to the sales increase was the Oil and Fat segment where turnover was higher by RR 13,785,331 thousand or 22% comparing to the previous year. Sales in the Oil and Fat segment increased as a result of higher sales prices of all products. Revenue in the Agricultural segment increased by 33% as the result of a growth in sales price of all crops. The increase in the Meat segment sales by 26% due to an increase in sales price and sales volume. Drop in sales in the Sugar segment by 10% was the result of lower volumes of sugar sold.

In 2020 Adjusted EBITDA increased by RR 12,612,693 thousand or 65% with positive dynamics in all segments. The highest increase demonstrated the Oil and Fat and the Agricultural divisions due to the higher sales prices followed by the increase in gross profits. EBITDA in the Oil and Fat division was higher by RR 6,002,587 thousand or 177% and in the Agricultural division by RR 9,278,262 thousand or 157% growth. EBITDA in the Sugar and Meat segments increased by 59% and 34%, respectively.

In 2020 the Group investments in property, plant and equipment and inventories intended for construction amounted to RR 14,066,218 thousand on a cash basis. Investments of RR 8,750,841 thousand were made in the Meat segment and were related to pig farms construction in Tambov region and Primorski Krai. The Sugar segment invested RR 1,494,262 thousand in modernization of the sugar plants. The Agricultural segment invested RR 2,037,529 thousand in acquisition of new agricultural machinery and equipment. Investments in the Oil and Fat division amounted to RR 1,624,310 thousand.

Changes in the Group's structure

The following companies were liquidated during the year:

- OJSC Pugachevskiy elevator was liquidated on 3 March 2020
- LLC Tambovsky Molochnik and LLC Tambovsky Syrovar were liquidated on 11 June 2020
- Limeniko Trade and Invest Limited on 20 November 2020

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

- LLC Rusagro-Saratov, LLC Rusagro-Atkarsk and LLC Rusagro-Balakovo on 29 June 2020
- LLC Moskovsky Provansal on 17 December 2020
- LLC RusagroEnergoSbyt on 30 December 2020

For more details regarding the Group structure refer to Note 1 and Note 30 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.

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

**ROS AGRO PLC
CONSOLIDATED MANAGEMENT REPORT****Future developments**

In 2020 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 expansion in the Far East region where it develops agricultural and meat business.

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. 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 2020 the Company distributed RR 3,216,350 thousand of remaining dividends for 2019 and RR 1,922,033 thousand of interim dividends for 2020. The remaining dividends for 2019 amounted to RR 119.54 (gross) per share and interim dividends for 2020 amounted to RR 71.43 (gross) per share.

Subsequent to the year ended 31 December 2020, the Board of Directors recommends the payment of additional dividends out of the profits for 2020 in the amount of RR 10,284,710 thousand. Given that the Company has already paid interim dividends for the 2020 in the amount of RR 1,922,033 thousand, the total dividend out of the profits for 2020 and prior years' undistributed reserves amounts to RR 12,206,743 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 2019 and 2020.

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 2020 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 2020.

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 2020.

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 2020 and 31 December 2019.

Mr. Vadim Moshkovich had no direct interest in the Company as at 31 December 2020 and 31 December 2019. The number of shares held indirectly through a company controlled by him as at 31 December 2020 is 19,327,829 (31 December 2019: 19,327,829).

The number of shares and GDRs held directly by Mr. Maxim Basov as at 31 December 2020 is 1,000,000 and 5,084,809 (equivalent of 1,016,962 shares), respectively (31 December 2019: 1,000,000 shares and 4,904,556 GDRs equivalent to 980,911 shares).

The number of GDRs held directly by Mr. Richard Andrew Smyth as at 31 December 2020 and 31 December 2019 is 31,125 (equivalent of 6,225 shares).

The number of GDRs held directly by Mr. Anastassios Televantides as at 31 December 2020 and 31 December 2019 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 will be publishing its non -financial information and Diversity Statement together with the Annual report on the Company's website, www.rusagrogroup.ru, within six months after the balance sheet date.

Events after the balance sheet date

The material events after the consolidated balance sheet date are disclosed in Note 33 to the consolidated financial statements.

Branches

The Company operated through its branch in the United Arab Emirates 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 2020 and 2019, the Company held 2,135,113 (31 December 2019: 2,166,313) of its own GDRs (approximately 427,063 shares (31 December 2019: 433,263 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 2019.

During 2020 and 2019 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 2021, 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

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. The appointment of the auditors will be approved at the Annual General Meeting.

By Order of the Board


Vadim Moshkovich
Chairman of the Board of Directors

Limassol
14 March 2021

**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 65, 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:

- (i) adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions;
- (ii) 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


Vadim Moshkovich
Chairman of the Board of Directors

Limassol
14 March 2021



Independent Auditor’s Report

To the Members of ROS AGRO PLC

Report on the Audit of the Consolidated Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of ROS AGRO PLC (the “Company”) and its subsidiaries (together with the Company, the “Group”), give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

What we have audited

We have audited the consolidated financial statements which are presented in pages 1 to 65 and comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020;
- the consolidated statement of changes in equity for the year ended 31 December 2020;
- the consolidated statement of cash flows for the year ended 31 December 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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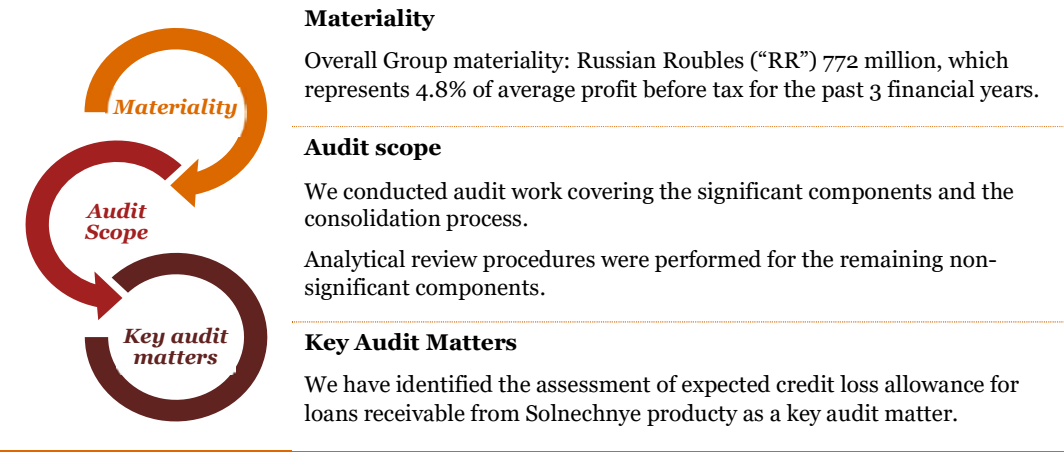
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Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.



Overall Group materiality	RR 772 million
How we determined it	4.8% of average profit before tax for the past 3 financial years
Rationale for the materiality benchmark applied	<p>We chose profit before tax as the benchmark, because in our view, it is the measure against which the performance of the Group is most commonly assessed. The 4.8% benchmark is within the range of acceptable quantitative materiality thresholds for profit-oriented companies in this sector.</p> <p>Averaging was applied as the benchmark amount was significantly volatile over the last several years and in any one year that is not reflective of expectations of operating results for the current period or the foreseeable future.</p>

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above RR 77 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

How we tailored our Group audit scope

ROS AGRO PLC is the parent company of a group of entities. The financial information of these entities is included in the consolidated financial statements of ROS AGRO PLC.

Considering our ultimate responsibility for the opinion on the Group’s consolidated financial statements we are responsible for the direction, supervision and performance of the Group audit. In this context, we tailored the scope of our audit and determined the nature and extent of the audit procedures for the components of the Group to ensure that we perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the significance and/or risk profile of the group entities or activities, the accounting processes and controls, and the industry in which the Group operates.

Our audit included the full scope audit of four significant components and the consolidation process with analytical review procedures performed for two non-significant components.

By performing the procedures above, we have obtained sufficient and appropriate audit evidence regarding the consolidated financial information of the Group as a whole to provide a basis for our audit opinion on the consolidated financial statements.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, 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.



Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of expected credit loss allowance for loans receivable from Solnechnye producty</p> <p>Refer to Note 4 – Short-term investments and Note 15 - Borrowings</p> <p>During 2018, the Group entered into a transaction involving the acquisition of secured debt from a third-party group of companies (Solnechnye producty), which were classified as short-term and long-term investments and initially recognized at fair value.</p> <p>During 2020, in applying the provisions of IFRS9, the Group recognised expected credit loss allowance for the loans receivable from Solnechnye producty in the amount of RR 4,804,688 thousand because of the excess of the gross carrying amount of these loans as at 31 December 2020 over the fair value of the collateral.</p> <p>We focused our audit effort on the assessment of the fair value of the collateral as at 31 December 2020 due to the overall complexity of the analysis, the judgements applied in this calculation, as well as the significant magnitude of the carrying amount of the loans receivable in the amount of RR 18,580,203 thousand as at 31 December 2020.</p> <p>In determining the fair value of the collateral apart from using internal expertise, management also relied on valuation prepared by external independent valuers.</p>	<p>For the purposes of evaluating the amount of expected credit loss allowance for loans receivable which is dependent on the fair value of the collateral, we requested and obtained the valuation prepared by the internal management’s expert as at 31 December 2020. The valuation represents complex model where the results of the work performed by the external independent valuer were also used. We evaluated the objectivity, competence and capability of both experts involved . We analysed the valuation by assessing the valuation inputs and assumptions, methodologies and calculations applied, and sensitivity analysis performed.</p> <p>We involved PwC valuation experts that have the knowledge and experience in the industry and the Russian market conditions to assist us in evaluating the methodology, models and assumptions used.</p> <p>We checked the disclosures made in Notes 15 and 30 of the consolidated financial statements regarding the key measurement principles and the required qualitative and quantitative disclosures.</p> <p>We have also assessed the management judgement in relation to the classification of the loans receivable from Solnechnye producty as short-term.</p> <p>The results of the above procedures performed were satisfactory.</p>



Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report (which includes the Corporate Governance Statement) and Directors' Responsibility Statement, which we obtained prior to the date of this auditor's report, and the Company's Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's complete 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 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 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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



Auditor's 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 auditor's 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 judgement and maintain professional scepticism 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 auditor's 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 auditor's 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 fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within 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.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company during 2010 by a shareholder resolution for the audit of the financial statements for the year ended 31 December 2010. Our appointment has been renewed annually, since then, by shareholder resolution. In 2011 the Company was listed in the Main Market of the London Stock Exchange and accordingly the first financial year after the Company qualified as an EU PIE was the year ended 31 December 2011. Since then, the total period of uninterrupted engagement appointment was 10 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 14 March 2021 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors' Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the consolidated management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated management report. We have nothing to report in this respect.



- In our opinion, based on the work undertaken in the course of our audit, 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 consolidated 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.
- In our opinion, based on the work undertaken in the course of our audit, 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.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 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.

The engagement partner on the audit resulting in this independent auditor's report is Stelios Constantinou.

Stelios Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

City House, 6 Karaïskakis Street,
CY-3032 Limassol, Cyprus

14 March 2021

ROS AGRO PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	31 December 2020	31 December 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	11,866,798	2,170,779
Restricted cash		143,637	39
Short-term investments	4	19,583,523	23,456,552
Trade and other receivables	5	9,512,286	8,068,349
Prepayments	6	2,941,224	3,018,658
Current income tax receivable		646,162	225,315
Other taxes receivable	7	5,506,675	4,349,400
Inventories	8	63,266,389	44,560,948
Short-term biological assets	9	5,734,979	4,825,849
Total current assets		119,201,673	90,675,889
Non-current assets			
Property, plant and equipment	11	87,519,088	80,629,483
Inventories intended for construction	11	3,353,330	3,157,369
Right-of-use assets	12	6,934,567	6,230,707
Goodwill	25	2,364,942	2,364,942
Advances paid for property, plant and equipment	6	6,905,003	8,721,155
Long-term biological assets	9	2,528,128	2,279,335
Long-term investments	10	42,692,320	42,636,323
Investments in associates		257,782	165,070
Deferred income tax assets	26	3,566,168	1,852,983
Intangible assets	13	619,793	608,635
Other non-current assets		205,793	173,002
Total non-current assets		156,946,914	148,819,004
TOTAL ASSETS		276,148,587	239,494,893
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	15	51,753,475	31,834,699
Lease liabilities	12	943,859	916,791
Trade and other payables	16	16,016,138	17,492,614
Current income tax payable		69,546	123,846
Other taxes payable	17	4,096,199	3,468,034
Provisions for other liabilities and charges		179,796	-
Total current liabilities		73,059,013	53,835,984
Non-current liabilities			
Long-term borrowings	15	63,175,720	66,040,784
Government grants	18	8,536,899	8,306,779
Lease liabilities	12	4,855,508	3,989,801
Deferred income tax liability	26	487,049	494,977
Total non-current liabilities		77,055,176	78,832,341
TOTAL LIABILITIES		150,114,189	132,668,325
EQUITY			
Share capital	14	12,269	12,269
Treasury shares	14	(490,607)	(490,607)
Share premium	14	26,964,479	26,964,479
Share-based payment reserve	27	1,313,691	1,313,691
Fair value reserve		49,486	-
Retained earnings		98,185,038	78,960,843
Equity attributable to owners of ROS AGRO PLC		126,034,356	106,760,675
Non-controlling interest		42	65,893
TOTAL EQUITY		126,034,398	106,826,568
TOTAL LIABILITIES AND EQUITY		276,148,587	239,494,893

Approved for issue and signed on behalf of the Board of Directors on 14 March 2021

Maxim Basov
Director of ROS AGRO PLC

Vadim Moshkovich
Chairman of the Board of Directors

The accompanying notes on pages 5 to 65 are an integral part of these consolidated financial statements.

ROS AGRO PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Sales	19	158,971,035	138,172,424
Net gain/(loss) on revaluation of biological assets and agricultural produce	9	5,890,447	(4,111,947)
Cost of sales	20	(121,132,658)	(110,470,963)
Net gain/(loss) from trading derivatives	30	10,552	(7,348)
Gross profit		43,739,376	23,582,166
Distribution and selling expenses	21	(9,760,841)	(9,818,779)
General and administrative expenses	22	(7,377,449)	(6,711,005)
Provision for impairment of loans issued	15	(5,070,598)	-
Other operating income/(expenses), net	23	2,293,017	1,926,686
Operating profit		23,823,505	8,979,068
Interest expense	24	(4,804,995)	(5,481,240)
Interest income calculated using the effective interest method		5,122,640	5,140,878
Other similar interest income		2,042,176	2,163,967
Net (loss) from bonds held for trading		(15,698)	(27,711)
Other financial income/(expenses), net	24	(1,844,130)	(330,699)
Profit before income tax		24,323,498	10,444,263
Income tax expense		(26,771)	(735,754)
Profit for the year		24,296,727	9,708,509
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
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		24,346,213	9,708,509
Profit/(loss) is attributable to:			
- Owners of ROS AGRO PLC		24,359,786	9,808,204
- Non-controlling interest		(63,059)	(99,695)
Profit for the year		24,296,727	9,708,509
Total comprehensive income/(loss) is attributable to:			
- Owners of ROS AGRO PLC		24,409,272	9,808,204
- Non-controlling interest		(63,059)	(99,695)
Total comprehensive income for the year		24,346,213	9,708,509
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	28	905.39	364.62

The accompanying notes on pages 5 to 65 are an integral part of these consolidated financial statements.

ROS AGRO PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Notes	Share Capital	Treasury shares	Share premium	Share-based payment reserve	Fair value reserve	Retained earnings*	Total	Non-controlling interest	Total equity
Balance at 1 January 2019		12,269	(490,607)	26,964,479	1,326,579	-	74,286,089	102,098,809	167,831	102,266,640
Total comprehensive income/ (loss) for the year:		-	-	-	-	-	9,808,204	9,808,204	(99,695)	9,708,509
Profit / (Loss) for the year		-	-	-	-	-	9,808,204	9,808,204	(99,695)	9,708,509
Share based remuneration	27	-	-	-	(12,888)	-	-	(12,888)	-	(12,888)
Dividends	14	-	-	-	-	-	(5,133,679)	(5,133,679)	-	(5,133,679)
Dividends to non-controlling interest shareholders		-	-	-	-	-	(1,414)	(1,414)	-	(1,414)
Acquisition of non-controlling interest	14	-	-	-	-	-	1,643	1,643	(2,243)	(600)
Balance at 31 December 2019		12,269	(490,607)	26,964,479	1,313,691	-	78,960,843	106,760,675	65,893	106,826,568
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/ (loss) for the year:		-	-	-	-	49,486	24,359,786	24,409,272	(63,059)	24,346,213
Profit / (Loss) 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
Share based remuneration	27	-	-	-	-	-	-	-	-	-
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

*Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends.

The accompanying notes on pages 5 to 65 are an integral part of these consolidated financial statements.

ROS AGRO PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities		24,323,498	10,444,263
Profit before income tax			
Adjustments for:			
Depreciation and amortization	20, 21, 22	10,794,046	8,479,952
Interest expense	24	6,448,154	6,829,598
Government grants	23,24	(3,216,290)	(2,363,233)
Interest income		(7,164,816)	(7,304,845)
Net (gain)/loss on disposal of property, plant and equipment	23	(335,640)	110,601
Net (gain) / loss on revaluation of biological assets and agricultural produce	9	(5,890,447)	4,111,947
Change in provision for impairment of loans issued		5,070,598	-
Change in provision for net realizable value of inventory		732,238	(29,168)
Loss on sale of assets held for sale	23	-	412,111
Lease finance expense	12	580,276	590,777
The result of early loan repayment	23	131,363	-
Change in provision for impairment of receivables and prepayments		13,592	75,855
Foreign exchange loss / (gain), net	23, 24	1,698,846	(177,728)
Share based remuneration	27	-	(12,888)
Lost harvest write-off	23	188,536	122,468
Net loss from bonds held for trading		15,698	27,711
Change in provision for impairment of advances paid for property, plant and equipment		(29,620)	29,066
Change in other provisions	23	179,796	-
Gain on sale of subsidiaries, net	23	-	(364,880)
Dividend income	23	(560,568)	-
Realized deferred day-one gain	23	(993,558)	(1,592,001)
Other non-cash and non-operating (income)/expenses, net		(87,031)	33,405
Operating cash flows before working capital changes		31,898,671	19,423,011
Change in trade and other receivables and prepayments		(1,920,133)	(2,509,233)
Change in other taxes receivable		(1,157,275)	70,610
Change in inventories		(13,280,552)	771,944
Change in biological assets		(1,888,960)	(859,311)
Change in trade and other payables		(209,572)	4,902,852
Change in other taxes payable		708,164	(428,669)
Cash generated from operations		14,150,343	21,371,204
Income taxes paid		(2,033,327)	(206,139)
Net cash from operating activities		12,117,016	21,165,065
Cash flows from investing activities			
Purchases of property, plant and equipment		(12,405,295)	(15,056,765)
Purchases of intangible assets		(418,808)	(261,046)
Purchases of land lease rights		(86,729)	-
Proceeds from sales of property, plant and equipment		687,757	288,096
Purchases of inventories intended for construction		(1,660,923)	(1,741,948)
Purchases of investments in third parties	10	-	(8,500,000)
Proceeds from cash withdrawals from deposits		-	4,623,323
Deposits placed with banks		-	(2,012,991)
Purchases of associates		(92,712)	(78,150)
Purchases of bonds with maturity over three months	4	(197,523)	-
Proceeds from sales of bonds with maturity over three months		-	2,314,831
Redemption of promissory notes	15	-	100,000
Purchases of loan issued		(13,829)	(372,899)
Loans repaid		1,012,854	1,864,061
Movement in restricted cash		(143,454)	(6,241)
Interest received		4,808,803	4,820,116
Dividends received	23	560,568	-
Proceeds from sale of assets held for sale		-	408,839
Proceeds from sale of subsidiaries, net of cash disposed	23	-	478,710
Proceeds from sales of other investments		65,938	145,000
Net cash used in investing activities		(7,883,353)	(12,987,064)
Cash flows from financing activities			
Proceeds from borrowings	15	77,932,773	91,687,403
Repayment of borrowings	15	(65,389,365)	(91,118,861)
Interest and other finance cost paid	15	(4,196,451)	(5,024,201)
Purchases of non-controlling interest		-	(600)
Dividends paid to owners of ROS AGRO PLC		(5,134,426)	(5,046,515)
Proceeds from government grants		2,192,483	2,086,446
Repayment of lease liabilities-principal	15	(123,044)	(235,859)
Other financial activities		-	(10,998)
Net cash from/(used in) financing activities		5,281,970	(7,663,185)
Effect of exchange rate changes on cash and cash equivalents		180,386	(72,433)
Net increase in cash and cash equivalents		9,696,019	442,383
Cash and cash equivalents at the beginning of the year	3	2,170,779	1,728,396
Cash and cash equivalents at the end of the year	3	11,866,798	2,170,779

The accompanying notes on pages 5 to 65 are an integral part of these consolidated financial statements.

ROS AGRO PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(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 70.7% of the issued shares in ROS AGRO PLC as at 31 December 2020 (31 December 2019: 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 and financial derivatives trading activity (Note 30). 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.

Entity	Principal activity	Group's share in the share capital, %	
		31 December 2020	31 December 2019
OJSC Rusagro Group	Investment holding, financing	100	100
LLC Group of Companies Rusagro	Investment holding, financing	100	100
	Sugar segment		
	Sugar division trading company, sales operations	100	100
LLC Rusagro-Sakhar	Beet and raw sugar processing	100	100
LLC Rusagro-Belgorod	Beet and raw sugar processing	100	100
LLC Rusagro-Tambov	Beet and raw sugar processing	100	100
OJSC Krivets-Sakhar	Beet and raw sugar processing	100	100
OJSC Kshenskiy Sugar Plant	Beet and raw sugar processing	100	100
OJSC Otradinskiy Sugar Plant	Beet and raw sugar processing	100	100
OJSC Hercules	Buckwheat processing plant	100	100
	Trading operations with goods and derivatives	-*	100
Limeniko Trade and Invest Limited	Trading operations with goods	100	-
Ros Agro Trading Limited	Oil and Fat segment		
	Oil processing	100	100
OJSC Fats and Oil Integrated Works	Oil extraction	100	100
CJSC Samaraagroprompererabotka	Elevator	-**	84.95
OJSC Pugachevskiy Elevator	Oil extraction and processing	75	75
LLC Primorskaya Soya	Oil processing	100	-
LLC Rusagro-Saratov	Oil extraction	100	-
LLC Rusagro-Atkarsk	Oil extraction	100	-
LLC Rusagro-Balakovo	Meat segment		
	Cultivation of pigs	100	100
LLC Tambovsky Bacon	Cultivation of pigs	100	100
LLC Rusagro-Primorie	Construction for cultivation of pigs	100	100
LLC Regionstroy	Agriculture segment		
	Agriculture	100	100
LLC Rusagro-Invest	Agriculture	100	100
LLL Rusagro-Moloko	Agriculture	100	100
LLC Agrotehnology	Agriculture	100	100
CJSC Primagro	Agriculture	100	100
LLC Kshenagro	Agriculture	100	100
LLC Otradaagroinvest	Agriculture	100	100
LLC Vozrozhdenie	Agriculture	100	100

* Limeniko Trade and Invest Limited was liquidated in November 2020.

** OJSC Pugachevskiy Elevator was liquidated in March 2020.

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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 30). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Further, on 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Russian and global economy for an unknown period of time. 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 2020.

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 at the point of harvest. The Group entities registered 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 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

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2. Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

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 2020 would be to increase it by RR 894,928 or decrease it by RR 1,093,800 (2019: increase by RR 729,587 or decrease by RR 891,717).

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 mature animals is determined based on the expected cash flow from the sale of the animals at the end 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, and the expected weight of the animals. Future cash flows were discounted to 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 culling rate.

Key inputs used in the fair value measurement of bearer livestock of the Group were as follows:

	31 December 2020			31 December 2019		
	Cows	Pigs (sows)	Pigs (boars)	Cows	Pigs (sows)	Pigs (boars)
Length of production usage in calves / farrows	5	5	-	5	5	-
Market prices for comparable bearer livestock in the same region (in Russian Roubles/kg, excl. VAT)	184	197	453	181	195	397

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 December 2020		31 December 2019	
	10% increase	10% decrease	10% increase	10% decrease
Cows				
Length of production usage in calves	2,489	(3,026)	2,535	(3,019)
Market prices for comparable bearer livestock in the same region	10,252	(10,252)	11,442	(11,442)
Pigs				
Length of production usage in farrows	50,090	(26,316)	42,259	(30,155)
Market prices for comparable bearer livestock in the same region	153,003	(153,003)	162,759	(162,759)

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2. Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

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 88.7 Russian Roubles per kilogram, excluding VAT, as at 31 December 2020 (31 December 2019: 71.0 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 2020 would be higher/lower by RR 465,891 (31 December 2019: RR 356,210).

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:

	2020	2019
Sugar beet	3,512	1,592
Wheat	10,995	8,564
Barley	9,100	8,200
Sunflower	29,726	16,862
Corn	13,302	14,024
Soya bean	32,797	22,357

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 2020 would be higher/lower by RR 3,237,356 (2019: RR 2,043,291).

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 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).

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2. Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

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 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.

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 or decrease in discount rate at 31 December 2020 would result in an increase or decrease in lease liabilities of RR 253,307 (31 December 2019: RR 278,447).

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.

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2. Summary of significant accounting policies (continued)

2.3 Foreign currency and translation methodology (continued)

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 year-end 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 gains/(losses), net'. Translation at year-end 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 non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

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 is transferred to the Group (acquisition date) and are deconsolidated 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 and fair value of an 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 acquiree 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 carrying amount of the debt and all other transaction costs associated 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.

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2. Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

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 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 interests

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.

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2. Summary of significant accounting policies (continued)

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 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 livestock (pigs and cows).

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 carried at the accumulated costs incurred, which approximate the fair value since little biological transformation has taken place since initial cost incurrence due to the seasonal nature of the crops. Unharvested crop-growing costs represent costs incurred to plant and maintain seed crops which will be harvested during the subsequent reporting period. Subsequent to 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.

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2. Summary of significant accounting policies (continued)

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.

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 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.

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2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

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.

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.

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2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

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.

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.

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 measured at fair value meet the SPPI criteria and recognises at amortised cost. The Group has some instruments that meet SPPI and held for trading and to collect that 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.

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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 is measured as a Lifetime 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-impaired, the expected credit loss is always measured as a Lifetime expected credit loss. Note 30 provides 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 models.

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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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 2020.

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2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

Presentation of results from sugar trading derivatives

The Group engages 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 assets 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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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 gross 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 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.

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2. Summary of significant accounting policies (continued)

2.20 Income tax (continued)

Deferred 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 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 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 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 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 21.2% (2019: 19.6%) 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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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, and either 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 volume 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 transshipment 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.

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.

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2. Summary of significant accounting policies (continued)

2.23 Revenue recognition (continued)

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.

Bank loans at a below-market rate of interest under the programme of government support are recognized at the nominal value if there isn't reasonable assurance that the grants will be received. The differences between nominal and market interest rate is recognized as interest expenses and government grants in a consolidated statement of profit or loss and other comprehensive income or in a 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.

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.

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2. Summary of significant accounting policies (continued)

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 (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 5
Vehicles	1 to 5

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.

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2. Summary of significant accounting policies (continued)

2.31 Lease liabilities (continued)

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 2020.

COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020. The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The Group estimates the amendments to IFRS 16 to have no material impact on consolidated financial statements.

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

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2. Summary of significant accounting policies (continued)

2.32 Adoption of new or revised standards and interpretations (continued)

Endorsed by the European Union

Amendments

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted.

Not yet endorsed by the European Union

New standards

IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).

Amendments

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014).

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

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 2020	31 December 2019
Bank balances receivable on demand	2,597,065	1,876,735
Cash in transit	234,798	223,277
Bank deposits with original maturity of less than three months	9,034,370	49,336
Brokerage accounts	-	20,980
Cash in hand	565	451
Total cash and cash equivalents	11,866,798	2,170,779

The Group had the following currency positions:

	31 December 2020	31 December 2019
Russian Roubles	11,290,200	1,724,800
Euro	24,413	364,924
US Dollars	552,065	79,998
Other	120	1,057
Total	11,866,798	2,170,779

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3. Cash and cash equivalents (continued)

The weighted average interest rate on cash at bank balances in Russian Roubles presented within cash and cash equivalents was 5.15% at 31 December 2020 (31 December 2019: 0.00%). The weighted average interest rate on cash at bank balances in US Dollars presented within cash and cash equivalents was 0.00% at 31 December 2020 (31 December 2019: 1.35%).

4. Short-term investments

	31 December 2020	31 December 2019
Loans issued to third parties (Note 15)	19,137,343	23,168,244
Interest receivable on long-term bonds held to collect (Note 10)	218,057	283,541
Bonds held to collect	197,523	-
Interest receivable on bonds held for trading (Note 10)	7,908	4,767
Other short-term investments	22,692	-
Total	19,583,523	23,456,552

As at 31 December 2020, the Group has bonds held to collect. The table below shows the rating and balances of bonds held to collect at 31 December 2020:

			31 December 2020		31 December 2019
	Rating agency	Rating	Balance	Rating	Balance
VTB Bank JSC	S&P	bbb	25,308	-	-
Magnit PAO	S&P	bb	136,662	-	-
PJSC MegaFon	Fitch Ratings	bb+	35,553	-	-
Total bonds to collect			197,523		-

5. Trade and other receivables

	31 December 2020	31 December 2019
Trade receivables	8,508,956	7,175,546
Other	469,167	300,632
Less: credit loss allowance (Note 30)	(148,322)	(351,262)
Total financial assets within trade and other receivables	8,829,801	7,124,916
Deferred charges	682,485	943,433
Total trade and other receivables	9,512,286	8,068,349

The above financial assets within trade and other receivables are denominated in the following currencies:

	31 December 2020	31 December 2019
Russian Roubles	7,273,692	6,204,501
US dollars	1,501,230	811,387
Euro	54,879	109,028
Total	8,829,801	7,124,916

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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 2020		31 December 2019	
	Loss rate	Gross carrying amount	Lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss
Trade receivables					
- current	-	6,656,734	-	5,636,414	-
- less than 90 days overdue	-	685,795	22,742	87,811	16,575
- 91 to 180 days overdue	100%	1,553	1,553	8,892	8,892
- 181 to 360 days overdue	100%	27,592	27,592	49,443	49,443
- over 360 days overdue	100%	24,958	24,958	164,338	164,338
Total trade receivables (gross carrying amount)		7,396,632		5,946,898	
Credit loss allowance		76,845		239,248	
Total trade receivables from contracts with customers (carrying amount)		7,319,787		5,707,650	
Other receivables					
- current	-	387,983	-	185,466	-
- less than 90 days overdue	-	35,612	25,905	3,152	-
- 91 to 180 days overdue	100%	5,729	5,729	1,357	1,357
- 181 to 360 days overdue	100%	5,039	5,039	57,710	57,710
- over 360 days overdue	100%	34,804	34,804	52,947	52,947
Total other receivables		469,167		300,632	
Credit loss allowance		71,477		112,014	
Total other receivables (carrying amount)		397,690		188,618	

The Group did not recognise any expected credit loss allowance for trade receivables in the amount of RR 1,112,324 because of excess of collateral value over the gross carrying value of these receivables as at 31 December 2020 (Note 15) (31 December 2019: RR 1,228,648).

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 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
	Trade receivables	Other receivables
As at 1 January 2019	230,546	70,713
Accrued	20,930	41,307
Utilised	(12,228)	(6)
As at 31 December 2019 (Note 30)	239,248	112,014

The majority of the Group's trade debtors are proven counterparties with whom the Group has long-lasting sustainable relationships.

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6. Prepayments

Prepayments classified as current assets represent the following advance payments:

	31 December 2020	31 December 2019
Prepayments for transportation services	677,737	886,174
Prepayments for other materials	554,650	630,984
Prepayments for raw materials	574,698	658,406
Prepayments for fuel and energy	361,373	310,325
Prepayments under insurance contracts	299,138	136,974
Prepayments for rent	127,639	102,746
Prepayments for advertising expenses	130,272	53,265
Prepayments for animals	70,634	47
Prepayments to customs	6,245	3,227
Other prepayments	207,803	271,446
Less: provision for impairment	(68,965)	(34,936)
Total	2,941,224	3,018,658

Reconciliation of movements in the prepayments' impairment provision:

	2020	2019
As at 1 January	34,936	34,411
Accrued	38,900	3,777
Utilised	(4,871)	(3,252)
As at 31 December	68,965	34,936

As at 31 December 2020 prepayments classified as non-current assets and included in the "Advances paid for property, plant and equipment" line in the consolidated statements of financial position in the amount of RR 6,905,003 (31 December 2019: RR 8,721,155) represent advance payments for construction works and purchases of production equipment.

7. Other taxes receivable

	31 December 2020	31 December 2019
Value added tax receivable	5,463,711	4,233,415
Other taxes receivable	42,964	115,985
Total	5,506,675	4,349,400

8. Inventories

	31 December 2020	31 December 2019
Finished goods	30,298,732	21,837,217
Raw materials	30,337,027	19,794,528
Work in progress	3,041,868	3,250,396
Less: provision for write-down to net realisable value	(411,238)	(321,193)
Total	63,266,389	44,560,948

As at 31 December 2020 the value of finished goods and raw materials increased mainly as a result of the higher cost of sunflower seed, sugar beet and wheat compared to 2019.

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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 2020 and 2019. 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 2019	3,147,474	918,396	4,065,870
Increase due to purchases and gain arising from cost inputs	23,484,968	18,234,109	41,719,077
Gain on initial recognition of agricultural produce	-	2,296,933	2,296,933
Lost harvest written-off (Note 23)	-	(122,468)	(122,468)
Decrease due to harvest and sales of the assets	(23,251,995)	(20,310,439)	(43,562,434)
Gain arising from changes in fair value less estimated point-of-sale costs	428,871	-	428,871
As at 31 December 2019	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

Long-term biological assets

	Bearer livestock		Total
	Pigs	Cows	
As at 1 January 2019	2,505,943	144,258	2,650,201
Increases due to purchases and breeding costs of growing livestock	1,226,377	80,059	1,306,436
Decreases due to sales	(1,344,532)	(64,430)	(1,408,962)
Loss arising from changes in fair value less estimated point-of-sale costs	(233,788)	(34,552)	(268,340)
As at 31 December 2019	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

In 2020 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 14,228,752 (2019: RR 2,457,464).

Included in the above amounts there are gains related to realised biological assets and agricultural produce amounting to RR 8,338,305 (2019: RR 6,569,411).

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9. Biological assets (continued)

Livestock population were as follows:

	31 December 2020	31 December 2019
Cows (heads)	2,032	2,160
Pigs within bearer livestock (heads)	130,229	116,664
Pigs within consumable livestock (tonnes)	59,016	54,998

Cows are bred for the purpose of production of milk. In 2020 the milk produced amounted to 7,080 tonnes (2019: 6,897 tonnes).

In 2020 total area of cultivated land amounted to 559 thousand ha (2019: 608 thousand ha).

The main crops of the Group's agricultural production and output were as follows (in thousands of tonnes):

	2020	2019
Sugar beet	2,889	3,932
Wheat	1,007	708
Barley	78	190
Sunflower	67	88
Corn	110	109
Soya bean	284	312

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 2020 biological assets with a carrying value of RR 1,397,922 (2019: RR 880,464) were pledged as collateral for the Group's borrowings (Note 15).

The Group is exposed to financial risks arising from changes in milk, meat and crops prices. The Group does not anticipate that milk or crops 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 milk, meat and crops prices regularly in considering the need for active financial risk management.

10. Long-term investments

	31 December 2020	31 December 2019
Bonds held to collect (Note 15)	19,900,000	19,900,000
Bank deposits with maturity over twelve months	14,070,635	14,071,101
Investments in third parties	8,556,556	8,500,000
Bonds held for trading (Note 15)	165,129	165,222
Total	42,692,320	42,636,323

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 2020 bank deposits in the amount of RR 13,900,000 (31 December 2019: 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).

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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 2020 the fair value of the acquired investment amounted to RR 8,556,556 (31 December 2019: RR 8,500,000)

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 (2019: 2.0% per annum).

The assumptions used for calculation and sensitivity of fair value measurement are presented in Note 30.

Bonds held for trading and held to collect were denominated in Russian Roubles and mature in the period from 2022 till 2038. Nominal interest rates on bonds vary between 6.2% and 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 and loss.

The table below shows the rating and balances of bonds held for trading and bonds held to collect:

	Rating agency	31 December 2020		31 December 2019	
		Rating	Balance	Rating	Balance
Rosselkhozbank	Fitch Ratings	bbb-	19,900,000	bbb-	19,900,000
VimpelCom Ltd	Fitch Ratings	bbb-	142,205	bbb-	142,233
LLC Lenta	Fitch Ratings	bb+	22,924	bb	22,989
Total bonds (Note 10)			20,065,129		20,065,222

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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 2019	7,956,585	51,744,510	32,691,562	16,134,143	267,271	108,794,071
Additions	445,236	1,443,712	41,675	18,690,742	780	20,622,145
Transfers	10,712	6,227,130	9,766,514	(16,025,299)	20,943	-
Disposals	(72,512)	(1,468,000)	(365,549)	(23,431)	(50,423)	(1,979,915)
As at 31 December 2019	8,340,021	57,947,352	42,134,202	18,776,155	238,571	127,436,301

Accumulated depreciation (Note 2.6)						
As at 1 January 2019	-	(29,267,876)	(10,816,411)	-	(194,782)	(40,279,069)
Charge for the year	-	(5,991,498)	(1,993,807)	-	(40,149)	(8,025,454)
Disposals	-	1,364,751	82,885	-	50,069	1,497,705
As at 31 December 2019	-	(33,894,623)	(12,727,333)	-	(184,862)	(46,806,818)
Net book value as at 31 December 2019	8,340,021	24,052,729	29,406,869	18,776,155	53,709	80,629,483

	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

As at 31 December 2020 property, plant and equipment with a net book value of RR 25,920,704 (31 December 2019: RR 23,778,342) was pledged as collateral for the Group's borrowings (Note 15).

As at 31 December 2020 and 2019 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 1,537,052 (2019: RR 1,741,103). The average capitalisation rate in 2020 was 7.27% (2019: 8.83%).

At 31 December 2020 and 2019, inventories intended for construction related mainly to the inventories which will be used for the pig farm construction in the Primorsky Krai.

Movements in the carrying amount of inventories intended for construction were as follows:

As at 1 January 2019	4,136,855
Additions	1,259,235
Disposals	(2,238,721)
As at 31 December 2019	3,157,369
As at 1 January 2020	3,157,369
Additions	3,504,176
Disposals	(3,308,215)
As at 31 December 2020	3,353,330

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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.

From 1 January 2019, 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 certain share of agricultural produce harvested or 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. 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.

The Group recognised right-of-use asset as follows:

	Land	Buildings	Equipment	Other	Total
Carrying amount at 1 January 2019	5,060,408	1,063,302	117,759	-	6,241,469
Additions	384,172	594,788	9,144	5,638	993,742
Disposals	(206,644)	(149,833)	-	-	(356,477)
Depreciation charge (Note 20,21,22)	(436,318)	(172,614)	(38,458)	(637)	(648,027)
Carrying amount at 31 December 2019	4,801,618	1,335,643	88,445	5,001	6,230,707
	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	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

The Group recognised lease liabilities as follows:

	31 December 2020	31 December 2019
Short-term lease liabilities	943,859	916,791
Long-term lease liabilities	4,855,508	3,989,801
Total lease liabilities	5,799,367	4,906,592

Interest expense included in finance costs for 2020 was RR 580,276 (2019: RR 590,777) (Note 24).

As at 31 December 2020, future cash outflows of RR 1,830,868 (undiscounted) (31 December 2019: RR 1,232,746) 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.

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):

	2020	2019
Expenses related to contracts in which payments do not depend on an index or a rate	145,923	184,897
Expenses relating to short-term leases	528,716	447,330

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12. Right-of-use assets and lease liabilities (continued)

Total outflow for leases in 2020 was RR 1,057,899 (2019: RR 989,086), including RR 439,157 (2019: RR 481,604) 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 2019	130,010	873,974	49,492	273,355	1,326,831
Additions	25,715	198,560	4,013	96,040	324,328
Transfers	1,683	1,544	-	(3,227)	-
Disposals	(437)	(172,001)	(3,793)	(524)	(176,755)
As at 31 December 2019	156,971	902,077	49,712	365,644	1,474,404
Accumulated amortisation (Note 2.9)					
As at 1 January 2019	(51,379)	(426,731)	(38,276)	(178,416)	(694,802)
Charge for the year	(24,045)	(299,058)	(4,161)	(17,750)	(345,014)
Disposals	437	171,117	2,440	53	174,047
As at 31 December 2019	(74,987)	(554,672)	(39,997)	(196,113)	(865,769)
Net book value as at 31 December 2019	81,984	347,405	9,715	169,531	608,635
	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	(79,998)	(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

14. Share capital, share premium and transactions with non-controlling interests

Share capital and share premium

At 31 December 2020 the issued and paid share capital consisted of 27,333,333 ordinary shares (31 December 2019: 27,333,333 ordinary shares) with par value of EUR 0.01 each.

At 31 December 2020 and 2019, the authorised share capital consisted of 60,000,000 ordinary shares with par value of EUR 0.01 each.

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14. Share capital, share premium and transactions with non-controlling interests (continued)

Treasury shares

At 31 December 2020 the Group held 2,135,313 of its own GDRs (31 December 2019: 2,166,313 own GDRs) that is equivalent of approximately 427,063 shares (31 December 2019: 433,263 shares). The GDRs are held as treasury shares. In 2020 and 2019 there were no acquisitions of treasury shares. In 2020 31,000 GDRs (2019: no GDRs) were transferred to the employees under the share option incentive arrangements.

Dividends

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.

In 2019 the Company distributed RR 3,449,838 of dividends for the second half of 2018 and RR 1,683,841 of interim dividends for the first half of 2019. The dividends for the second half of 2018 amounted to RR 128.25 per share and interim dividends for 2019 amounted to RR 62.6 per share. All dividends declared were paid in 2019.

Purchases of non-controlling interests

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.

2019

On 26 February 2019 the Group acquired 0.78% additional shares in OJSC Pugachevskiy Elevator, thereby increasing its share in the share capital of OJSC Pugachevskiy Elevator to 84.95% (2018: 84.17%). The total excess of the Group's share of identifiable net assets acquired over the consideration paid in the amount of RR 1,643 was recorded as a capital transaction in the consolidated statement of changes in equity.

15. Borrowings

Short-term borrowings

	31 December 2020	31 December 2019
Bank loans	32,762,452	14,918,829
Loan received from related parties (Note 27)	-	3,472,349
Loans received from third parties	16,600	710,460
Interest accrued on borrowings from third parties	615	8,624
Current portion of long-term borrowings	18,973,808	12,724,437
Total	51,753,475	31,834,699

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

	Interest rate	31 December 2020	Interest rate	31 December 2019
Russian Roubles	1.0%-11.14%	51,753,475	1.0%-12.95%	23,854,865
Euro	-	-	0.7%-0.8%	7,979,834
Total		51,753,475		31,834,699

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15. Borrowings (continued)

Long-term borrowings

	31 December 2020	31 December 2019
Bank loans	82,149,528	78,765,221
Less current portion of long-term borrowings from:		
Bank loans	(18,973,808)	(12,724,437)
Total	63,175,720	66,040,784

The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2020	Interest rate	31 December 2019
Russian Roubles	1.0%-12.5%	63,175,720	1.0%-12.95%	66,040,784
Total		63,175,720		66,040,784

In November 2018 the Group entered into a transaction with 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.

As at 31 December 2019 the acquired loans amounted to RR 22,075,850 (including RR 2,666,807 of interest receivable on these loans) and recognised within Short-term investments (Note 4) driven by the principal repayment of the loans as a result of the bankruptcy procedure expected to be finalised by the end of 2020.

The Group did not recognise any expected credit loss allowance for loans receivable because of the excess of collateral fair value over the gross carrying value of these loans as at 31 December 2019. 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.

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15. Borrowings (continued)

The assumptions used for the calculations to which the fair value is most sensitive were:

- WACC after-tax discount rate of 13.05%;
- Discount rate applicable to distressed assets of 20.5%.

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 recognise the credit loss allowance for expected credit loss in the amount of RR 2,144,519.

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.

As at 31 December 2019 the day-one gain amounted to RR 1,546,306 and is recognised within Trade and other payables (Note 16). In 2020 the period for day-one gain amortization was revised and set in line with the expected timing of finalisation of bankruptcy procedures until the end of 2021. As at 31 December 2020 the day-one gain amounted to RR 552,748 and is recognised within Trade and other payables (Note 16).

In November 2015 the Group entered into a transaction with VEB for the acquisition of debt (loans and bonds) and equity (19.97% shares in PJSC Group Razguliay) 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.

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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15. Borrowings (continued)

Maturity of long-term borrowings

	31 December 2020	31 December 2019
Fixed interest rate borrowings:		
2 years	16,867,579	15,023,425
3-5 years	21,662,876	26,841,560
More than 5 years	24,645,265	24,175,799
Total	63,175,720	66,040,784

For details of property, plant and equipment and biological assets pledged as collateral for the above borrowings see Note 9 nad 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 2020	31 December 2019
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 2019	94,983,160	117,966	95,101,126
Cash flows			
Loan drawdowns	91,687,403	-	91,687,403
Repayment of principal	(91,118,861)	(235,859)	(91,354,720)
Interest payments	(4,752,578)	(271,623)	(5,024,201)
Non-cash changes			
Foreign exchange adjustments	(266,548)	(11,671)	(278,219)
Other non-cash movements	7,342,907	5,307,779	12,650,686
As at 31 December 2019	97,875,483	4,906,592	102,782,075
Cash flows			
Loan drawdowns	77,932,773	-	77,932,773
Repayment of principal	(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

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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 2020		
	According to IFRS	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 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
Lease payments	(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

	Year ended 31 December 2019		
	According to IFRS	Reclassifications	Management accounts
Cash flows from investing activities			
Purchases of property, plant and equipment	(15,056,765)	-	(15,056,765)
Purchases of inventories intended for construction	(1,741,948)	-	(1,741,948)
Proceeds from cash withdrawals from deposits	4,623,323	(4,623,323)	-
Deposits placed with banks	(2,012,991)	2,012,991	-
Purchase of promissory note	100,000	(100,000)	-
Proceeds from sales of bonds with maturity over three months	2,314,831	(2,314,831)	-
Purchases of associates	(78,150)	-	(78,150)
Purchases of investments on third parties	(8,500,000)	-	(8,500,000)
Purchases of loans issued	(372,899)	372,899	-
Loans repaid	1,864,061	(1,864,061)	-
Interest received	4,820,116	(4,820,116)	-
Proceeds from sale of subsidiaries, net of cash disposed	478,710	-	478,710
Proceeds from sale of assets held for sale	408,839	-	408,839
Other cash flows in investing activities*	165,809	-	165,809
Net cash used in investing activities	(12,987,064)	(11,336,441)	(24,323,505)
Cash flows from financing activities			
Proceeds from borrowings	91,687,403	-	91,687,403
Repayment of borrowings	(91,118,861)	-	(91,118,861)
Proceeds from cash withdrawals from deposits*	-	4,623,323	4,623,323
Deposits placed with banks*	-	(2,012,991)	(2,012,991)
Purchase of promissory note	-	100,000	100,000
Proceeds from sales of bonds with maturity over three months	-	2,314,831	2,314,831
Purchases of loans issued *	-	(372,899)	(372,899)
Loans repaid*	-	1,864,061	1,864,061
Interest and other finance cost paid	(5,024,201)	-	(5,024,201)
Interest received*	-	4,820,116	4,820,116
Proceeds from government grants	2,086,446	-	2,086,446
Repayment of lease liabilities-principal	(235,859)	-	(235,859)
Other cash flows in financing activities*	(5,058,113)	-	(5,058,113)
Net cash used in financing activities	(7,663,185)	11,336,441	3,673,256

*See details in the consolidated statement of cash flows.

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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 2020 and 2019 the net debt of the Group was as follows:

	31 December 2020	31 December 2019
Long-term borrowings	63,175,720	66,040,784
Short-term borrowings	51,753,475	31,834,699
Cash and cash equivalents (Note 3)	(11,866,798)	(2,170,779)
Bank deposits within long-term investments (Note 10)	(13,900,000)	(13,900,000)
Long-term bonds held for collect (Note 10)	(19,900,000)	(19,900,000)
Long-term bonds held for trading (Note 10)	(165,129)	(165,222)
Short-term bonds held for collect (Note 4)	(197,523)	-
Net debt*	68,899,745	61,739,482
including long-term Net debt	29,210,591	32,075,562
including short-term Net debt	39,689,154	29,663,920
Adjusted EBITDA* (Note 29)	31,984,073	19,371,380
Net debt/ Adjusted EBITDA*	2,15	3,19

** not an IFRS measure.

16. Trade and other payables

	31 December 2020	31 December 2019
Trade accounts payable	10,075,172	9,950,349
Payables for property, plant and equipment	983,481	1,112,131
Other payables	33,388	14,891
Total financial liabilities within trade and other payables	11,092,041	11,077,371
Payables to employees	1,597,491	1,755,153
Advances received	2,773,858	3,113,784
Other payables (Note 15)	552,748	1,546,306
Total trade and other payables	16,016,138	17,492,614

Financial liabilities within trade and other payables of RR 177,222 (31 December 2019: RR 84,269) are denominated in US Dollars, financial liabilities within trade and other payables of RR 646,121 (31 December 2019: RR 485,274) are denominated in Euros. All other financial liabilities within trade and other payables are denominated in Russian Roubles.

17. Other taxes payable

	31 December 2020	31 December 2019
Value added tax	3,711,148	3,030,199
Social contributions	243,035	199,881
Property tax	92,776	125,180
Personal income tax	14,371	71,550
Transport tax	5,345	4,784
Other	29,524	36,440
Total	4,096,199	3,468,034

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18. Government grants

During 2019-2020 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 2020 amounted to RR 291,966 (2019: RR 40,250). These grants are deferred and amortised on a straight-line basis over the expected lives of the related assets.

In 2019-2020 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 995,874 (2019: RR 1,570,163).

The movements in deferred government grants in the consolidated statement of financial position were as follows:

	2020	2019
As at 1 January	8,306,779	7,310,975
Government grants received	1,287,840	1,610,413
Amortization of deferred income to match related depreciation (Note 23)	(642,501)	(614,609)
Write-off due to early repayment of the loan	(415,219)	-
As at 31 December	8,536,899	8,306,779

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 24.

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19. Sales

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	73,665,131	4,101,951	(16,021,652)	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	76,160,418	4,406,702	(16,490,324)	158,971,035
Geographical market							
Russian Federation	22,552,664	28,303,697	27,669,655	41,833,144	3,808,468	(16,490,324)	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	76,160,418	4,406,702	(16,490,324)	158,971,035
Timing of revenue recognition							
Goods transferred at a point of time	27,272,132	32,391,964	33,973,009	73,665,131	4,101,951	(16,021,652)	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	76,160,418	4,406,702	(16,490,324)	158,971,035

Disaggregation of revenue for 2019 by category under revenue recognition guidance:

	Sugar	Meat	Agriculture	Oil and Fat	Other	Elimination	Total
Type of goods and services							
Sales of goods	30,627,053	25,796,457	25,394,794	59,890,106	3,870,058	(10,712,586)	134,865,882
Transportation services	442,002	37,180	76,045	2,330,138	-	-	2,885,365
Other services	125,660	-	373,854	154,843	294,235	(527,415)	421,177
Total revenue from contracts with customers	31,194,715	25,833,637	25,844,693	62,375,087	4,164,293	(11,240,001)	138,172,424
Geographical market							
Russian Federation	28,490,847	24,080,031	21,382,281	37,234,826	4,119,047	(11,240,001)	104,067,031
Foreign countries	2,703,868	1,753,606	4,462,412	25,140,261	45,246	-	34,105,393
Total revenue from contracts with customers	31,194,715	25,833,637	25,844,693	62,375,087	4,164,293	(11,240,001)	138,172,424
Timing of revenue recognition							
Goods transferred at a point of time	30,627,053	25,796,457	25,394,794	59,890,106	3,870,058	(10,712,586)	134,865,882
Services transferred over time	567,662	37,180	449,899	2,484,981	294,235	(527,415)	3,306,542
Total revenue from contracts with customers	31,194,715	25,833,637	25,844,693	62,375,087	4,164,293	(11,240,001)	138,172,424

The Group derives revenue from the transfer of goods and services over time and at a point in time in the major product lines and geographical regions.

The transportation expenses related to Revenue from transportation services in amount of RR 3,199,136 were recognised within Cost of sales (2019: RR 2,885,365).

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20. Cost of sales

	2020	2019
Raw materials and consumables used	90,449,134	68,451,434
Purchases of goods for resale	14,423,091	12,868,265
Services	12,175,874	11,083,303
Depreciation	9,441,374	7,671,869
Payroll	8,963,448	8,254,778
Other	1,614,609	2,278,815
Purchase of biological assets	1,241,577	1,226,371
Depreciation of right-of-use assets	534,025	506,137
Provision/ (reversal of provision) for net realisable value	621,090	(22,452)
Change in work in progress, finished goods and goods for resale, biological assets	(18,331,564)	(1,847,557)
Total	121,132,658	110,470,963

"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 (163,346) (2019: RR (538,543)).

Payroll costs include salaries of RR 6,841,137 (2019: RR 6,332,017) and statutory pension contributions of RR 1,571,441 (2019: RR 1,448,806).

The average number of employees employed by the Group during the year ended 31 December 2020 was 19,139 (18,881 for the year ended 31 December 2019).

21. Distribution and selling expenses

	2020	2019
Transportation and loading services	4,055,104	4,361,561
Advertising	1,742,131	1,302,768
Payroll	1,701,474	1,624,473
Other services	889,580	1,292,725
Depreciation and amortization	163,534	204,660
Materials	158,811	130,468
Fuel and energy	135,763	117,575
Depreciation of right-of-use assets	27,062	11,330
Provision/(Reversal of provision) for impairment of receivables	13,592	(7,723)
Other	664,221	568,288
Change in selling and distribution expenses attributable to goods not sold	209,569	212,654
Total	9,760,841	9,818,779

Payroll costs include salaries of RR 1,346,603 (2019: RR 1,285,856) and statutory pension contributions of RR 354,871 (2019: RR 338,617).

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22. General and administrative expenses

	2020	2019
Payroll	4,155,047	3,507,003
Depreciation	631,466	493,939
Services of professional organisations	523,805	491,927
Taxes, excluding income tax	457,069	471,869
Rent	289,418	270,415
Security	211,219	179,017
Bank services	170,517	100,437
Depreciation of right-of-use assets	159,931	130,560
Travelling expenses	145,379	91,908
Materials	106,362	77,105
Fuel and energy	104,290	87,041
Repair and maintenance	68,517	65,005
Insurance	57,890	53,420
Communication	44,023	48,886
Statutory audit fees	3,537	2,408
Other	248,979	640,065
Total	7,377,449	6,711,005

Payroll costs above include salaries of RR 3,443,030 (2019: RR 2,832,792) and statutory pension contributions of RR 712,017 (2019: RR 674,211).

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 2020 amounted to RR 3,545 (2019: RR 2,408). The total fees charged by the Company's statutory auditor for the year ended 31 December 2019 for tax advisory services amounted to RR 607 (2019: RR 2,002).

23. Other operating income/(expenses), net

	2020	2019
Reimbursement of operating expenses (government grants)	930,630	400,266
Realised deferred day-one gain (Note 15)	993,558	1,592,001
Operating foreign exchange (loss)/gain, net	(465,210)	(32,849)
Amortization of deferred income to match related depreciation (Note 18)	642,501	614,609
Gain/ (loss) on disposal of property, plant and equipment	335,640	(110,601)
Charitable donations and social costs	(411,179)	(122,044)
Gain on other investments	560,568	129,361
Fines and penalties receivable	450,000	51
The result of early loan repayment	(131,363)	-
Provisions for other liabilities and charges	(179,796)	-
Share-based remuneration	-	12,888
Loss on sale of goods and materials, except for main products	(24,314)	(224,557)
Lost harvest write-off (Note 9)	(188,536)	(122,468)
Loss on implementation of work, services	(118,230)	(22,655)
Payroll	(53,671)	(88,541)
Loss sunflower seed write-off	-	(164,000)
Lost pigs write-off	-	(65,677)
Other shortages and losses	(146,916)	(19,397)
Gain on sale of subsidiaries, net	-	364,880
Loss on sale of non-current assets classified as held for sale, net	-	(412,111)
Other	99,335	197,530
Total	2,293,017	1,926,686

Gain on other investments in 2020 is comprised out of dividends received from LLC GK Agro-Belogorie in the amount of RR 560,568.

Gain on sale of subsidiaries in 2019 relates to sale of LLC Kolysheyskiy Elevator for a consideration of RR 478,710.

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23. Other operating income/(expenses), 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

	2020	2019
Realised deferred day-one gain (Note 15)	993,558	1,592,001
Amortization of deferred income to match related depreciation (Note 18)	642,501	614,609
Operating foreign exchange gains/(losses), net	(465,210)	(32,849)
Gain/ (loss) on disposal of property, plant and equipment	335,640	(110,601)
Charitable donations and social costs	(411,179)	(122,044)
Gain on other investments	560,568	129,361
Fines and penalties receivable	450,000	51
The result from early repayment of the loan	(131,363)	-
Loss on other provisions	(179,796)	-
Loss on sale of non-current assets classified as held for sale, net (Note 10)	-	(412,111)
Gain on sale of subsidiaries, net	-	364,880
Share-based remuneration	-	12,888
Other	18,910	163,401
Total	1,813,629	2,199,586

24. Interest expense and other financial income/ (expenses), net

Interest expense comprised of the following:

	2020	2019
Interest expense	6,448,154	6,829,598
Reimbursement of interest expense (government grants)	(1,643,159)	(1,348,358)
Interest expense, net	4,804,995	5,481,240

Other financial income/ (expenses), net comprised of the following items:

	2020	2019
Financial foreign exchange differences (loss)/ gain, net	(1,233,636)	210,577
Interest expense on leases (Note 12)	(580,276)	(590,777)
Other financial (expenses)/income, net	(30,218)	49,501
Other financial income/ (expenses), net	(1,844,130)	(330,699)

25. Goodwill

	2020	2019
Carrying amount at 1 January	2,364,942	2,364,942
Acquisitions of subsidiaries	-	-
Carrying amount at 31 December	2,364,942	2,364,942

The carrying amount of goodwill is allocated to the following CGUs:

	31 December 2020	31 December 2019
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

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25. Goodwill (continued)

Goodwill Impairment Test

The carrying amount of goodwill as at 31 December 2020 and 2019 was tested for impairment. The recoverable amount of the Group's cash-generating units has been determined based on a value-in-use 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 3.5% per annum (31 December 2019: 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 discount rate	
	2020	2019	2020	2019
Oil Samara CGU	8.8%-13.5%	10.0%-12.6%	12.45%	11.40%
Agriculture Center CGU	31.8%-36.7%	28.7%-34.6%	9.87%	9.90%
Sugar CGU	20.5%-22.2%	16.3%-22.6%	12.08%	11.50%
Agriculture Primorie CGU	31.1%-34.5%	30.3%-35.2%	10.15%	9.90%
Meat CGU	26.0%-30.0%	23.2%-30.7%	10.15%	9.75%

* 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.

2020 and 2019

As a result of the testing, no impairment losses were recognised for the goodwill allocated to each CGU.

26. Income tax

	2020	2019
Current income tax charge	1,755,669	577,216
Deferred tax (credit)/ charge	(1,728,898)	158,538
Income tax expense	26,771	735,754

The Group companies domiciled in Russia were subject to an income tax rate of 20% (2019: 20%) of taxable profits, except for profit on sales of agricultural produce taxable at 0% (2019: 0%) and profit obtained in Samara and Sverdlovskiy region subject to a reduced rate of 16.5% in 2018-2022.

Group entities operating in other tax jurisdictions were taxed at 0% and 12.5% (2019: 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:

	2020	2019
Profit before tax:	24,323,498	10,444,263
- taxable at 0%	25,640,390	4,111,548
- taxable at 12.5%	1,575,368	2,388,126
- taxable at 16.5%	-	331,659
- taxable at 20%	(2,892,260)	3,612,930
Theoretical tax (credit)/charge calculated at the applicable tax rate of 20%, 16.5% and 12.5% (2019: 20%, 16.5% and 12.5%)	(381,531)	1,075,825
- non-taxable income	(533,881)	(471,897)
- non-deductible expenses	322,321	322,053
- share based remuneration	-	(4,940)
Deferred tax charge/(credit) in respect of withholding income tax on dividends to be distributed	-	(119,034)
Withholding income tax on dividends distributed	599,940	26,350
Adjustments of income tax in respect of prior years and tax penalties	16,611	(12,871)
Other	3,311	(79,732)
Income tax expense	26,771	735,754

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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 taxes are attributable to the following:

	1 January 2020	Deferred tax assets/ (liabilities) acquisition/ disposal	Deferred tax credited/ (charged) to other comprehensi ve income	Deferred tax credited/ (charged) to profit or loss	31 December 2020
Tax effects of deductible/ (taxable) temporary differences:					
Property, plant and equipment	(1,188,904)	-	-	(245,537)	(1,434,441)
Impairment of receivables	(465,199)	-	-	(80,509)	(545,708)
Payables	(180,134)	-	-	368,223	188,089
Financial assets	210,604	-	(7,070)	275,111	478,645
Inventory and biological assets	268,649	-	-	584,348	852,997
Borrowings	(2,826,526)	-	-	525,465	(2,301,061)
Loss carried forward	5,020,048	(734)	-	166,642	5,185,956
Lease liability	298,317	-	-	63,170	361,487
Right-of-use assets	(288,440)	-	-	(91,622)	(380,062)
Other	509,591	19	-	163,607	673,217
Net deferred tax asset/(liability)	1,358,006	(715)	(7,070)	1,728,898	3,079,119
Recognised deferred tax asset	1,852,983				3,566,168
Recognised deferred tax liability	(494,977)				(487,049)

	1 January 2019	Deferred tax assets/ (liabilities) acquisition/ disposal	Deferred tax credited/ (charged) to other comprehensi ve income	Deferred tax credited/ (charged) to profit or loss	31 December 2019
Tax effects of deductible/ (taxable) temporary differences:					
Property, plant and equipment	(1,023,608)	9,592	-	(174,888)	(1,188,904)
Impairment of receivables	(204,525)	-	-	(260,674)	(465,199)
Payables	(438,347)	-	-	258,213	(180,134)
Financial assets	595,710	-	-	(385,106)	210,604
Inventory and biological assets	1,133,151	-	-	(864,502)	268,649
Borrowings	(3,221,993)	-	-	395,467	(2,826,526)
Loss carried forward	4,541,472	(30)	-	478,606	5,020,048
Lease liability	235,113	-	-	63,204	298,317
Right-of-use assets	(235,113)	-	-	(53,327)	(288,440)
Withholding income tax on dividends to be distributed	(119,034)	-	-	119,034	-
Other	244,716	(560)	-	265,435	509,591
Net deferred tax asset/(liability)	1,507,542	9,002	-	(158,538)	1,358,006
Recognised deferred tax asset	1,866,593				1,852,983
Recognised deferred tax liability	(359,051)				(494,977)

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. The amount of losses that can be utilised each year during that period is limited to 50% of annual taxable profit.

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26. Income tax (continued)

In the context of the Group's current structure tax losses and current tax assets of different companies may not be set off against taxable profits and current tax liabilities of other companies and, accordingly, taxes may accrue even where there is a net consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

	31 December 2020	31 December 2019
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	2,576,008	1,528,366
- Deferred tax asset to be recovered within 12 months	990,160	324,617
	3,566,168	1,852,983
Deferred tax liabilities:		
- Deferred tax liability to be settled after more than 12 months	(275,985)	(266,949)
- Deferred tax liability to be settled within 12 months	(211,064)	(228,028)
	(487,049)	(494,977)
Total net deferred tax asset	3,079,119	1,358,006

Temporary differences associated with undistributed earnings of subsidiaries totalled RR 105,199,322 (2019: RR 91,763,699). No deferred 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.

In August 2013 the Board of Directors approved a new dividend policy with payout ratio of at least 25% of net income. 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 70.7% 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 2020 and 2019, the ultimate controlling party of the Company is Mr. Vadim Moshkovich (the "Owner"), who ultimately controls 70.7% of the total issued shares.

Key management personnel

Share option incentive scheme

In 2014 the Group initiated a share option incentive scheme for its top-management. Under this scheme 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.

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27. Related party transactions (continued)

In 2017 the Group initiated another share option incentive scheme for its top-management. Under the scheme 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. No expenses or gains were recognized under this scheme for the year ended 31 December 2020. Expenses recognized under this scheme for the year ended 31 December 2019 amounted to RR 26,636 and gain resulting from the reduction of number of employees for the year ended 31 December 2019 amounted to RR 39,524 are included in "Other non-operating income/ (expenses)" line in the consolidated statement of profit or loss and other comprehensive income (Note 23).

In 2020 31,000 GDRs amounting to RR 0 (2019: no GDRs) of the Company were transferred to the employees under the share option incentive schemes.

As at 31 December 2020, the share-based payment reserve accumulated in equity as a result of the share-based payment transactions amounted to RR 1,313,691 (2019: RR 1,313,691).

Other remuneration to key management personnel

Remuneration to 12 (2019: 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 1,211,653 including RR 104,895 payable to the State Pension Fund (2019: RR 730,539 and RR 62,392 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 803,673 including RR 68,761 payable to the State Pension Fund (2019: RR 524,603 and RR 43,989 respectively) for the year ended 31 December 2020.

Dividends paid to the Company Directors

During the year ended 31 December 2020 the dividends paid to the Company Directors amounted to RR 383,216 (2019: RR 379,612).

Loan agreements with the Key management personnel

Balances and transactions under loan agreements with Key management personnel consist of the following:

Transactions	31 December 2020	31 December 2019
Operating foreign exchange differences gain/ (loss), net	-	(590)
Balances	31 December 2020	31 December 2019
Trade accounts payable to related parties	45	45
Other payables to related parties	-	9,865

Entities controlled by the Owner

Dividends paid to entities controlled by the Owner

During the year ended 31 December 2020 the dividends paid to entities controlled by the Owner amounted to RR 3,691,102 (2019: RR 3,688,573).

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27. Related party transactions (continued)

Balances and transactions with entities controlled by the Owner are presented in the table below:

	31 December 2020	31 December 2019
Transactions		
Sales of goods and services	198	198
Purchases of services	3,060	2,603
Charitable donations and social costs	208,762	18,400
Repayment of lease liabilities	156,047	117,301
Proceeds from loans	-	5,500,521
Short-term loans repaid	4,066,495	1,932,870
Interest expenses	5,898	44,376
Interest paid	13,249	38,938
	31 December 2020	31 December 2019
Balances		
Trade receivables from related parties, gross	24	24
Other receivables from related parties, gross	402	546
Prepayments to related parties, gross	76,209	68,325
Loan received from related parties	-	(3,472,349)
Lease liabilities	(1,288,163)	(901,621)
Advances received from related party	-	(2)

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 2020 and 31 December 2019 is accounted for in accordance with IFRS 16.

Loans received from related parties during the year ended 31 December 2019 (nominated in euro with an interest rate of 0.8%) were fully repaid during the year ended 31 December 2020.

Associates

Balances and transactions with associates are presented in the table below:

	31 December 2020	31 December 2019
Transactions		
Purchases of services	370	712
Purchases of goods	-	2
	31 December 2020	31 December 2019
Balances		
Other receivables from related parties, gross	51,513	51,639
Trade receivables from related parties, gross	49	49
Provision for impairment of trade receivables from related parties	(49)	(49)
Trade and other payables	(63)	(189)

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.

	2020	2019
Profit for the year attributable to the Company's equity holders	24,359,786	9,808,204
Weighted average number of ordinary shares in issue	26,905,237	26,900,070
Basic and diluted earnings per share (RR per share)	905.39	364.62

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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, OJSC 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.

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.

Segment 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 by segment;
- 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 non-recurring 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);
- 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;

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29. Segment information (continued)

- share-based remuneration;
- provision/ (reversal of provision) for net realisable value of agricultural products in stocks
- 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 "Other" 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, is engaged in the cultivation of dairy cattle livestock. Related revenue from sales of milk and other livestock products was RR 205,997 (2019: RR 192,556). The "Other" segment is engaged in the production of milk products, including dry milk textures and cheese products. Related revenue from milk products was RR 3,787,225 (2019: RR 3,869,750).

For the amount of revenue from services, which comprise mainly 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:

	2020	2019
Russian Federation	107,677,304	104,067,031
Foreign countries	51,293,731	34,105,393
Total	158,971,035	138,172,424

Among key customers from foreign countries are China, Turkey, Japan, Switzerland and CIS countries.

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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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 2020 and 2019 is set out below:

	2020					2019				
	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total			
Assets										
Liabilities	58,114,485	77,953,893	59,110,299	50,882,856	177,454,395	(147,367,341)	276,148,587			
Additions to non-current assets*	41,201,441	51,419,029	34,167,859	48,659,063	60,772,647	(86,105,850)	150,114,189			
	1,309,376	14,356,807	3,783,597	1,768,560	655,255	-	21,873,595			
2019										
Assets										
Liabilities	50,574,705	68,899,492	50,415,931	29,740,476	169,902,435	(130,038,146)	239,494,893			
Additions to non-current assets*	34,304,378	49,218,291	32,296,065	27,888,730	60,832,637	(71,871,776)	132,668,325			
	3,926,940	16,331,974	2,651,012	1,057,679	84,729	-	24,052,334			

*Additions to non-current assets exclude additions to financial instruments, assets held for sale and goodwill and restricted cash.

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29. Segment information (continued)

Segment information for the reportable segments' adjusted EBITDA for the years ended 31 December 2020 and 2019 is set out below:

	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
2020							
Sales (Note 19)	28,112,519	32,434,214	34,347,506	76,160,418	4,406,702	(16,490,324)	158,971,035
Net gain/ (loss) 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)	(61,382,829)	(3,854,140)	11,777,956	(121,132,658)
Incl. Depreciation and amortisation	(2,605,853)	(3,716,132)	(2,861,216)	(536,301)	(17,164)	(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	14,777,589	552,562	(1,723,139)	43,739,376
Distribution and Selling, General and administrative expenses (Notes 21, 22)	(3,399,788)	(2,713,324)	(3,732,770)	(6,313,621)	(2,121,408)	1,142,621	(17,138,290)
Incl. Depreciation and amortisation	(83,738)	(218,146)	(386,864)	(181,013)	(187,619)	75,387	(981,993)
Other operating income/(expenses), net (Note 23)	602,466	653,934	459,868	(256,767)	15,305,841	(14,472,325)	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 (Note 23)	425,102	459,983	71,372	(463,483)	15,257,311	(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	8,207,201	8,666,397	(15,052,843)	23,823,505
Adjustments:							
Depreciation included in Operating Profit	2,689,591	3,934,278	3,248,080	717,314	204,783	-	10,794,046
Non-recurring other operating adjustment (Note 23)	(425,102)	(459,983)	(71,372)	463,483	(15,257,311)	13,936,656	(1,813,629)
Net gain/ (loss) on revaluation of biological 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*	6,352,078	6,473,484	15,191,462	9,387,998	(1,315,533)	(4,105,416)	31,984,073

* Non-IFRS measure

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29 Segment information (continued)

2019	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales (Note 19)	31,194,715	25,833,637	25,844,693	62,375,087	4,164,293	(11,240,001)	138,172,424
Net gain/ (loss) on revaluation of biological assets and agricultural produce (Note 9)	-	(852,455)	(1,559,526)	-	-	(1,699,966)	(4,111,947)
Cost of sales (Note 20)	(25,758,275)	(21,717,486)	(18,583,596)	(53,461,301)	(3,640,734)	12,690,429	(110,470,963)
Incl. Depreciation and amortisation	(1,925,029)	(2,696,297)	(2,462,063)	(472,629)	(12,507)	(70,938)	(7,639,463)
Net (loss) from trading derivatives	(7,342)	-	-	-	(6)	-	(7,348)
Gross profit	5,429,098	3,263,696	5,701,571	8,913,786	523,553	(249,538)	23,582,166
Distribution and Selling, General and administrative expenses (Notes 21, 22)	(3,516,890)	(2,135,635)	(4,168,971)	(6,011,841)	(1,606,311)	909,864	(16,529,784)
Incl. Depreciation and amortisation	(74,134)	(183,169)	(437,344)	(141,980)	(74,800)	70,938	(840,489)
Other operating income/(expenses), net (Note 23)	544,406	326,251	(95,492)	(452,519)	14,973,889	(13,369,849)	1,926,686
Incl. Reimbursement of operating costs (government grants)	71,290	56,562	130,623	141,791	-	-	400,266
Incl. Non-recurring other operating adjustment (Note 23)	467,932	366,207	(17,158)	(321,376)	15,073,831	(13,369,849)	2,199,587
Operating profit	2,456,614	1,454,312	1,437,108	2,449,426	13,891,131	(12,709,523)	8,979,068
Adjustments:							
Depreciation included in Operating Profit	1,999,163	2,879,466	2,899,407	614,609	87,307	-	8,479,952
Non-recurring other operating adjustment (Note 23)	(467,932)	(366,207)	17,158	321,376	(15,073,831)	13,369,849	(2,199,587)
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	852,455	1,559,526	-	-	1,699,966	4,111,947
Adjusted EBITDA*	3,987,845	4,820,026	5,913,199	3,385,411	(1,095,393)	2,360,292	19,371,380

* Non-IFRS measure

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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 exposures except 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 2020	31 December 2019
Long-term financial assets		
Bonds held to collect (Note 10)	19,900,000	19,900,000
Bank deposits (Note 10)	14,070,635	14,071,101
Investments in third parties (Note 10)	8,556,556	8,500,000
Bonds held for trading (Note 10)	165,129	165,222
Total long-term financial assets	42,692,320	42,636,323
Short-term financial assets		
Loans issued (Note 4)	19,137,343	23,168,244
Financial assets within trade and other receivables (Note 5)	8,829,801	7,124,916
Cash and cash equivalents (Note 3)	11,866,798	2,170,779
Interest receivable on long-term bonds held to collect (Note 4)	218,057	283,541
Short-term restricted cash	143,637	39
Other short-term investments (Note 4)	22,692	-
Bonds held to collect (Note 4)	197,523	-
Interest receivable on bonds held for trading (Note 4)	7,908	4,767
Total short-term financial assets	40,423,759	32,752,286
Total	83,116,079	75,388,609

As at 31 December 2020 the Group has collateral against RR 46,887 of its trade receivables (31 December 2019: RR 50,751). The Group has geographical concentration of credit risk in the Russian market since the majority of the Group's customers conduct their business in Russian Federation.

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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 ratings	Corresponding ratings of external international rating agencies	Corresponding 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 2020.

	Cash and cash equivalents	Bank deposits	Total
- Excellent	11,808,294	14,070,635	25,878,929
- Good	57,939	-	57,939
- Satisfactory	-	-	-
- Special monitoring	-	-	-
Total cash and cash equivalents, excluding cash on hand	11,866,233	14,070,635	25,936,868

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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 2019.

	Cash and cash equivalents	Bank deposits	Total
- Excellent	2,096,761	14,071,101	16,167,862
- Good	73,567	-	73,567
- Satisfactory	-	-	-
- Special monitoring	-	-	-
Total cash and cash equivalents, excluding cash on hand	2,170,328	14,071,101	16,241,429

The credit quality of cash and cash equivalents, bank deposits and restricted cash balances may be summarised as:

	Rating agency	31 December 2020		31 December 2019	
		Rating	Balance	Rating	Balance
Vnesheconombank	S&P	bbb	14,070,658	bbb	14,071,116
Alfa Bank	Fitch Ratings	bb+	10,243,340	bb+	1,721,877
Credit Suisse	Fitch Ratings	a-	1,575	a-	134,748
Sberbank	Fitch Ratings	bbb	670,168	bbb	9,379
Bank GPB	S&P	bb+	149	bb+	4,868
Rosbank	Fitch Ratings	bbb	2,275	bbb	243
Bank NCC	Fitch Ratings	bbb	1,002,633	bbb-	143
Rosselkhozbank	Moody's	Ba1	38,392	Ba1	90
Other	-	-	51,315	-	298,965
Total cash at bank, bank deposits (Note 3,10) and restricted cash			26,080,505		16,241,429

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.

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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 2020	31 December 2019
Distribution and retail outlets	5,095,469	4,232,423
Manufacturers (candy, juice and other)	3,213,548	2,644,722
Other not categorised	123,094	59,153
Total trade receivables	8,432,111	6,936,298

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 December 2020		31 December 2019	
	Nominal value	Impairment	Nominal Value	Impairment
Impaired receivables (Note 5):				
- trade receivables	1,141,874	(76,845)	310,484	(239,248)
- other receivables	81,184	(71,477)	115,166	(112,014)
Total	1,223,058	(148,322)	425,650	(351,262)

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:

At 31 December 2020	Carrying value	Contractual undiscounted cash flows				
		Total	2021	2022	2023-2025	After 2025
Borrowings and loans (Note 15)						
- principal amount	113,357,741	139,770,853	50,404,705	16,133,646	20,723,547	52,508,955
- interest	1,571,454	28,810,356	3,798,805	2,589,672	5,954,667	16,467,212
Lease liabilities (Note 12)	5,799,367	11,329,467	976,982	917,680	2,380,704	7,054,101
Financial liabilities within trade and other payables (Note 16)	11,092,041	11,092,041	11,092,041	-	-	-
Total	131,820,603	191,002,717	66,272,533	19,640,998	29,058,918	76,030,268

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30. Financial risk management (continued)

At 31 December 2019	Carrying value	Contractual undiscounted cash flows				
		Total	2020	2021	2022-2024	After 2024
Borrowings and loans (Note 15)						
- principal amount	96,860,147	125,877,650	30,599,207	14,251,035	26,056,690	54,970,718
- interest	1,015,336	32,244,187	4,207,675	3,352,229	6,558,695	18,125,588
Lease liabilities (Note 12)	4,906,592	10,463,012	925,378	890,369	2,308,723	6,338,542
Financial liabilities within trade and other payables (Note 16)	11,077,371	11,077,371	11,077,371	-	-	-
Total	113,859,446	179,662,220	46,809,631	18,493,633	34,924,108	79,434,848

The exchange rates used for calculating payments for bank borrowings denominated in currencies other than Russian Roubles:

	31 December 2020	31 December 2019
US Dollar	73.8757	61.9057
Euro	90.6824	69.3406

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 2020 and 31 December 2019 the Group was not exposed to the cash flow interest rate risk as all of the Group's borrowings had fixed rates.

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30. Financial risk management (continued)

Foreign exchange risk

As at 31 December 2020 and 2019, 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 2020, if the Russian Rouble had weakened/strengthened by 30% (31 December 2019: 30%) against the US dollar with all other variables held constant, the Group's profit before taxation and equity would have been RR 562,822 (2019: RR 234,520) higher/lower.

At 31 December 2020 if the Russian Rouble had weakened/strengthened by 30% (31 December 2019: 30%) against the Euro with all other variables held constant, the Group's profit before taxation and equity would have been RR 170,149 (2019: RR 2,484,130) lower/higher.

Purchase price risk

The Group trades derivatives on ICE Futures US through an agent. Through derivatives, management aims to offset its long position in inventory in order to minimise effects of price fluctuations on the results of the Group. The gains less losses on trading derivatives of RR 10,552 (2019: RR (7,348)) are presented as a separate line within the consolidated statement of profit or loss and other comprehensive income.

The Group is exposed to debt 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 from January until August are closely related to changes in world raw sugar prices that is implicitly managed through the raw sugar derivatives (see above). 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 milk, 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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30. Financial risk management (continued)

Financial instruments by measurement categories and fair values as at 31 December 2020

	Amortised cost	At fair value through other comprehen- sive income	At fair value through profit or loss	Total carrying 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)	19,137,343	-	-	19,137,343	19,214,704
Interest receivable on bonds held to collect (Note 4)	218,057	-	-	218,057	135,320
Interest receivable on bonds held for trading (Note 4)	-	-	7,908	7,908	7,908
Bonds held to collect (Note 4)	197,523	-	-	197,523	197,523
Other short-term investments (Note 4)	-	-	22,692	22,692	22,692
Financial assets within trade and 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)	51,753,475	-	-	51,753,475	51,753,475
Financial liabilities within trade and other payables (Note 16)	11,092,041	-	-	11,092,041	11,092,041
Total short-term financial liabilities	62,845,516	-	-	62,845,516	62,845,516
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	126,021,236

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30. Financial risk management (continued)

Financial instruments by measurement categories and fair values as at 31 December 2019

	Amortised cost	At fair value through other comprehen- sive income	At fair value through profit or loss	Total carrying amount	Fair value
Financial assets					
Cash and cash equivalents (Note 3)	2,170,779	-	-	2,170,779	2,170,779
Short-term restricted cash	39	-	-	39	39
Short-term loans issued (Note 4)	23,168,244	-	-	23,168,244	23,168,244
Interest receivable on bonds held to collect (Note 4)	283,541	-	-	283,541	283,541
Interest receivable on bonds held for trading (Note 4)	-	-	4,767	4,767	4,767
Financial assets within trade and other receivables (Note 5)	7,124,916	-	-	7,124,916	7,124,916
Total short-term financial assets	32,747,519		4,767	32,752,286	32,752,286
Bonds held for trading (Note 10)	-	-	165,222	165,222	165,222
Investments in third parties (Note 10)	-	8,500,000	-	8,500,000	8,500,000
Bonds held to collect (Note 10)	19,900,000	-	-	19,900,000	19,900,000
Bank deposits (Note 10)	14,071,101	-	-	14,071,101	14,071,101
Total long-term financial assets	33,971,101	8,500,000	165,222	42,636,323	42,636,323
Total financial assets	66,718,620	8,500,000	169,989	75,388,609	75,388,609
Financial liabilities					
Short-term borrowings (Note 15)	31,834,699	-	-	31,834,699	31,834,699
Financial liabilities within trade and other payables (Note 16)	11,077,371	-	-	11,077,371	11,077,371
Total short-term financial liabilities	42,912,070			42,912,070	42,912,070
Long-term borrowings (Note 15)	66,040,784	-	-	66,040,784	66,040,784
Total long-term financial liabilities	66,040,784			66,040,784	66,040,784
Total financial liabilities	108,952,854			108,952,854	108,952,854

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies bonds held to collect, loans issued, long-term borrowings to Level 2 of the the fair value hierarchy. Other financial instruments except bonds held for trading are classified to level 3 of the 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 9.9-20.3% (2019: 9.4-20.5%) 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 2020:

	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Investment at FV through OCI				
	EBITDA Margin	16 – 22%	± 1%	± 523,765
	Terminal growth rate	1.8%	± 0.5%	± 161,302
	WACC	12.0%	± 0.5%	± 274,518

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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 2019:

	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Investment at FV through OCI				
	EBITDA Margin	22 – 26%	± 1%	± 471,567
	Terminal growth rate	2%	± 0.5%	± 199,583
	WACC	13.1%	± 0.5%	± 306,451

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 2020 (2019: 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 2020 and 2019.

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 noncompliant 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.

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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 2020 no provision for potential tax liabilities had been recorded (2019: 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 2020 the Group had outstanding contractual commitments in respect of purchases or construction of property, plant and equipment in the amount of RR 6,974,843 (31 December 2019 RR: 7,475,004).

33. Subsequent events

Dividends. Subsequent to the year ended 31 December 2020, the Board of Directors recommends the payment of additional dividends out of the profits for the year 2020 to the amount of RR 10,284,710. Given that the Company has already paid interim dividends for 2020 to the amount of RR 1,922,033, the total dividend out of the profits for 2020 would amount to RR 12,206,743. The dividend per share will be fixed at the dividend record date set on 16 April 2021. 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.

In March 2021 the Group has won a public auction for acquisition of the key production assets of oil extraction plant OJSC Atkarskiy MEZ by making a bid of RR 11,534,004 thousand. These assets are currently rented by the Group.

CONTACT INFORMATION

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Public Company Limited by Shares ROS AGRO PLC

Abbreviated name

ROS AGRO PLC

Full corporate name in Russian

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