

**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.

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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.

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Dividends

Pursuant to its Articles of Association the Company may pay dividends out of its profits. In August 2013 the Board of Directors has approved a new dividend policy with payout ratio of at least 25% of the Group's profit for the year applicable starting from the year ended 31 December 2013. 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.

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Directors' Interests

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

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Treasury shares

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

At 31 December 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