ROS AGRO PLC

ANNUAL REPORT

Rusagro Group

2023

A Fertile Ground for Growth

About the Report

This Ros Agro PLC Annual Report for 2023 (the ‘Report’) contains information on the performance of Rusagro Group (the ‘Company’ or ‘Rusagro’) for the reporting period from 1 January 2023 to 31 December 2023. This Report is published annually, with the last edition released in March 2023.

Previous annual reports are posted on the Rusagro website

The London Stock Exchange’s listing rules

The UK Financial Conduct Authority’s rules on disclosure and transparency

The listing rules of the Moscow Exchange (MOEX)

Auditor’s report

Designed by Praxis Report

Substantive topics

The Report presents the latest information regarding Rusagro's progress towards implementing its development strategy, which aims to drive rapid growth by increasing market share, opening up new markets, and developing complementary areas of business. The report also contains information on the Company's operational, financial, and non-financial performance.

Scope

The operating and financial results of Ros Agro PLC (the parent company) and its subsidiaries, collectively referred to as Rusagro Group, are presented in the Report in accordance with consolidated financial statements under International Financial Reporting Standards (IFRS).

Standards

The Report has been prepared based on Rusagro's management accounts and consolidated financial statements for 2023. The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board.

During the preparation of the Report, the following requirements were taken into account:

- The London Stock Exchange’s listing rules
- The UK Financial Conduct Authority’s rules on disclosure and transparency
- The listing rules of the Moscow Exchange (MOEX)

Audit

The audit of the consolidated financial statements of Ros Agro PLC for 2023 in accordance with IFRS was conducted by KEPT.

Approval of the Report

This Report was provisionally approved by the Board of Directors of Ros Agro PLC on 1 March 2024.

Disclaimer

The Report contains statements of an estimated or forward-looking nature regarding production, financial, economic, social, environmental, and other indicators characterising Rusagro’s development. For various reasons, the events or results presented in subsequent reports may differ materially from those contained in the assumptions or forecasts herein, not least in connection with the changing market situation, as well as other risks directly related to Ros Agro PLC and its subsidiaries. The Company bears no responsibility for losses or damages that may be incurred by individuals and legal entities acting on the basis of forward-looking statements. In each case, such statements represent only one of many scenarios and should not be considered as the most probable.

In addition to official information concerning Rusagro's activities, this Report contains data obtained from third parties and sources that Rusagro considers reliable. Nevertheless, the Company cannot guarantee the accuracy of such information, which may be incomplete or abridged.

Presentation of numerical data

The values and percentages presented in the various tables and graphs, as well as in the text of the Report, have been rounded to the nearest whole number or to the nearest decimal fraction, therefore the sum of the numbers may not precisely match the final total. Some percentages presented in tables and graphs, as well as in the text of the Report, are based on values that have not been rounded, and thus they may not precisely match the percentage data calculated using rounded figures.

01

The Sugar Business continues to promote its brands and increase its presence across all areas of the market for cubed and granulated sugar.

Rusagro's Meat Business is the third-largest pork producer in Russia with a market share of 5.5% in 2023.

The Company strives to adopt cutting-edge global technologies in its approach to management as well as in terms of equipment.

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The Company sells its products in more than 80 Russian regions and over 23 countries worldwide.

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01.

About Rusagro

Our history

The history of Rusagro begins in 1995 with the import of sugar into Russia. Over time, the Company acquired a number of production facilities for sugar, as well as for oils and fats. It also acquired storage elevators and established its own land holding. In 2003, Rusagro Group LLC was founded. The Company's development can be broken down into several key stages and events.

Business Division / Period and Stage	Rusagro	Sugar Business	Agriculture Business	Oil and Fats Business	Meat Business
1997–2002 Launch of our Sugar and Agriculture businesses		We acquire our first sugar plants and launch sugar production in Belgorod Region.	We establish our own land holding for the growing of sugar beet and grain crops. We acquire elevators for storing and trading grain.		
2003–2007 Launch of our Oil and Fats Business and our first retail brand	Rusagro Group LLC is founded in 2003.	We launch our first retail sugar brand, Chaikofsky.		We acquire our first oils and fats production facility in Yekaterinburg.	
2008–2010 Launch of our Meat Business and expansion of our Sugar Business		We expand our Sugar Business by acquiring two sugar plants in Belgorod and Tambov regions. Our Mon Cafe and Brauni sugar brands are launched.	We increase our land holding to 380 ths ha.		Pork production commences in Belgorod Region.
2011–2013 Initial public offering (IPO) and purchase of our first oil extraction plant	An IPO of global depository receipts (GDRs) on the London Stock Exchange in 2011 raises USD 300 mn. A dividend policy is adopted.	A new packaging line enters service and our Russkii Sakhar brand is launched.	We increase our land holding to 463 ths ha.	In 2011, we acquire an oil extraction plant in Samara Region.	In 2013, we open pig farms in Tambov Region.

Business Division / Period and Stage	Rusagro	Sugar Business	Agriculture Business	Oil and Fats Business	Meat Business
2014–2015 Flotation on the Moscow Stock Exchange and the launch of abattoir operations	In 2014, the Company's GDRs are admitted to trading on the Moscow Stock Exchange.	We modernise our sugar plants and increase the capacity of our pulp drying complexes.	We increase our land holding to 504 ths ha.	We modernise our oil extraction plant.	Abattoir operations commence in Tambov Region in 2015.
2016–2017 Business deal concluded with Razgulyay, secondary public offering (SPO)	An SPO of GDRs on the London Stock Exchange in 2016 raises USD 250 mn.	Three sugar plants in Kursk and Orel regions, a cereal plant, and a land holding are acquired from Razgulyay. We launch our first molasses desugarisation plant.	Our land holding reaches a total of 665 ths ha.		Our first retail meat brand, Slovo Myasnika, is launched in 2016.
2018–2020 Business expansion and increase in exports	In 2020, the Company's GDRs are included in the MSCI Russia Small Cap index.	Our second molasses desugarisation plant is launched in 2019. Our sugar products are exported to 34 countries worldwide.	Our agricultural products are exported to 11 countries worldwide. We deliver our first shipments of corn and soya to China.	In 2018, we gain the right to acquire a controlling stake in the company which owns Solnechnye Produkty. We launch a vegetable oil production and bottling plant in Samara Region and a mayonnaise production facility in Atkarsk. Our oils and fats are exported to 29 countries worldwide. We see the first shipments of meal and the resumption of consumer margarine sales to China.	We acquire a 100% stake in KapitalAgro in 2018 and a 22.5% stake in Agro-Belogorye Group in 2019 – both pork producers in Belgorod Region. We complete construction of a grain elevator and begin delivering sows to a pig breeder in Primorsky Territory. Our pork products are exported to ten countries worldwide.

Business Division / Period and Stage	Rusagro	Sugar Business	Agriculture Business	Oil and Fats Business	Meat Business
2021	An SPO of GDRs in Ros Agro PLC is carried out by the majority shareholder. The Rusagro Tech Challenge, a competition for innovative projects, takes place.	The first shipment of pulp is sent by rail to China. Znamensky Sugar Plant is certified to produce organic sugar.	We take on a 12-month lease of 49 ths ha of farmland in Saratov Region.	Bottled sunflower oil is supplied to retail chains in China, and an oil and mayonnaise shop opens on an online marketplace. The Company wins the Agro-industrial Exporter of the Year award. The Company becomes the leading supplier of frying oil to the Russian HoReCa sector. We acquire a further 25% stake in Primorskaya Soya LLC to consolidate 100% ownership of the company.	The Rusagro-Primorye compound feed plant is launched during the Eastern Economic Forum. The Rusagro-Primorye LLC meat recovery and processing plant enters service.
2022	Timur Lipatov is appointed Chief Executive Officer of Rusagro Group LLC. Rusagro joins the AI Alliance. Rusagro is rated Russia's best employer in the Agriculture & Food Industry Trade & Production Companies category by RusBusinessConsulting (RBC) for the first time.	Healthy sugar products enter production. We get organic certification for sugar production according to the requirements of GOST-33980.	The Company develops and launches a smart harvest planning system.	Rusagro's Oil and Fats Business is recognised in two categories of the prestigious all-Russian Exporter of the Year awards. Our first shipment of mayonnaise and sunflower meal to China is delivered. Rusagro is awarded a KulibIT 2022 prize for digitalisation for the CRM Industrial Fats project.	We launch an electronic site visit monitoring system to improve biosecurity. We pass a product quality and safety inspection by Mars.

Highlights of 2023

Rusagro Group is rated Russia's best agricultural employer by HeadHunter

HR — February

Rusagro was one of 1,996 Russian employers that were rated, and was ranked 14th out of 103 major companies for the first time, taking first place in the Agriculture and Food Industry Trade and Production Companies category with a score of 107.39 points.

Admission of Ros Agro PLC GDRs to trading on the Astana International Exchange (AIX)

Share capital — March

As of 20 March 2023, global depository receipts (GDRs) representing Ros Agro PLC shares have been admitted to the official list and trading on the Astana International Exchange (AIX).

Rusagro's Oil and Fats Business digitises and optimises sunflower seed logistics

Technology — April

To support its consultants, the Company has rolled out new Yard Management software (YMS) to optimise the process of interaction with farmers and increase transparency in terms of raw materials transportation. This has enabled it to significantly reduce the costs incurred due to inactive vehicles waiting for elevators to be unloaded. Raw materials can now be transported by suppliers as soon as the enterprise is ready to take them. This effective approach will now be rolled out across other logistical processes.

Rusagro closes deal to acquire 50% share and control of the NMGK Group

Deals — July

Rusagro's control of NMGK (the Nizhny Novgorod Oil and Fats Processing Plant) has enabled it to gain key positions in major B2C market segments, including becoming Russia's No. 1 producer of mayonnaise and mayonnaise-based sauces and substantially strengthening its position in terms of the production of sunflower oil and related oilseed products, as well as in several other industrial fat product categories. This market position has meant that shareholders benefit from economies of scale, including optimised logistics and several other cost items, and has reduced purchasing prices. In addition, the combined Oil and Fats Business has benefited from the addition of the NMGK team and the exchange of best business practices. As part of the Company's growth strategy, this deal has led to a significant increase in revenue.

Rusagro Group confirmed as third largest pork producer in Russia

Sales — February

A list of the 20 leading Russian pork producing companies was published by the National Pig Farmers' Union. According to the Union, the Company's share of the total industrial production volume in Russia is 6.4%. The total volume of industrial pork production was calculated based on the results of operations by Russian agricultural enterprises and household farms.

Meat Business completes upgrade of compound feed mill in Belgorod Region

Sales — March

The feed production department of Rusagro Group's Meat Business has completed an upgrade of a compound feed mill in Ivnya, Belgorod Region. This has increased production capacity by 43%, from 14 to 20 tonnes per hour.

First combined shipment of sunflower meal and beet pulp to China

Sales — June

In 2023, Rusagro delivered its very first combined bulk cargo shipment of sunflower meal and beet pulp to China, totalling around 23 thousand tonnes of product. In the future, there are plans to ship grain as well, which should almost double the volume of a single shipment. Considerable savings can be made by combining bulk goods of the same type into a single large batch and loading them onto the ship at the same time.

Mars inspection successfully passed

Production — September

The meat processing plant in Primorsky Territory underwent an inspection by Mars with respect to the quality and safety of meat and bone meal production. The Company is organising its first deliveries of meat and bone meal for Mars. The inspectors noted the cleanliness of the meat processing plant and the technical semi-finished product workshop, as well as the high level of expertise among the food technologists' team, quality control department, and production staff.

Highlights of 2023

Oil and Fats Business wins five Exporter of the Year awards

Sales — September

In September 2023, Rusagro's Oil and Fats Business was recognised in five categories of the prestigious all-Russian Exporter of the Year awards. Natalia Koroy, the head of the business, won the Best Female Exporter award in two federal districts. Zhirovoy Kombinat and Rusagro-Saratov won the Exporter of the Year nomination for finished food products (high added value) in the Big Business category. The NMGK Group took first place in the Exporter of the Year nomination for basic agricultural product, and Samaraagroprompererabotka (SAPP) came second.

Rusagro completes acquisition of 100% share and control of BioTekhnologii grain elevator

Deals — October

Rusagro has acquired a BioTekhnologii JSC grain elevator in Tambov Region. The elevator has sufficient capacity to store 240 thousand tonnes at a time, provides a full range of associated services, and can store crops such as wheat, barley, sunflower, triticale, corn, soya, rye, and so on. The acquisition of the grain elevator will enable the Company to cut storage costs, optimise logistics chains, and generally increase efficiency in the Agriculture Business.

Sugar Business products rated among Russia's top 100

Sales — November

Brauni cane sugar, a Rusagro-Tambov product, was among the winners at the federal stage of Russia's 100 Best Products 2023, a nationwide competition, and was awarded a gold quality mark. Russkii Sakhar was highly commended in the TS2 category and Chaikofsky sugar in the Extra category, with both being awarded silver quality marks.

Balakovo Oil Extraction Plant upgrade

Technology — December

The oil extraction plant's processing capacity has been increased from 1.8 to 2.4 thousand tonnes of sunflower seeds per day. Up to 800 thousand tonnes of sunflower seeds are processed annually. This will enable the plant to produce record volumes of sunflower oil, granulated husk, and meal, in addition to improving product quality and achieving maximum efficiency.

Znamensky Sugar Plant named best in the industry for 2022

Sales — October

Based on the results of an annual expert analysis conducted by the Centre for Analytical Research, Rusagro Group's Znamensky Sugar Plant was rated a Trusted Partner of the Central Federal District and declared the winner in the Best Enterprise in the Industry 2022 category.

Rusagro secures grant from Russian Information Technology Development Fund (RFRIT)

Technology — October

In a competitive selection process for implementing Russian IT solutions, Rusagro obtained a grant from RFRIT to develop a project entitled Finetuning and Rollout of a Crop Management System based on Russian Software. The project will involve rolling out a Russian-designed crop management system based on the Field History ("Istoriya polya") cloud service, replacing a foreign IT solution.

Rusagro oil and fats products on the national commodity exchange

Sales — November

The Rusagro Group has launched organised exchange trading, which will be held in the form of auctions on the National Commodity Exchange starting on 1 January 2024.

Meat processing enterprise at Borshchevka passes inspection by Chinese delegation

Sales — December

A delegation from China's General Administration of Customs visited the meat processing enterprise in Borshchevka, Tambov Region, in December 2023. The delegates reviewed the measures taken to ensure effective state control of product quality and assessed the readiness of Rusagro's Meat Business to supply products to China. Based on the inspection results, the representatives of China's customs administration noted a high level of readiness at the breeding and meat processing sites.

Key results of 2023

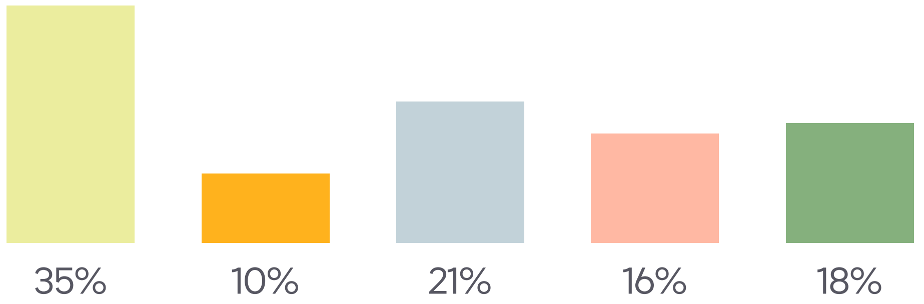
Rusagro is one of the largest vertically integrated agricultural holdings in Russia.

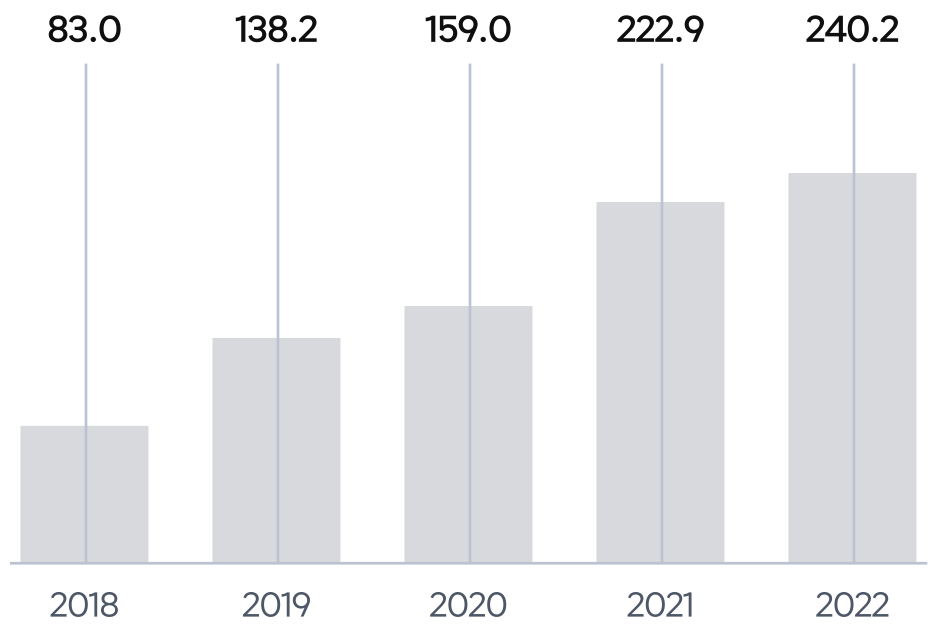
The Company accounts for a significant share of the domestic production of pork, sugar, agricultural products, and oils and fats. According to the final data for 2023, the number of Company employees averaged 23.1 thousand people, and total revenue, after inter-segment eliminations and reflecting other income, was RUB 277.3 billion.

Revenue[1]

RUB bn

277.3 +15%

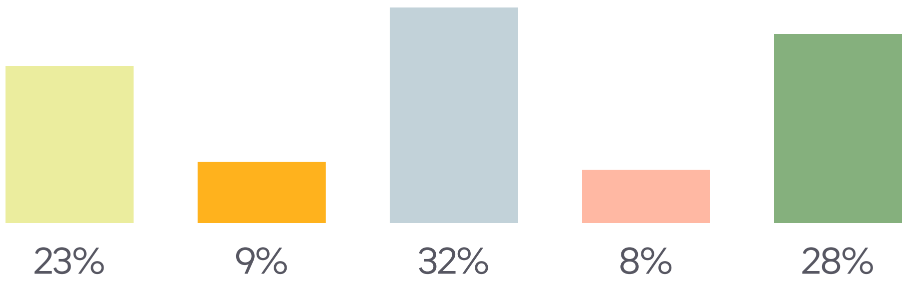


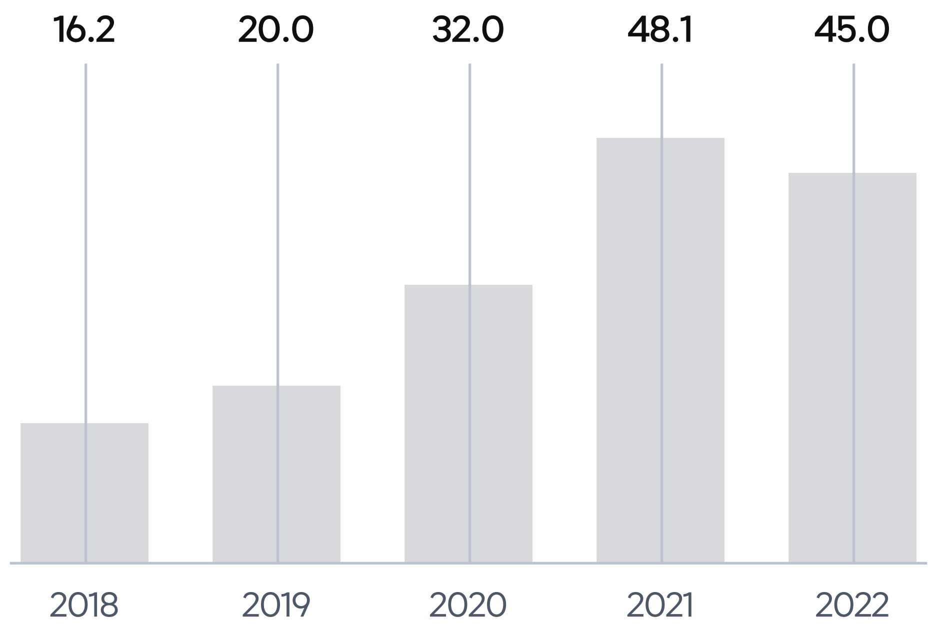


Adjusted EBITDA

RUB bn

56.6 +26%





66.5 RUB BN

Net debt

1.18

Net debt / EBIDTA

SEGMENTS

- Oil and Fats Business
- NMGK
- Sugar Business
- Meat Business
- Agriculture Business

[1] Each segment's share of the business is calculated without taking into account inter-segment eliminations and other income.

Sugar segment

Financial results

64.8 +31% RUB BN

Revenue

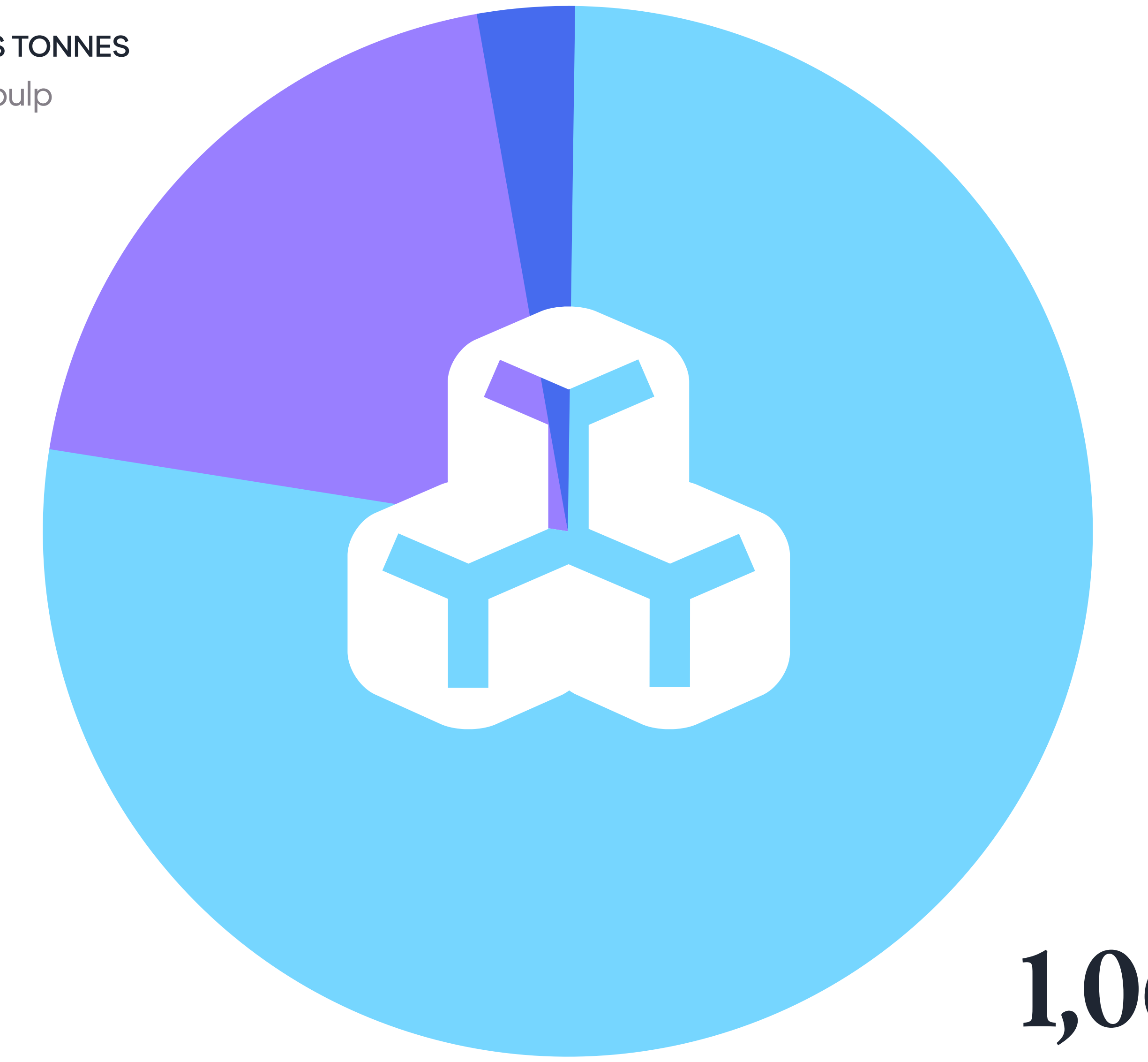
19.2 +22% RUB BN

Adjusted EBITDA

30 −2 p.p. %

EBITDA margin

Sales



32 +21% THS TONNES of betaine

277 +46% THS TONNES of pulp

1,067 +25% THS TONNES of sugar

Production

235 +19% THS TONNES of pulp

925 +20% THS TONNES of sugar

No. 1

Player on the Russian market for cube sugar

55%

Share of the Russian market for white cube sugar[1]

No. 2

Producer of sugar in Russia

15%

Share of sugar production in Russia

2.9 −2% THS EMPLOYEES

Average headcount

1 Based on average annual figures.

Meat segment

Financial results

48.5 +11% RUB BN

Revenue

5.0 +209% RUB BN

Adjusted EBITDA

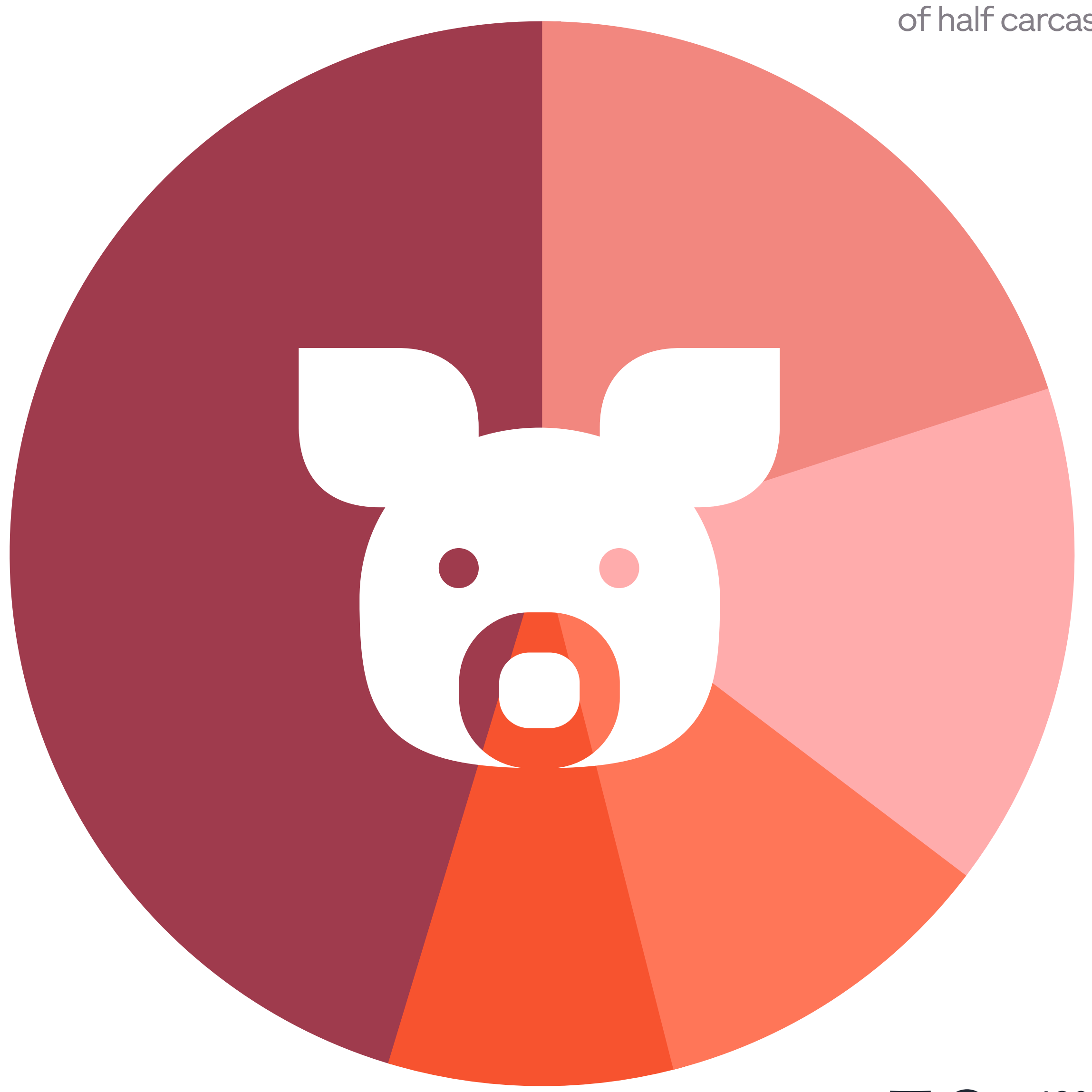
10 % +7 p.p.

EBITDA margin

Sales

126 +3%
THS TONNES
of large cuts and industrial product

55 −22%
THS TONNES
of half carcasses



42 +30%
THS TONNES
of semi-finished products

30 +10%
THS TONNES
of offal

25 −10%
THS TONNES
of pork by live weight

No. 3

Producer of commercial pork in Russia

5.5%

Share of commercial pork production in Russia

7.8 +1% THS EMPLOYEES

Average headcount

Production

334 −0.6%
THS TONNES
of pork by live weight

920 −7%
THS TONNES
of combined feeds

Combined oil and fats business and NMGK

Financial results

139.9 +5% RUB BN

Revenue

18.7 +17% RUB BN

Adjusted EBITDA

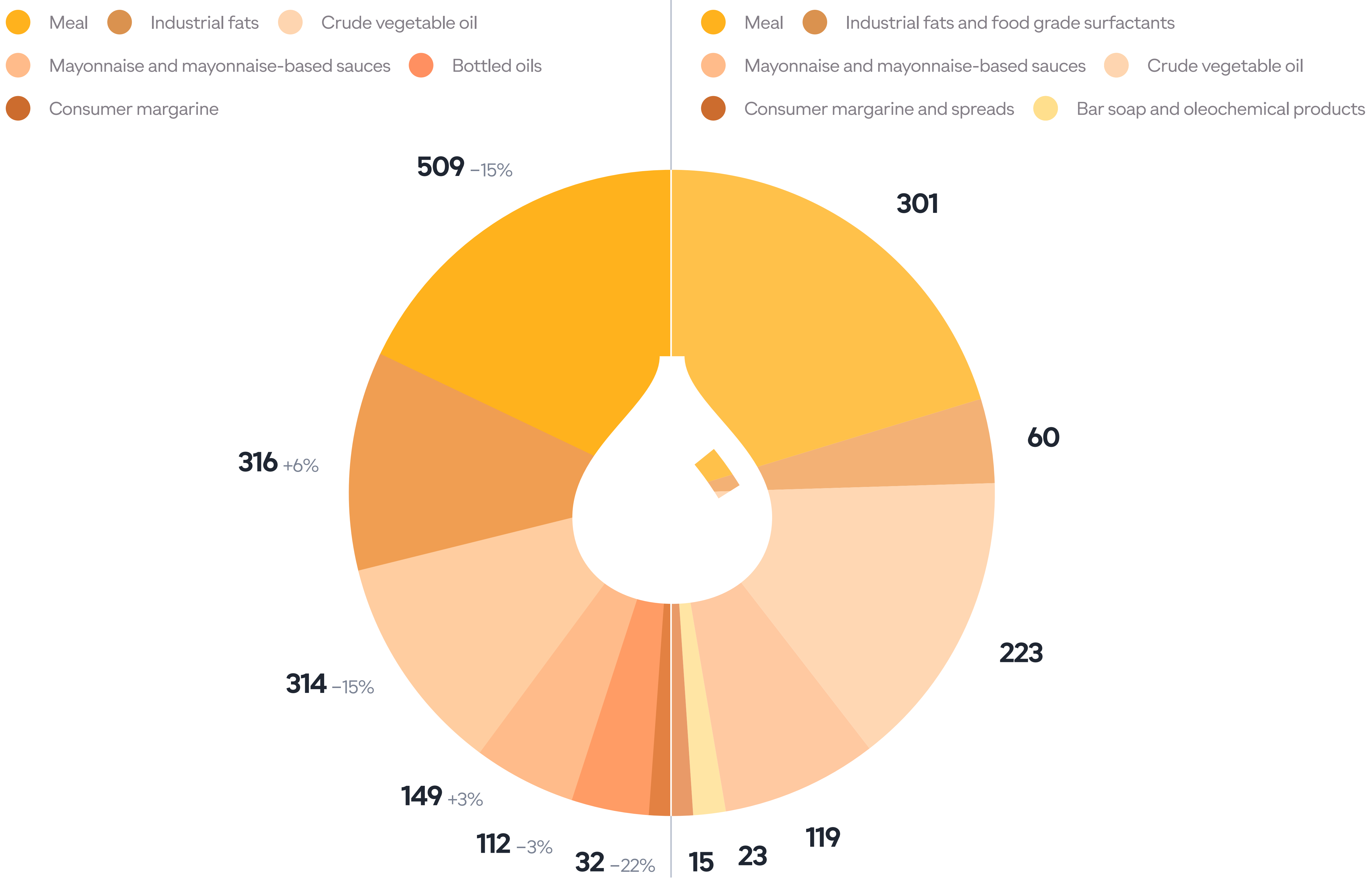
13 % +1.4 p.p.

EBITDA margin

Sales, bn tonnes

OIL AND FATS BUSINESS

NMGK



Average headcount

OIL AND FATS BUSINESS	NMGK
4.4 –1% THS EMPLOYEES	3.2 THS EMPLOYEES

Production

OIL AND FATS BUSINESS	NMGK
563 –12% THS TONNES of crude vegetable oil	325 THS TONNES of crude vegetable oil
508 –14% THS TONNES of meal	301 THS TONNES of meal
338 +11% THS TONNES of industrial fats	56 THS TONNES of industrial fats

Position in Russia

No. 1	Consumer margarine	65%
No. 1	Sunflower oil	12%
No. 2	Industrial fats	30%
No. 1	Mayonnaise	38%
No. 5	Bottled oils	5%

Agriculture segment

Financial results

56.9 +78% RUB BN

Revenue

17.0 +74% RUB BN

Adjusted EBITDA

30 −0.7 p.p. %

EBITDA margin

Sales

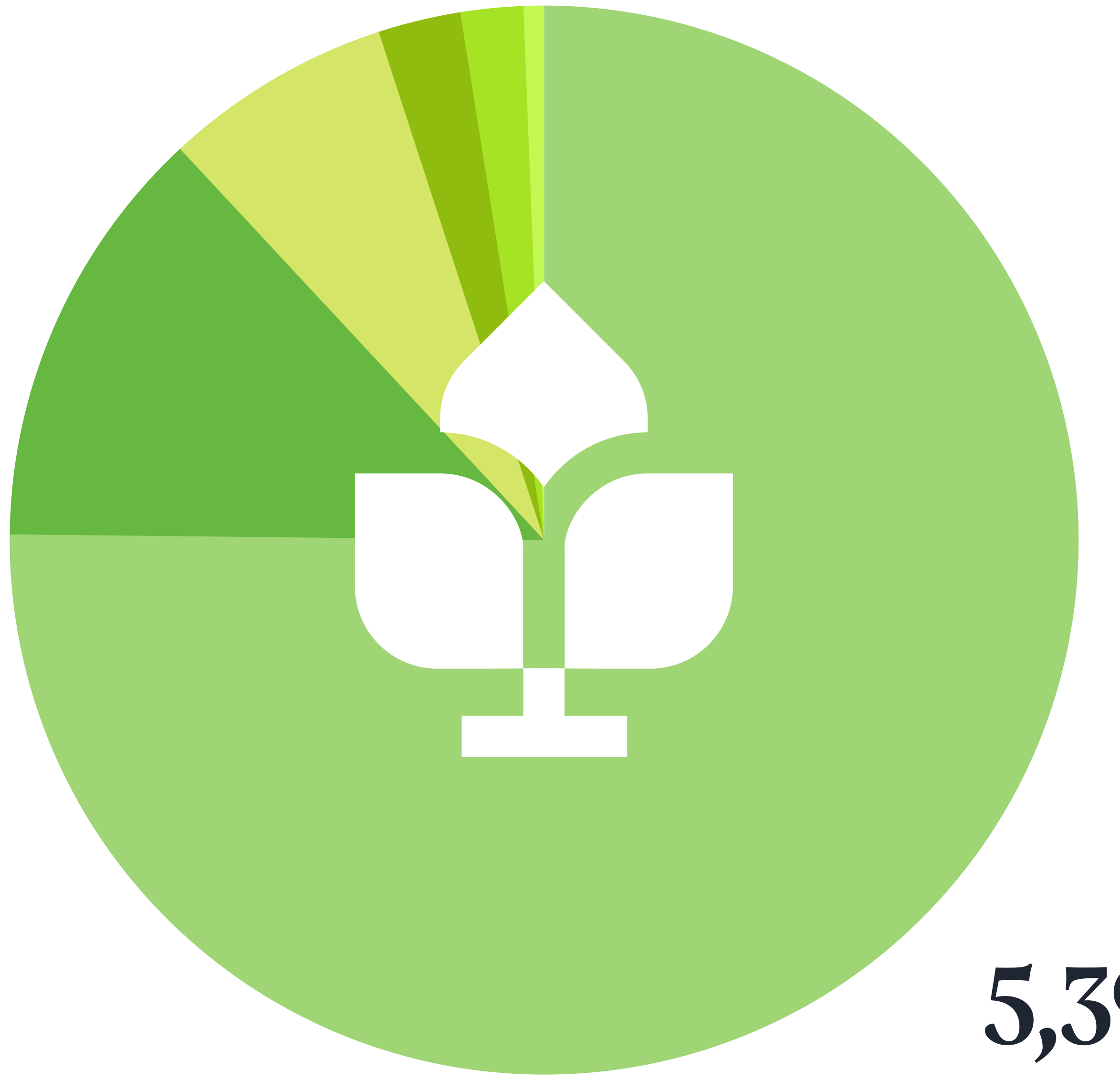
177 +9% THS TONNES of corn

137 +505% THS TONNES sunflower seeds

31 +533% THS TONNES of barley

511 +245% THS TONNES of soya

942 +15% THS TONNES of wheat



5,394 +66% THS TONNES of sugar beet

Production

4,901 +25% THS TONNES of sugar beet

911 −16% THS TONNES of grain crops

428 +50% THS TONNES of oilseed crops

No. 4

Landowner in Russia

Land holding

685 THS HA of land holding[1]

597 THS HA of arable land

3.9 −2% THS EMPLOYEES

Average headcount

5%

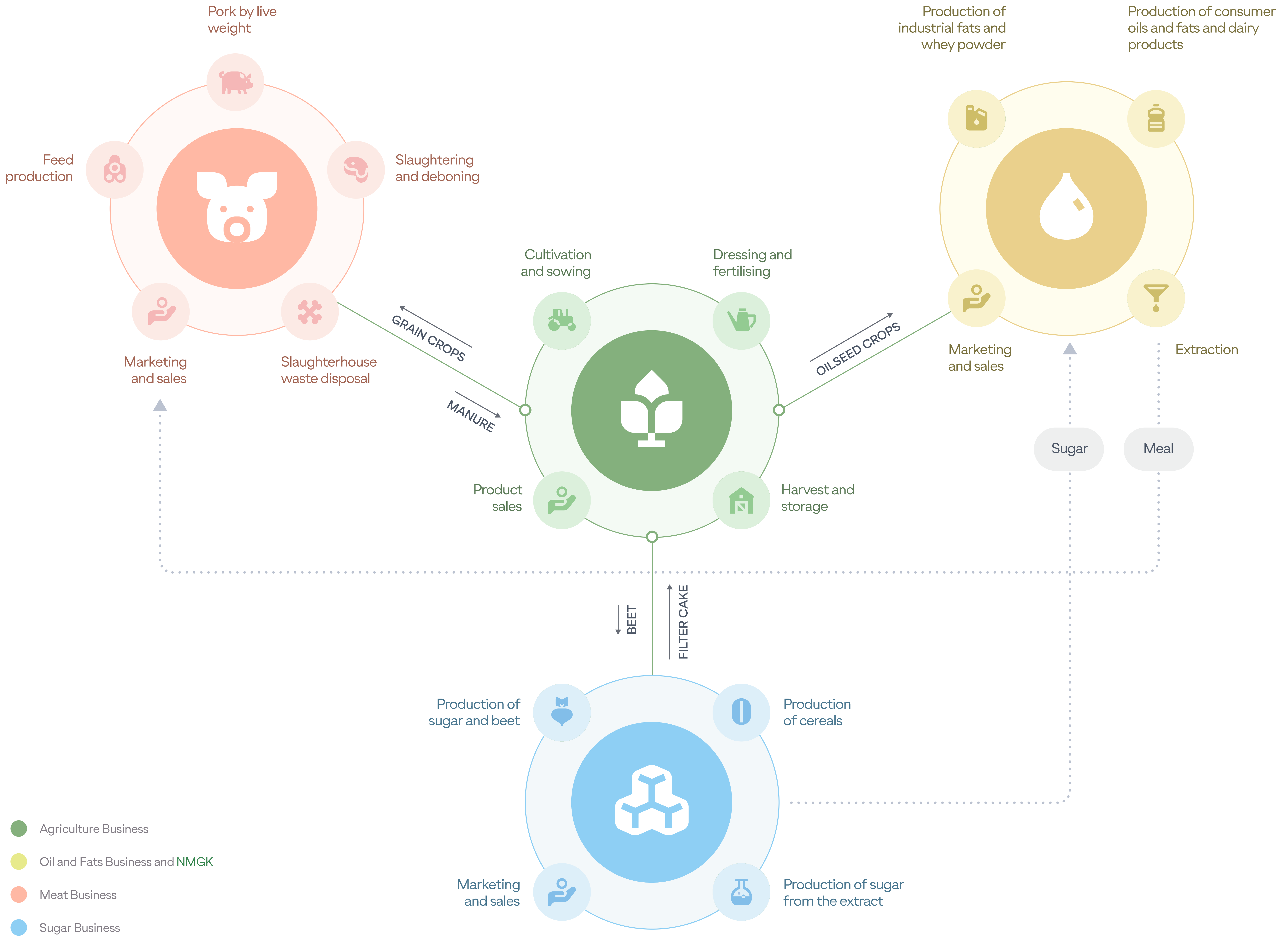
1 As of 31 December 2023.

Business model

Vertical integration lies at the heart of the Rusagro business model. The Company's Sugar, Meat, and Oil and Fats Businesses operate on a full production cycle and are supplied with raw materials by the Agriculture Business.

This vertically integrated structure takes advantage of diversification to guarantee the supply of raw materials with minimal transport costs, and to effectively manage all elements of the value chain.

The high degree of vertical integration both within each business and between segments provides Rusagro with a competitive market advantage, high production efficiency, and financial stability. To maximise the benefits of each business, the Company has adopted a flexible commercial policy that does not restrict sales to third-party companies.



Agriculture Business

BUSINESS

The Agriculture Business supplies sugar beet for the Sugar Segment, sells grain to the Meat Business for subsequent compound feed production, and supplies the Oil and Fats Business with soybeans and sunflower seeds when needed.

INDUSTRIAL PRODUCTS

1. Sugar beet
2. Cereal
3. Soya
4. Oilseed crops

Sugar Business

BUSINESS

Our entire harvest of sugar beet is sold to our Sugar Business. The sugar beet is delivered from nearby areas, minimising transport and logistics costs.

Pulp, molasses, raffinate, betaine, and filter cake are all obtained as by-products of sugar beet processing. The pulp and betaine are exported. The filter cake is used as fertiliser. At two desugarisation stations, an extract is obtained from molasses to produce additional sugar. Sugar and cereals are sold under our own brands. In addition, our sugar is used by the Oil and Fats Business in some sauce recipes.

INDUSTRIAL PRODUCTS

1. Sugar
2. Molasses
3. Betaine
4. Pulp

CONSUMER PRODUCTS

1. White sugar
2. Cereals
3. Muscovado sugar
4. Brown sugar
5. Coconut sugar

Meat Business

BUSINESS

Part of the grain grown by the Company is supplied to the Meat Business for its feed mills. The breeding facility rears young animals and improves pig breeds.

At the reproduction facility, piglets are reared for fattening and young animals are reared to replenish the herd. The meat processing plant produces finished products sold under our own brand. Waste products are sent for further processing, the products of which are used to manufacture compound feeds, thereby completing the production cycle.

INDUSTRIAL PRODUCTS

1. Pork by live weight
2. Half carcasses
3. Offcuts
4. Industrial cuts
5. Meat and bone meal and blood meal
6. Offal
7. Inedible fat

CONSUMER PRODUCTS

1. Marinated meat
2. Chopped meat
3. Raw meat products
4. Mince
5. Sausages
6. Kebabs
7. Large, portioned, and small cuts

Oil and Fats Business and NMGK

BUSINESS

The Agriculture Business sells soya and sometimes sunflower seeds to the Oil and Fats Business for producing oils.

Oil is sold in bulk to third-party companies and is used by our own oil and fats plants to manufacture products marketed under our own brands. A portion of our meal, a by-product of the oil extraction process, is used for pig feed in our Meat Business. Industrial fats are used to produce spreads, sauces, cheese products, and soaps. Pasta products are also manufactured at NMGK enterprises. Our dairy processing plants produce products such as whey powder, cheese, butter, and cream.

INDUSTRIAL PRODUCTS

1. Vegetable oil
2. Industrial margarines and fats
3. Edible surfactants
4. Meal
5. Fat products for HoReCa
6. Whey-based dry industrial mixes

CONSUMER PRODUCTS

1. Bottled vegetable oil
2. Margarine and spreads
3. Cheeses
4. Soap and oleochemical products[1]
5. Pasta products
6. Coconut oil
7. Cream
8. Clarified butters
9. Butter and spreads
10. Mayonnaise and sauces including ketchups

[1] At NMGK enterprisesat NMGK enterprises.

Brands

Oil and Fats Business

Meat Business

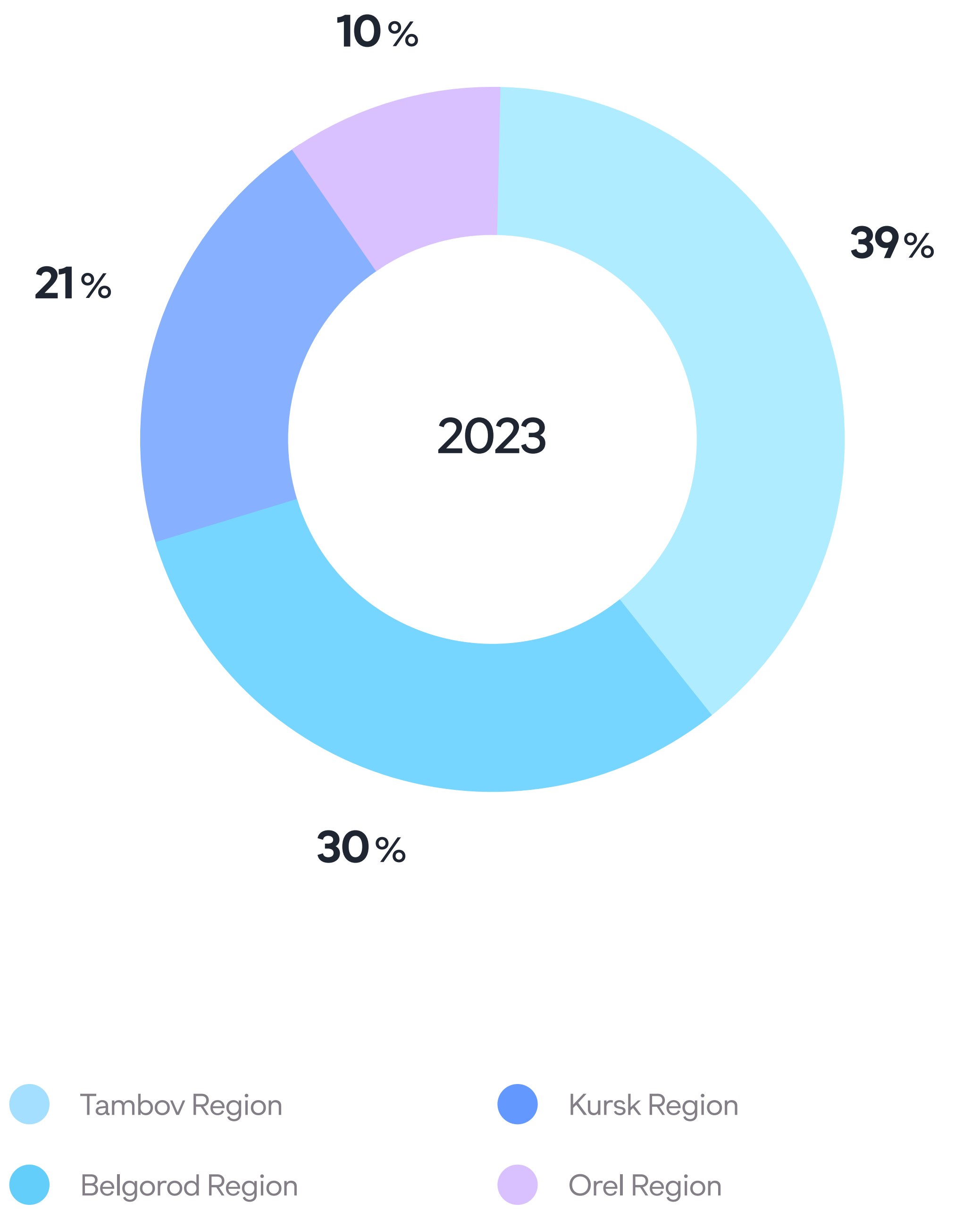
Sugar Business

Where we operate

The Company's assets are located in 15 different regions of the Russian Federation: the Belgorod, Tambov, Voronezh, Kursk, Orel, Sverdlovsk, Samara, Ulyanovsk, Saratov, Orenburg, Nizhny Novgorod, Volgograd, and Tula regions, the Republic of Bashkortostan, and Primorsky Territory. The Company's head office is located in Tambov Region, with a separate division in Moscow.

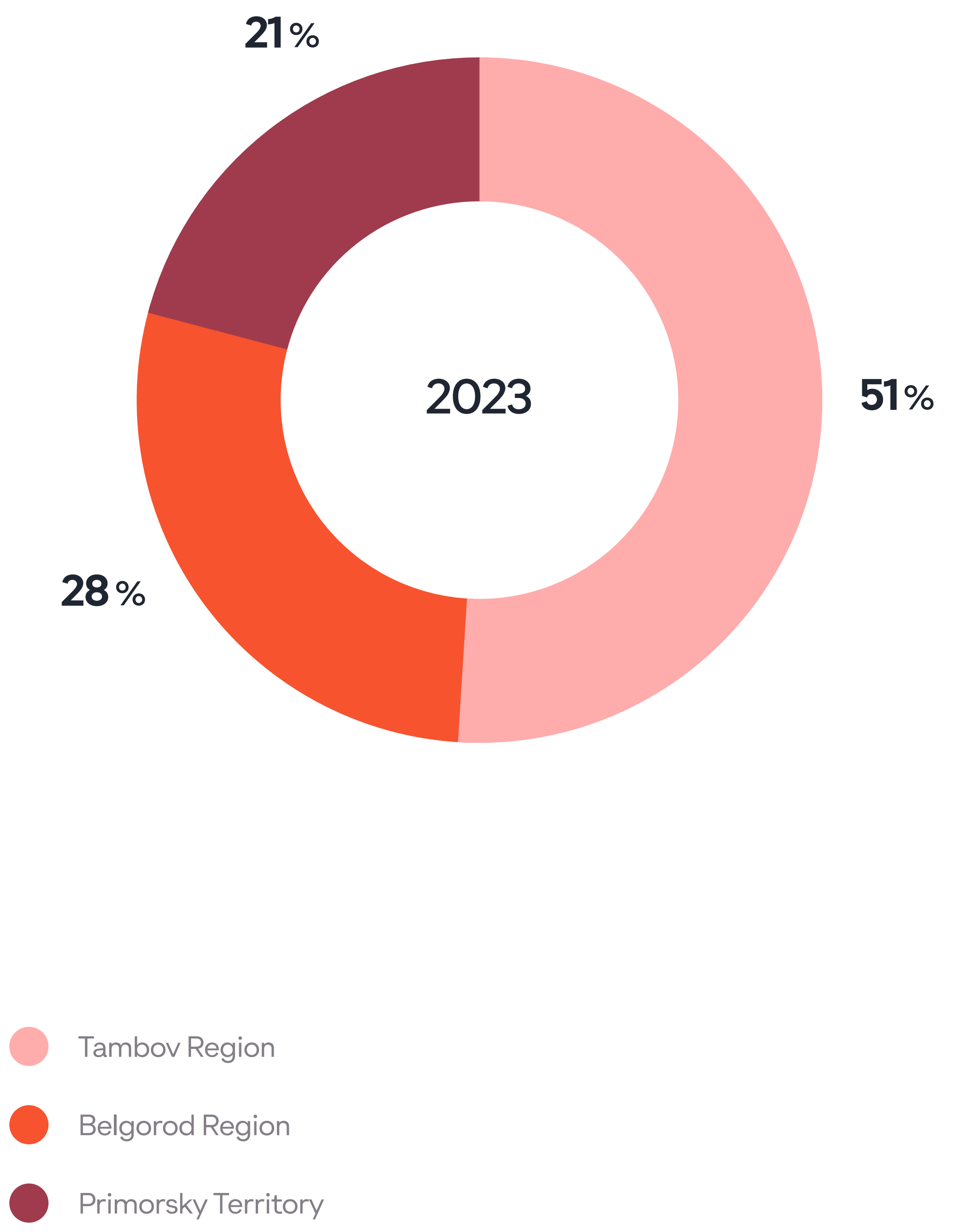
Regional asset structure

Sugar plant capacity by region[1]

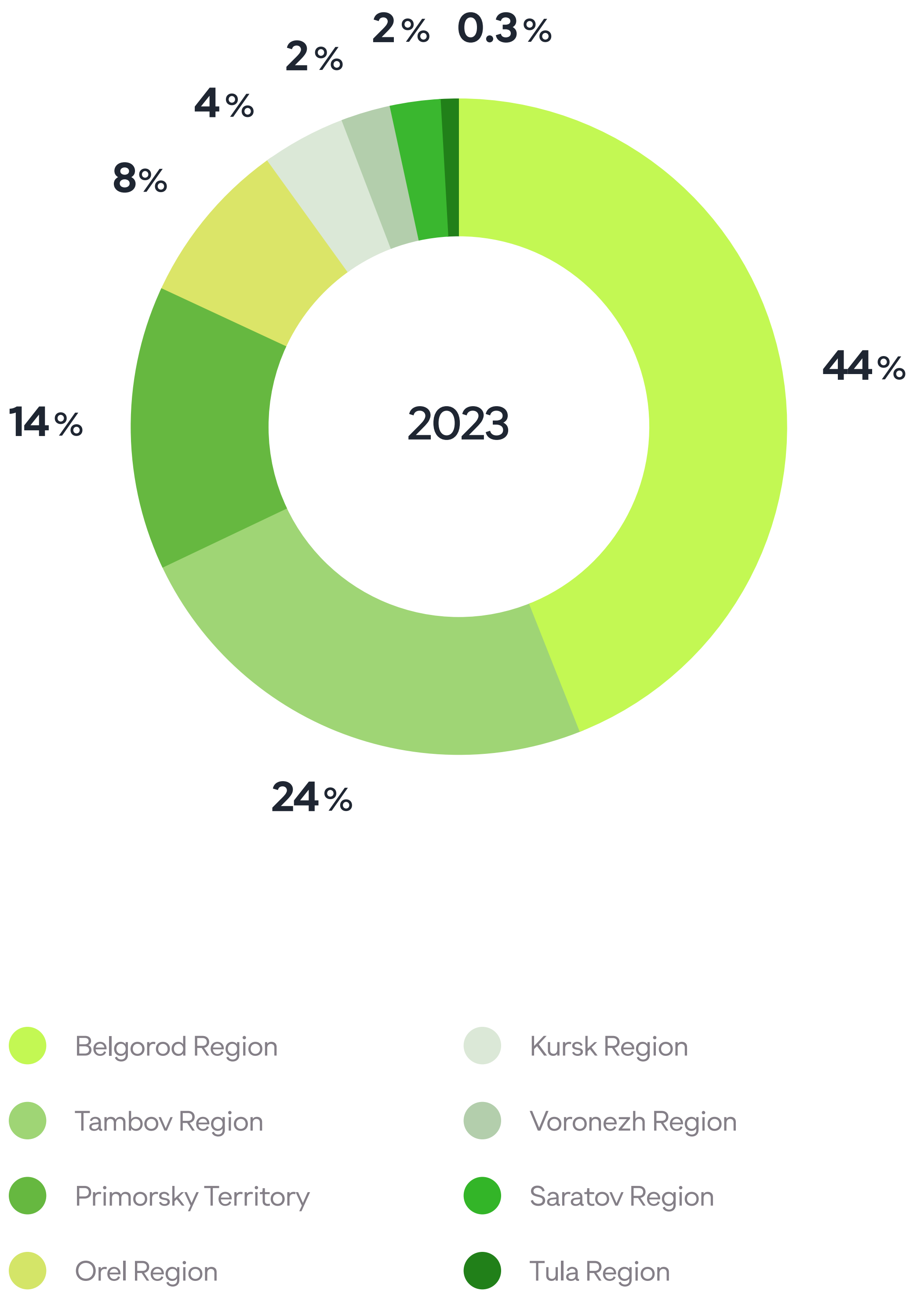


[1] Not including the production capacity of the two molasses desugarisation plants.

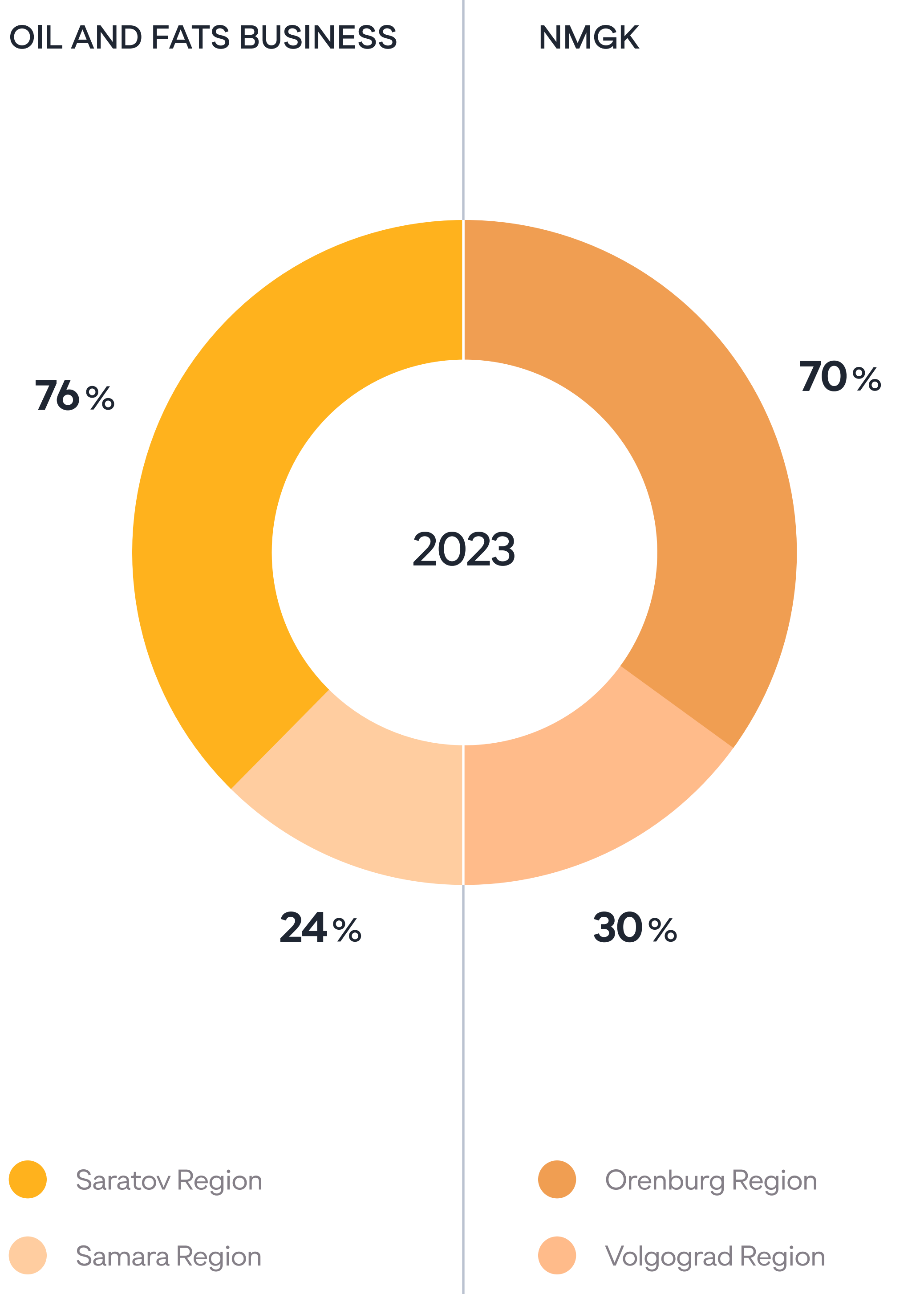
Livestock capacity by region



Land holding (arable land) by region



Sunflower seed oil extraction plant capacity by region



Tambov and Voronezh Regions (1) (2)

3 Sugar plants

1 Cereal plant

10 Pig farms

3 Pig breeding farms

1 Compound feed mill

1 Abattoir and meat processing plant

3 Grain storage elevators

157 THS HA Arable land

Saratov Region (9)

2 Oil extraction plants

1 Oil and fats plant

1 Grain storage elevator

2 Grain storage elevators (NMGK)

14 THS HA Arable land

Orel Region (11)

1 Sugar plants

1 Grain storage elevators

46 THS HA Arable land

Belgorod Region (3)

3 Sugar plants

10 Pig farms

2 Pig breeding farms

2 Compound feed mills

1 Abattoir and meat processing plant

2 Grain storage elevators

265 THS HA Arable land

Samara Region (10)

1 Oil extraction plants

1 Oil and fats plant

1 Fats plant

2 Grain storage elevator

3 Grain storage elevators (NMGK)

Orenburg Region (12)

1 Oil extraction plants

2 Grain storage elevator

1 Grain storage elevators (NMGK)

Sverdlovsk Region (4)

1 Oil and fats plant

Ulyanovsk Region (5)

1 Dairy plant

Tula Region (6)

2 THS HA Arable land

Nizhny Novgorod Region (7)

1 Oil and fats plant

Republic of Bashkortostan (8)

1 Grain storage elevator (NMGK)

Kursk Region (13)

2 Sugar plants

27 THS HA Arable land

Volgograd Region (14)

1 Oil extraction plants

1 Grain storage elevators (NMGK)

Primorsky Territory (12)

6 Pig farms

1 Pig breeding farms

1 Compound feed mill

1 Abattoir and meat processing plant

1 Oil extraction / oil and fats plant

86 THS HA Arable land

Sales footprint

In 2023, Rusagro exported its products to 23 countries. Our main trading partners are the countries of southwest Asia and the CIS.

23

Countries

- Oil and Fats Business and NMGK
- Sugar Business
- Meat Business
- Agriculture Business

Legal structure

Ros Agro PLC
Cyprus

- 100% → **Ros Agro China Limited**, Hong Kong
- 100% → **Rusagro Group PJSC**, Tambov
- 99.99% → **Rusagro Group LLC**, Tambov

Rusagro Group LLC Tambov

Others

- 50% SoyuzSemSvekla LLC, Voronezh Region
- 100% Otyasskoye LLC, Tambov
- 100% Primorskaya Zemlya LLC, Ussuriysk
- 100% RusagroEnergoSbyt LLC, Tambov
- 100% Rusagro Tekh LLC, Moscow
- 22.5% GK Agro-Belogorye LLC, Belgorod
- 100% Agropromkomplek-tatsiya-KZ LLP, Kazakhstan
- 100% Ros Agro Trading Limited, Hong Kong

Sugar Business

- 100% Rusagro-Tsentr LLC, Moscow
- 100% Rusagro-Sakhar LLC, Tambov
- 100% Rusagro-Belgorod LLC, Belgorod
- 100% Rusagro-Tambov LLC, Tambov
- 100% Krivets-Sakhar JSC, Kursk
- 100% Gerkules JSC, Voronezh
- 100% Kshensky Sakharny Kombinat JSC, Kursk
- 100% Sakharny Kombinat JSC Otradinsky, Orel

Agriculture Business

- 100% Rusagro-Invest LLC, Belgorod
- 100% Agrotekhnologii LLC, Tambov
- 100% PrimAgro JSC, Ussuriysk
- 100% BioTekhnologii LLC, Tambov
- 100% Kshenagro LLC, Kursk
- 100% Otradaagroinvest LLC, Orel
- 100% Rusagro-NPK LLC, Saratov
- 100% Agromeliorant LLC, Primorsky Territory
- 51% Meta-Agro LLC, Belgorod
- 61% Astreya JSC, Moscow

Oil and Fats Business

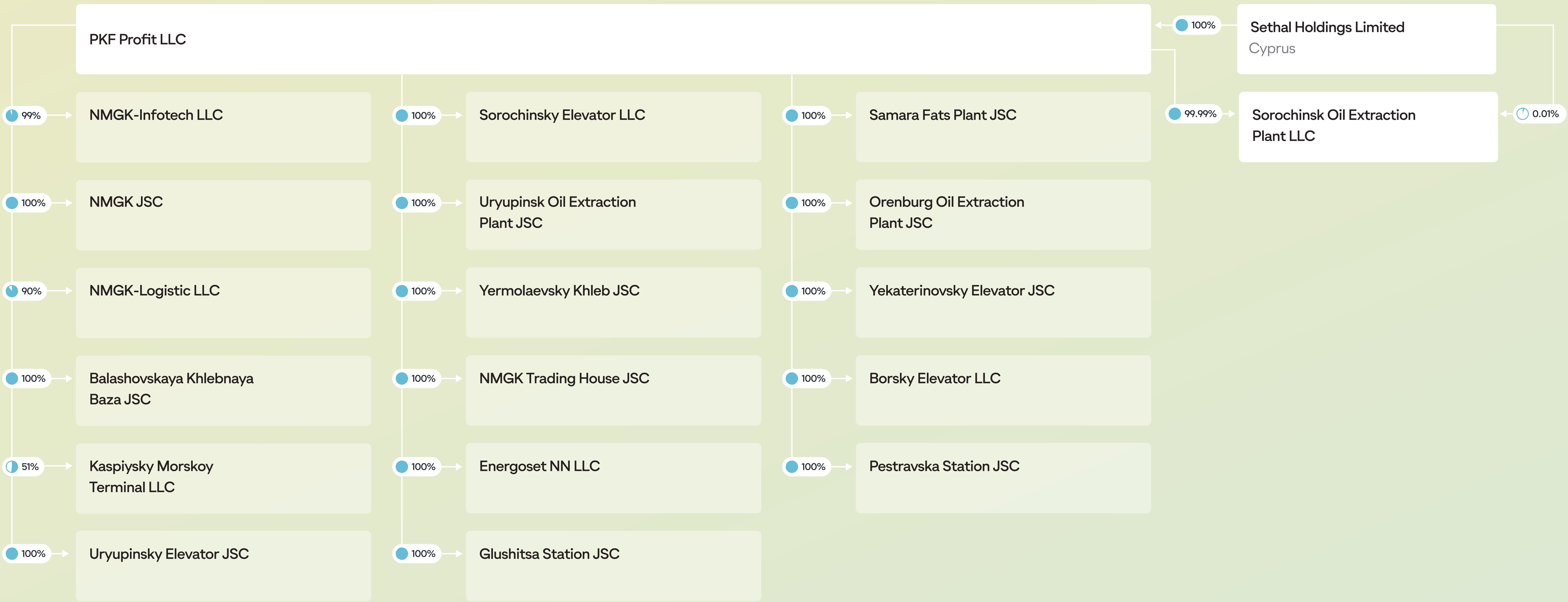
- 100% Zhirovoy Kombinat JSC, Yekaterinburg
- 100% Samaraagroprom-pererabotka JSC, Samara
- 100% Primorskaya Soya LLC, Ussuriysk
- 100% Rusagro-Saratov LLC, Saratov
- 100% Rusagro-Balakovo LLC, Saratov Region
- 89.7% Molochnye Produkty Rusagro LLC, Samara
- 100% Rusagro-Zakupki LLC, Saratov Region
- 100% Moskovsky Provansal LLC, Moscow
- 100% Rusagro-Altai LLC, Altai
- 100% TZZhBI OJSC
- 100% Rusagro-Atkarsk LLC, Saratov Region
- 100% 杭州俄农贸易有限责任 Hangzhou Rusagro Trading Limited, Hangzhou, China

Meat Business

- 100% Tambovsky Bekon LLC, Tambov
- 100% Rusagro-Primorye LLC, Ussuriysk

Sethal Holdings Limited
Cyprus
50%

NMGK corporate structure



02.

Strategy report

Rusagro strives to ensure that its corporate governance adheres to Russian and international regulations and best practices. The Company's major shareholders and directors believe that effective corporate governance helps the business to grow and ensures its stability, increasing the Company's investment appeal and shareholder value.

Statement

from the CEO of Rusagro Group LLC

Dear shareholders,

I am delighted to note that Rusagro has delivered revenue growth for the sixth consecutive year. 2023 was a record-breaking year for the Company, with revenue up 15% (+RUB 37.1 billion) to RUB 277.3 billion. The Company's earnings before interest, taxes, depreciation, and amortisation (EBITDA) came to RUB 56.6 billion – up 26% (+RUB 11.5 billion) on the previous year. This was achieved by significantly increasing sales volumes in our Agriculture and Sugar Businesses and follows the consolidation of NMGK's results for the second half of 2023.

Timur Lipatov

CEO of Rusagro Group LLC

Rusagro's main business segments achieved the following financial results over the reporting period:

The combined business consisting of **NMGK and Rusagro's Oil and Fats Business** was the largest contributor to the Company's revenue in 2023, accounting for 45% of Rusagro's revenue and 31% of EBITDA before inter-segment eliminations and income from other activities. The combined business' revenue rose by RUB 6.6 billion to RUB 139.9 billion, up 5% on the previous year. EBITDA rose 17% (+2.7 billion) to RUB 18.7 billion. The EBITDA margin increased by 1.4 percentage points to 13.4%. This was driven by the completion of the acquisition of a 50% shareholding in and control over NMGK and the consolidation of results for the second half of the year.

The resulting combined business was able to implement a number of synergies to improve efficiency. Cost of sales increased at a slower rate than revenues, which drove up the business's profit margin. Another outcome of this successful acquisition was an increase in the combined business's market share in all key categories. Rusagro is now Russia's biggest producer of crude sunflower oil and mayonnaise. Its share of the industrial fats market has increased to 30% and its share of the consumer margarine market to 65%.

In addition, several very strong brands have been added to Rusagro's portfolio, including Ryaba mayonnaise, one of Russia's best-loved mayonnaise brands, as well as Khozyayushka margarine, Astoria sauces, and Kremlyovskoye spreads.

Revenues from the **Sugar Business** continued to grow, and it remained Rusagro's second largest business segment in 2023, contributing 21% of revenue and 32% of total EBITDA before inter-segment eliminations and revenues from other activities. Sugar segment EBITDA in absolute terms rose by 22% (+RUB 3.5 billion). The business delivered record revenues of RUB 64.8 billion (+31%, or RUB 15.2 billion), and a 30% profit margin.

This was driven by higher production volumes due to a bigger harvest and high sugar beet quality, as well as the development of key sales channels in Russia and abroad.

It has been an extremely successful year for the **Agriculture Business**. The Company ended the year with a 4% larger land holding. Crop sales rose by 64% to a record 7.2 million tonnes. Revenue also reached a record high of RUB 56.9 billion, a 78% increase year on year, accounting for 18% of Rusagro's total revenue and 28% of EBITDA.

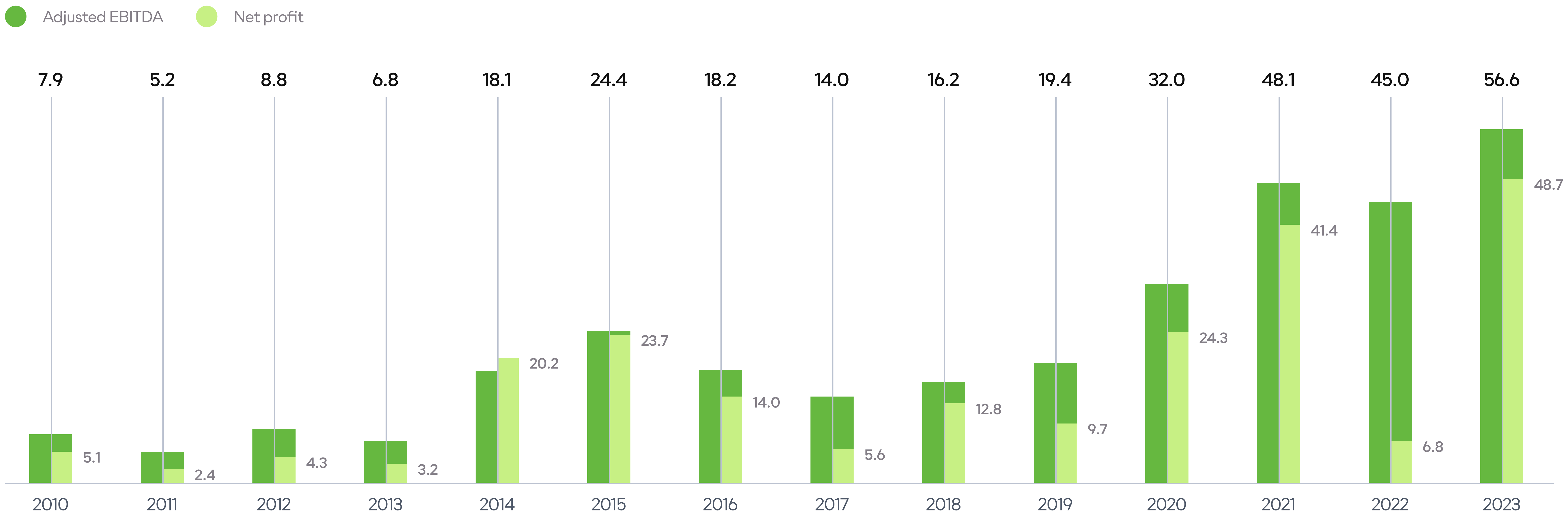
The segment delivered a healthy profit margin of 30% (−0.7%). As a result, adjusted EBITDA rose by 74% to RUB 17 billion (+RUB 7.2 billion).

Due to the completion and launch of the vertically integrated pig-breeding cluster in Primorsky Territory at full capacity, Rusagro was able to increase its commercial livestock production. This enabled it to offset the consequences of an outbreak of infection in the second half of the year at some of the pig farms in the region. Sales volumes were at more or less the same level as the previous year, held back by production volumes which, in turn, remained largely unchanged due to the impact of quarantine measures. The **Meat Business** benefited from a favourable pricing environment on the domestic and export markets.

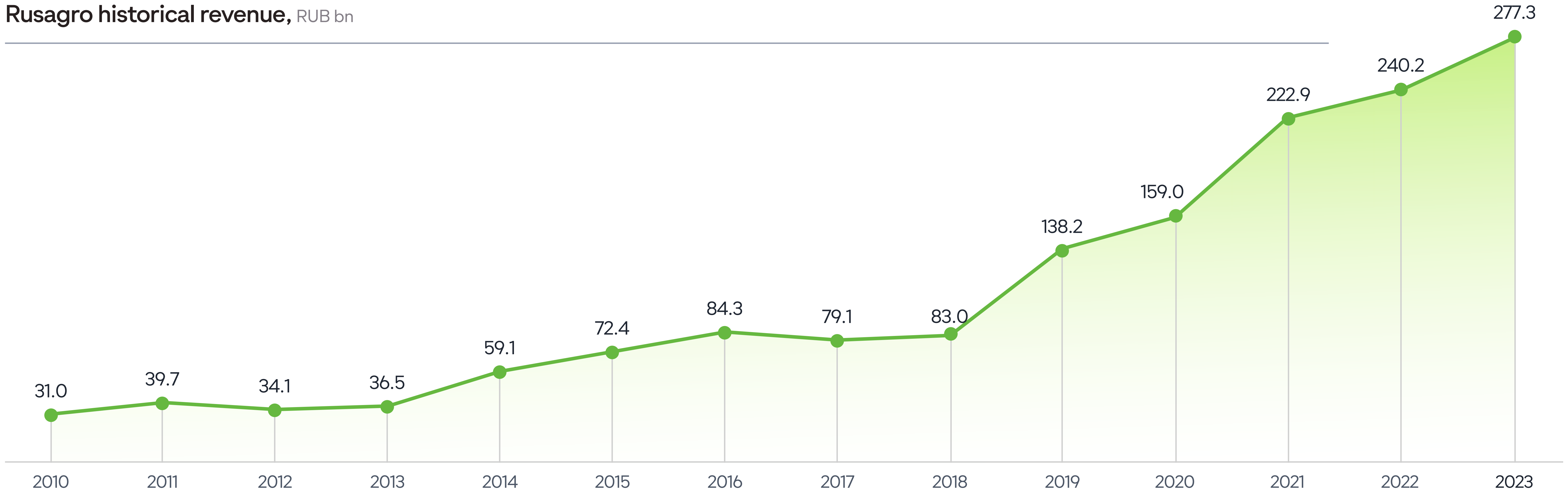
Revenue grew by 11% (+RUB 4.8 billion) to an unprecedented RUB 48.5 billion. EBITDA also demonstrated phenomenal growth, more than tripling to RUB 5 billion. The EBITDA margin rose by 7%, hitting 10% in 2023. At year end, the segment's contribution to Rusagro's revenues and EBITDA before inter-segment eliminations and income from other activities was 16% and 8%, respectively.

Statement from the CEO of Rusagro Group LLC

Rusagro historical profit, RUB bn



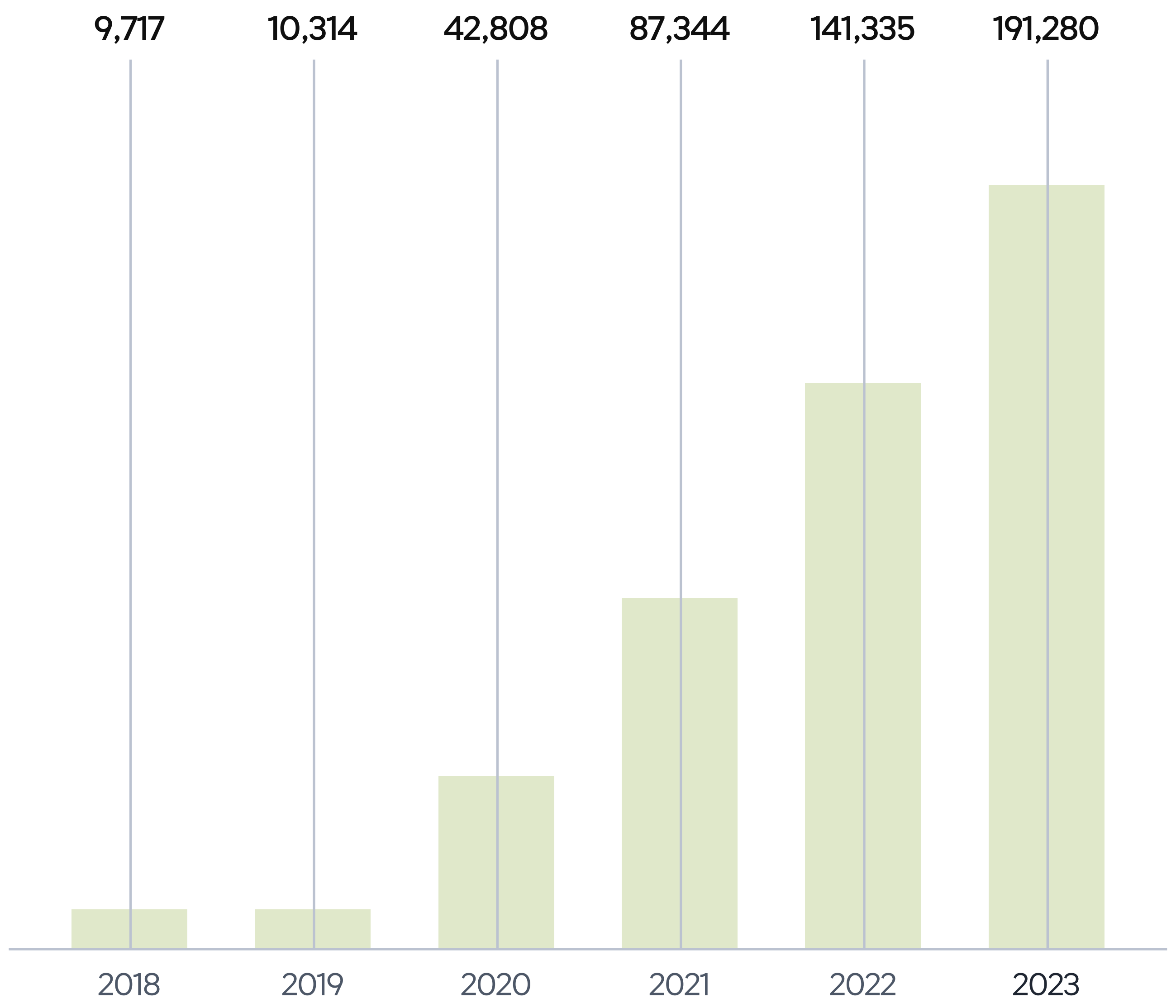
Rusagro historical revenue, RUB bn



Developing human resources

The development of human capital plays a key role in ensuring the sustainable growth of all Rusagro business segments. The Company has developed distance learning to facilitate the development of both personal and professional competencies, and in 2020 adopted a digital platform including a range of technological software solutions across all its businesses. As a result, there has been a significant increase in the number of courses completed in the last five to six years. In 2018, for example, 9,717 courses were completed, while in 2023, 191,280 courses were completed, up 35% on the previous year.

Number of courses completed



Business development strategy

Rusagro's strategic objective is to increase shareholder value as part of our 'Making people's lives better and longer' mission.

To achieve this goal, in 2008 the Board of Directors approved a strategic 'from field to shelf' concept, whose implementation is based on the Company's vertically integrated business model for food production. The Company remains as committed to this concept as it has been in the past.

THE COMPANY'S MISSION

Making people's lives better and longer

The growth of shareholder income is due in part to the Company's increased market capitalisation, as this increase translates into a proportional rise in the value of assets in the investor's portfolio. Market capitalisation growth is directly or indirectly included in our annual senior management KPIs. This is a way to align the interests of shareholders with the objectives of Company management, whose approaches and performance are assessed and revised on an annual basis.

The strategy adopted by Rusagro and the Company's business units is developed for a five-year timeline and reviewed annually by the Board of Directors. This allows us to shift the focus of our efforts in response to changes in the external environment, effectively allocating both financial and human resources. The successful implementation of the Company's strategy is founded on long-term priorities, informed decision-making, and a careful approach to the investment process that ensures acceptable risks and a high return on share capital.

Rusagro's strategy is laid out in a confidential document. Targets are not subject to public disclosure, as this carries significant risks and may impede the Company's success. The current strategy is based on four key priorities reflecting the main areas of strategic development.

Key priorities of Rusagro's development strategy

01 Expanding the business

Rusagro is working to increase production volumes and expand operations into other regions across all four business segments so as to maintain our leading position on the market. This objective is achieved through:

- organic growth – constructing new production facilities, increasing our land holding, and modernising/expanding our current assets
- non-organic growth – acquiring other companies and assets, including in new business areas
- increased market share in the regions where we operate, entry into new Russian regions, and access to new countries through the development of our export operations

02 Increasing return on sales

through increasing sales of our retail produce and brands

Guided by the 'from field to shelf' concept, Rusagro strives to develop more profitable retail products by:

- increasing the processing of manufactured products and high value-added processing in the product line
- expanding our product range
- increasing our visibility in retail sales channels
- developing our own brands and promoting them on the consumer market

03 Increasing efficiency

through digital transformation and innovation

In this era of technological revolution, the development and application of innovative IT, automation, and biotechnology solutions are increasingly presenting opportunities to improve efficiency, reduce costs, improve product quality, and generate additional income. Key areas of focus relating to this strategic priority include:

- the introduction of precision farming technology
- business process automation
- the use of the latest methods in biotechnology
- efforts to increase yields and soil fertility

04 Nurturing our human resources

The development of our human capital plays a key role in ensuring the Company's sustainable growth. Our main goals in this area are:

- managing labour efficiency and productivity
- enhancing the attractiveness of our employer brand
- increasing the speed and quality of our hiring
- improving the quality of our workforce and increasing internal recruitment

Capital investment

To implement its development strategy and maintain its existing business, in 2023 Rusagro invested RUB 18.4 billion, up 53% on the previous year.

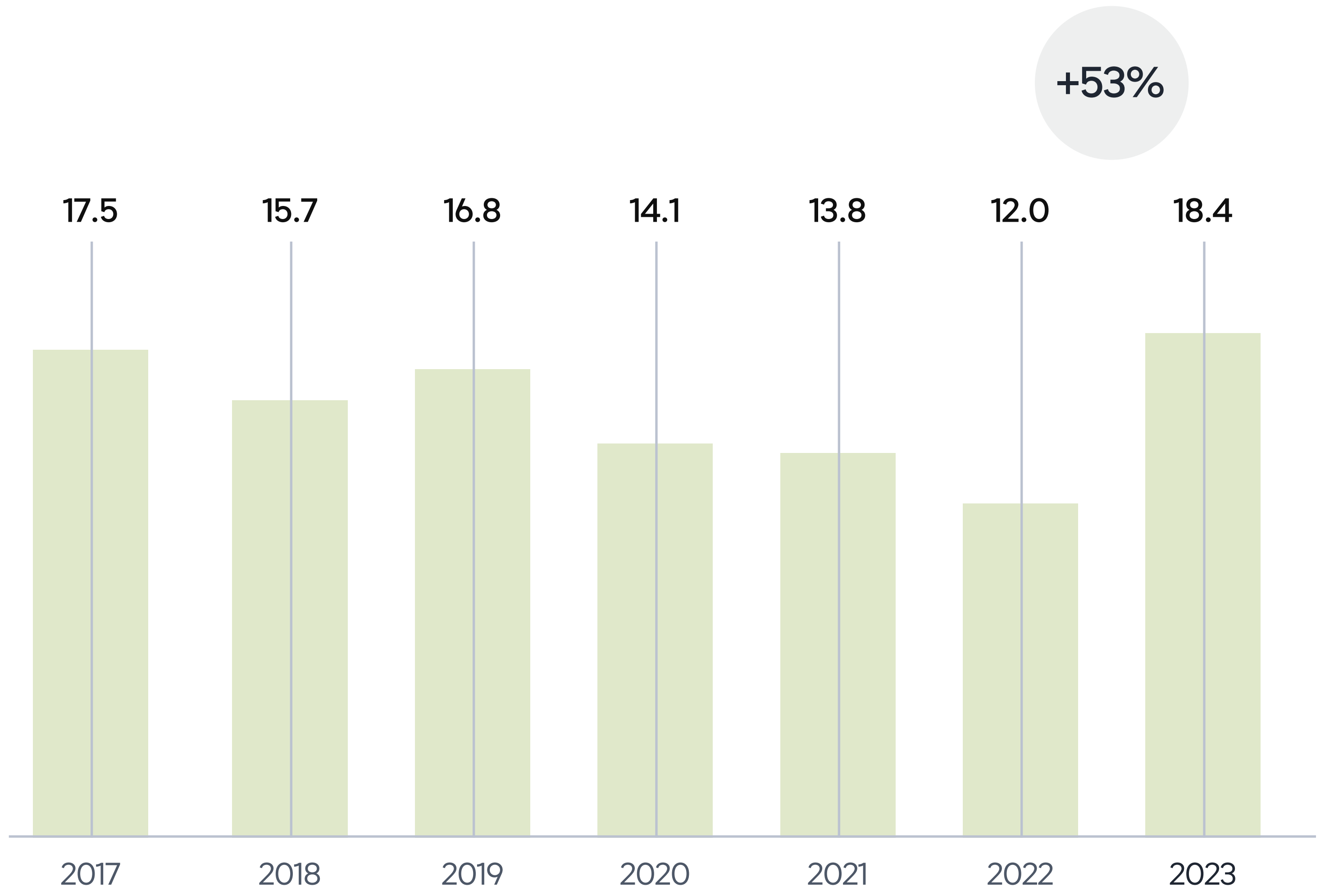
In the **Oil and Fats Business**, the bulk of investments were allocated to the modernisation of the oil extraction plant in Balakovo, as well as the revamp of the production site in Ulyanovsk. A total of RUB 3.5 billion was invested, including RUB 0.3 billion in **NMGK**.

Rusagro invested RUB 8.4 billion in developing and maintaining its **Agriculture Business** in 2023, up 143% on the previous year. A significant portion of these investments was used for purchasing a JSC BioTekhnologii grain elevator, expanding the fleet of vehicles, replacing retired agricultural machinery, and applying irrigation systems.

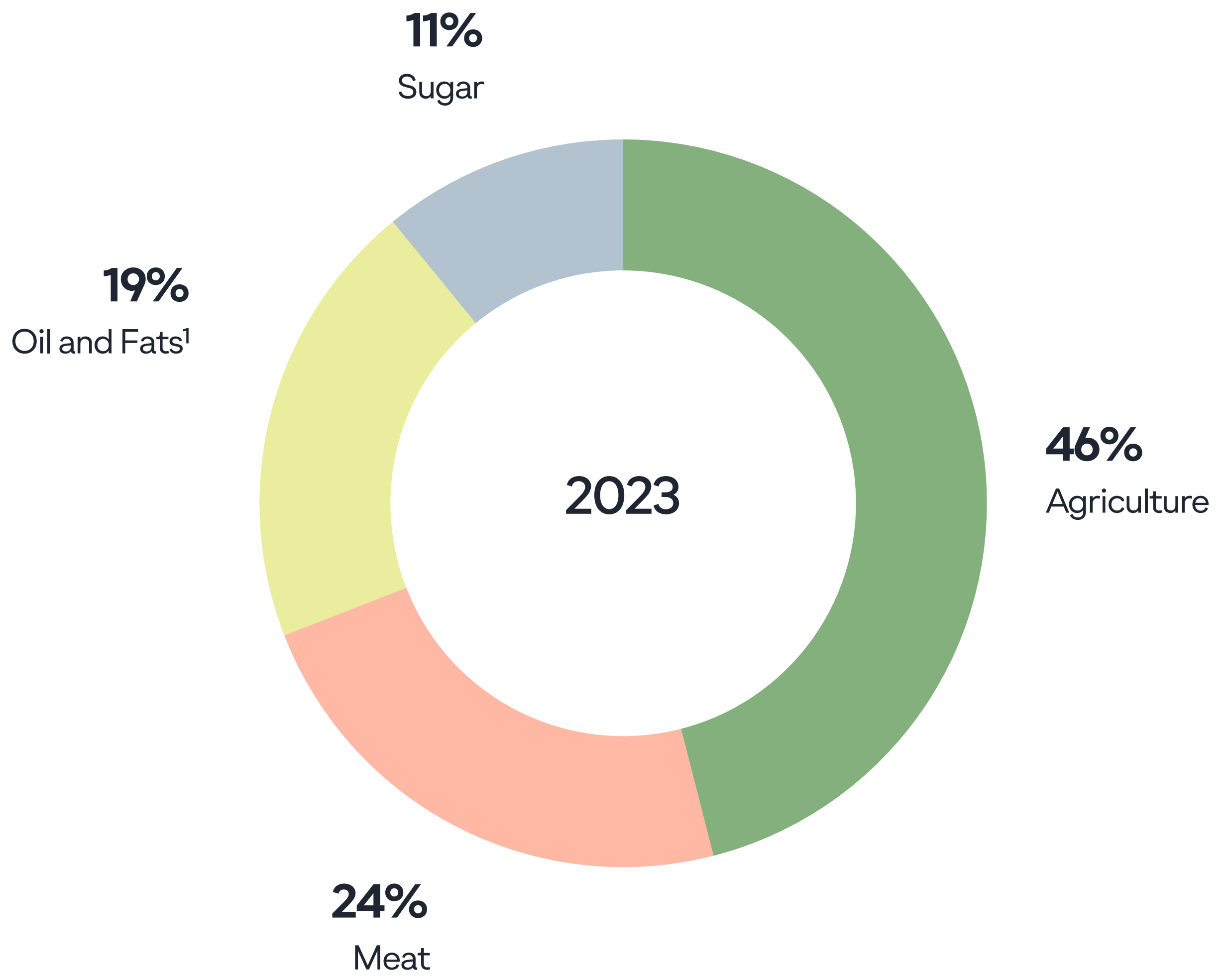
In the **Meat Business**, the bulk of investments were allocated to business development, primarily in connection with the completion of the investment phase of the project to construct a vertically integrated cluster in Primorsky Territory, as well as the expansion of the boning facility and construction of a frozen product warehouse in Tambov Region. Total investment stood at RUB 4.4 billion.

In 2023, Rusagro's investment in developing and maintaining its **Sugar Business** totalled RUB 2 billion, an increase of 66% on the previous year. About half the funds were put towards maintaining the existing business, whilst the other half were allocated to development, including improving the quality of raw materials and finished products, reducing sugar production losses and fuel consumption, and automation.

Rusagro capital investments, RUB bn



Rusagro capital investment by business



18.4 +53% RUB BN

Total investments

8.4 +143% RUB BN

Investments in Agriculture Business

3.5 RUB BN

Investments in Oil and Fats Business[1]

4.4 RUB BN

Investments in Meat Business

2.0 +66% RUB BN

Investments in Sugar Business

1 including NMGK.

Strategy implementation report for 2018–2023

Expanding the business

Agriculture Business

Against the backdrop of an overheated agricultural land market, Rusagro has focused its efforts in recent years on optimising the cost of land holding ownership and increasing its share of directly owned land. As of 2023, 54% of the agricultural land managed by the Company was under its direct ownership.

In October, the Company completed its acquisition of a 100% stake and control of a JSC BioTekhnologii grain elevator in Tambov Region with a maximum storage capacity of 240 thousand tonnes of grain. This will allow the Company to reduce storage costs, optimise logistics chains, and improve the overall efficiency of its Agriculture Business.

1,306 +49% THS TONNES

Maximum grain storage capacity

2023	1,306 ths tonnes
2018	875 ths tonnes

54 +3 pp %

Share of Rusagro's land holding owned directly by the Company

2023	54%
2018	51%

Oil and Fats Business

Over the past five years, Rusagro has significantly expanded its oil and fats production capacity, becoming a leader in the Russian market. In 2019, the Company leased and undertook the phased buyout of two oil extraction plants and one oil and fats plant owned by Solnechnye Produkty. In 2023, the Company completed the acquisition of a 50% stake in and control over NMGK Group, a leading producer of oil and fat products. This has enabled the Company to greatly expand its product range and increase production levels.

563 +102% THS TONNES

Vegetable oil production of Oil and Fats Business

325 THS TONNES

Vegetable oil production of NMGK

2023	888 ths tonnes
2018	279 ths tonnes

338 + 3,280% THS TONNES

Industrial fat production of Oil and Fats Business

56 THS TONNES

Industrial fat production of NMGK

2023	394 ths tonnes
2018	10 ths tonnes

296 +82% THS TONNES

Production of consumer oil and fat products of Oil and Fats Business

200 THS TONNES

Production of consumer oil and fat products of NMGK

2023	496 ths tonnes
2018	163 ths tonnes

Meat Business

In an effort to maintain its share of a growing market and build up its capacity to export pork, in 2018–2022 Rusagro invested in expanding pork production in Tambov Region, created a vertically integrated cluster in Primorsky Territory, and acquired several pig farms in Belgorod Region.

334 +64% THS TONNES

Rusagro pork production

2023	334 ths tonnes
2018	204 ths tonnes

Sugar Business

Over the past five years, Rusagro has focused on increasing sugar production from processed raw materials. This was made possible by the opening of two molasses desugarisation plants in 2017 and 2019, which can produce an additional 120 thousand tonnes of sugar from the same volume of sugar beet.

118 +247% THS TONNES

Rusagro production of sugar from extract

2023	118 ths tonnes
2018	34 ths tonnes

Strategy implementation report for 2018–2023

Retail sales and brand development

Oil and Fats Business

The main objective of Rusagro's Oil and Fats Business is to maintain market leadership in its home regions. In the Ural Region, the Provansal EZhK brand is ranked first on the mayonnaise market, while the Schedroe Leto brand is ranked first for consumer margarine. In Central Russia, the Ya Lublu Gotovit umbrella brand is ranked second on the mayonnaise market.

Source: data for the Ya Lublu Gotovit brand in Russia provided by AC Nielsen for December 2023; data for other brands provided by AC Nielsen for January to December 2023

OIL AND FATS BRANDS

Я люблю готовить / Московский провансаль

- No. 2 on the mayonnaise market in Central Russia
- No. 3 on the mayonnaise market in Russia

ЕЖК Провансаль

- No. 1 on the mayonnaise market in the Ural Region

Я люблю готовить / Саратовский провансаль

- No. 1 on the mayonnaise market in the Volga Region
- No. 3 on the mayonnaise market in Russia

Щедрое лето

- No. 2 on the consumer margarine market in the Ural Region
- No. 2 on the consumer margarine market in Russia

Я люблю готовить / Новосибирский провансаль

- No. 1 on the mayonnaise market in Siberia
- No. 3 on the mayonnaise market in Russia

Саратовский Сливочный

- No. 3 on the consumer margarine market in the Volga Region
- No. 3 on the consumer margarine market in Russia

NMGK BRANDS

Хозяюшка

- No. 1 on the consumer margarine market in Russia
- No. 1 on the consumer margarine market in North-West Russia
- No. 1 on the ghee market in the Volga Region
- No. 1 on the ghee market in Russia

Ряба

- No. 2 on the mayonnaise market in North-West Russia
- No. 3 on the mayonnaise market in Russia

Astoria

- No. 1 on the mayonnaise-based sauces market in North-West Russia
- No. 1 on the mayonnaise-based sauces market in Russia

Кремлевское

- No. 1 on the spreads market in Central Russia
- No. 1 on the spreads market in Russia

Strategy implementation report for 2018–2023

Retail sales and brand development

Meat Business

Following the launch of its Slovo Myasnika brand at the end of 2016, Rusagro has been steadily increasing production of own-brand consumer pork products, while strengthening brand recognition and consumer loyalty.

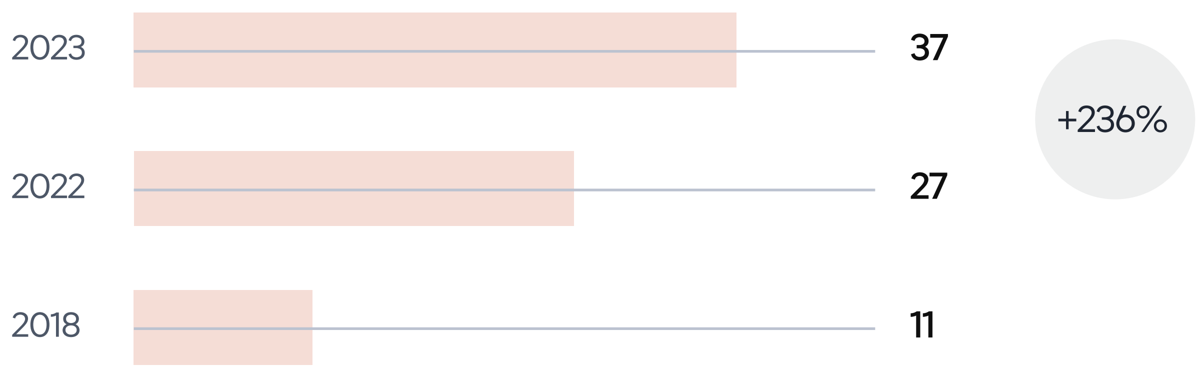
Source: Ntech (Novye Tekhnologii), AC Nielsen for January to December 2023

POSITION OF THE SLOVO MYASNIKA BRAND ON THE RUSSIAN MARKET BY CATEGORY

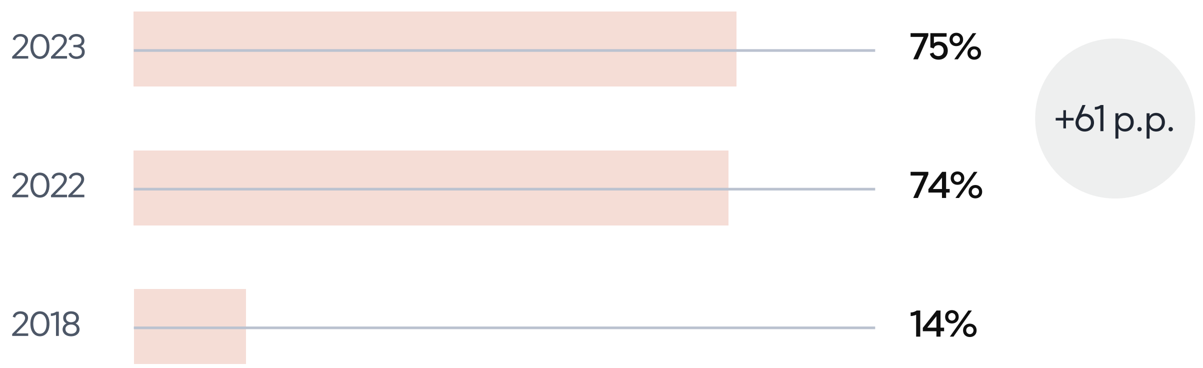
No. 2

in the branded semi-finished chilled products category

Sales, ths tonnes



Brand recognition in Russia



Sugar Business

Rusagro has been a leader in the Russian retail sugar market for many years. The Russkii Sakhar and Chaikofsky brands continued to rank first and second in the Russian white cube sugar market, while Brauni takes first place in the brown cube sugar market. The brands' combined share of the white cube sugar market is 55%, with Brauni taking 23% of the brown cube sugar market.[1]

[1] AC Nielsen results for November 2023.

POSITION OF RUSAGRO'S SUGAR BRANDS ON THE RUSSIAN MARKET

No. 1

on the white cube sugar market

No. 2

on the white cube sugar market

No. 1

on the brown cube sugar market

Source: AC Nielsen for December 2023

Automation and innovation

To integrate automation systems and find innovative ways to optimise production processes, a digital transformation strategy has been approved in each Rusagro business segment, forming part of each segment's overall development strategy. In all Rusagro business segments, the aim of the digital transformation strategy is to increase profits by reducing costs, enhancing risk management, and increasing productivity by reducing human error and improving the quality of decision-making.

To ensure that strategy milestones are successfully met, in 2023 the IT services of all business segments were centralised within Rusagro-Tech. A mathematical modelling service was set up to support the Company's objectives with regard to working with artificial intelligence and machine learning technologies. By the end of 2023, there were ten people on the team and ten projects in development.

Rusagro's key technology projects in 2023

1 | 5

Group

Implement a centralised EDMS

Objectives

- Mitigate the risks and consequences of violating local laws and regulations
- Improve the speed of in-process management decision-making
- Reduce costs associated with document management for centralised processes
- Ensure reliable reporting and monitoring of document management for centralised processes across all business segments
- Expedite the automation of centralised processes
- Reduce the cost of owning IT solutions for the automation of document management for centralised processes across all business segments
- Preserve the option to completely replace the Agriculture Business EDMS (OpenText) as part of subsequent projects
- Consider retiring local business segment EDMS as part of subsequent projects

2023–2024

Adopt an HR management system (replacement for SAP SF)

Objectives

- Reduce the risk of stoppage/disruption of HR processes and increase import independence by replacing the existing SAP SuccessFactor platform
- Maintain the existing approach to the unified master system of HR management
- Improve user experience by increasing solution customisation options (compared to SAP SF)
- Mitigate the risk of fines (1–18 million) for violations in respect of the cross-border transfer of personal data

2023–2025

Risk management

Objectives

- Reduce the cost of adopting digital products by up to 25%
- Expedite the introduction of digital products by up to 30%
- Reduce operating costs of current digital products by up to 20%

2023–2024

Tax monitoring

Objectives

- Ensure that the Company's information systems are prepared for LLC Rusagro-Tambov's entry into the tax monitoring regime on 1 January 2024

2023–2024

Automation and innovation

Rusagro’s key technology projects in 2023

Agriculture Business

Launch Field History platform

Objectives

- Develop and roll out the Field History Cloud Service software into the Agriculture Business IT landscape; integrate internal systems (accounting system, access control and management system, meta algorithm, strat algorithm, lane guidance system) as part of the transition to Russian software and replacement of the foreign Cropwise solution by 2026
- Connect 220 users (automated workspaces) to Field History Cloud Service software by 2026

2023–2025

Monitor mineral fertiliser stock flow

Objectives

- Expand the existing mineral fertiliser stock flow process by obtaining information on the weight of MF, identifying MF containers, automating the process of transferring MF to production facilities, and identifying recipients

2022–2024

Strategic Algorithm

Objectives

- Automated generation of optimal crop rotations combined with a production programme for each field designed to maximise cash flow within a strategic planning horizon, using modelling and optimisation tools

2021–2024

Autopilot 3.0

Objectives

- Automate agricultural machinery operations in the field
- Increase machinery productivity and reduce fuel and lubricant costs (by 6.4%) through the use of navigation equipment, RTK-gsm correction, and adoption of the lane guidance parallel driving system

2023–2025

Meta algorithm

Objectives

- Maximise profit by minimising the possibility of lower yields and properly allocating/using resources (machinery, people) for technological operations and to reduce yield loss in fields during the harvesting period
- By November 2024, achieve an 85% convergence rate across all metering devices

2021–2024

Automation and innovation

Rusagro's key technology projects in 2023

Oil and Fats Business

The digital farmer

Objectives

- Ensure capacity utilisation
- Develop a programme to increase sunflower production and yield to 17.3 dt/ha and increase the revenue of growers
- Provide agricultural producers with recommended production technologies and access to various financing options
- Generate additional revenue for the Company by creating new processes
- Generate savings by optimising and automating existing processes

2023–2024

Elevator, oil extraction plant, and fats plant management system

Objectives

- Create a unified digital environment for end-to-end automated management accounting
- Improve production efficiency by reducing the likelihood of downtime, stoppages, and reduced productivity due to a shortage or absence of raw materials

Implement the 'Elevator, oil extraction plant, and fats plant management' system (production management system, MES-systems) based on the Russian I-DS Digital Services software developed as part of the pilot project at Rusagro Oil and Fats Business enterprises: an elevator (LLC Rusagro-Balakovo), oil extraction plant (LLC Rusagro-Balakovo), and fats plant (LLC Rusagro-Saratov); commission the system no later than 30 November 2026

2023–2026

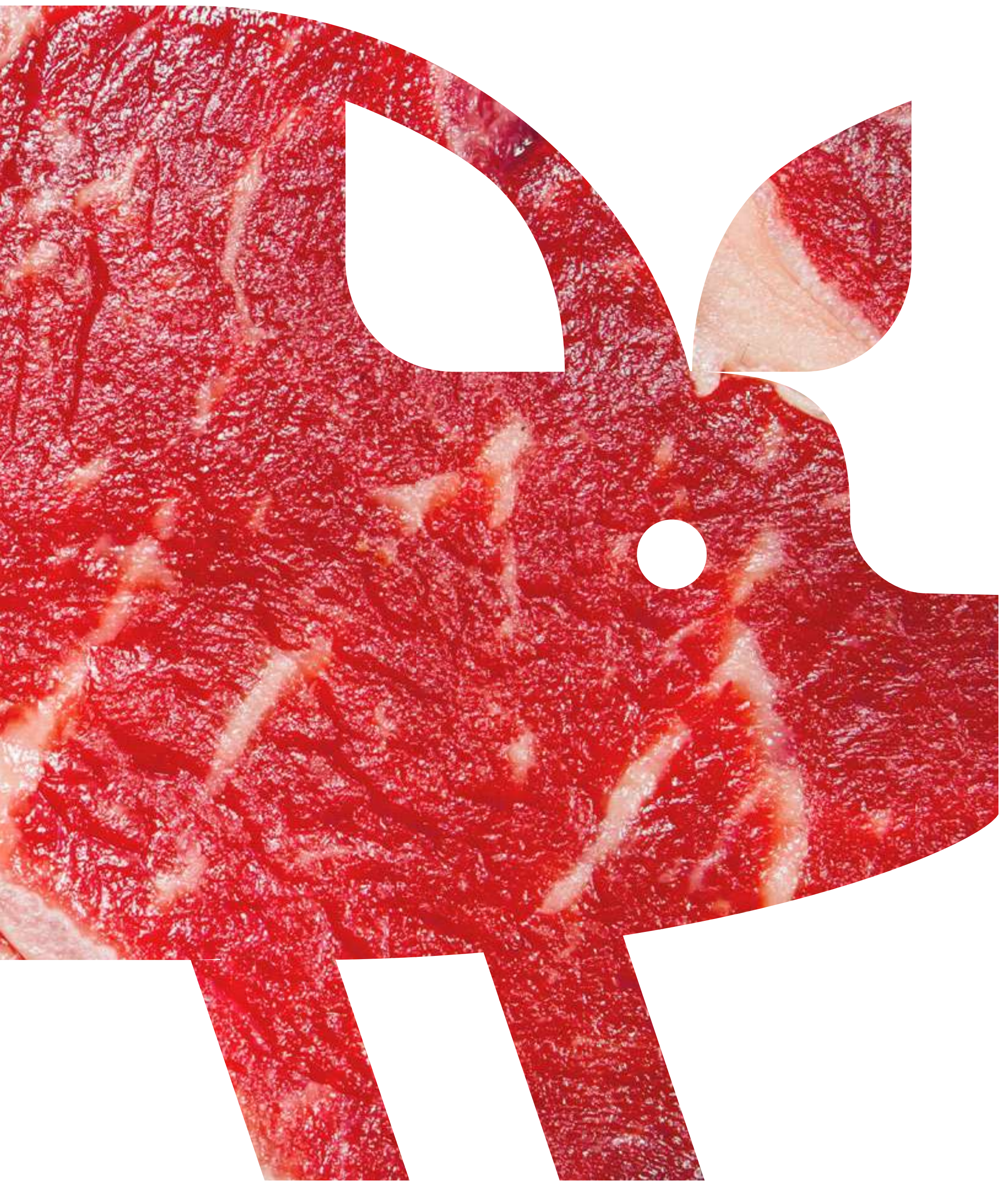
Develop and automate sales and operations planning (SOP)

Objectives

- Improve the precision of sales forecasting and inventory control at company and distributor warehouses

2020–2024

Automation and innovation



Rusagro's key technology projects in 2023

Meat Business

Video system to monitor the condition of livestock

Objectives

- Develop a video analytics system and test its precision and performance
- Animal count accuracy of no less than 99%
- Detect fever symptoms in at least 95% of cases
- Detect holder shed mortality with at least 95% accuracy
- Detect the availability/unavailability of feed in feeders with at least 95% accuracy
- Determine section washing quality with at least 95% accuracy
- Identify deviations in the state of equipment with at least 95% accuracy

Business objective

- Improve live pork production

2022–2024

Svinofon

Objectives

Automate production accounting processes:

- Enable entry of production accounting data using the mobile app
- Enable prompt receipt of past data and planned events
- Expand the ability of operators to analyse previous livestock operations and assess physiological state of animals and production metrics
- Reduce labour costs
- Improve the speed and accuracy of record keeping

2023–2026

Quality control system for finished products

Objectives

Build a hardware and software prototype to monitor the quality of finished products on the minced meat conveyor line in the chilled semi-finished products shop. The system will be deemed successful if at least 90% of the total number of defects are detected

2021–2024

Automation and innovation

Rusagro's key technology projects in 2023

Sugar Business

Implementation of a yard management system

Objectives

- Minimise the impact of the human factor on the vehicle weighing process
- Digitise weighing data
- Automate the detection of weight deviations from delivery document specifications. Prevent incidents of theft by monitoring the weight of the vehicle and comparing it with the weight of the shipment
- Automatically record the time of key technological operations at the facility

2022–2025

Implement a Laboratory Information Management System (LIMS)

Objectives

- Improve the quality, accuracy, and integrity of data from quality service laboratories

2022–2024

Mobile version of TOIR (equipment repairs and maintenance) app

Objectives

- Reduce maintenance and renovation costs
- Increase labour productivity
- Improve the accuracy of information in terms of actual labour intensity and the scope of maintenance and repair work
- Expedite equipment defect reporting
- Increase the quality of maintenance and repair work

2021–2024

ESG strategy

Rusagro has been working over the last few years to create a sustainable development strategy. Our goals are to maintain stable growth, create more value for all stakeholders, and increase the transparency of non–financial information relating to our activities. In 2023, the Company continued to work on its ESG strategy, and will continue to make efforts to minimise its adverse environmental impact, ensure the rational consumption of natural resources, take care of employees and customers, support local communities, and develop responsible business practices.

An example of this is Rusagro's participation in non-profit organisations promoting the ESG agenda in Russia. In 2023, Rusagro helped found the National ESG Alliance, of which it is now an active member.

Founders of the ESG Alliance

ESG strategy development outcomes

01

Conduct analysis of our external and internal context,

the needs of different groups of stakeholders, and the regulatory requirements of Russia, the UK, and the EU

Done

02

Conduct analysis of the ESG-related challenges facing an agribusiness

Done

03

Conduct analysis of UN goals and the Company's capacity to support them

Done

04

Conduct analysis of the ESG practices, key trends, and targets at comparable companies

Done

05

Identify priority areas for the Company's ESG strategy

Done

06

Identify priority areas for the Company's ESG strategy

In progress

Key priorities of Rusagro's ESG strategy

Rusagro objective:

01

To achieve strong economic performance

02

To ensure sustainable long-term growth

03

To fulfil the interests of our stakeholders

Environment

Rusagro objective:

to minimise adverse effects on the environment

To achieve this, the Company:

- uses sustainable agriculture methods
- preserves soil health
- minimises emissions of greenhouse gases and pollutants
- reduces energy consumption and improves energy efficiency
- reduces pressure on water resources by optimising water consumption
- minimises wastewater pollution
- reduces the volume of waste produced

Corporate governance

Rusagro objective:

to ensure the high quality and sustainability of our corporate governance

To achieve this, the Company:

- ensures a transparent ownership and management structure for the Company
- promptly discloses non-financial information
- actively interacts with investors and shareholders
- monitors compliance with business ethics and applicable legislation
- establishes responsible supply chains

Society

Rusagro objective:

to improve the attractiveness of the employer brand and social development in the regions where the Company operates

To achieve this, the Company:

- provides training for employees and supports their career growth
- creates safe working conditions
- ensures equal rights and opportunities
- provides social support and financial incentives
- increases employee engagement
- invests resources in supporting and developing local communities

Rusagro's contribution to UN Sustainable Development Goals

1 | 2

1 NO POVERTY
8 DECENT WORK AND ECONOMIC GROWTH

Rusagro strives to create new jobs in the regions where the Company operates and provides employees with fair and decent pay for the work they do. The Company categorically rejects the use of forced and child labour, and complies with international human rights and employment standards.

2 ZERO HUNGER

As an agro-industrial company producing key products for mass consumption, Rusagro considers its main objective to be providing consumers with high-quality food at reasonable prices. The Company is also conscious of its role in ensuring national food security.

3 GOOD HEALTH AND WELL-BEING

Rusagro cares about the health of its employees and consumers alike. The Company is implementing a comprehensive employee health protection programme, and adheres to high product safety standards, as well as making products which support a healthy lifestyle.

4 QUALITY EDUCATION

As part of our programme to support local communities and social development in the regions where we operate, Rusagro undertakes charitable projects aimed at developing educational infrastructure and organises educational events.

Additionally, Rusagro pays considerable attention to developing its own workforce, investing in training and professional development for its employees.

5 GENDER EQUALITY
10 REDUCED INEQUALITIES

The Company operates a zero-tolerance policy towards all kinds of discrimination. Rusagro sees diversity as a source of inspiration and opportunity. The overall proportion of women in the Company is traditionally about 35%, with this figure rising to 60% in specialist roles.

Rusagro’s contribution to UN Sustainable Development Goals

6 Clean water and sanitation

Although the regions where Rusagro operates do not face risks associated with limited water resources, the Company places significant emphasis on optimising water consumption and minimising wastewater-related environmental pollution.

The Company is actively engaged in the implementation of water recycling systems, water reuse, and automation of the water consumption management system. The Company is also taking measures to improve wastewater quality.

7 Affordable and clean energy / 13 Climate action

As part of our measures to reduce atmospheric emissions, Rusagro is mandatorily installing air-cleaning and dust- and gas-collecting equipment. The Company is taking steps to reduce energy consumption and improve energy efficiency.

9 Industry, innovation and infrastructure

Rusagro strives to be an industry leader in its use of advanced technologies, allocating significant funds to develop and implement innovative solutions in the field of IT, automation, and innovation. The Company is particularly focused on the introduction of precision farming technology, business process automation, and the improvement of soil yield and fertility.

12 Responsible consumption and production

Across all Rusagro divisions, work is underway to reduce the volume of waste produced and the reuse of resources, as well as to explore the possibility of implementing circular economy principles. Most industrial waste and by-products are reused in the production of deep-processed products or the allocation of valuable resources.

15 Life on land

When using fertilisers, Rusagro adheres to environmental safety regulations to eliminate the risks of soil contamination. The Company’s approach to land use also entails land recultivation and the introduction of fallow land deposits into circulation, as well as the use of crop rotation optimised to maintain soil quality, and careful soil processing methods.

03.

Performance overview

Agriculture Business

1 2
3 4

After a fairly muted performance the previous year, Rusagro's Agriculture Business achieved record financial growth in 2023

No. 4

Rusagro's position among the largest agricultural land holders in Russia

Overview of the Russian agricultural market in 2023

51.5 +7% MN TONNES

Russian wheat exports

93 −11% MN TONNES

Wheat harvest in Russia, 2023/2024 season

10.9 −15% THS RUB/T, EXCL. VAT

Average price of wheat in Russia

17 +2% MN TONNES

Sunflower harvest in Russia, 2023/2024 season

24.3 −27% THS RUB/T, EXCL. VAT

Average price of sunflower in Russia

No. 4

Rusagro's position among the largest agricultural land holders in Russia

46 −5% MN TONNES

Sugar beet harvest in Russia, 2023/2024 season

4.5 +12% THS RUB/T, EXCL. VAT

Average price of sugar beet in Russia

Production

Grain

Preliminary data from Rosstat (the Russian Federal Service for State Statistics) for the 2023/2024 season indicates that the grain harvest was 142.5 million tonnes, down 10% (−15 million tonnes) on the previous season. The gross wheat harvest was down 11% (−11.5 million tonnes) and barley was down 10% (−2.2 million tonnes). This was primarily due to lower crop yields. The lower yields were caused by weather conditions less favourable than in 2022, when the grain harvest hit record levels.

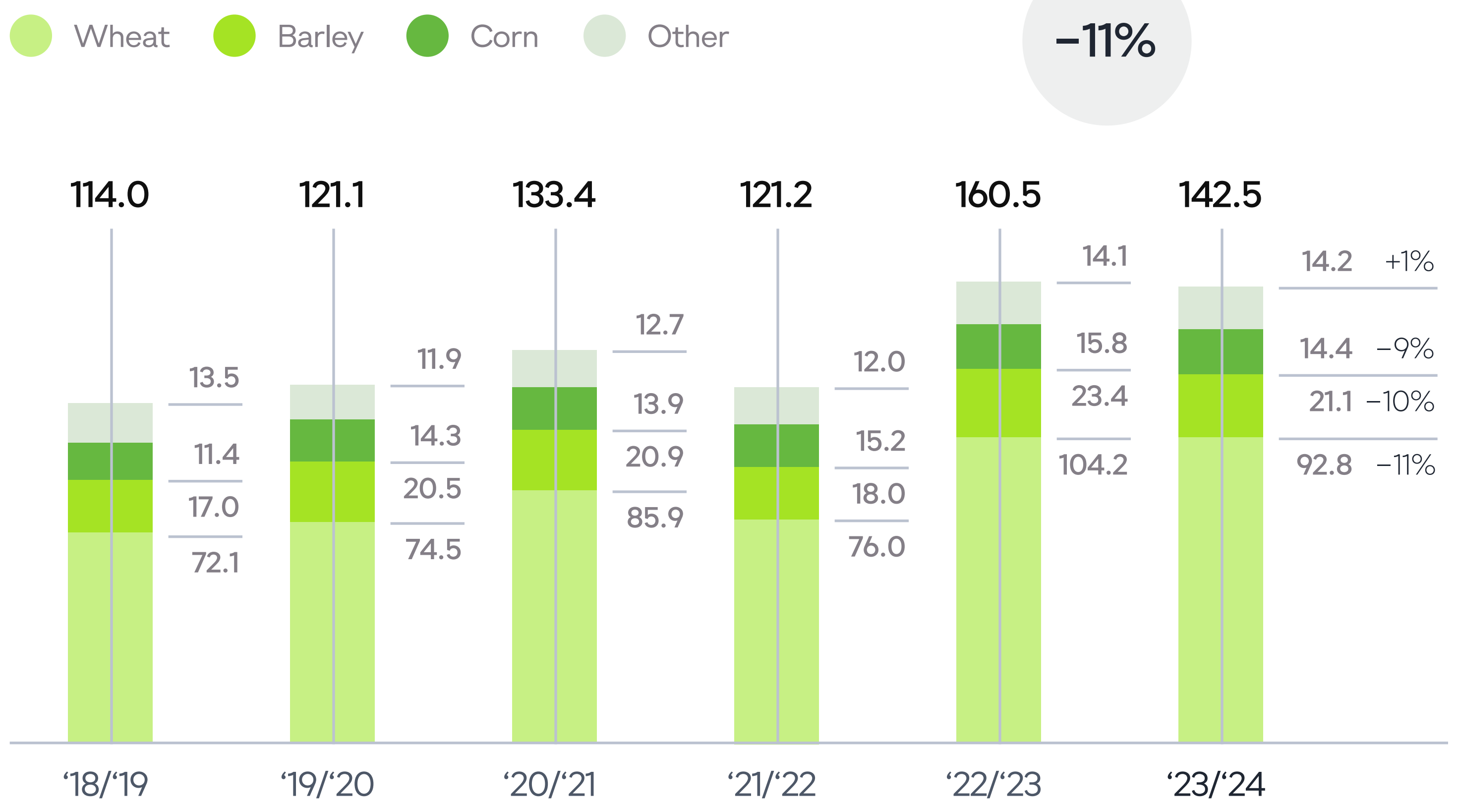
The area under cultivation of corn fell by 7% in the 2023/2024 season, resulting in a 9% drop in the gross corn harvest (−1.4 million tonnes), which at the end of the year stood at 14.4 million tonnes. Meanwhile, the corn yield was good, up 14% (+0.9 tonnes/ha) on the previous year.

93 −11%
MN TONNES

Wheat harvest in Russia, 2023/2024 season

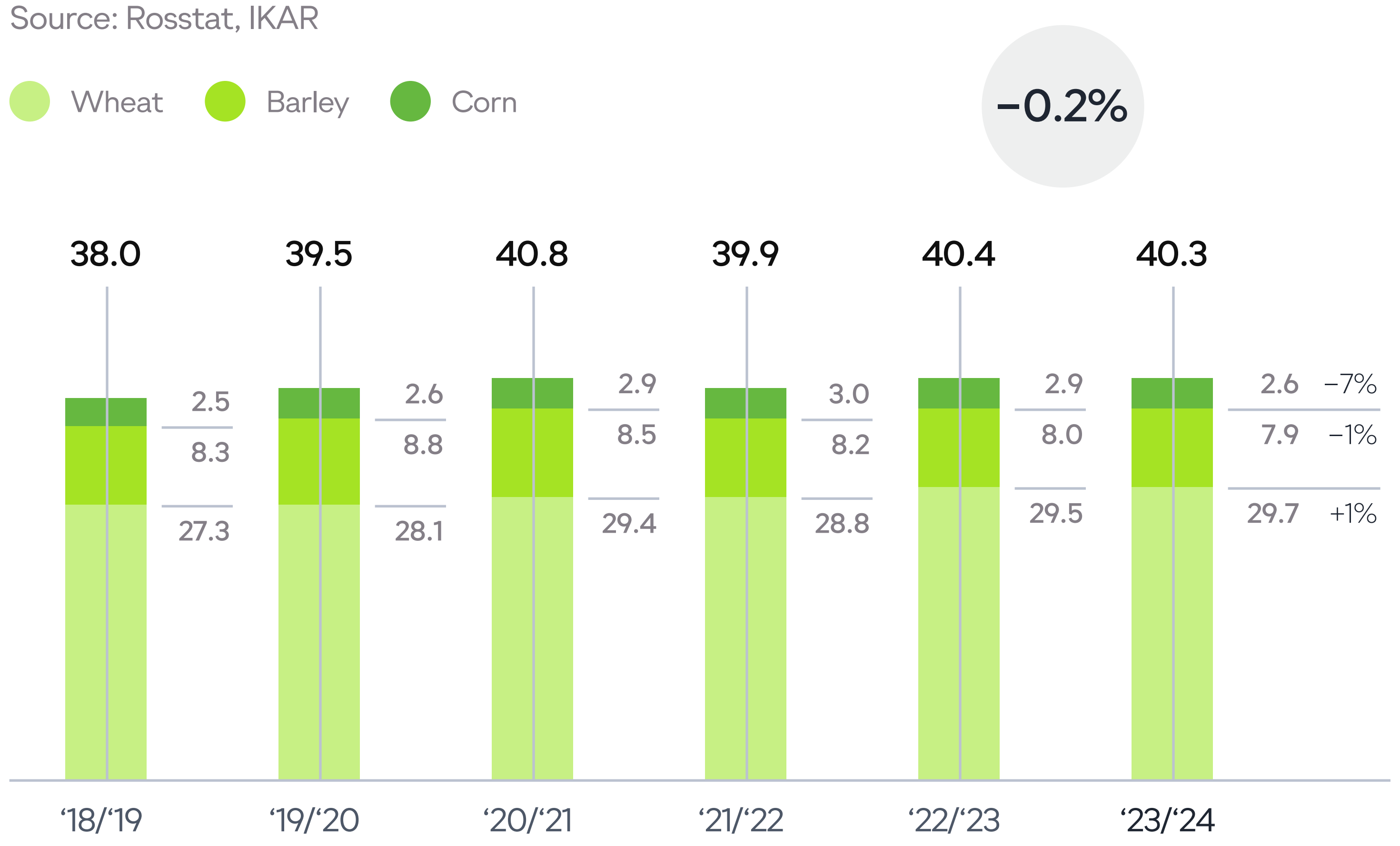
Gross grain harvest in Russia[1], mn tonnes

Source: Rosstat, IKAR



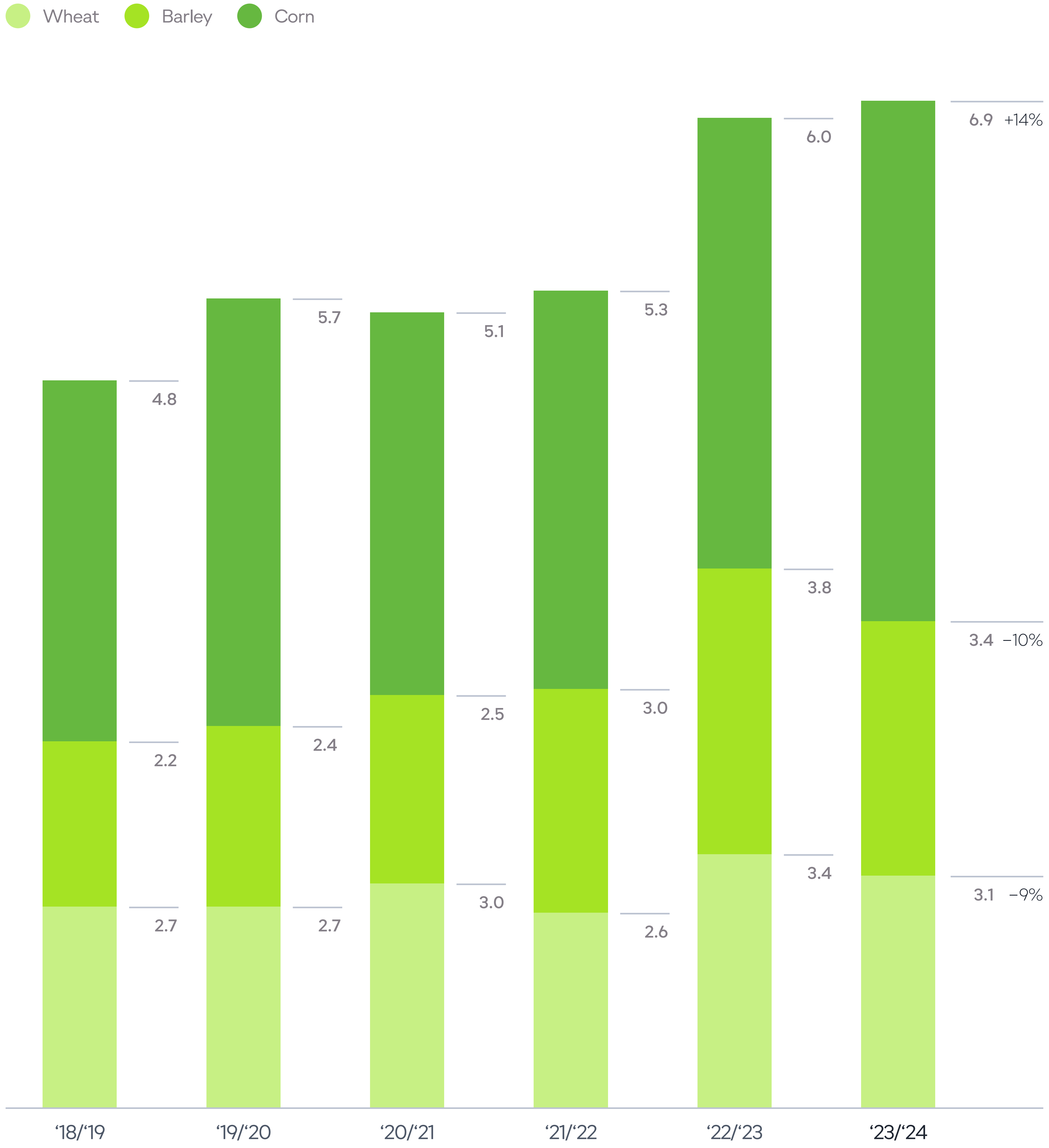
Area under cultivation of major grains in Russia[2], mn ha

Source: Rosstat, IKAR



Yield of major grains in Russia[2], t/ha

Source: Rosstat, IKAR



1 Data for the 2023/2024 season is preliminary; other crops include rye, triticale, oats, rice, buckwheat, millet, and legumes.
2 Data for the 2023/2024 season is preliminary.

Production

2 | 3

Oilseed

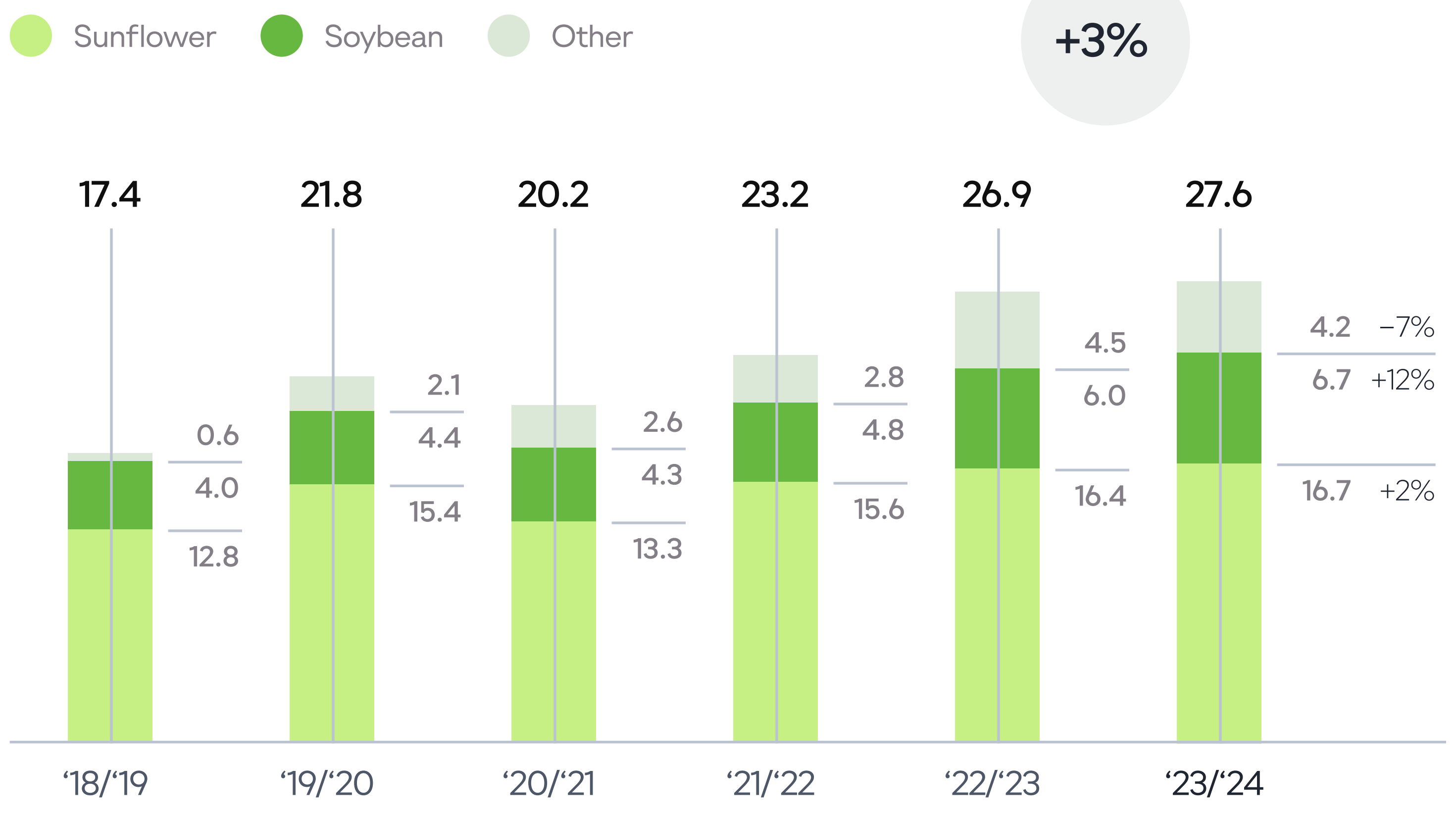
Preliminary oilseed harvest data in the 2023/2024 season points to a 3% increase (+0.8 million tonnes) to 27.6 million tonnes. There was a significant increase in the soybean harvest, up 12% (+0.7 million tonnes) to 6.7 million tonnes. This was due to an expansion in the area under cultivation (+4%) and improved yield (+8%). The area under cultivation of sunflower fell by 3% (−0.3 million hectares) on last season to 9.9 million hectares.

The area under cultivation of oilseed fell by 1%, as some producers believed there were additional risks in switching to domestically produced sunflower seeds under import substitution programmes, and foreign seeds were difficult to import into Russia at the beginning of the year.

Overall, oilseed yields in 2023 were up 4% from 2022. This is due to higher yields in 2023 of sunflowers in the southern region and soybeans in the Central Federal District.

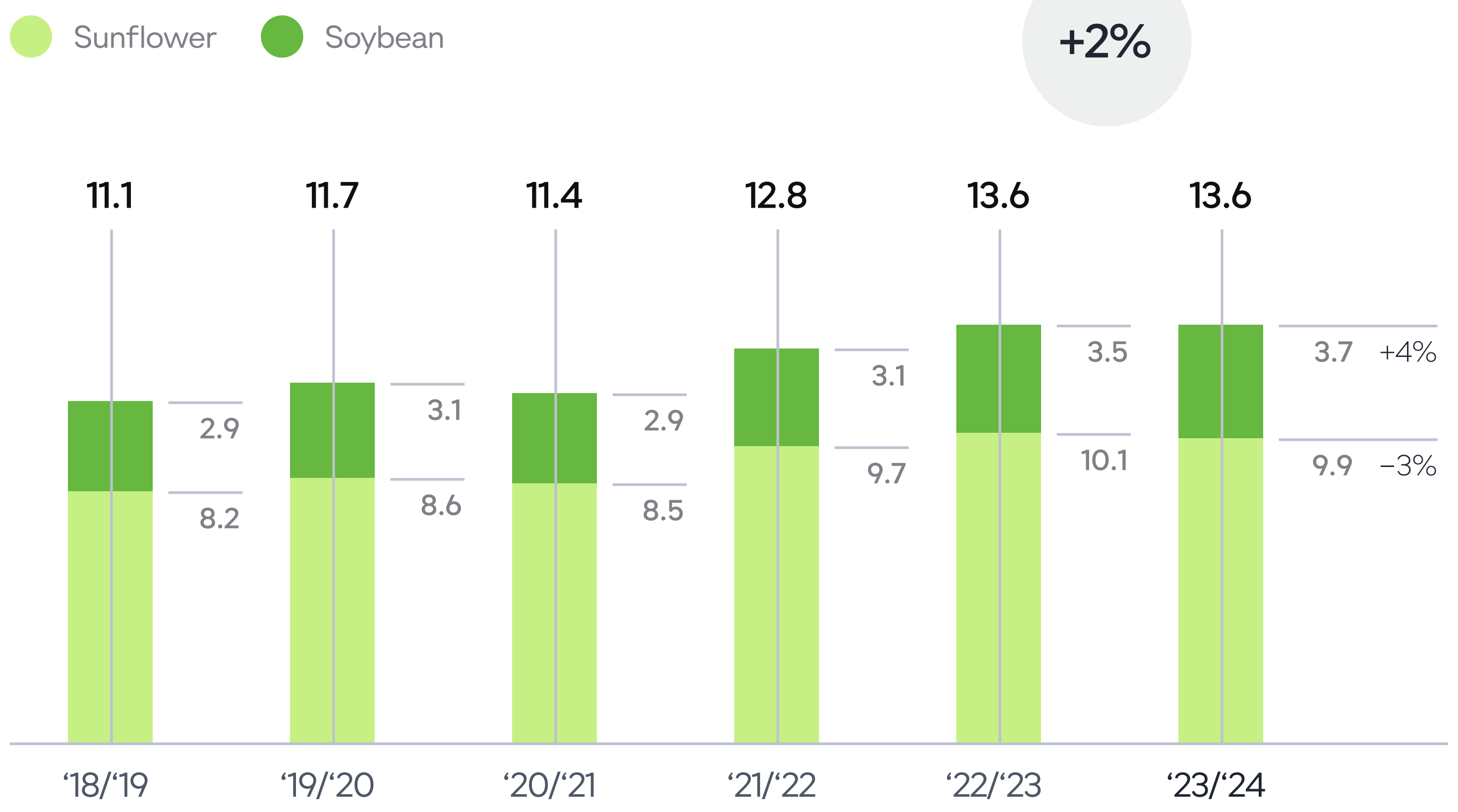
Gross oilseed harvest in Russia[1], mn tonnes

Source: Rosstat, IKAR



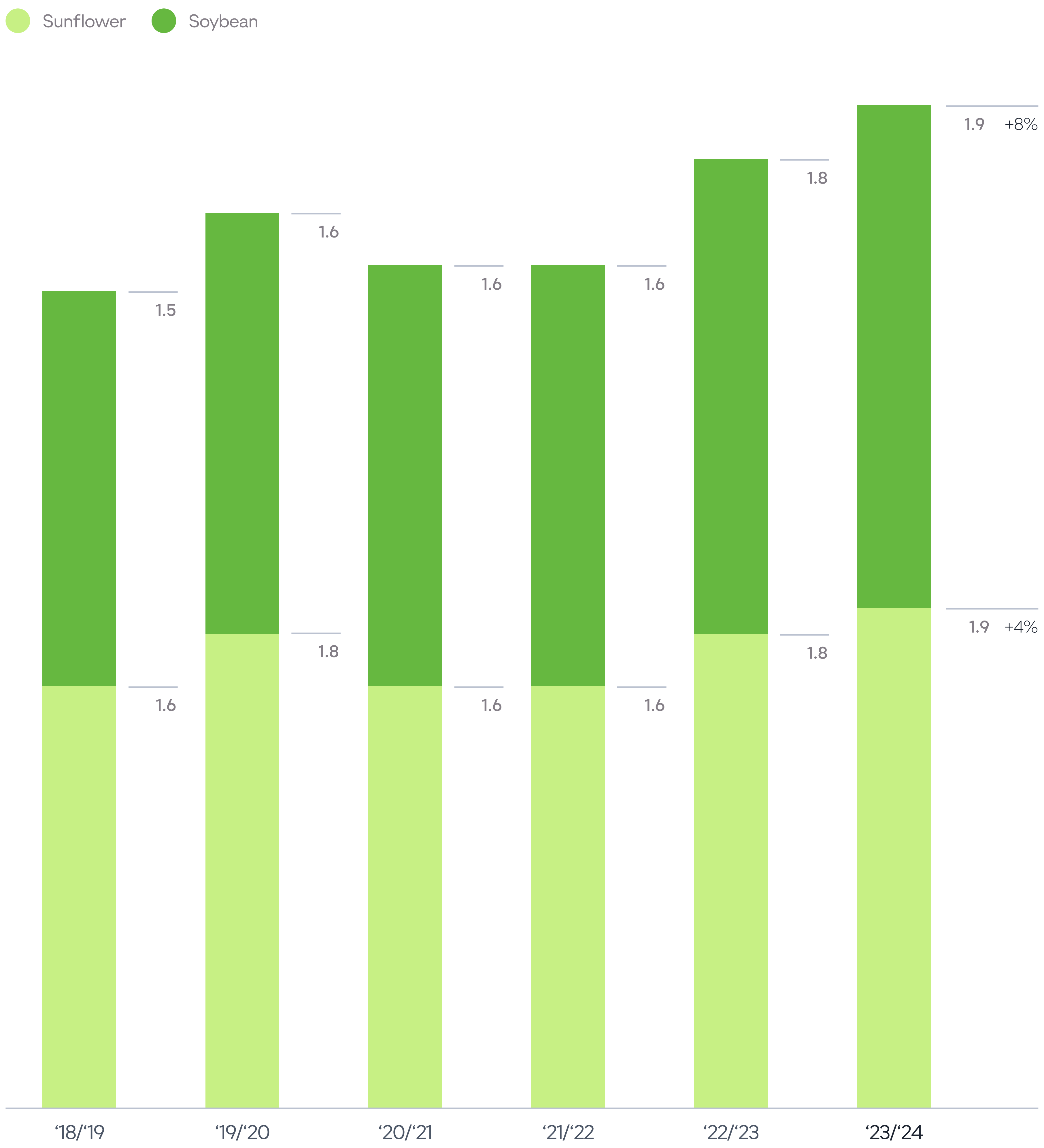
Area under cultivation of major oilseed crops in Russia[1], mn ha

Source: Rosstat



Yield of major oilseed crops in Russia[1], t/ha

Source: Rosstat



17 +2%
MN TONNES

Sunflower harvest in Russia, 2023/2024 season

1 Data for the 2023/2024 season is preliminary.

Production

Sugar beet

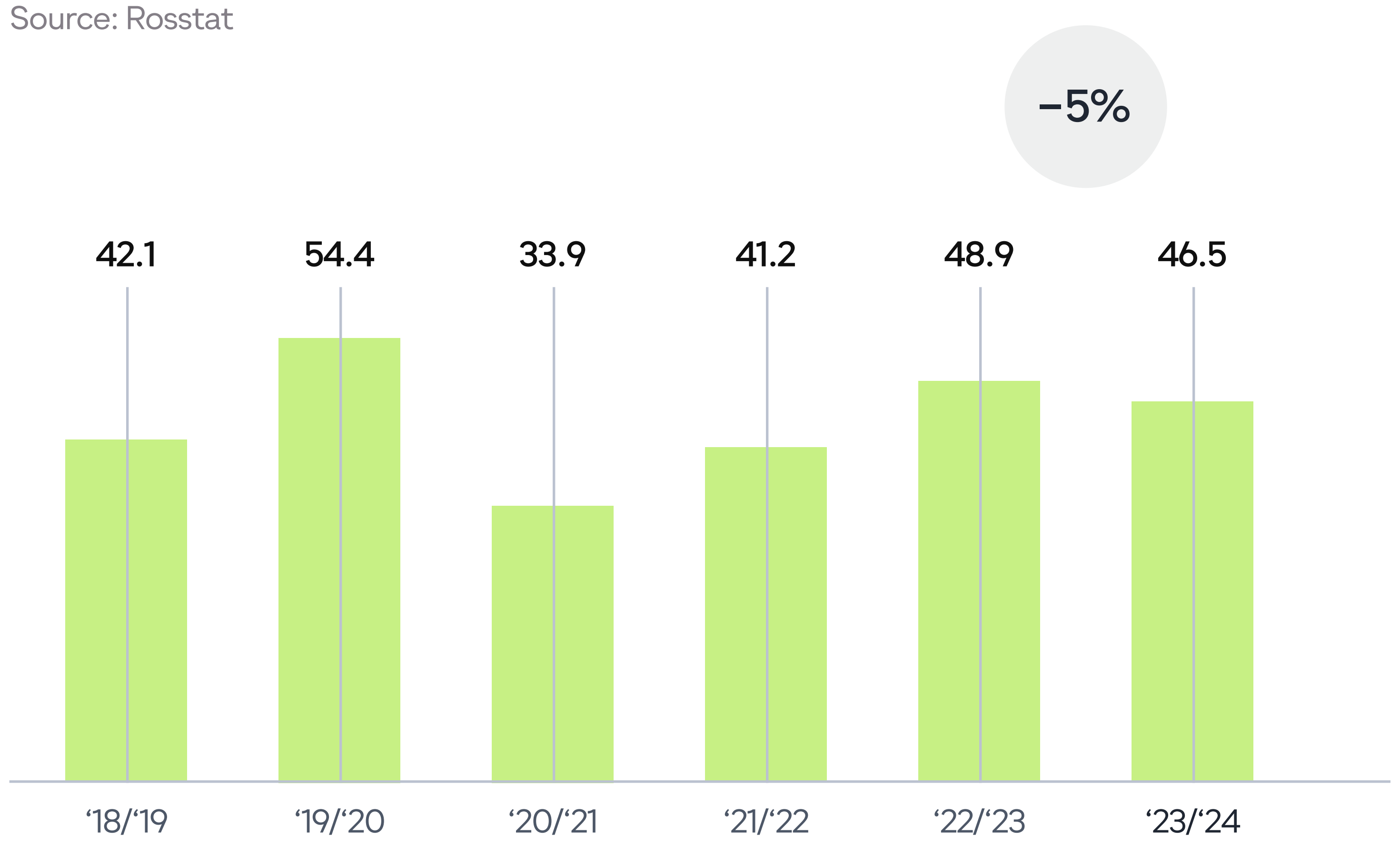
Preliminary data indicates that in the 2023/2024 season, the sugar beet harvest stood at 46.5 million tonnes, which is 5% less that in the previous season (−2.4 million tonnes). Due to unfavourable weather conditions (a consequence of intense rainfall) in the early growing season, yields fell by 1% (−0.4 tonnes/ha) to 48.3 tonnes/ha. The slight increase in the area under cultivation of sugar beet (+4%, or 40 thousand hectares) was driven by favourable market conditions.

46 −5% MN TONNES

Sugar beet harvest in Russia, 2023/2024 season

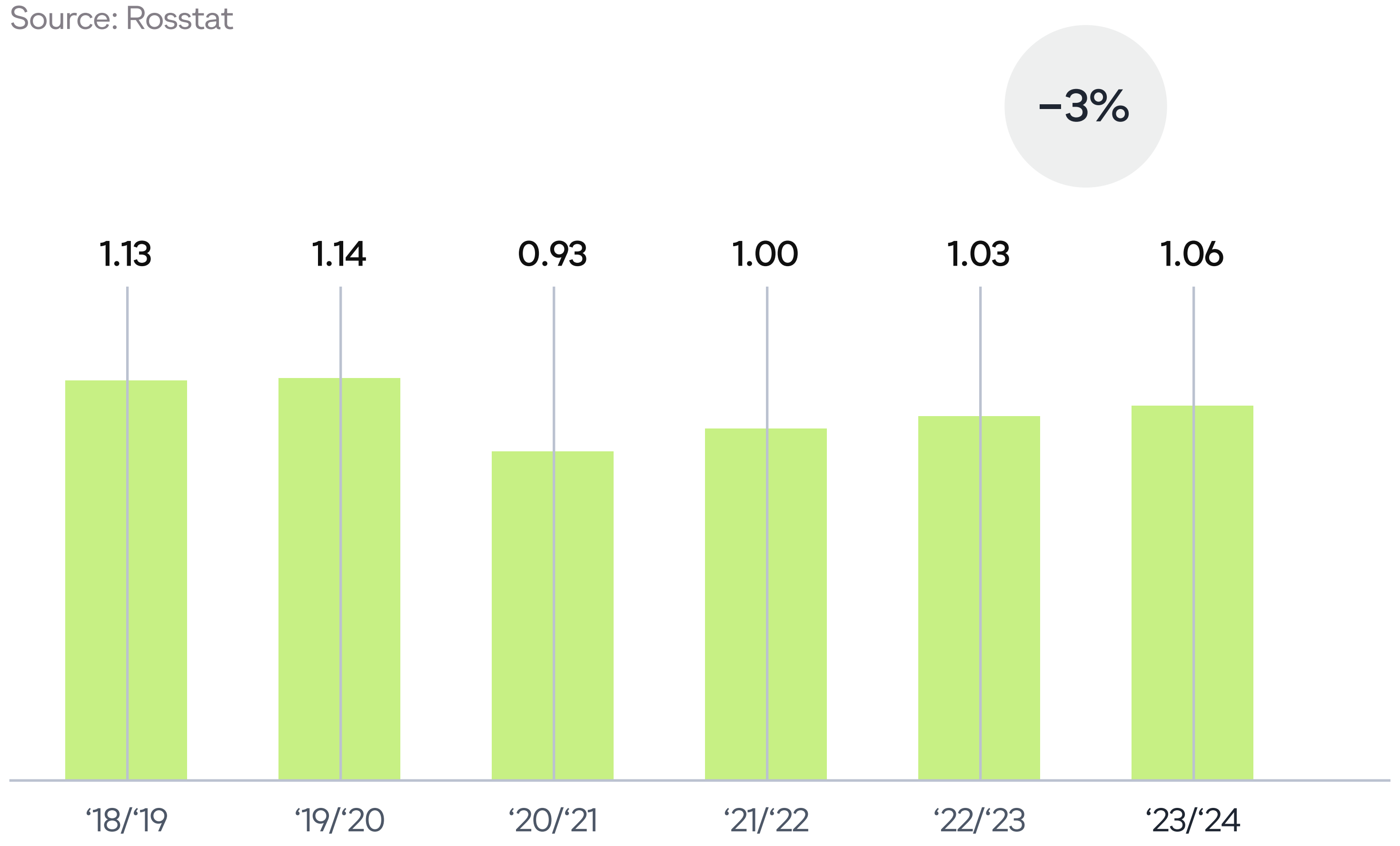
Gross sugar beet harvest in Russia[1], mn tonnes

Source: Rosstat



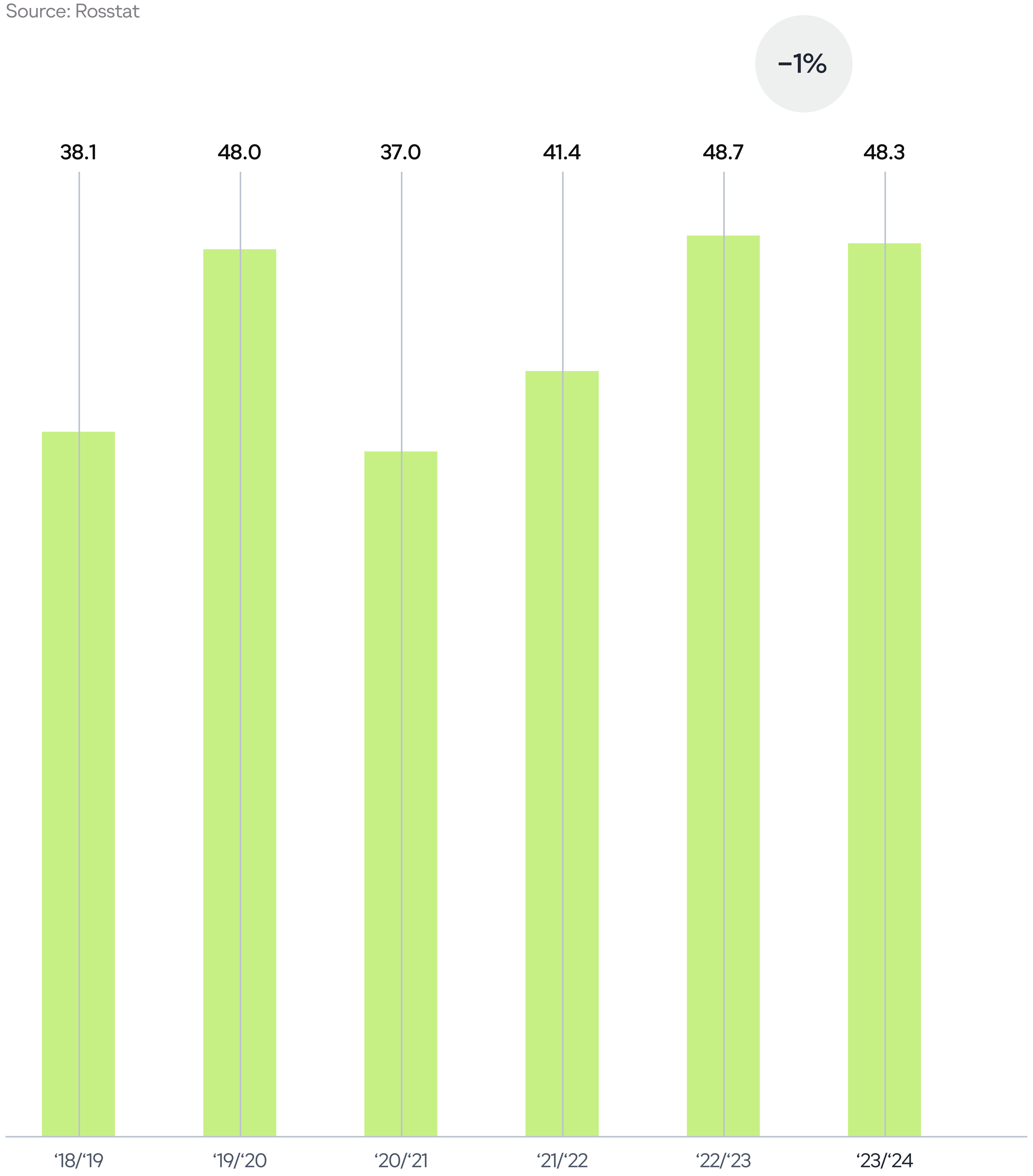
Area under cultivation of sugar beet in Russia[1], mn ha

Source: Rosstat



Sugar beet yield in Russia[1], t/ha

Source: Rosstat



1 Data for the 2023/2024 season is preliminary.

Key players

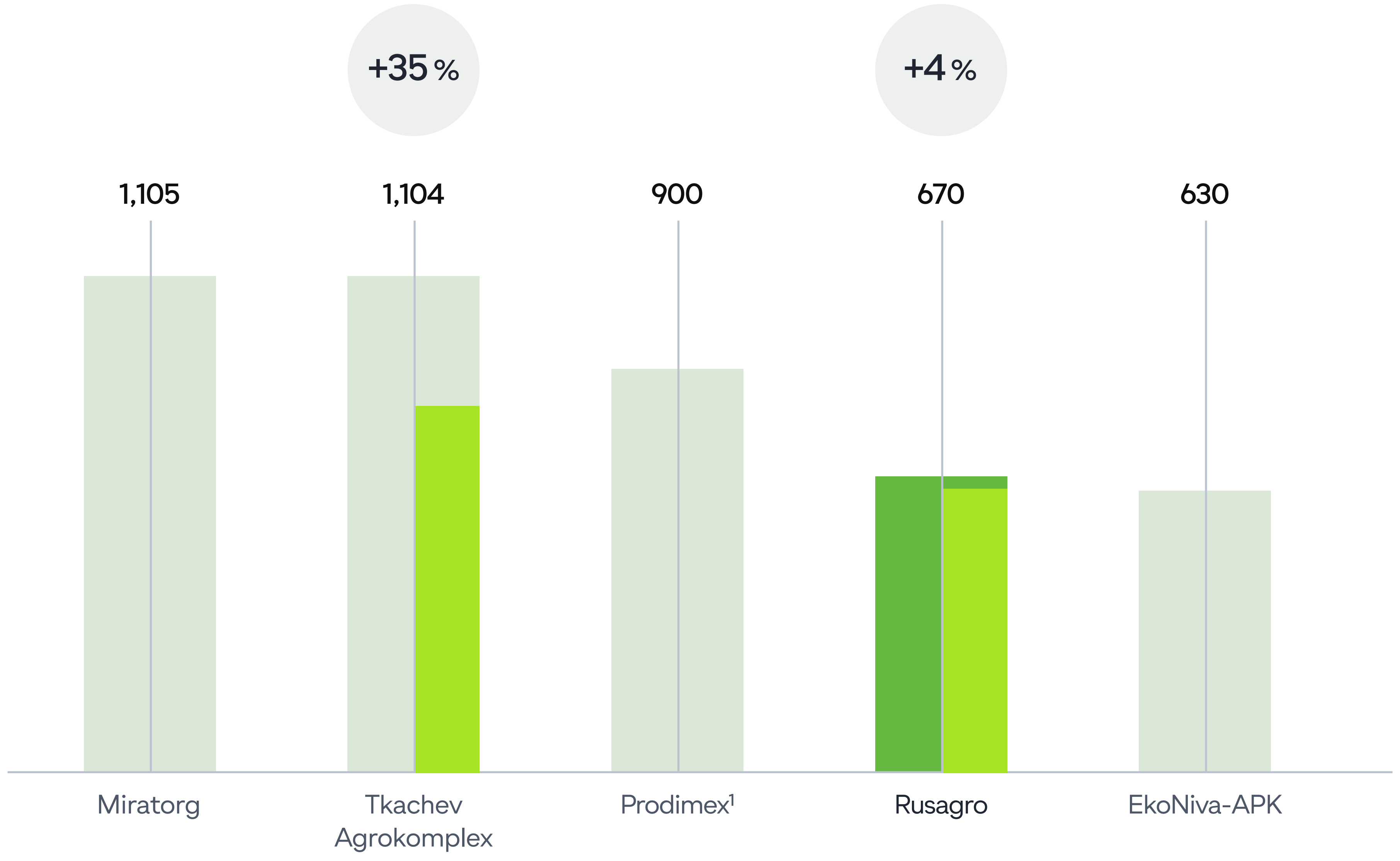
According to the audit and consulting company BEFL, as of August 2023, 4.4 million hectares of agricultural land was under the control of five major landowners. Over the year, they increased their land holdings by 313 thousand hectares (+8%). Russia's largest meat producer, Miratorg, tops the list with an estimated land holding of 1,105 thousand hectares. Rusagro is ranked fourth with a land holding of 670 thousand hectares. As of the end of 2023, the Company managed 685 thousand hectares of land, which will be taken into account in the August 2024 ranking.

685 THS HA

Rusagro's land holding as of the end of 2023

Russia's top five landowners as of August 2023, ths ha

Source: BEFL, August 2023



[1] Including Agrokultura.

Exports and imports

1 | 2

Exports

In 2023, exports of the major agricultural crops stood at 66.2 million tonnes, up 9% (+5.4 million tonnes) on 2022. Wheat and barley exports were up 7% (+3.4 million tonnes) and 9% (+0.5 million tonnes) respectively. This result was achieved amid expectations of a second record-breaking grain harvest, large carryover stocks, and high export volumes in the first half of the season. Wheat accounts for the bulk of exports. Ongoing work to build and optimise logistical links with importing countries contributed to the increase in exports.

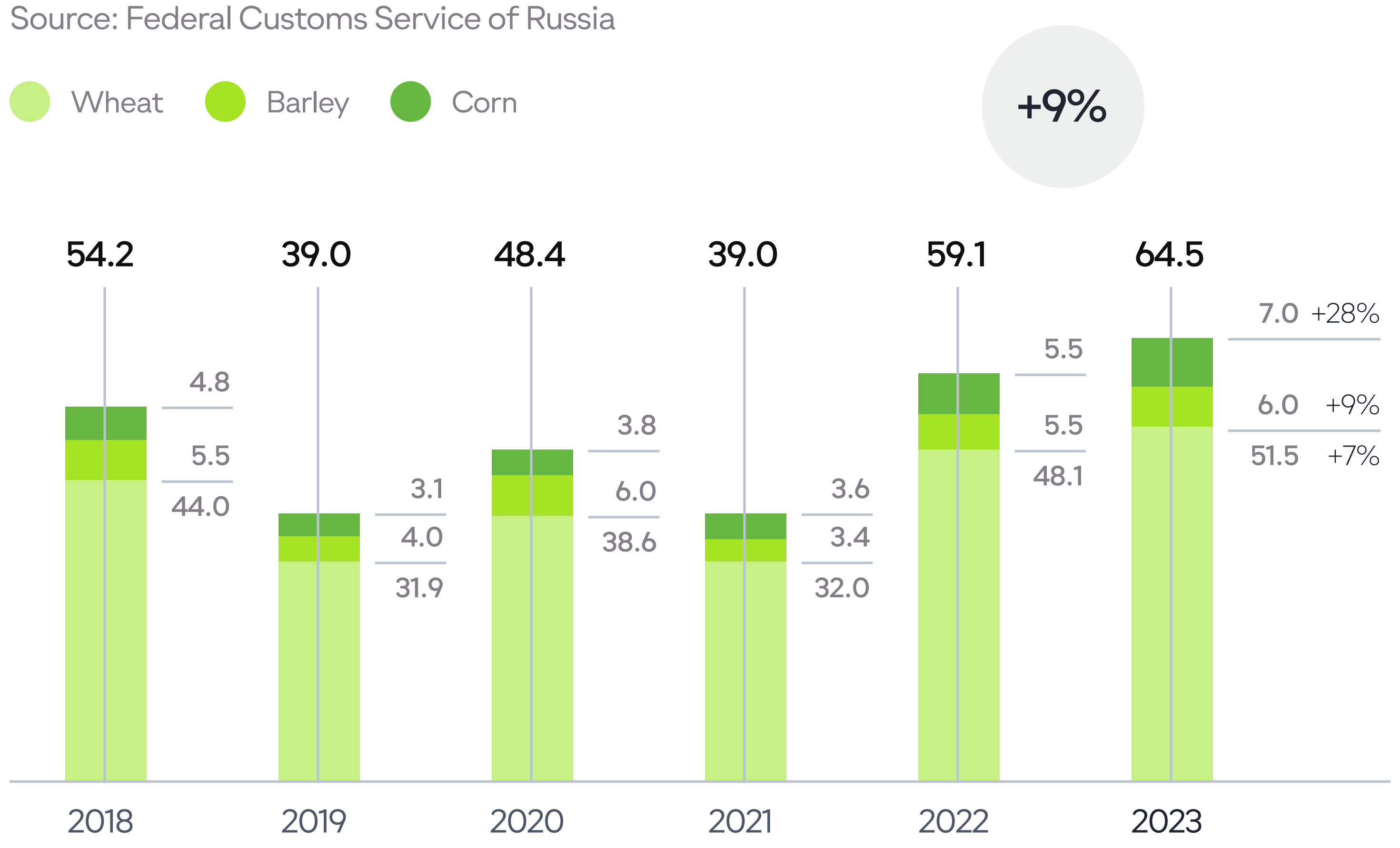
Soybean and sunflower make up an insignificant share of exported agricultural products. In 2023, exports grew by 1% due to an increase in soybean shipments (+1%, or 0.02 million tonnes), while sunflower exports remained unchanged from last year at 0.03 million tonnes. The main limitations on the export of agricultural products from Russia are: the introduction of export duties on niche crops (peas, lentils, chickpeas, linseed, soybean oil, etc.), high duties on oilseeds (20% but not less than 100 USD/tonne on soybeans, 50% on sunflower seeds), and a ban on the export of rapeseed until 31 August 2024 (except at the Zabaikalsk border crossing). In addition, export growth is hampered by pricing policies in importing countries, limited rail transport capacity around ports, and the limited transshipment capacity of Russian ports.

52 +7% MN TONNES

Russian wheat exports

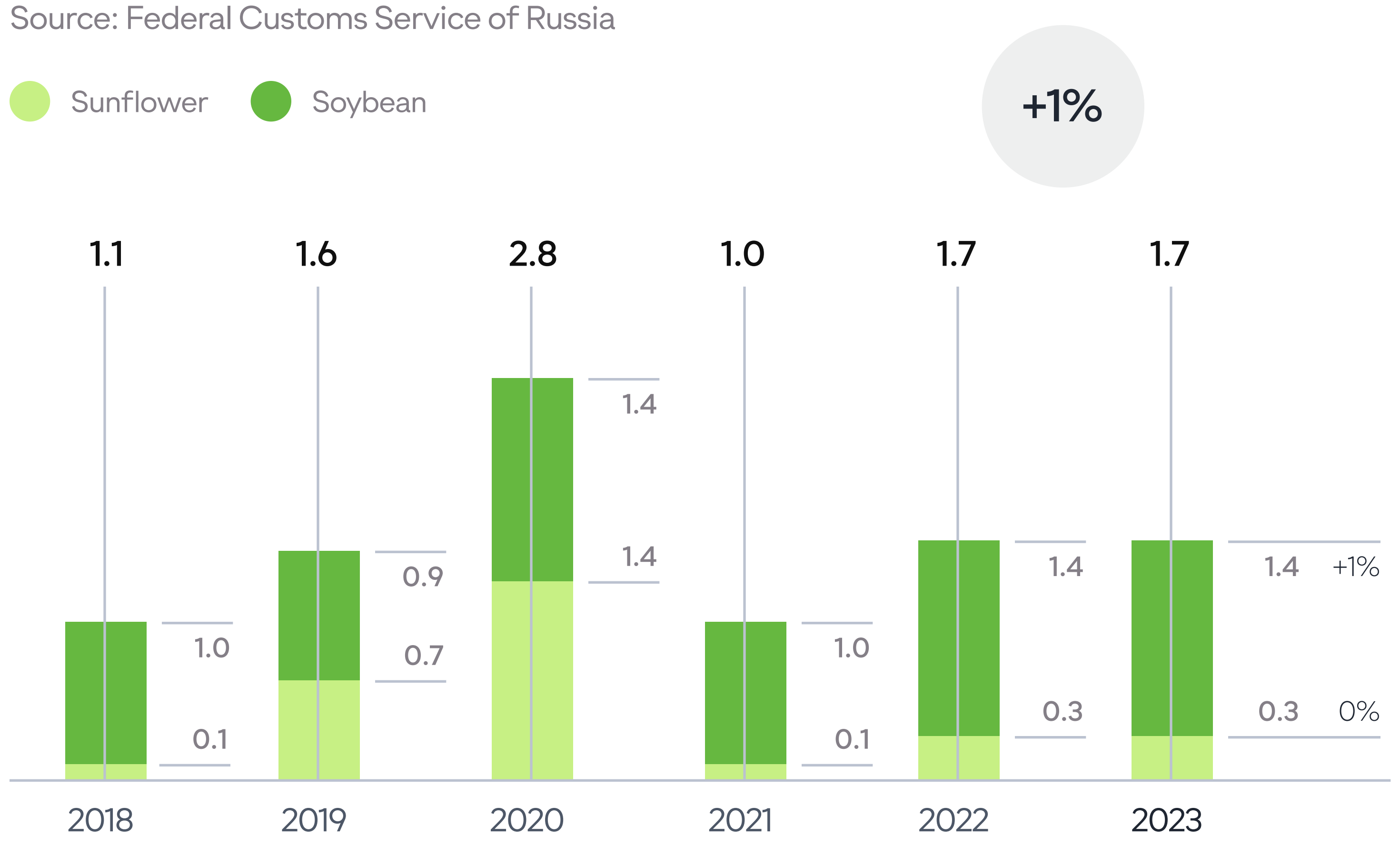
Russian exports of major grain crops[2], mn tonnes

Source: Federal Customs Service of Russia



Russian exports of major oilseed crops[2], mn tonnes

Source: Federal Customs Service of Russia



[2] Data for 2023 is preliminary.

Exports and imports

Exports

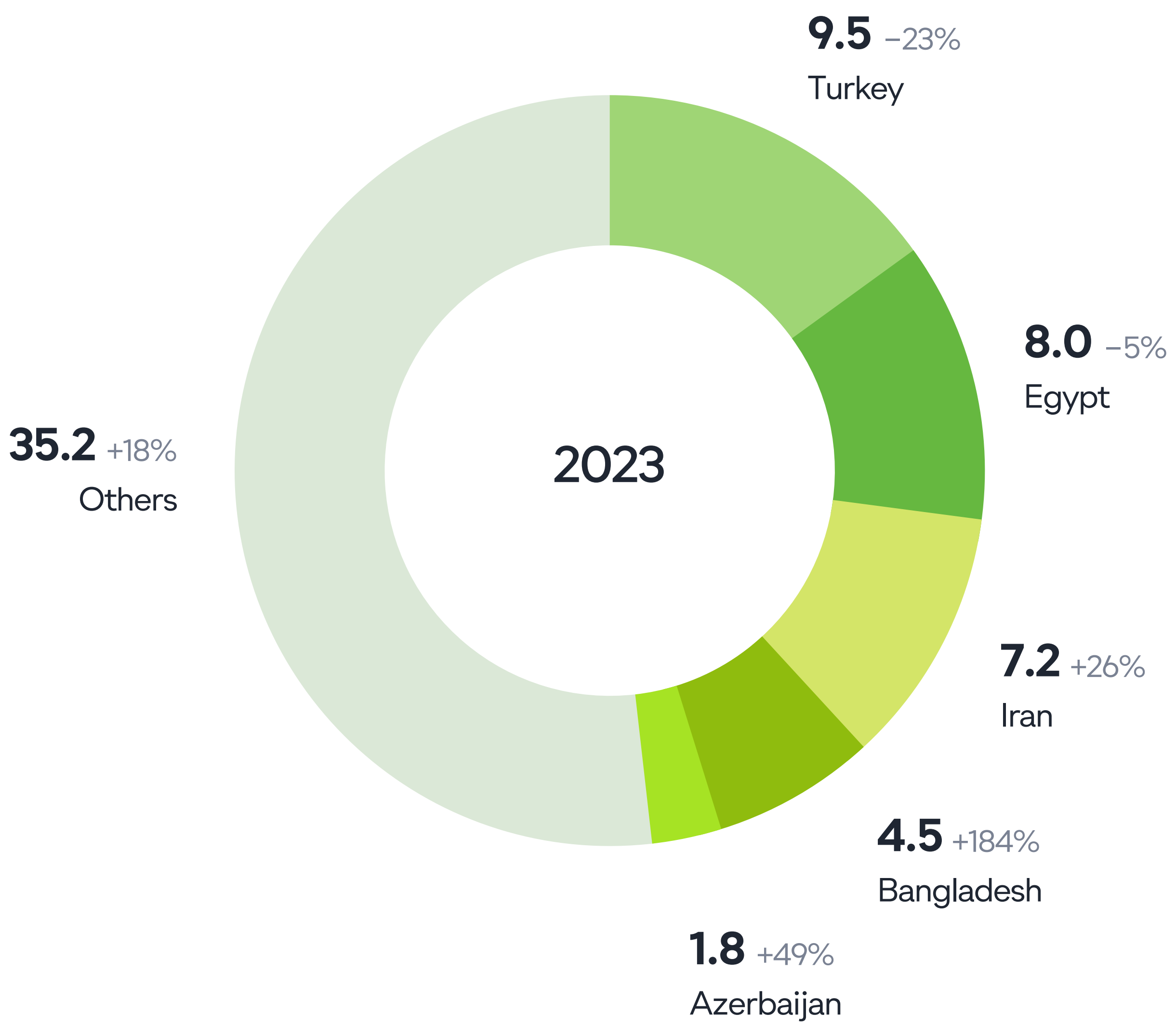
There was virtually no change in the major importers of grain from Russia in 2023, but due to the restructuring of logistics chains, there was a change in the percentage share of importing countries. Turkey, which has traditionally been the largest buyer of Russian grain, saw its share drop from 21% to 15%. The decrease in grain imports by Turkey is due to substantial stocks carrying over from 2022. Egypt's share fell from 14% to 12%. Bangladesh, on the other hand, grew its share significantly from 3% to 7%, driven by a 184% increase in shipments. There was a substantial increase in Russian grain shipments to Azerbaijan (+49%) and EAEC countries.

66.2 +9% MN TONNES

Exports of major grains

Exports of major grains by destination country[1], mn tonnes

Source: Federal Customs Service of Russia



Imports

The main crop imported to Russia is soybean, with 1.45 million tonnes imported in 2023, down 3% (−50 million tonnes) on the previous year. With the growth in the oilseed yield in Russia, soybean and sunflower imports are falling. This drop is also a result of the breakdown of traditional logistics chains and sluggish establishment of new ones.

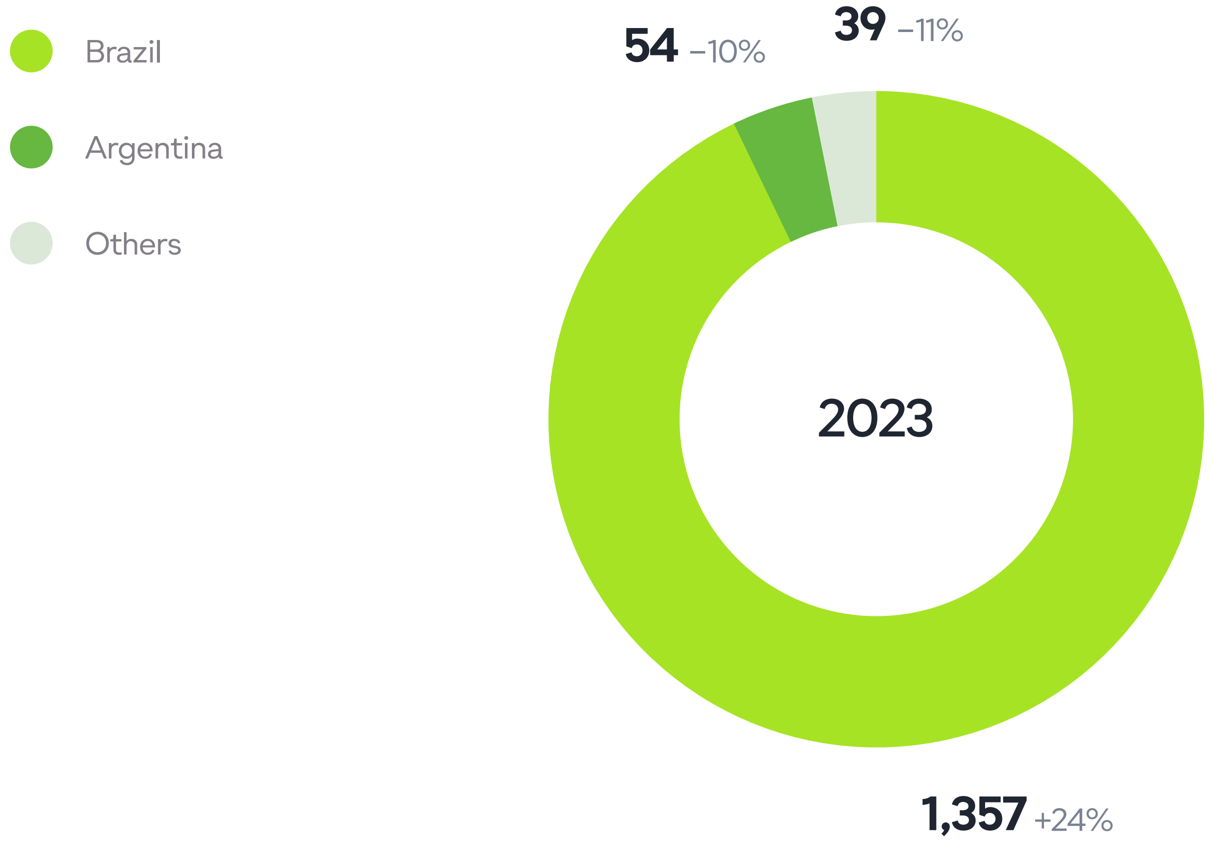
As a result, the volume of soybean purchased from Paraguay fell by 305 thousand tonnes to zero, and from Argentina by 6 thousand tonnes (−10%). At the same time, Russia increased its soybean imports from Brazil by 266 thousand tonnes (+24%), which amounted to 94% of the total volume of imported soybean. These factors also had an impact on grain shipments, which fell by 14% to 250 million tonnes.

1.5 −3% MN TONNES

Russian soybean imports

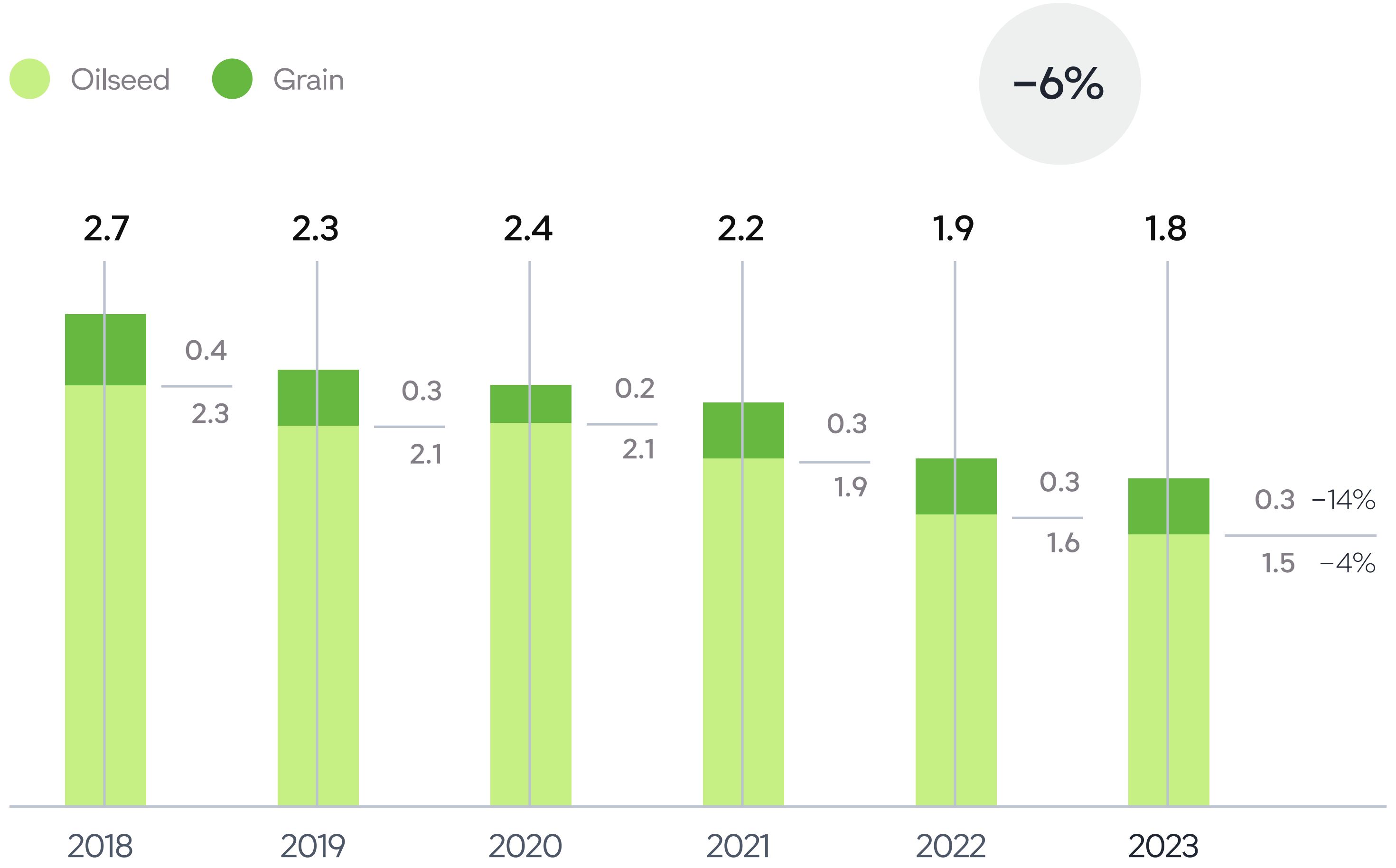
Soybean imports by destination country[1], mn tonnes

Source: Federal Customs Service of Russia



Russian imports of major agricultural crops[1], mn tonnes

Source: Federal Customs Service of Russia



1 Data for 2023 is preliminary.

Prices

Grain

After peaking in 2021, the annual average price of grain and oilseed fell in 2022–2023. In 2023, wheat prices fell by 15% (to 10.9 thousand RUB/tonne), barley prices by 24% (to 9.7 thousand RUB/tonne), and corn prices by 20% (to 10.5 thousand RUB/tonne). The strong grain harvest in the current season both globally and in Russia contributed to this drop. The grain market is also under pressure from record carryover stocks from the previous season and declining consumer spending power both at home and abroad. On the export market, supply exceeds demand. To stabilise domestic prices, the Ministry of Agriculture decided to purchase grain for the state intervention fund from December 2023, a move that was not previously contemplated.

10.9 −15% THS RUB/T

Average price of wheat in Russia (excl. VAT)

9.7 −24% THS RUB/T

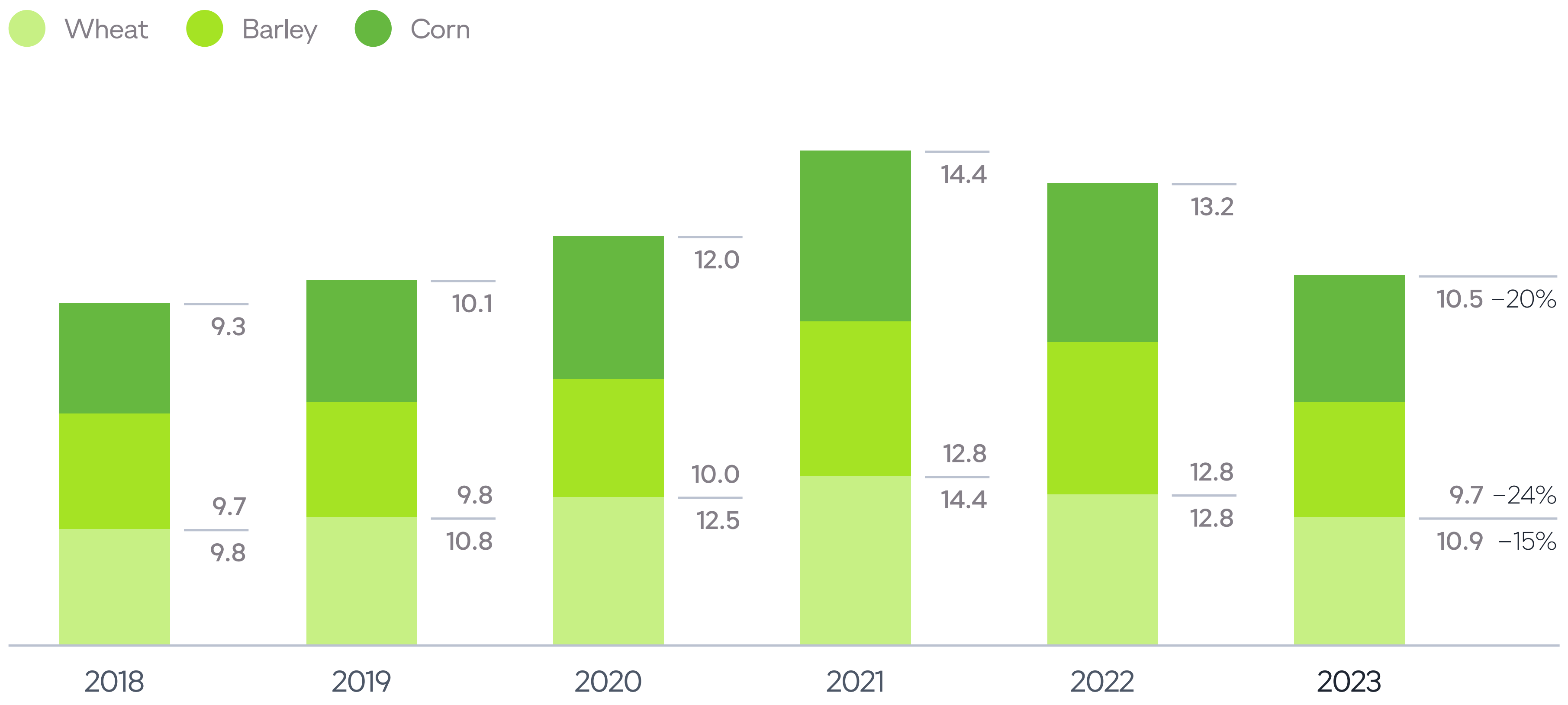
Average price of barley in Russia (excl. VAT)

10.5 −20% THS RUB/T

Average price of corn in Russia (excl. VAT)

Grain prices in Russia, ths RUB/t, excl. VAT

Source: Rosstat



Oilseed

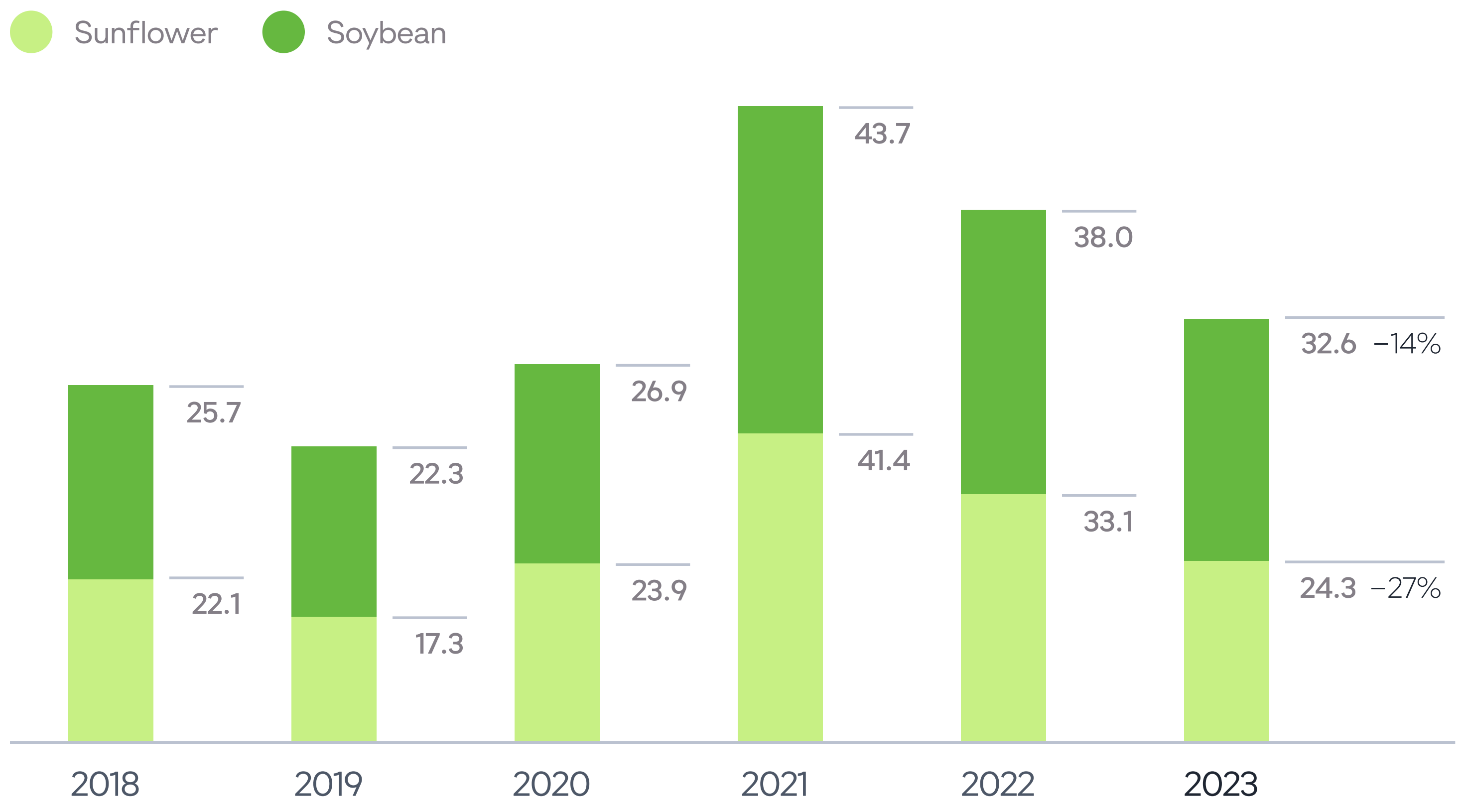
Following the record-breaking year of 2021, due to the impact of the upward trend in the gross oilseed harvest and the volatile exchange rate, soybean and sunflower prices in 2023 continued to fall for the second consecutive year by 14% (to 32.6 thousand RUB/tonne) and 27% (to 24.3 thousand RUB /tonne), respectively. The more significant decline in sunflower prices was additionally driven by lower export prices for sunflower oil and weak importer trade activity.

24.3 −27% THS RUB/T

Average price of sunflower in Russia (excl. VAT)

Oilseed prices in Russia, ths RUB/t, excl. VAT

Source: Rosstat



Sugar beet

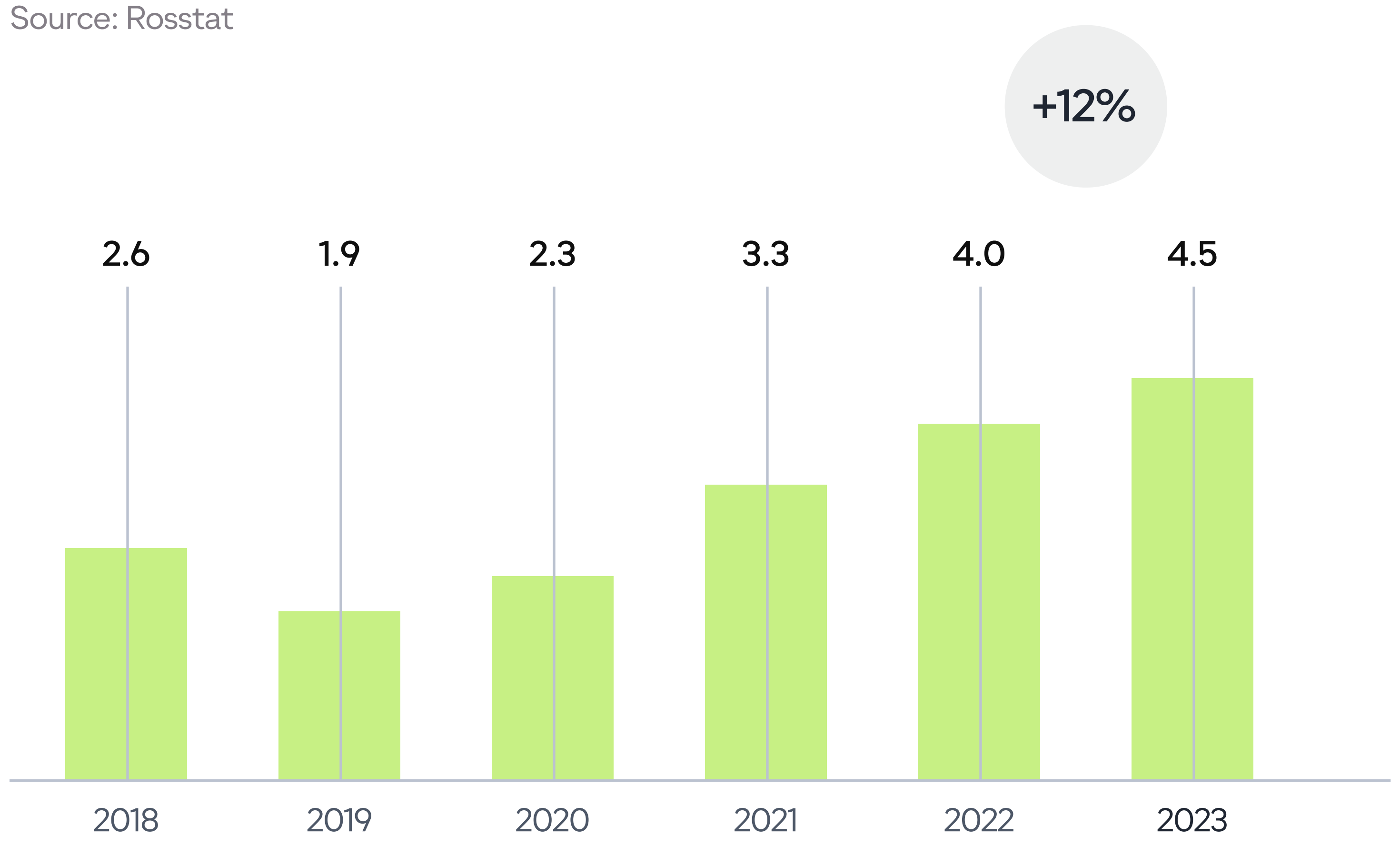
Meanwhile, sugar beet prices again showed an upward trend. Sugar beet prices hit a record low in 2019, but beginning with the poor harvest in 2020, prices for this crop have risen for four years in a row in line with the price of sugar. According to preliminary data from Rosstat, in 2023, the market price of sugar beet reached a new record high, up 12% to 4.5 thousand RUB/tonne.

4.5 +12% THS RUB/T

Average price of sugar beet in Russia (excl. VAT)

Sugar beet prices in Russia, ths RUB/t, excl. VAT

Source: Rosstat



Performance of Rusagro's Agriculture segment in 2023

No. 4

By size of agricultural land holdings in Russia

56.9 +78% RUB BN

Sales

685 +4% THS HA

Agricultural land area

7.2 +64% MN TONNES

Agricultural crop sales

17.0 +74% RUB BN

Adjusted EBITDA

30 −0.7 p.p. %

Adjusted EBITDA margin

Business overview

The total area of land under Rusagro's management as of yearend 2023 grew by 25 thousand hectares (+4%) to 685 thousand hectares. This growth was primarily driven by the acquisition of land near sugar mills in the Belgorod, Kursk, Orel, and Tambov regions, in Primorsky Territory, and in Saratov, and the conversion of fallow and deforested land into arable land.

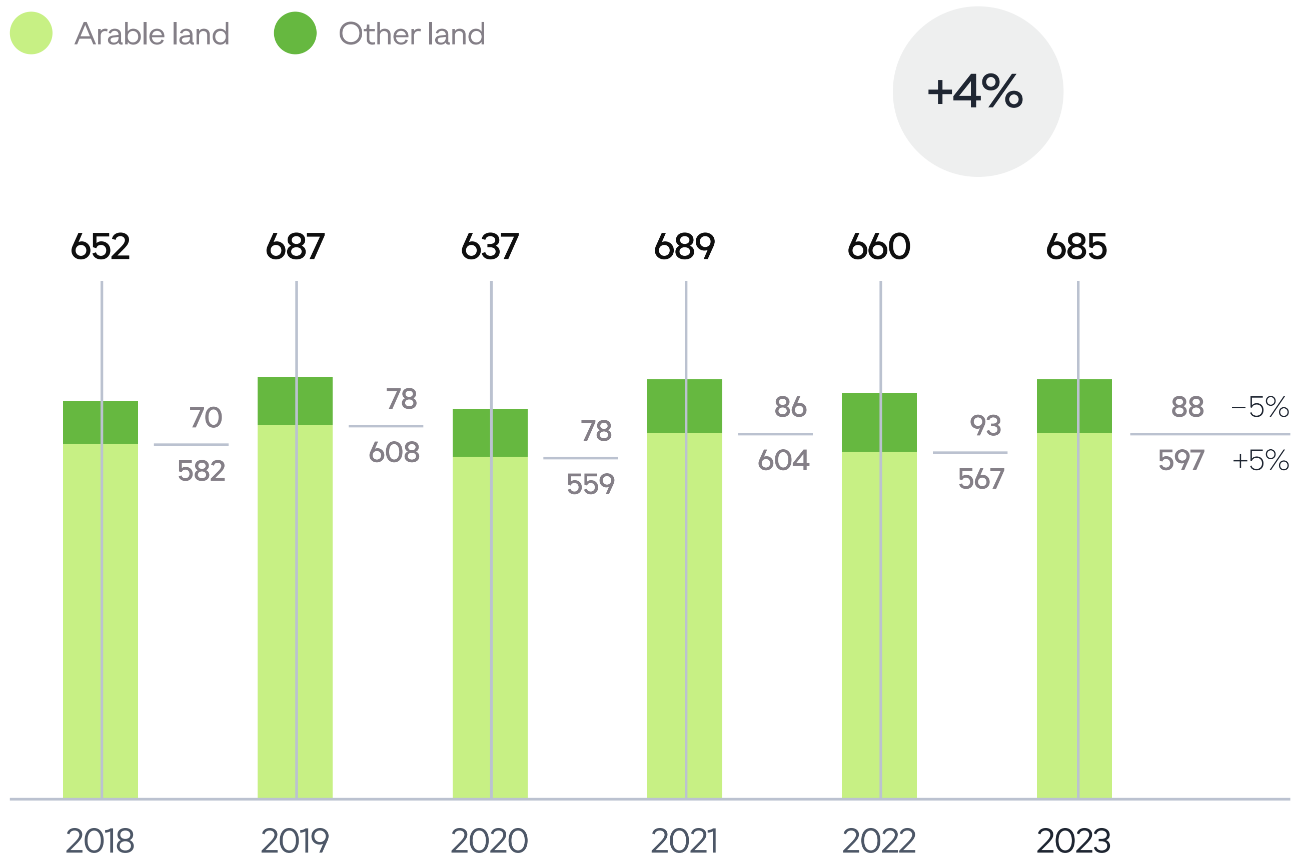
Arable land accounts for 87% (+1%) of the Company's total land under management. The main hindrance to the expansion of land holdings remains the overheated market. Land prices are not falling, as there is strong competition among the major players in the agricultural sector, even though the price of agricultural products is falling and the profitability of the agricultural sector is declining.

Total storage capacity, including six elevators and five grain storage sites, stood at 1,306 thousand tonnes (+34%).

597 +5%
THS HA

Area of arable land

Area of land holdings[1], ths ha

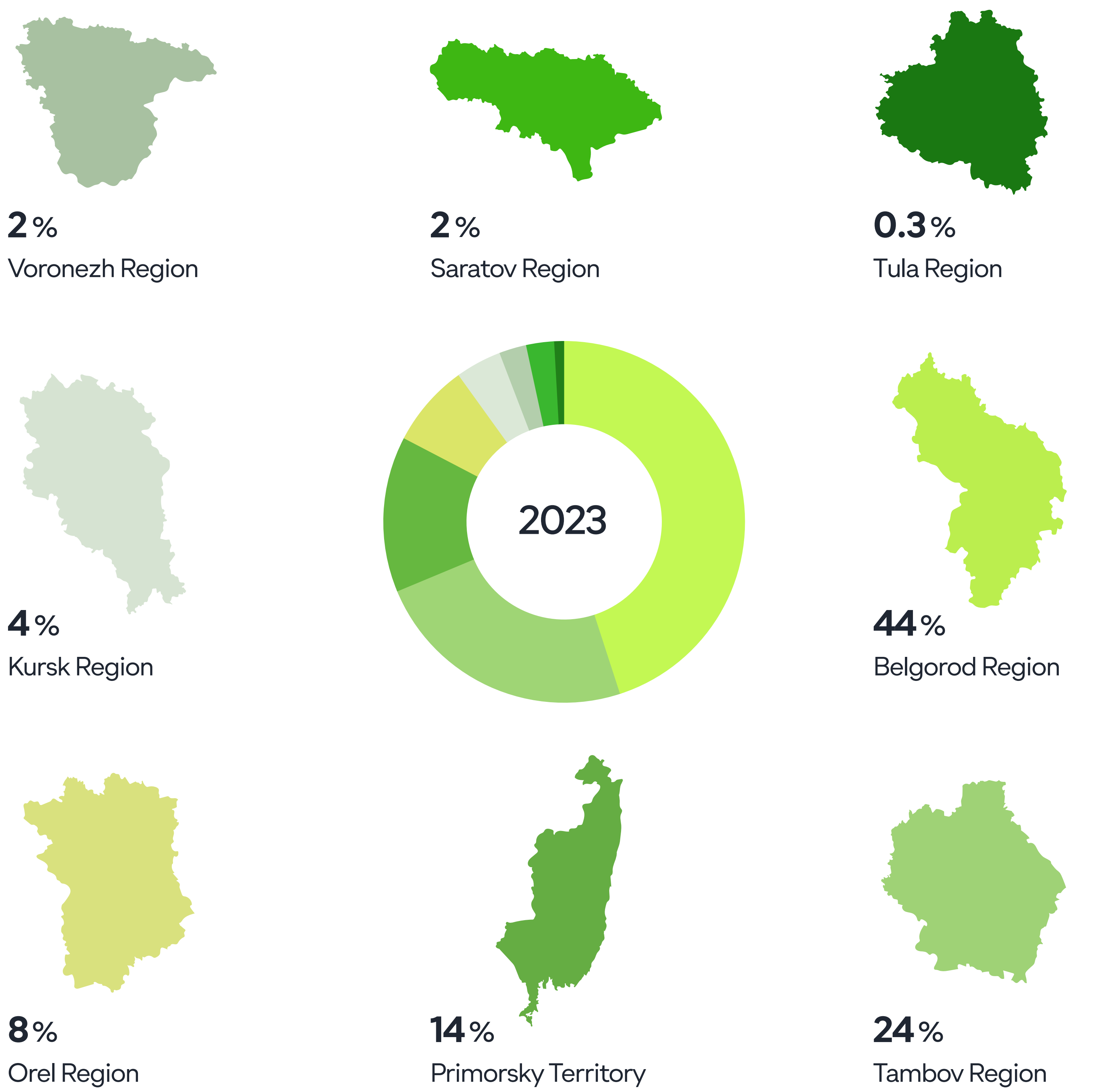


[1] Arable land includes fallow land.

Regional structure of arable land

Most of Rusagro's agricultural land is located in the Central Black Earth Region of Russia, with fertile chernozem black soils. The largest areas of arable land are in Belgorod and Tambov regions, with 265 thousand hectares (+4%, or 9.7 thousand hectares) and 144 thousand hectares (+0.4%, or 0.5 thousand hectares) respectively as of the end of 2023. The Company's Agriculture Business manages 86 thousand hectares (+0.1%, or 0.1 thousand hectares) of arable land in Primorsky Territory.

Arable land by region



Legal structure of land

2023 saw a change in the ownership structure of Rusagro's agricultural land. As of the end of 2023, Rusagro owned over half (54%) of all the Company's agricultural land. Changes in the ownership structure of the land holdings follow the conclusion of new short-term lease agreements, renunciation of lease rights to some poor-performing land, and the acquisition of ownership rights to leased land plots with common ownership.

Legal structure of Rusagro's land holdings, %

Business overview

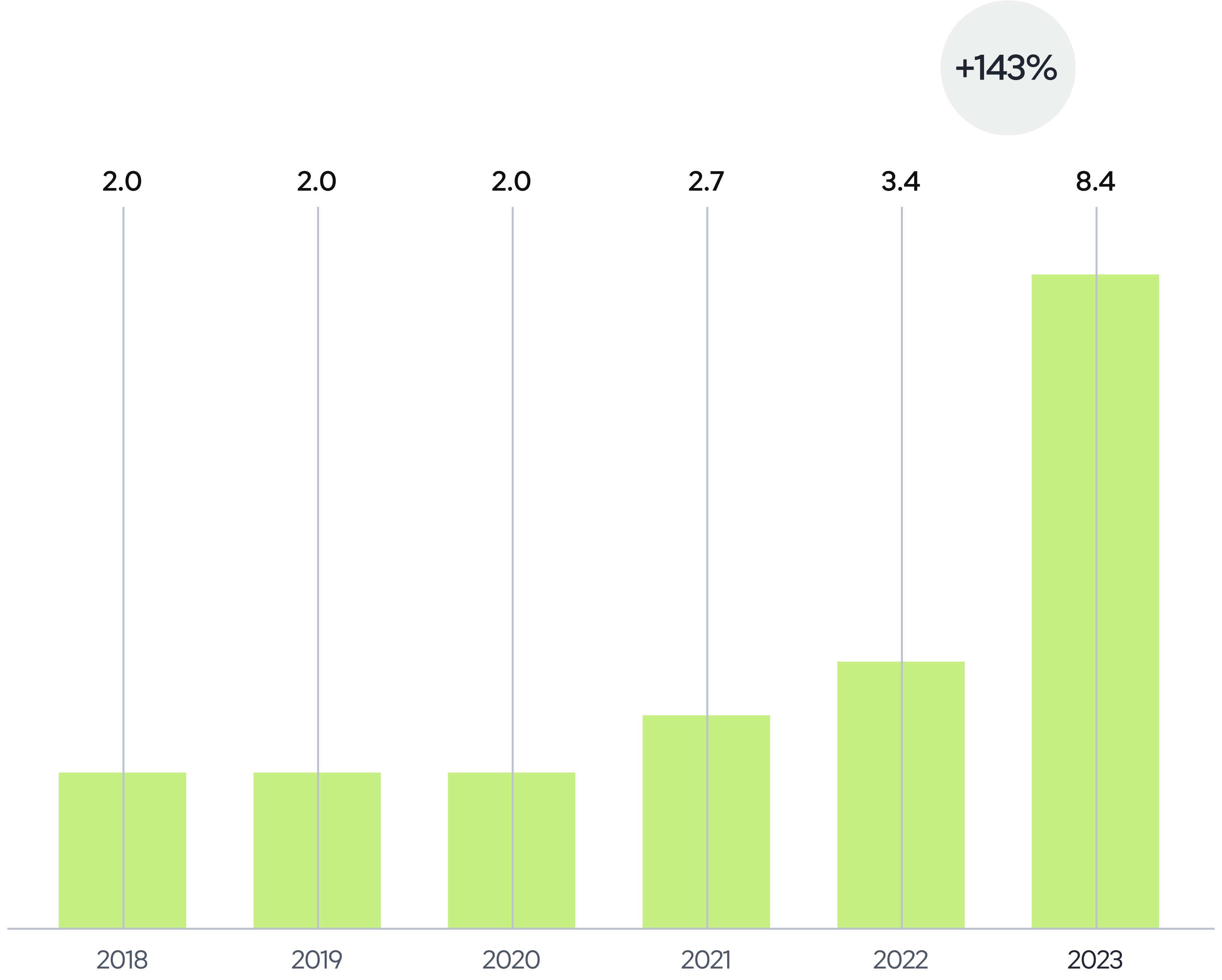
Investment

Rusagro invested RUB 8.4 billion in developing and maintaining its Agriculture Business in 2023, up 143% on the previous year. A significant portion of these funds was used to purchase a BioTekhnologii grain elevator, expand the fleet, replace outdated agricultural machinery, and deploy irrigation systems.

8.4 +143% RUB BN

Investment in Rusagro's Agriculture segment

Investment in Rusagro's Agriculture segment, RUB bn



Major investment projects

Acquisition of beet and grain harvesters

Objective

To generate additional income through savings on the outsourcing of early grain harvesting

Cost (excl. VAT)

2,097 RUB MN

Implementation period

January 2023 to December 2023

Acquisition of a BioTekhnologii grain elevator with a storage capacity of 240 thousand tonnes in Tambov Region

Objective

To reduce costs associated with handling, drying, and storing finished goods at third-party elevators

Implementation period

July 2023 to December 2023

Renewal of the fleet of trailed and mounted agricultural machinery

Objective

To complete on schedule the production of early grain crops, soybean, rapeseed, sunflower, and sugar beet

Cost (excl. VAT)

256 RUB MN

Implementation period

February 2023 to December 2023

Replacement of grain drying equipment at elevators and reconstruction of warehouses

Objective

To improve agricultural product drying and storage processes

Cost (excl. VAT)

346 RUB MN

Investments in 2023 (excl. VAT)

122 RUB mn

Implementation period

February 2022 to July 2024

Technology and innovation

Rusagro's Agriculture Business has developed a strategy for the digital transformation of its management system over the period 2023–2029 to increase efficiency along the entire production chain.

In 2023, the strategy's objectives were accomplished through the development and implementation of six key planning algorithms for business operations and AI agromonitoring and surveillance solutions for finished product logistics. The Dmitrovsky elevator was automated to streamline the handling and storage of finished products. This was a pilot project in the elevator automation process for Rusagro's Agriculture Business. In 2023, the Company plans to develop a mathematical model for the optimal location of elevators, and to continue automating elevators to improve their reliability and increase productivity.

Business stage	Technology and solutions	Objectives	Implementation period
1 Crop rotation planning	Strategic planning and budgeting algorithm	Profit maximisation by choosing the best cropping sequence	2021–2024
2 Field preparation and handling	Planning algorithm for process operations	Increased yields as a result of precise adherence to process operations	2021–2024
	Automation of fertigation units	Minimisation of errors in mother liquor technologies and misappropriation of CPAs	2020–2023
3 Harvesting	Planning algorithm for harvesting operations	Increased gross yields through precise harvest timing	2021–2024
4 Harvest logistics	Planning algorithm for company and rented trucks	Time and cost optimisation of finished goods transportation by increasing the transport turnaround rate and streamlining the logistics service	2021–2024

Technology and innovation

The Field History project kicked off in 2023 to replace foreign digital twin software with a Russian product integrated with key business operation planning algorithms, which will increase the operational and strategic efficiency of our management systems.

Business stage	Technology and solutions	Objectives	Implementation period
5 Distribution and sale of finished products	Planning algorithm for the distribution and sales of finished products	Higher revenue through improved turnaround of storage facilities and sales planning, as well as the optimisation of logistics costs	2022–2024
6 Agromonitoring	Agroscouting using drones	Increased yields and optimisation of crop protection agent (CPA) costs	2022–2024
7 Handling and storage of finished products	Automation of the Dmitrovsky elevator	Reducing downtime risks and increasing efficiency	2022–2023
	Development of a mathematical model for the optimal location of elevators	Reduced costs for handling and storing finished products	2024
	Design and planning of elevator automation	Development of project documentation for elevator automation	2024

Technology and innovation

Project: Soil genome

As part of a project to improve soil health, in 2023 studies were conducted on soil treatments jointly developed by Rusagro and Peoples' Friendship University of Russia. Analyses of soil samples taken from land plots where the treatments were applied were carried out at the Agroplem laboratory. The study is being expanded to involve staff from Belgorod State Agricultural University and Voronezh State Agricultural University.

Project: Soybean breeding

The second stage of research on soybean breeding for Primorsky Territory conditions, which is being carried out jointly with the Federal Scientific Center of Grain Legumes and Cereal Crops, was completed. Promising soybean lines were identified for transfer to the state variety testing institution.

Developing an adaptive landscape farming system

As part of the implementation of Resolution of the Government of Belgorod Region No.249-pp adopted on 25 April 2022, projects to develop an adaptive landscape farming system were rolled out across an area of 130 thousand hectares. As part of these projects, measures were developed on meadow and forest reclamation and the removal of highly eroded areas from the arable land area, and science-based crop rotation was recommended.

Agro-innovation centre

In 2023, 113 new varieties of soybean, winter and spring wheat, and sugar beet and sunflower hybrids of foreign and domestic varieties were variety tested at the agronomic test site. The best of these varieties and hybrids were recommended for production.

As part of the Biologisation of Agriculture project, the effectiveness of biological products for plant protection was assessed, efficient and cost-effective approaches to conducting breeding experiments were selected, and experience was gained in the treatment of crop residues for decomposition.

In studies of the effectiveness of crop protection methods, 155 treatments for chemical plant protection, plant nutrition, and plant growth were tested, and the most effective and economical of these were recommended for production.

Project: Soil fertility

As part of the Soil Fertility project, in 2023 soil and agrochemical surveys were carried out over an area of 86.9 thousand hectares, and a routine agrochemical survey of arable soils took place over an area of 106.1 thousand hectares. Based on the data obtained, terms of reference were drawn up and differentiated mineral nitrogen fertilisation was carried out on an area of 33.6 thousand hectares to make the use of mineral fertiliser more efficient.

As part of this project, we are generating soil and climatic databases to facilitate the science-based calculation of fertiliser doses and planned yields in order to implement and improve our strategic planning algorithm.

Acidic soils over an area of 30.7 thousand hectares were chemically improved in order to increase soil fertility and crop yields.

Operating results

Production

Rusagro's harvest for the reporting period was 6,306 thousand tonnes, up 1,006 thousand tonnes (+19%) on the previous year. This was largely attributable to the increase in the gross sugar beet harvest, with other crops varying in their performance.

The gross wheat harvest fell by 15% (–128 thousand tonnes). At the same time, yield was 4.9 tonnes/ha (–2%), level with last year. The lack of growth is a result of the reduced share of wheat due to the failure to meet planting targets for winter wheat in the autumn of 2022.

The barley harvest stood at 31 thousand tonnes. In addition, in 2023 malting barley was introduced into the crop rotation in Orel Region. Rusagro did not grow barley last year. Yield for barley came in at the 2020–2021 level.

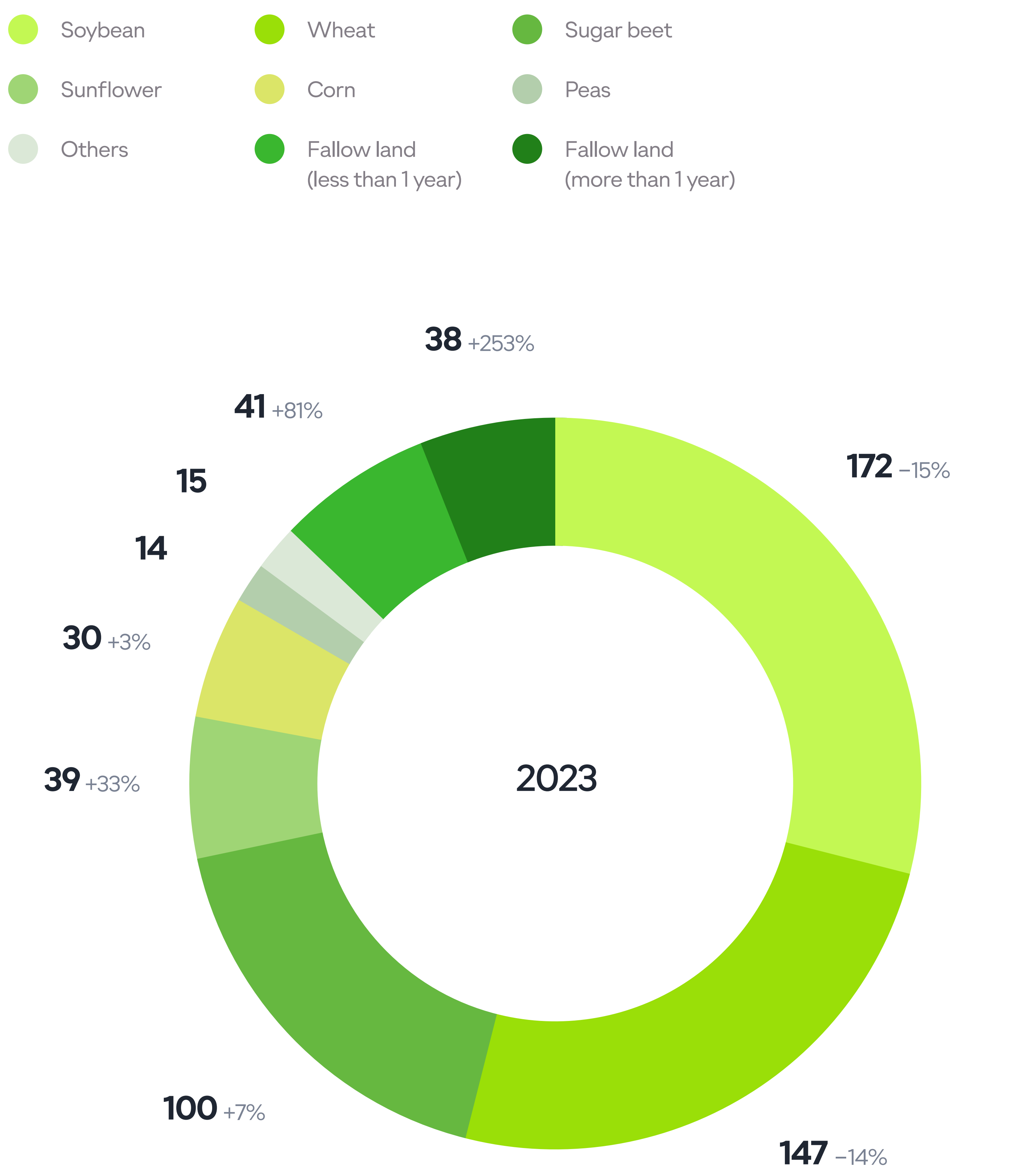
The figures reveal a decline in the corn harvest, which totalled 150 thousand tonnes (–33%, or 75 thousand tonnes). Yield fell to 3.9 tonnes/ha, which is 50% lower than in 2022. This was due to the extremely unfavourable weather conditions: as a result of a typhoon in Primorsky Territory, pollen was washed away, nutrients were washed out of the soil near the root system, and freezing rain and snowfall in November caused mass crop lodging to occur.

Overall growth was primarily driven by the increase in the sugar beet harvest by 985 thousand tonnes (+25%) to 4,901 thousand tonnes. This was achieved due to a 7% increase in the area under cultivation to 100 thousand hectares and increase in yield to 49.1 tonnes/ha (+20%), in part due to the more favourable weather conditions in the growing season compared to the previous year.

The oilseed harvest was up on the previous year. The gross soybean and sunflower harvest came to 355 thousand tonnes (+52%, or 121 thousand tonnes) and 73 thousand tonnes (+43%, or 22 thousand tonnes), respectively. Soybean yields increased by 37% (+0.6 tonnes/ha) to 2.1 tonnes/ha, while the planted area decreased by 15% due to soil overwatering caused by the typhoon in August and resulting loss of crops. The sunflower yield fell slightly by 0.1 tonnes/ha to 2.1 tonnes/ha (–6%). The sunflower crop was partially damaged due to a prolonged period of precipitation that extended the harvest period, and also by a hurricane in Belgorod and Kursk regions.

In 2023, the area of fallowed fields increased from 23 thousand hectares to 41 thousand hectares (+81%) as a result of the exclusion of areas located in the border zone of Belgorod Region from cultivation due to the risks to employees working in proximity to an active military zone. In addition, the area of fallow lands increased from 11 thousand hectares to 38 thousand hectares due to the acquisition of new land holdings that will be subsequently introduced into crop rotation.

Rusagro seeding, ths ha



According to the results of the reporting period, Rusagro harvested 1,006 ths tonnes more than in the previous year

6.3 +22% MN TONNES

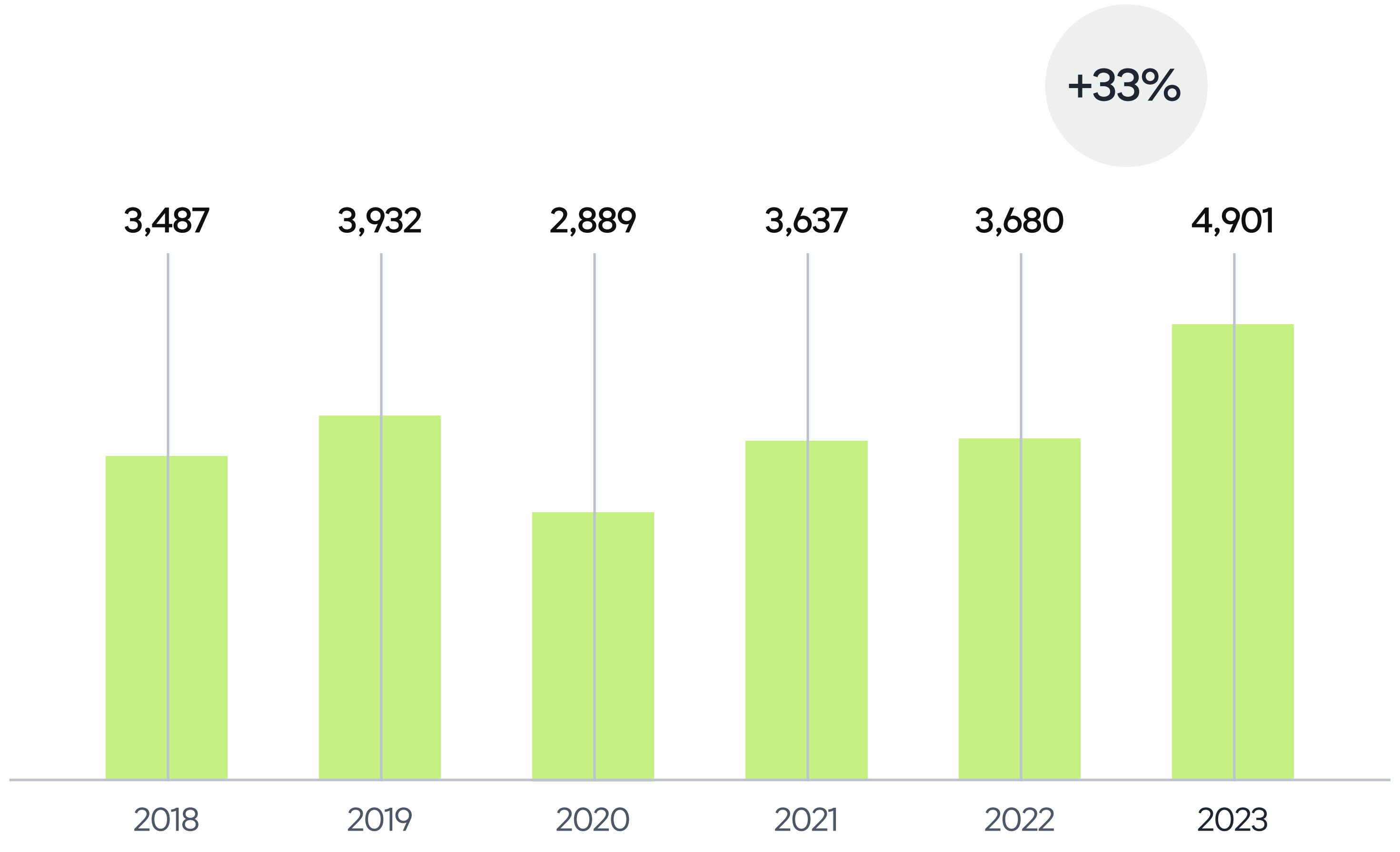
Gross yield as of year-end 2023

597 +5% THS HA

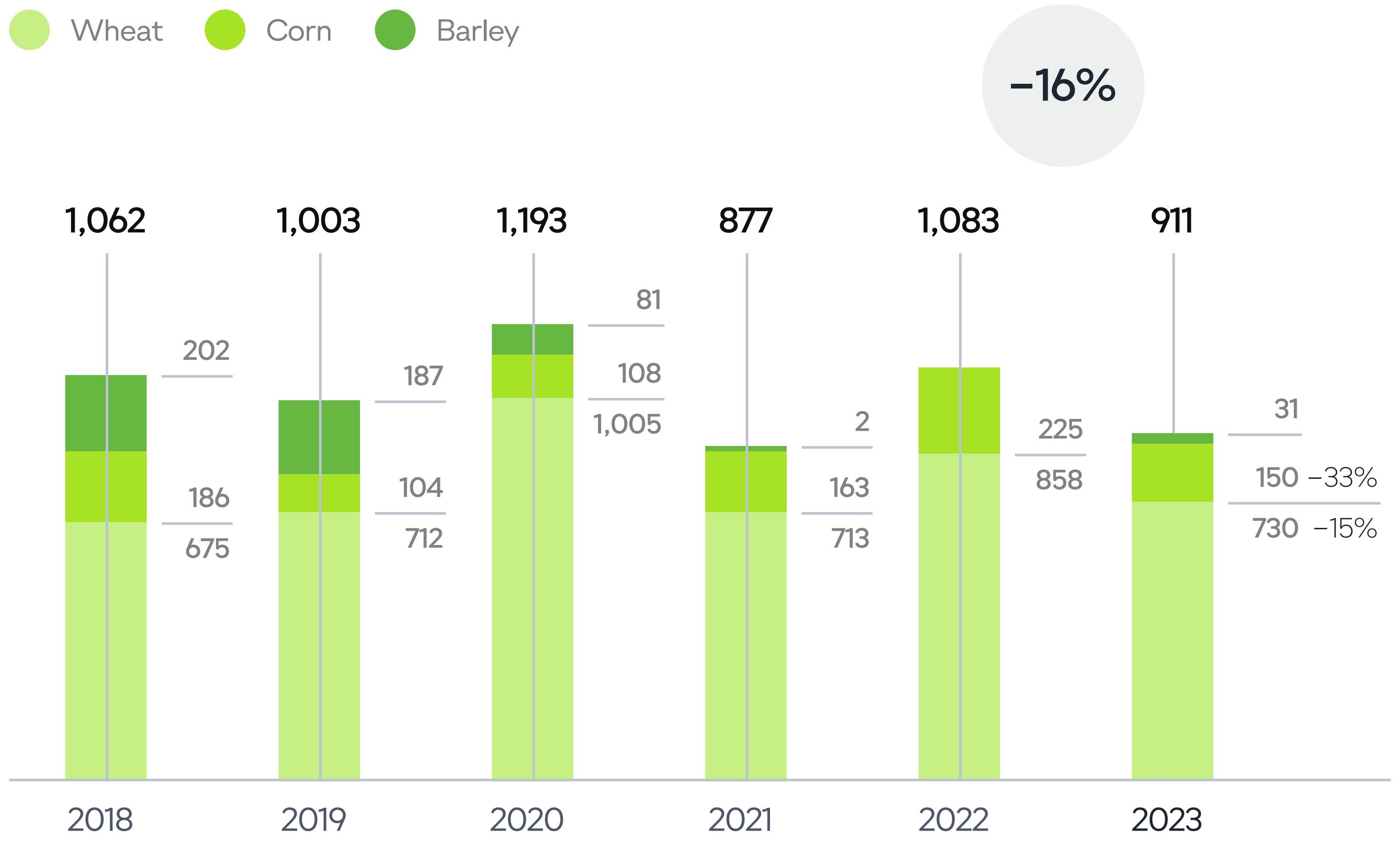
Area under cultivation

Operating results

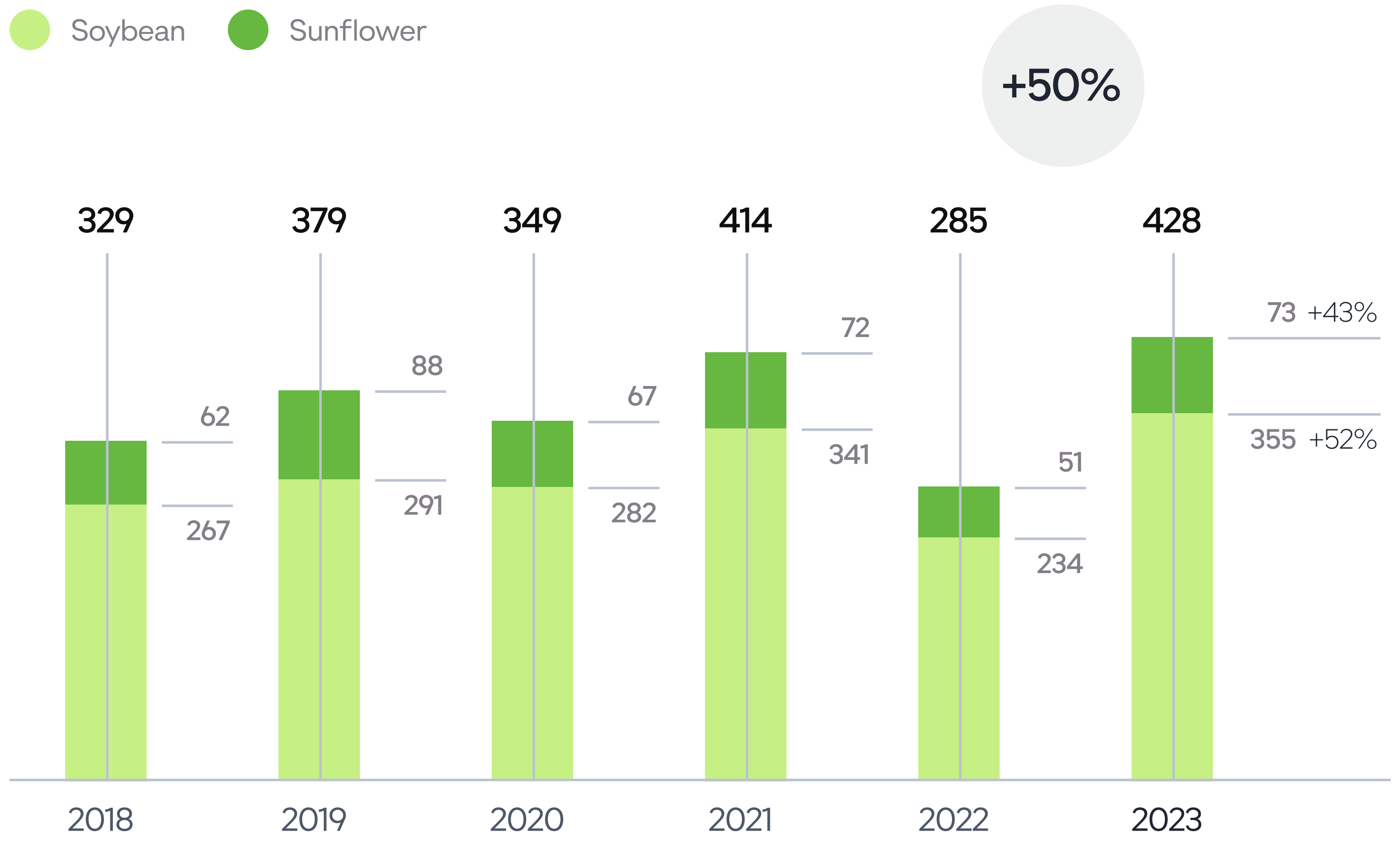
Rusagro sugar beet harvest, ths tonnes



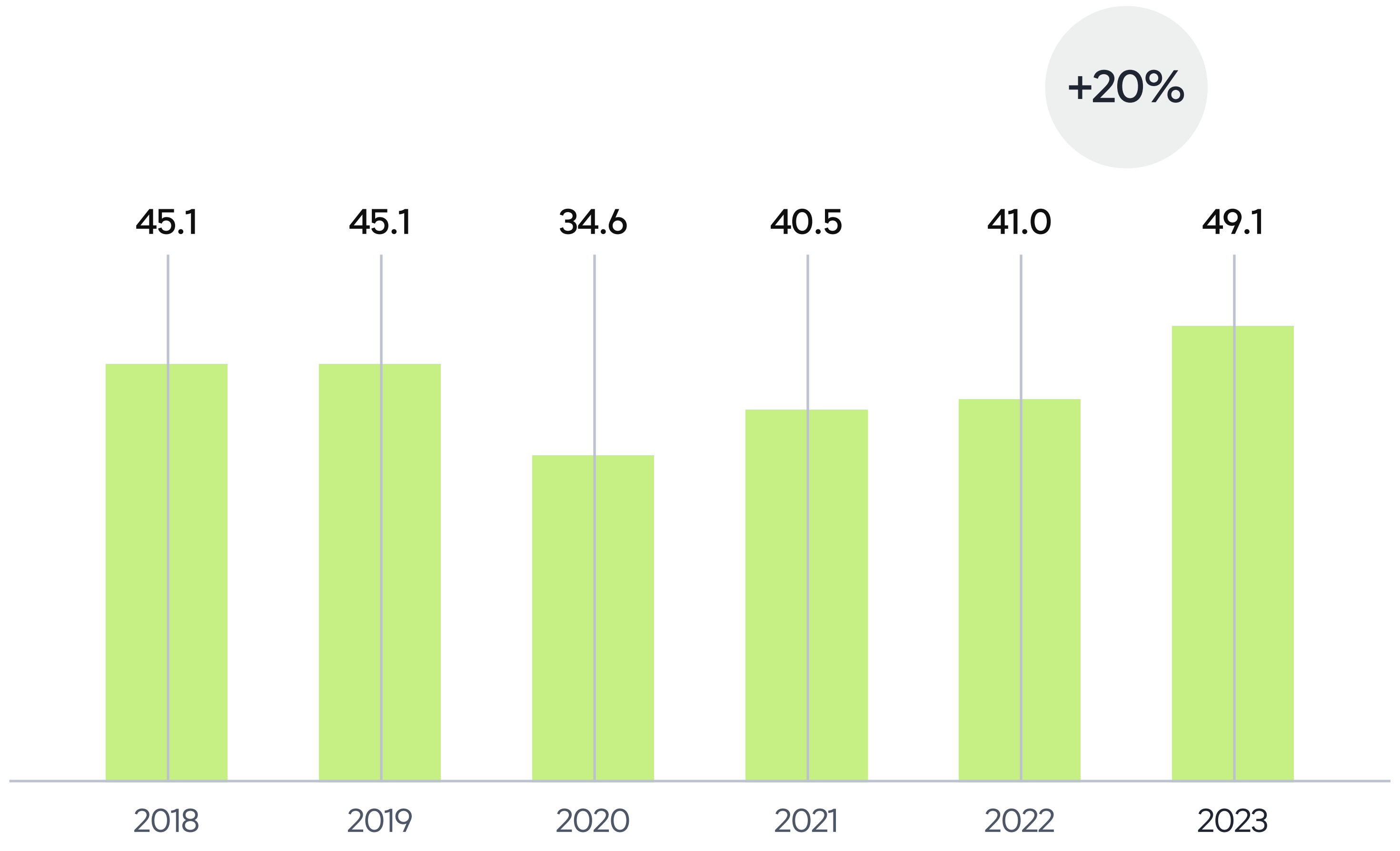
Rusagro grain harvest, ths tonnes



Rusagro oilseed harvest, ths tonnes

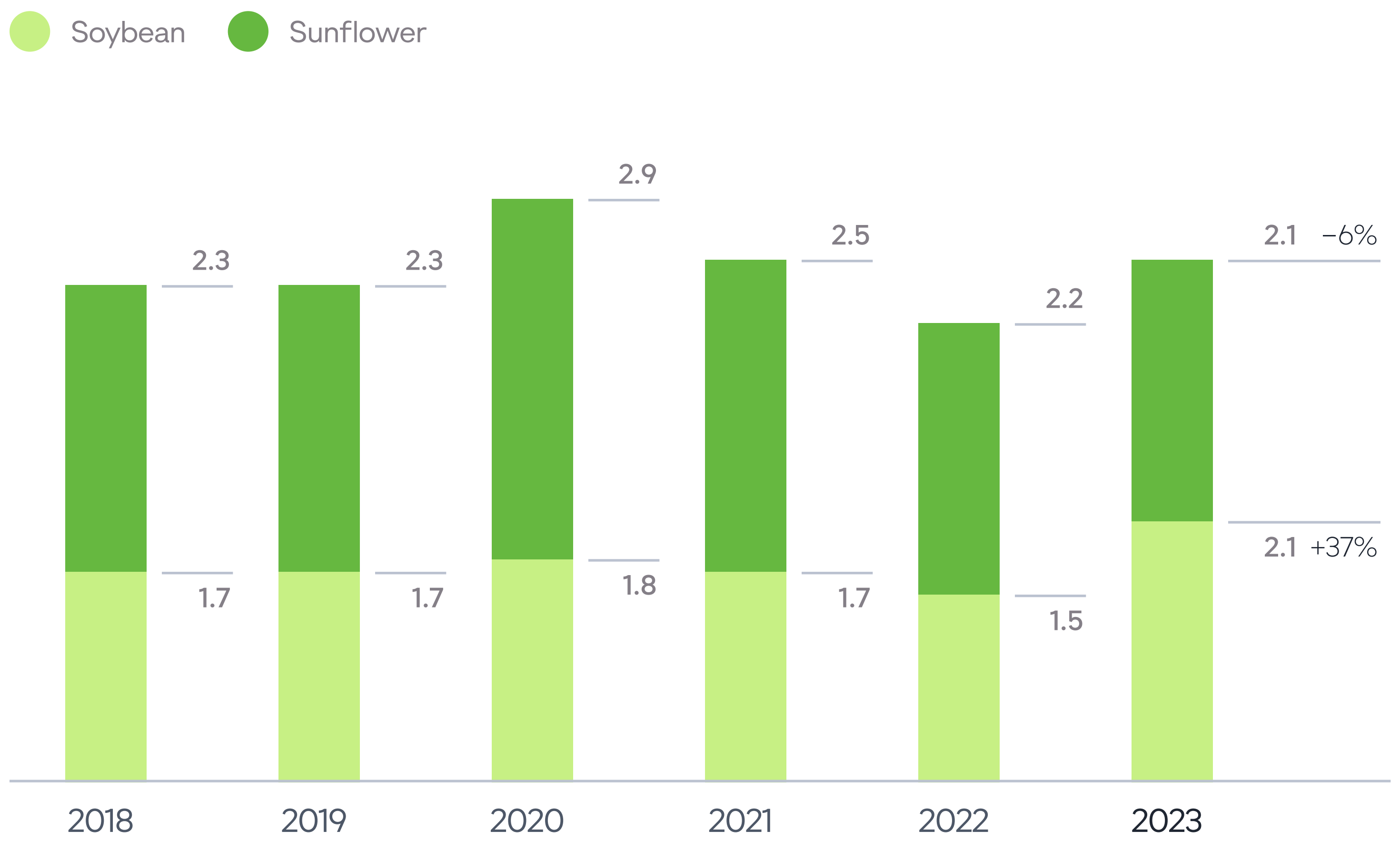


Sugar beet yield, ths tonnes/ha



Grain yield, ths tonnes/ha

Oilseed yield, ths tonnes/ha



Operating results

Sales

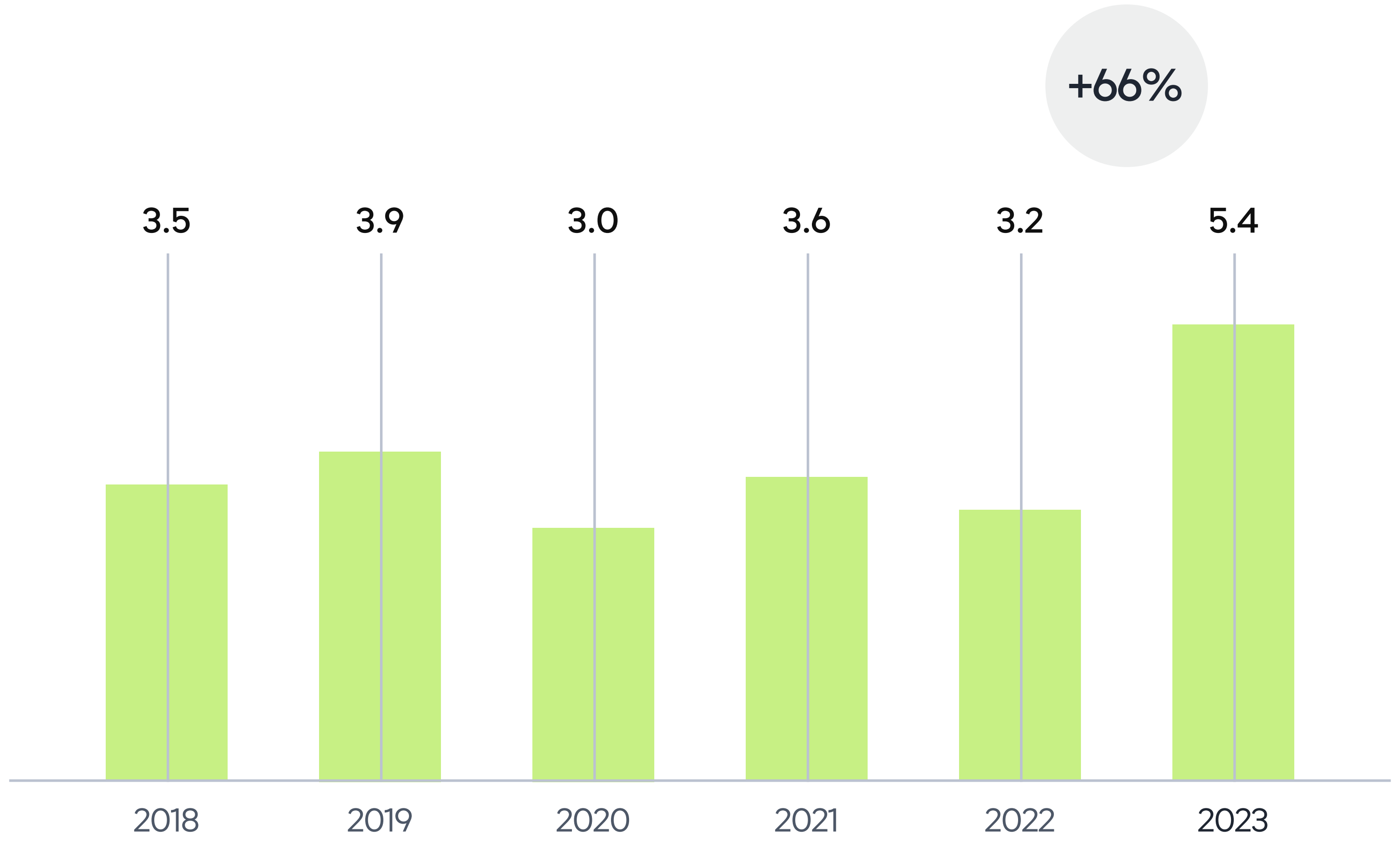
In 2023, sales by Rusagro's Agriculture Business increased by 64% (+2,816 thousand tonnes) on the previous year to 7,232 thousand tonnes. Sales of all major crops increased. Sugar beet sales stood at 5,394 thousand tonnes, up 66% (+2,147 thousand tonnes) as a result of the rescheduling of transportation of the harvest from fields to sugar plants from the end of 2022 to the beginning of 2023 due to unfavourable weather conditions, as well as the sale of a larger volume of sugar beet harvested in 2023 due to higher yields and a larger sowing area.

Grain sales stood at 1,150 thousand tonnes, up 17% (+166 thousand tonnes) on the previous year. Due to a change in the sales schedule, Rusagro supplied 942 thousand tonnes of wheat to the market, up 15% (+125 thousand tonnes) on the previous year. A further 88 thousand tonnes were sold thanks to the trading arm of the business that was launched in 2022 to sell its products, which led to a growth in total grain sales. Having restarted barley cultivation during the reporting period, the Company sold 31 thousand tonnes of this product, including 19 thousand tonnes as part of trading operations. Meanwhile, due to high carryovers, corn supplies grew from 162 thousand tonnes to 177 thousand tonnes (+9%).

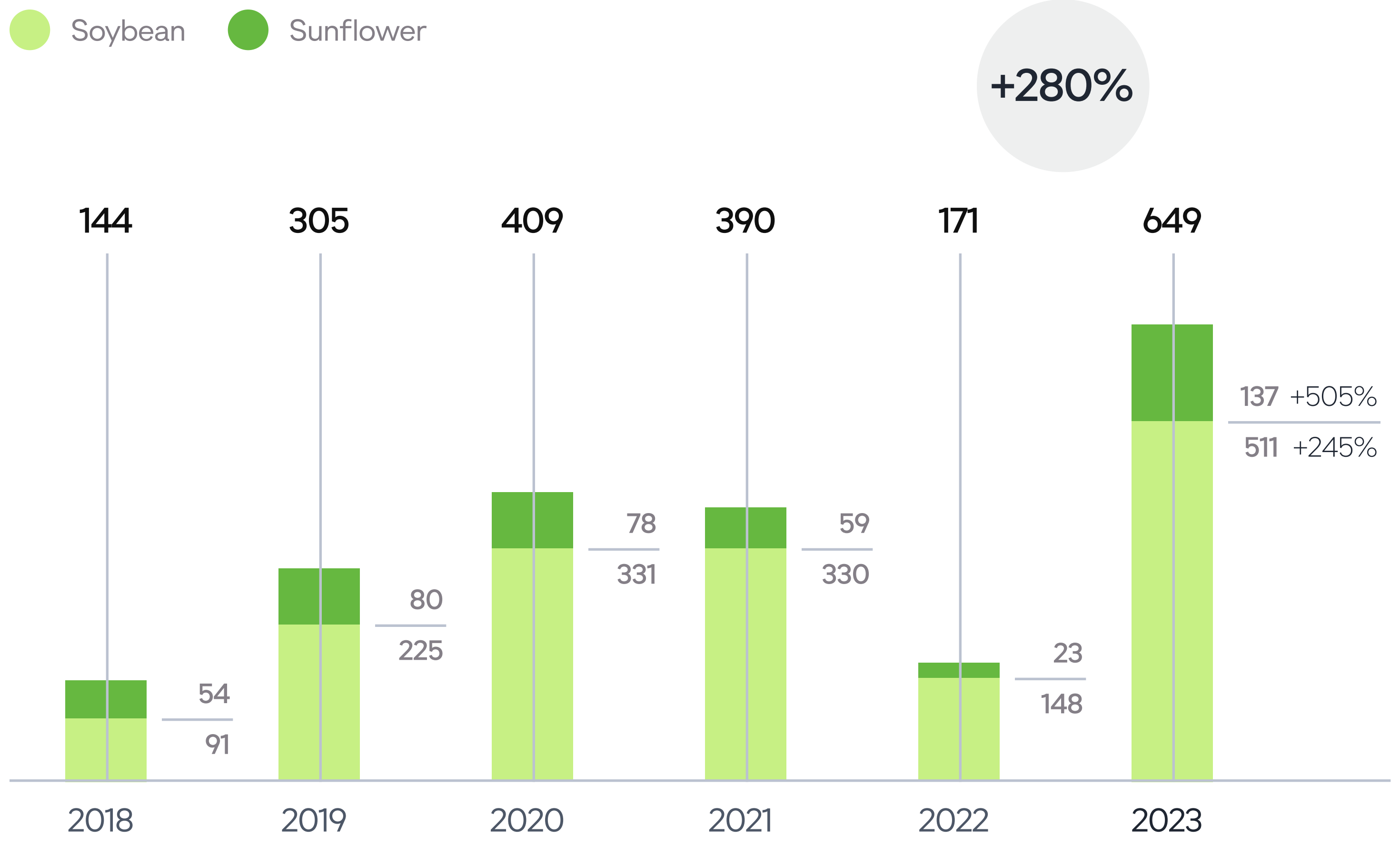
The later oilseed harvesting dates caused by the lengthy period of precipitation in the autumn in central Russia pushed the sales schedule from 2022 to 2023. As a result, soybean and sunflower sales grew by 280%, from 171 thousand tonnes to 649 thousand tonnes.

All sugar beet (100%) from the Agriculture Business is sold to Rusagro's sugar plants. A portion of grain goes to the Meat Business to be made into feed. In 2023, the percentage of sales within the Company fell from 34% to 10% due to the more favourable conditions on the open market when balanced with the Company's own needs. The share of oilseed supplied to Rusagro's plants increased from 11% to 24% in order to effectively utilise the Company's production capacity due to expectations of a shortage of raw materials in the Far Eastern Federal District.

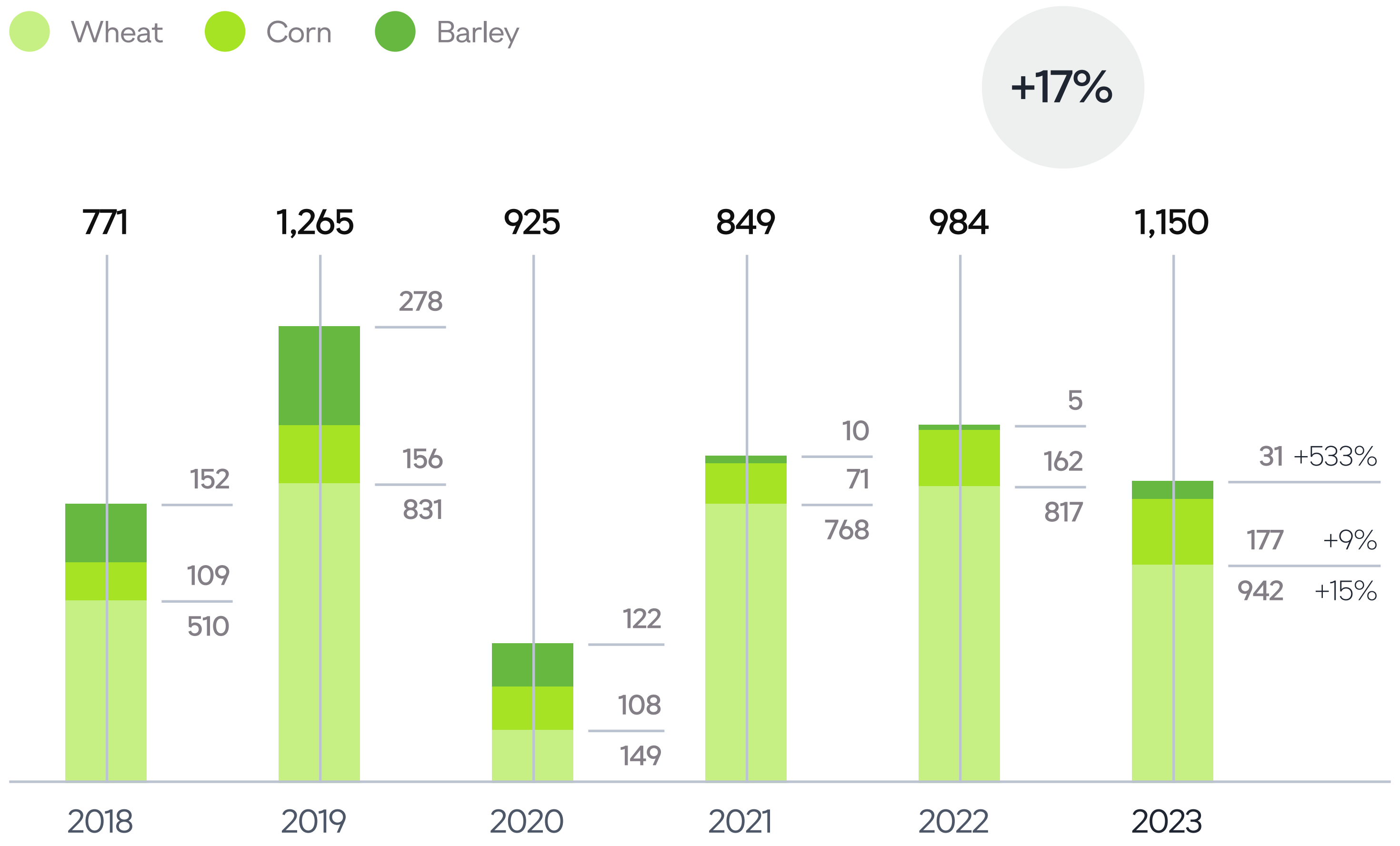
Rusagro sugar beet sales, mn tonnes



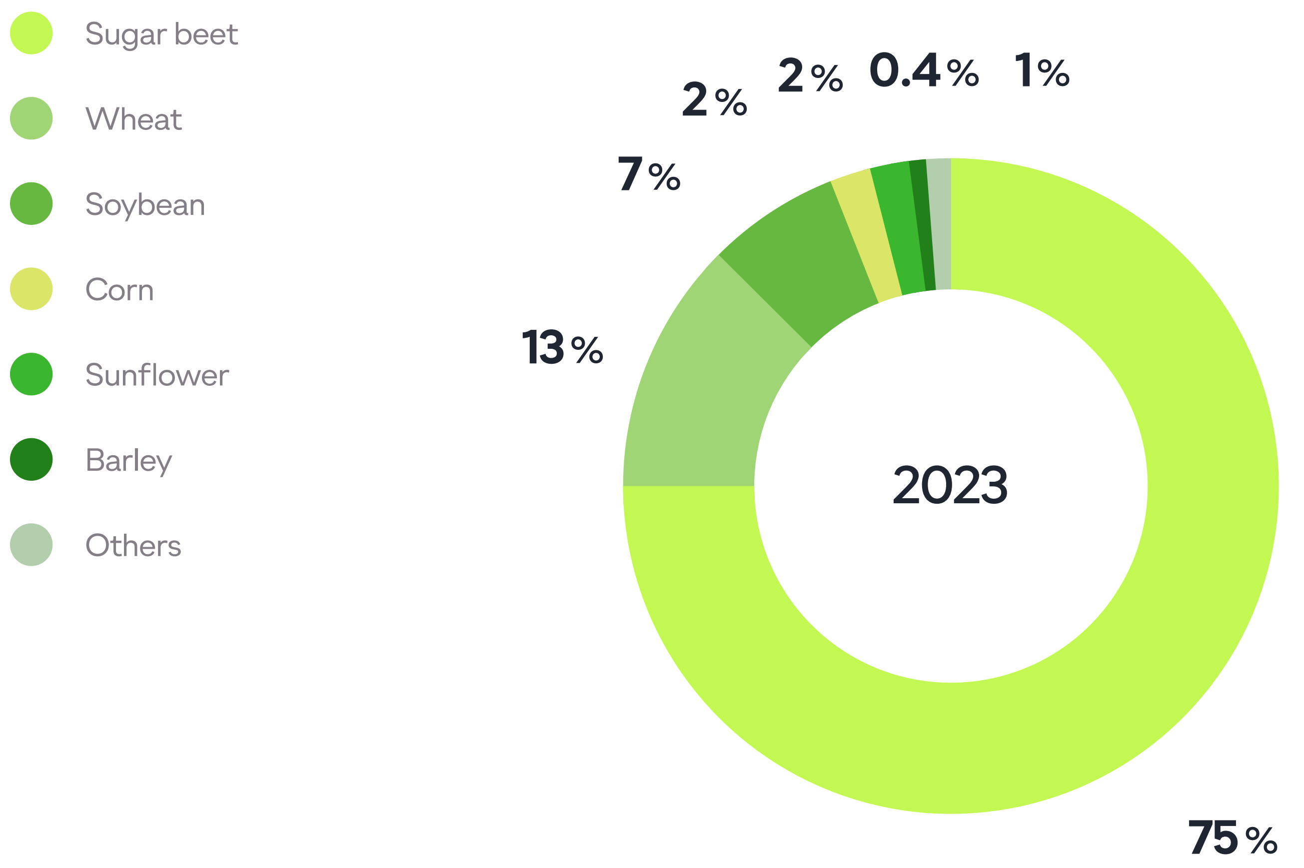
Rusagro oilseed sales, ths tonnes



Rusagro grain sales, ths tonnes



Rusagro sales



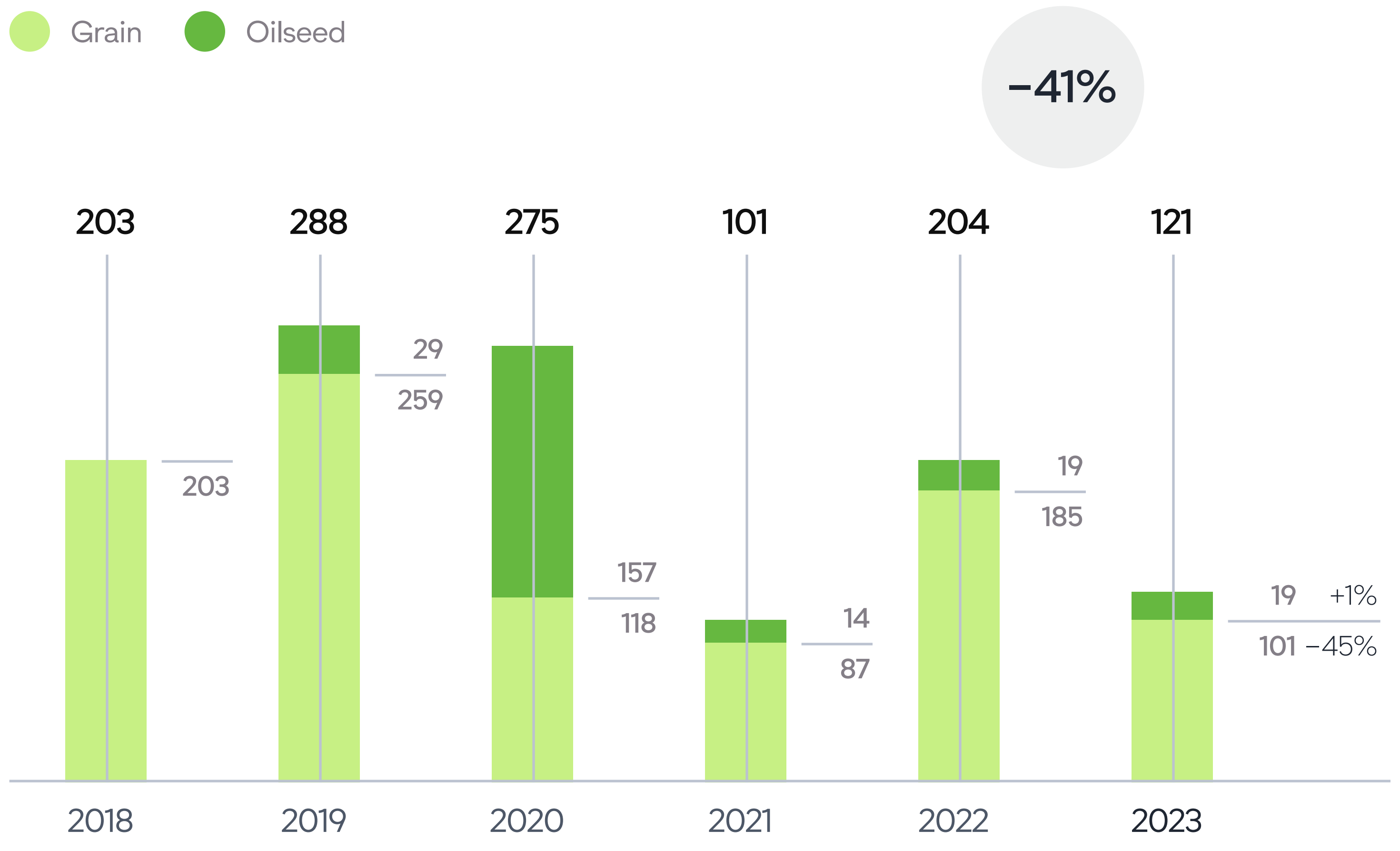
Operating results

Export

In 2023, Rusagro exported 121 thousand tonnes of agricultural products, which is 41% less than in the previous year. As in 2022, outside Russia the Company focused on wheat, corn, and soybean, which accounted for 100% of its exports. Wheat supplies fell from 144 thousand tonnes to 68 thousand tonnes (−53%) due to lower demand from Rusagro's traditional export markets and falling prices. Buyers showed less interest in concluding supply contracts, holding out for more favourable conditions, while insufficient logistics infrastructure and higher logistics costs also had an impact.

Poor weather conditions had a negative impact on the corn harvest in Primorsky Territory, and this was the main reason for the drop in exports from 38 thousand tonnes to 33 thousand tonnes (−13%). Oilseed exports in 2023 remained at 2022 levels as the recovery of the pig-breeding business in China enabled the Company to maintain soybean exports at 19 thousand tonnes.

Export volume of Rusagro agricultural products, ths tonnes



121 −41%
THS TONNES

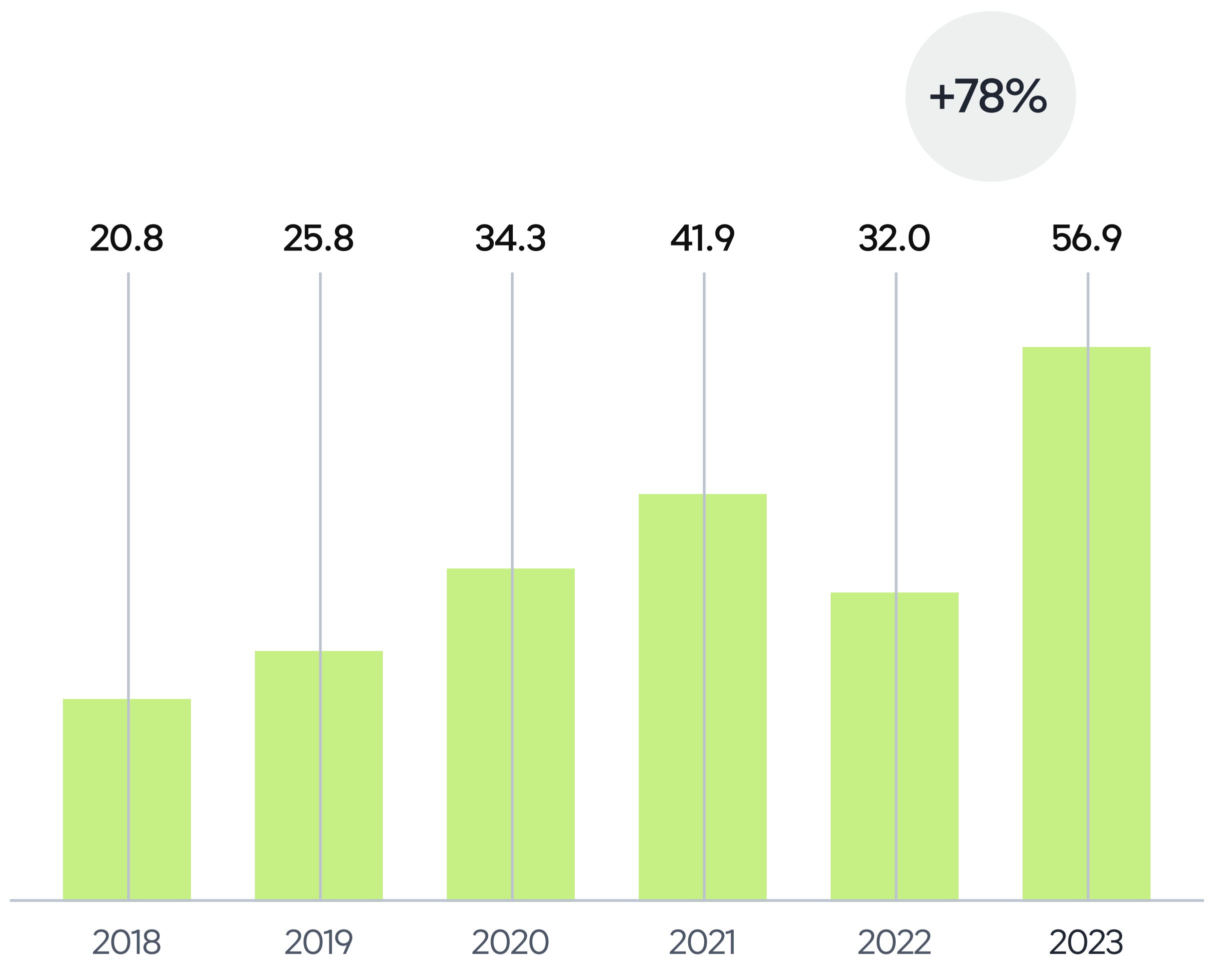
Exports of Rusagro agricultural products

Financial results

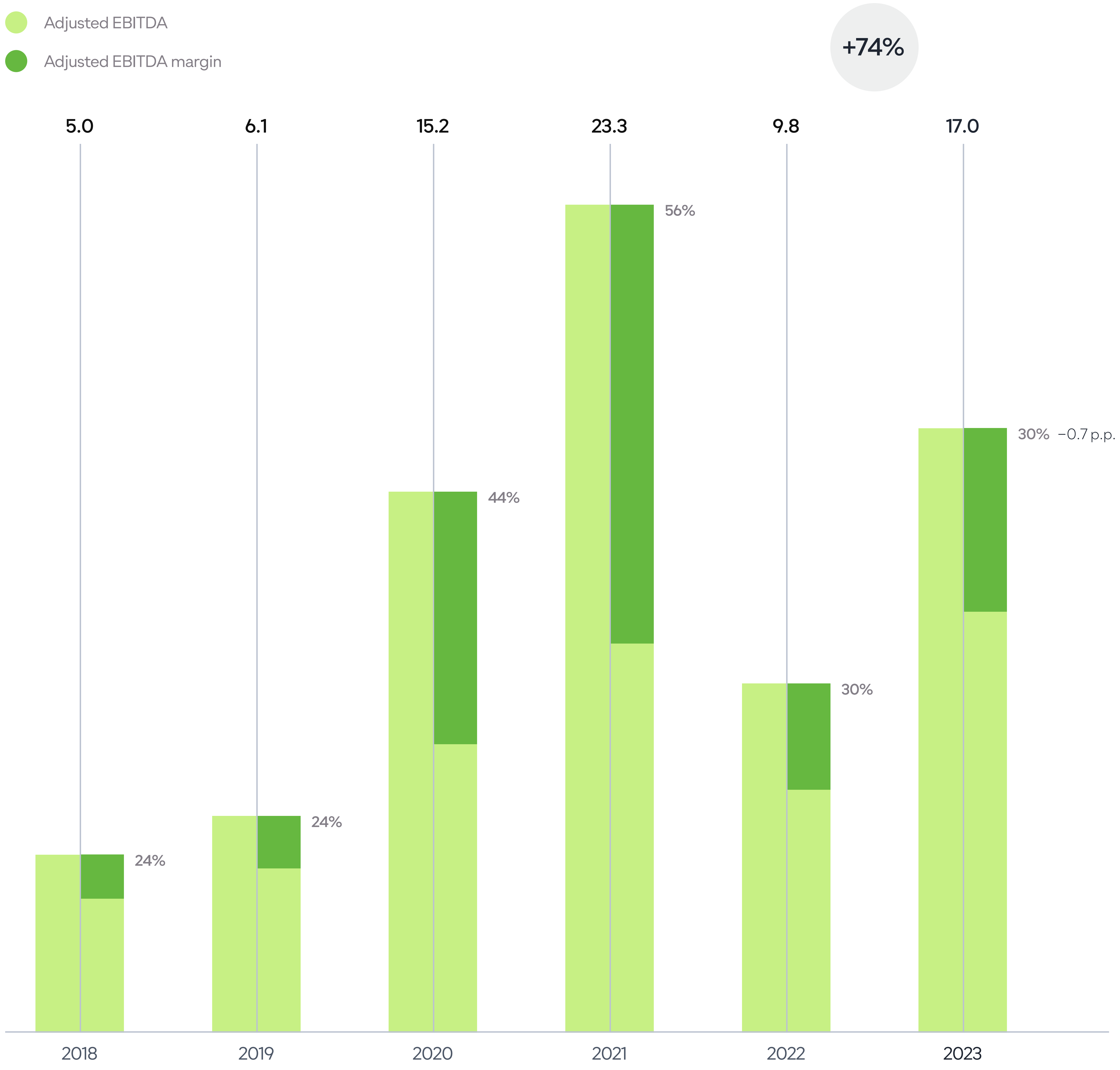
After the lacklustre results of 2022, Rusagro's Agricultural Business posted record growth in 2023. Despite the slight drop in prices for all Rusagro's crops, except corn and sugar beet, there was a significant growth in sales, with revenues totalling RUB 56.9 billion, up 78% (+RUB 25 billion) on the previous year.

At the same time, revenue from the export of agricultural products increased by 3% (to RUB 1.7 billion). Business profitability remained at almost the same level as last year and stood at 30% (−0.7%). Adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) rose by 74% (+ RUB 7.2 billion) to RUB 17 billion.

Revenue from Rusagro's Agriculture Business, RUB bn



Profit from Rusagro's Agriculture Business, RUB bn



Combined Oil and Fats Business and NMGK

1 2
3 4

Rusagro continues to strengthen its position as Russia's leading producer of sunflower oil

No. 1

Rusagro’s position among sunflower oil producers in Russia, 2022/2023 season

Overview of the Russian oil and fats market in 2023

12.3 % +2 p.p.

Rusagro's share of crude sunflower oil production in Russia, 2022/2023 season (including NMGK share of 5%)

30 % +6 p.p.

Rusagro's share of industrial fat production in Russia (including NMGK share of 5%)

64.8 % +6 p.p.

Rusagro's share of consumer margarine production in Russia (including NMGK share of 18%)

6.6 MN TONNES +12%

Crude sunflower oil production in Russia, 2022/2023 season

3.6 MN TONNES +30%

Crude sunflower oil exports from Russia, 2022/2023 season

1.9 MN TONNES +2%

Packaged vegetable oil production in Russia

1.5 MN TONNES +18%

Industrial fat production in Russia

0.7 MN TONNES +14%

Consumer oil and fat product exports from Russia

65.7 THS RUB/T −16%

Average price of crude sunflower oil in Russia

128 THS TONNES +7%

Bar soap production in Russia

16.4 %

NMGK share of Russian bar soap production

0.9 THS USD/T −30%

Average global price of palm oil

Production

Crude vegetable oil

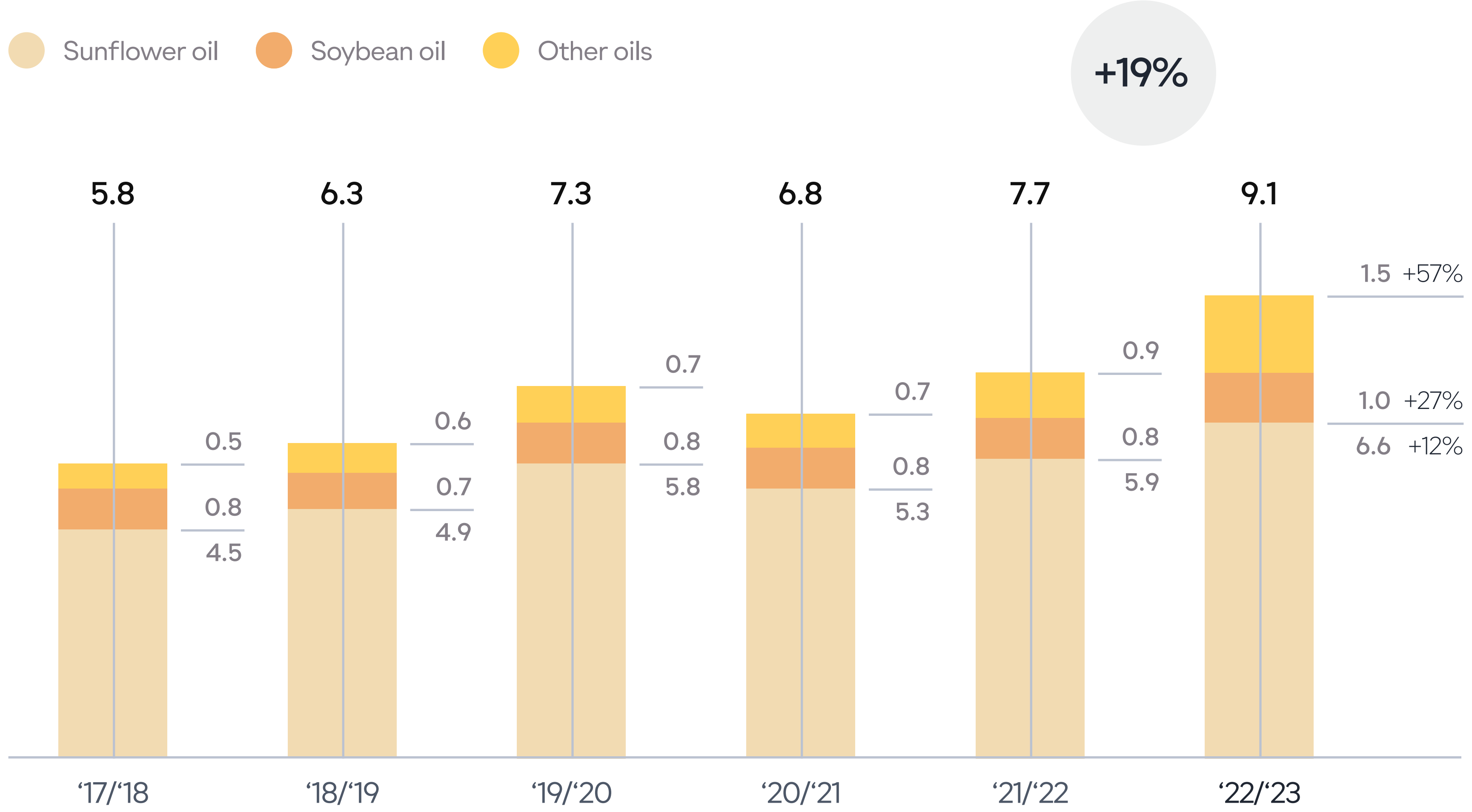
Vegetable oil production increased by 19% in the 2022/2023 season, reaching 9.1 million tonnes. Growth was driven by sunflower oil output, which increased by 12% to 6.6 million tonnes as a result of the bigger sunflower harvest in 2022 (up 5% on 2021). Russia produced 6.9 million tonnes of sunflower oil in 2023, up 13% on the previous year.

6.9 +13% MN TONNES

Crude sunflower oil production in Russia, 2022/2023 season

Crude vegetable oil production in Russia[1], mn tonnes

Source: APK-Inform, Rosstat



1 Including sunflower oil fractions.

Industrial fats

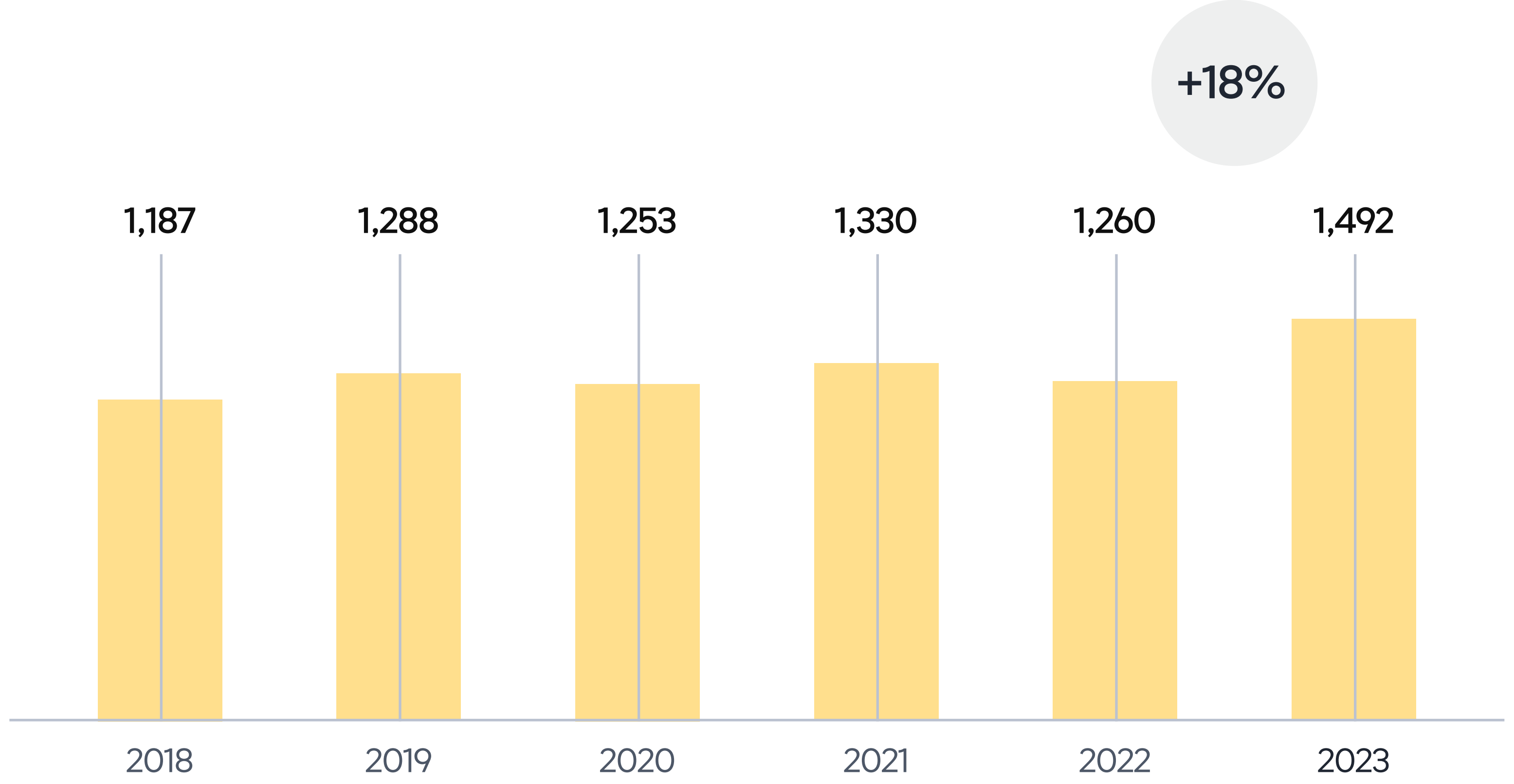
Industrial fat production in Russia in 2023 rose by 18% to 1,492 thousand tonnes. Russian industrial fats manufacturers increased their output due to the recovery in the manufacturing of finished products (confectionery products, frosting, fast food, etc.). As a result, Russia saw production increase in virtually every category of industrial fats (except all-purpose hard margarines and specialist all-purpose fats, which fell by 24 thousand tonnes and 34 thousand tonnes, respectively). The biggest increases were in specialist confectionery fats (+133%), cocoa butter equivalents (+128%), and frying fats (+112%). The increase in production of cocoa butter equivalents was driven by the departure of foreign manufacturers from the Russian Federation and the growth in domestic manufacturing of these products.

1.5 +18% MN TONNES

Industrial fat production in Russia

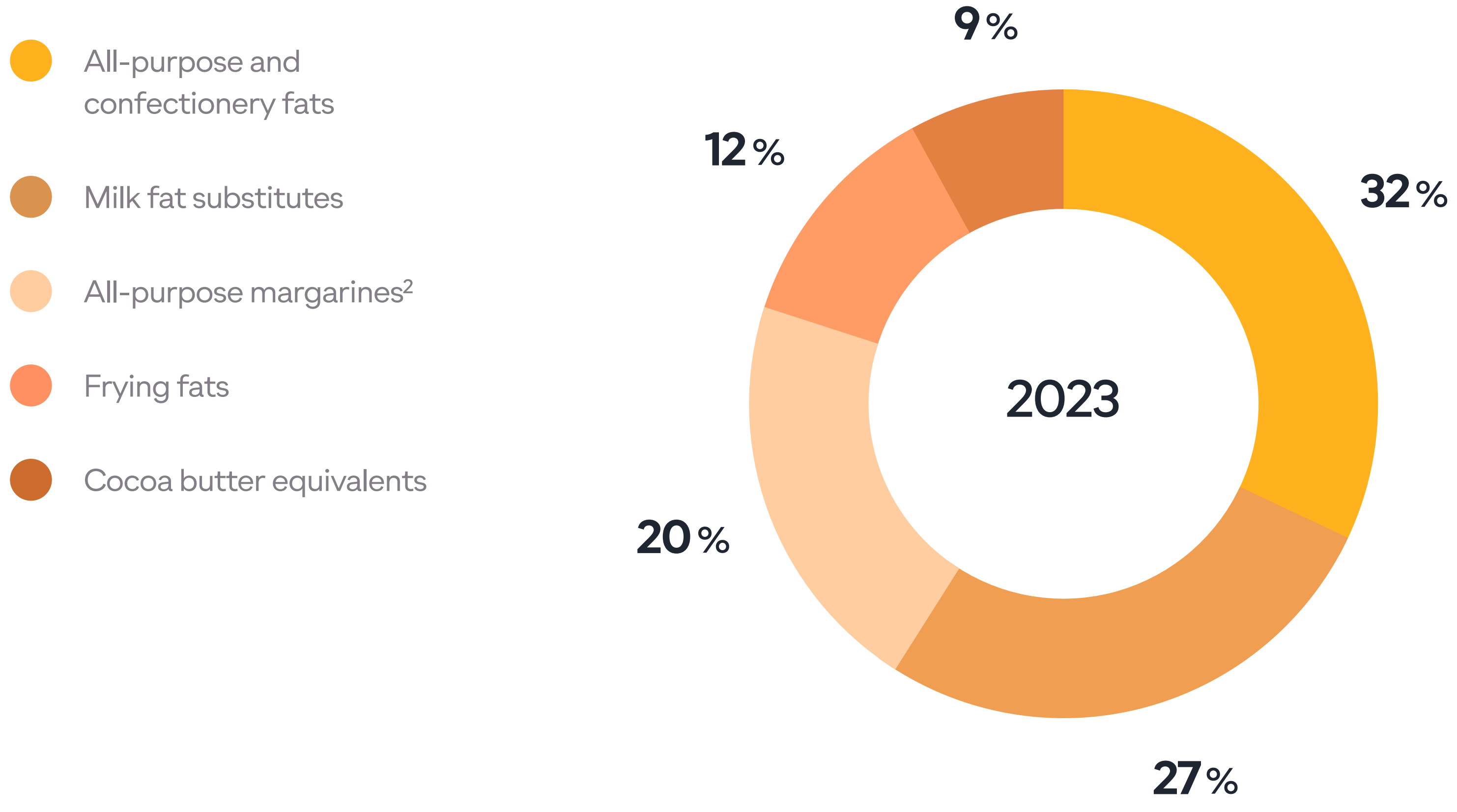
Industrial fat production in Russia, ths tonnes

Source: expert assessment based on data from the Russian Oil and Fats Union and Federal Customs Service



Industrial fat production in Russia

Source: expert assessment based on data from the Russian Oil and Fats Union and Federal Customs Service



2 Including margarines for puff pastry and specialist margarines.

Production

2 | 2

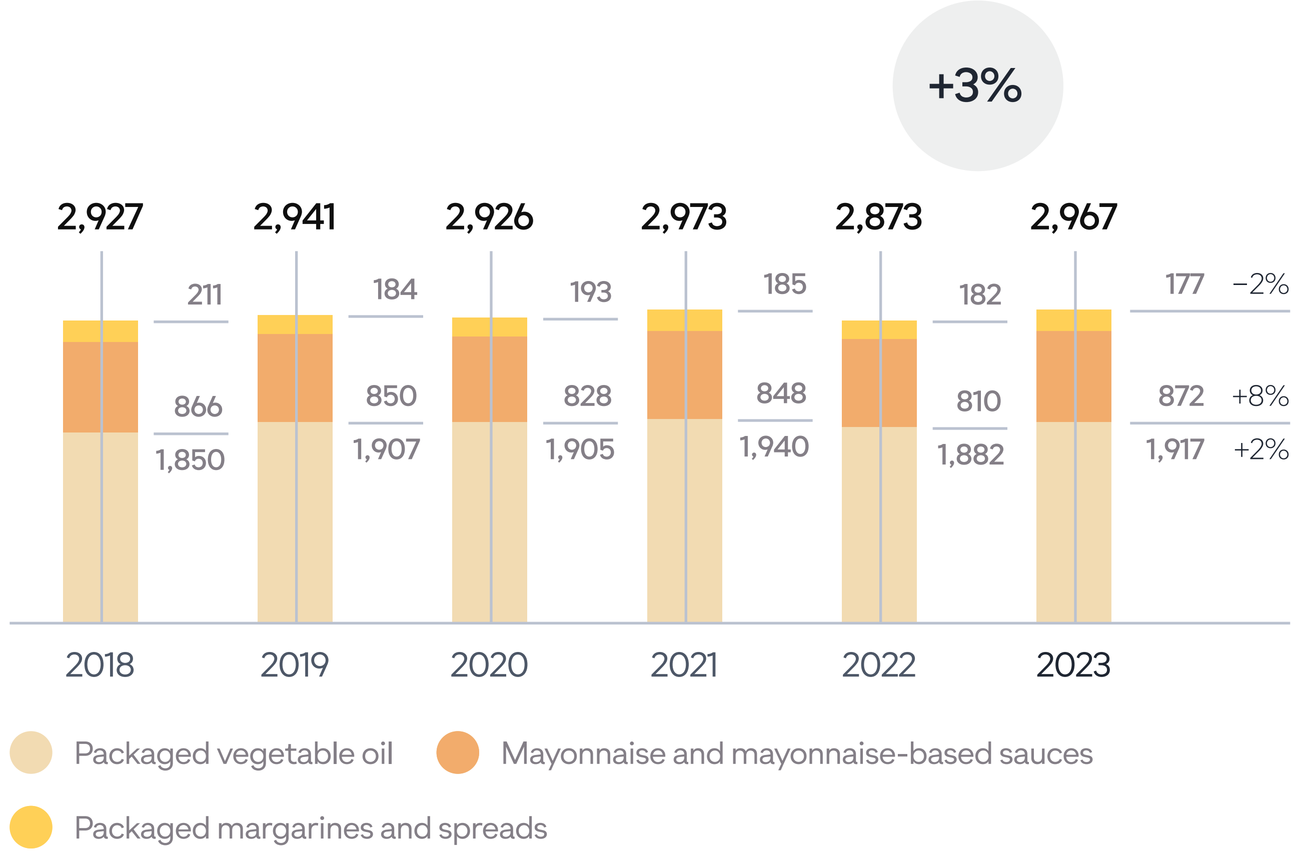
Consumer products

In 2023 there was an upward trend in the production of all the main categories of consumer oil and fat products in Russia except packaged margarine. The 16% drop in the production of packaged margarines was caused by a fall in consumer demand for margarine in Russia, with consumers switching to alternative products. Packaged vegetable oil output increased by 36 thousand tonnes (+2%) to 1,917 thousand tonnes. This was driven by an increase in export volumes coupled with only a slight reduction in the size of Russia's retail market for sunflower oil. Production of mayonnaise and mayonnaise-based sauces increased by 62 thousand tonnes (+8%) to 872 thousand tonnes in order to replace imported products of this type. There was similar growth (+9 thousand tonnes, or 8%) in spreads.

Meanwhile, the production of consumer dairy products increased across all major categories, with the exception of margarines and spreads (−2%). The whole and skimmed milk powder category experienced the most growth. Output of these products increased by 7% (+15 thousand tonnes) to a record 224 thousand tonnes. The increase in production of whole and skimmed milk powder was driven by an increase in state support for the dairy sector overall (up by 9% on 2022). In the biggest category, cheese and cheese products, output increased by 1% (+14 thousand tonnes) to a record 1,155 thousand tonnes. The strongest growth of all was seen in hard cheese (+22 thousand tonnes, or 13%) and semi-hard cheese (+34 thousand tonnes, or 11%). This upward trend was driven by an increase in people's real disposable income and the stabilisation of prices for dairy products overall, including cheese and cheese products.

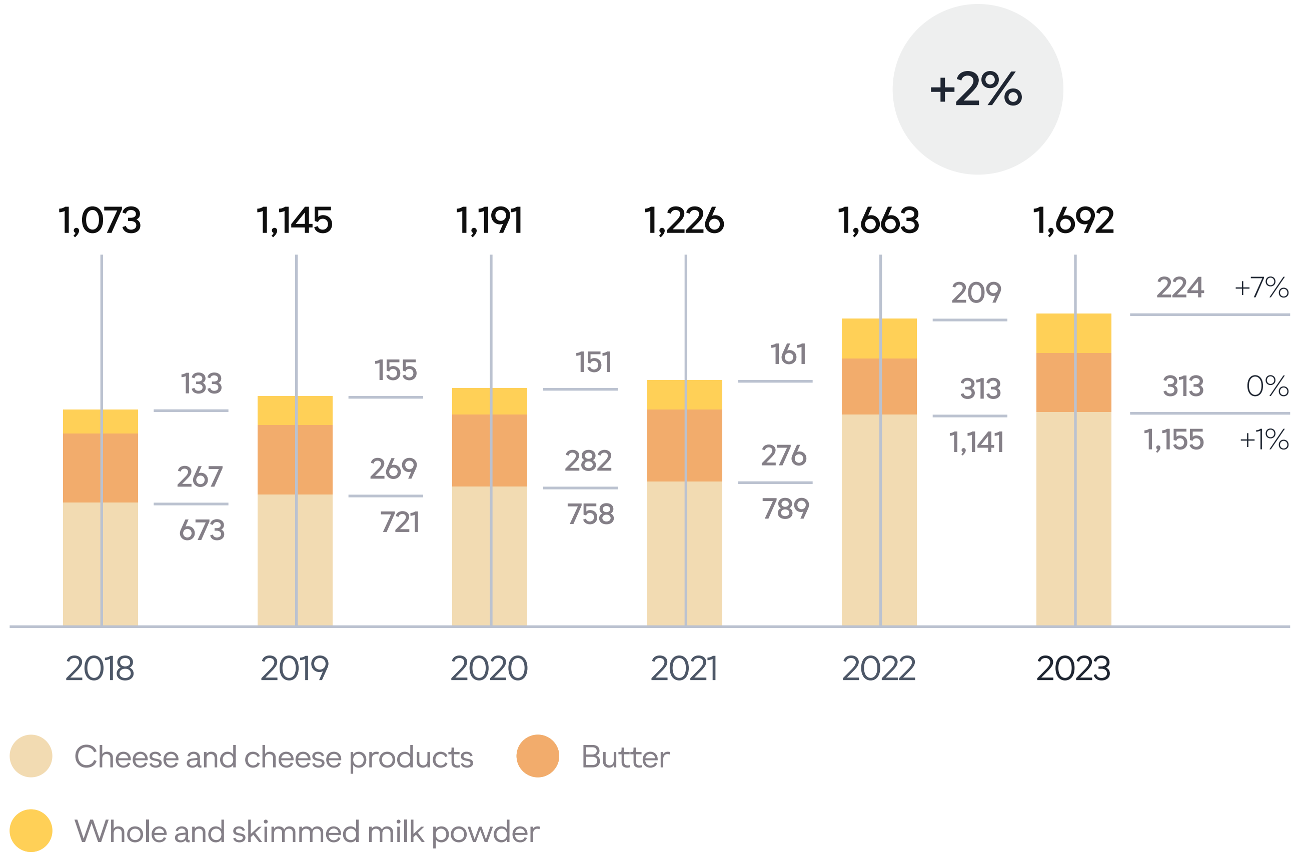
Production of consumer oil and fat products in Russia, ths tonnes

Source: Rusagro estimates based on data from Rosstat and BusinesStat



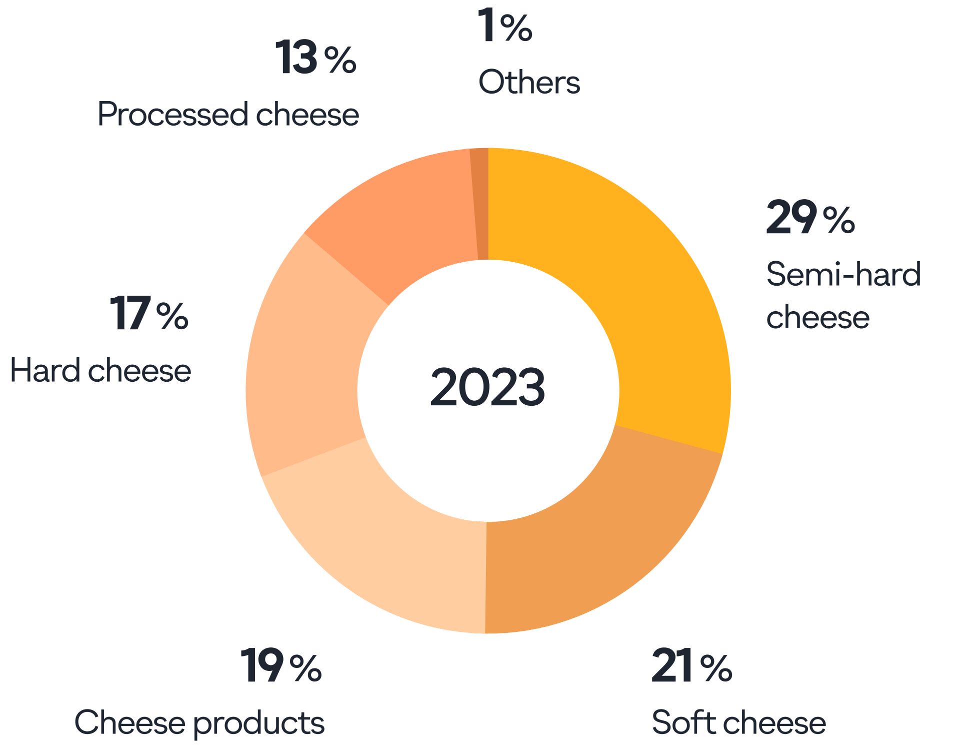
Production of consumer dairy products in Russia, ths tonnes

Source: Milknews, based on Rosstat data and analysis by the National Milk Producers' Union



Production of cheese and cheese products in Russia

Source: Milknews, based on Rosstat data and analysis by the National Milk Producers' Union



1.9 +2% MN TONNES

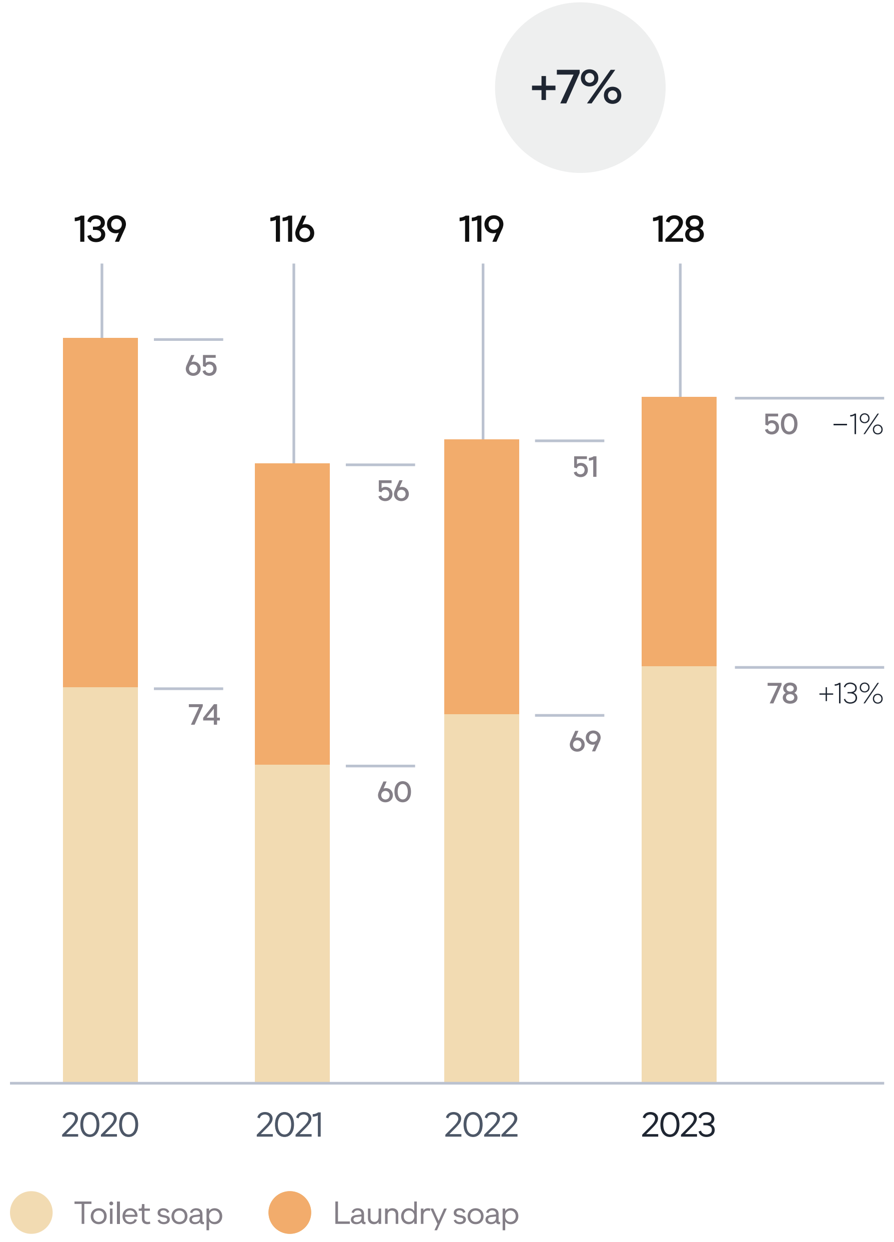
Packaged vegetable oil production in Russia

Soap

The production of bar soap in Russia increased by 7% in 2023 to 128 thousand tonnes. Bars of toilet soap accounted for 61% (or 78 thousand tonnes). Toilet soap production rose by 13%, largely due to the emergence of small manufacturers. Laundry soap production, meanwhile, continued to fall for the fourth year running due to consumers switching to more modern laundry and homecare methods, and totalled 50 thousand tonnes.

Soap production in Russia, ths tonnes

Source: Rosstat



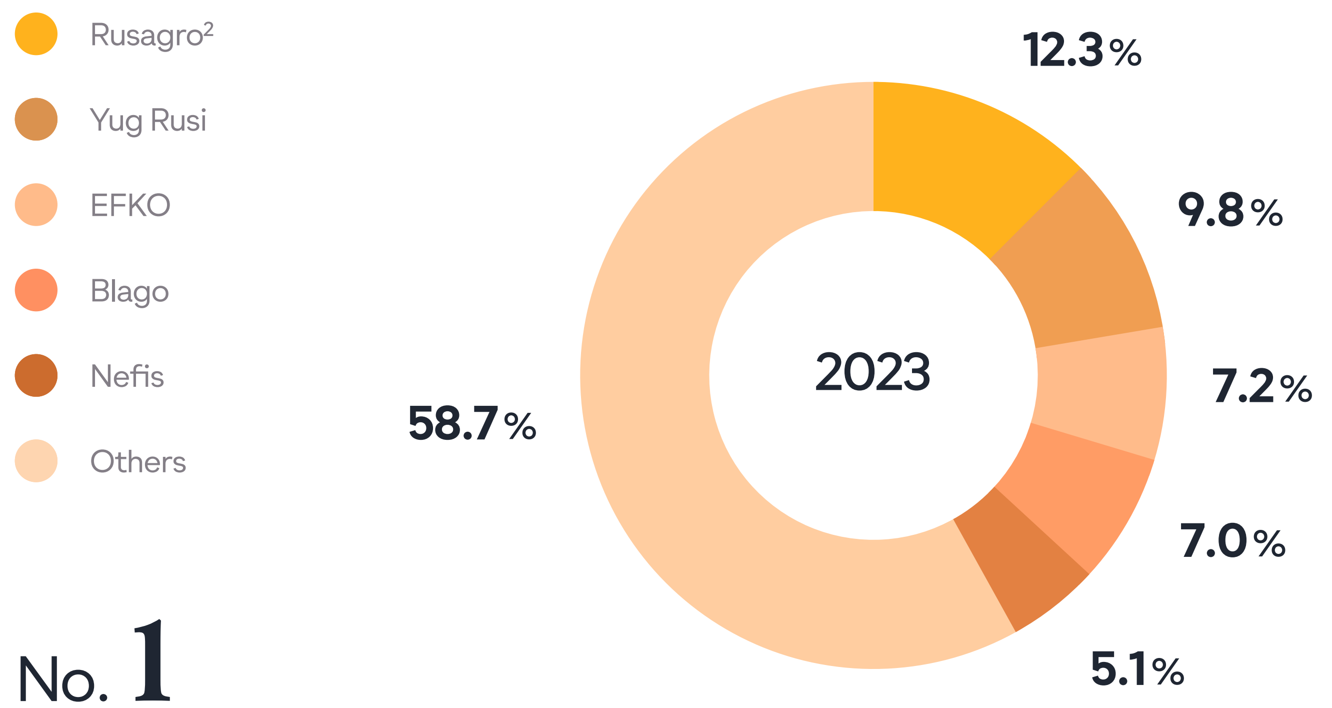
Main market players

Crude vegetable oil

Five major players accounted for about 37% of crude sunflower oil production in Russia in the 2022/2023 season. Estimates by the Oil and Fats Union and the Company place Rusagro as the leading manufacturer, with a market share of 12.3% (here and below including NMGK's consolidated results in 2023). Rusagro and NMGK's combined output totalled 813 thousand tonnes (+32%). Yug Rusi ranked second, with a market share of 9.8%, and EFKO is in third place with an estimated share of 7.2%.

Major sunflower oil producers in Russia, 2022/2023 season

Source: Russian Oil and Fats Union, Rusagro estimates[1]



No. 1

Rusagro's position among sunflower oil producers in Russia, 2022/2023 season

1 Data on the actual volumes of sunflower oil produced by Rusagro, NMGK, and Blago was estimated by the Oil and Fats Union; data on EFKO was estimated by the Oil and Fats Union and Rusagro; and data on Yug Rusi was estimated by Rusagro.

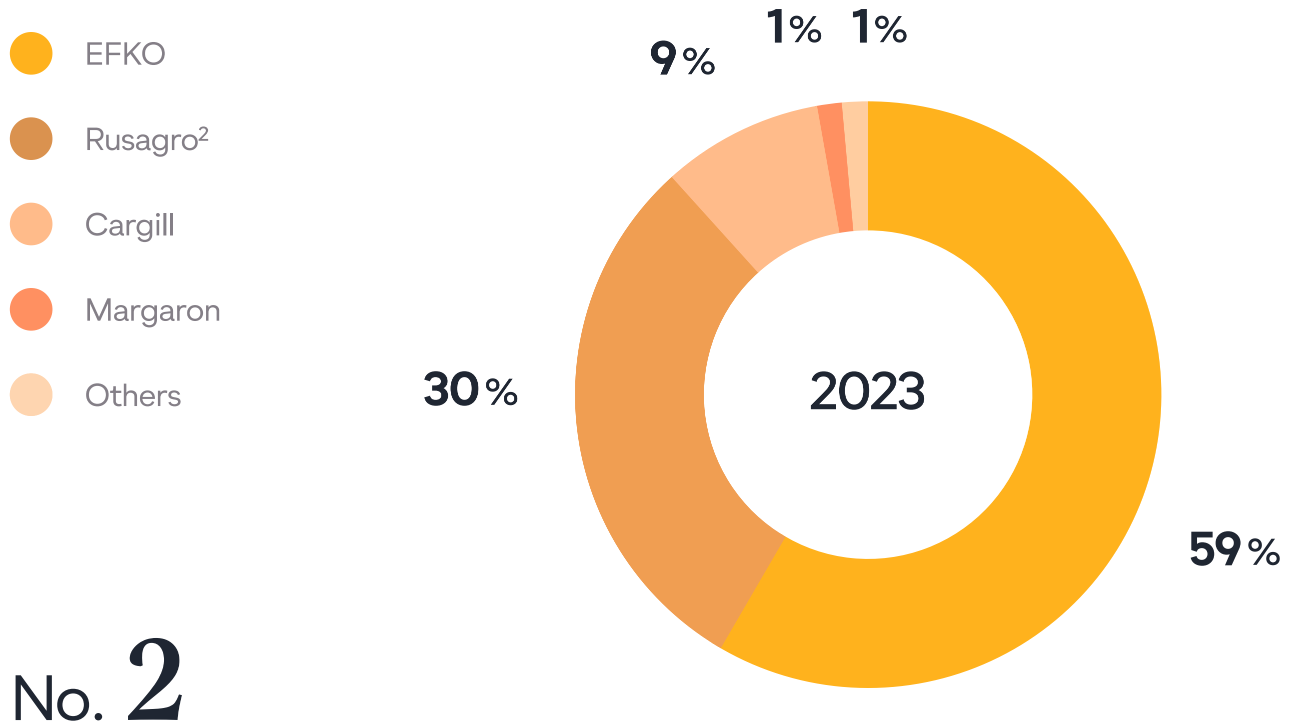
2 Including NMGK.

Industrial fats

Three major players accounted for 98% of Russia's industrial fats market in 2023. The market leader is EFKO, with an estimated 59% (–1 percentage point) of the Russian industrial fats market in 2023. Rusagro together with NMGK remained in second place, increasing their market share to 30% (+6%). As ever, Cargill was in third place and its market share remained at 9.5%.

Major players on Russia's industrial fats market

Source: Russian Oil and Fats Union, expert assessment based on data from the Federal Customs Service



No. 2

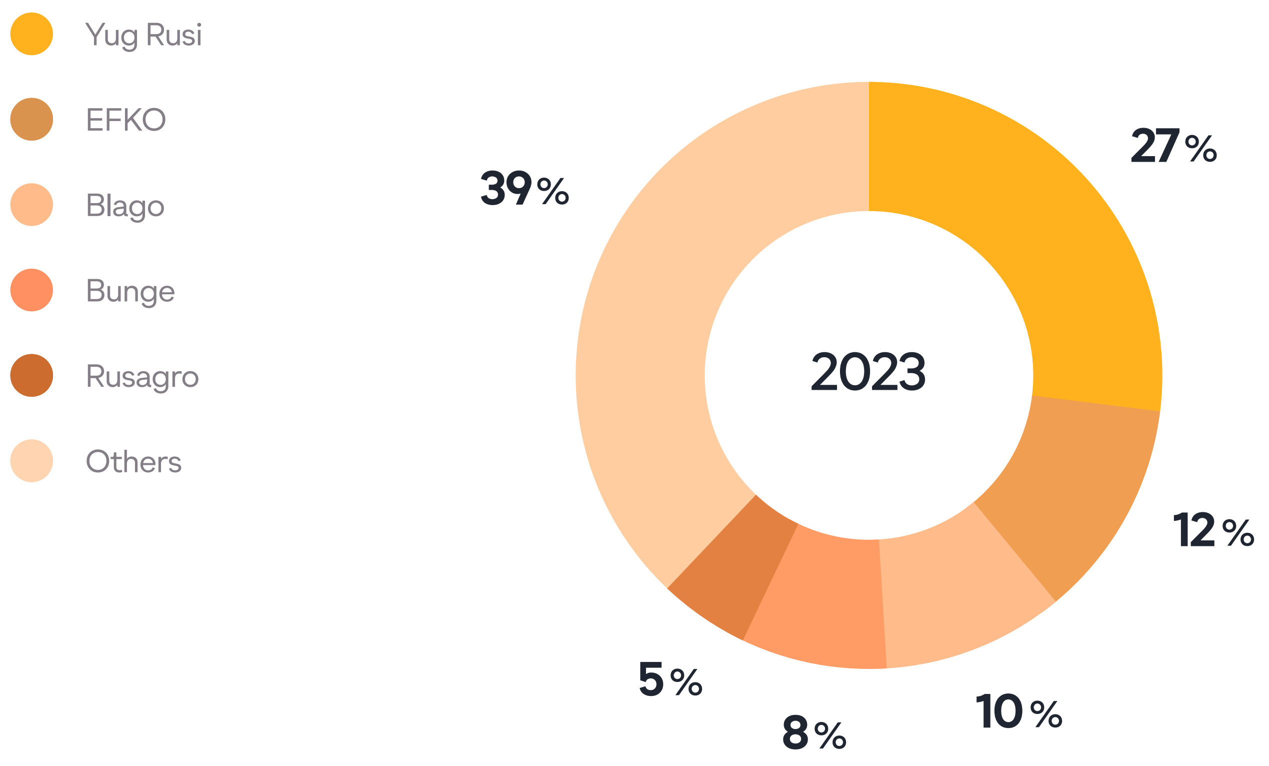
Rusagro's position among industrial fat producers in Russia

Packaged vegetable oil

Five players account for more than half (61%) of packaged vegetable oil output in Russia. The largest is Yug Rusi. As this company does not belong to the Russian Oil and Fats Union, Rusagro carried out an expert assessment and estimated its output at 509 thousand tonnes and its share of Russian production at 27% (–1.2 percentage points). Rusagro is ranked fifth, with a 5% share (–0.2 percentage points).

Major producers of packaged vegetable oil in Russia

Source: Russian Oil and Fats Union, expert assessment[3]



3 Data on the actual volumes of packaged oil produced by Rusagro, Blago, EFKO, and Bunge was estimated by the Russian Oil and Fats Union; data on Yug Rusi and other players was estimated by Rusagro.

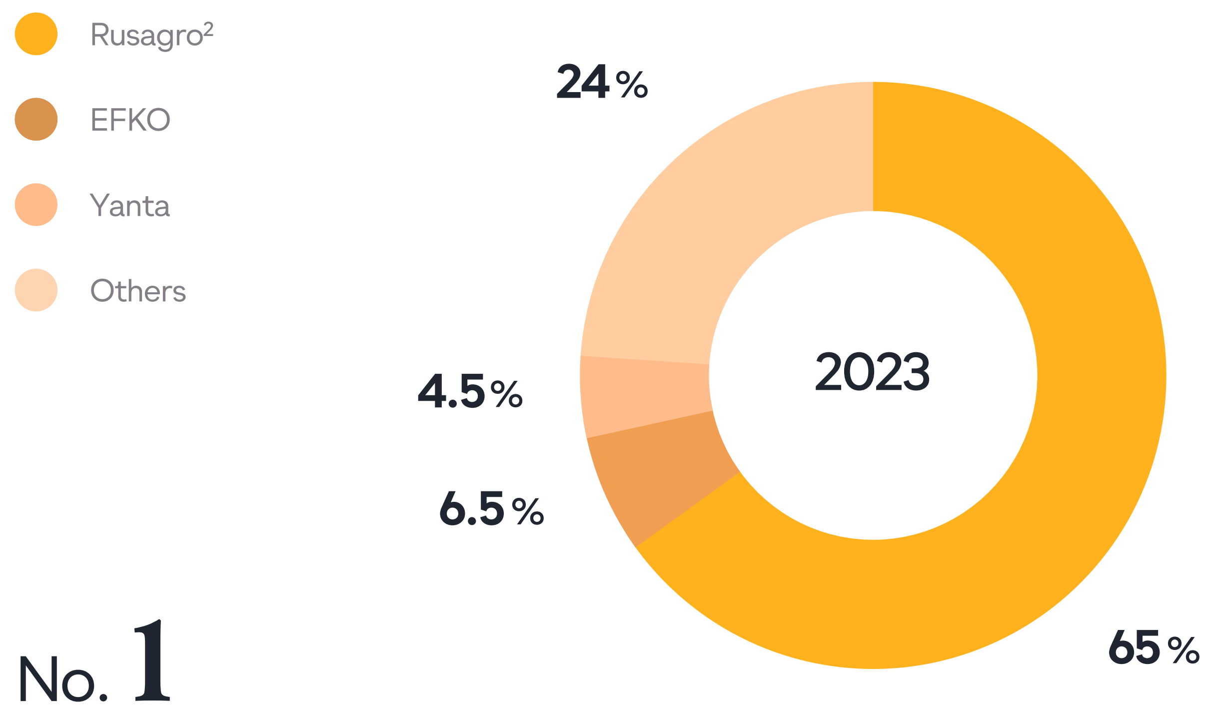
Main market players

Consumer margarine

Rusagro has been Russia's leading producer of consumer margarine for many years. NMGK has historically taken second place. In 2023, following the acquisition of a 50% shareholding in and control over NMGK, the combined market share of the combined business of the two companies in this product category is estimated at 65% (+6 percentage points), or 44 thousand tonnes. In second place, well behind the leader, with a share of 6.5% (+2.9 percentage points), is EFKO, which produced around 4 thousand tonnes. In third place is Yanta, which produced 3 thousand tonnes of consumer margarine and has a 4.5% (+0.4 percentage points) market share. The main trend in this segment was less distribution through key commercial networks and growth in the own brand category.

Major consumer margarine producers in Russia

Source: Russian Oil and Fats Union, expert assessment[1]



No. 1

Rusagro's position among consumer margarine producers in Russia

[1] Data on the actual volumes of margarine produced by Rusagro, EFKO, NMGK, and Yanta was estimated by the Russian Oil and Fats Union; data on other players was estimated by Rusagro.

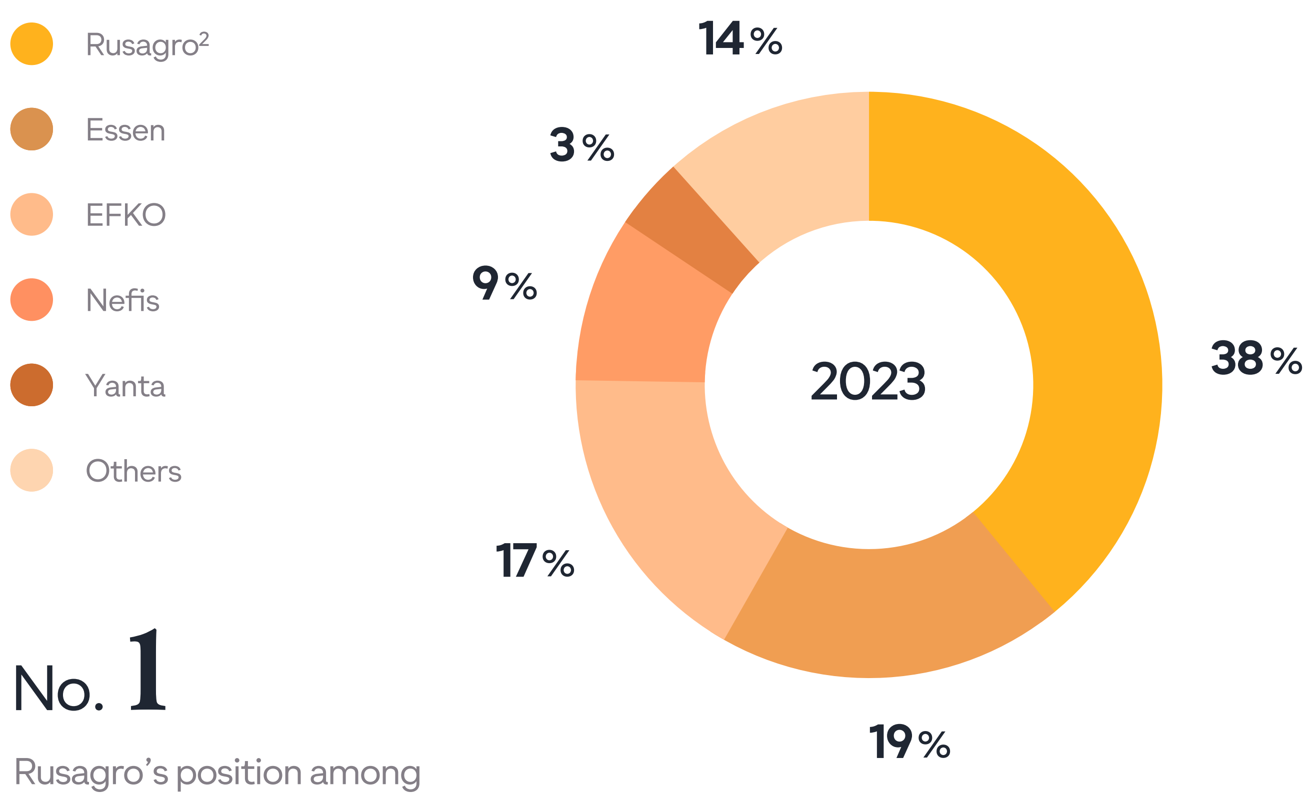
[2] Including NMGK.

Mayonnaise

Five major manufacturers account for 86% of the mayonnaise produced in Russia. In 2023, following Rusagro's acquisition of control over NMGK, the combined business became the market leader for mayonnaise, with Rusagro and NMGK's combined market share at 38% and output at 298 thousand tonnes. In second place is Essen, with a share of 19% and an estimated 153 thousand tonnes produced.

Major mayonnaise producers in Russia

Source: Russian Oil and Fats Union, expert assessment[3]



No. 1

Rusagro's position among mayonnaise producers in Russia

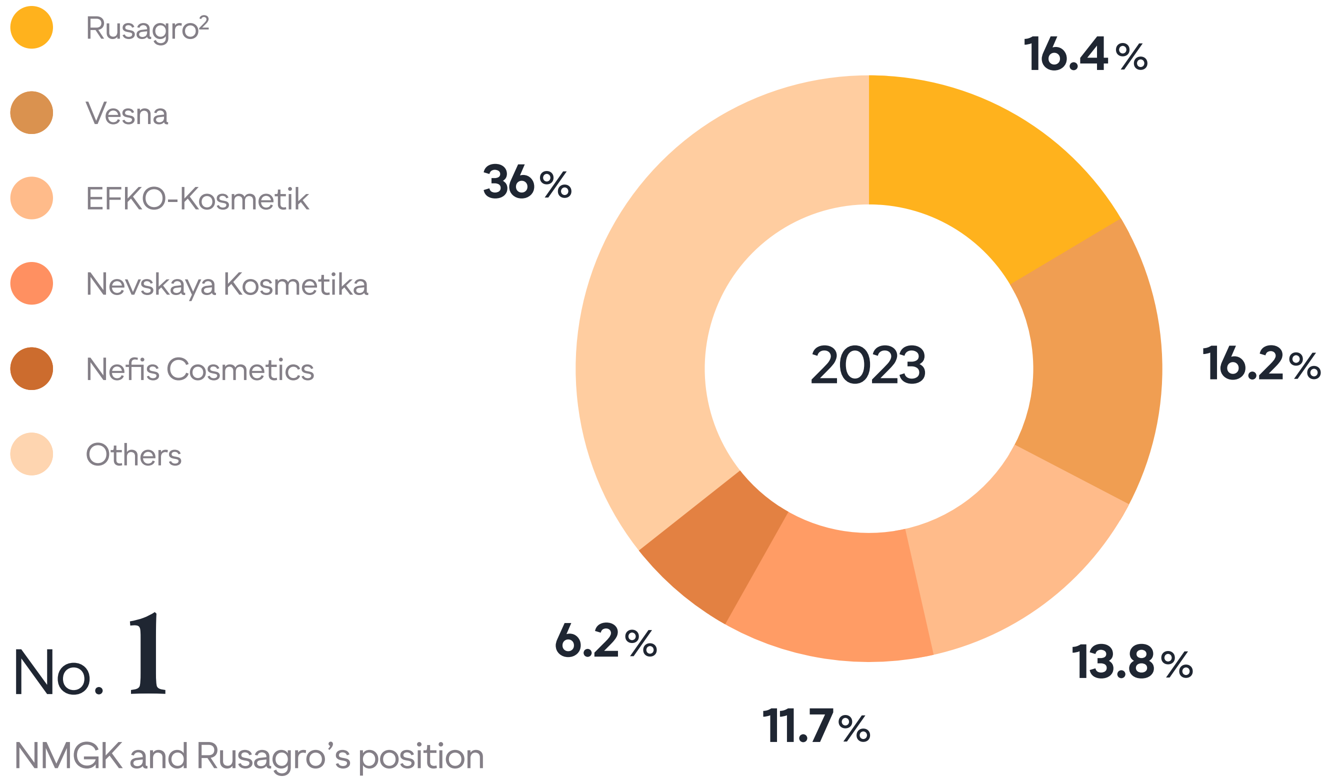
[3] Data on the actual volumes of mayonnaise produced by Rusagro, Essen, EFKO, and NMGK was estimated by the Russian Oil and Fats Union; data on Nefis and other players was estimated by Rusagro.

Soap

Five major players accounted for 64% of the toilet soap produced in Russia in 2023. NMGK and Rusagro regained their position as the country's leading producers: in 2023, the combined companies occupied an estimated 16.4% (−0.3 percentage points) of Russia's soap market. The perfume and cosmetics company Vesna slipped down to second place, its market share having dropped to 16.2% (2.7 percentage points less than last year). In third place is EFKO-Kosmetik, although its share increased by 1.8 percentage points to 13.8%. Nevskaya Kosmetika had the fourth-largest share with 11.7% (−4.6 percentage points), and Nefis Cosmetics came in fifth, its market share having fallen from 8.8% to 6.2% (−2.6 percentage points). Among laundry soap manufacturers, NMGK and Rusagro jointly rank second, with a market share of 21.3%. EFKO is the market leader, having increased its share to 31.8% (+4.8 percentage points).

Major players on Russia's toilet soap market

Source: Russian Oil and Fats Union, Rusagro estimate



No. 1

NMGK and Rusagro's position among toilet soap manufacturers in Russia

Exports and imports

Crude vegetable oil

Due to increased vegetable oil production in Russia in the 2022/2023 season, bulk crude vegetable oil exports were up 39% on the previous season to 5.7 million tonnes. Vegetable oil exports are forecast to increase further in the new season to 6.7 million tonnes, including 3.7 million tonnes of sunflower oil, due to anticipated growth given an improved oilseed harvest based on harvest figures as they stand in early 2024.

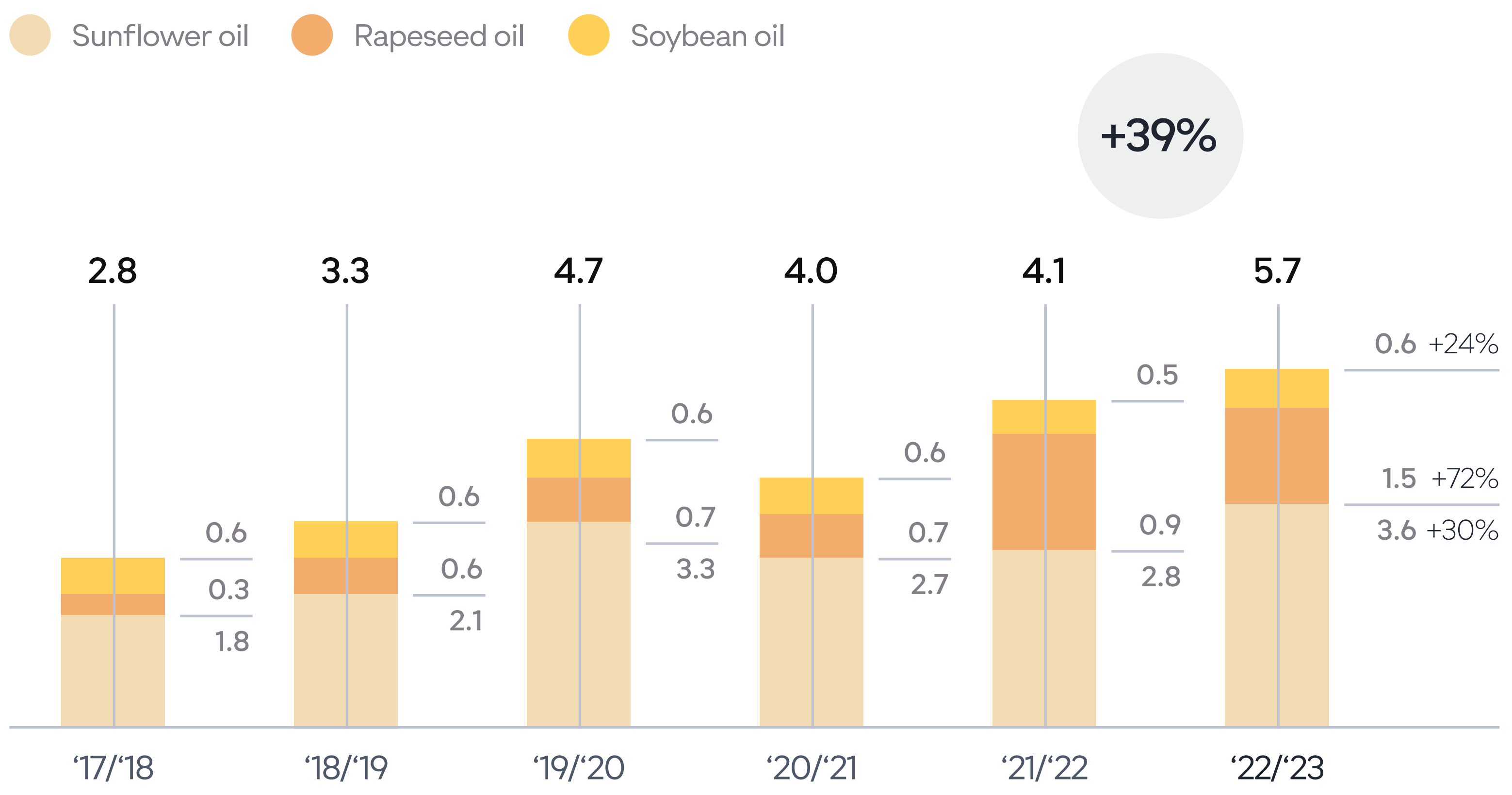
Turkey, Iran, China, and India have been the main buyers of Russian crude sunflower oil in recent years. In the 2022/2023 season, 22% (+15 percentage points) of all Russian exports went to China and 21% (–6 percentage points) went to Iran.

The share of exports to Turkey fell by 16 percentage points due to a significant increase in supplies of cheaper sunflower oil from Ukraine on the Turkish market. Turkey nevertheless accounted for 18% of exports. There has been a noticeable increase in the share of exports to India, up by 8 percentage points to account for 20% of the total. The share of sales to Egypt has remained unchanged at 7%.

Crude vegetable oil imports fell only slightly to 1 million tonnes (–6%) in the 2022/2023 season as a result of a 37% drop in imports of other oils from 0.2 to 0.1 million tonnes. Palm oil imports into Russia have remained stable over the last few years and remain at a level of about 0.8–1 million tonnes.

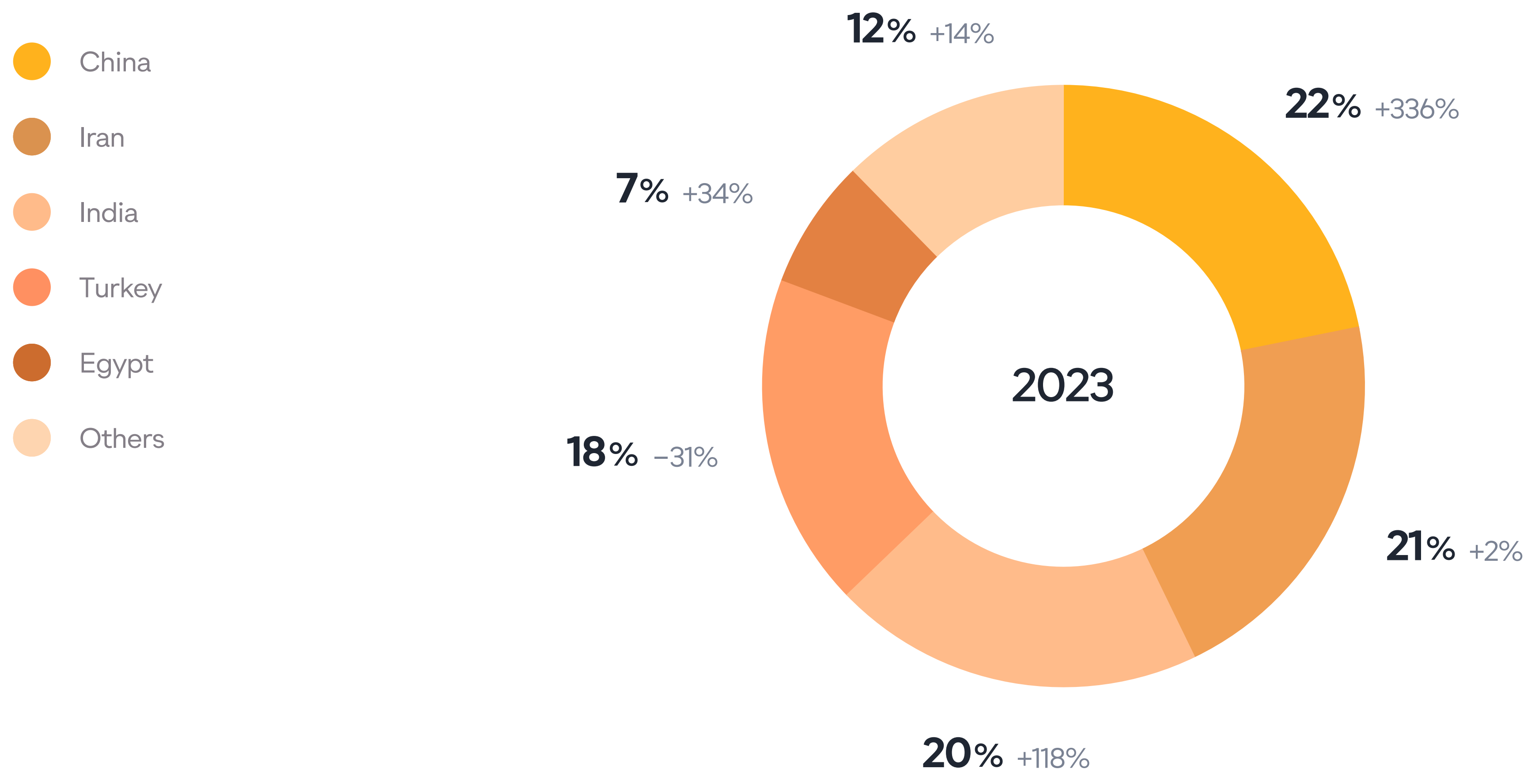
Crude vegetable oil exports, mn tonnes

Source: Rosstat



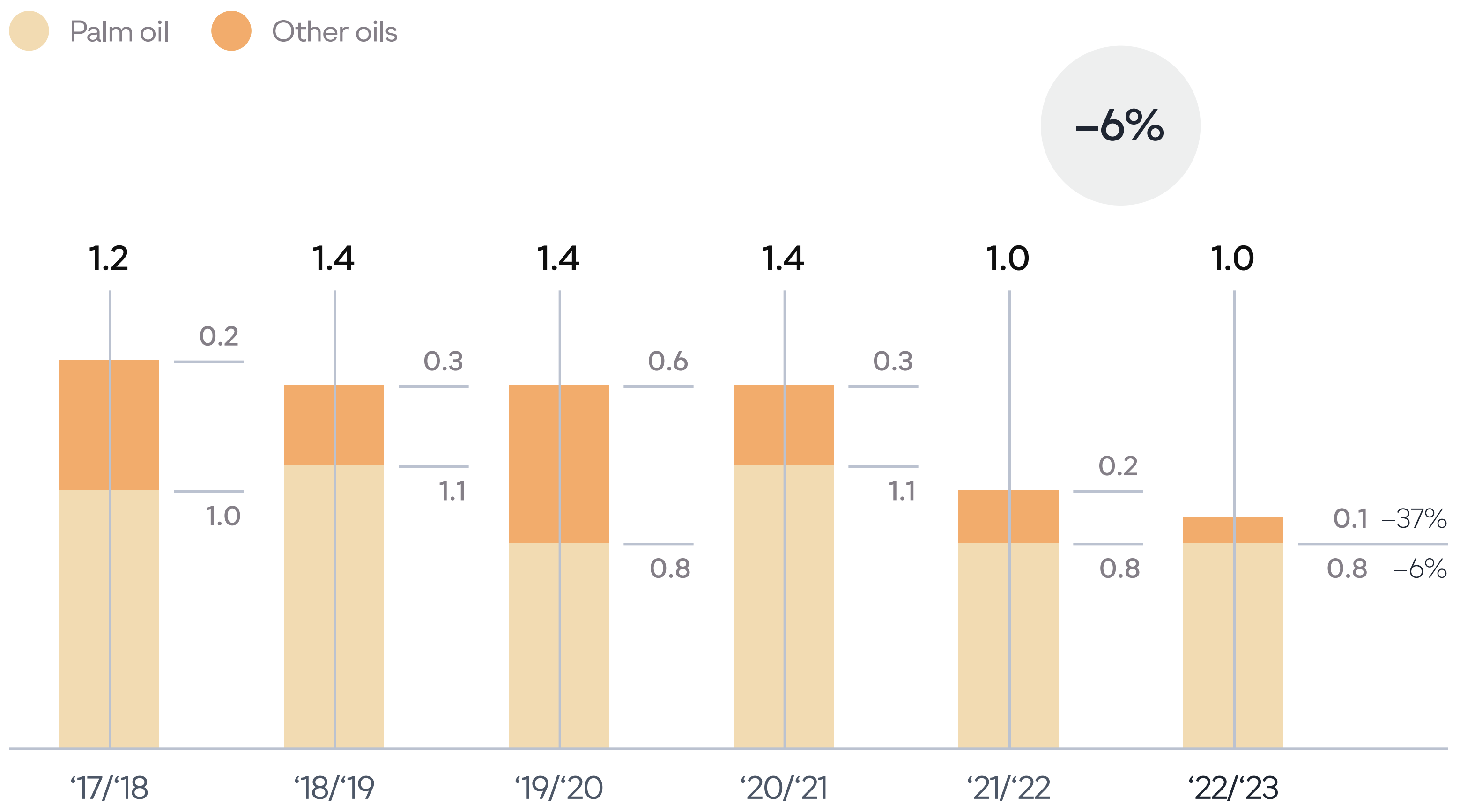
Crude sunflower oil exports by destination country in the 2022/2023 season

Source: Federal Customs Service



Crude vegetable oil imports, mn tonnes

Source: Rosstat



3.6 MN TONNES +30%

Crude sunflower oil exports from Russia, 2022/2023 season

54 % +8 p.p.

Share of crude sunflower oil exported from Russia, 2022/2023 season

0.8 MN TONNES

Palm oil imports into Russia, 2022/2023 season

Exports and imports

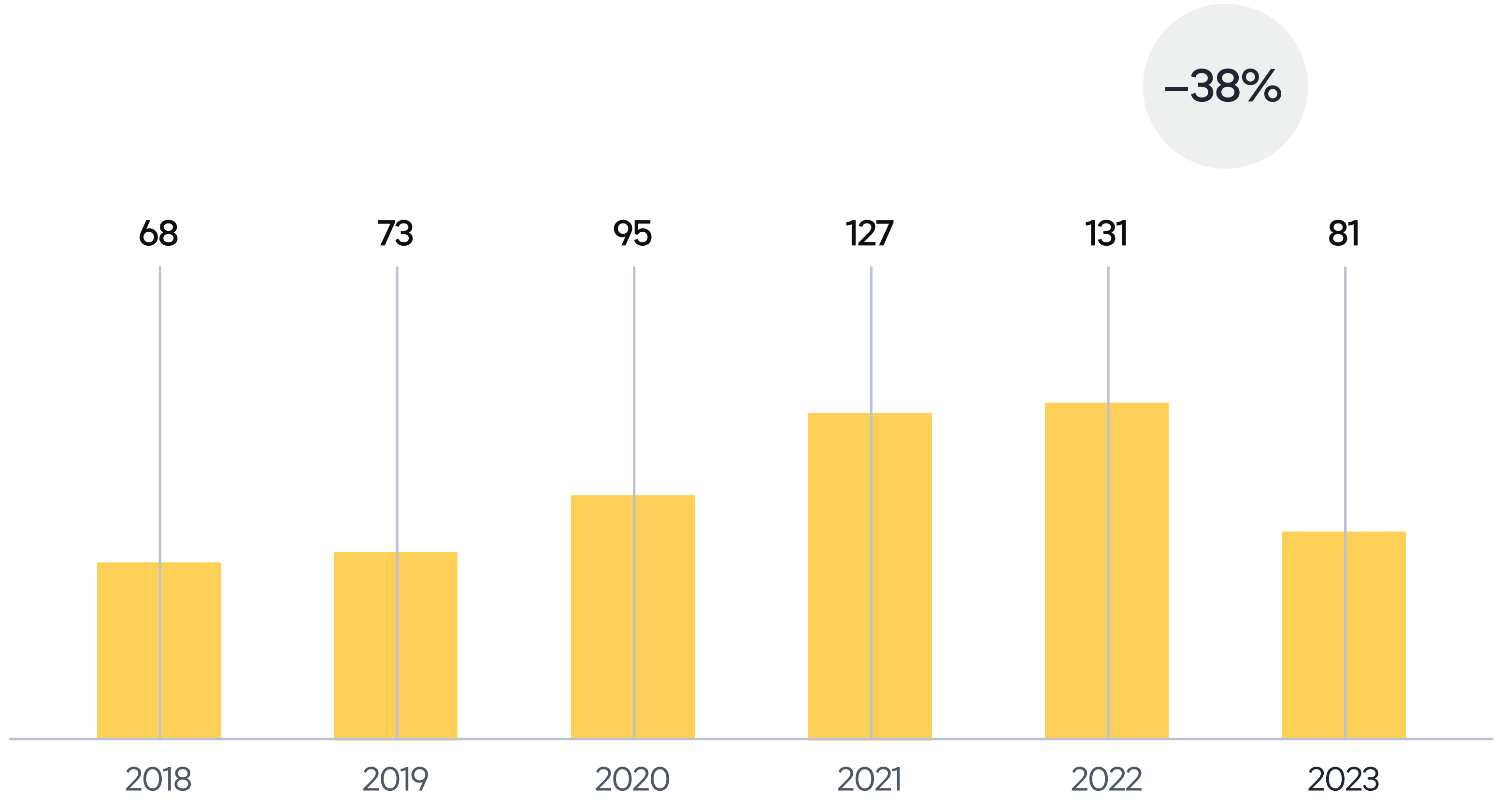
Industrial fats

In 2023, Russia exported 81 thousand tonnes of industrial fats, down 38% (–50 thousand tonnes) on 2022. This trend was driven by a 68% drop in exports of all-purpose fats (to 21 thousand tonnes), which accounted for only 26% of total exports at year end. The overall decline in exports was caused by the fall in supplies of industrial fats to Uzbekistan to 30 thousand tonnes. Uzbekistan has the most significant share (37%) of industrial fats exports from Russia, mainly all-purpose fats, but in October a 7% duty on palm oil imports was introduced in Uzbekistan, causing this decline. The main export is milk fat substitutes: 26 thousand tonnes were exported, which is 7% more than in the previous year.

Imports of industrial fats rose by 75% to 113 thousand tonnes, including 80 thousand tonnes (+159%) of all-purpose fats and 30 thousand tonnes (+4%) of cocoa butter equivalents. About half (49%) of the imports came from Indonesia (56 thousand tonnes, +158%), with another 19% and 10% coming from Malaysia and Latvia (22 and 11 thousand tonnes), respectively.

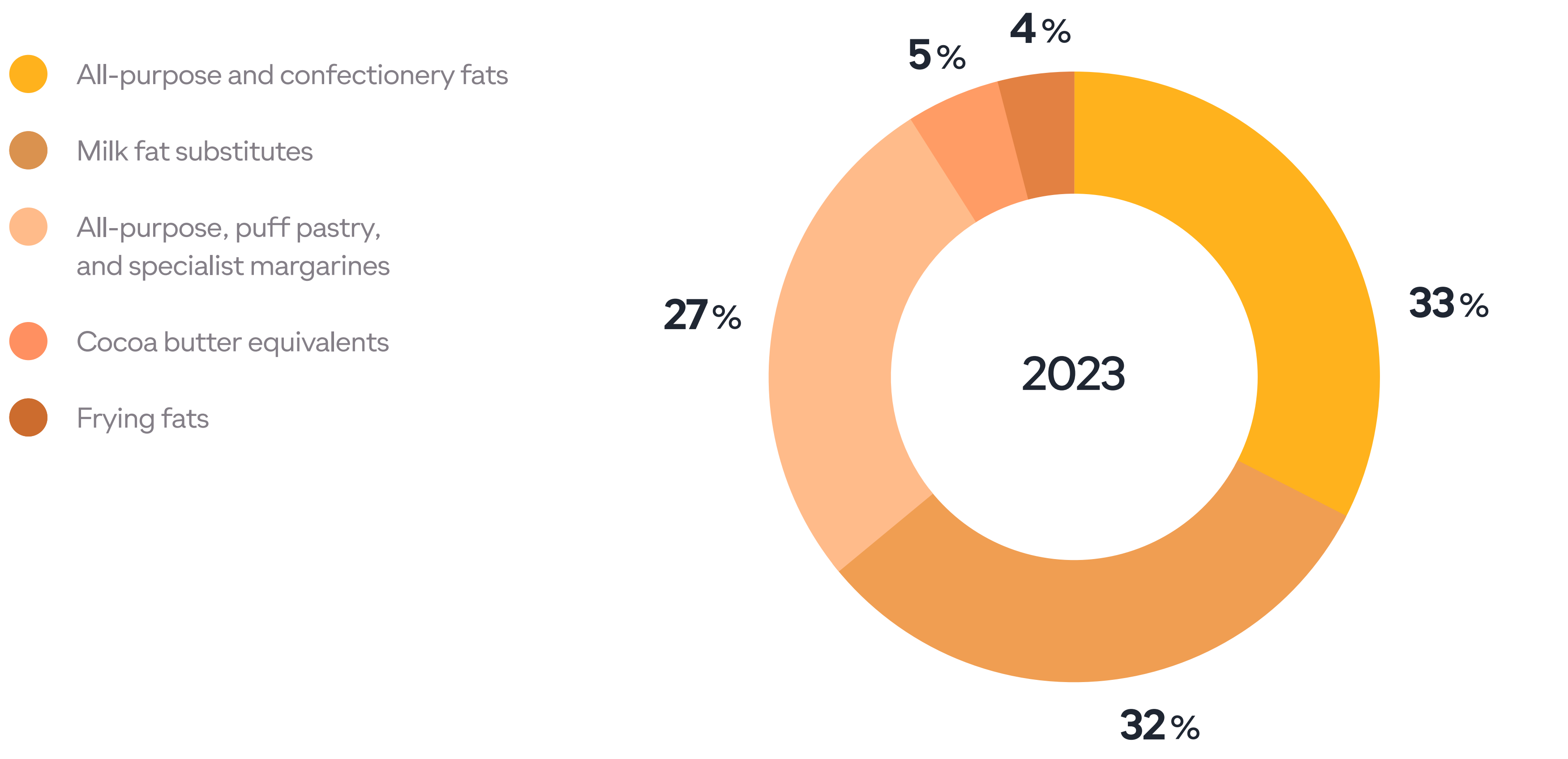
Industrial fat exports from Russia, ths tonnes

Source: Federal Customs Service



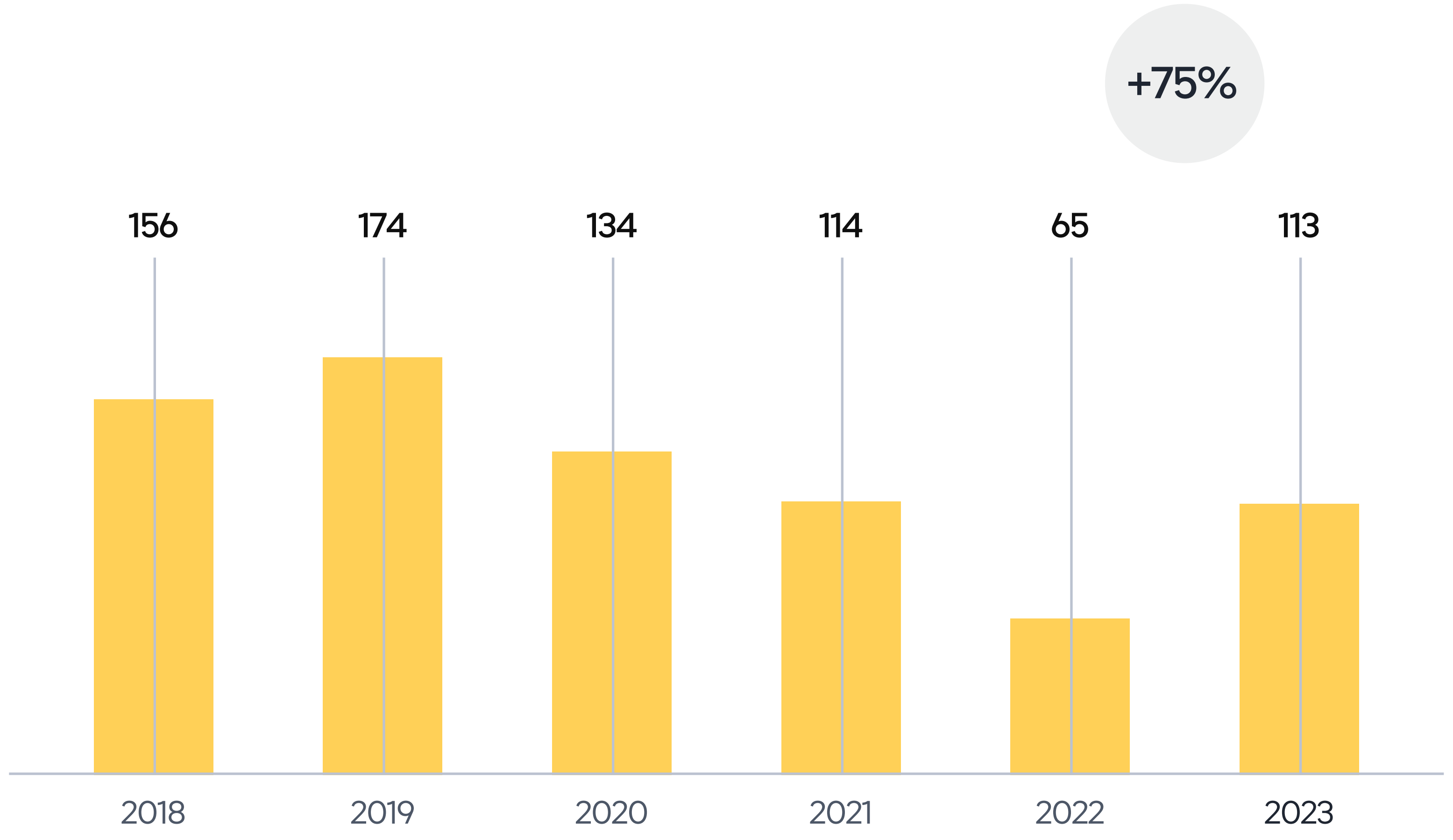
Industrial fat exports

Source: Federal Customs Service



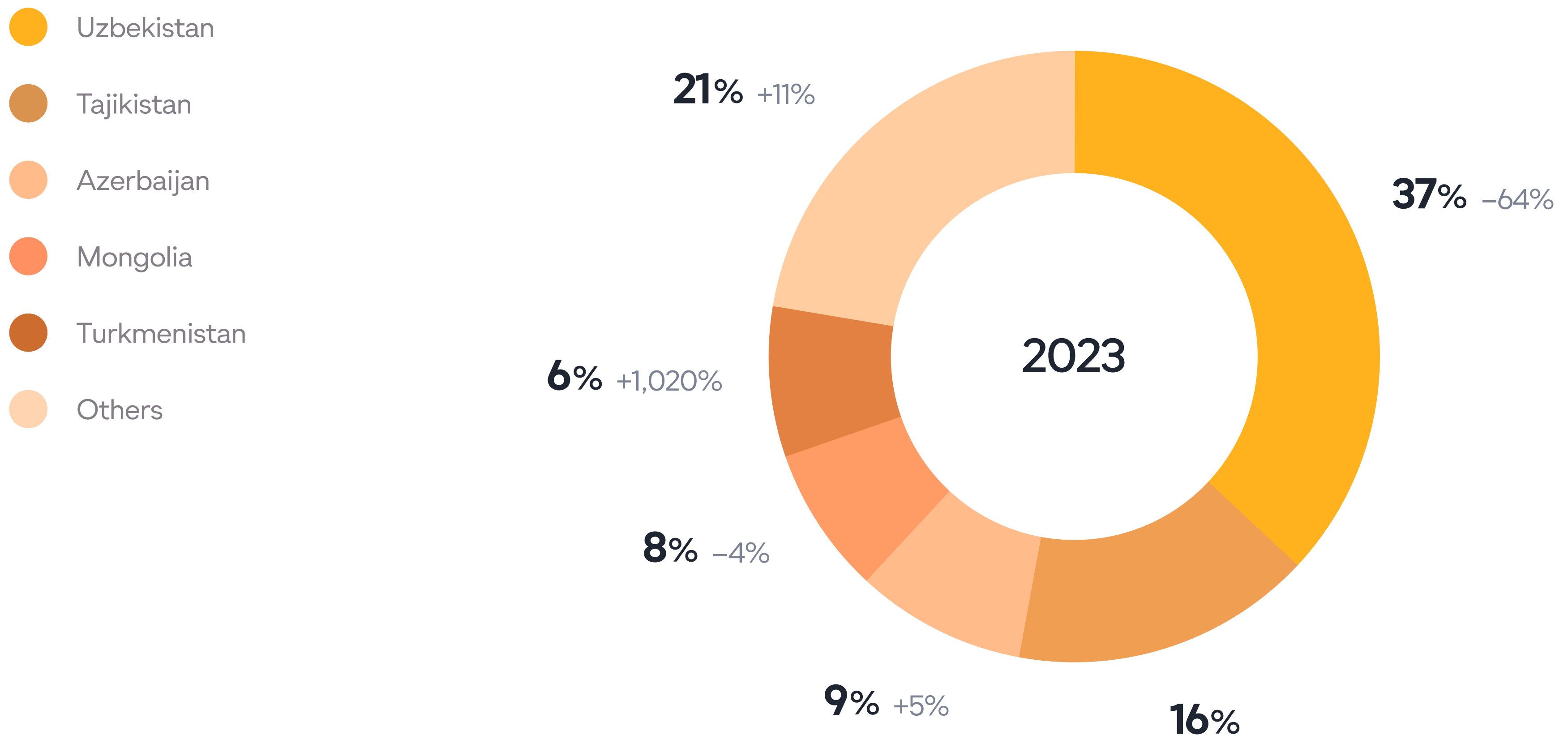
Industrial fat imports into Russia, ths tonnes

Source: Federal Customs Service



Industrial fat exports by destination country

Source: Federal Customs Service



Exports and imports

Consumer oil and fat products

In 2023, there was a 14% increase in exports of the main categories of consumer oil and fat products from Russia (+84 thousand tonnes more than in 2022).

The sharpest rise was in exports of bottled vegetable oil, up 19% or 82 thousand tonnes to 505 thousand tonnes. The main buyers are Uzbekistan (31%) and Afghanistan (14%). Packaged margarines and spreads, following the trend of moving away from margarine consumption, fell by 14% or 12 thousand tonnes. Exports in this category totalled 72 thousand tonnes.

Meanwhile, exports of mayonnaise and mayonnaise-based sauces rose by 14% to 109 thousand tonnes as a result of increased sales to Kazakhstan, Belarus, Azerbaijan, Georgia, and Tajikistan. This was due to migration and a shift in focus for Russian manufacturers' away from European countries. Another reason for growth was that Kazakhstan has seen an increase in per capita mayonnaise consumption due to population inflows.

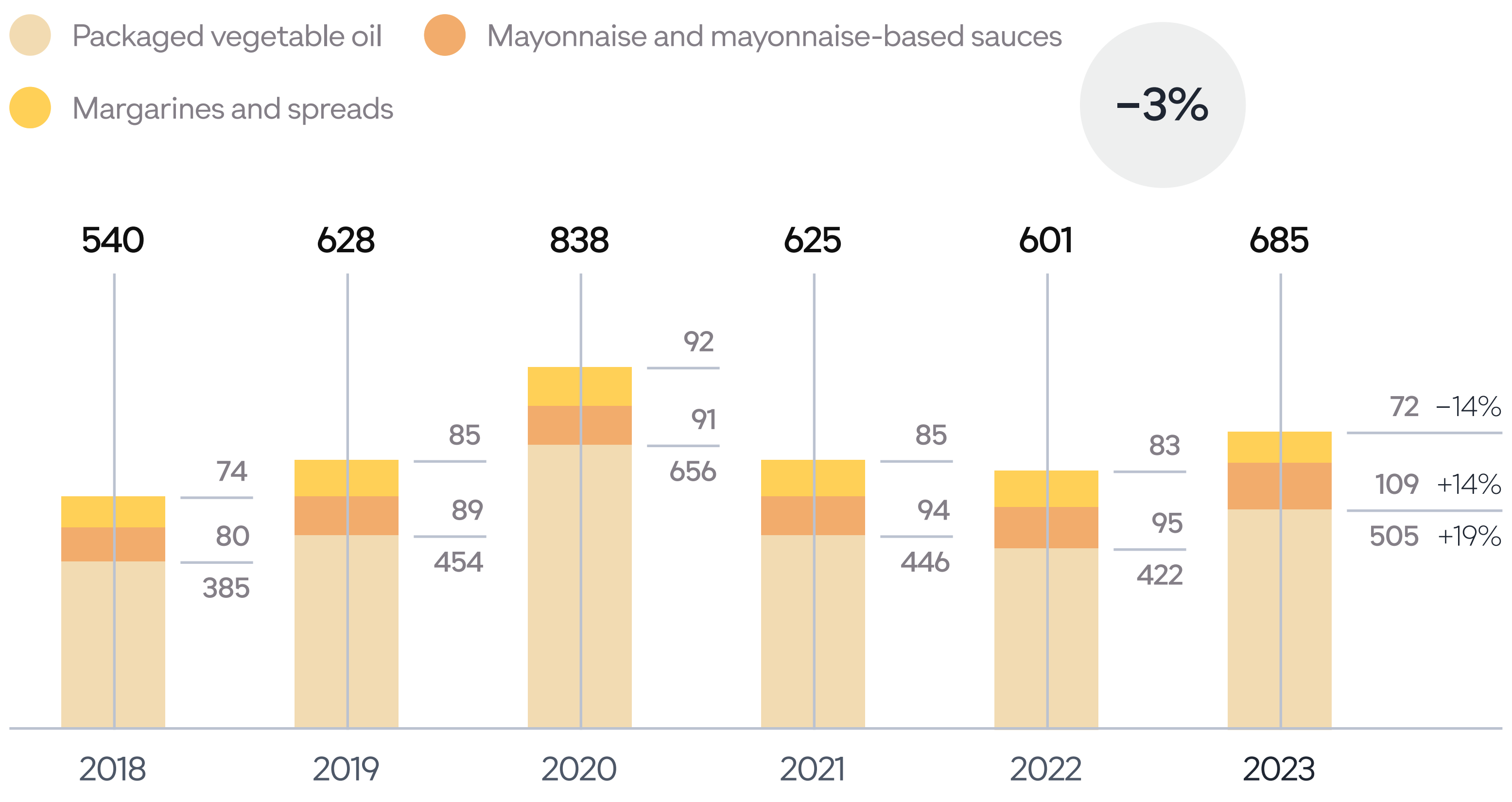
The world's largest importer of the main categories of Russian consumer oil and fat products has historically been Uzbekistan, the main buyer of packaged vegetable oil. In 2023, 159 thousand tonnes (+32% on the previous year) or 31% of Russia's total exports of packaged vegetable oil went to Uzbekistan.

Kazakhstan is the second-largest importer, being the main buyer of mayonnaise and mayonnaise-based sauces (27 thousand tonnes or 25% of exports in this category) and margarines and spreads (21 thousand tonnes or 30%).

Russia imports a small amount of consumer oil and fat products, mainly olive oil from Spain and Italy. Vegetable oil imports in 2023 stood at 16 thousand tonnes (−11%), including 12 thousand tonnes in total from these two countries. Three thousand tonnes of mayonnaise and mayonnaise-based sauces (−10%) and 3 thousand tonnes of margarine (−59%) were imported. The decline in imports was largely due to logistical difficulties and import substitution by local manufacturers.

Consumer oil and fat exports, ths tonnes

Source: Russian Federal Customs Service, EEC Customs Union, BusinessStat

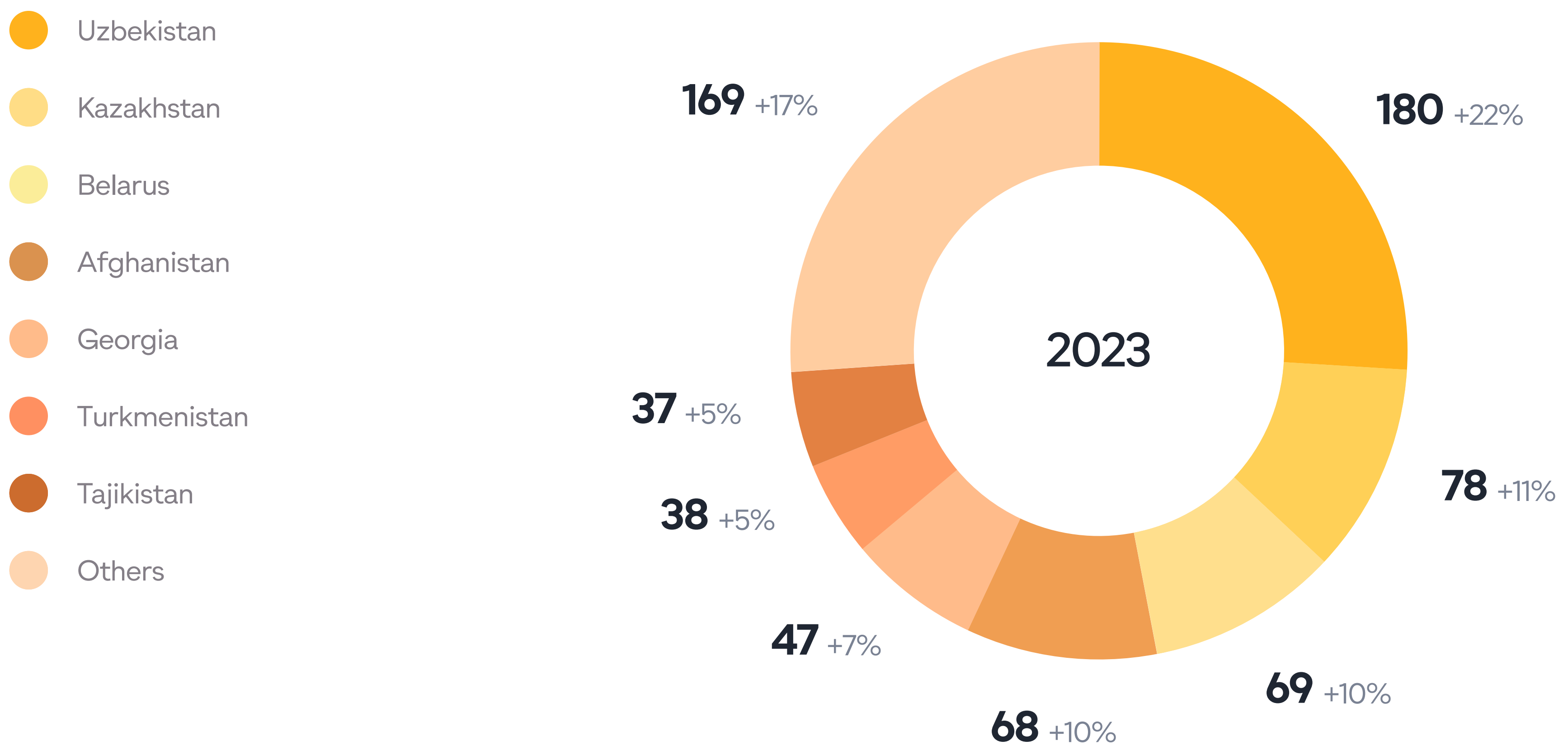


505 +19% THS TONNES

Bottled oil exports from Russia

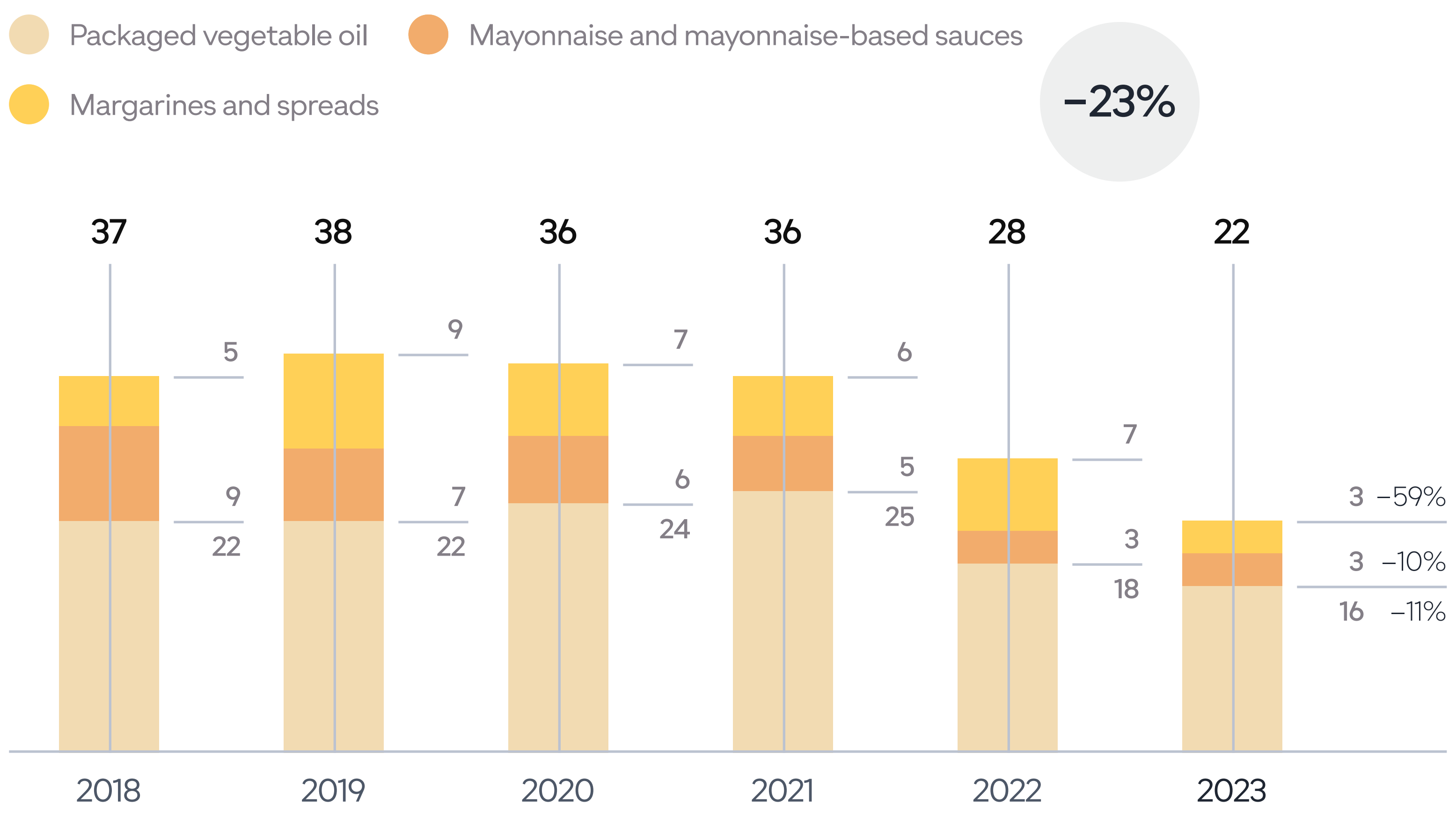
Consumer oil and fat product exports by destination country, ths tonnes

Source: Russian Federal Customs Service, EEC Customs Union, BusinessStat



Consumer oil and fat imports, ths tonnes

Source: Russian Federal Customs Service, EEC Customs Union, BusinessStat



Exports and imports

Soap

32 thousand tonnes of bar soap were exported, partly due to the growth of soap production in Russia in 2023. Toilet soap accounted for 52% of these exports (16.5 thousand tonnes). 15.1 thousand tonnes of laundry soap were exported.

Kazakhstan, Tajikistan, and Belarus are the main buyers of Russian bar soap. In the past year, 36% of the total toilet soap exported from Russia and 28% of the laundry soap went to Kazakhstan. Tajikistan imported 38% of the total laundry soap, and Belarus imported 23% of the total toilet soap.

Imports of bar soap in 2023 totalled 25 thousand tonnes: 21.5 thousand tonnes (68%) of toilet soap, and 3.9 thousand tonnes (12%) of laundry soap.

32 THS TONNES

Russian bar soap exports

52 %

Share of toilet soap exported from Russia

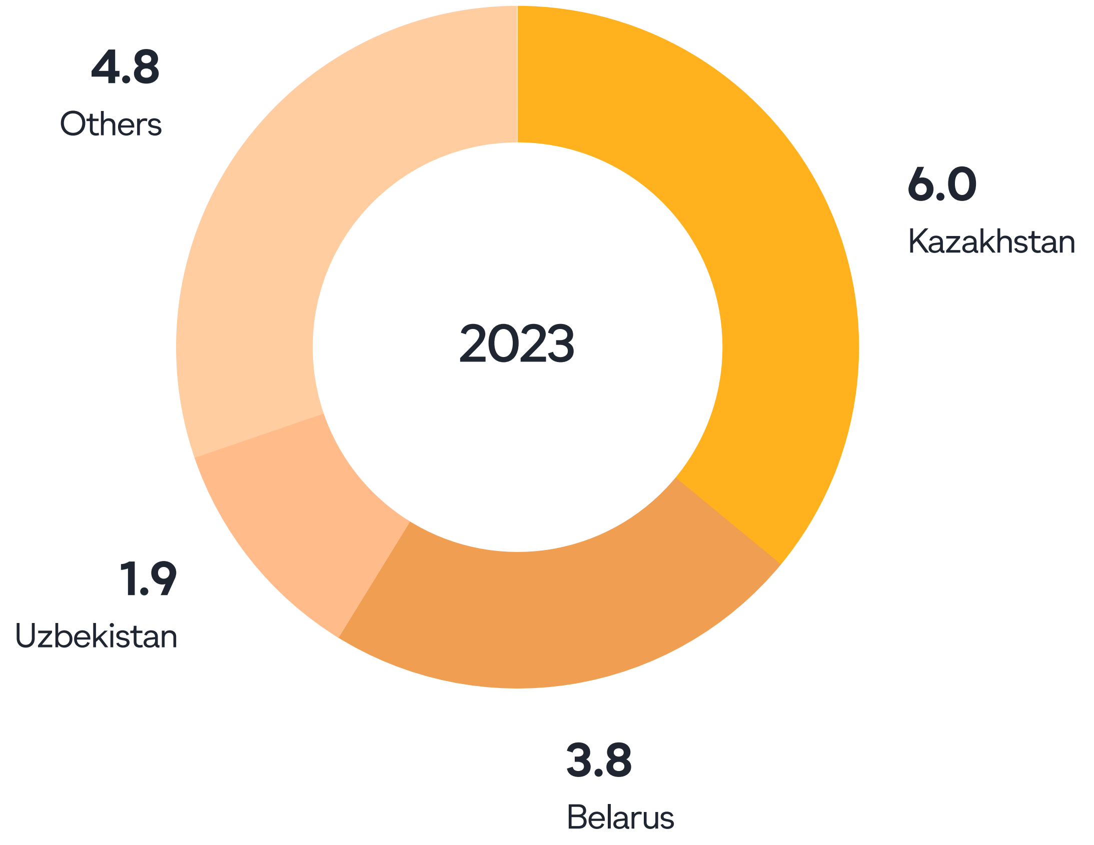
Bar soap exports by destination country, ths tonnes

Source: Russian Federal Customs Service, EEC Customs Union, BusinessStat

TOILET SOAP

16.5 THS TONNES

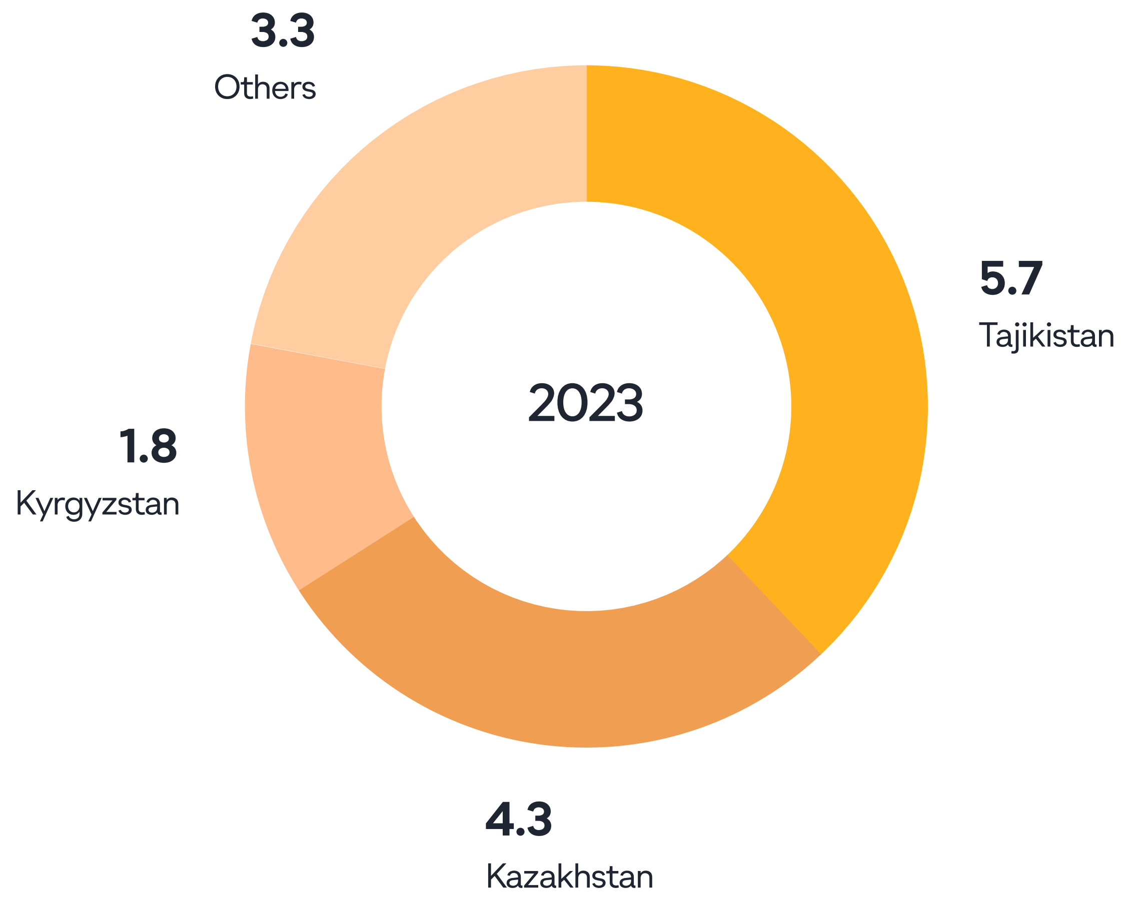
of toilet soap were exported



LAUNDRY SOAP

15.1 THS TONNES

of laundry soap were exported



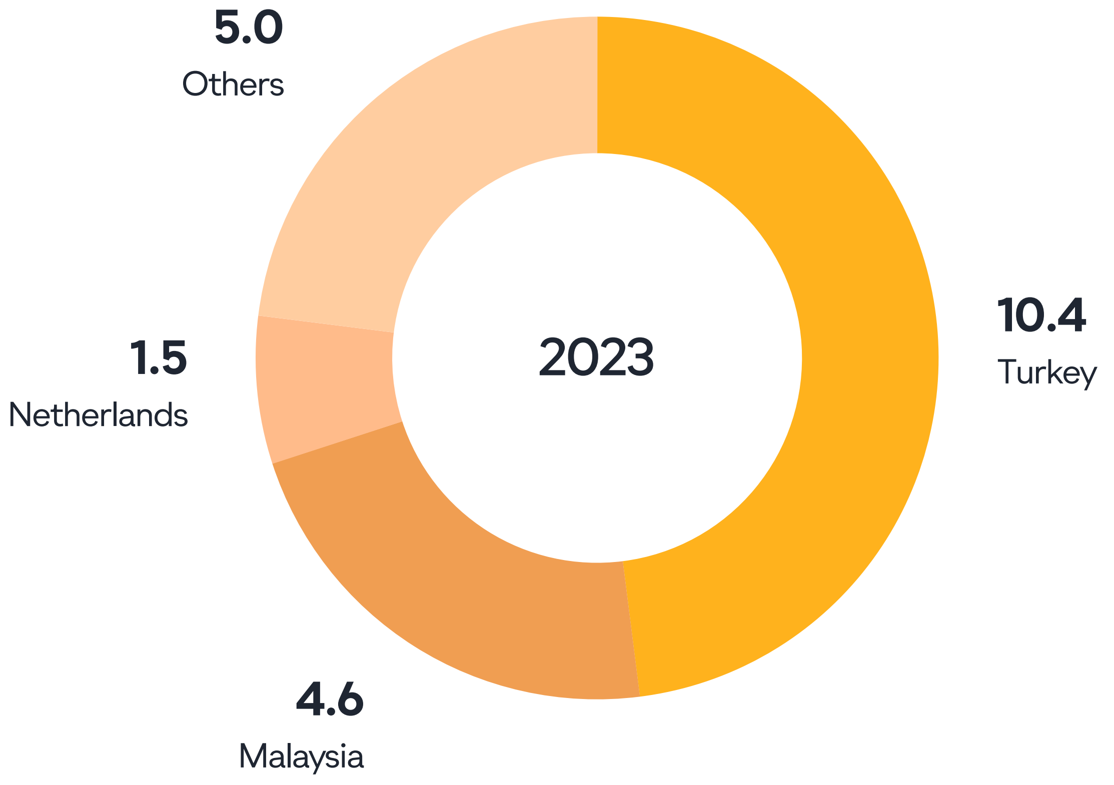
Bar soap imports by country of origin, ths tonnes

Source: Russian Federal Customs Service, EEC Customs Union, BusinessStat

TOILET SOAP

21.5 THS TONNES

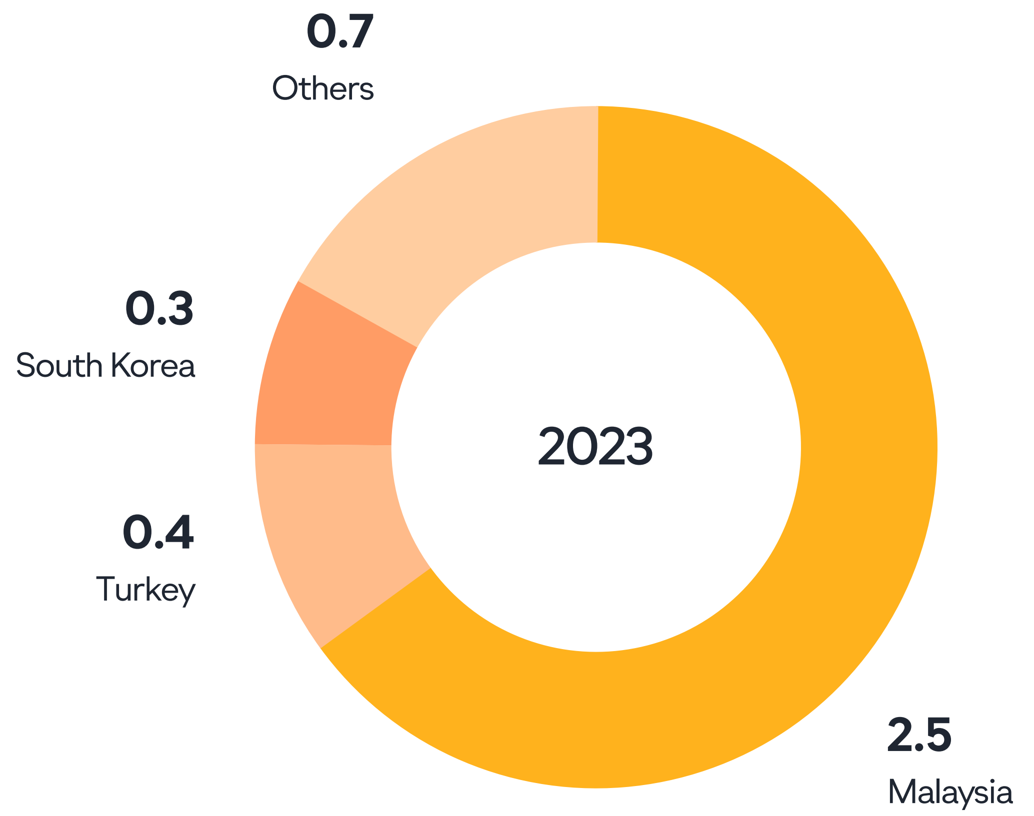
of toilet soap were imported



LAUNDRY SOAP

3.9 THS TONNES

of laundry soap were imported



Prices

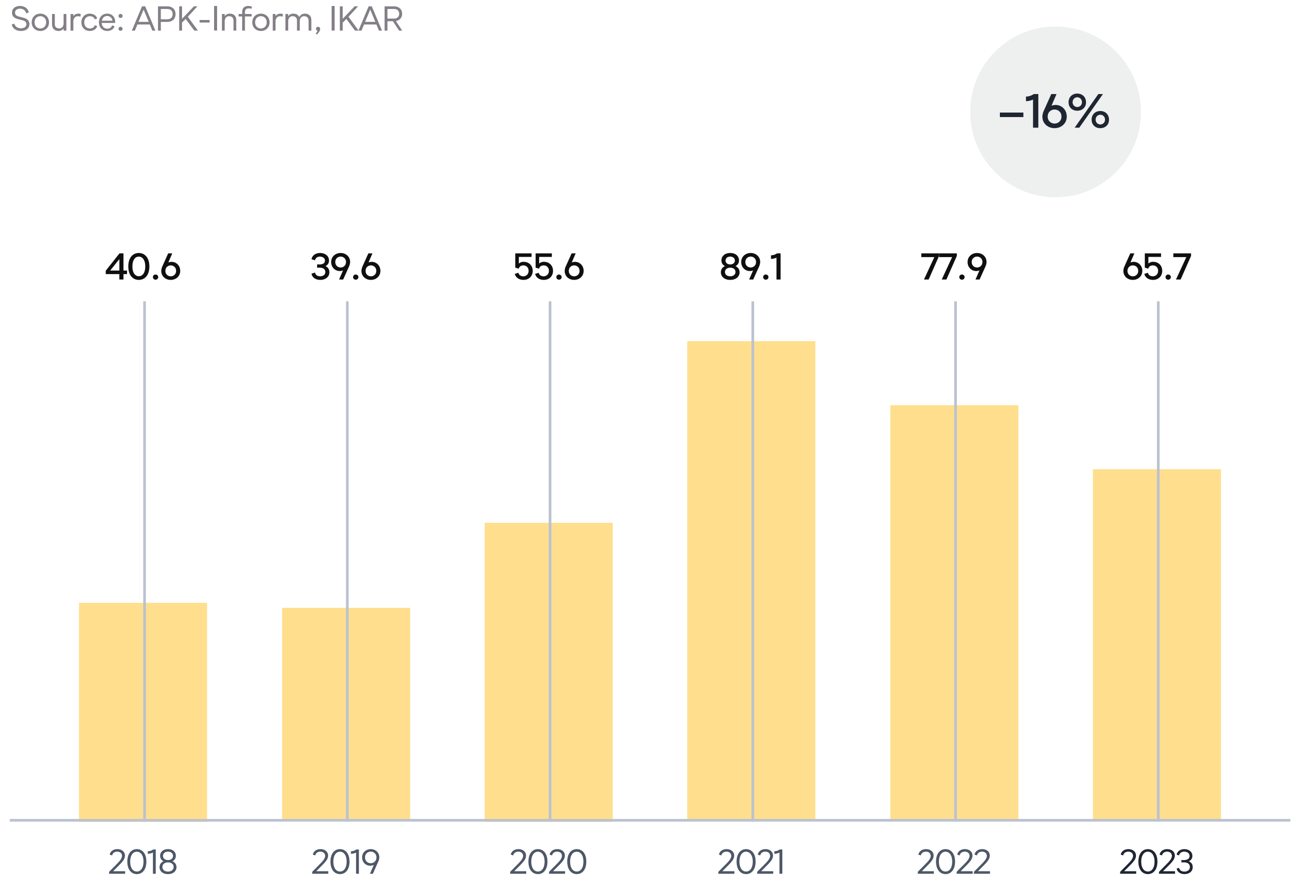
Crude sunflower oil

The average annual price of crude sunflower oil in Russia fell by 16% in 2023 compared to the 2022 average and stood at 65.7 thousand RUB/tonne excluding VAT. The change in market prices over the year was driven by changes in global prices and exchange rate fluctuations.

Meanwhile, the average global palm oil price fell by 30% year on year (to 896 USD/tonne). The price fluctuated by USD 100–150 during the year, but towards December it dropped to 820 USD/tonne.

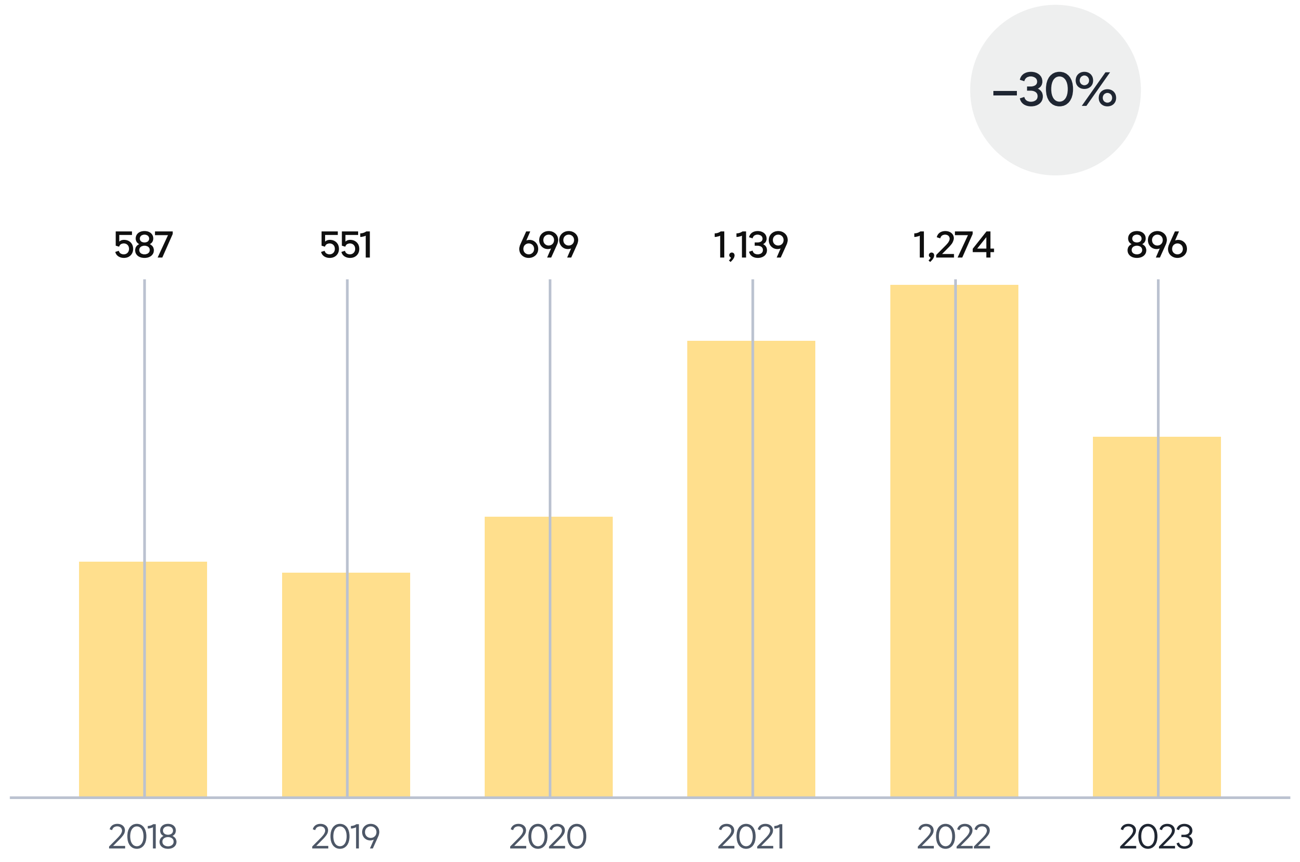
Average crude sunflower oil market prices in Russia, ths RUB/t, excl. VAT

Source: APK-Inform, IKAR



Average global crude palm oil market prices, USD/t

Source: APK-Inform



896 –30% USD/T

The average global palm oil price

65.7 –16% THS RUB/T

The average annual price of crude sunflower oil in Russia

Prices

Consumer oil and fat products

Manufacturers' prices for the main categories of consumer oil and fat products went in various directions in 2023.

The market prices for packaged sunflower oil fell by 4% to 88 RUB/kg excl. VAT (following 2022's several-year high of 92 RUB/kg excl. VAT), while mayonnaise prices fell by 3% to 114 RUB/kg excl. VAT. The fall in vegetable oil prices followed the general trend for crude oil prices. The slight drop in mayonnaise prices was the result of marketing pressure by manufacturers.

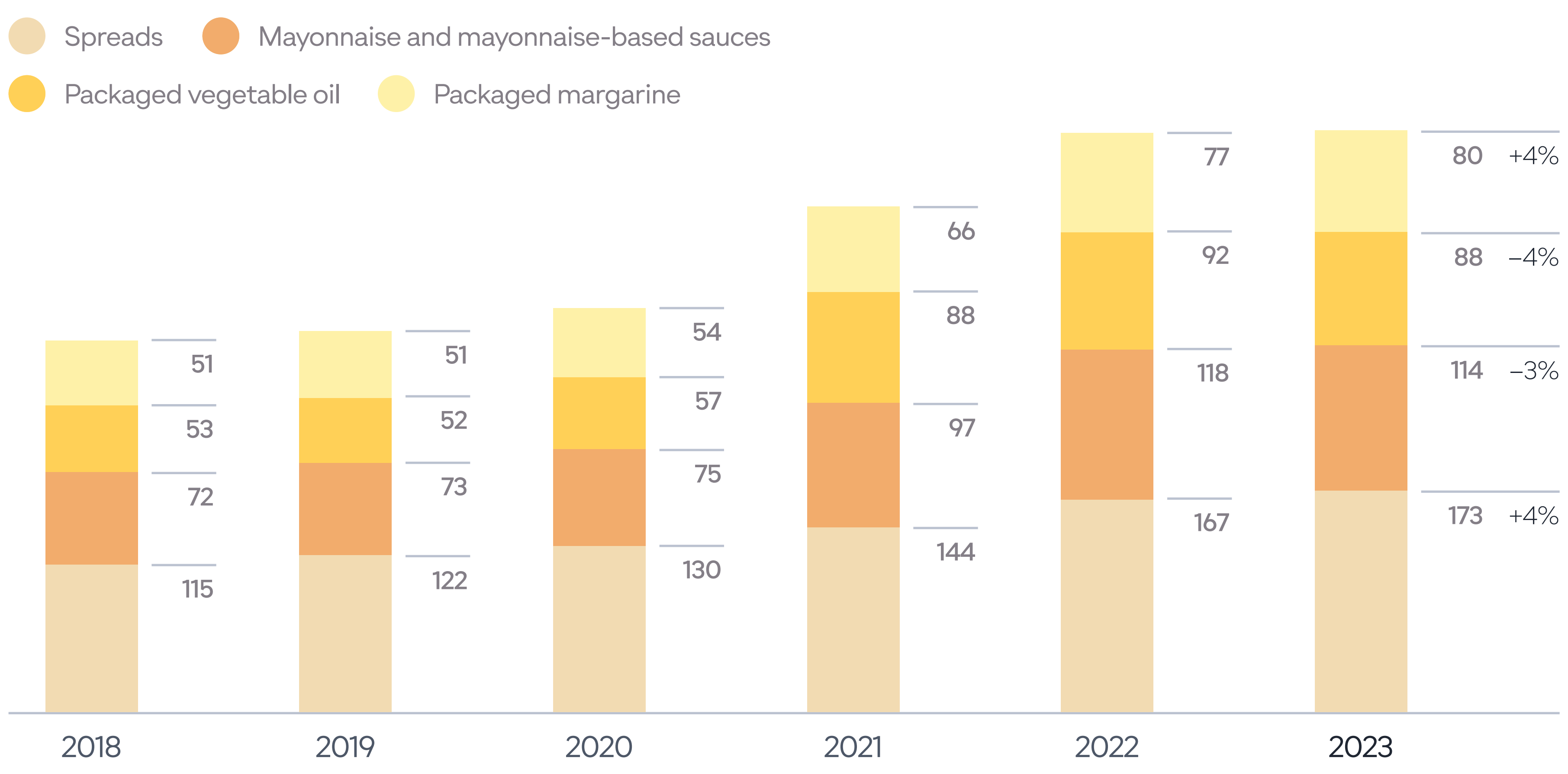
Prices for margarines and spreads went up by 4% to 80 RUB/kg and 173 RUB/kg excl. VAT, respectively.

This rise was due to the increase in the dollar rate, which made palm oil more expensive for Russian manufacturers. Rising prices for logistical services contributed to an increase in production costs.

An upward trend could also be seen in the market prices for cheese, cheese products, and butter, which rose by 6%, 1%, and 6%, respectively. Although the cost of raw milk fell (by 7% to 31.8 RUB/kg excl. VAT), the price was supported by growing consumer demand and increased exports of milk-rich product categories (consumer milk and fermented milk products).

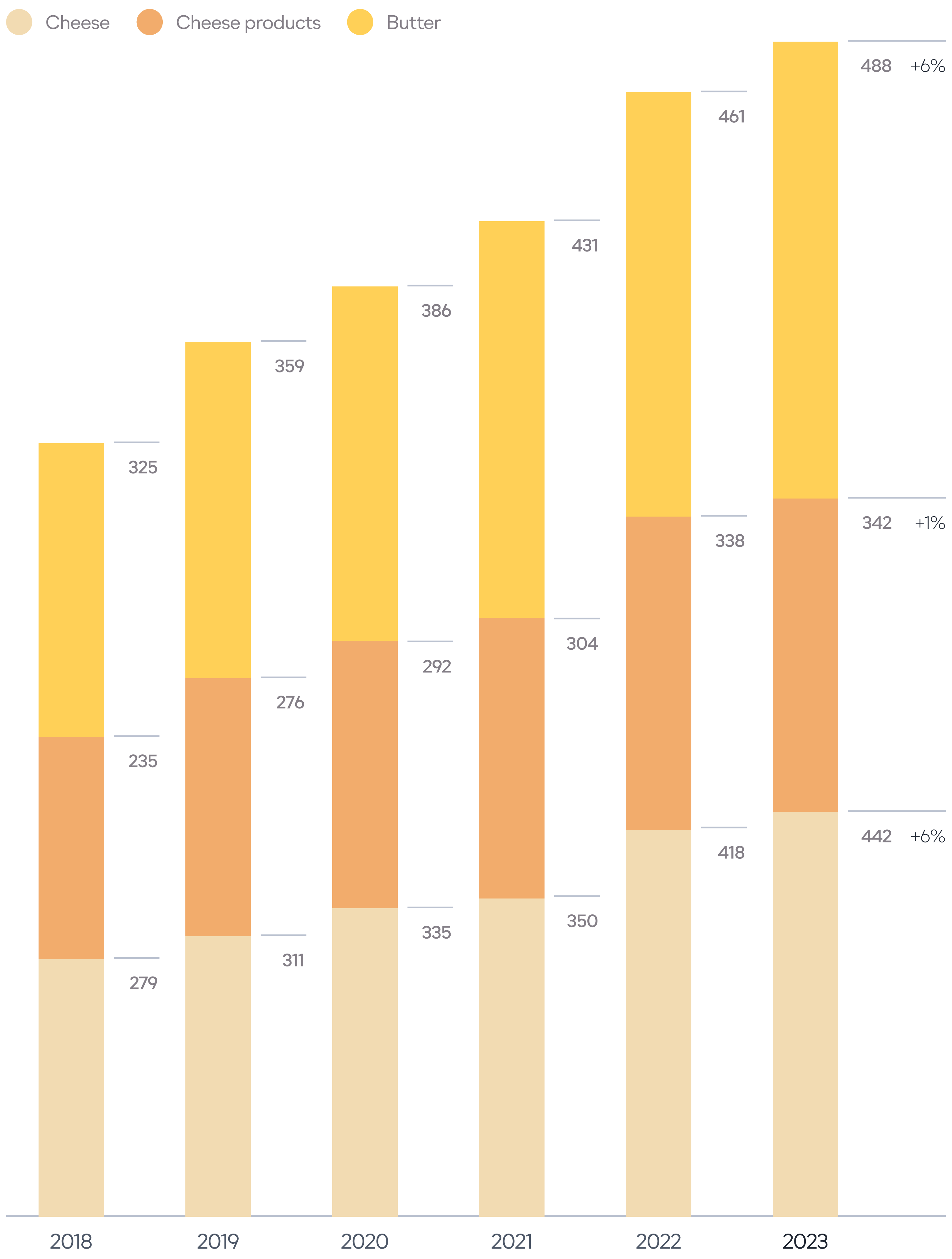
Average prices of consumer oil and fats in Russia, RUB/kg (excl. VAT)

Source: BusinessStat



Average consumer dairy product prices in Russia, RUB/kg (excl. VAT)

Source: Milknews, based on Rosstat data and analysis by the National Milk Producers' Union

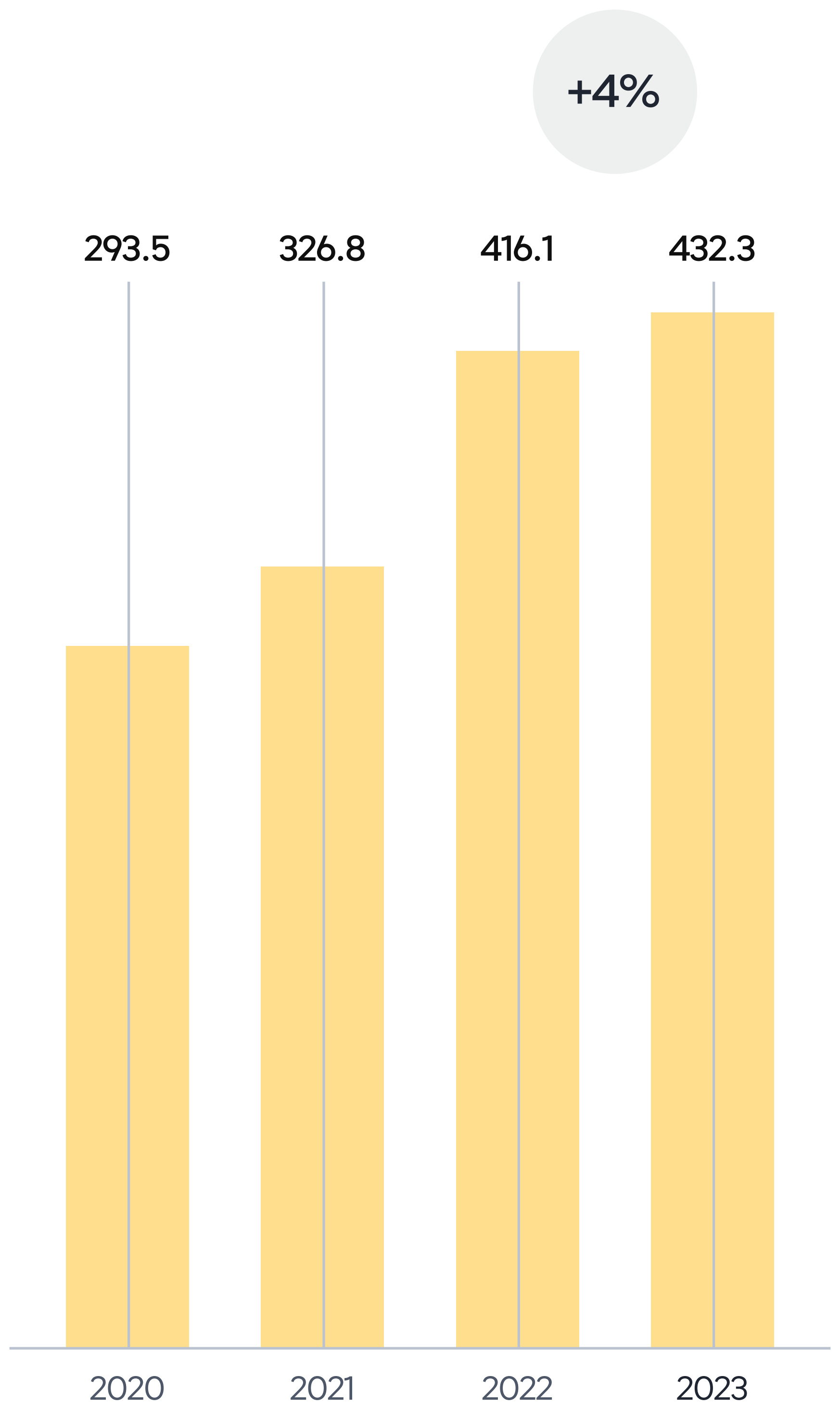


Bar soap

The average annual price for toilet soap rose by 4% in 2023 to 432.3 RUB/kg excl. VAT. This was due to an increase in variable costs, which led to a rise in retail prices in shops.

Average prices of toilet soap in Russia, RUB/kg (excl. VAT)

Source: AC Nielsen Retail Audit



Performance of the Rusagro's Oil and Fats segment and NMGK in 2023

139.9 RUB BN +5%

Revenue from the combined Rusagro and NMGK oil and fats segment in 2023

18.7 RUB BN +17%

Adjusted EBITDA of the combined Rusagro and NMGK oil and fats segment

13 % +1 p.p.

Adjusted EBITDA margin of the segment

563 THS TONNES –12%

Rusagro crude vegetable oil production

325 THS TONNES

NMGK crude vegetable oil production

314 THS TONNES –15%

Rusagro crude vegetable oil sales

223 THS TONNES

NMGK crude vegetable oil sales

316 THS TONNES +6%

Rusagro industrial fat sales

60 THS TONNES

NMGK industrial fats and food grade surfactant sales

292 THS TONNES –3%

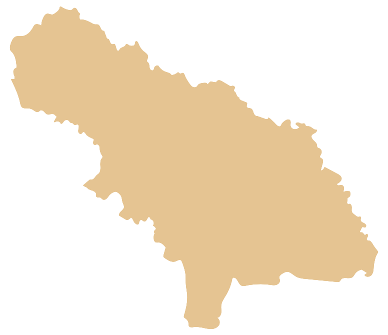
Rusagro consumer oil and fat sales

169 THS TONNES

NMGK consumer oils and fats sales

Business overview

Saratov Region



Elevators:
- Kalininsk
- Pugachyov
- Samoilovka
- Stepnoye
- Rtishchevo
- Petrovsk
- Saltykovka
- Komsomolsky
- Arkadak
- Khvalynsk
- Balashov
- Balashov Grain Storage
- Yekaterinovka Elevator

Plants:
- Atkarsky Oil Extraction Plant
- Balakovsky Oil Extraction Plant
- Saratovsky Oil and Fats Plant

Samara Region

Elevators:
- Alekseyevka
- Pokhvistnevo
- Bolshaya Glushitsa Grain Reception Enterprise
- Borskoye Elevator
- Pestravka Grain Reception Enterprise

Plants:
- Bezenchuksky Oil Extraction Plant
- Koshkinsky Butter and Cheese Plant
- Samara Fats Plant

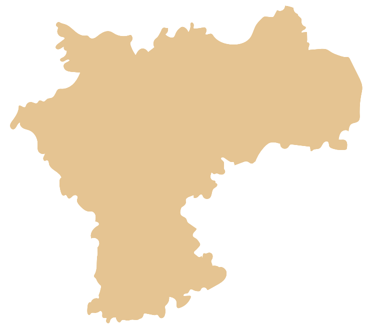
Sverdlovsk Region

- Yekaterinburgsky Oil and Fats Plant

Primorsky Territory

- Primorskaya Soya Oil Extraction Plant and Oil and Fats Plant

Ulyanovsk Region

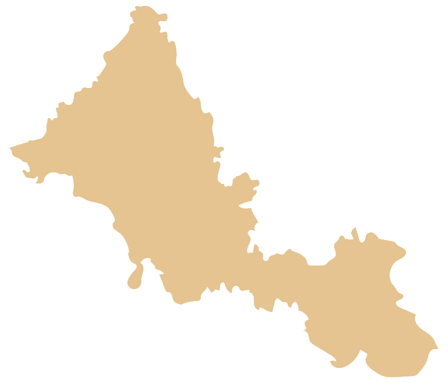


- Zavolzhsky Milk Plant

Nizhny Novgorod Region

- Nizhny Novgorod Oil and Fats Plant

Orenburg Region



Elevators:
- Buguruslan
- Totskoye
- Sorochinsk Elevator

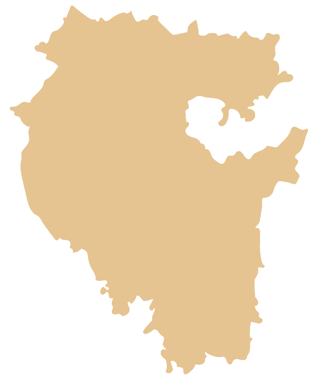
Plants:
- Sorochinsk Oil Extraction Plant

Volgograd Region

Elevators:
- Uryupinsk Elevator

Plants:
- Uryupinsk Oil Extraction Plant

Republic of Bashkortostan



- Yermolayevo Grain

Elevators

Plants

Oil and Fats Business assets

NMGK assets

Business overview

Oil extraction

Rusagro's total sunflower processing capacity increased by 13% in 2023, reaching 5.2 thousand tonnes of sunflower seeds per day. In 2023, the Balakovsky Oil Extraction Plant was upgraded, and in November 2023 the plant began producing 2,400 tonnes/day, 33% more than in the previous year prior to the upgrade. It processes 1,609 thousand tonnes of sunflower seed per year. This means around 700 thousand tonnes of crude oil and 610 thousand tonnes of meal can be produced, depending on the oil content of the sunflower and the plant's performance.

The acquisition of control over NMGK has resulted in Rusagro gaining additional sunflower processing capacity of 757 thousand tonnes per year. The total capacity of the group's oil extraction plants is now 2,366 thousand tonnes per year.

In addition, Rusagro owns a soybean processing plant in the Russian Far East with a maximum annual capacity of 179 thousand tonnes of soybeans, which yields up to 18 thousand tonnes of oil and 75 thousand tonnes of soybean meal per year.

Production facilities for processing oilseeds into oil and meal

4 PLANTS

Oil and Fats Business

2 PLANTS

NMGK

Production of oil and fat products

In 2023, Rusagro's total annual production capacity was approximately 418 thousand tonnes of industrial fats (up by 2% on 2022 due to the reduction of operational downtimes and improved performance of production lines) and 645 thousand tonnes of consumer products, including around 300 thousand tonnes of bottled oil, 285 thousand tonnes of mayonnaise and mayonnaise-based sauces, and 65 thousand tonnes of consumer margarine and spreads.

The additional capacities that NMGK has brought to the group's production facilities can produce 70 thousand tonnes of industrial fats and 266 thousand tonnes of consumer products, including mayonnaise and mayonnaise-based sauces (195 thousand tonnes), consumer margarine and spreads (38 thousand tonnes), and toilet and laundry soap (33 thousand tonnes).

Oil and Fats Business

2 PLANTS

producing industrial fats and consumer oil and fat products

2 PLANTS

producing dairy products

NMGK

2 PLANTS

producing industrial fats and consumer oil and fat products

Storage and conditioning

Rusagro's Oil and Fats Business has five elevators with a storage capacity of around 190 thousand tonnes of sunflower. The Company also leases ten third-party elevators with a storage capacity of 230 thousand tonnes of sunflower. The elevators can also be used to store grain crops.

NMGK's assets include eight elevators that can store 475 thousand tonnes at any one time. The total storage capacity at the group's disposal is equal to 895 thousand tonnes.

895 THS TONNES

The total storage capacity at the group's disposal

Production of dairy products

Rusagro's estimated milk processing capacity at its butter and cheese plant is 270 tonnes of milk per day. In terms of industrial dry mixes, the total production capacity is 17 thousand tonnes. Milk is purchased from private farms in Ulyanovsk and Samara regions and in Tatarstan. The product range includes cheese and cheese products, butter and spreads, cream, and powdered products. The plant specialises in the production of cheese and cheese products made with rennet. Butter and cream are by-products of this process, as are powdered mixes made from cheese whey.

270 TONNES OF MILK PER DAY

Rusagro's estimated milk processing capacity at its butter and cheese plant

Business overview

Brands

The product portfolio of Rusagro's Oil and Fats Business and NMGK has four segments: sauces, liquid oils, solid fats and soaps, and dairy products. The key sauce brands are Ya Lublu Gotovit, Mechta Khozyaiki, Provansal EZhK, Ryaba, Astoria, and Sdobri, while the key margarine brands are Schedroe Leto, Chudesnitsa, and Khozyayushka. Ya Lublu Gotovit is an umbrella brand that incorporates three local brands of mayonnaise (Moskovsky Provansal, Saratovsky Provansal, and Novosibirsky Provansal). Sauces, ketchup, and pasta are marketed under the Astoria brand. NMGK also produces a baby soap, Moi Malysh.

Other brands are: Rossiyanka, Benefitto, Maslava, and Leto Krasno (oils); Saratovsky and Slivochnik (margarines); Zhar Pechka, Buterbrodnoye Utro, Kremlyovskoye and Alpiisky Lug (spreads); Olivyez and Nezhny (mayonnaise); Milye and Syrnaya Kultura (milk products); Khozyayushka Toplyonaya (clarified fat blend); and Delicato (coconut oil). Product innovations: Hungry Panda plant-based drinks. Soap: Retsepty Chistoty, Monpari, Dushistoye Oblako, and Originalnoye.

Following the merging of the business with NMGK, the combined business's margarine brands occupy around 65% of the consumer margarine market in Russia and its mayonnaise brands lead the market with a 38% share. In Central Russia, the most recognisable brand is Moskovsky Provansal, while in the Urals this is Provansal EZhK and Schedroe Leto margarine. NMGK's mayonnaises Ryaba and Sdobri hold strong positions in their home markets in Northwestern Russia and the Volga region. Khozyayushka is the leading margarine brand in the Northwestern region. Kremlyovskoye is the most popular spread in Central Russia. Schedroe Leto is also the number one brand exported from the Russian Federation and dominates the markets in Uzbekistan, Tajikistan, and Turkmenistan. Mechta Khozyaiki is the market leader in Moldova and Azerbaijan, while Olivyez is top in Uzbekistan. A special brand, Leto Krasno, has also been developed for the Chinese market.

Oil and Fats Business brands

NMGK brands

Business overview

4 | 4

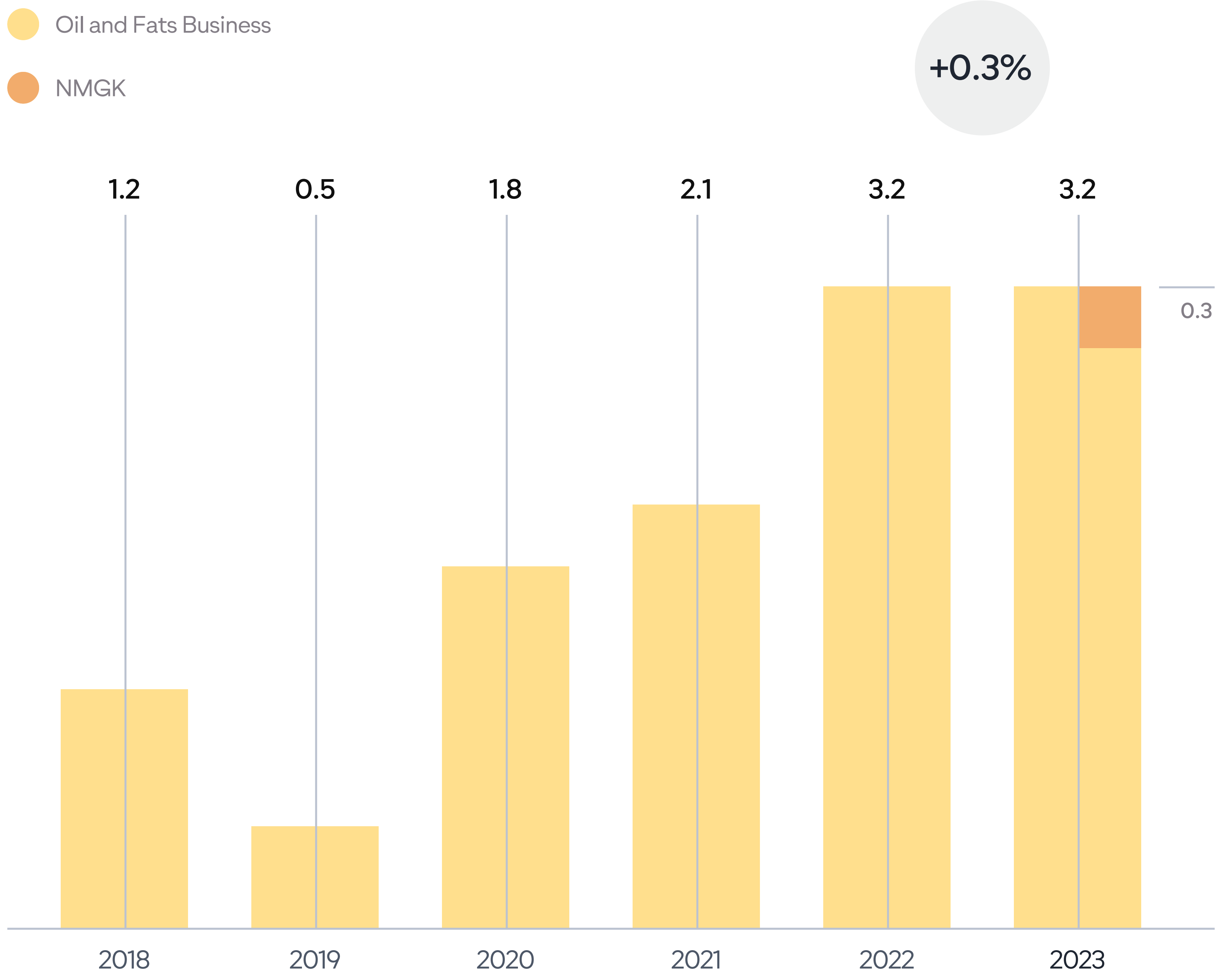
Investment

In 2023, Rusagro invested RUB 3.2 billion in developing and maintaining its Oil and Fats Business – the same level as in the previous year. Overall investment in the oil and fats segment, including NMGK, came to RUB 3.5 billion. Most of the investment went towards upgrading the Balakovsky Oil Extraction Plant and repairing the production site in Ulyanovsk.

3.5 RUB BN

Rusagro invested in developing and maintaining its Oil and Fats Business (including NMGK)

Rusagro investment in the oil and fats segment, RUB bn



Major oil and fats segment investment projects

Balakovsky Oil Extraction Plant upgrade to increase processing capacity to 2400 tonnes/day

Objective

to increase processing capacity to 2,400 tonnes/day

Cost (excl. VAT)

1.4 RUB BN

Implementation period

September 2023

Where

Saratov Region

Upgrade of drying capacity at Atkarsky Oil Extraction Plant

Objective

to ensure the uninterrupted supply of raw materials for production; to fill the elevator during periods when purchase prices are low (60 days)

Cost (excl. VAT)

0.2 RUB BN

Implementation period

December 2023

Where

Saratov Region

Purchase and installation of a CIP (cleaning-in-place) system for the sauces section

Objective

to increase production at the sauces workshop by reducing the time spent cleaning equipment

Cost (excl. VAT)

0.3 RUB BN

Total investment in 2023 (excl. VAT)

0.1 RUB bn

Implementation period

Q1 2024

Where

NMGK, Nizhny Novgorod

Line to produce sauces in Bulk packaging format for FoodService

Objective

to increase capacity for the production of sauces in Bulk format

Cost (excl. VAT)

0.3 RUB BN

Total investment in 2023 (excl. VAT)

0.2 RUB bn

Implementation period

November 2023

Where

NMGK, Nizhny Novgorod

Technology and innovation

In 2022, Rusagro's Oil and Fats Business approved an updated digital transformation strategy for 2023–2029.

The fundamental basis of the updated strategy is that information technology should contribute to the Company's sustainability and improve profit margins. The IT team's work is aimed at optimising costs and improving productivity through the use of advanced automation systems and digital solutions. The focus in 2023 has been:

1) creating a centralised, stable IT systems architecture that can be aggressively scaled up;
2) digitalising end-to-end business processes, from the purchase of raw materials (sunflower) to sales of the finished oil and fat products, including all cycles, both core production (processing, production) and ancillary processes (logistics, storage, pricing, customer service, repairs).

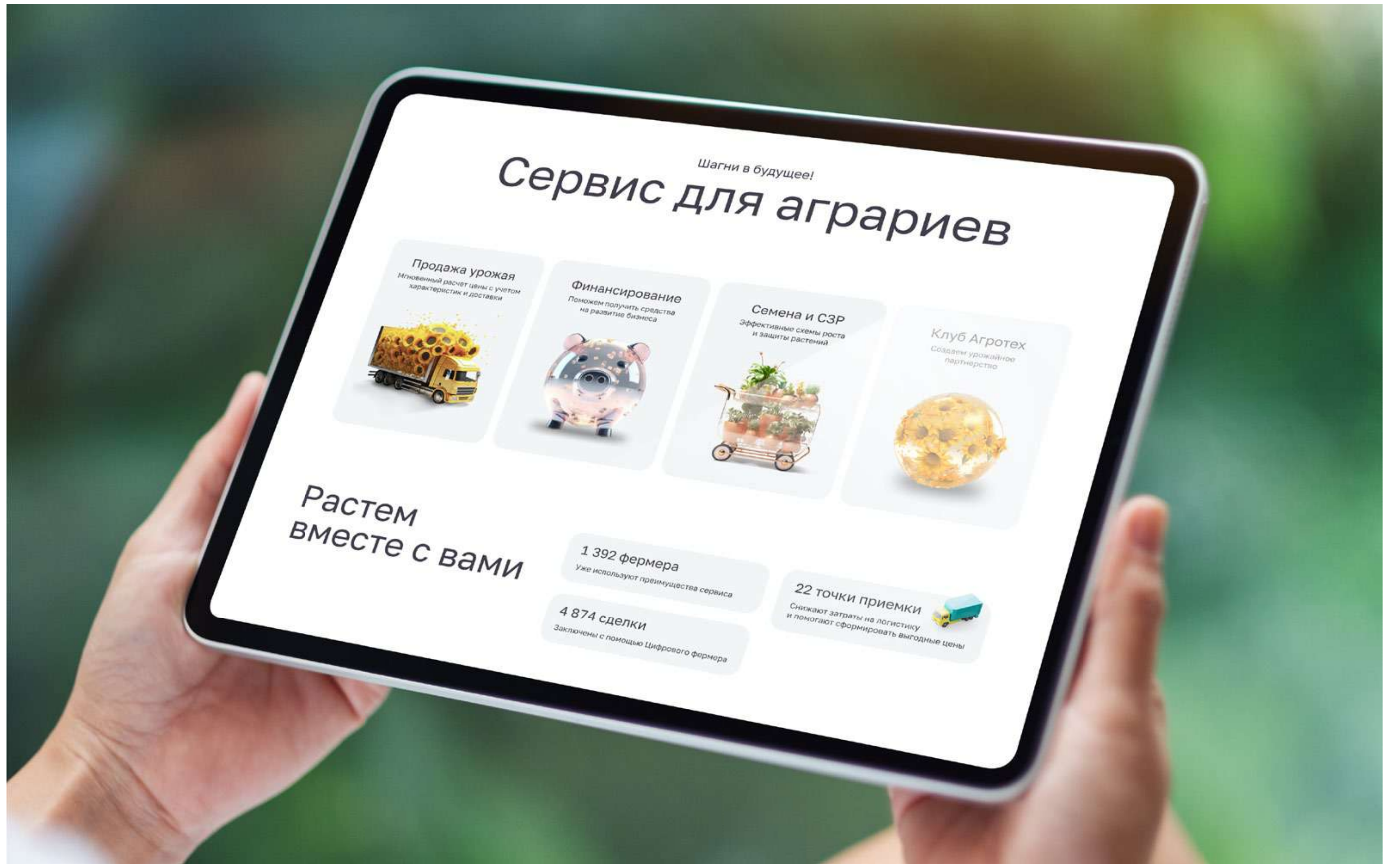
Business phase	Technology and solutions	Objectives	Implementation period
1 Strategic planning	The Strategic Algorithm, a virtual model of Russia's fats industry that will contain: oilseed-cultivating districts and municipalities, transportation routes, oilseed crop storage and processing facilities, production centres, distribution routes, and consumption volumes of products made from fats (oil, mayonnaise, sauces, dairy)	Increase efficiency of management processes in terms of production and sales, logistics, and purchasing by modelling the behaviour of all market participants and optimising our own activity	2022–2024
2 Integrated business planning	System to predict product demand based on in-depth data analysis and broken down by SKU (stock-keeping unit) and region; more accurate predictions will enable OEE (overall equipment effectiveness) to be maximised	Reduce write-offs of dead stock, reduce loss of earnings from sales, increase turnover at finished product warehouses	2022–2024
3 Procurement of raw materials and agrotechnology	Digital Farmer app: a platform for managing farmers' long-term engagement, from raw material purchases and access to financing, to comprehensive agricultural support	Ensure maximum utilisation of capacity, optimise costs and dates of raw material transportation and storage/processing sites, increase yield during large-scale harvesting	2022–2024
4 Production of oil and fat products	System for optimising the planning of production and delivery of oil and fat products	Increase product output and lower production/logistics costs	2023–2024
5 Product storage and logistics	Single set of systems for managing business processes: warehouse management system (WMS), yard management system (YMS), and transport management system (TMS)	Deliver faster and more reliable warehouse operations, cut transport costs	2020–2024
6 Pricing	Digital product that uses Big Data to predict and manage pricing and promotional activity	Increase sales revenues and volumes, as well as product margins	2022–2024

Technology and innovation

Digital Farmer – a unique digital ecosystem to run the business and communicate with farmers

In 2021, Rusagro successfully launched its flagship project – the Digital Farmer app. This is a single architectural solution that brings different IT solutions together into one app to automate our work with farmers. By the end of 2023, over three thousand agricultural producers in every region where the Oil and Fats Business operates were using the app. 90% of all purchases are now made via Digital Farmer.

Users believe this additional way of communicating saves them time and makes selling their agricultural products simpler. With this digital service, suppliers can order transport, carry out sales and purchases with a digital signature, exchange information on supplies and professional recommendations, and receive real-time analytics. One of the vital services provided is Agricultural Support, which gives farmers access to professional support in the run-up to sowing, thereby increasing their sunflower yield.



Oil and Fats Business product innovations

In 2023, R&D at the Oil and Fats Business developed the Hungry Panda brand of plant-based drinks – Oat, Coconut, and Almond – and launched the brand at the Ulyanovsk site.

To create innovative products with improved consumer properties, GrandPro Eclair, a specialist margarine with a 72.5% fat content for making creams, was developed and launched in 2023 in the GrandPro line. In the specialist confectionery fats line, a POP-type cocoa butter substitute was developed and launched. In the HoReCa segment, mayonnaise with a fat content of 67% and 78% was developed for the UAE market.

NMGK product innovations

Developments in the FMCG category: a line of dessert sauces for retail; Parmesan cheese-flavoured sauce, Truffle mushroom-flavoured sauce, and Provansal Konoplyany mayonnaise. Developments in the B2B category: a general-purpose fat with a predetermined ratio of short-chain fatty acids close to milk fat, and a premium coconut oil for frying popcorn.

Operating results

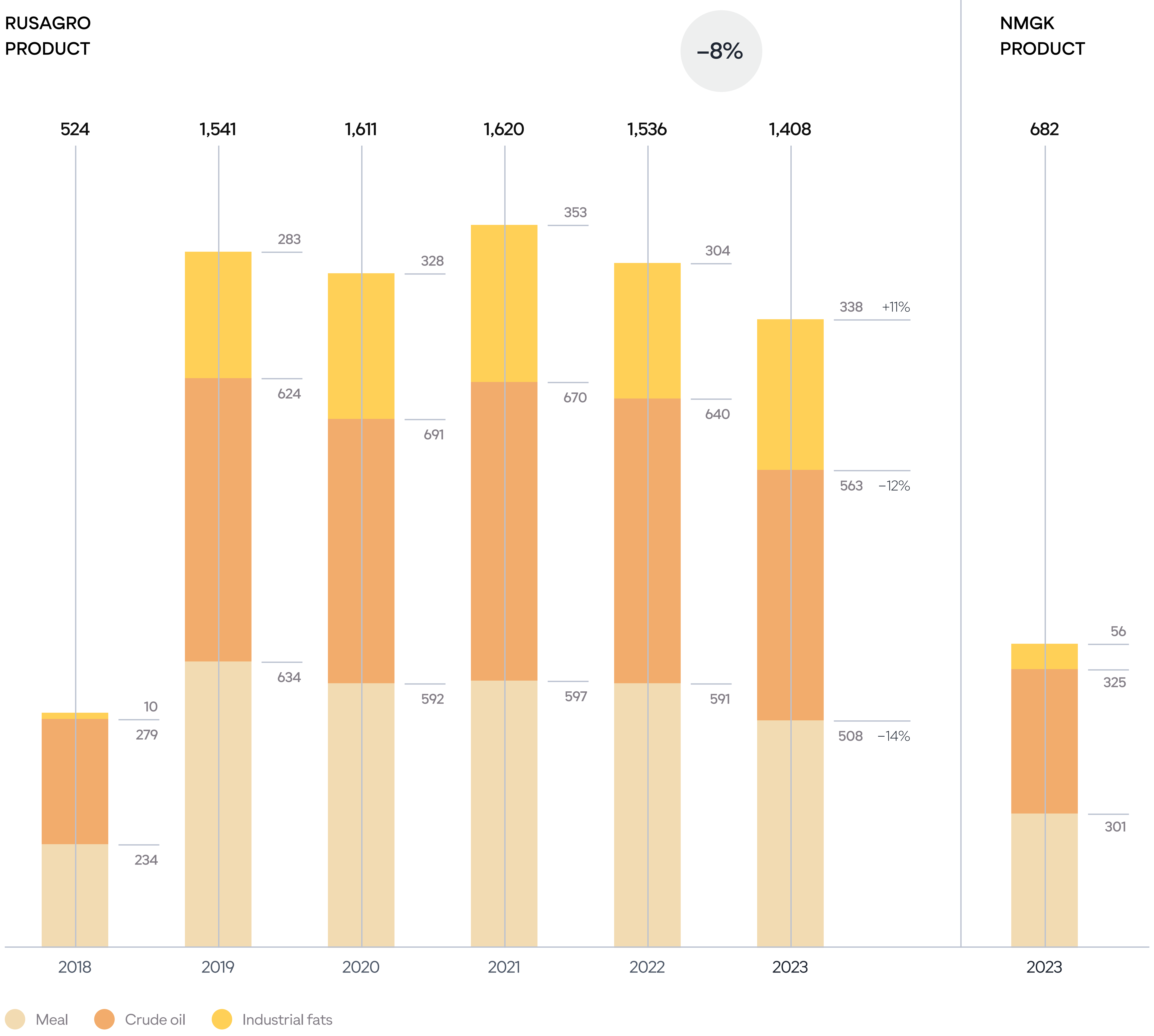
Production

In 2023, Rusagro's crude vegetable oil production fell by 12% (–78 thousand tonnes) to 563 thousand tonnes. NMGK produced 325 thousand tonnes of crude vegetable oil in 2023. The volume of sunflower seeds processed by Rusagro fell to 1.2 mn tonnes (–16%). The decline in production was caused by a shortage of available capacity in early 2023 due to icy conditions in Astrakhan, as well as the shutdown of the Balakovsky Oil Extraction Plant for upgrading.

In addition to sunflower oil, 72 thousand tonnes of soybeans (+36%) were processed to produce 11 thousand tonnes of soybean oil (+27%). Meal production fell by just 14% to 508 thousand tonnes.

Rusagro produces all the main types of industrial fats, with the exception of cocoa butter equivalents. The bulk of the product range comprises all-purpose margarines and fats, which are the most sought-after products on the domestic market. In 2023, the Company was able to increase its output of industrial fats by 11% to 338 thousand tonnes. There was also an increase in equipment operating effectiveness – operational downtimes were reduced by preheating the line and increasing productivity. NMGK produced 56 thousand tonnes of industrial fats during the reporting period.

Rusagro production of industrial oil and fat products, ths tonnes



563 –12% THS TONNES

Rusagro crude vegetable oil production

325 THS TONNES

NMGK crude vegetable oil production

338 +11% THS TONNES

Rusagro industrial fats production

56 THS TONNES

NMGK industrial fats production

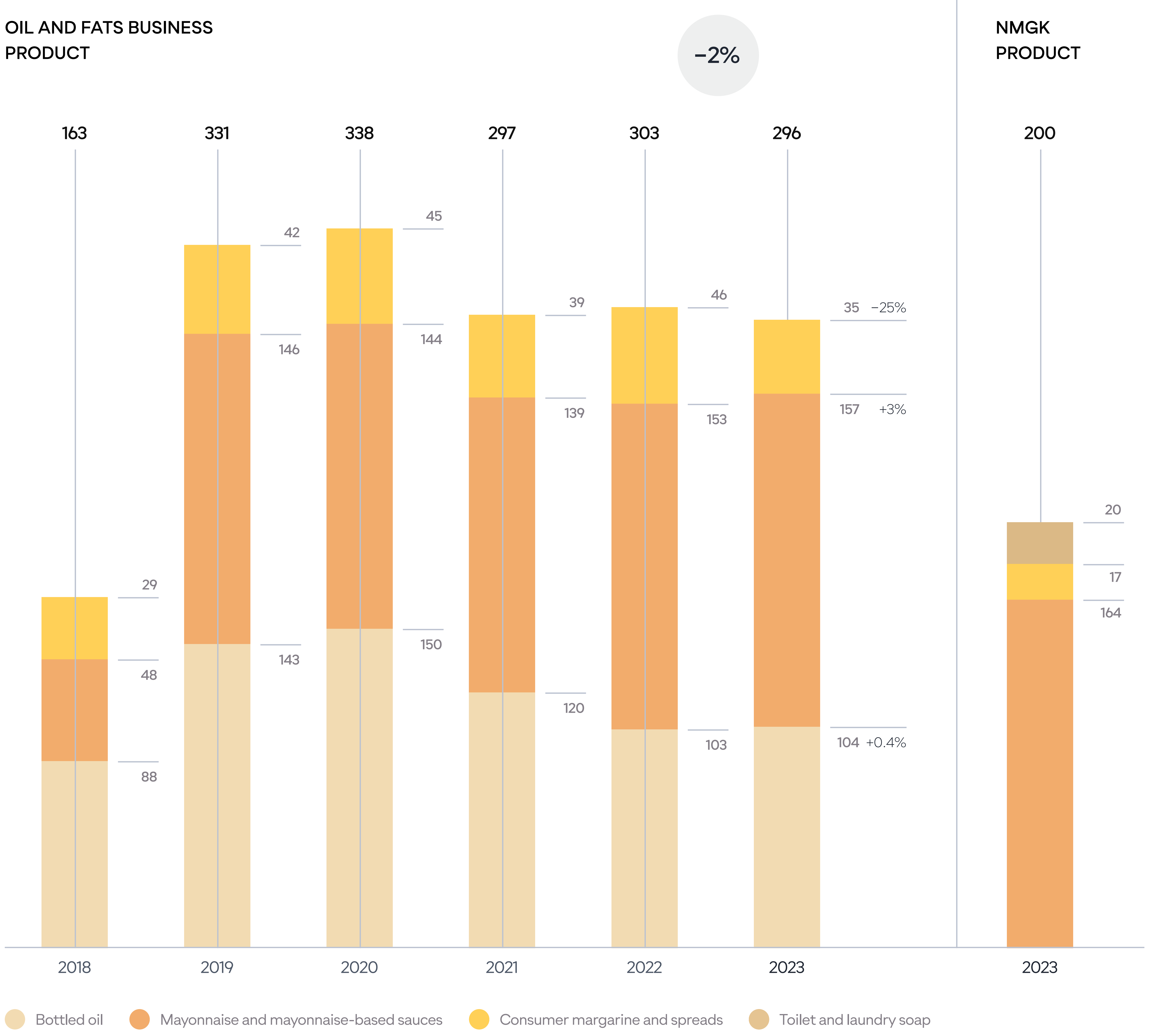
Operating results

Production

Following a reduction in consumer demand for margarine that impacted demand for finished products on domestic and global markets, Rusagro's output of oil and fat consumer products fell by 2% in 2023 to 296 thousand tonnes (−7 thousand tonnes). Bottled oil production remained virtually unchanged compared to last year, at 104 thousand tonnes (+0.4%). However, production of mayonnaise and mayonnaise-based sauces was up 3% (+5 thousand tonnes), reaching 157 thousand tonnes. One of the factors that contributed to the growth in mayonnaise production was the launch of a line producing sauces in catering-sized buckets. The production of margarines and spreads, however, fell by 25% (−12 thousand tonnes) to 35 thousand tonnes.

NMGK produced 164 thousand tonnes of mayonnaise and mayonnaise-based sauces, 17 thousand tonnes of margarines and spreads, and 20 thousand tonnes of toilet and laundry soap during the period. 200 thousand tonnes of consumer oil and fat products were produced in 2023.

Rusagro production of consumer oil and fat products, ths tonnes



Oil and fats Business and NMGK produced 496 ths tonnes of consumer oil and fat products in 2023

296 −2% THS TONNES

Rusagro production of consumer oil and fat products

200 THS TONNES

NMGK production of consumer oil and fat products

Operating results

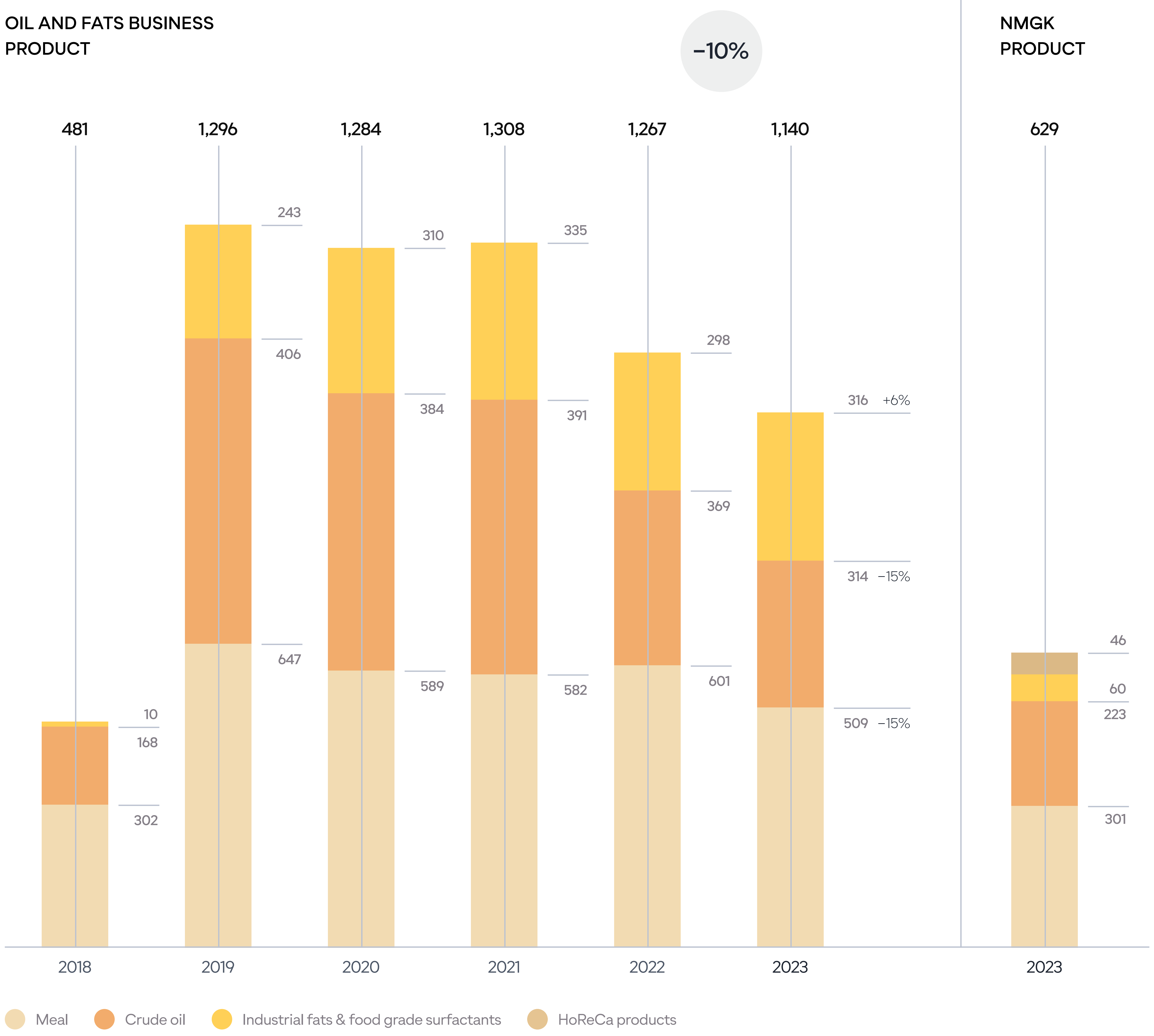
Sales

In 2023, sales of Rusagro's industrial oil and fat products fell by 10% (–127 thousand tonnes) to 1,140 thousand tonnes. There was an upward trend in sales of industrial fats, which saw a 6% increase (+19 thousand tonnes on 2022) to 316 thousand tonnes. This was due to increased sales of all-purpose and confectionery fats and all-purpose margarines. Lower output pushed sales of sunflower oil down by 54 thousand tonnes to 314 thousand tonnes (–15%), while sales of meal fell by 15% to 509 thousand tonnes (–92 thousand tonnes).

Sales of consumer oil and fat products fell by 3% (–9 thousand tonnes) to 292 thousand tonnes. This was due to a 3% decline in sales of bottled oil (–4 thousand tonnes), since potential output was limited by production capacities. Sales of consumer margarines and spreads fell by 22% (–9 thousand tonnes) to 32 thousand tonnes. This was partially offset by growth in the mayonnaise and mayonnaise-based sauces category, where sales increased by 3% (+4 thousand tonnes) to 149 thousand tonnes. The growth in this category was linked to increased sales both in Russia – as a result of the development of the nationwide distribution of Ya Lublu Gotovit mayonnaise and the launch of new sauce categories – and on export markets. The 5% growth in exports was driven by shipments to key countries – Azerbaijan, Kazakhstan, and Belarus.

In addition, NMGK sold 146 thousand tonnes of products in the consumer oil and fats category. Partly thanks to NMGK, the group's product range has acquired a new toilet and laundry soap category, and the "Other Products" category now includes pasta, coconut oil, and clarified fat blends.

Rusagro industrial oil and fat product sales, ths tonnes



NMGK sold 629 thousand tonnes of industrial oil and fat products in 2023

314 –15% THS TONNES

Rusagro crude vegetable oil sales

316 +6% THS TONNES

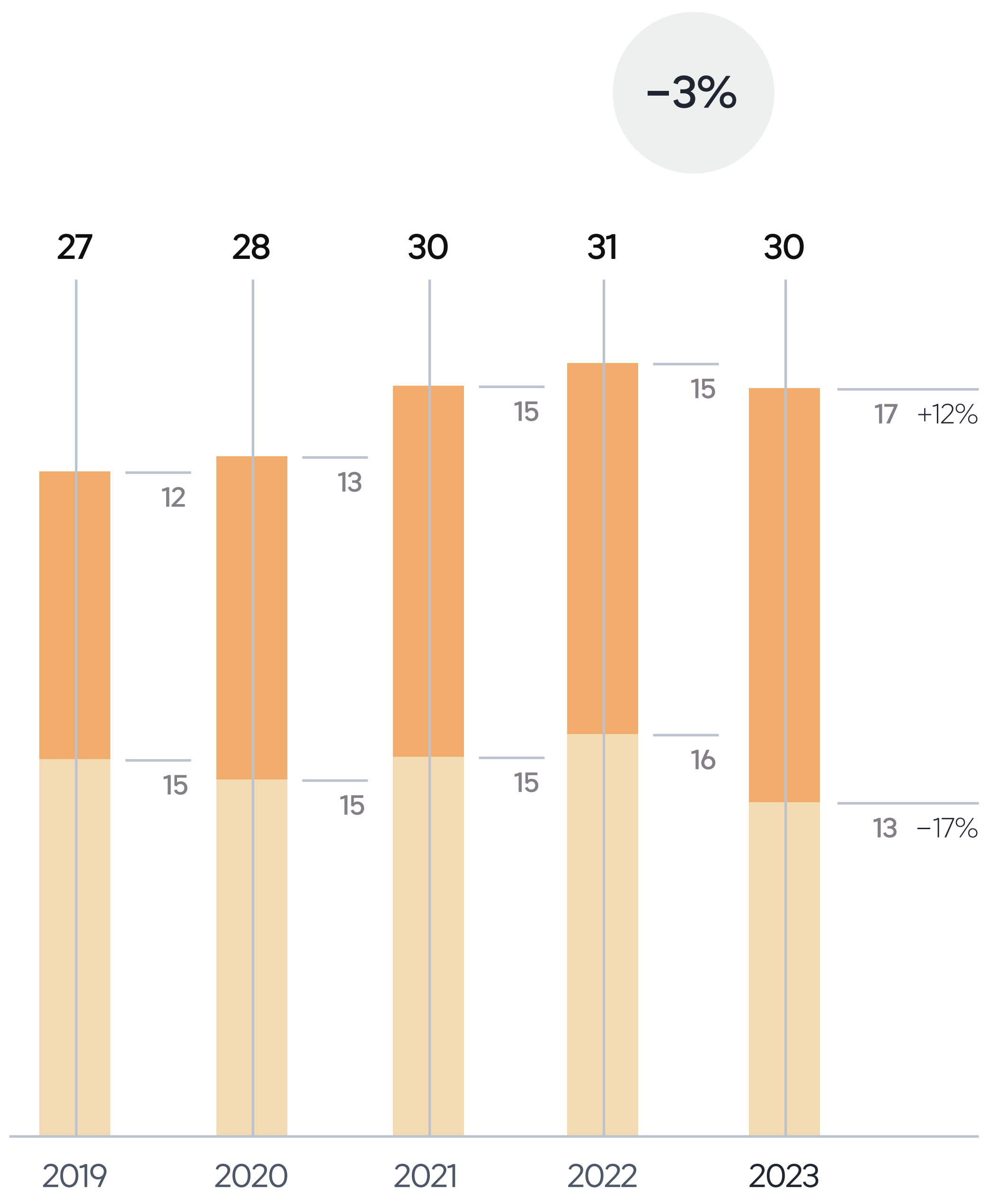
Rusagro industrial fats sales

Operating results

Sales

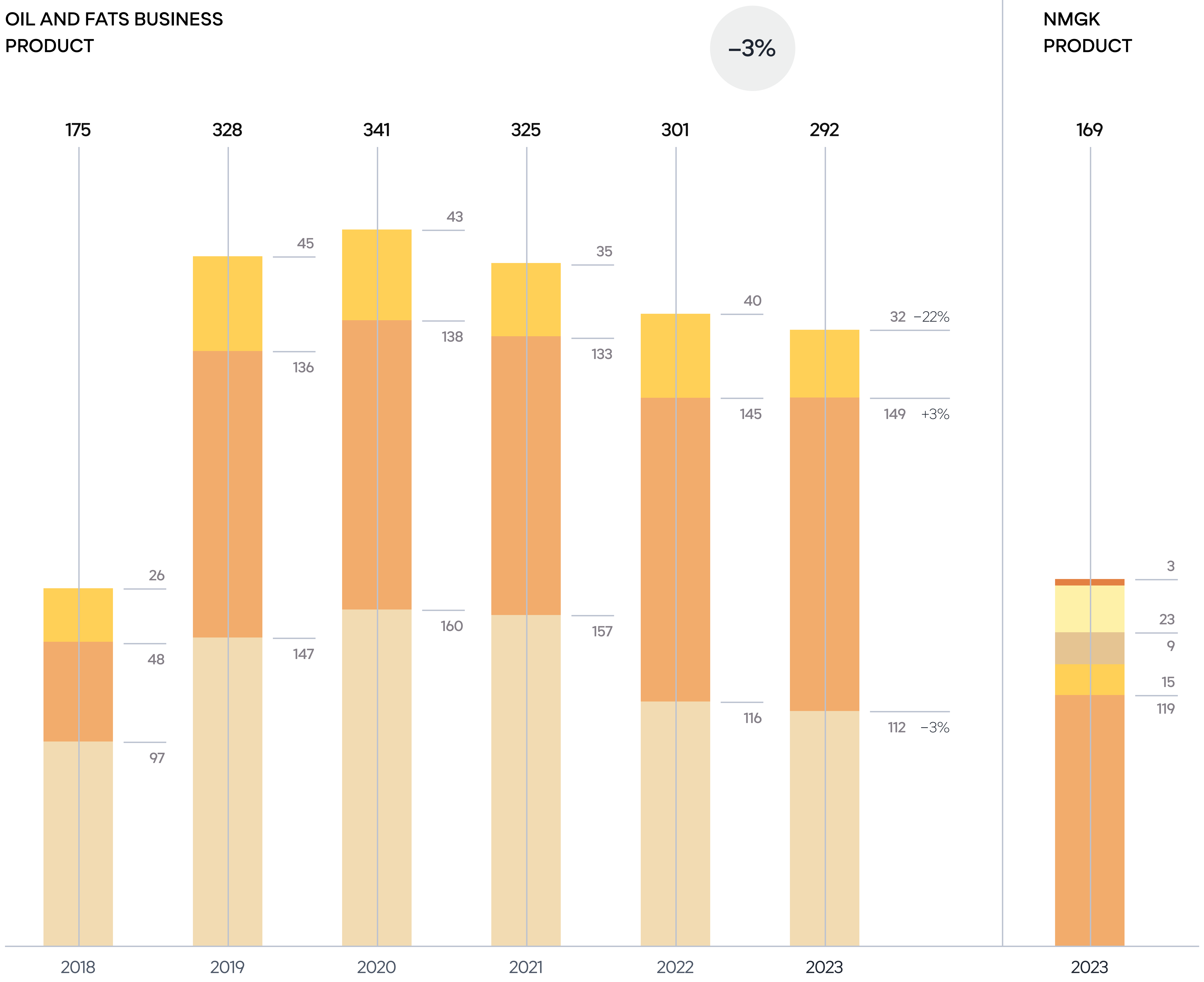
Sales of dairy products stood at 30.4 thousand tonnes, down 3% on 2022 (–1 thousand tonnes). Sales of whey powder mixes, which are used as ingredients in convenience food, as cream powder for instant coffee, and as additives for meat and confectionery products, fell by 17% to 13.6 thousand tonnes. Sales of consumer dairy products rose by 12% to 16.8 thousand tonnes, largely due to the expansion of raw products distribution.

Rusagro dairy product sales, ths tonnes



Industrial powdered mixes
Consumer products

Rusagro consumer oil and fat product sales, ths tonnes



Bottled oil
Mayonnaise and mayonnaise-based sauces
Consumer margarine and spreads
Other sauces and ketchup
Toilet and laundry soap (oleochemical and other products)
Other products[1]

[1] The Other Products category now includes pasta, coconut oil, and clarified fat blends.

Oil and Fats Business and NMGK managed to sell 461 ths tonnes of consumer oil and fat products in 2023

292 THS TONNES –3%

Rusagro consumer oil and fat product sales

169 THS TONNES

NMGK consumer oil and fat product sales

Brands

In 2023, the consumer segment accounted for 19% (+1 percentage point) of oil and fat product sales and 33% (+3 percentage points) of the revenues earned by Rusagro's Oil and Fats Business. Rusagro's oil and fat products have historically occupied leading positions in their home regions, partly thanks to distribution development, promotions, and new product launches. For example, according to data from AC Nielsen, in 2023 Provansal EZhK mayonnaise was, as before, the biggest seller in the Urals with a 63% market share, while Ya Lublu Gotovit was number two in Central Russia with a 23% market share. According to the results as of December 2023, Ya Lublu Gotovit is one of the top three brands in Russia. Schedroe Leto is the market leader in Central Asia (Uzbekistan, Tajikistan, Kazakhstan, and Kyrgyzstan). Saratovsky and Maslyona are popular in Azerbaijan and other export countries.

NMGK has brought some very strong brands into the group's portfolio. According to AC Nielsen data on the Russian market in 2023, Ryaba mayonnaise is in third place with an 11.3% market share, Khozyayushka margarine is the market leader with 31.1%, Astoria mayonnaise-based sauce ranks first with 34%, Khozyayushka clarified fat blend leads with 78.2%, and Delicato coconut oil is first with 77.5% of the market. Kremlyovskoye spread is the market leader with 19.8%. The soap brand Retsepty Chistoty also leads with 12.1% of the Russian market.

Astoria sauces are in demand in former Soviet countries (Belarus, Moldova, Latvia, and Georgia). Turning to the Central Asian markets, Kremlyovskoye spread is a big seller in Tajikistan, Kyrgyzstan, and Turkmenistan, and Khozyayushka margarine is popular in Tajikistan.

In 2023, Rusagro successfully launched several new products under the Ya Lublu Gotovit brand – "Domashny", "Perepeliny", "Chisty", and "Rastitelny" – with different fat contents, packaged in doypacks (stand-up pouches). The Mechta Khozyaiki sauce range was expanded with the arrival of various mayonnaises in original flavours – honey and mustard, barbecue, and garlic (15% fat, weight 200g, doypack). New margarines were also launched for export to Uzbekistan, Tajikistan, Kazakhstan, and Kyrgyzstan: Schedroe Leto for shirchoi (Tajik green tea traditionally made with milk, butter, and salt), 72% fat; Schedroe Leto for puff pastry, 82% fat; Chudesnitsa, 55% fat; and Schedroe Leto Fermerskoye spread, 82% fat.

In response to the growing demand for healthy options in the mayonnaise category, Rusagro has produced light mayonnaises that can be eaten during Orthodox fasts, with packaging marked "no vinegar", "no starch", "pure ingredients" and so on. Rusagro launched "Chisty" and "Rastitelny" products under the Ya Lublu Gotovit brand, made of the finest natural ingredients, and sugar- and vinegar-free.

NMGK also has products in its portfolio that support this trend: coconut oil, which contains no cholesterol, for those leading a healthy lifestyle or following keto diets; Ryaba mayonnaise made with natural ingredients, free of artificial additives and GMOs; the Astoria line of sauces with a fat-free base (based on vegetables, fruit, or berries); mayonnaise sauces that contain no animal fats and are thus suitable for Orthodox fasts; and Kremlyovskoye spreads and Khozyayushka clarified fat blends – zero-cholesterol butter and ghee equivalents.

Position and share of Nizhny Novgorod Oil and Fat Plant brands in the Russian market

No. 3	Ryaba mayonnaise	11.3%
No. 1	Khozyayushka margarine	31.1%
No. 1	Astoria mayo-based sauce	34%
No. 1	Khozyayushka clarified fat blend	78.2%
No. 1	Delicato coconut oil	77.5%
No. 1	Kremlyovskoye spread	19.8%
No. 1	The soap brand Retsepty Chistoty	12.1%

NMGK highlights of 2023

MAYONNAISE AND SAUCES

Provansal 40% mayonnaise sauce, the result of a special project commissioned by the food retail chain Magnit, is now the chain's best-selling product in this category. Special offers in distribution channels to combat the cost-of-living crisis aim to grow sales amid the general fall in incomes and in response to competitors. Launch of new, lower-weight products in order to offer more affordable options. Launch of a revamped line of mayonnaise-based sauces with improved properties for consumers.

MARGARINES AND SPREADS

Launch of a new line of bulk products (500g – 1kg) for the Central Asian and Russian markets.

OTHER SAUCES

Development of a line of non-mayonnaise-based sauces in new flavours – mango, relish, and sweet chilli.

KETCHUP

Launch of fast food-style ketchups for X5, Russia's largest food retail chain, to grow sales.

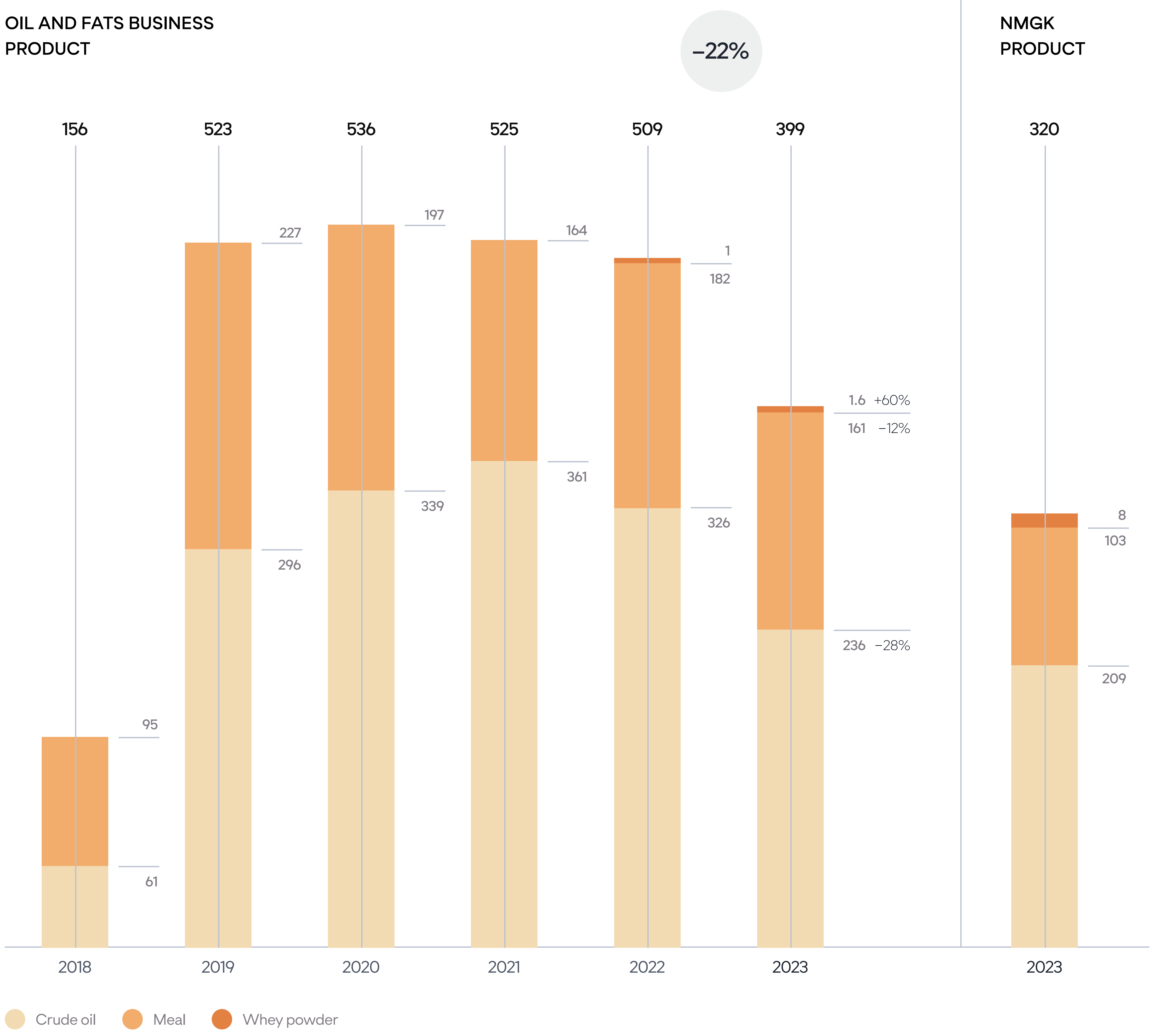
Exports

41% of all industrial products sold by Rusagro's Oil and Fats segment during the reporting period were exported. At year end, exports totalled 399 thousand tonnes, which is 22% less than in 2022. Exports of vegetable oil and meal were down by 28% (236 thousand tonnes) and 12% (161 thousand tonnes), respectively. Other products saw export growth. The lower figures for the two aforementioned categories are linked to a decline in output. NMGK exported 320 thousand tonnes of similar products, mostly to China.

Meal exports were redirected towards Belarus and China in 2023, and sales to China have increased more than fivefold, reaching 47 thousand tonnes. In another key event, the Company launched sunflower meal on the Iranian market – the first Russian company to do so.

As usual, the bulk of oil exports went to Iran (186 thousand tonnes, −29%) and Turkey (42 thousand tonnes, −24%). One factor in the fall in sales of oil to Turkey was stronger competition from Ukraine, which supplies oil at very low prices. However, the Company has expanded into new markets, namely China and the UAE.

Rusagro industrial oil and fat exports, ths tonnes



At year end, Rusagro exports totalled 399 ths tonnes

236 −28% THS TONNES

Rusagro exports of crude oil

161 −12% THS TONNES

Rusagro exports of meal

1.6 +60% THS TONNES

Rusagro exports of whey powder

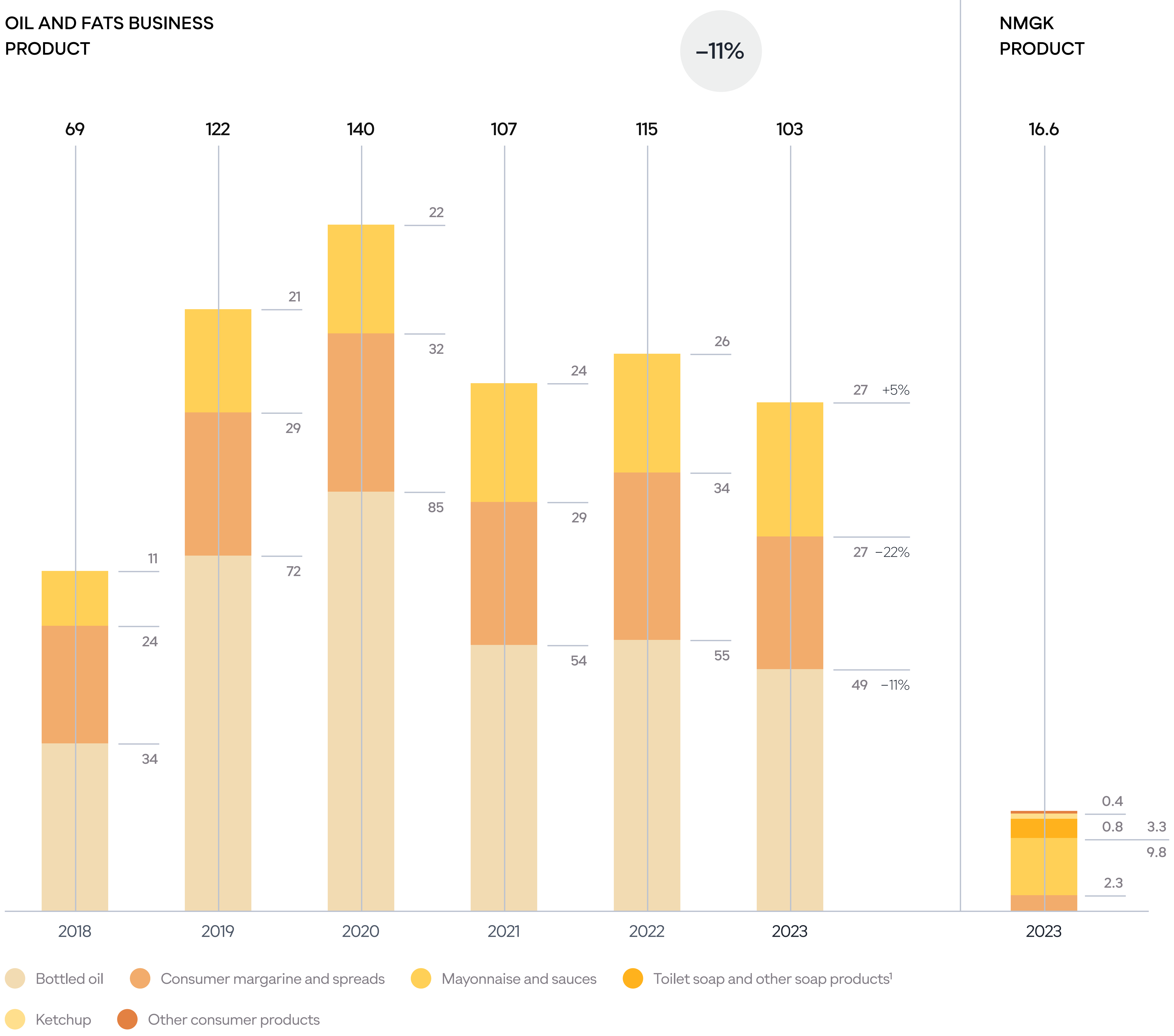
Exports

Exports of consumer oil and fat products fell by 11% (−12 thousand tonnes to 103 thousand tonnes) due to a decline in shipments of all the main product categories except mayonnaise and sauces. Exports of consumer margarines and spreads fell by 22% (−7 thousand tonnes) to 27 thousand tonnes. Bottled oil exports were down by 11% (−6 thousand tonnes) to 49 thousand tonnes. However, exports of mayonnaise and mayonnaise-based sauces rose by 5% (+1 thousand tonnes) to 27 thousand tonnes. This was driven by increased demand in key markets – Azerbaijan, Belarus, and Kazakhstan – thanks to the development of distribution channels for Ya Lublu Gotovit mayonnaise, increasing HoReCa sales, and the launch of the Schedroe Leto brand in Kazakhstan.

In addition to oil and fat products, in 2023, as in the previous year, Rusagro exported around 1 thousand tonnes of consumer dairy products.

NMGK's exports totalled 16.6 thousand tonnes. The main export destinations for mayonnaise and mayonnaise-based sauces were Kazakhstan and Turkmenistan. During the year, NMGK was able to build up its base of regular retail outlets by establishing relationships with new retail chains in Kazakhstan, Georgia, and Kyrgyzstan. Its main destination for margarines and spreads was Tajikistan. The biggest foreign buyers of soap were Kazakhstan, Azerbaijan, and Uzbekistan.

Rusagro consumer oil and fat exports, ths tonnes



Exports of consumer oil and fat products

103 −11% THS TONNES

Rusagro exports

16.6 THS TONNES

NMGK exports

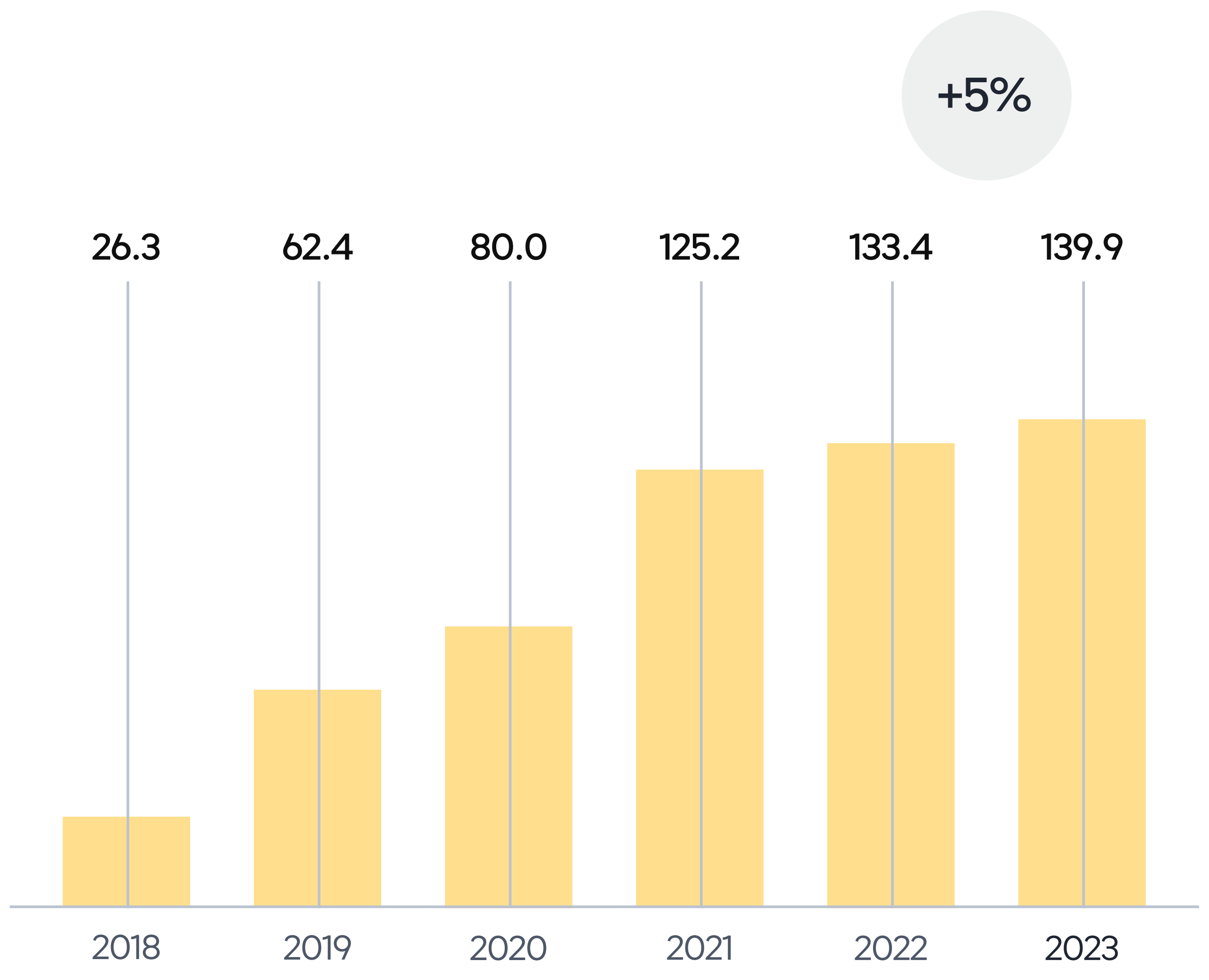
[1] Other soap products include laundry soap, washing powder, wet wipes, and oleochemicals.

Financial results

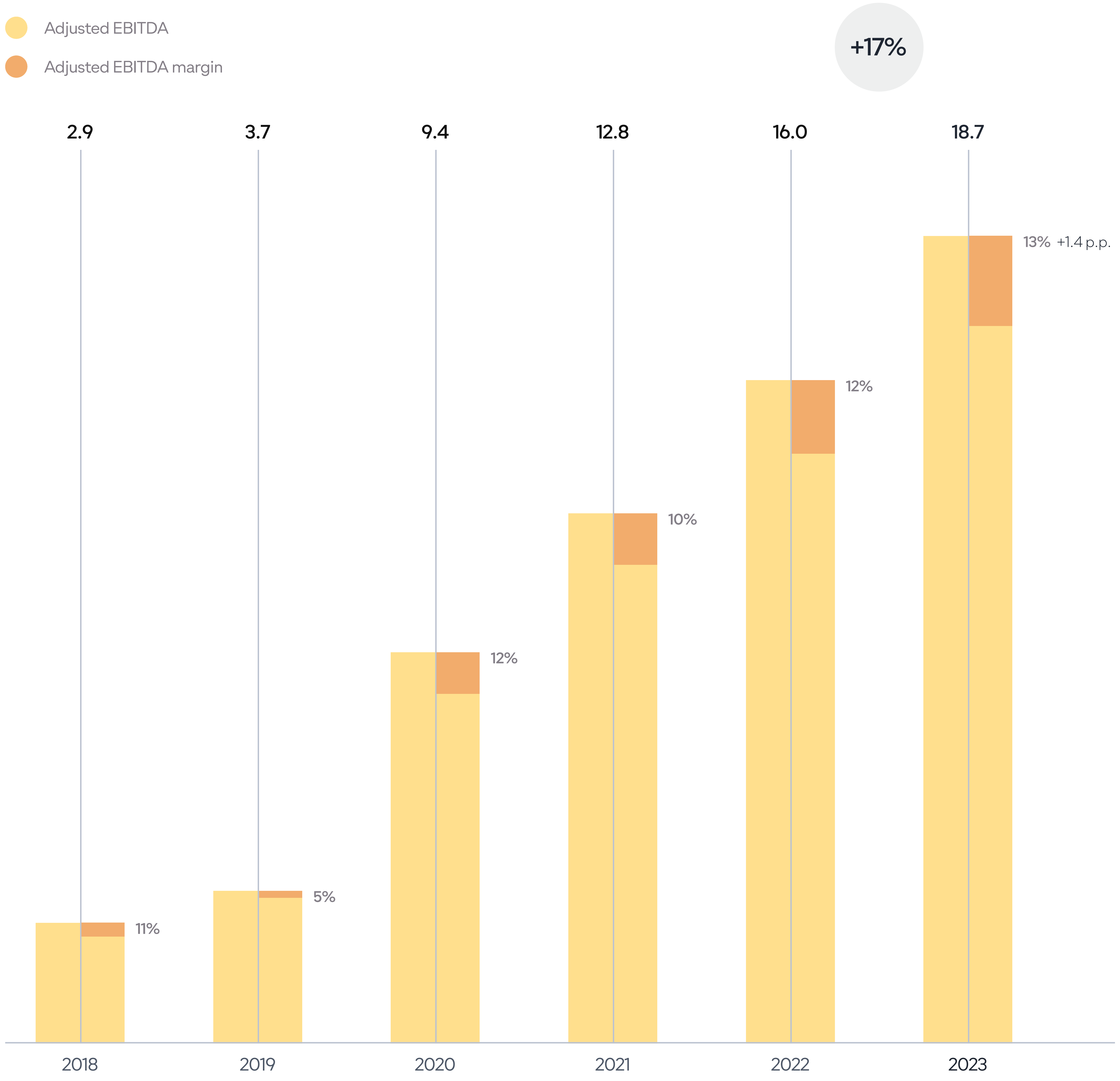
In 2023, the combined Rusagro and NMGK Oil and Fats Business generated RUB 139.9 billion in revenue, an increase of 5% (+RUB 6.6 billion) due to the acquisition of a 50% shareholding in and control over NMGK and the consolidation of results for the second half of the year. This growth was partially offset by a decrease in crude vegetable oil and sunflower meal output due to the temporary shutdown of the Balakovsky Oil Extraction Plant for an upgrade to increase capacity.

Moreover, just under half of revenues (37%) came from exports. Thanks to the synergies that were achieved by combining the businesses, production costs rose at a slower rate than revenues, and this drove the combined business's profit margin up to 13.4%. As a result, adjusted EBITDA increased year on year by 17% (+RUB 2.7 billion) to RUB 18.7 billion.

Revenue from combined Rusagro and NMGK Oil and Fats segment, RUB bn



Profit from combined Rusagro and NMGK Oil and Fats segment, RUB bn



139.9 +5% RUB BN

Revenue from combined Rusagro and NMGK Oil and Fats Business

18.7 +17% RUB BN

Adjusted EBITDA of combined Rusagro and NMGK Oil and Fats Business

13.4 +1.4 p.p. %

Adjusted EBITDA margin

Sugar business

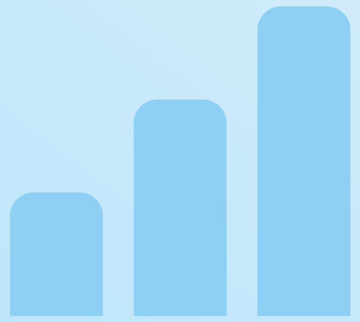
1 2
3 4

The Company now exports almost ten times as much sugar as it did in the past

No. 2

Rusagro's position among sugar producers in Russia

Overview of the Russian sugar market in 2023



6.6 +8% MN TONNES

Russian sugar production

694 +265% THS TONNES

Russian sugar exports

204 −31% THS TONNES

Russian sugar and raw sugar imports

15 %

Rusagro share of Russian sugar production

44.4 +9% MN TONNES

Sugar beet processed in Russia

Production

According to data from the Union of Sugar Producers of Russia (Soyuzrossakhar), sugar production for the calendar year 2023 increased by 8% (+518 thousand tonnes) to a total of 6.6 million tonnes. This positive trend in output volume is due to an increase in the production of beet sugar (+745 thousand tonnes). The area planted with sugar beet was increased last year. Favourable weather conditions enabled farmers to increase both the sugar content of the beet and the harvest, which made it possible to process more sugar beet (+9% to a total of 44.4 million tonnes). The carryover stocks from 2022 have increased by 5%, to 3.8 million tonnes.

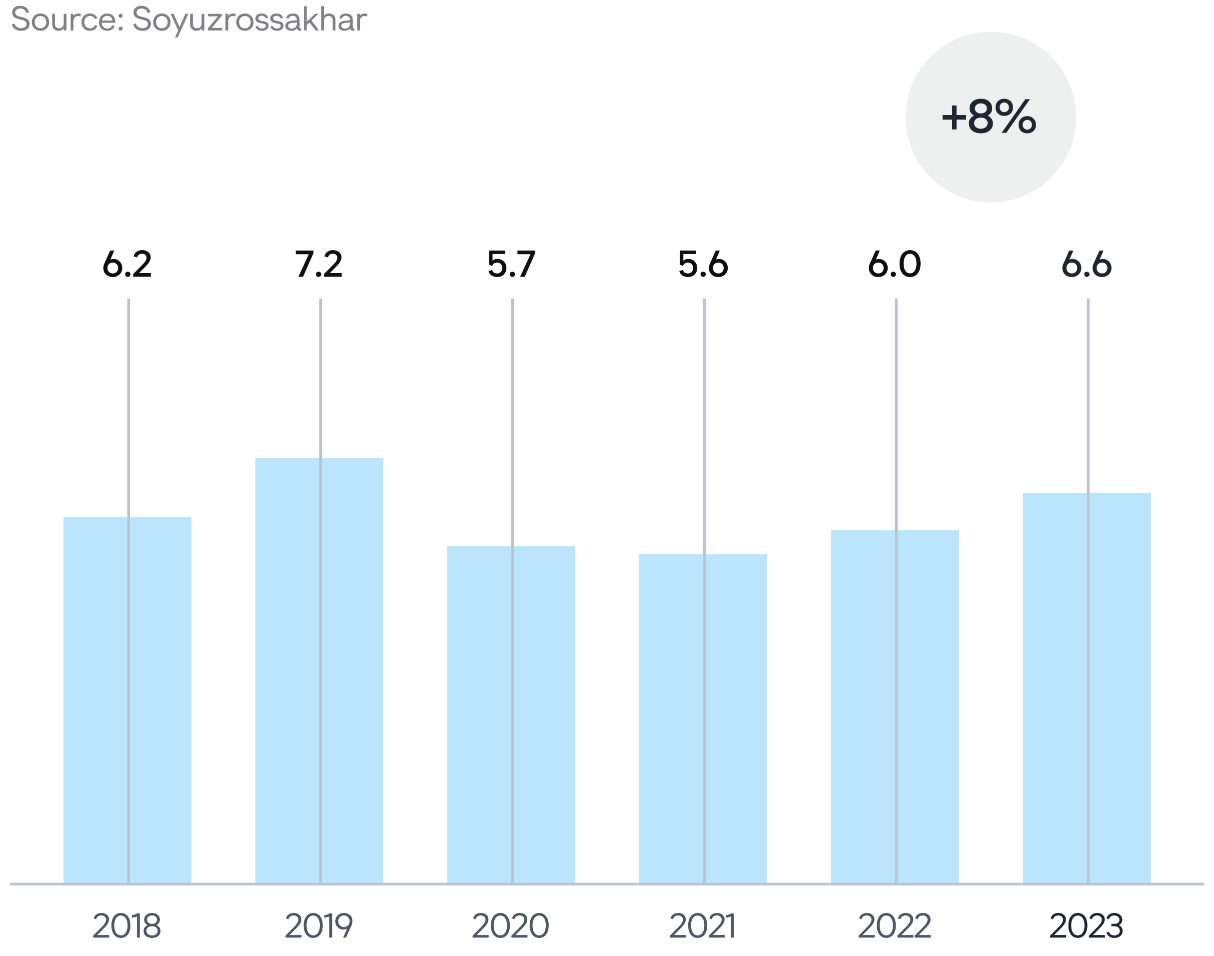
The 2023 sugar production season began on 1 August and is scheduled to end in the last ten days of March 2024. The season is expected to last 233 days. Based on the results of the 2023/2024 season, sugar production in Russia is expected to increase by 11% to 6.9 million tonnes, including 0.3 million tonnes of sugar produced from molasses. This increase is mainly due to a rise in the volume of beets processed (+12%) to 47 million tonnes, supported by the higher sugar content of the 2023/2024 beet harvest, which according to preliminary data has risen from 16.6% to 17.1%. The carryover stocks from the 2022/23 season are estimated to be around 0.1 million tonnes (−87% compared with the previous season).

6.6 +8% MN TONNES

Russian sugar production

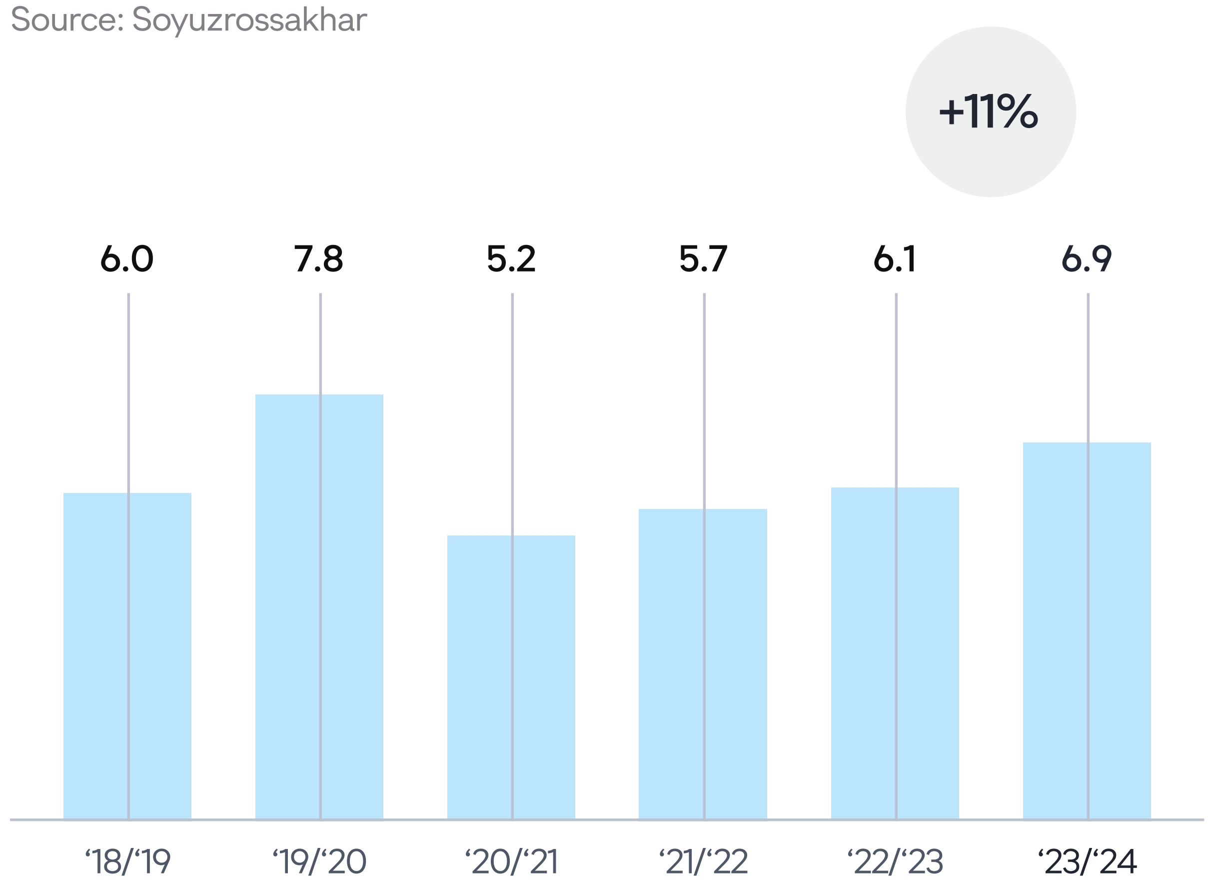
Russian sugar production per calendar year[1], mn tonnes

Source: Soyuzrossakhar



Russian sugar production per season[1], mn tonnes

Source: Soyuzrossakhar



1 Sugar production data includes sugar produced from molasses and raw sugar.

Main market players

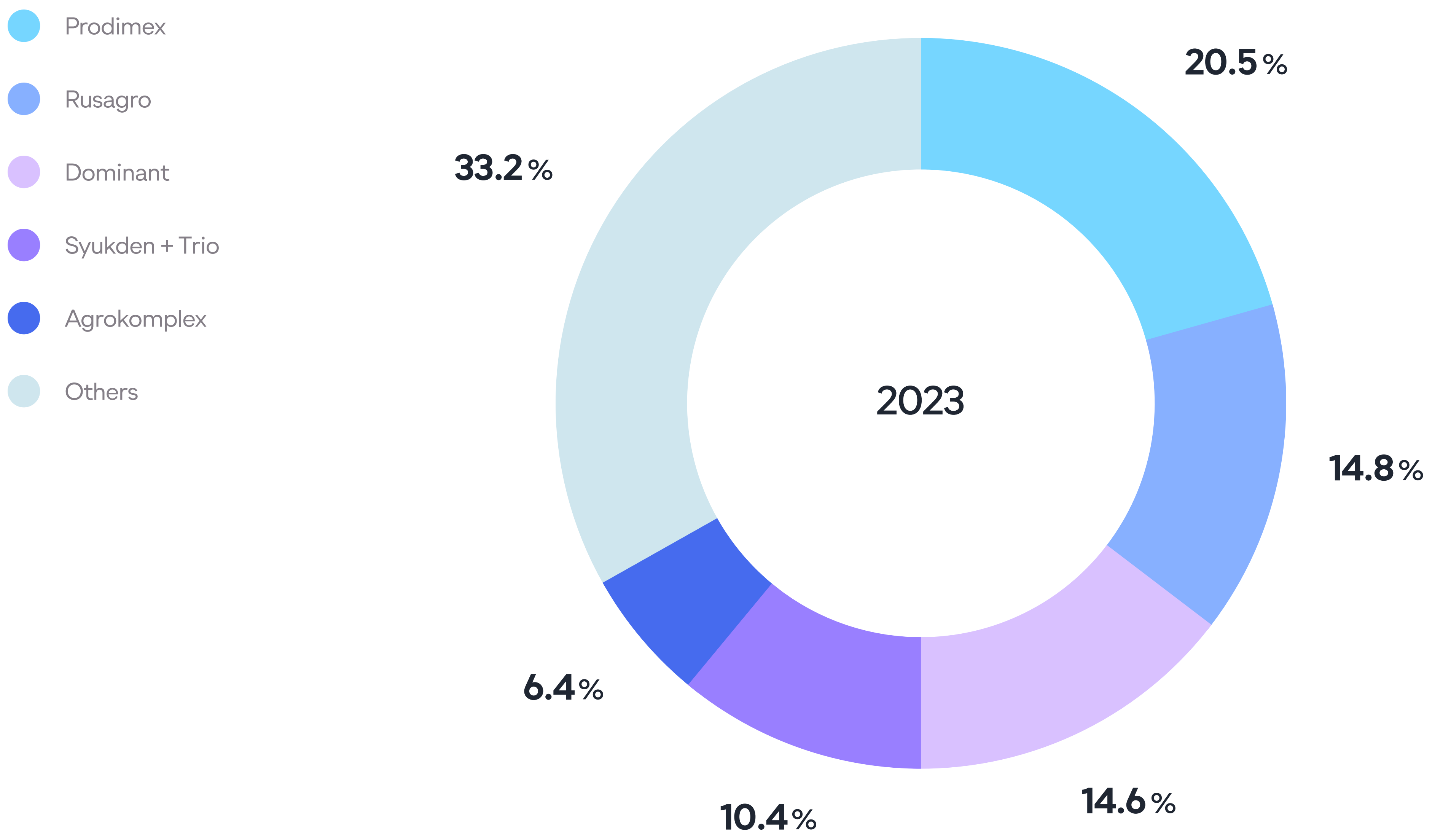
At the end of 2023, five companies accounted for 67% of sugar production in Russia. Prodimex is the leading producer, but over the reporting period, its market share fell to 20.5% (−1.1 percentage points). Rusagro is in second place with a market share of 14.8% (+1.3 percentage points). Dominant comes in third with a market share of 14.6% (+0.4 percentage points). The changes in the total sugar production market shares of the companies over the reporting period were due to differences in the volume of the sugar beet harvest in the regions where the companies operate.

No. 2

Rusagro's position among sugar producers in Russia

Largest sugar producers in Russia[2]

Source: Soyuzrossakhar



2 Market share data includes sugar produced from molasses and raw sugar.

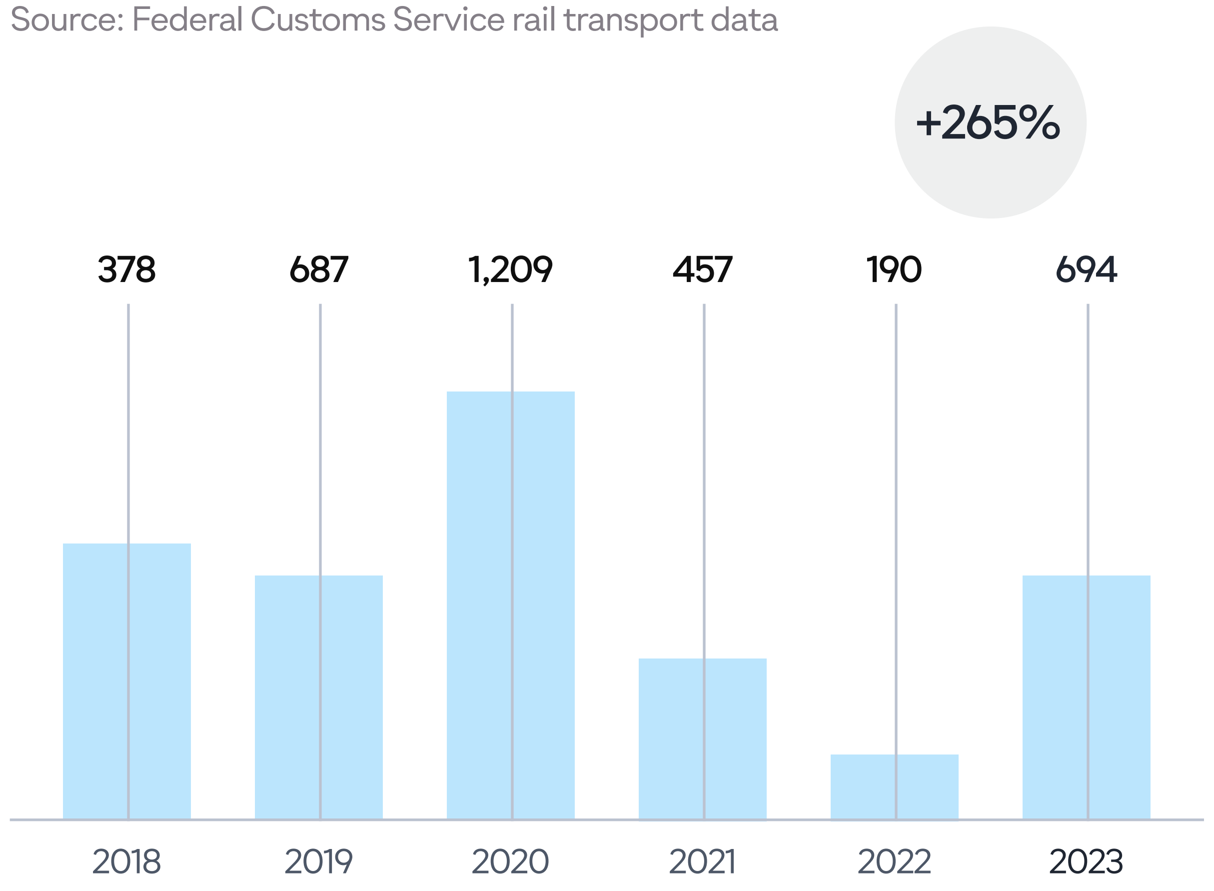
Import and export

Sugar exports from Russia rose by 265% (+504 thousand tonnes) to 694 thousand tonnes in 2023. As a result of increased sugar production and a surplus of sugar on the domestic market, exports to neighbouring countries increased by 252% (+476 thousand tonnes) to 664 thousand tonnes. Supplies to non-CIS countries also rose significantly, totalling 30 thousand tonnes (+28 thousand tonnes, or 1,609%, a 17-fold increase). Kazakhstan is traditionally the largest buyer of Russian sugar: in 2023, the country imported 332 thousand tonnes of sugar (+182 thousand tonnes, or 121%). The second-largest buyer in 2023 was Uzbekistan, which imported no sugar from Russia in the previous two years.

Imports of sugar into Russia fell in 2023 (down by 31%), amounting to 204 thousand tonnes. The main factor here was a decline in raw sugar imports to 19 thousand tonnes due to increased production in Russia. In the previous year, 195 thousand tonnes of raw sugar were imported from abroad (no raw sugar was imported into Russia between 2017 and 2021).

Sugar exports, ths tonnes

Source: Federal Customs Service rail transport data



694 +265% THS TONNES
Sugar exports from Russia

664 +252% THS TONNES
Exports to neighbouring countries

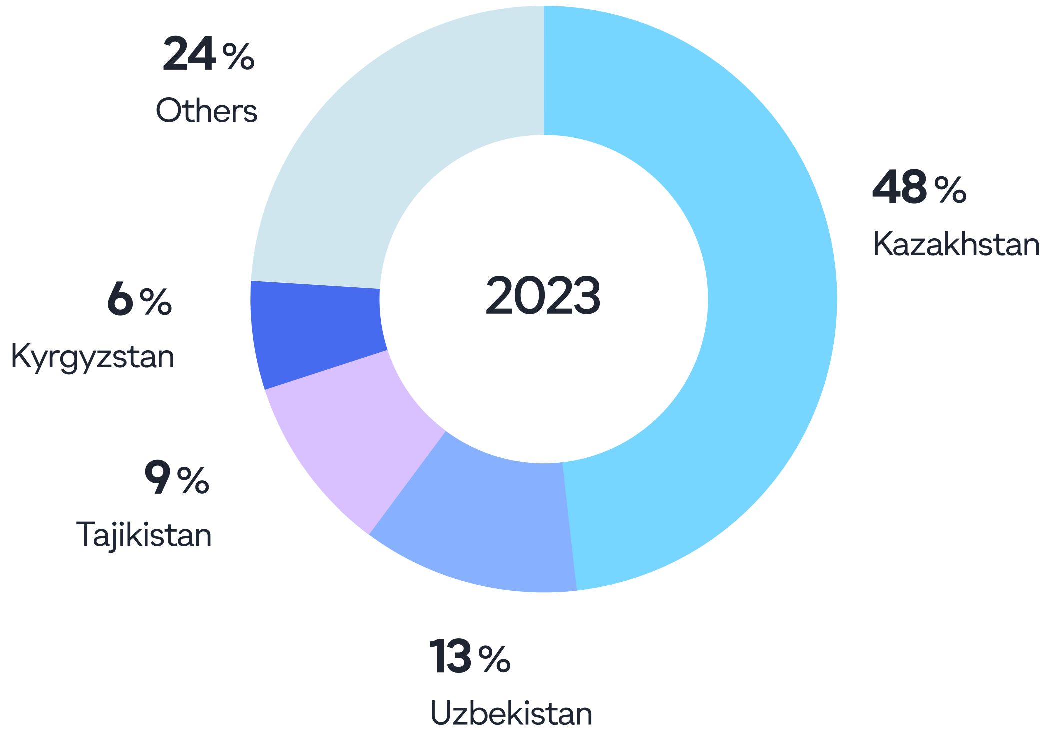
332 +121% THS TONNES
Imported by Kazakhstan

30 +1,609% THS TONNES
Supplies to non-CIS countries

204 −31% THS TONNES
Sugar imports into Russia

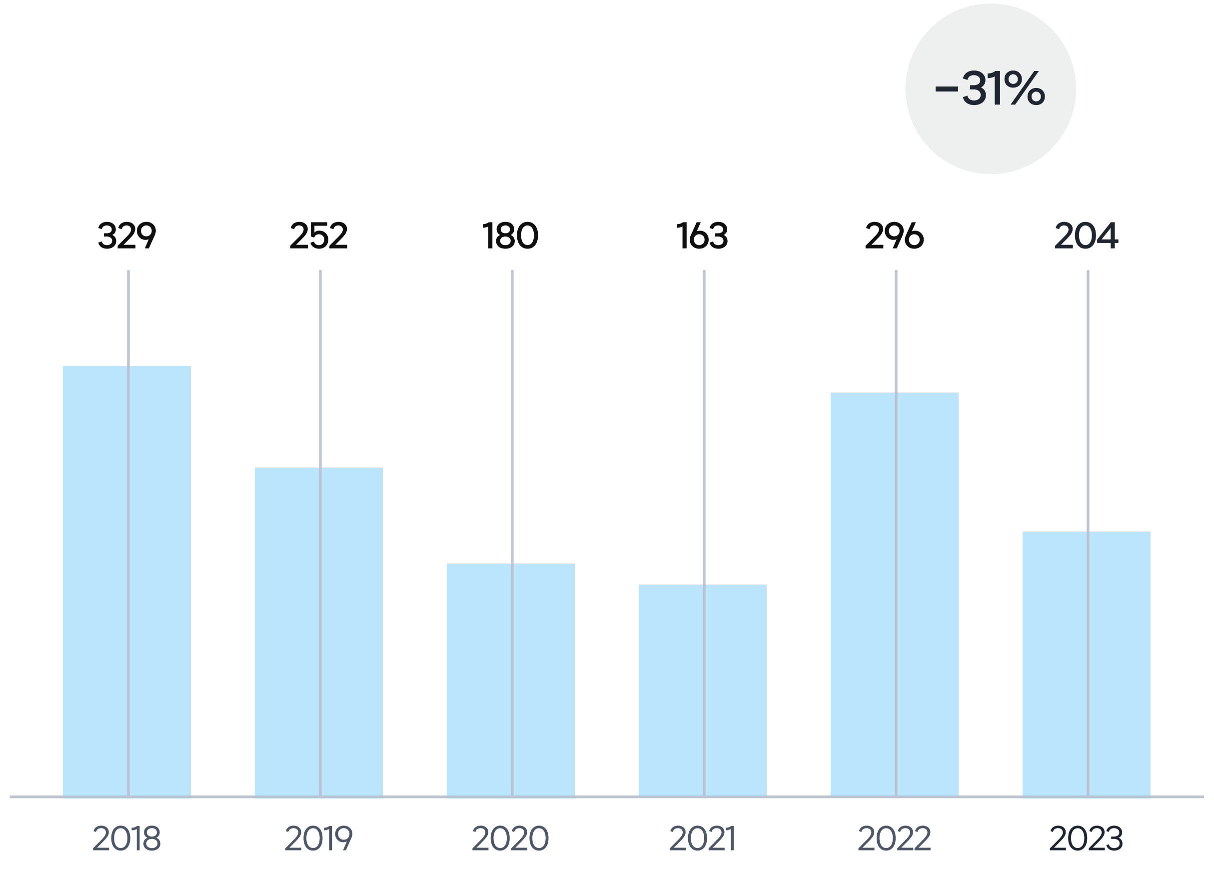
Sugar exports by destination country

Source: Federal Customs Service rail transport data



Sugar imports, ths tonnes

Source: Federal Customs Service rail transport data



Prices

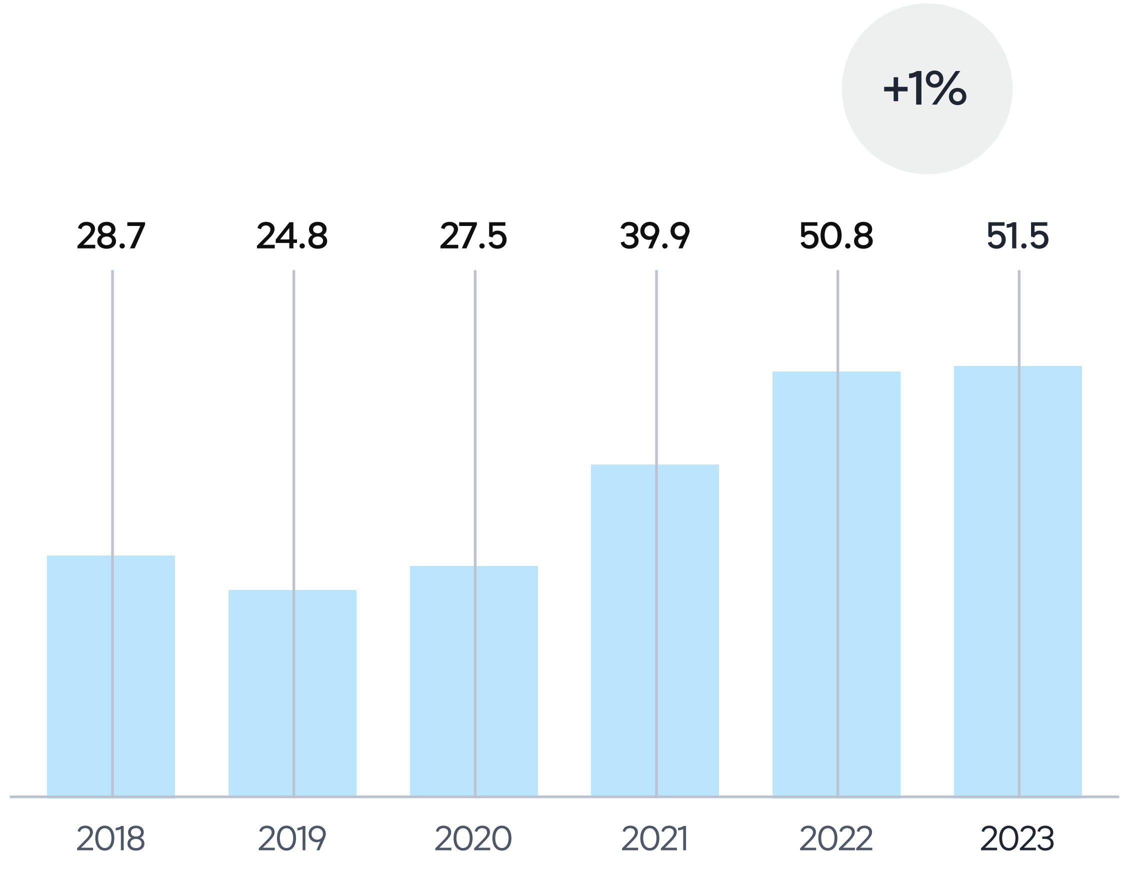
The average annual price of sugar according to the Krasnodar price index in 2023 was RUB 51.5/kg excluding VAT, 1% higher than the price for the previous year. The upward trend is due to a rise in global raw sugar prices and a weaker rouble, although in the second half of the year this effect was partially offset by expectations of a bumper sugar beet harvest. In December, the market price of sugar was RUB 47.8/ kg, which is 9% higher than for the same month in the previous year.

51.5 +1% RUB/KG
The average annual price of sugar according to the Krasnodar price index, excluding VAT

47.8 +9% RUB/KG
The market price of sugar in december 2023

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

Source: Institute for Agricultural Market Studies (IKAR)



Performance of Rusagro's Sugar segment in 2023

No.2

Sugar producer in Russia

64.8 RUB BN +31%

Rusagro Sugar segment revenue

925 THS TONNES +20%

Sugar production

1,067 THS TONNES +25%

Sugar sales

19.2 RUB BN +22%

Adjusted EBITDA for Rusagro Sugar segment

30 % −2 p.p.

Adjusted EBITDA margin

Assets overview

Sugar plants

Rusagro's Sugar Business is represented by nine sugar plants located in Tambov, Belgorod, Kursk, and Orel regions, very close to the areas where the Company's Agriculture Business cultivates sugar beet. In Tambov Region, the Company operates the Znamensky, Nikiforovsky, and Zherdevsky sugar plants; in Belgorod Region, the Chernyansky, Nika, and Valuisky plants; in Kursk Region, the Krivetsky and Kshensky plants; and in Orel Region, the Otradinsky plant.

The maximum sugar beet processing capacity at Rusagro's plants remained unchanged in 2023, at 53,350 tonnes per day.

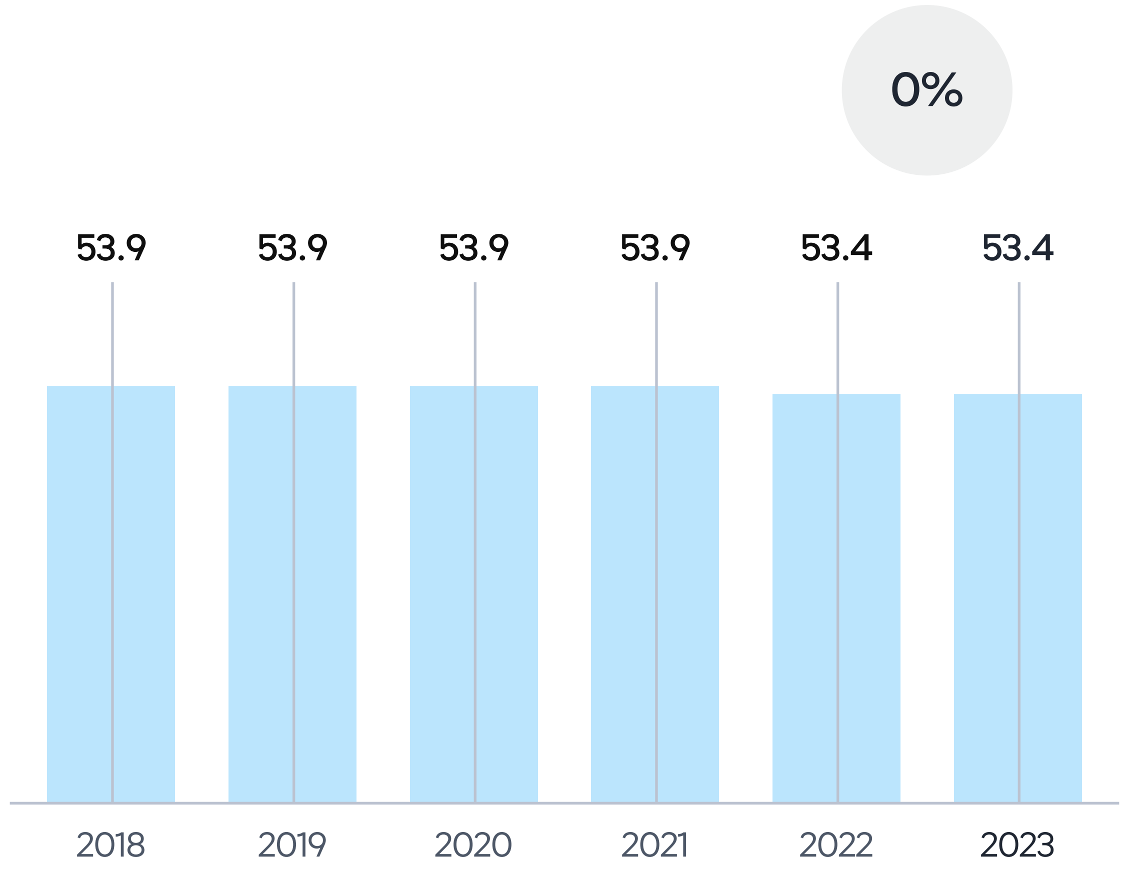
1 MN TONNES

Rusagro's approximate sugar production capacity including sugar produced from molasses

The Company can produce approximately 900 thousand tonnes of sugar per season (the period from August to July) depending on the sugar content of the sugar beet, not including sugar production from molasses.

Two main by-products are obtained from sugar beet processing at Rusagro's plants: pulp and molasses. The plants process the pulp into granules and sell it on to third-party companies, while the molasses is used to produce betaine and additional sugar. The Company operates two desugarisation lines at the Znamensky and Chernyansky sugar plants, with a total combined processing capacity of 327 thousand tonnes of molasses per season. A 4% increase in capacity was achieved last year due to greater efficiency of operations and a reduction in downtime for scheduled preventative maintenance work, which resulted in an additional 12 thousand tonnes being processed during the year. The desugarisation lines make it possible to produce up to an additional 120 thousand tonnes of sugar and 30 thousand tonnes of betaine per year, making Rusagro a world leader in the production of this amino acid.

Sugar beet processing capacity of Rusagro sugar plants, ths tonnes per day



Tambov Region

- Znamensky plant
- Nikiforovsky plant
- Zherdevsky plant

Belgorod Region

- Chernyansky plant
- Nika plant
- Valuisky plant

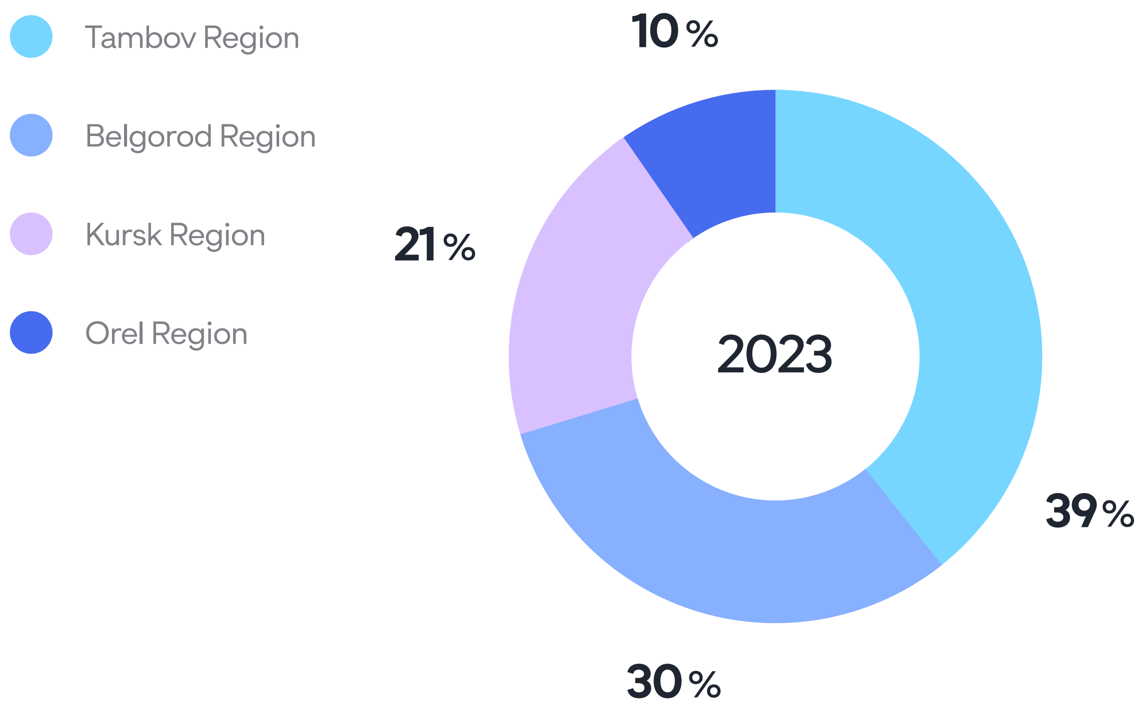
Kursk Region

- Krivetsky plant
- Kshensky plant

Orel Region

- Otradinsky plant

Rusagro sugar plant capacity by region



Other assets

The Company's assets include the Gerkules JSC cereal plant, which is a grain processing enterprise with its own packaging line. Buckwheat grain and crushed buckwheat are produced at the plant for B2B sales, while packaged buckwheat and rice are produced for the B2C channel.

Brands

The Company's product portfolio includes five sugar brands in different price categories: Russkii Sakhar, Chaikofsky, Brauni, Mon Cafe, and Khoroshy, as well as the Tyoplye Traditsii brand, which includes both cereal and sugar. The Company has consistently led the consumer sugar market over the years, with the Russkii Sakhar, Chaikofsky, Brauni, and Mon Cafe brands occupying the top market positions in their respective segments. Its sugar brands are also the most popular with Russian consumers: the Russkii Sakhar and Chaikofsky trademarks show consistently high levels of brand awareness and brand loyalty.

Assets overview

2 | 2

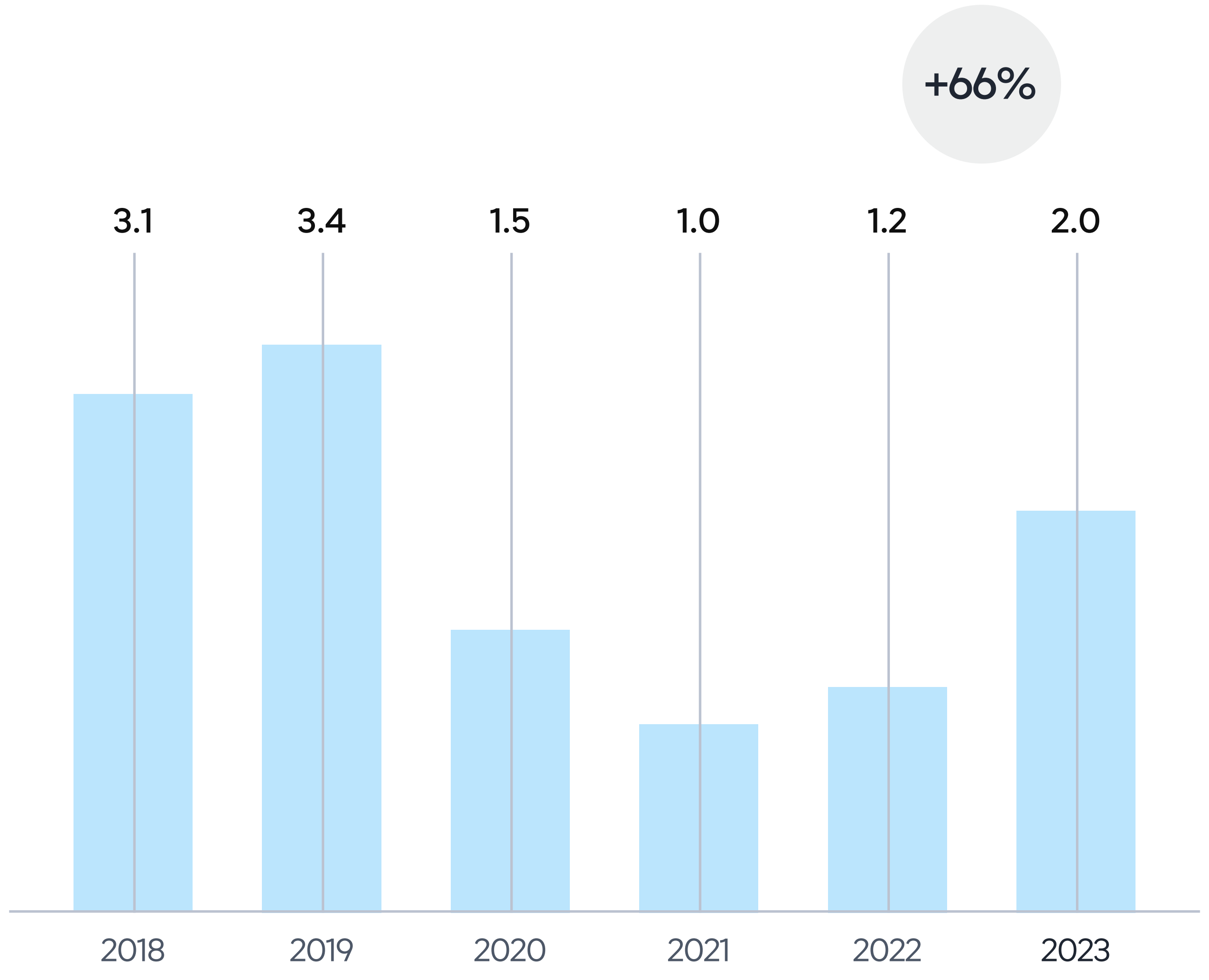
Investment

In 2023, Rusagro invested RUB 2 billion in developing and maintaining its Sugar Business, an increase of 66% on the previous year. According to the results for the reporting period, approximately 55% of this investment was directed towards maintaining the existing capacities of the Sugar Business: overhauling or replacing equipment, upgrading production facilities, and increasing the reliability of operational processes. The remaining funds were spent on development, specifically on improving raw and finished product quality, automation, reducing production losses and fuel (gas) consumption, and process optimisation.

2.0 +66% RUB BN

Rusagro investment in Sugar segment

Rusagro investment in Sugar segment, RUB bn



Sugar segment's major investment projects

	Overhaul of deep extraction presses	Targeted programme to upgrade Sugar Business plants	Design and installation of a sugar beet unloading and washing system
Where	• Znamensky plant • Nikiforovsky plant • Zherdevsky plant • Nika plant • Krivetsky plant • Otradinsky plant	All Sugar Business plants	• Kshensky plant • Krivetsky plant • Otradinsky plant • Znamensky plant • Nikiforovsky plant • Chernyansky plant • Zherdevsky plant • Nika plant
Objective	To increase press productivity, reduce the pulp's water content, and cut drying costs	To improve working conditions and rest areas for sugar plant employees, maintain health and safety, and standardise production facility exteriors	To reduce the muddiness of sugar beet supplied to the plant, reduce the volume of impurities in the raw material, and consequently cut losses of sugar in molasses
Cost, excl. VAT	0.1 RUB BN	1 RUB BN	0.6 RUB BN
Implementation period	April 2023	April 2023 until complete	Start February 2023

Technology and innovation

Rusagro's strategic objective for its Sugar Business is to reduce sugar losses at all stages of beet sugar production. To achieve this, we apply best practices and solutions from the Industry 4.0 stack, ranging from physical devices to bioengineering solutions. The principal work is carried out in three key areas: raw materials management, production and storage, and logistics.

Product innovations

In addition to our process-related projects, Rusagro's Sugar Business is exploring the possibility of extracting additional profit from the processing of by-products created at different stages of the production cycle. In 2023, the Company started selling compound feed additives based on sugar beet pulp and various types of molasses.

Among other things, the Company is exploring opportunities to extract additional profit from raffinate. In 2023, research was carried out on raffinate electrodialysis, and work on pyrolysis and raffinate combustion is planned for 2024, with the principal goal of obtaining potash fertilisers. Tests on raffinate as a feed additive for livestock feed are also planned for 2024.

Business stage	Technology and solutions	Objectives	Implementation period
1 Procurement of raw materials	Automated beet purchasing and plant logistics management system	To reduce losses and increase the accuracy of sugar beet carryover stock management	2021–2024
2 Sugar production	Sugar production monitoring system	To ensure the objectivity of production data and reduce losses during sugar beet processing	2019–2029
3 Storage and logistics	Automation of end-product accounting and implementation of a product delivery route planning system (TMS) based on unique mathematical algorithms	To reduce the cost of delivering products to consumers by creating optimal routes	2023–2024

Operating results

Production

In 2023, the volume of sugar beet processed by Rusagro's plants rose by a record 20% to 5.7 million tonnes. This figure includes 4 million tonnes of raw materials grown and supplied by the Company's own Agriculture Business. In total, by the end of the season that commenced in late August 2023, the Company had processed 6.6 million tonnes of sugar beet, including 4.7 million tonnes of sugar beet harvested by the Company, its biggest-ever harvest and 29% more than the previous season. This was due to increases in both the area planted and the sugar beet yield.

Results for 2023 indicate that the sugar content of the sugar beet on arrival was 17% (excluding sugar output from molasses)[1], which did not break any records, being 0.6 percentage points lower than in the previous year.

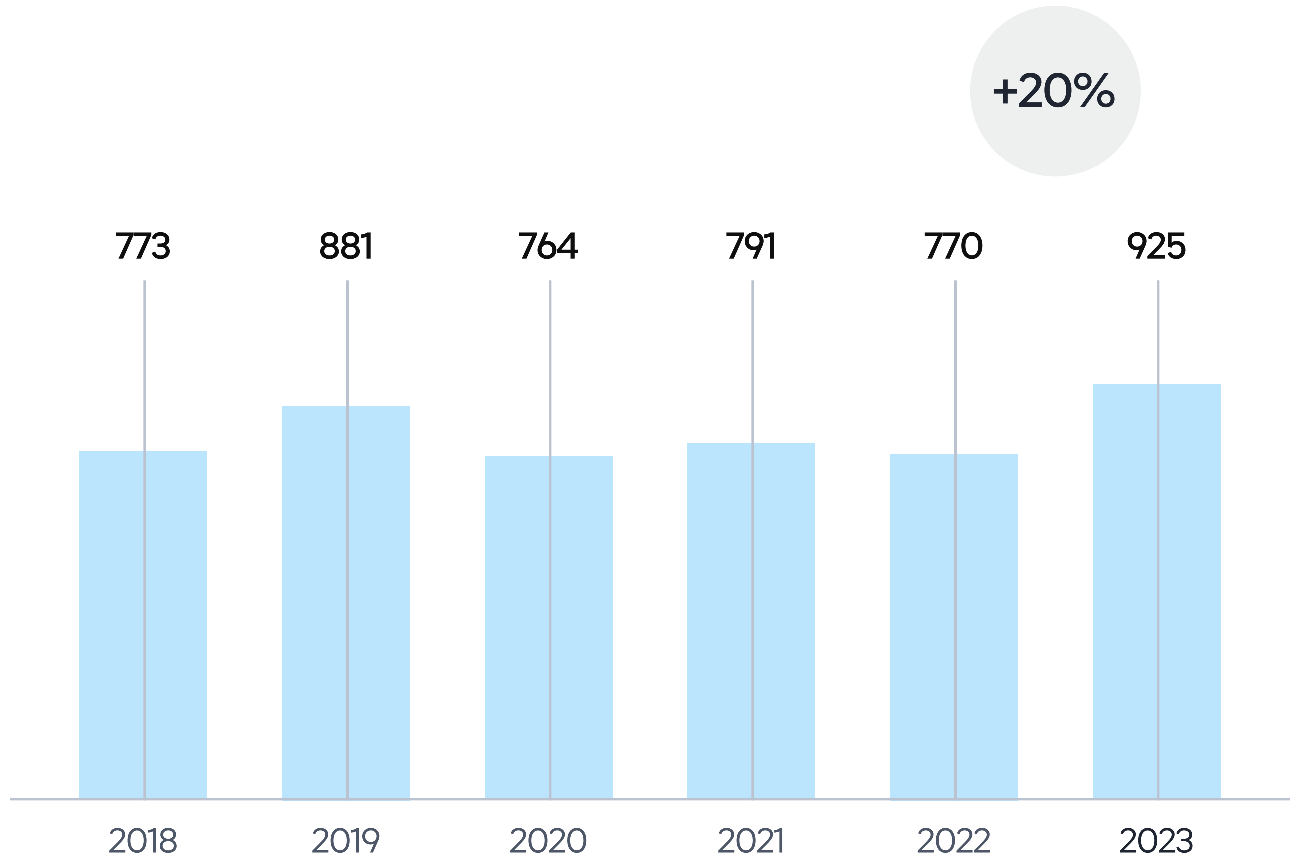
All in all, Rusagro produced 925 thousand tonnes of sugar in 2023, a record since 2018 and 20% more (+155 thousand tonnes) than in the previous year. This includes 118 thousand tonnes (+1%) of sugar from molasses obtained from the 2022/2023 sugar beet processing season, including molasses sourced elsewhere. The Company also produced 224 thousand tonnes of sugar (+15%) from outsourced sugar beet purchased from farmers.

Over the course of the 2023/2024 season, the Company plans to produce 903 thousand tonnes of sugar, 33% (+224 thousand tonnes) more than the previous season, not including sugar produced from molasses, since there are more sugar beet stocks available.

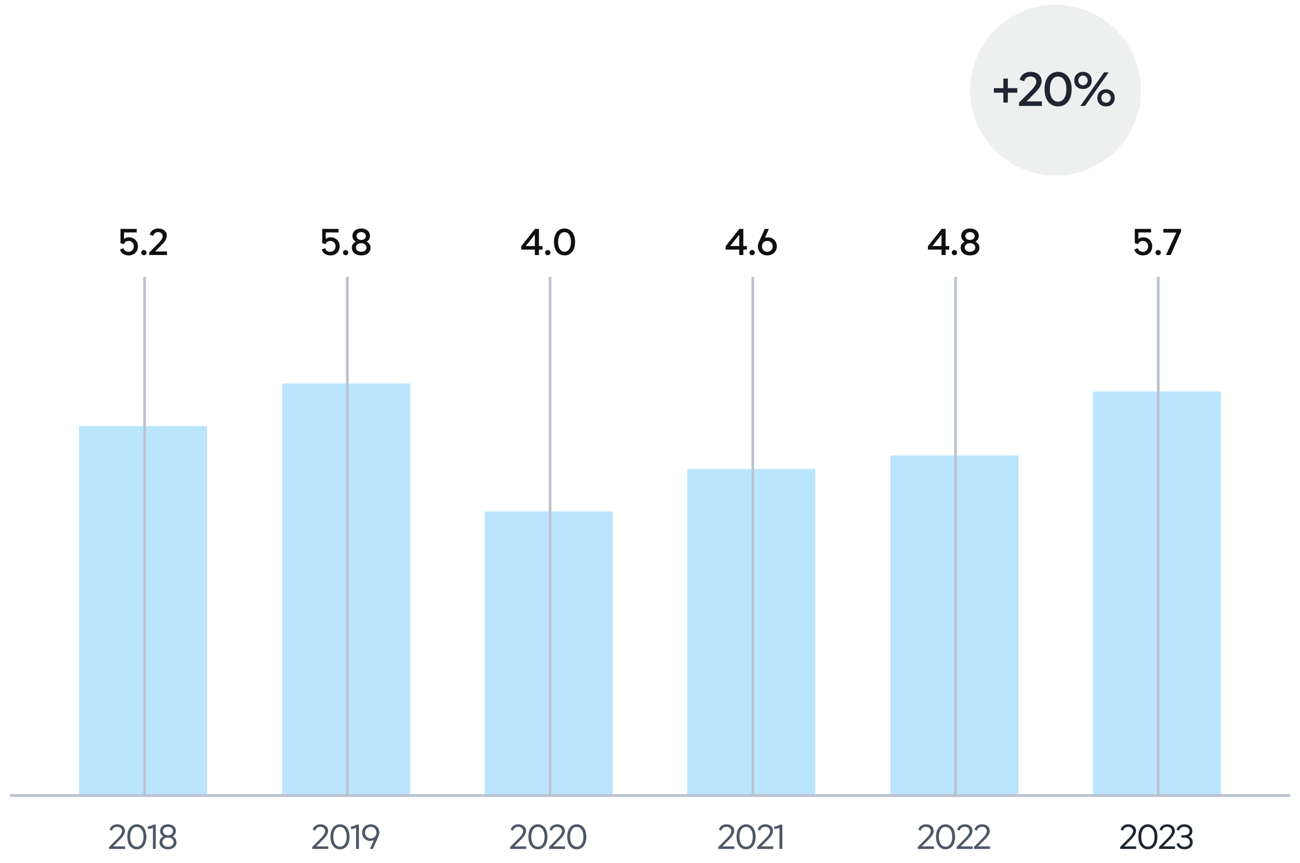
925 +20%
THS TONNES

Produced by Rusagro

Rusagro sugar production, ths tonnes



Sugar beet processed by Rusagro, mn tonnes



Other products produced by Rusagro's Sugar Business, ths tonnes

1 Sugar content as a percentage.

Operating results

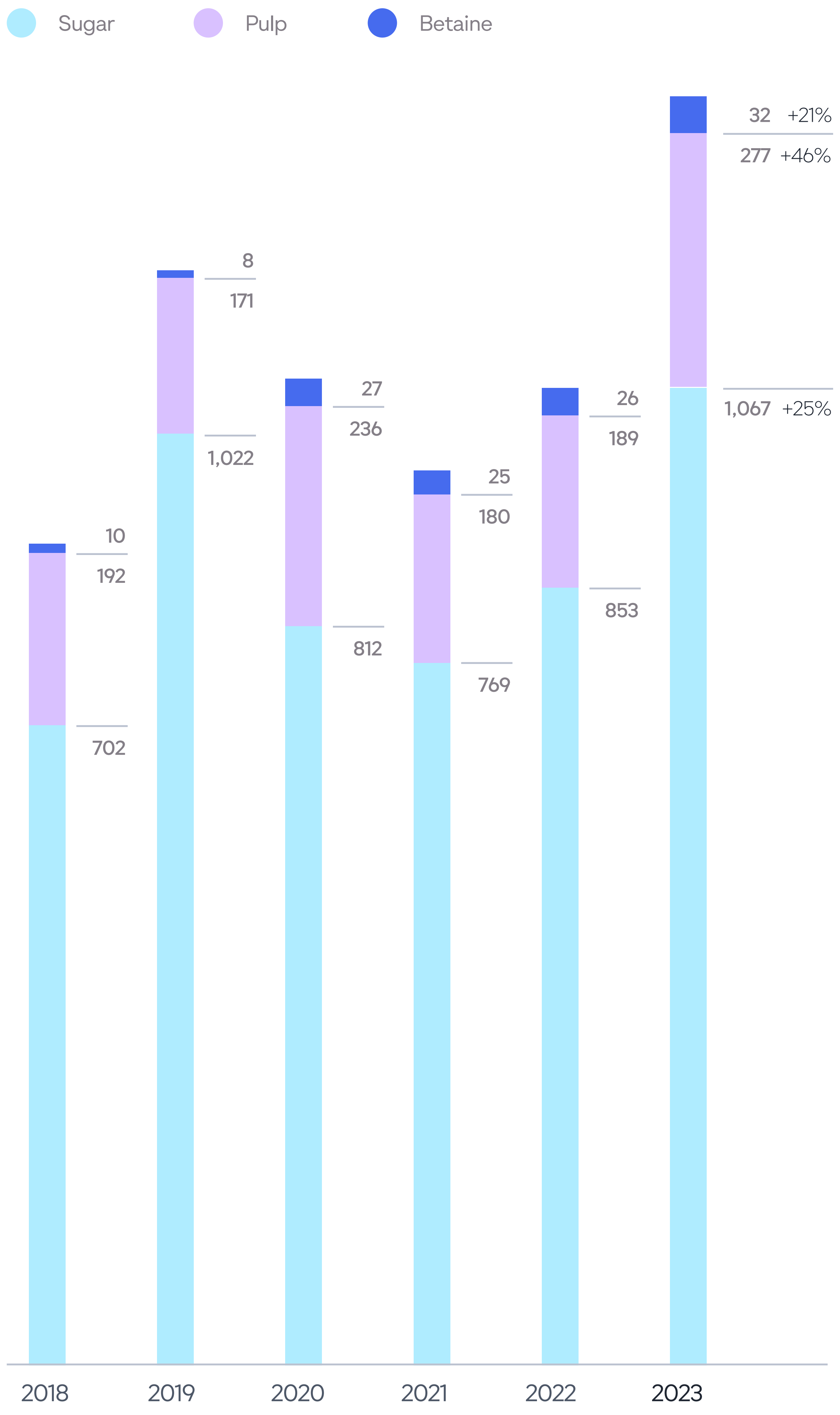
Sales

In 2023, Rusagro increased sugar sales significantly: by 25% (+214 thousand tonnes) to 1,067 thousand tonnes. This growth was largely achieved by increasing sugar production, developing sales through key channels, and improving export sales. In addition to sugar, the Company sold 277 thousand tonnes of pulp (+46%), where the growth in sales was also due to an increase in production volumes, 45 thousand tonnes of raffinate (–35%), 32 thousand tonnes of betaine (+21%), and 5 thousand tonnes of cereals (–37%). The molasses produced was used internally to produce additional sugar, and the filter cake is used as fertiliser for the Company's own soil treatment requirements.

1,067 +25% THS TONNES

Rusagro sugar sales

Sales of main Rusagro sugar plant products, ths tonnes



Exports

Rusagro exported 359 thousand tonnes of products in 2023, 90% more than the previous year and the largest export sales volume in the Company's entire history. The main export product for the Sugar Business in terms of volume had previously been pulp, but in 2023 the Company succeeded in increasing its sugar exports nearly tenfold, bringing them to 126 thousand tonnes (+875%). This volume of exports is a record for the Company. The main buyers were from CIS countries.

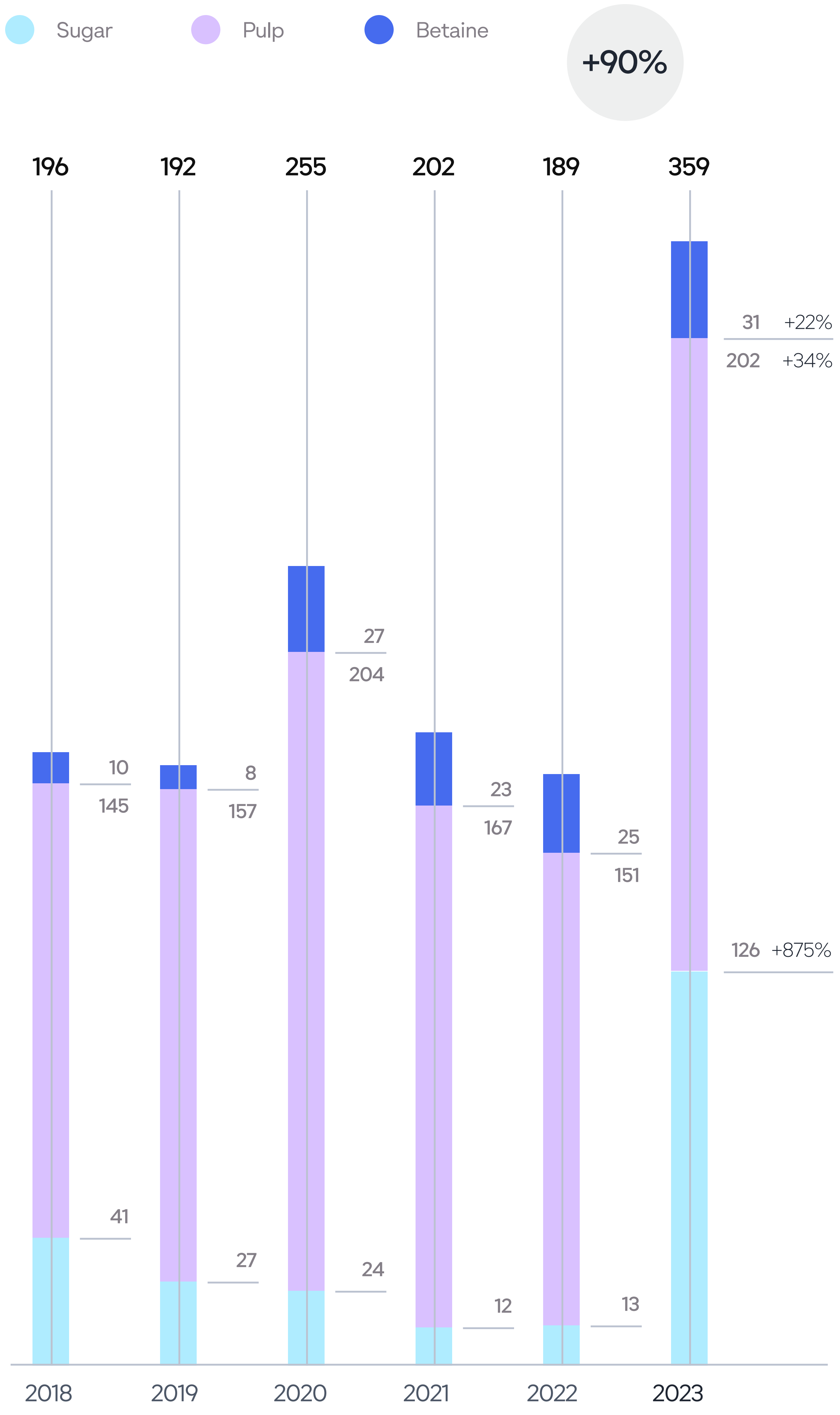
This surge in export sales was achieved by launching a project focusing on the production and sale of raw sugar for export, and also by opening up new export markets and strengthening the Company's position on existing markets. Pulp exports in the reporting period increased to 202 thousand tonnes (+34%). This growth is due to an increase in production and a change in pricing in export areas.

Despite the inclusion of pulp in the European Union sanctions package in June 2022, the Company has been able not only to successfully refocus its exports, but also to increase them. The United Arab Emirates has become the largest export market for pulp. Almost all our betaine, 31 thousand tonnes (+22%), was exported.

359 +90% THS TONNES

Export of Rusagro Sugar Business products

Export of Rusagro Sugar Business products, ths tonnes



Operating results

Consumer market segment

In 2023, the consumer market segment accounted for 20% of sugar sales by volume and 22% of sugar sales revenue. Although the B2C segment's share of overall sales volumes is slightly down due to the rapid growth of the B2B segment (which has overtaken it with a share of 27%), B2C sales volumes nevertheless rose by 16%, which is a significant breakthrough given the highly competitive market. The increase in B2C sales in 2023 was linked to the development of sales of packaged sugar, primarily for key customers, and an increased share of 55% in the sugar cube category (up 4 percentage points on last year). The growth of sales in the B2B segment was largely due to industrial customers and exports.

Own-brand sugar sales totalled 140 thousand tonnes, which is 12% less than in 2022. For the reporting period, the Russkii Sakhar and Chaikofsky brands continued to occupy first and second places in the Russian white cube sugar market, while Brauni again led the brown cube sugar market.

The product range was expanded during the reporting period by the market launch of two new types of biscuits (Chaikofsky butter cookies with chocolate and Chaikofsky butter cookies with cranberries).

According to research carried out by AC Nielsen, as of December 2023, the share of the white cube sugar market occupied by the five Rusagro sugar brands – Russkii Sakhar, Chaikofsky, Mon Cafe, Khoroshy, and Tyoplye Traditsii – totalled 55% (+4 percentage points).[1] Meanwhile, Brauni accounted for 23% (−11 percentage points) of the brown cube sugar market in Russia.

According to data from Tiburon, the Russkii Sakhar and Chaikofsky brands again showed a high level of brand recognition in 2023: 85% for Russkii Sakhar and 61% for Chaikofsky. These figures have hardly changed for three years in a row. Brand loyalty has risen to 50% for Russkii Sakhar (+2 percentage points) and 25% (+4 percentage points) for Chaikofsky over the year.

For the reporting period, the Russkii Sakhar and Chaikofsky brands continued to occupy first and second places in the Russian white cube sugar market

140 THS TONNES −12%

Own-brand sugar sales

55 % +4 p.p.

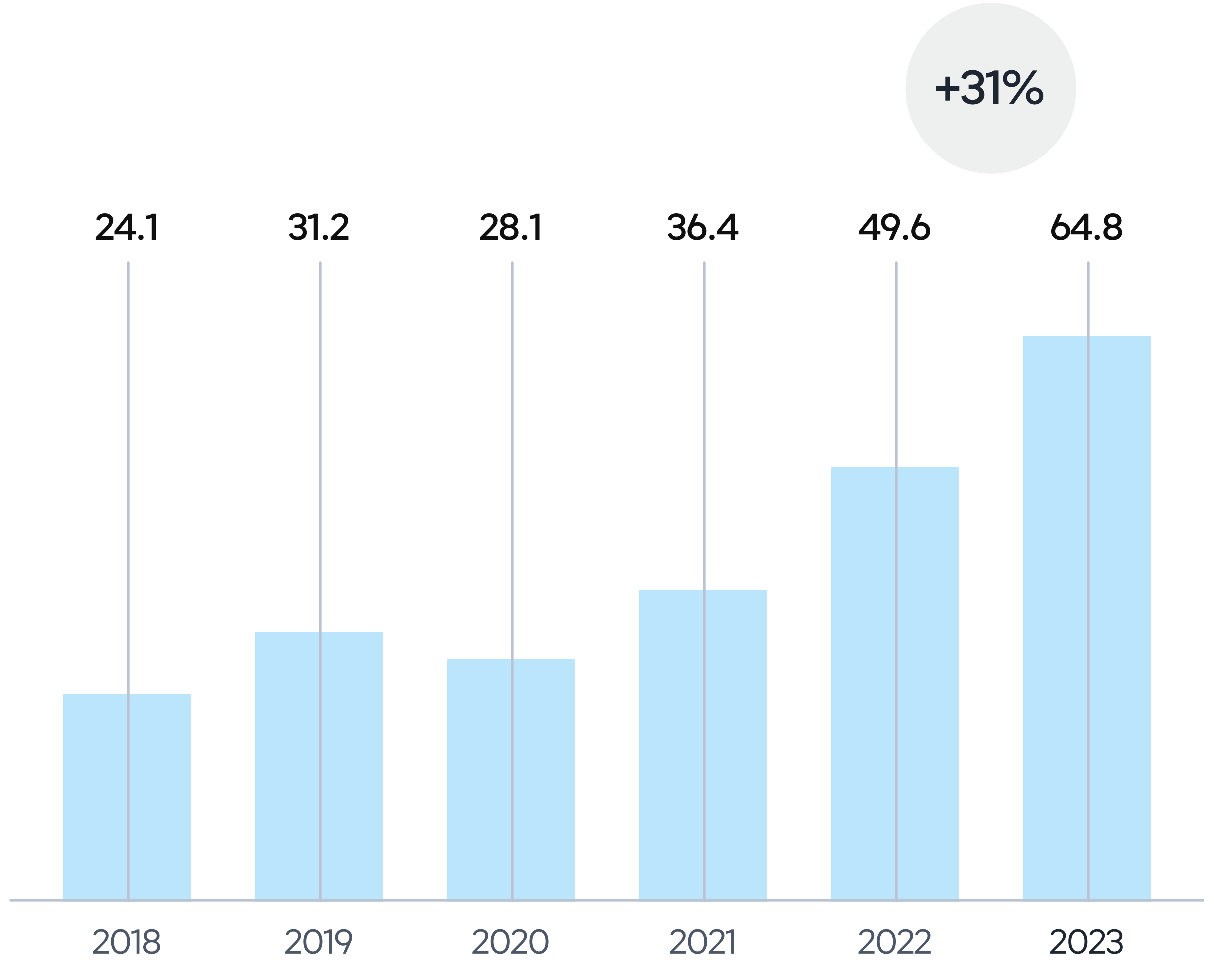
Total share of the white cube sugar market occupied by Rusagro

[1] Market share is calculated based on annual averages.

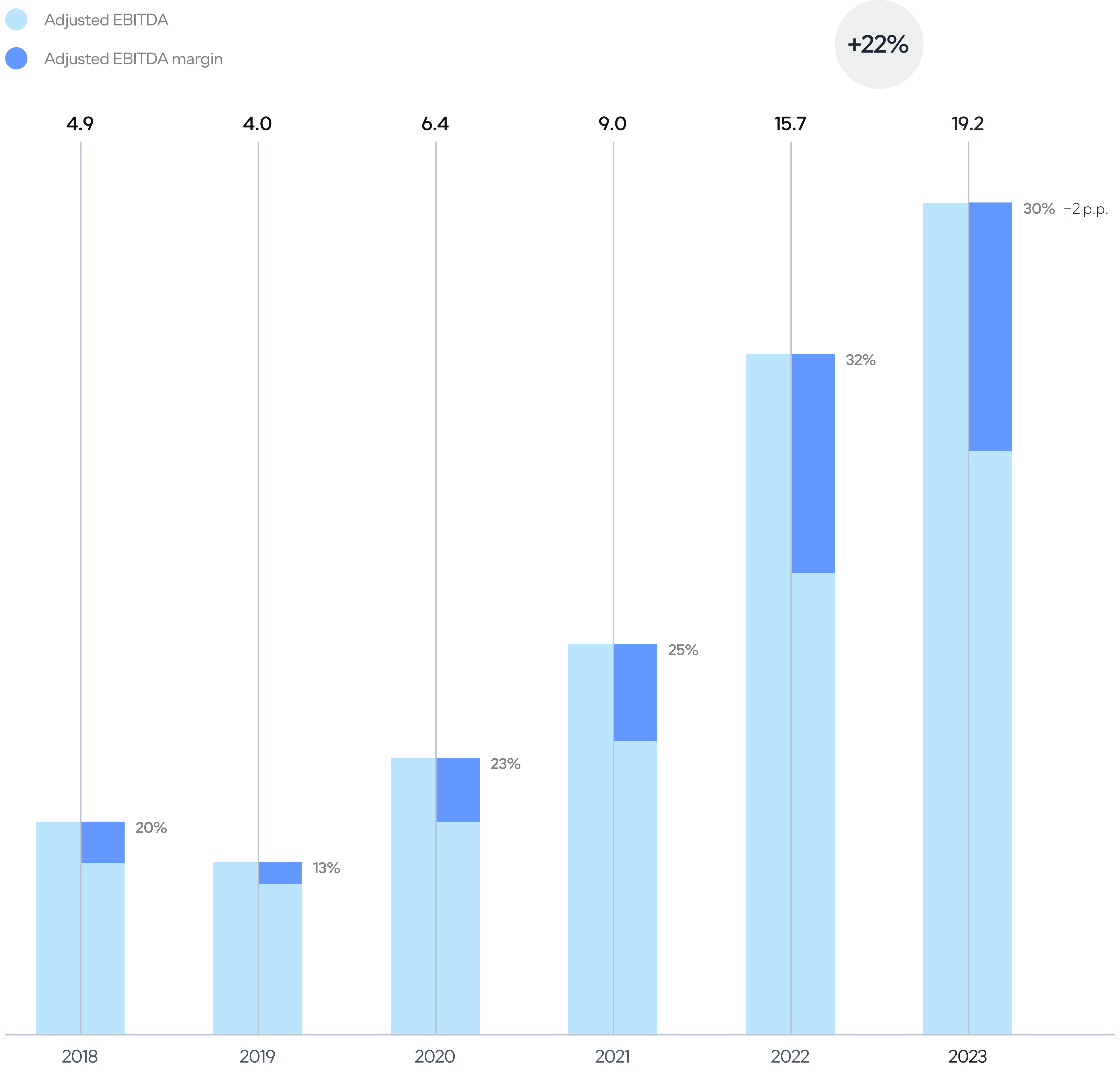
Financial results

In 2023, the revenue from Rusagro’s Sugar segment increased by 31% to RUB 64.8 billion (+RUB 15.2 billion). This is the result of a rise in the average annual selling price of sugar, as well as a 25% increase in sales. Adjusted EBITDA rose by 22% to RUB 19.2 billion (+RUB 3.5 billion). The adjusted EBITDA margin for the Rusagro Sugar segment stood at 30%, which is 2 percentage points lower than in 2022.

Revenue from Rusagro’s Sugar Business, RUB bn



Profit from Rusagro’s Sugar Business, RUB bn



64.8 +31% RUB BN

Revenue from Rusagro’s Sugar Business

19.2 +22% RUB BN

Adjusted EBITDA of Rusagro’s Sugar Business

30 % −2 p.p.

Adjusted EBITDA margin

Meat Business

Results in 2023 show that Rusagro's Meat Business is the third-largest producer of pork in Russia.

No. 3

Live pig producer in Russia

Overview of the Russian pork market in 2023

4.8 +5% MN TONNES

Russian pork production

220 +34% THS TONNES

Russian pork exports

2 −88% THS TONNES

Russian pork imports

5.5 −0.3 p.p. %

Rusagro share of Russian pork production

113.1 +8% RUB/KG

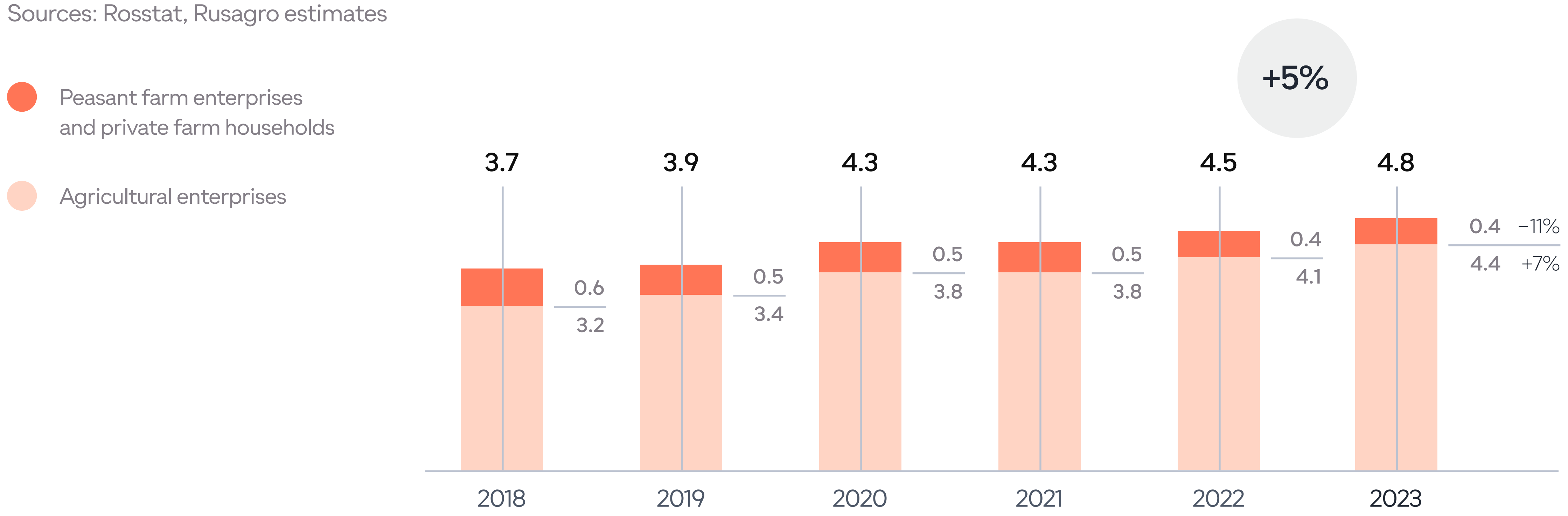
Average price of pork in live weight in Russia, excluding VAT

Production

In 2023, pork production increased by 5% (+236 thousand tonnes)[1] to 4.8 million tonnes in slaughter weight. Agricultural enterprises increased their output by 7% (+281 thousand tonnes), while peasant farm enterprises and private farm households reported another a significant drop in production (down by 11%, or 45 thousand tonnes). The increase in pork output in Russia has been made possible by the expanded production capacity of key market players.

Russian pork production in slaughter weight, mn tonnes

Sources: Rosstat, Rusagro estimates



4.8 +5% MN TONNES

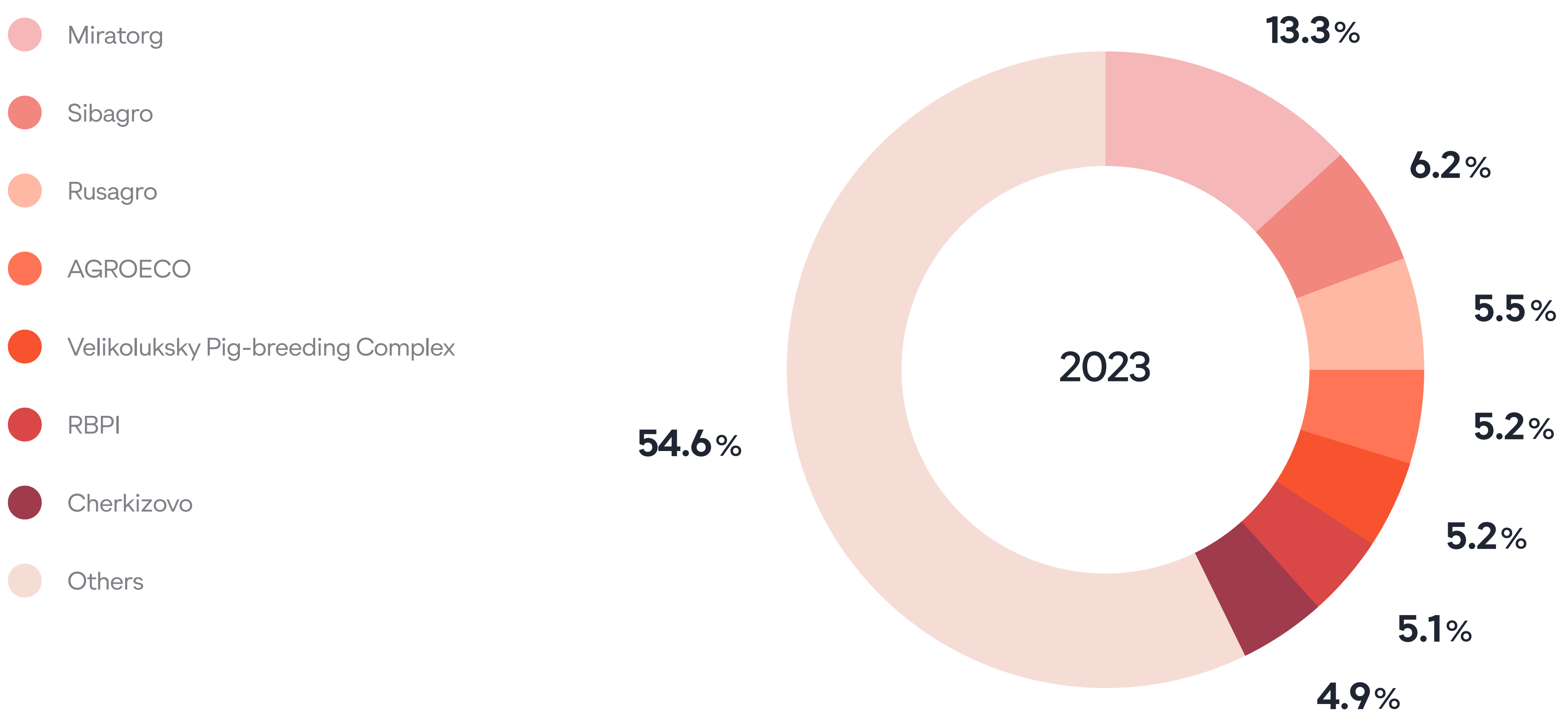
Russian pork production

Main market players

In 2023, the seven largest pork producers in Russia accounted for 44% of the country's total production. Miratorg Agricultural Holding retains its place as the market leader. Following the opening of new facilities, the company was able to increase output by 139 thousand tonnes of live weight (up by 21%) and take 13.3% (+1.7 percentage points) of the pork market, producing a total of 804 thousand tonnes of pork in live weight. JSC Sibagro retains second place for the third year in a row with an estimated share of 6.2% (−0.5 percentage points). Its annual production fell to 378 thousand tonnes (−10 thousand tonnes). Rusagro retains third place in the 2023 ranking of producers, with production volumes of 334 thousand tonnes, a drop of just 2 thousand tonnes from 2022. The company's share of the market stands at 5.5% (−0.3 percentage points). The gap between Rusagro and second-ranked JSC Sibagro fell to 44 thousand tonnes.

Largest pork producers in Russia[2]

Sources: Rosstat, National Union of Pig Breeders



5.5 % −0.3 p.p.

Rusagro share of Russian pork production

[1] The equivalent of 6.1 million tonnes in live weight.

[2] Company production shares were estimated based on pork production by all farm categories in Russia.

Import and export

In 2023, Russian exports of pork (half carcasses, large cuts, industrial cuts, and semi-finished products) and pork by-products increased by 34% from 2022 to 220 thousand tonnes (+56 thousand tonnes). Since the Company has adapted to the current conditions and addressed logistics, insurance, and payment issues, volumes have not only recovered to 2020–2021 levels, but exceeded them.

Vietnam remains our key buyer outside the CIS, with a 75% share of exports to non-CIS countries (39% of all exports). Russia is the second biggest exporter to Vietnam, accounting for 30% of the country's imports. The EU remains the leader at 42%, with Brazil in third place at 18%. An increase in domestic production and low purchasing power prevented the Company from increasing pork exports to Vietnam.

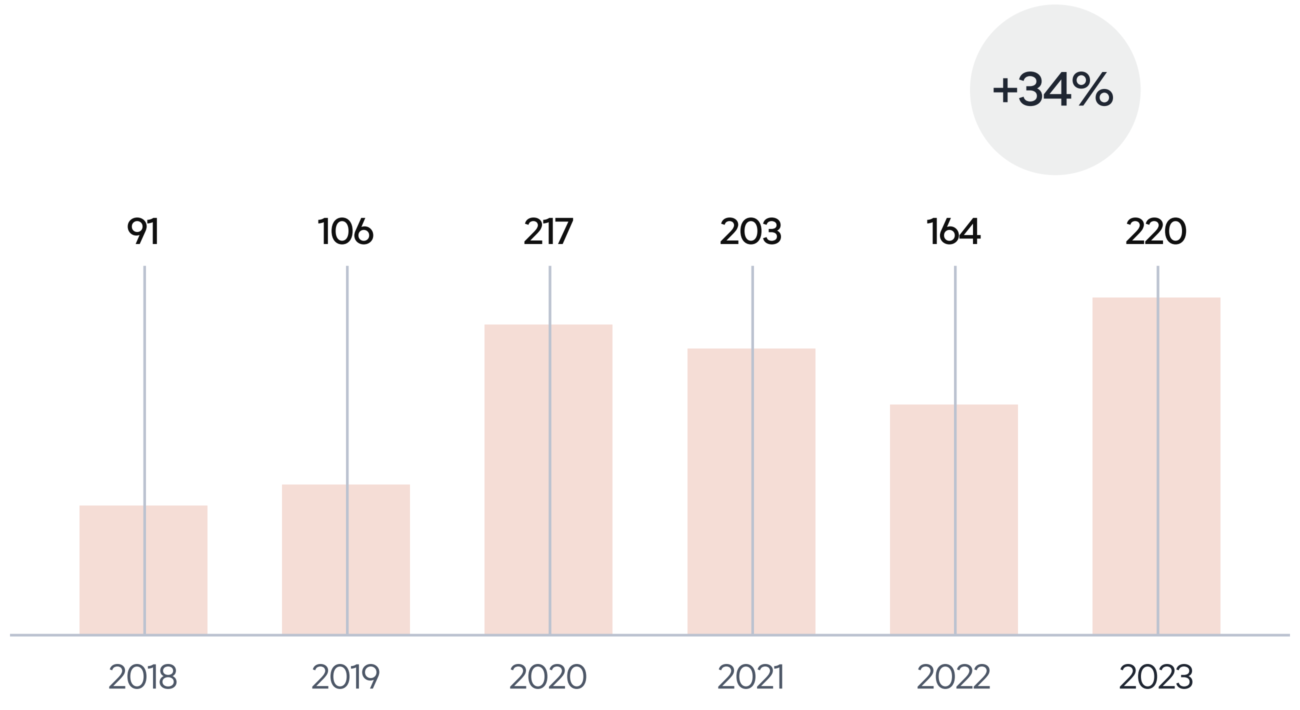
Other non-CIS recipients of Rusagro meat exports include:

- Serbia (9.6 thousand tonnes), where imports from Russia tripled following reorientation towards Russian suppliers thanks to lower prices compared to the EU following ASF outbreaks in Europe.
- Mongolia (9.2 thousand tonnes), where half carcasses from producers with facilities in the Urals and Siberia accounted for a quarter of all imports.
- Hong Kong, where the Company saw a 90% increase in exports compared to 2022. However, volumes remained low relative to previous periods, with recovery hampered by the ongoing difficulties of re-exporting products to Asian countries and certain provinces of China (Taiwan, Macau).

Over the last few years, domestic production has increased and pork imports to Russia have remained low. The abolition of quotas on duty-free imports of frozen pork, the weakening of the rouble, and the growth of domestic production have practically eliminated imports. Pork prices on the Russian market are among the lowest in the world.

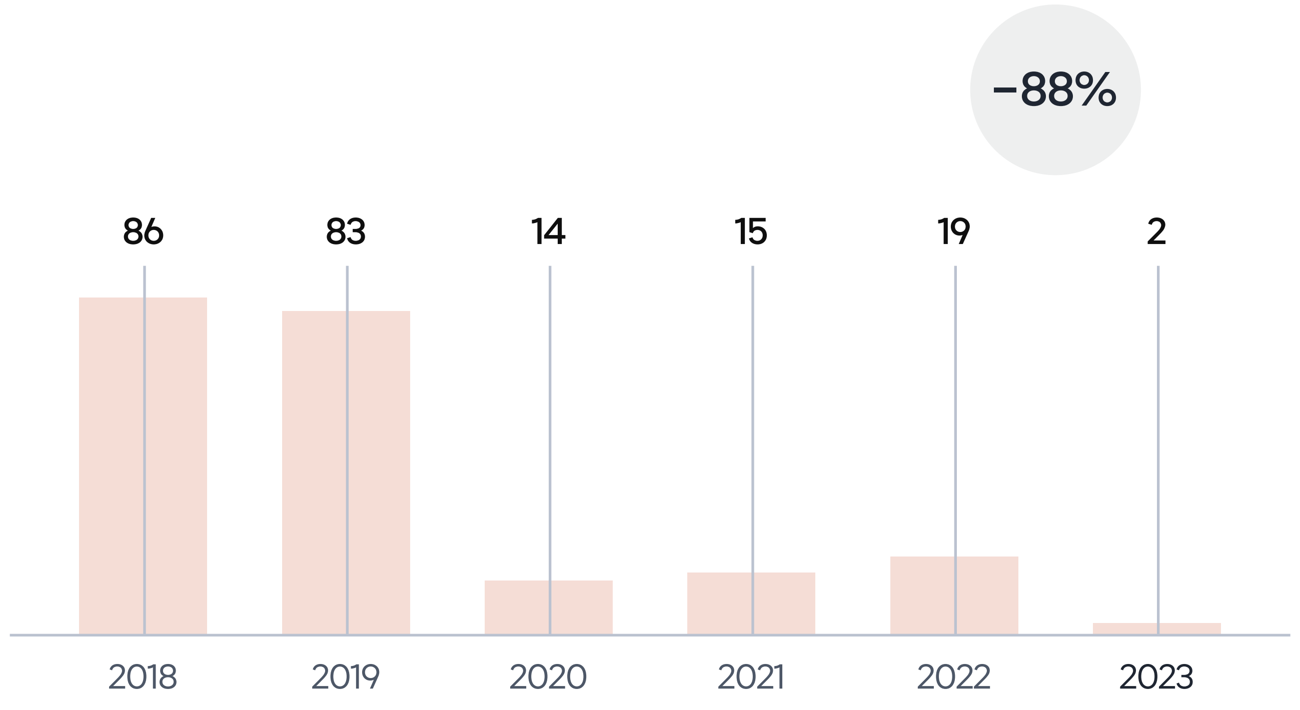
Exports of pork and pork offal[1], ths tonnes

Sources: Federal Customs Service, Customs Service two-way trade data



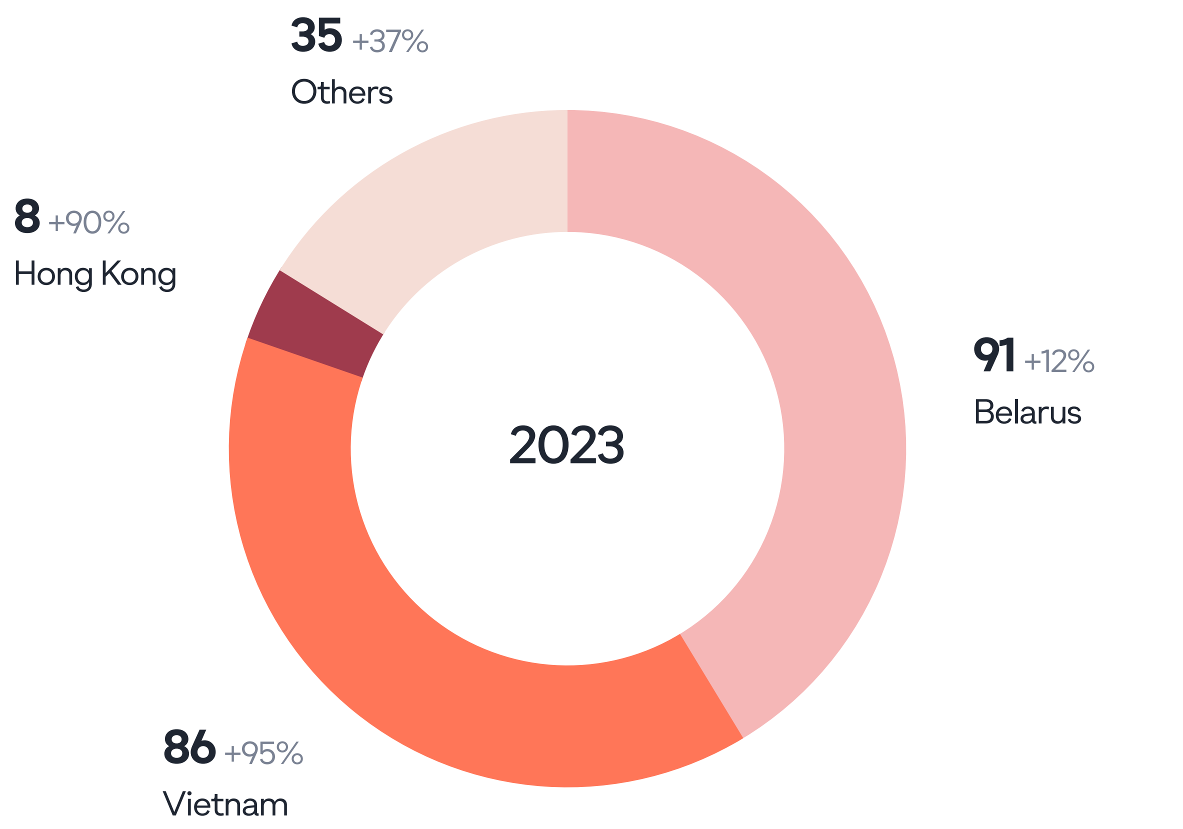
Imports of pork and pork offal[1], ths tonnes

Sources: Federal Customs Service, Customs Service two-way trade data



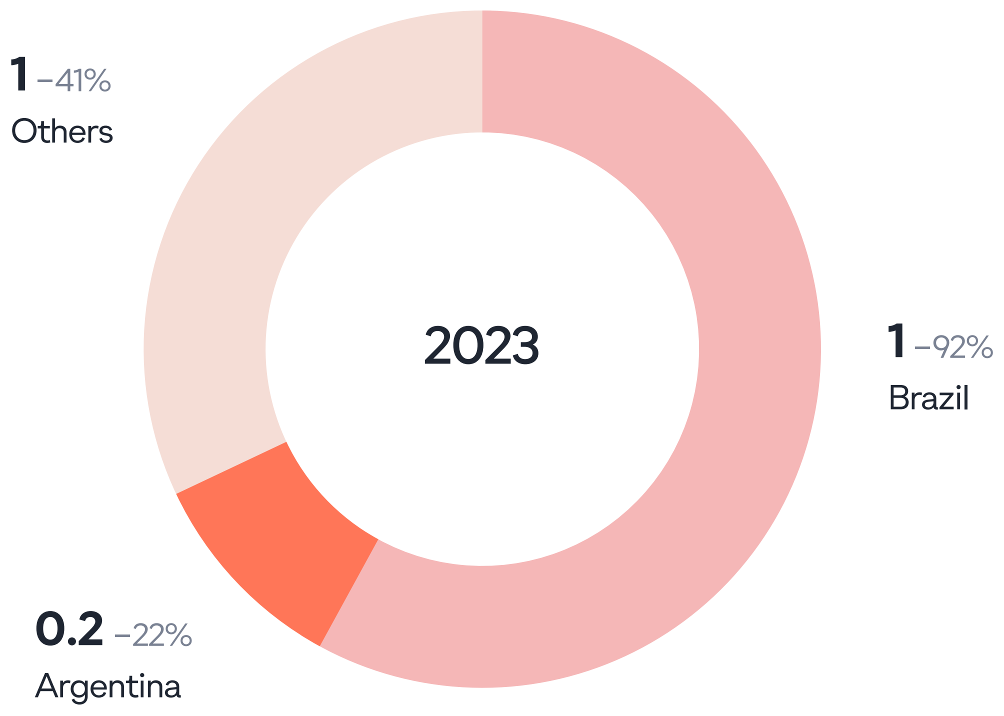
Pork and pork offal exports by destination country[1], ths tonnes

Sources: Federal Customs Service, Customs Service two-way trade data



Pork and pork offal imports by country of origin[1], ths tonnes

Sources: Federal Customs Service, Customs Service two-way trade data



220 +34% THS TONNES

Russian pork exports

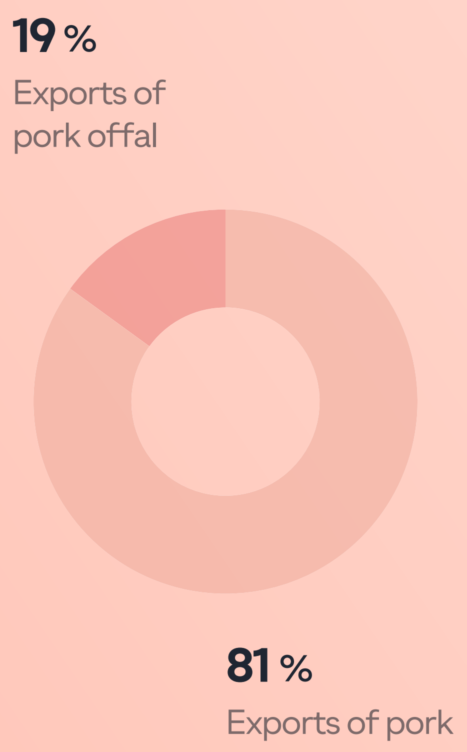
39 %

Vietnamese share of pork and pork offal exports from Russia

2 −88% THS TONNES

Russian pork and pork offal imports

Export share



1 The term "pork" includes half carcasses, large cuts, industrial cuts, and semi-finished pork products.

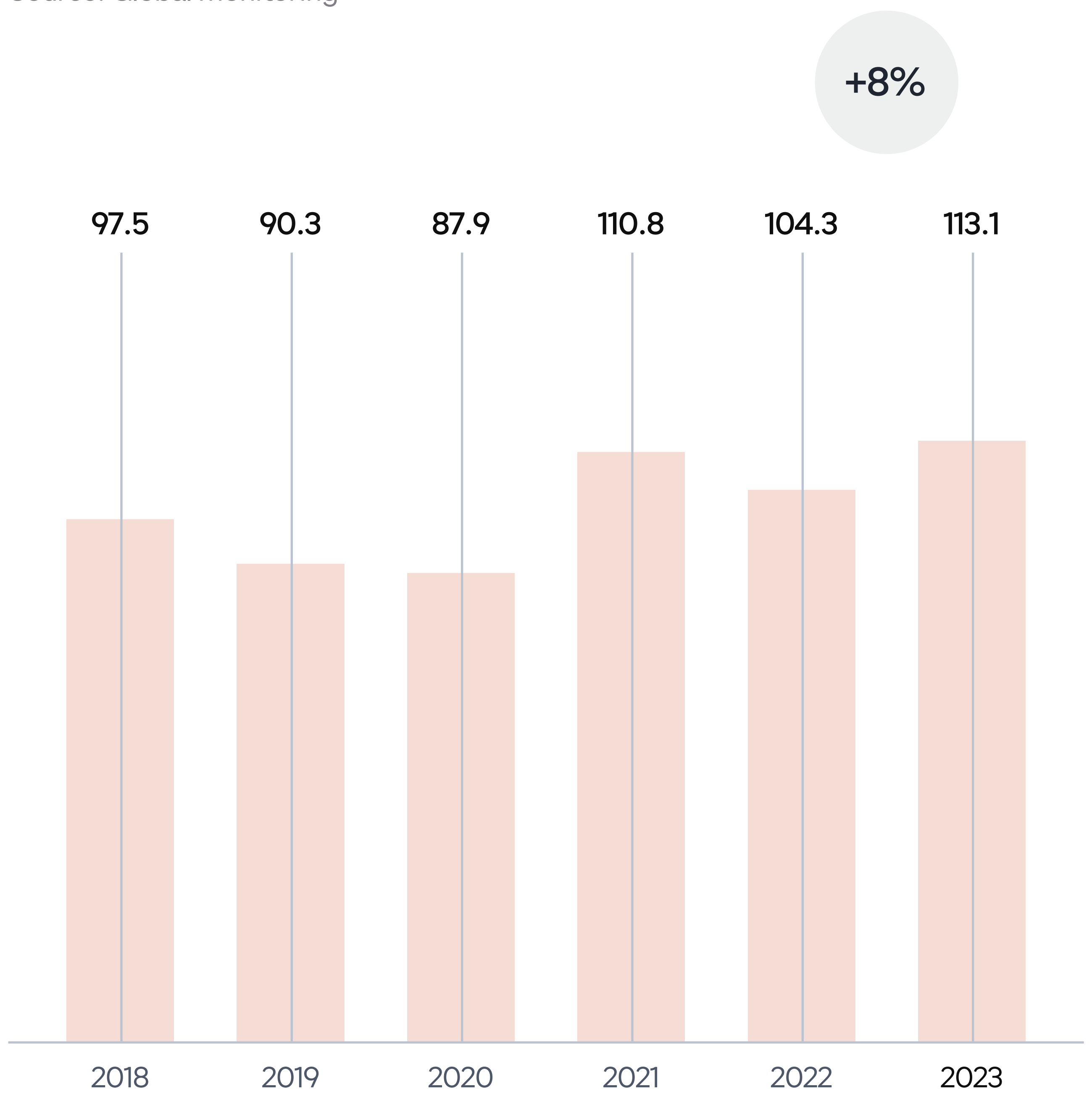
Prices

In 2023, the average market price for live pigs increased by 8% to 113.1 RUB/kg excluding VAT. There were several reasons for this increase. The shortage of chicken resulting from chicken flu and high export prices drove an increase in the price of pork, which is a substitute product in the production of various processed meat and poultry products, including sausages, semi-finished products, and so on. The price increase was also driven by an increase in exports of finished products and high demand due to the limited supply of live pigs from ASF-free zones in Russia and neighbouring countries.

Average market price of pork in live weight in Russia,

RUB/kg, excl. VAT

Source: Global Monitoring



113.1 +8% RUB/KG

Average price of pork in live weight in Russia (excl. VAT)

Performance of Rusagro's Meat segment in 2023

No. 3

Live pig producer in Russia

48.5 RUB BN (+11%)

Revenue of Rusagro's Meat segment

334 THS TONNES (−0.6%)

Pork produced in live weight

290 THS TONNES (−1%)

Sale of pork products

5.0 RUB BN (+209%)

Adjusted EBITDA of Rusagro's Meat segment

10 % (+7 p.p.)

Adjusted EBITDA margin

Business overview

Rusagro's meat segment consists of three vertically integrated clusters: two in Central Russia, in the Tambov and Belgorod regions, and one in the Primorsky Territory in Russia's Far East. The Primorsky Territory cluster came online in 2021.

Each cluster comprises its own pig breeding farms, livestock rearing sites, a compound feed mill, a slaughterhouse and meat processing plant, and a slaughterhouse waste recycling plant.

3 clusters	Tambov Region	Belgorod Region	Primorsky Territory
Pig farms	10	10	6
Pig breeding farms	3	2	1
Compound feed mill	1	2	1
Slaughterhouse and meat processing plant	1	1	1

Livestock rearing

Rusagro has 26 commercial pig breeding complexes and six breeding farms to replenish the herd. At the end of 2023, there were a total of 118 thousand breeding sows. Two new facilities were opened last year.

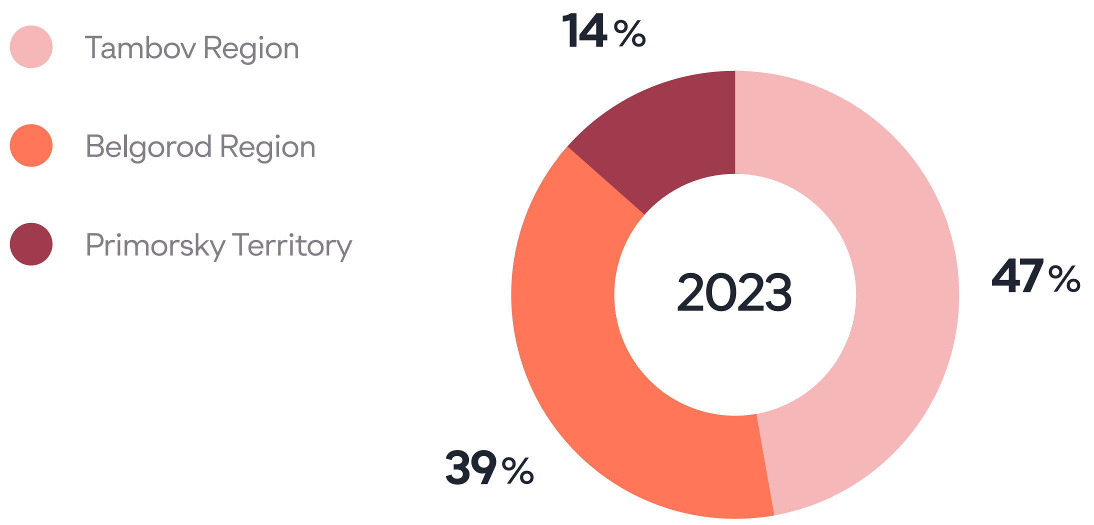
The Company's pig farms operate to international standards, employing the latest science and technology in pig breeding and feeding. Our production sites are up-to-date, highly automated, and environmentally friendly. Each complex pays particular attention to compliance with biosafety requirements and operates a manure removal and waste disposal system.

32 FACILITIES
In operation

118 THS ANIMALS
Breeding pig stock

+2 NEW SITES
Launched in 2023

Rusagro's herd of breeding sows by region



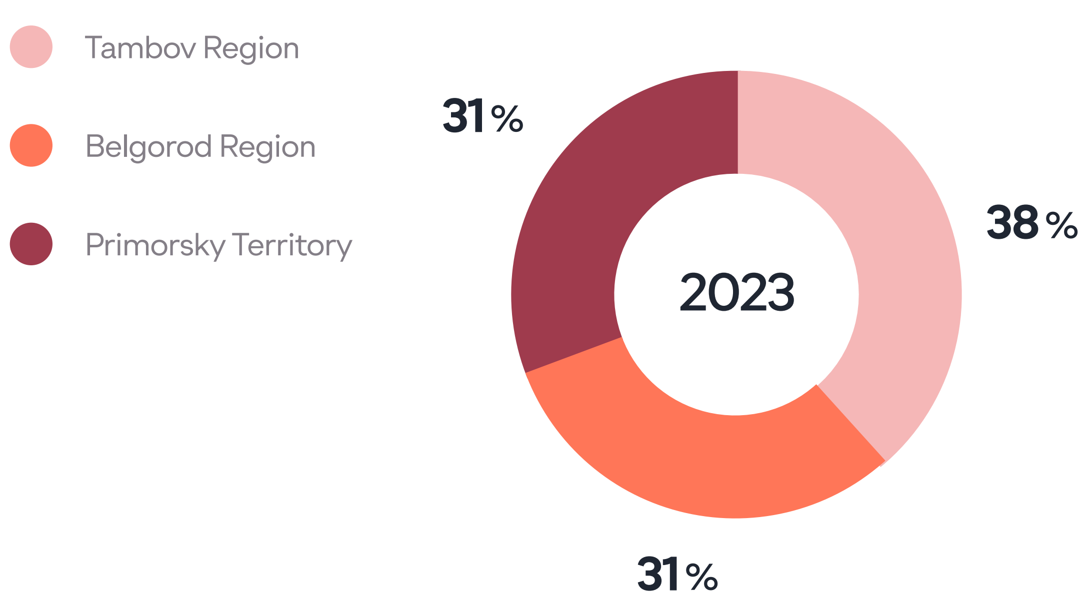
Compound feed production

Livestock feed demands are met by three Rusagro feed mills with an annual production capacity of more than 1.5 million tonnes: 1 million tonnes in Central Russia and 0.5 million tonnes in Primorsky Territory. The modernisation of the feed mill in Belgorod Region was completed in 2023, increasing capacity from 12 to 20 tonnes per hour and enabling our Belgorod Region operation to become fully self-sufficient in feed. In October 2023, the Rusagro-Primorye plant began selling its feed on the foreign market.

Our mills have granulated animal feed production lines in place for all processing cycles. Production technology laboratories conduct highly accurate chemical, technical, and bacteriological analysis.

Feed elevator storage capacity in 2023 totalled 280 thousand tonnes, including 120 thousand tonnes in Primorsky Territory. The Meat Business also possesses grain storage sleeves with a total capacity of 380 thousand tonnes combined. With its own storage facilities, the Company can purchase ingredients at a time that best suits its needs and when prices are low.

Rusagro compound feed production capacity by region



Business overview

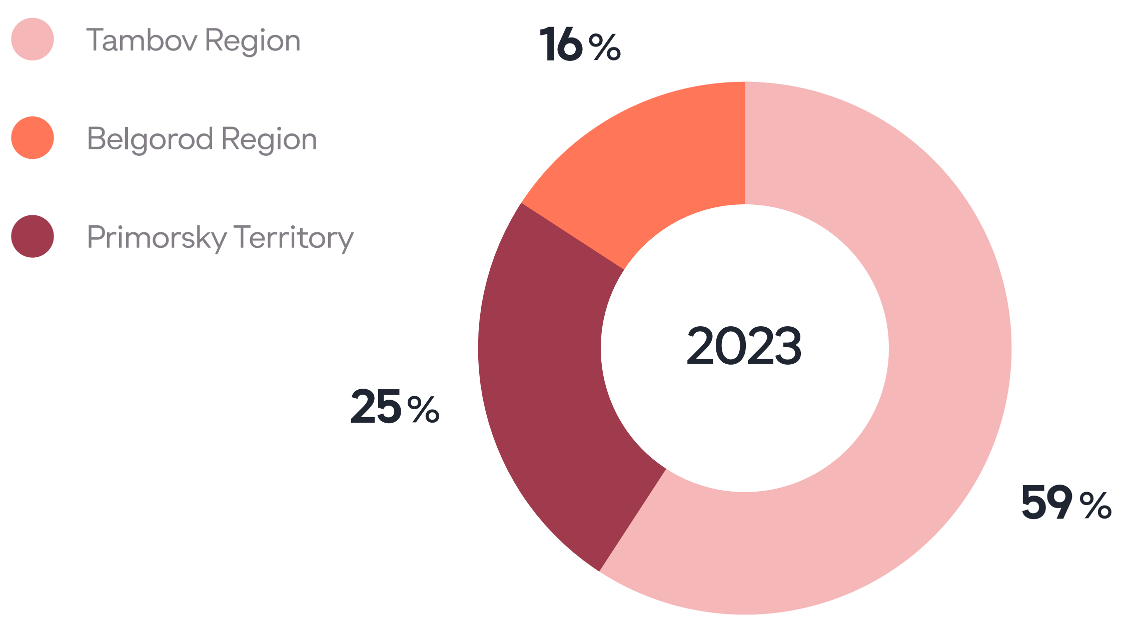
Slaughterhouse and meat processing

Rusagro's slaughterhouse and meat processing plants cover all stages in the processing and production of finished goods: a slaughter line, a deboning station, a chilled semi-finished products station, an offal processing station, and a waste processing station. In 2023, slaughtering capacity increased by 1% to 765 heads per hour, whilst deboning capacity also increased by 1% to 607 heads per hour due to higher productivity in the Primorsky Territory cluster.

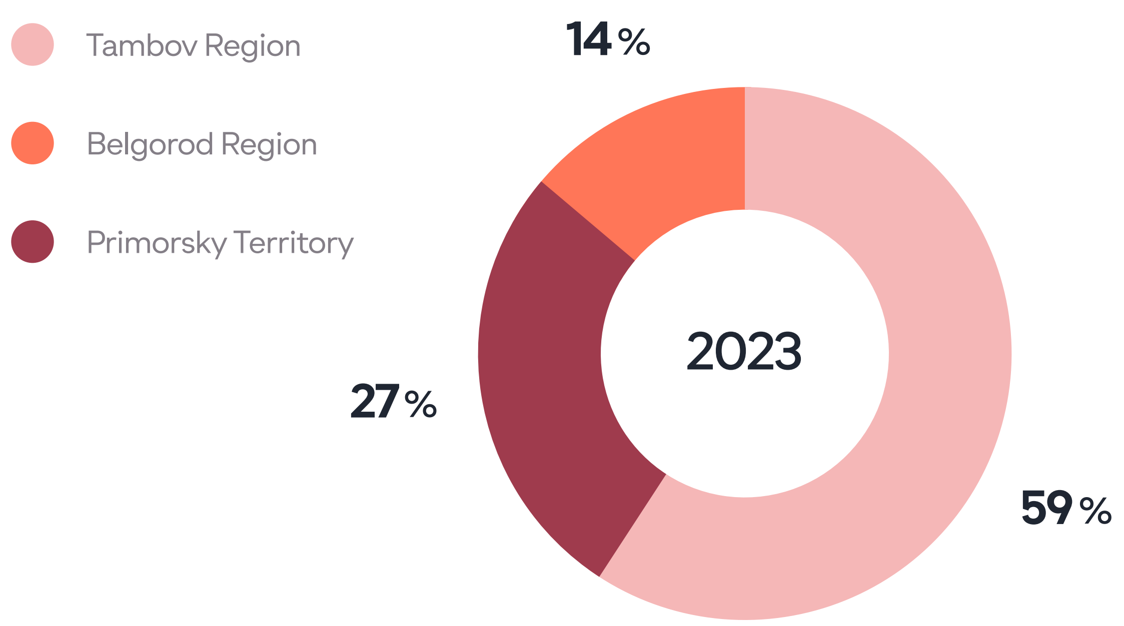
The products fall into four main categories: half carcasses, large and small cuts, chilled semi-finished pork products, and offal. All our sites have a food safety management system in place to drive down risks at every stage of production. We observe strict compliance with the technical regulations governing meat safety. The largest percentage of animals sent to slaughter in 2023 came from the Company's own pig farms (97% compared to 95% in 2022).

The waste processing station ensures that slaughter and deboning waste is thoroughly processed. Blood meal is produced from blood; offcuts from the carcasses of culled animals ; and from bones and defective products we produce meat and bone meal and feed or industrial fat. Some of these products go into feed production, and some are sold to other companies.

Rusagro's slaughter capacity by region



Rusagro's deboning capacity by region



765 +1% HEADS PER HOUR

Slaughtering capacity

607 +1% HEADS PER HOUR

Deboning capacity

97 +2% %

Percentage of animals sent to slaughter in 2023 came from the Company's own pig farms

Brands

Rusagro has been selling meat products under its own trademark, Slovo Myasnika, since 2016. Over the past six years, the Company has achieved high levels of brand recognition and ensured the steady growth of market share and consumer loyalty in its category. The increase in market share last year is due to the growth of the brand in the minced meat, ready-to-cook raw meat product , marinade, and large cut categories. The brand increased awareness and loyalty through trade marketing and regular TV and online advertising.

The brand's key successes include improving product quality, increasing distribution in value-added categories (minced meat, ready-to-cook raw meat products, marinades), launching more than 12 new products, and becoming No. 1 in e-commerce sales.

The brand's extensive product range is regularly reviewed to meet changing market needs. In 2023, new products were launched in the grill category ("Nezhniye" sausages, "Ispanskiye" ribs), ready-to-cook raw meat category ("Slivochniye" and "Tri myasa" cutlets), marinade category ("Barbekyu" ribs in berry sauce, ribs with currants, "Prazdnichny" pork loin, "Nezhny" pork leg, pork shoulder in a sweet and sour marinade, country-style roast, "Domashnee" roast with mushrooms), and mince category ("Tambovsky Premium"). In addition, Rusagro is developing its range of healthy food options. The brand's product range includes products that can be steamed (cutlets, meatballs), as well as products for roasting in the oven (our range of marinaded products).

The meat processing plant in Primorsky Territory passes another Mars inspection

In 2023, the meat processing plant in Primorsky Territory underwent a product quality and safety inspection by Mars, a major producer of long-life products. During the inspection, auditors checked the quality and safety of meat and bone meal production, scrutinising the plant's production process, organisational and technological elements, and the production control system.

The inspectors praised the team, including the food engineers, the quality control department, and the production staff, for their high levels of professionalism and expertise.

They also noted the cleanliness of the meat processing plant and semi-finished products shop. Following this successful client audit, Rusagro will arrange its first deliveries of meat and bone meal to Mars for the production of pet food.

Business overview

3 | 3

Investment

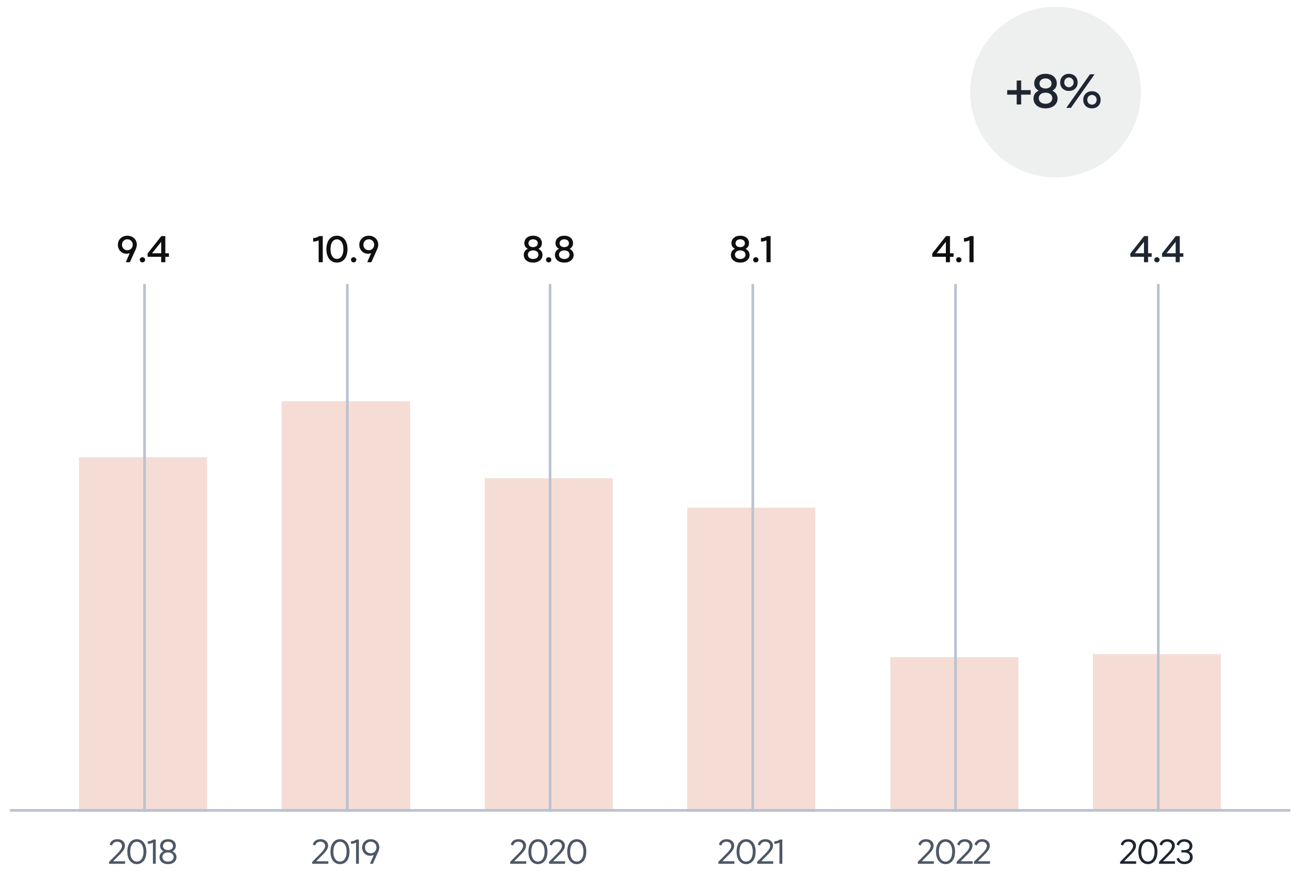
In 2023, Rusagro’s investment in its Meat Business totalled RUB 4.4 billion, up 8% on the previous year. The bulk of these funds were allocated to business development, primarily in connection with the completion of the investment phase of the project to create a vertically integrated cluster in Primorsky Territory, and also with the expansion of deboning capacity to 4,900 carcasses per day and construction of a frozen product warehouse in Tambov Region.

Funds intended to underpin the existing capacity of the Meat Business were spent on introducing a comprehensive enterprise resource planning (ERP) system, replacing the floor joists at our sites to reduce animal injuries, and replacing water towers in Belgorod Region.

4.4 +8% RUB BN

Investment in the Meat segment

Investment by Rusagro in its Meat segment, RUB bn



Major Meat segment investment projects

1 | 2

	Construction of new pig farms in Primorsky Territory
Where	Primorsky Territory, Mikhailovsky Priority Development Area (PDA) 
Results in 2023	All facilities completed and operational. All pig farms stocked with animals
Plans for 2024	To launch a robotic warehouse for finished products at the meat processing plant
Construction period	2016–2023
Launch of production	Mid-2021
Full capacity reached by	Mid-2023

Facilities

- **6** PIG FARMS for 18 ths sows
- **1** PIG BREEDING FARM for 3 ths purebred sows
- **1** SEED PRODUCTION SHOP
- **1** COMPOUND FEED MILL with an annual capacity of 450 ths tonnes
- **1** ELEVATOR 20 ths tonnes storage capacity and grain storage sleeves with a total capacity of 200 ths tonnes
- **1** SLAUGHTERHOUSE AND DEBONING SHOP with a capacity of 680 ths head per year
- **1** SLAUGHTERHOUSE WASTE RECYCLING PLANT

Key highlights

PRODUCTION CAPACITY
75 THS TONNES
of pork in live weight

COST
37.5 RUB BN
excl. VAT

PRODUCTION IN 2023
42 THS TONNES
of pork in live weight

Major Meat segment investment projects

	Purchase, launch, and ramp-up of a pig farm with production capacity of up to 9 thousand tonnes of pork per year	Acquisition of lorry units and semi-trailer livestock haulers	Expansion of deboning capacity and construction of a chilled products warehouse	Modernisation of the gestation area and breeding farm reproduction facility
Where	Belgorod Region	Tambov Region and Belgorod Region	Tambov Region	Tambov Region
Objective	To increase efficiency and productivity	To save costs on transportation and improve biosecurity	To increase deboning capacity, synchronise production processes at deboning and packing stations, reduce packing station staff numbers, and cut expenditure on renting chilled warehouse space and logistics	To increase farrowing rates and the projected number of sows, suckling pigs, and fattening pigs
Cost (excl. VAT)	0.4 RUB BN	0.2 RUB BN	0.9 RUB BN	0.2 RUB BN
Implementation period	December 2023	November 2023	April 2021 to March 2024	December 2023

Technology and innovation

In 2023, the Meat Business approved a Digital Transformation Strategy to upgrade the digital maturity of the business. Among the principal efforts that form part of this strategy are seven groups of projects aimed at automating key business processes.

Product innovations

Rusagro's Meat Business continuously implements projects to increase production capacity and expand our product range, and considers and develops opportunities for generating additional profit from the processing of by-products. In 2023, our R&D team worked to find a waste processing solution at a biogas plant to produce electricity and organic fertiliser. The production of vegetarian meat substitute based on hypoallergenic pea protein has been launched under the Hungry Panda brand. Innovative approaches were taken to increase piglet immunity by having them drink Chlorella suspension.

Business stage	Technology and solutions	Objectives	Implementation period
1 Procurement	Procurement process automation (1C ERP: Procurement and Inventory)	To streamline and maintain the end-to-end procurement process to increase efficiency	2022–2024
2 Livestock rearing	Automation of livestock rearing and the associated planning processes using video analysis and machine learning tools; automation of production processes and automation of compound feed planning and ordering	To increase planning accuracy and improve performance	2021–2024
3 Meat rendering and meat processing waste disposal	Video analysis systems (neural networks) to monitor product quality on the mincemeat production line in real time (Tambov Meat Processing Plant)	To improve product quality control	2023–2024
4 Compound feed production	Automated technical process management system; centralisation of control at the Rusagro-Primorye compound feed production complex	To reduce downtime and increase equipment efficiency	2022–2025
5 Storage and logistics	Systems for multi-agent planning, transport monitoring, and warehouse management (WMS); system for monitoring and management of transport security in the clean and non-clean areas of meat processing sites in Tambov and Belgorod regions	To reduce logistics costs, increase warehouse productivity, and minimise risk	2022–2025
6 Sales	Customer relationship management system (CRM); automation of claims	To automate interactions with customers and make them more effective	2023
7 Electronic document management	Acquisition of tools for converting internal and external documents into electronic format	To increase and maintain efficient document management	2020–2024

Operating results

Production

In 2023, Rusagro's marketable livestock increased by 1% (+40 thousand heads) to 2.8 million heads. Marketable pork production totalled 334 thousand tonnes, which is 2 thousand tonnes (−1%) down on the previous year. The increase in marketable livestock sales was due to the launch and ramp up of production at the Belgorod Region site, where Rusagro produced 124 thousand tonnes of live weight pork. This increase was partially offset by preventive measures taken against infectious diseases at several pig farms in Primorsky Territory.

In the reporting period, the production of marketable livestock for slaughter fell by 1% (−23 thousand heads) to 2.7 million heads due to a shortage of third-party livestock on the market in Tambov Region. Almost all the livestock delivered for slaughter (97%) came from our own production sites. This positive trend is also noted in relation to deboned livestock, whose numbers increased by 8% to 2 million head, up 150 thousand head on 2022.

Feed production in 2023 fell by 7% (−72 thousand tonnes) to 920 thousand tonnes due to external reasons, including: short-term shutdowns at the feed mill in Shebekino due to risks associated with the proximity to military action, and lower demand for feed in Primorye.

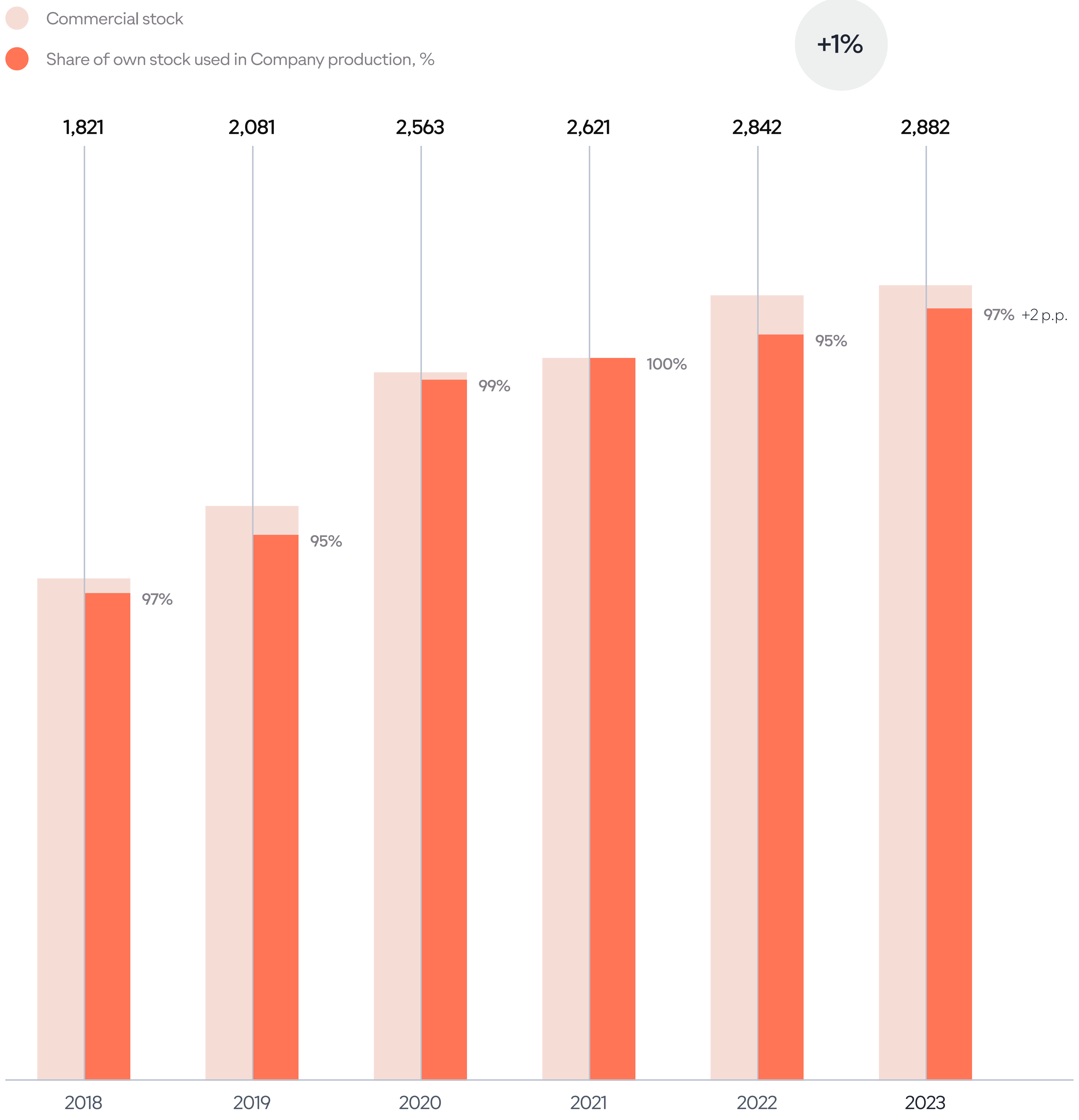
334 −1% THS TONNES

Pork produced by Rusagro in live weight

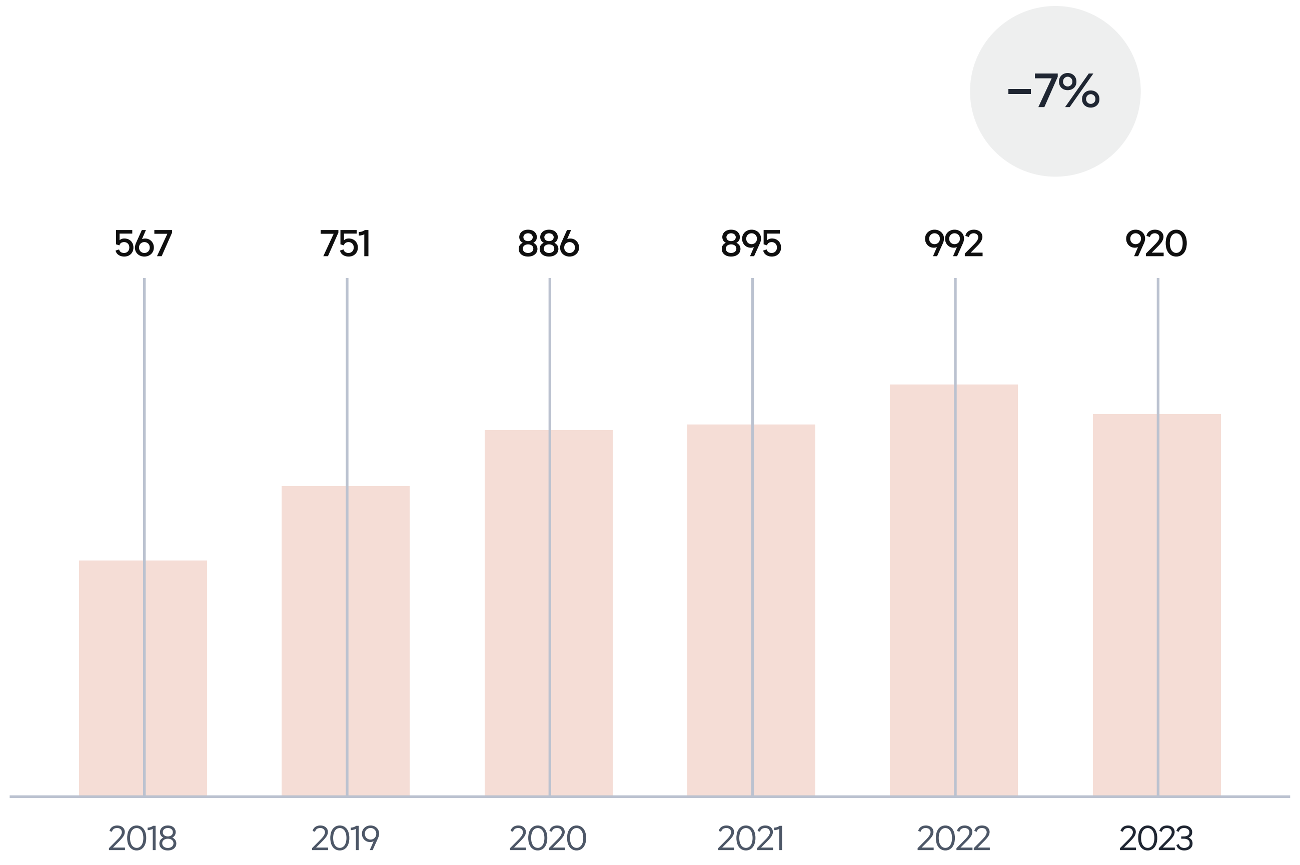
91 %

Share of marketable livestock for slaughter

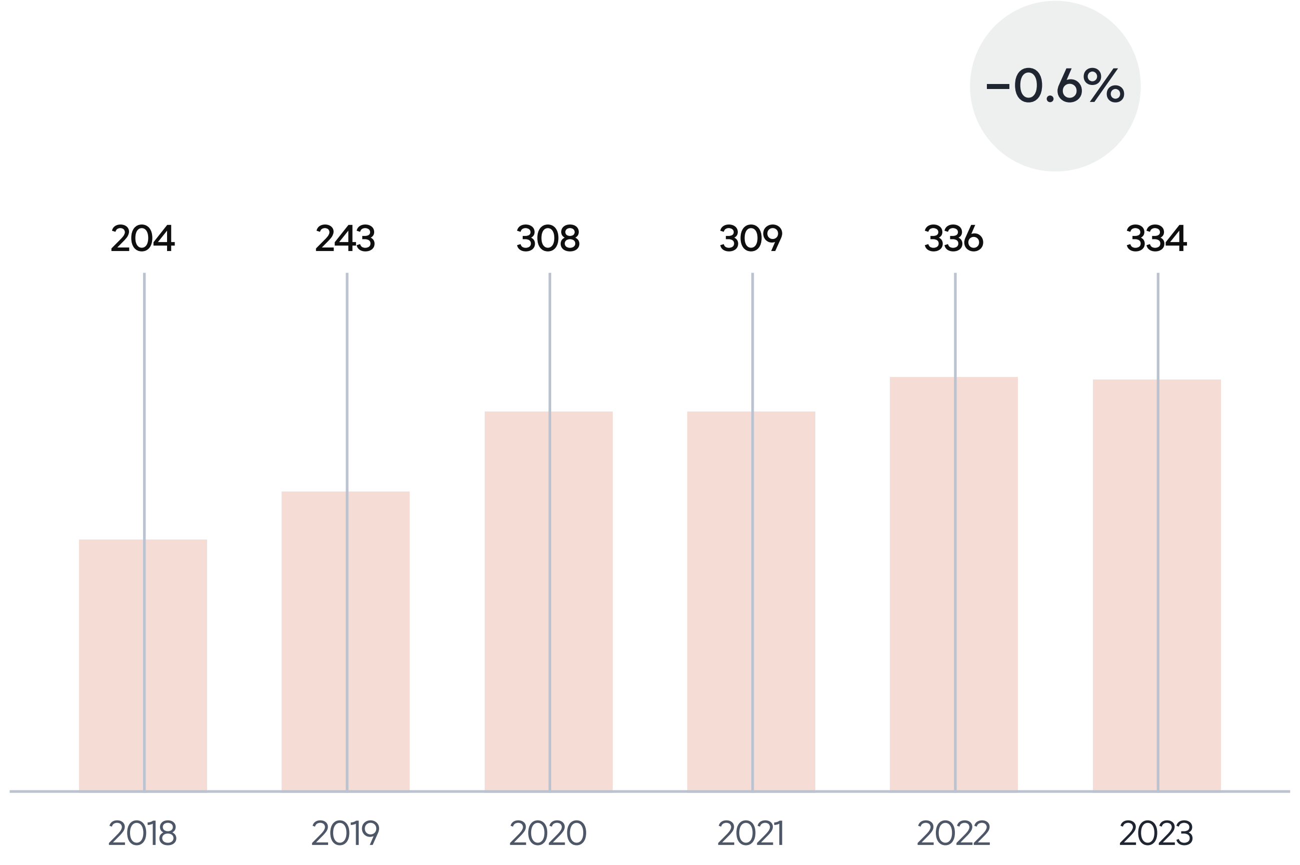
Rusagro's total marketable pig herd, ths heads



Volume of compound feed produced by Rusagro, ths tonnes



Rusagro's pork production for slaughter in live weight, ths tonnes

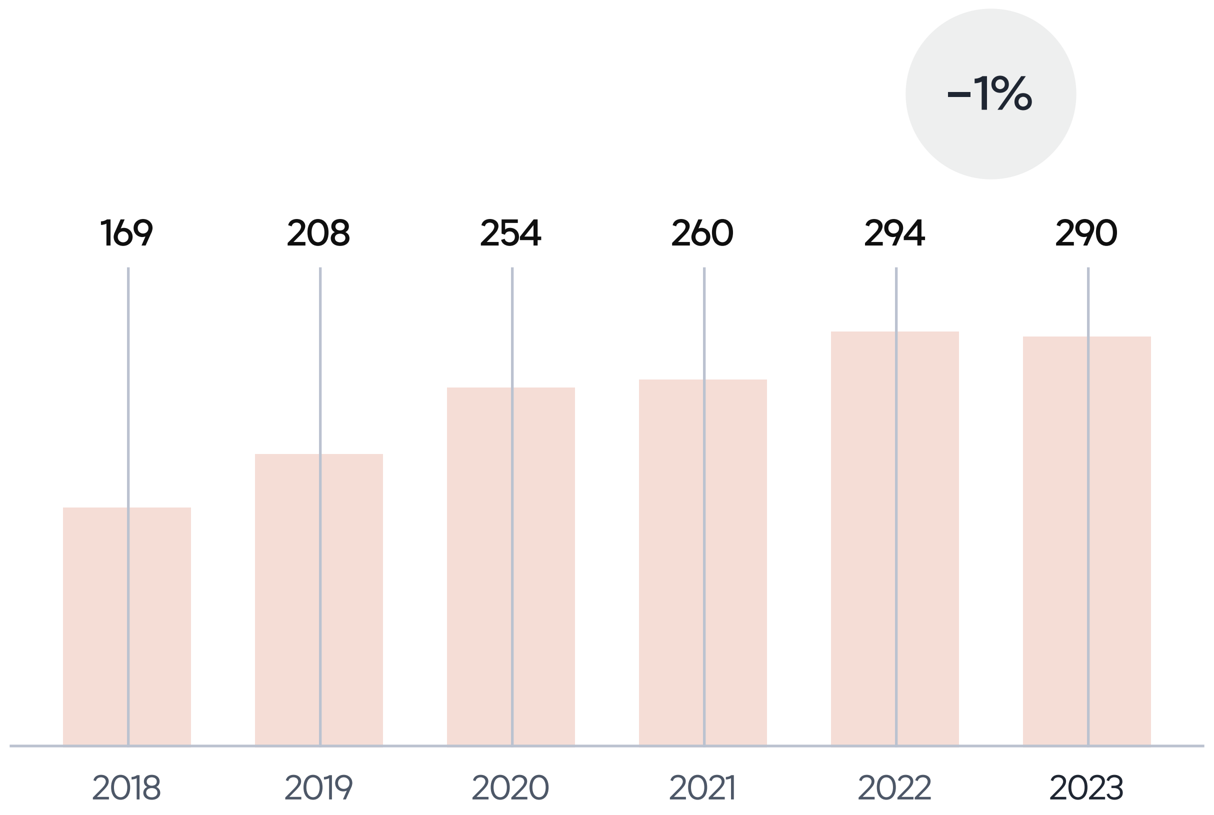


Operating results

Sales

Sales remained almost unchanged last year, decreasing only slightly. The Meat segment sold 290 thousand tonnes of pork products (−1%), including 264 thousand tonnes of products from the meat processing plant (−0.4%) and 25 thousand tonnes of live pigs (−10%). Sales of large cuts (+3%, or 3 thousand tonnes), offal (+10%, or 3 thousand tonnes), and semi-finished products (+30%, or 10 thousand tonnes) increased due to the ramping up of production in Primorsky Territory to full capacity, the growth of offal sales for export, and progress in the development of the semi-finished product category. In 2023, product sales at the waste processing station decreased slightly (by 8%, or −1 thousand tonnes).

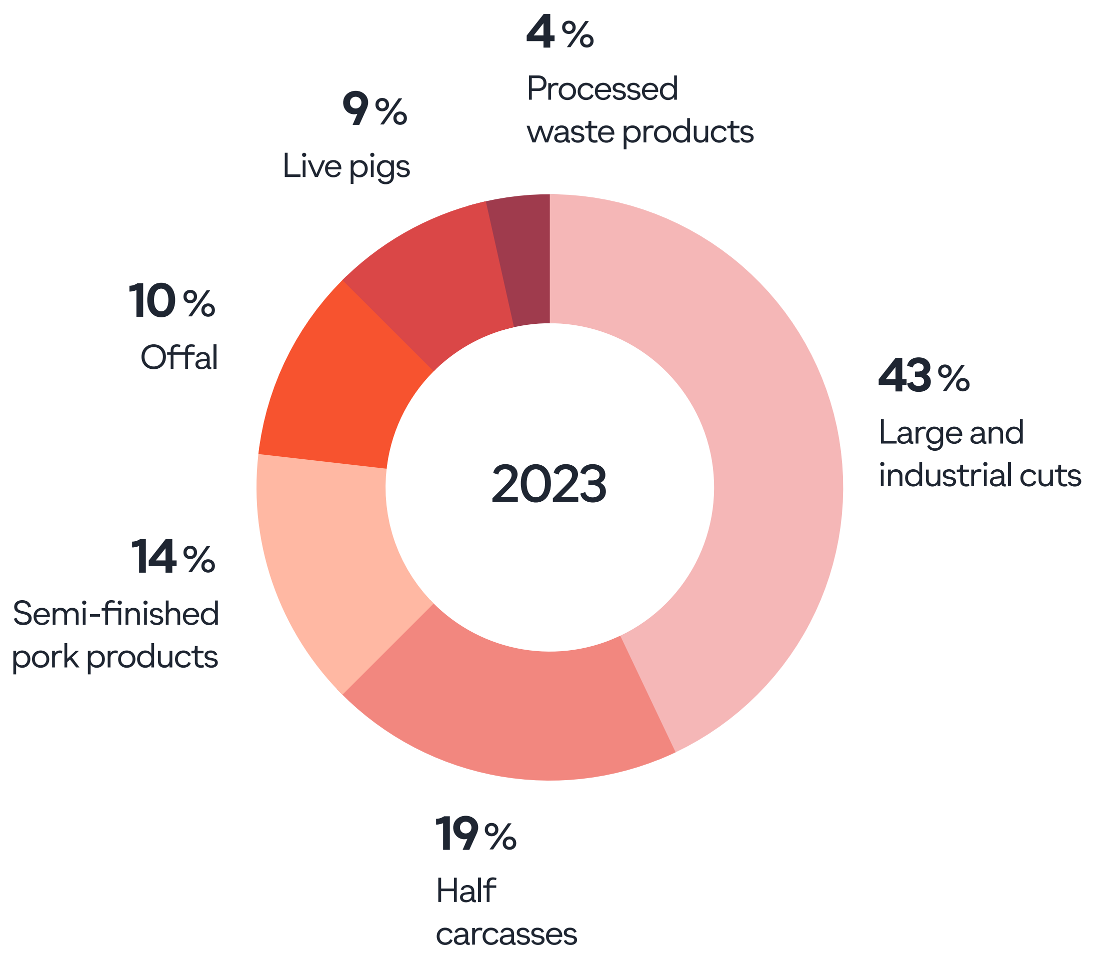
Sales volume of Rusagro pork products[1], ths tonnes



290 −1% THS TONNES

Sales of Rusagro pork products

Rusagro's meat product sales



1 Data includes sales volumes of live pigs, half carcasses, large and industrial cuts, semi-finished products, offal, and processed waste products.

Consumer products

In 2023, the distribution of sales remains the same for the second year in a row: 23% of sales and 33% of revenues in Rusagro's Meat Business came from the consumer segment (excluding export sales).

As part of its strategy for penetrating the retail market, Rusagro continued to refine the position of its Slovo Myasnika brand of meat products in the Russian marketplace. Sales of own brand products increased by 36% to 37 thousand tonnes. According to sales analytics, at Ntech (Novye tekhnologii) retail chain outlets, the market share of the Slovo Myasnika brand in the branded chilled pork category grew by 1.5 percentage points to 14.2% in 2023.

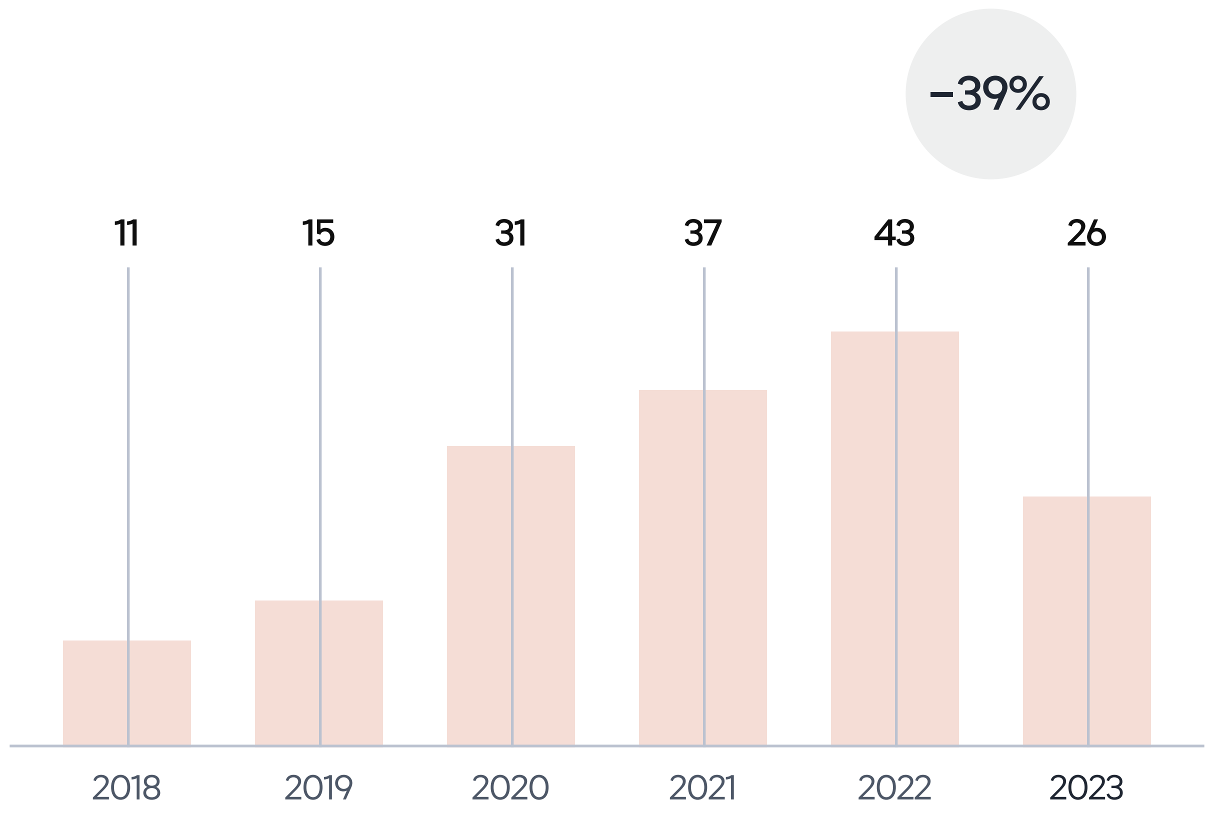
According to Millward Brown, brand awareness (with a prompt) in the Central Federal District stood at 88% (unchanged from last year), and 75% across Russia (+1.4 percentage points). Last year's position was maintained and brand awareness and brand health indicators increased slightly due to the effective implementation of a regional TV campaign in the key regions where the Company operates. The growth in brand loyalty from 8% to 9% was achieved thanks to improved consumer appeal and scaled up distribution.

Operating results

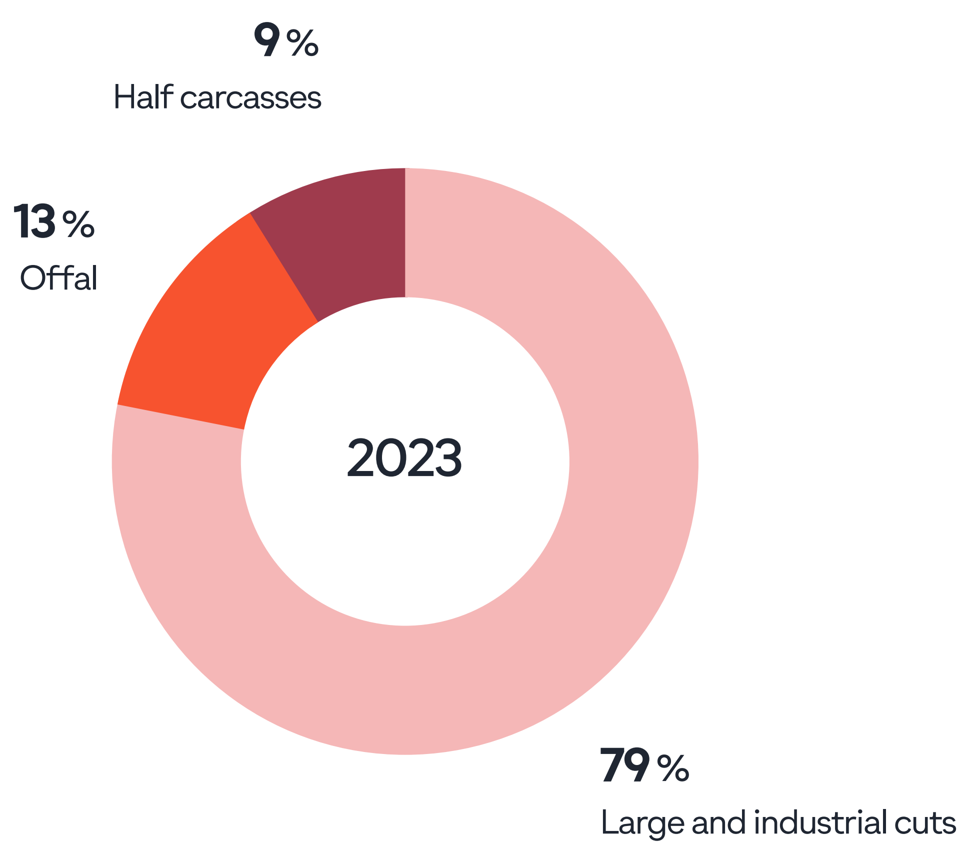
Exports

In 2023, Rusagro reduced exports of meat products by 39% to 26 thousand tonnes (−17 thousand tonnes), which is 10% of the meat products sold by the Company. The decrease was due to difficulties procuring livestock in the Central Region. In addition, exports were partially redirected to the domestic market to meet demand. The bulk of exports (79%) fell into the large and industrial cuts category. The second largest export category (13%) was offal. The main destination for pork products was Belarus, which accounted for 78% of total sales (20 thousand tonnes), while 19% (5 thousand tonnes) went to Vietnam. Exports to Vietnam grew by 2.7 times, year on year. The reporting period is characterised by successful collaboration with Belarus and Vietnam, our main non-CIS buyer, which was made possible due to the renewal of logistics infrastructure.

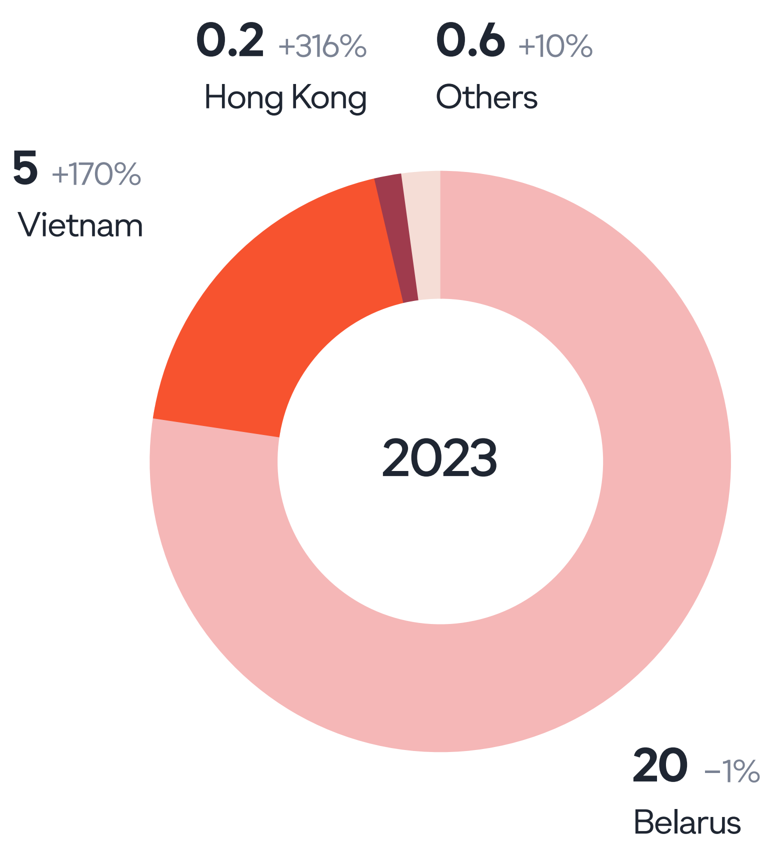
Exports of Rusagro meat products, ths tonnes



Rusagro meat product sales



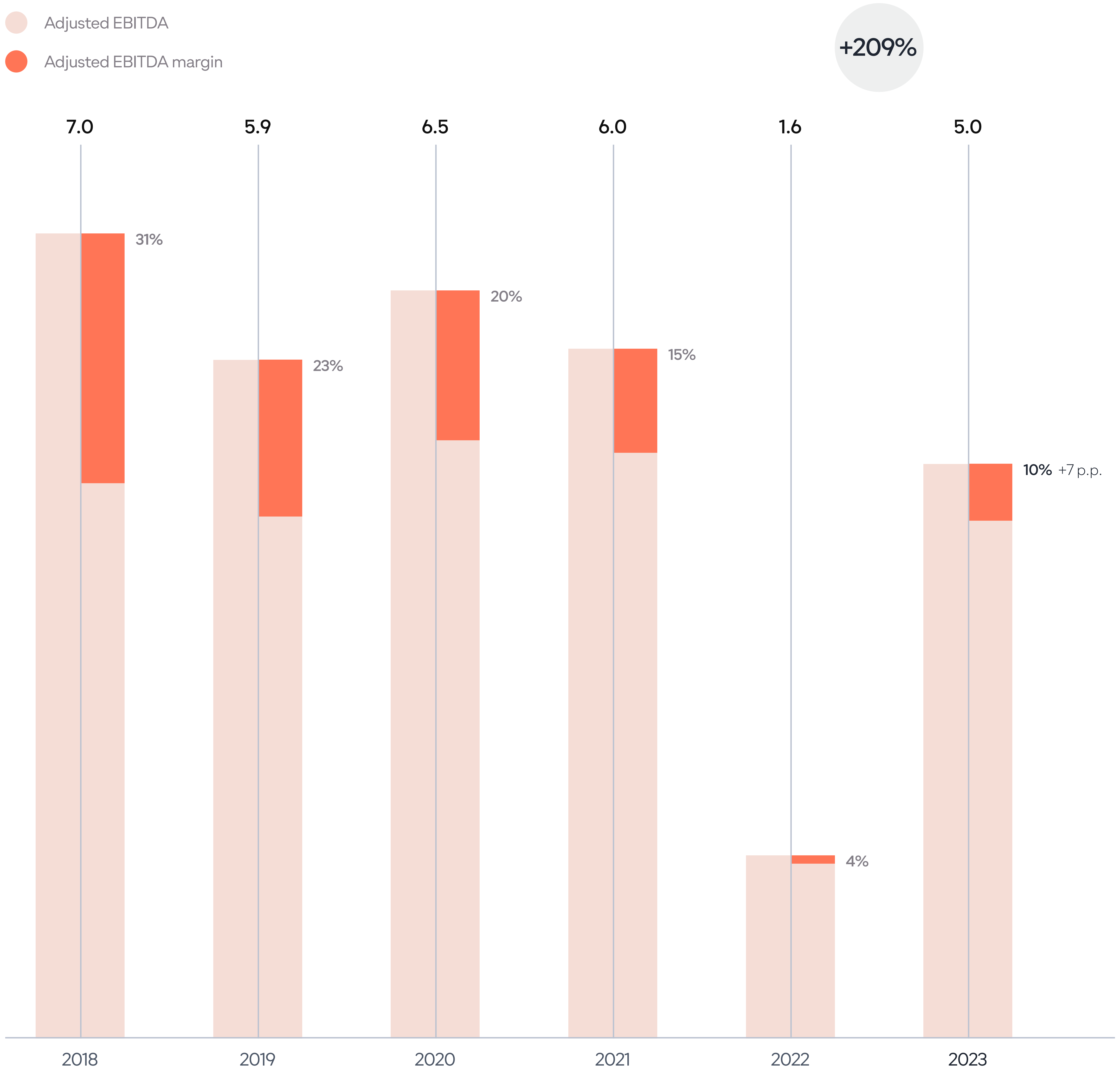
Rusagro meat product exports by destination country, ths tonnes



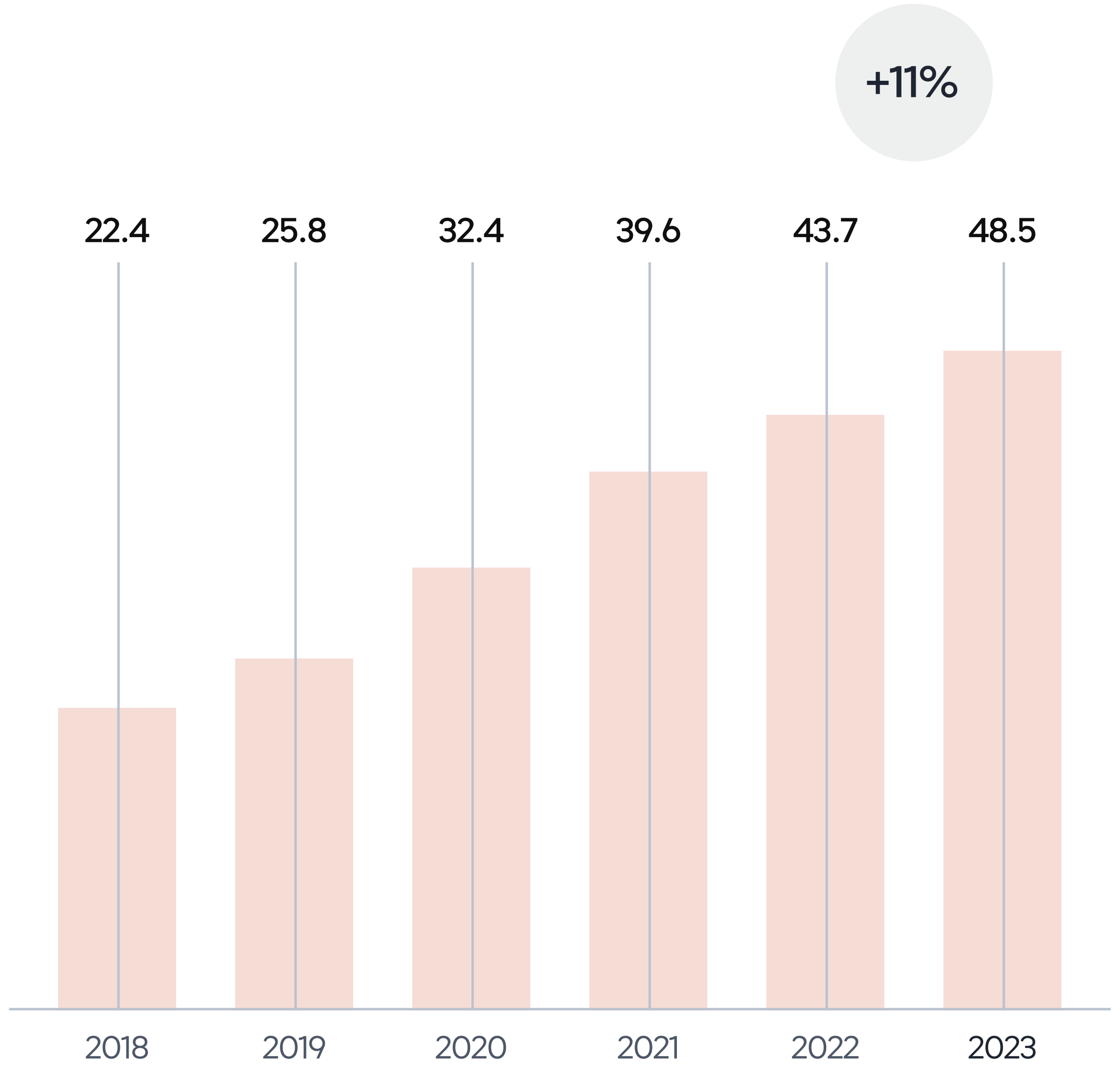
Financial results

As a result of increased sales of pork products in 2023, Rusagro's Meat segment revenues increased by 11% to RUB 48.5 billion (+RUB 4.8 billion), including RUB 5.1 billion from export operations. The adjusted EBITDA margin grew from 4% to 10% on the back of the launch and ramp-up of the pig-breeding cluster in Primorsky Territory. As a result, compared to 2022, adjusted EBITDA more than tripled to hit RUB 5 billion.

Profit from Rusagro's Meat segment, RUB bn



Revenue of Rusagro's Meat segment, RUB bn



48.5 +11% RUB BN

Revenue of Rusagro's Meat Business

5.0 +209% RUB BN

Adjusted EBITDA of Rusagro's Meat Business

10 % +7 p.p.

Adjusted EBITDA margin

04.

Corporate governance

Rusagro is committed to complying with Russian and international standards and best practices in corporate governance. Rusagro's directors and major shareholders believe that an effective corporate governance system ensures the Company's successful development and is the key to business stability, stronger investment appeal, and higher shareholder value.

Corporate governance system

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

Rusagro's status as a public company means that a particularly high standard of corporate governance is required. Global depository receipts (GDRs) representing the Company's shares are admitted to trading on the London Stock Exchange (LSE), the Moscow Stock Exchange (MOEX), and the Astana International Exchange (AIX).

The core documents relating to the Company's corporate governance are as follows:

- Articles of Association
- Code of Business Conduct and Ethics
- Code of Conduct for Prevention of Insider Trading
- Regulation on the Board of Directors
- Regulation on the Audit Committee of the Board of Directors

The Ros Agro PLC Articles of Association are available on the Company's website

Business ethics

Code of Business Conduct and Ethics

The key document regulating business conduct and ethics at Rusagro is the Code of Business Conduct and Ethics of Ros Agro PLC and companies within the Group (the 'Code'). The Code came into effect in 2014 and the most recent version was approved in 2017.

The Code comprises:

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

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

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

The Code of Business Conduct and Ethics is available on the Company's website

Rusagro ethical principles

01

Efficiency and profitability

Rusagro recognises its duty and responsibility towards shareholders and partners, and for this reason, profitability and efficiency are key Company values.

02

Compliance with laws and standards

Rusagro rigorously adheres to the requirements of applicable local law and industry and corporate rules, standards, and procedures.

03

Social responsibility

The Company contributes to the development of the regions in which it operates. This includes caring for the environment, professionally managing employee health and safety, and paying taxes and salaries on time. Rusagro is also involved in charitable activities and sponsorships.

04

Integrity

It matters to the Company how and in whose name it operates. Rusagro pursues its mission on the basis of honesty, fairness, respect, and decency.

05

Partnership

The Company highly values its relationships with business partners, public organisations, and customers.

Company-wide hotline

To help maintain its high standards of business ethics, Rusagro launched a Company-wide hotline in October 2022. The Rusagro hotline enables employees and other stakeholders to leave messages about existing, suspected, or planned violations of the rules of business conduct and ethics, or theft, via anonymous communication channels.

The hotline operates on the following principles:

Confidentiality
messages can be investigated anonymously

Independence
incoming information about violations is processed by the CSI Group, an outsourced provider unrelated to Rusagro. This ensures complete impartiality

Reward
each message is assessed by the provider, following which the caller may receive financial compensation of between RUB 10 thousand and RUB 500 thousand (10% of the damage identified)

Compliance

The governance of compliance matters is structured through the Company's Internal Audit Service (the 'Service'). In accordance with the provisions of the Code of Business Conduct and Ethics regarding adherence to and compliance with the law, the Service surveys employees to identify possible violations. Compliance officers handle any complaints and decide how to respond. After the appropriate checks have been carried out, the results are discussed with management and reports are drawn up for the Audit Committee. Another of the Service's duties is to monitor the implementation of measures that have been developed and approved to ensure compliance in the course of the Company's operations.

If a violation of the law is identified, the authorised official must inform the appropriate Company bodies. If the accuracy of the information is confirmed, suggesting a criminal or administrative violation has been committed, this information is passed on to law enforcement authorities. If a violation of the Code is not related to applicable law, the following measures may be applied to the employee at fault: removal of bonus or other incentives, denial of promotion, or public reprimand. If appropriate legal grounds are identified, disciplinary action may also be considered.

Anti-corruption measures

The key document regulating anti-corruption measures within the Company is the Anti-corruption Policy approved in 2019. Abiding by the principles and requirements of this Policy is mandatory for all employees in equal measure, as is abiding by the requirements of the applicable anti-corruption legislation and regulatory acts of the Russian Federation. These provisions also apply to counterparties and other parties that may act on the Company's behalf.

The key principles of Rusagro's anti-corruption measures are:

- rejection of corruption in all its forms and manifestations
- the personal example set by senior Company executives
- employee engagement
- anti-corruption mechanisms that are systematic, risk-proportionate, and effective
- responsibility and the inevitability of punishment
- business transparency
- due diligence
- continuous oversight and regular monitoring
- alignment of the Company's Anti-corruption Policy with applicable law and generally accepted standards

In addition to complying with the Anti-corruption Policy, all employees must abide by international anti-corruption acts.

These include:

The Cypriot Prevention of Corruption Law, Cap. 161 (as amended)

The UK Bribery Act

Preventing conflicts of interest

Rusagro is cautious about possible situations in which an employee loses (or could lose) their loyalty and objectivity with regard to the Company or the performance of their duties. The resulting conflict between personal interests and the interests of Rusagro has a negative impact on job performance, which is why the Company feels it has the right to safeguard itself against such conflicts. To prevent conflicts of interest, the Company does not engage in business relations with clients, suppliers, or competitors in any way other than in the course of carrying out business on Rusagro's behalf.

In addition, Rusagro defines the following situations as conflicts of interest:

- romantic or sexual relationships between managers and their subordinates
- family relationships (close or distant) with another employee of the Company or the employee of a client, supplier, or competitor
- spousal relationships (including former spousal relationships) with another employee of the Company or the employee of a client, supplier, or competitor
- joint participation with another employee in a commercial enterprise or common membership in a religious or other non-profit organisation

Under the Code of Business Conduct and Ethics, line managers and compliance officers must be notified of any such situation via the appropriate channels. A more detailed list of rules on preventing conflicts of interest can be found in the Code of Business Conduct and Ethics.

Code of Conduct for Prevention of Insider Trading

As a public company, Rusagro has extensive obligations with regard to establishing and adhering to a specific procedure for the disclosure of information that may materially affect the value of the Company's securities.

In 2011, the Company introduced its Code of Conduct for Prevention of Insider Trading that applies to all Company employees and members of the Board of Directors. On 12 November 2021, it was resolved to amend the Code of Conduct for Prevention of Insider Trading by reducing the time frames for the start of the Annual Blackout Period for Securities Transactions from 60 to 30 calendar days.

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

In addition to understanding and complying with the Company's Code of Conduct for Prevention of Insider Trading, employees must abide by international acts on the use and disclosure of insider information.

These include:

- The Cypriot Market Abuse Law (2016)
- The EU Market Abuse Regulation (596/2014)
- The UK 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 regulatory requirements

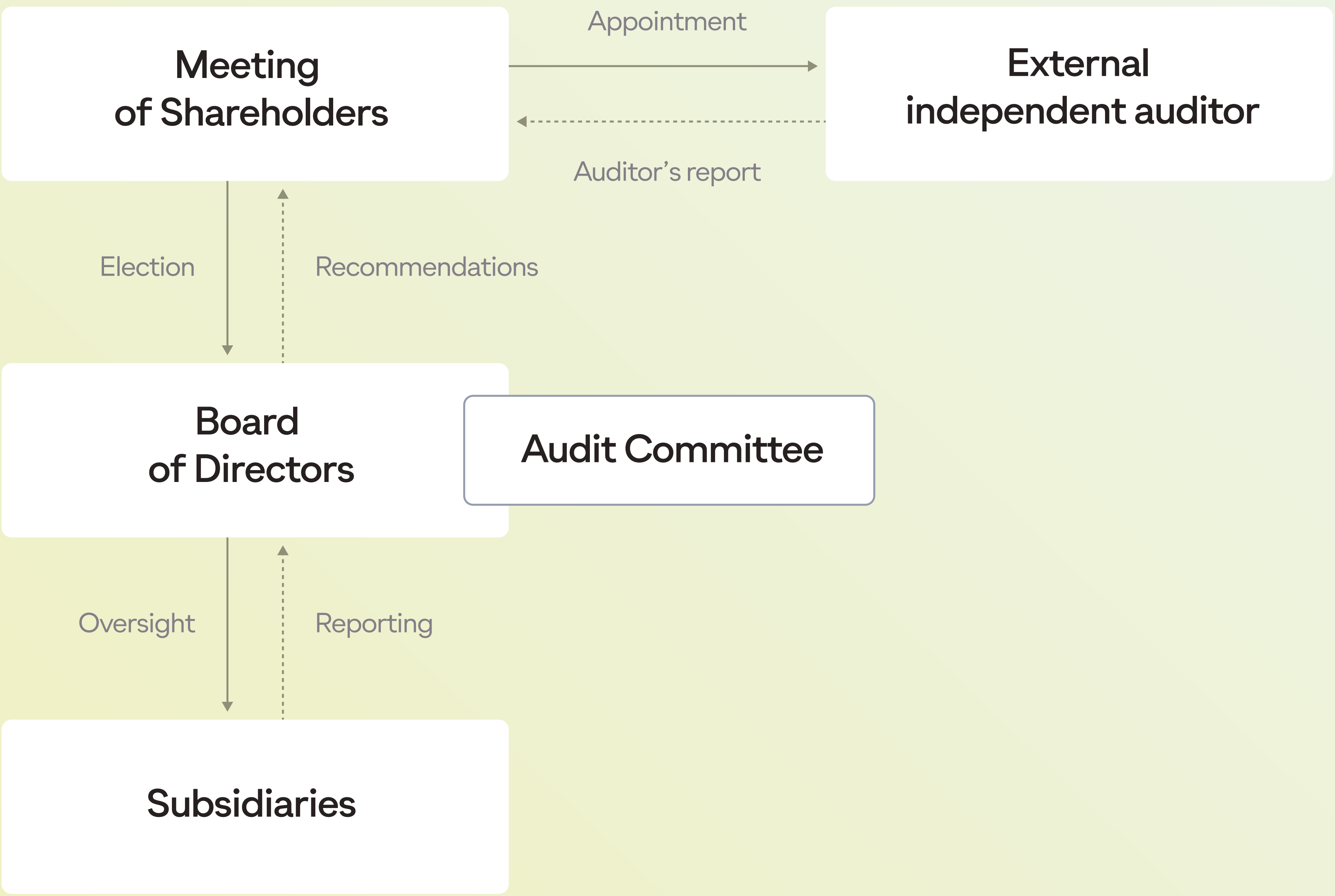
The Code of Conduct for Prevention of Insider Trading is available on the Company's website

The resolution on amending the Code of Conduct for Prevention of Insider Trading is available on the Company's website

Structure of management and oversight bodies

In accordance with the Articles of Association, the Company's system of management bodies consists of the following levels:

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



Meeting of Shareholders

The Meeting of Shareholders is the Company's highest management body. The Annual Meeting of Shareholders is held once a year. Any meetings of shareholders other than the Annual Meeting are deemed extraordinary. The Meeting of Shareholders is held at: 25 Aphrodite Street, 3rd floor, office 300, 1060 Nicosia, Cyprus. Should it become necessary to change the venue of the Meeting of Shareholders, the date and venue of the Annual Meeting and extraordinary meetings shall be set by the Company's Board of Directors.

The Meeting of Shareholders holds the following exclusive authorities:

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

Information on any Meeting of Shareholders held by the Company and resolutions adopted by the Meeting of Shareholders are disclosed in accordance with the Company's information disclosure requirements.

The Annual Meeting of Shareholders on 1 April 2023 approved the following:

- 2022 audited consolidated financial statements
- 2022 audited separate financial statements
- 2022 independent auditor's report
- 2022 directors' report
- 2022 Annual Report
- the auditor for 2023 and their remuneration
- no 2022 year-end dividend payout (except interim dividends already paid out)
- other matters, including the re-election of members of the Board of Directors and their remuneration

As at 31 December 2023, the auditor of the Group's financial statements is audit and advisory firm Kept.

Board of Directors

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

The Board determines strategic objectives, provides the financial and human resources needed to achieve these objectives, and assesses the performance of the Company's management team. The Board of Directors also determines the values and standards of corporate governance and ensures that the Company meets its obligations to shareholders.

In accordance with the Company's Articles of Association, the Board of Directors shall have at least two and no more than five directors, of which a minimum of two must be independent. The Company is guided by the general principles of cultural and gender diversity on the Board of Directors, which helps Rusagro to ensure effective decision-making.

Composition of the Board of Directors

As of 31 December 2023, the Board of Directors comprised:

1. Sergey Koltunov
2. Mariia Egorova
3. Alexey Smagin
4. Axana Mansourian (Managing Director)

Information on the composition of the Company's Board of Directors, meetings of the Board of Directors held by the Company, and resolutions adopted at meetings of the Board of Directors are disclosed according to the Company's information disclosure requirements.

Audit Committee of the Board of Directors

The purpose of the Audit Committee is to enhance the performance of the Board of Directors. The Audit Committee is governed by the Regulation on the Audit Committee of 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 resolutions adopted by the Board of Directors.

The main responsibilities of the Audit Committee are as follows:

- to assist the Board in making decisions related to reporting and auditing
- to improve the Board's oversight of the Company's financial and economic activities by preparing and reviewing in advance recommendations for the Board on matters within the Board's purview
- to set up an effective system for oversight of the Company's financial and economic activities and ensure the Board's participation in implementing it

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

As of 31 December 2023, the Audit Committee comprised:

- Axana Mansourian
- Mariia Egorova
- Alexey Smagin

Management

1 | 3

Corporate management

Timur Lipatov

Chief Executive Officer, Rusagro Group LLC

Born in 1980, Timur Lipatov graduated with distinction from the Moscow Power Engineering Institute and the International Independent University of Environmental and Political Sciences, gaining degrees in both Thermal Power Engineering and Management. In 2012, Mr Lipatov earned an MBA from the European School of Management and Technology in Berlin, Germany.

Before joining Rusagro, he headed Silovye Mashiny (Power Machines) from 2018 to 2021. From 2015 to 2018, he was the CEO of Inter RAO – Power Generation Management. Prior to that, he held management positions at companies such as E.ON Russia, OGK-3 and OGK-5, and Tekhnopromeksport.

He was appointed as CEO of Rusagro Group LLC on 1 January 2022.

Alexander Tarasov

Chief Financial Officer, Rusagro Group LLC

Born in 1977, Alexander Tarasov graduated in Economics from the Higher School of Economics National Research University. In 2013, he earned a diploma from the University of Chicago Booth School of Business.

Before joining Rusagro, Mr Tarasov was Executive Vice President for Finance at Gloria Jeans from 2017 to 2022. He had previously worked in management positions at the ROSTA Pharmaceuticals Group, the X5 Retail Group, and the retail chain Kopeika.

He was appointed as CFO of Rusagro Group LLC on 16 June 2022.

Sergey Koltunov

Director of Legal and Corporate Affairs, Rusagro Group LLC

Born in 1980, Sergey Koltunov graduated from the Faculty of Law at Lobachevsky State University of Nizhny Novgorod in 2003. In 2004, he gained a second degree in Economics and Management. In 2011, he completed a management training course at the Russian Presidential Academy of National Economy and Public Administration.

Before joining Rusagro, Mr Koltunov was Head of Legal Affairs and held senior management positions at the Russky Alkogol Group and Danone.

He was appointed as Director of Legal and Corporate Affairs at Rusagro Group LLC in 2013.

He has repeatedly featured in the Top 1,000 Russian Managers ranking drawn up by the Managers Association and Kommersant Publishing House, as well as in The Legal 500 GC Powerlist: Russia.

Yulia Sushkova

HR and Organisational Development Director, Rusagro Group LLC

Yulia Sushkova has extensive experience of senior-level HR management at major companies and holding companies in a variety of industries. Before joining Rusagro, she spent nine years working at production companies in the machine-building and aviation industries, including Russkie Mashiny (Russian Machines) JSC.

Ms Sushkova graduated in Engineering Mathematics from the Faculty of Cybernetics at the National Research Nuclear University MEPhI (Moscow Engineering Physics Institute). She is also an IoD Chartered Director, holding the internationally recognised qualification for board directors.

Yulia was appointed to her current position on 20 December 2023.

Management

Corporate management

Alexey Kulchitskiy

M&A, IR and ESG Director, Rusagro Group LLC

Born in 1990, Alexey Kulchitskiy graduated from Lomonosov Moscow State University, majoring in Economics and Management. In 2014 he earned a Master's degree in Law from Kutafin Moscow State Law University, and in 2019 he completed the Masters in Finance programme at the New Economic School. Before joining Rusagro, he worked on mergers and acquisitions at RUSAL, Gazprom Neft, Transmashholding, Rosnano, and Russian Railways.

Mr Kulchitskiy holds the following professional certifications: CAIA (Chartered Alternative Investment Analyst), FRM (Financial Risk Manager), and PMP (Project Management Professional).

He was appointed as Rusagro Group's M&A, IR and ESG Director in January 2023.

Dmitry Brekhov

Head of Internal Audit, Rusagro Group LLC

Born in 1971, Dmitry Brekhov graduated in Accountancy and Auditing from the Faculty of Economics of Lomonosov Moscow State University in 1997.

Mr Brekhov previously headed the internal audit team at AGRICO Agricultural Investment Company and Antanta Pioglobal Investment Group.

He holds an ACCA Diploma in International Financial Reporting (DipIFR) and a general audit certificate from the Ministry of Finance of the Russian Federation.

He was appointed as Head of Internal Audit at Rusagro Group LLC in October 2010.

Business division managers

Dmitry Laburtsev

Head of the Agriculture Business

Born in 1977,Dmitry Laburtsev holds a degree in Law from Volgograd Academy of Public Administration and a Master's degree in Agronomy from Saratov State Agrarian University.

Prior to joining Rusagro, Mr Laburtsev was head of Volgograd Agro-Industrial Company LLC from 2010 to 2017. From 2017 to 2019, he headed the agricultural business at Solnechnye Produkty.

From 2019 to 2020, he was the CEO of Agrotekhnologii LLC. From January to September 2021, he was the Chief Operating Officer of Rusagro's Agriculture Business, which he has headed since September 2021.

Natalya Koroy

Head of the Oil and Fats Business

Born in 1975, Natalya Koroy graduated in Psychology from the State Pedagogical University of Chișinău in 1998.

From 2007 to 2019, Ms Koroy held various positions at Solnechnye Produkty. She has been working in Rusagro's Oil and Fats Business since 2019. She was the Director of the Industrial Fats Division from 2019 to 2021, and Director of the Consumer Products Division from 2021 to 2022.

She has headed Rusagro's Oil and Fats Business since April 2022.

Management

3 | 3

Business division managers

Alexander Altuhov

Head of the Meat Business

Born in 1987, Alexander Altuhov graduated with distinction from Gorin Belgorod State Agricultural Academy in 2010, earning a dual degree in Agricultural Production, Processing, Certification and Storage Technology, and in Economics and Management, majoring in Economics and Agricultural Management.

He has worked in the food industry, and in the Meat Business, since 2010, including holding management positions at KapitalAgro CJSC. In 2019 he became director of meat processing at the Belgorod branch of Tambov Bacon LLC.

Mr Altuhov has headed Rusagro's Meat Business since July 2023.

Sergey Goryachev

Head of the Sugar Business

Born in 1974, Sergey Goryachev graduated in Geochemistry from Lomonosov Moscow State University in 1996. In 2002 he received a Master's degree in Finance from the Russian Government's Financial Academy. In 2017, he earned an MBA from the University of Chicago Booth School of Business.

From 2002 to 2007, Mr Goryachev worked at the Gross Group, first as Commercial Director and then as Deputy CEO. From 2010 onwards, his career developed at RUSAL. In 2018, he took on the role of Executive Director of RUSAL's Downstream Division.

He has headed Rusagro's Sugar Business since April 2022.

Remuneration of key management staff

In 2023, the list of key management staff at Rusagro comprised 13 people (11 people in 2022).

In 2023, their total remuneration, including salaries and bonuses, increased by 43% (RUB 334 million) to RUB 1,103 million, including RUB 148 million payable to the State Pension Fund. Members of the Board of Directors were paid a total of RUB 52 million in 2023, including RUB 5 million paid into the State Pension Fund. In the previous year (2022) they were paid RUB 10 million.

Key management staff in 2023

13 PEOPLE

Total remuneration of key management staff in 2023

1,103 RUB MN +43%

Risk management

Rusagro devotes significant resources to identifying, assessing, and addressing risks in its business decision-making process.

The Company is committed to meeting national and international standards in risk management. It monitors risks on an ongoing basis and updates its risk management toolkit to maximise the Company's value and reduce the potential adverse impact of risks. The Company has identified seven main types of risk that have the greatest impact on its performance.

Key risks

Political risks	DESCRIPTION	HOW MANAGED		SIGNIFICANCE (SCORE FROM 1 TO 5)
Changes in state policy relating to price control, as well as export-import and tax regulation	Changes in the state policy on price control for products sold by Rusagro, as well as export-import and tax regulation, could potentially have a negative impact on the Company's performance. The introduction of price caps, tariffs, and quotas for the export of agri-food products impedes the Company's ability to maximise revenue, while higher taxes translate into lower net profit.	• The Company monitors any changes in state policy and responds accordingly, promptly adapting Rusagro's strategy.	• The Company takes a proactive position and, whenever possible, discusses with government officials the introduction of restrictive measures and their impact on the business.	5
Deterioration of the domestic situation	The political and economic situation in Russia, where the Company operates, economic downturn, crisis, military conflicts, the imposition of a state of emergency, strikes, and natural disasters could potentially lead to a deterioration in the national economy, which would be detrimental to the Company's financial position and adversely affect the Company's business.	• The Company considers the political situation in the Russian Federation to be stable and expects it to continue to be so, given positive trends in the development of the economy and the political system.	• The Company monitors changes as the situation evolves and responds accordingly, promptly adapting its business strategy. • The Company's export portfolio enables it to partially mitigate these risks.	2
Deterioration of the international political situation	Negative developments in the global economy and the changing political and economic situation outside Russia, where the Company exports products, as well as the tightening of sanctions on Russia and Russian business, could lead to an economic slowdown, which would adversely affect the Company's financial results and the Company's business.	• The Company is taking proactive measures to reduce this risk by expanding its network of international partners and clients and exploring new service providers and suppliers of essential technical hardware both in Russia and abroad.	• Several of the Company's assets are located in Russia's Far Eastern Federal District, making direct access to Asian markets easier.	4

Key risks

Market risks	DESCRIPTION	HOW MANAGED	SIGNIFICANCE (SCORE FROM 1 TO 5)
Fluctuations in product prices	The Company's financial performance is linked to prices for sugar, pork, arable crops, vegetable oils, and products derived from these. Prices depend on several factors which the Company cannot fully control. The following may be key reasons for a possible price drop: • increase in competitive supply or competition • erosion of household purchasing power • slump in global prices • recession	• Diversification of the Company's product portfolio by extending product range and developing retail brands with a higher added value. • Development of sales channels, contracting with major industrial partners and retail chains. • Development of export sales and expansion into new markets. • Maintenance of stocks of finished products intended for sale during seasonal price hikes. • Continuous monitoring of the market situation to obtain a true and fair view of the prevailing trends and to ensure a sound basis for forecasting market developments. • The fact that products made by some of the Company's businesses are a cost item for its other businesses has a significant stabilising influence on the Company's overall financial performance.	5
Operational risks Reduced revenues because of lower yields due to climate change, extreme weather, and the consequences of natural and manmade disasters	Weather-related anomalies such as drought, frost, excessive moisture, strong winds, hail, and damping off, as well as local manmade accidents, may lead to reduced yield, which affects the revenue of the Agriculture, Meat, Sugar, and Oil and Fats businesses.	• An integrated approach to weather forecasting based on weather station data. • Regular monitoring of crops. • Digitalisation of strategic planning and operational processes in the Agriculture Business. • Automation of the optimal scheduling of sugar beet digging, piling, and delivery, as well as the harvesting and exporting of grains and pulses. • Automated quality control of handling operations. • Development of sprinkler and irrigation systems. • Climate-driven hybrid and varietal seed selection.	4
Risks associated with potential price changes for key raw materials, goods, work, and services used by the Company	Risks associated with potential changes in prices for the main raw materials, goods, work, and services used by the Company in its operations can adversely affect its financial performance. Changes in prices for the main raw materials, goods, work, and services used by the Company in its operations on the Russian market may lead to fluctuations in prices for the products it produces.	• To level off these risks, the Company enters into long-term contracts, engages in long-term planning, and conducts continuous market analysis.	4

Key risks

Operational risks	DESCRIPTION	HOW MANAGED		SIGNIFICANCE (SCORE FROM 1 TO 5)
Animal and plant diseases	Climate change and evolution cause new and dangerous animal and plant diseases to emerge that can adversely affect the performance of the Company's Agriculture, Sugar, and Meat Businesses. The most hazardous of these are sugar beet diseases, parasites, and highly dangerous viral and infectious diseases affecting pigs, such as African swine fever (ASF), porcine reproductive and respiratory syndrome, foot-and-mouth disease, and atypical pneumonia.	• Transport and inventory flow monitoring and decontamination. • Compliance with the most stringent biosecurity requirements. Prevention of physical contact between farm-bred pigs and wild animals.	• Health monitoring of pigs reared at the Company's production facilities. • Monitoring of ASF incidents in Russia. • Pest control by treating plants and seeds with insecticides and fungicides.	2
Epidemics and pandemics	The occurrence of epidemics and pandemics in Russia (including COVID-19) could have a negative impact on the Company's profits through the restrictions placed on the business activities of the Company and its counterparties. The risks include plant shutdowns, loss of productivity when switching to working from home, delays in the execution and implementation of commercial contracts, and freezes on construction and repair jobs.	• Rapid response headquarters established to develop and monitor the implementation of anti-crisis measures. • Restrictions on the movement of employees between the Company's offices and production sites, as well as less travel to other regions and countries. • Distribution of additional personal protective equipment and antiseptics, as well as additional disinfection measures.	• Comprehensive communication programme to keep employees informed and dedicated hotlines for employees. • Support for employees to have regular tests and vaccinations.	1
Process-related and environmental risks	Human errors in the planning and implementation of technological operations can have a negative impact on production results and production costs. Agronomic errors are detrimental to the results of the Agriculture and Sugar Businesses, and breaches of operating procedure at meat processing plants are detrimental to the results of the Meat Business.	• Monitoring and improving staff management, including through the development of effective incentive systems. • Development and enforcement of standards, regulations, and instructions for the implementation of process-related operations.	• Automation and digitalisation of planning processes and management of production activities.	3

Key risks

Operational risks	DESCRIPTION	HOW MANAGED		SIGNIFICANCE (SCORE FROM 1 TO 5)
Process-related and environmental risks	These risks are associated with Russia's potential long-term isolation from cutting-edge global agribusiness practices, including the robotisation of key technological processes in farming, techniques for the accelerated selection and cultivation of new varieties, and so on. A significant risk is represented by further progress in the sphere of genetically modified grain varieties, including the further development of drought-resistant varieties. Along with high research potential, there are several challenges with regard to selection and seed production, primarily poor levels of equipment, outmoded selection and seed production techniques, staffing problems, and so on.	• Development of in-house seed selection. • Development of in-house R&D in all main areas of the Company's business.	• Development of in-house IT solutions and robotisation in the agricultural sector.	3
Process-related and environmental risks	Agricultural production is subject to natural and manmade risks, including risks inherent in landscape transformation and stemming from pollutant emissions, land degradation, waterlogging, salination, impact on biodiversity, and violations of chemical safety regulations through the misuse of crop protection agents. Environmental risks are associated with financial loss from fines and the cost of remedying the effects of a violation.	• The Company approaches the agricultural process diligently and with due care regarding the use of fertilisers, the production and storage of raw materials and products, and waste management.	• The Company has R&D departments and has technicians and environmentalists on its staff.	1

Key risks

Operational risks	DESCRIPTION	HOW MANAGED	SIGNIFICANCE (SCORE FROM 1 TO 5)
Social risks	The main social risks are the decline in the number of people of working age in the population and in the quality of training of skilled personnel. The continuing development of agrotechnology, combined with the lower percentage of people employed in key technological processes, places additional demands on skilled workers. Social risks are increasing significantly due to accelerating rates of migration from rural areas, given that those who leave tend to be of working age. The flight of the working-age population – especially young people – from rural to urban areas continues to be a trend, and the rural population is ageing as a result. The potential deterioration of the situation in the industry may be linked to the change in the population's purchasing power amidst the unfavourable change in the economic climate and the associated rise in the cost of living.	• A number of programmes are being developed in conjunction with regional authorities with the aim of improving the standard of living in the regions where the Company operates. • Support for specialist institutes of higher education. • Attracting young professionals to the regions where the Company operates.	2
Financial risks	The main financial risks are risks associated with the impact of interest rate changes and related subsidies for the agriculture industry, exchange rate fluctuations, and inflation on the Company's financial situation, including its liquidity, sources of funding, and key performance indicators. The Company has set out its proposed actions in the event of negative developments in interest rates, exchange rates, and inflation.	• The Company analyses its exposure to interest-related risk on a regular basis. Various scenarios are considered based on refinancing, renewing existing positions, and alternative financing. • The Company monitors any changes in state policy and responds accordingly, promptly adapting Rusagro's strategy. • The Company takes a proactive position and, whenever possible, discusses with government officials the introduction of measures to support the agriculture industry and their impact on the business. • Currency risks are partially mitigated by export contracts under which payments are made in foreign currency. • Prudent liquidity risk management involves holding sufficient cash and maintaining sources of financing from a sufficient number of pre-agreed credit resources. Given the dynamic nature of the core business, the Company's treasury strives to maintain flexibility in financing by ensuring access to pre-agreed credit lines.	3

Key risks

Operational risks	DESCRIPTION	HOW MANAGED	SIGNIFICANCE (SCORE FROM 1 TO 5)
Legal risks	The Company believes that in the foreseeable future, risks associated with changes in the currency, tax, customs, and licensing laws that may adversely affect the Company's financial situation are not material.	• The Company bases its operations on strict compliance with applicable Russian and international law, monitors and responds promptly to changes in legislation, and is committed to constructive dialogue with the authorities regarding law enforcement practice.	2
Reputational risk	The Company faces a reputational risk associated with any negative perception of the Company's financial stability and financial situation, the quality of its products, or the nature of its operations overall. Operating in the food product industry involves risks related to the spoilage of products and requirements as to their quality and shelf life. Any aspect of the production, packaging, marketing, and sale of our products may be the subject of complaints from consumers, and negative consequences arising from such complaints being publicised may have an adverse effect on the Company's reputation.	• The Company's PR strategy aims to create and maintain a positive image in society and in the media landscape, including both mainstream and social media. • The Company is actively involved in charitable activities and supports institutions of higher education, schools, and local regional communities.	1
Strategic risk	This type of risk is associated with poor decision-making when determining the Company's operational and development strategy. Human errors in operational planning and implementation can have a negative impact on production results and production costs. Agronomic errors are detrimental to the results of the Agriculture and Sugar Businesses, and breaches of operating procedure at processing plants are detrimental to the results of the Meat and Oil and Fats Businesses.	• The Company is actively diversifying production operations and creating effective management structures so that potential errors in decision-making can be kept to a minimum.	5

Share capital and securities

Share capital structure

As of the end of 2023, the authorised capital of Ros Agro PLC consisted of 60,000,000 declared ordinary shares and 27,333,333 issued ordinary shares with a par value of EUR 0.01 each. Of these, 10,965,500 shares (8,333,333 in 2020) are listed on the London and Moscow stock exchanges in the form of 54,827,500 GDRs (five receipts for one share). As of 31 December 2023, 25% of the Company's securities were in free float.

Information on securities

Rusagro has been a public market company since 2011. GDRs representing the ordinary shares of Ros Agro PLC are quoted on the London (LSE) and Moscow Stock Exchanges (MOEX) and the Astana International Exchange (AIX). GDRs for Rusagro are on the Level 1 (top level) quotation list of the Moscow Exchange. The depository bank is The Bank of New York Mellon Corporation (BNY Mellon). Five GDRs are equivalent to one ordinary share in Rusagro.

Security tickers

- ISIN US7496552057
- LSE – AGRO
- MOEX – AGRO
- AIX – AGRO.Y
- Reuters – AGRORq.L
- Bloomberg – AGRO LI Equity, 3191226Z CY Equity[1]

[1] There are two tickers for Ros Agro PLC securities on the Bloomberg terminal: AGRO LI Equity – for listed shares (8,333,333 shares with 41,666,665 GDRs), and 3191226Z CY Equity – for non-listed shares (19,000,000 shares).

Dividend policy

Shareholders' right to participate in Rusagro's profits is exercised through the dividend policy. In August 2013, the Meeting of Shareholders approved a dividend policy that provides for annual payments of at least 25% of the Company's net profit. In 2021, a decision was taken to raise the minimum payment threshold to 50% of the Company's net profit. Payment is made twice a year based on financial performance during the first six months and second six months of the year. Securities owned by the Company are not part of the dividend payout.

Based on the 2021 full-year results, the Company's Annual Meeting of Shareholders held on 1 April 2022 approved a resolution not to distribute dividends for the 12 months of 2021, other than the previously paid interim dividends.

Since 2022, no decisions regarding profit distribution have been taken, and dividends have not accrued or been paid. The Board of Directors is making every possible effort to find ways to enable the Company to resume the payment of dividends.

Conditions affecting the share of net profit payable to shareholders:

01

Availability and amount of net profit under IFRS

02

Achievement of the target level of capital adequacy by 2020 and maintenance of this level in the medium term

03

Capital requirements for the implementation of the Development Strategy and target market M&A transactions

04

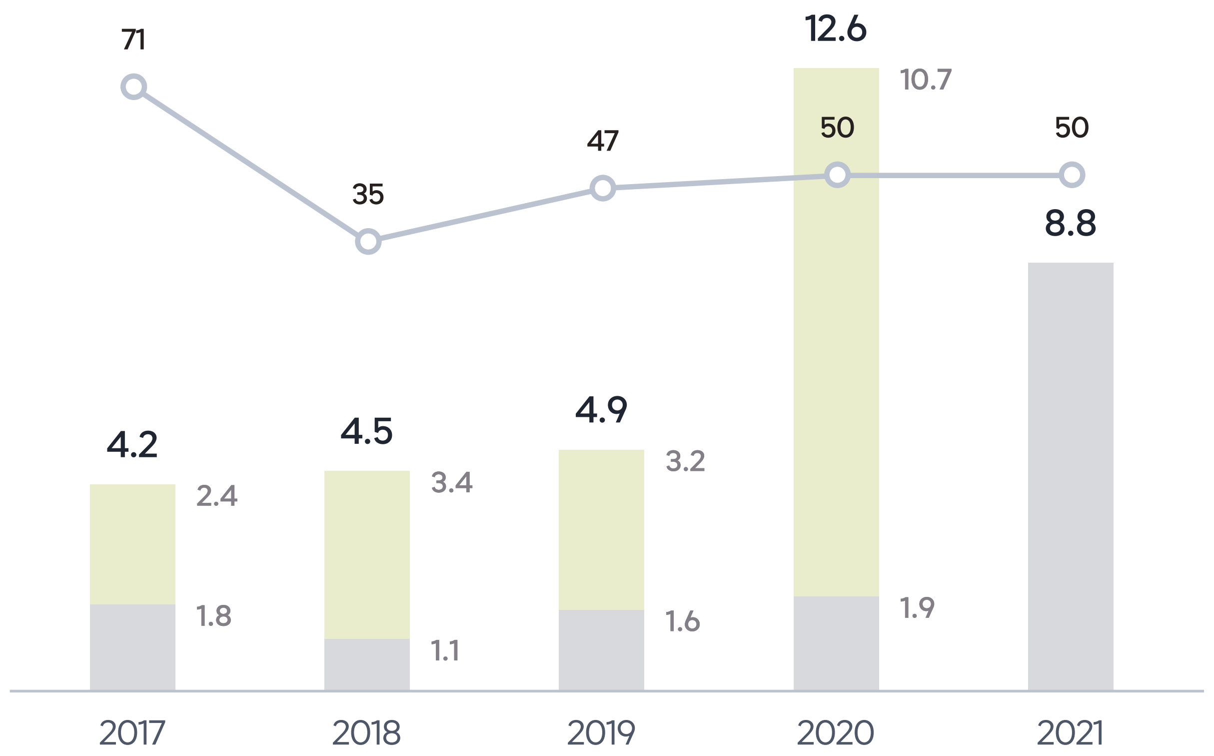
Economic conditions and other internal and external changes that have or may have an adverse effect on the Company's operations

05

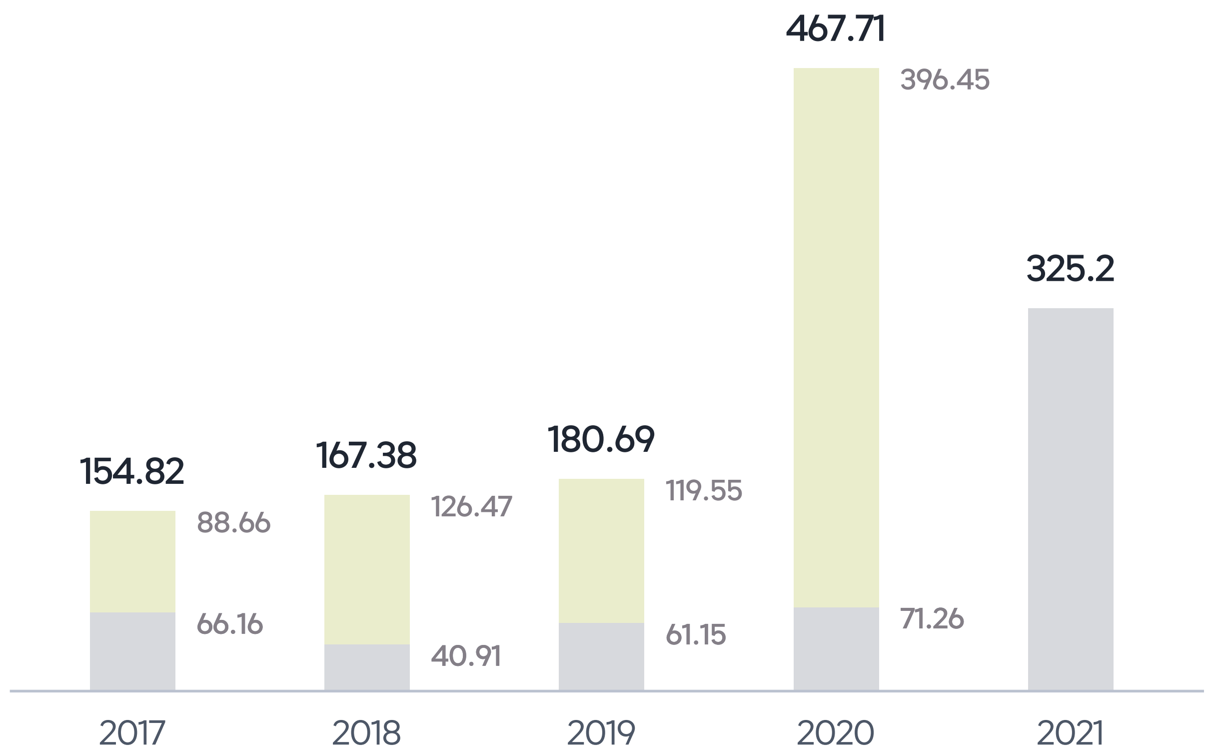
The need to strike a balance between the Company's interests and those of its shareholders in view of the need to enhance investment appeal and uphold the rights of the Company's shareholders

Rusagro dividend payouts[1]

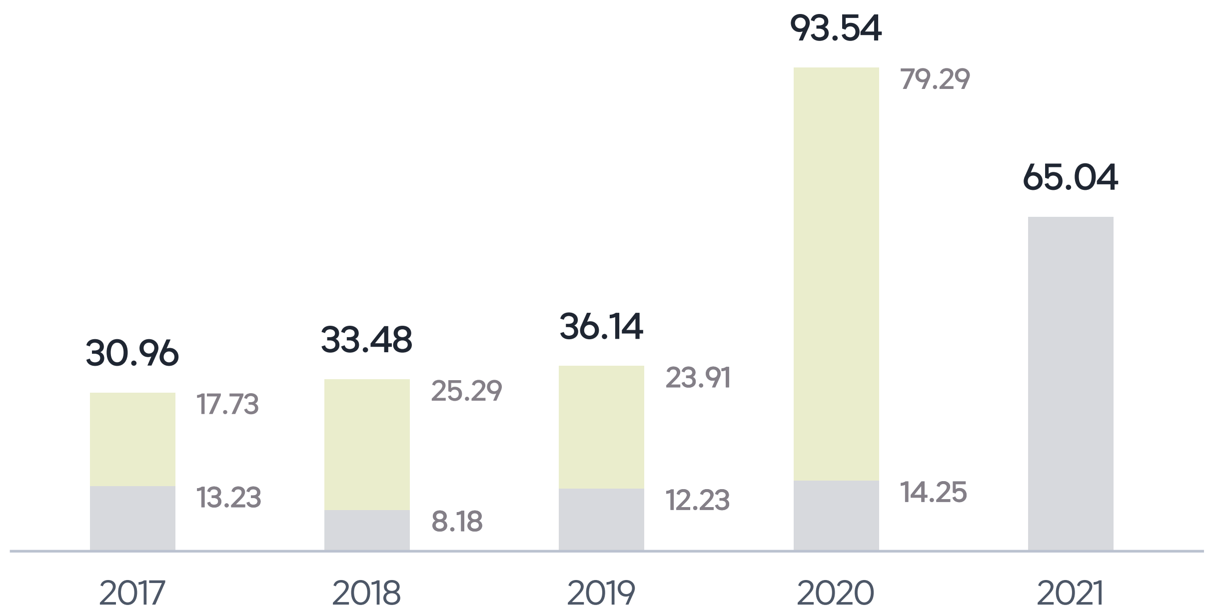
Total payments, RUB bn



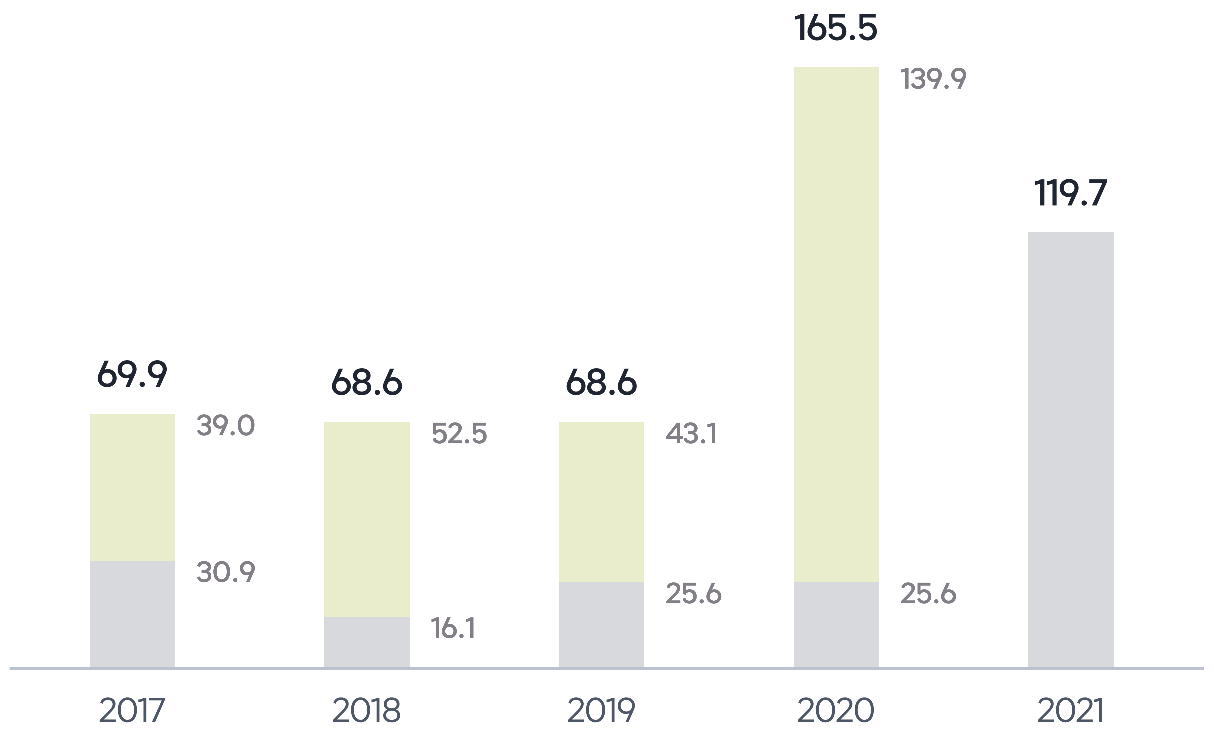
Payout per share, RUB



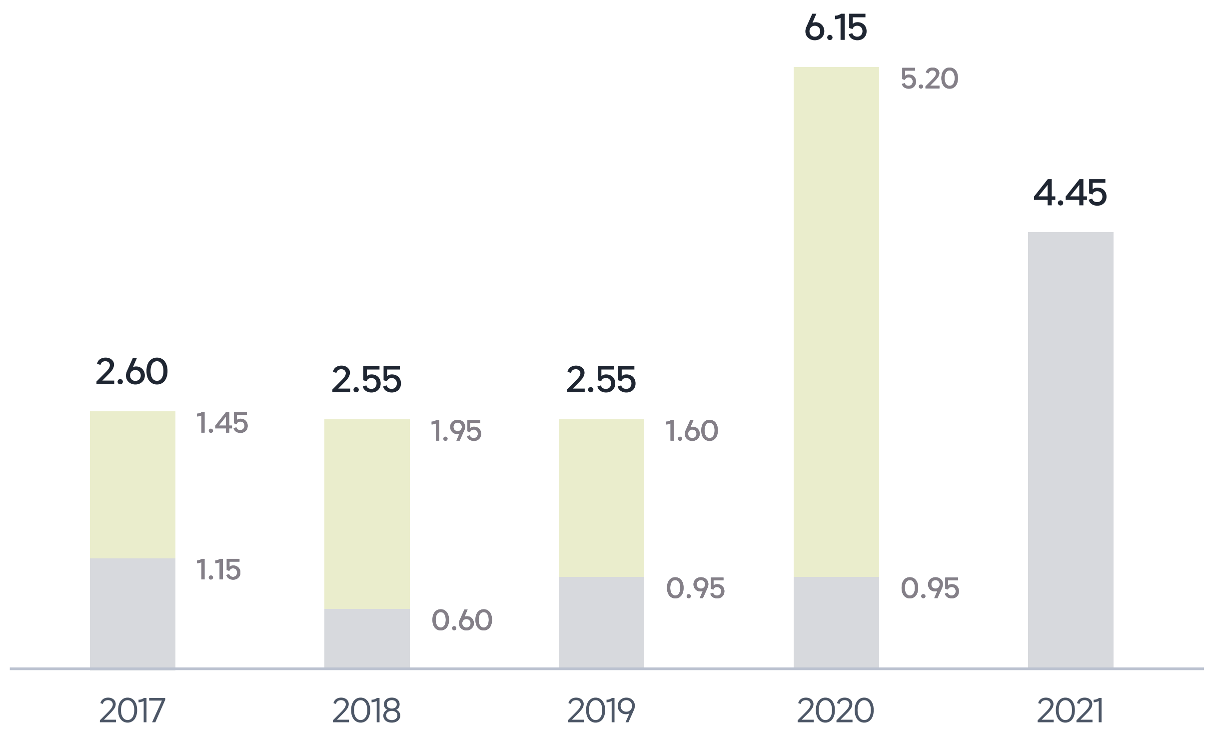
Payout per GDR, RUB



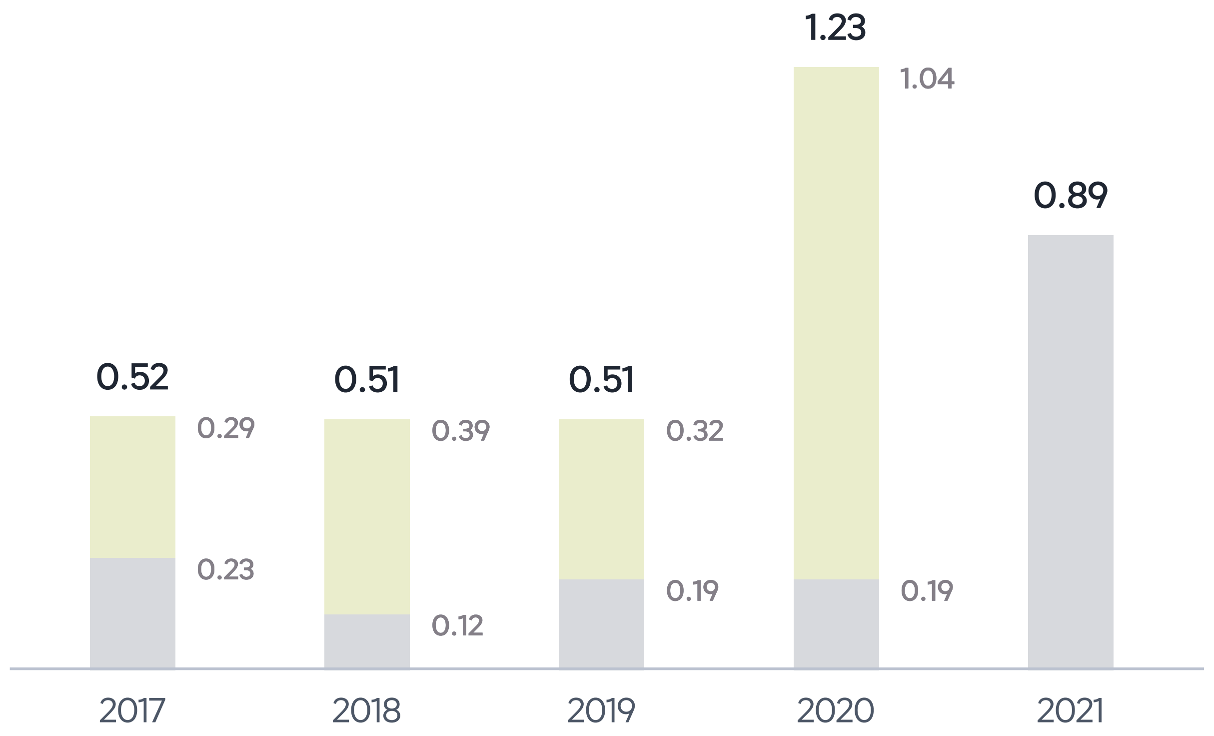
Total payments, USD mn



Payout per share, USD



Payout per GDR, USD



1st payment 2nd payment Dividend payment ratio[2], % of net profit

Dividend payout dates[3]

PAYMENT YEAR	ACCRUAL PERIOD	PAYMENT DATE
2017	2H 2016	19.04.2017
	1H 2017	18.09.2017
2018	2H 2017	18.04.2018
	1H 2018	18.09.2018
2019	2H 2018	16.05.2019
	1H 2019	15.10.2019
2020	2H 2019	27.04.2020
	1H 2020	21.09.2020
2021	2H 2020	20.04.2021
	1H 2021	14.09.2021
2022	2H 2021	Payout cancelled. Dividends not accrued and not paid out.
2023	2022	No decision taken on distribution of profits. Dividends not accrued and not paid out.

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

2 Calculated according to the dollar exchange rate as of the date of the meeting of the Board of Directors at which it was proposed to pay dividends for the period specified.

3 Dividend payout dates are shown as the dates on which the funds were debited from the account of Ros Agro PLC. The date on which funds were credited to shareholders' accounts depends on the date on which payment was made by the Company's depositor and the date on which the brokers credited the funds to the shareholders' accounts.

Shareholder and investor relations

Information for shareholders and investors

General principles

01

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

02

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

03

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

Prompt feedback

At Rusagro, we are committed to constantly improving the quality of our engagement with the investment community and are open to comments and suggestions as to our future development.

We have the highest regard for our shareholders and investors and will continue in our efforts to better meet their need for reliable, complete, and timely information.

Rusagro's Investor Relations Department can be contacted at ir@rusagrogroup.ru

The Report is distributed in both print and digital formats via various reporting distribution channels. The principal and most effective distribution channel is the Company's official website.

Reporting is also disclosed via:

- The Corporate Information Disclosure Centre
- The London Stock Exchange website
- The Astana International Exchange

In addition to the above, the Company sends out a newsletter by email so that interested stakeholders can receive quarterly and annual financial results, financial statements, and annual reports on a regular basis. To receive these mailouts, please contact the Investor Relations Department.

Information policy

Efficient and effective performance lies at the core of Rusagro's investment appeal. However, positive investment decisions are also heavily influenced by corporate governance matters, especially the level of openness and transparency regarding the Company's business.

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

- annual and quarterly reporting on financial and operating results
- information on all material events pertaining to the Company's business
- specialised information and analytical materials for investors

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

Any information that may have an impact on the Company's share price is posted on the official website of Rusagro Group LLC and the RNS LSE and Interfax portals in accordance with established information disclosure requirements. The 2022 Annual Report is also available through the FCA National Storage Mechanism.

Rusagro is committed to providing its stakeholders with both its financial and non-financial information.

Rusagro's news and publications are available on the Company's website in the Investors section

Events

To ensure a uniform interpretation of results and developments at the Company, Rusagro organises regular meetings of the Company's senior executives and key managers with representatives of the media and the investment community. The Company also maintains ongoing communication via the Internet and telecommunications networks.

As soon as the quarterly and annual financial results are available, the Company's management holds video calls to share the results and provide any further explanations that are needed to assess the financial standing of the Group. Participants in these calls have the opportunity to put their questions directly to the Company's senior executives. Presentations are given in Russian with simultaneous interpreting into English. The Company held four such calls in 2023: on 6 March, 22 May, 7 August, and 13 November.

Dates of Rusagro's corporate events can be found on the Company's website in the Calendar section

Disclosure of the Annual Report in digital format

Since 2021, Rusagro has released its Annual Report in the FCA National Storage Mechanism in iXBRL (Extensible Business Reporting Language) format. This is an XHTML-based digital financial reporting format, enriched with additional data, which allows specialised information systems to automatically process corporate financial statements and data.

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

The publication of digital reports should increase transparency and make the Company more accessible and easier to analyse and compare for a wide range of stakeholders, including regulators, investors, and analysts. It will facilitate the rapid and reliable dissemination of reporting information and help minimise errors.

05.

Key financial results

Key financial results overview

Every year Rusagro compiles consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and an independent auditor's report. In 2023, Rusagro appointed KEPT as auditors for its consolidated financial statements and Papakyriacou & Partners Ltd as auditors for its separate financial statements.

In the opinion of the auditor, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ros Agro PLC and its subsidiaries as of 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS standards as issued by the International Accounting Standards Board.

The full version of Ros Agro PLC's audited consolidated statements for 2023, including notes to the key consolidated figures, is provided in the Appendix to this Annual Report of the Company. Audited separate statements of Ros Agro PLC for 2023 are available on the Company's official website.

Consolidated statement of financial position as of 31 December 2023, in thousands of Russian roubles

	31 December 2023	31 December 2022
ASSETS		
Current assets		
Cash and cash equivalents	25,936,781	21,473,030
Current investments	2,288,852	91,382,536
Trade and other receivables	47,861,374	24,176,680
Prepayments (advance payments)	10,814,811	13,435,149
Current income tax receivable	132,186	832,423
Other taxes receivable	9,006,784	8,360,935
Inventories	93,863,345	68,886,207
Current biological assets	6,754,488	9,694,110
Other current assets	2,718,720	4,126,715
Total current assets	**199,377,341**	**242,367,785**
Non-current assets		
Property, plant, and equipment (PP&E)	141,897,092	121,165,803
Inventories held for construction	465,830	864,550
ROU assets	6,392,885	6,916,539
Goodwill	3,840,150	2,364,942
Advance payments for the acquisition of PP&E	2,867,735	5,482,770
Non-current biological assets	2,736,644	3,240,959
Non-current investments	42,527,657	42,527,657
Investments in associates	562,323	455,916
Deferred income tax assets	2,532,975	5,964,527
Intangible assets	7,765,853	1,284,263
Other non-current assets	–	190,978
Total non-current assets	**211,589,144**	**190,458,904**
TOTAL ASSETS	**410,966,485**	**432,826,689**

Key financial results overview

Consolidated statement of financial position as of 31 December 2023, in thousands of Russian roubles

	31 December 2023	31 December 2022
EQUITY AND LIABILITIES		
Current liabilities		
Current loans and borrowings	68,034,977	172,351,514
Lease liabilities	1,098,135	863,452
Trade and other payables	39,452,813	17,024,472
Current income tax payable	555,913	76,061
Other taxes payable	5,458,529	8,149,780
Provisions for other liabilities and charges	123,212	137,542
Total current liabilities	**114,723,579**	**198,602,821**
Non-current liabilities		
Non-current borrowings	59,498,119	61,038,393
State subsidies	12,860,211	11,153,211
Lease liabilities	4,325,136	5,086,897
Deferred income tax liabilities	2,502,074	2,283,752
Total non-current liabilities	**79,185,540**	**79,562,253**
TOTAL LIABILITIES	**193 909 119**	**278 165 074**
EQUITY CAPITAL		
Share capital	12,269	12,269
Treasury shares	(490,607)	(490,607)
Share premium	26,964,479	26,964,479
Share-based payment reserve	1,313,691	1,313,691
Fair value reserve	49,486	49,486
Retained earnings	173,344,692	126,843,525
Equity attributable to the owners of Ros Agro PLC	**201,194,010**	**154,692,843**
Non-controlling interest	15,863,356	(31,228)
TOTAL EQUITY	**217,057,366**	**154,661,615**
TOTAL LIABILITIES AND EQUITY	**410,966,485**	**432,826,689**

Consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2023 , in thousands of Russian roubles (unless stated otherwise)

	Year ended 31 December 2023	Year ended 31 December 2022
Sales	277,328,308	240,230,251
Net (loss) / gain on the revaluation of biological assets and agricultural produce	3,698,693	(8,542,435)
Cost of sales	(204,970,260)	(184,436,046)
Net loss from trading derivatives	(205)	–
Gross profit	**76,056,536**	**47,251,770**
Distribution and sales expenses	(20,379,110)	(16,851,961)
General and administrative expenses	(11,143,940)	(9,071,112)
(Provision) / reversal of provision for impairment of loans receivable	7,983	(74,356)
Other operating (expenses) / income, net	3,386,834	(2,194,559)
Operating profit	**47,928,303**	**19,059,782**
Interest expense	(7,172,633)	(7,865,190)
Interest income	10,322,249	9,397,651
Net gain / (loss) on bonds held for trading	–	1,063
Other financial (expenses) / income, net	5,790,190	(12,187,973)
Profit before income tax	**56,868,109**	**8,405,333**
Income tax expense	(8,161,660)	(1,618,793)
Profit for the year	**48,706,449**	**6,786,540**
Total comprehensive income for the year	**48,706,449**	**6,786,540**
Profit / (loss) attributable to:		
– the owners of Ros Agro PLC	46,501,167	6,763,338
– non-controlling interest	2,205,282	23,202
Profit for the year	**48,706,449**	**6,786,540**
Total comprehensive income attributable to:		
– the owners of Ros Agro PLC	46,501,167	6,763,338
– non-controlling interest	2,205,282	23,202
Total comprehensive income for the year	**48,706,449**	**6,786,540**
Basic and diluted earnings attributable to the owners of Ros Agro PLC per ordinary share (in RUB per share)	1,728.27	251.37

Consolidated statement of cash flows for the year ended 31 December 2023, in thousands of Russian roubles, unless noted otherwise

	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from operating activities		
Profit before income tax	**56,868,109**	**8,405,333**
Adjustments:		
Depreciation and amortisation of PP&E and intangible assets	16,451,751	14,161,546
Interest expense	18,911,361	20,783,744
Reimbursement of interest expense (state subsidies)	(13,831,969)	(14,935,568)
Interest income	(10,322,249)	(9,397,651)
Net (gain) / loss on the disposal of PP&E and intangible assets	(170,144)	(340,308)
Net loss / (gain) on the revaluation of biological assets and agricultural produce	(3,698,693)	8,542,435
Provision / (reversal of provision) for impairment of loans receivable	(7,983)	74,356
Change in provision for net realisable value of inventory	1,203,415	657,857
Interest expense on leases	638,821	690,914
Change in provision for impairment of receivables and prepayments	2,007,296	23,385
Foreign exchange loss / (gain), net	(9,775,893)	13,066,836
Lost harvest write-off	1,090,868	598,041
Change in provision for impairment of advance payments for PP&E	33,454	32,076
Change in other provisions	(14,330)	(357,167)
Gain on other investments	(2,009,374)	(397,362)
(Gain) / loss on the disposal of other assets	18,768	(21,698)
Gain on SolPro loans redemption	(325,851)	(563,487)
Bad debts recovered	(31,906)	–
Net gain from bonds held for trading	–	(1,063)
Other non-cash and non-operating expenses, net	167,233	51,701
Operating cash flow before working capital changes	**57,202,685**	**41,073,920**

Consolidated statement of cash flows for the year ended 31 December 2023, in thousands of Russian roubles, unless noted otherwise

	Year ended 31 December 2023	Year ended 31 December 2022
Change in trade and other receivables and prepayments	(14,929,809)	(21,003,370)
Change in other taxes receivable	155,779	(39,742)
Change in inventories	(13,096,201)	(6,763,581)
Change in biological assets	5,672,714	(3,078,151)
Change in trade and other payables	23,606,148	1,414,887
Change in other taxes payable	(2,253,880)	993,307
Change in other current assets	3,046,663	(5,727,866)
Operating cash flow	**59,404,099**	**6,869,404**
Income tax paid	(6,074,116)	(2,446,340)
Net operating cash flow	**53,329,983**	**4,423,064**
Cash flows from investing activities		
Purchases of property, plant, and equipment	(18,040,526)	(11,718,704)
Purchases of intangible assets	(807,252)	(925,855)
Purchases of land lease rights	(23,229)	(358,879)
Proceeds from sales of property, plant, and equipment	712,005	486,542
Purchases of inventories intended for construction	(310,135)	(254,665)
Change in cash on bank deposits	162,979,157	18,000,000
Cash deposited	(63,278,975)	(76,841,928)
Purchases of associates	(106,407)	(96,134)
Investments in subsidiaries, net of cash acquired	(6,625,627)	–
Proceeds from sales of bonds with maturity over three months	–	141,804
Purchases of loans receivable	(10,854)	(24,866,023)
Repayment of loans receivable	740,000	15,504,119
Interest received	11,495,107	8,692,280
Dividends received	2,009,374	722,768
Proceeds from sales of other investments	376,894	178,281
Net investment cash flow	**89,109,532**	**(71,336,394)**

Consolidated statement of cash flows for the year ended 31 December 2023, in thousands of Russian roubles, unless noted otherwise

	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from financing activities		
Proceeds from loans and borrowings	105,049,123	151,465,684
Repayment of loans and borrowings	(244,195,528)	(93,010,994)
Interest and other finance cost paid	(6,095,409)	(7,028,058)
Proceeds from state subsidies	2,147,322	1,837,714
Lease liabilities	(572,322)	(466,795)
Other financial activities	–	(119)
Net financing cash flow	**(143,666,814)**	**52,797,432**
Effect of changes in exchange rates on cash and cash equivalents	5,691,050	(10,873,251)
Net increase / (decrease) in cash and cash equivalents	**4,463,751**	**(24,989,149)**
Cash and cash equivalents at the beginning of the year	**21,473,030**	**46,462,179**
Cash and cash equivalents at the end of the year	**25,936,781**	**21,473,030**

Information on segments' adjusted EBITDA as of 31 December 2023

2023	Sugar	Meat	Agriculture	Oil and fats	NMGK	Other	Elimination	Total
Sales revenue	64,780,529	48,462,322	56,918,979	108,746,467	31,201,619	1,959,929	(34,741,537)	**277,328,308**
Net gain / (loss) on revaluation of biological assets and agricultural produce	–	2,746,737	(1,956,844)	–	–	–	2,908,800	**3,698,693**
Cost of sales	(42,151,266)	(43,021,660)	(36,689,851)	(87,485,863)	(22,722,813)	(1,372,408)	28,473,601	**(204,970,260)**
incl. depreciation and amortisation	(2,068,084)	(4,374,682)	(3,245,776)	(3,795,050)	(1,289,812)	(20,210)	(102,652)	**(14,896,266)**
Net gain / (loss) from trading in derivatives			(205)	–	–	–	–	**(205)**
Gross profit	**22,629,263**	**8,187,399**	**18,272,079**	**21,260,604**	**8,478,806**	**587,521**	**(3,359,136)**	**76,056,536**
Distribution and sales, general and administrative expenses	(6,114,655)	(4,219,713)	(7,918,620)	(11,775,958)	(4,780,794)	(2,036,423)	5,323,113	**(31,523,050)**
incl. depreciation and amortisation	(63,043)	(132,991)	(464,538)	(753,773)	(137,947)	(105,845)	(102,652)	**(1,555,485)**
Other operating income / (expenses), net	602,220	(273,738)	1,233,342	(263,619)	(123,150)	11,397,245	(9,185,466)	**3,386,834**
incl. reimbursement of operating costs (state subsidies)	221,704	165,233	844,744	311,801	–	–	–	**1,543,482**
incl. other non-recurring operating adjustments	76,912	444,824	293,085	277,860	(188,796)	11,517,751	(8,308,285)	**4,113,351**
Provision for impairment of loans receivable	–	–	–	–		7,983	–	**7,983**
Operating profit	**17,116,828**	**3,693,948**	**11,586,801**	**9,221,027**	**3,574,862**	**9,956,326**	**(7,221,489)**	**47,928,303**
Adjustments:								
Depreciation and amortisation of PP&E and intangible assets within operating profit	2,131,127	4,507,673	3,710,314	4,548,823	1,427,759	126,055	–	**16,451,751**
Other non-recurring operating adjustments	(76,912)	(444,824)	(293,085)	(277,860)	188,796	(11,517,751)	8,308,285	**(4,113,351)**
Net gain / (loss) on the revaluation of biological assets and agricultural produce	–	(2,746,737)	1,956,844	–	–	–	(2,908,800)	**(3,698,693)**
Provision for impairment of loans receivable	–	–	–	–	–	(7,983)	–	**(7,983)**
Adjusted EBITDA [1]	**19,171,043**	**5,010,060**	**16,960,874**	**13,491,990**	**5,191,417**	**(1,443,353)**	**(1,822,004)**	**56,560,027**

[1] Non-IFRS measure

Information on segments’ adjusted EBITDA as of 31 December 2022

2022	Sugar	Meat	Agriculture	Oil and fats	NMGK	Other	Elimination	Total
Sales revenue	49,583,897	43,705,021	31,993,259	133,369,020	–	1,408,265	(19,829,211)	**240,230,251**
Net (loss) / gain on the revaluation of biological assets and agricultural produce	–	(2,094,398)	(4,312,350)	–	–	–	(2,135,687)	**(8,542,435)**
Cost of sales	(29,643,242)	(44,149,262)	(20,485,426)	(109,950,614)	–	(961,422)	20,753,920	**(184,436,046)**
incl. depreciation and amortisation	(2,271,228)	(4,951,716)	(1,695,446)	(3,761,053)	–	(18,175)	(175,609)	**(12,873,227)**
Gross profit	**19,940,655**	**(2,538,639)**	**7,195,483**	**23,418,406**	**–**	**446,843**	**(1,210,978)**	**47,251,770**
Distribution and sales, general and administrative expenses	(6,590,185)	(3,638,654)	(4,640,663)	(12,118,669)	–	(2,001,255)	3,066,353	**(25,923,073)**
incl. depreciation and amortisation	(62,973)	(39,905)	(496,419)	(781,207)	–	(83,424)	175,609	**(1,288,319)**
Other operating income / (expenses), net	(294,339)	1,388,504	1,246,170	(2,158,484)	–	15,093,839	(17,470,249)	**(2,194,559)**
incl. reimbursement of operating expenses (state subsidies)	157,532	417,824	445,978	322,154	–	–	–	**1,343,488**
incl. other non-recurring operating adjustments	(304,560)	675,718	549,976	(2,266,102)	–	14,972,443	(16,804,668)	**(3,177,193)**
Provision for impairment of loans receivable	–	–	–	–	–	(74,356)	–	**(74,356)**
Operating profit	**13,056,131**	**(4,788,789)**	**3,800,990**	**9,141,253**	**–**	**13,465,071**	**(15,614,874)**	**19,059,782**
Adjustments:								
Depreciation and amortisation of PP&E and intangible assets within operating profit	2,334,201	4,991,621	2,191,865	4,542,260	–	101,599	–	**14,161,546**
Other non-recurring operating adjustments	304,560	(675,718)	(549,976)	2,266,102	–	(14,972,443)	16,804,668	**3,177,193**
Net gain / (loss) on the revaluation of biological assets and agricultural produce	–	2,094,398	4,312,350	–	–	–	2,135,687	**8,542,435**
Recovery of provision for impairment of loans receivable	–	–	–	–	–	74,356	–	**74,356**
Adjusted EBITDA[1]	**15,694,892**	**1,621,512**	**9,755,229**	**15,949,615**	**–**	**(1,331,417)**	**3,325,481**	**45,015,312**

[1] Non-IFRS measure

Net Debt

	31 December 2023	31 December 2022
Non-current loans and borrowings	59,498,119	61,038,393
Current loans and borrowings	68,034,977	172,351,514
Cash and cash equivalents	(25,936,781)	(21,473,030)
Bank deposits in non-current investments	(14,071,101)	(14,071,101)
Bank deposits in current investments	(931,531)	(78,005,015)
Long-term bonds held to collect	(19,900,000)	(19,900,000)
Short-term bonds held to collect	(218,027)	(218,035)
Net debt[1]	**66,475,656**	**99,722,726**
including non-current net debt	25,527,018	27,067,292
including current net debt	40,948,638	72,655,434
Adjusted EBITDA[1]	**56,560,027**	**45,015,312**
Net Debt / Adjusted EBITDA[1]	**1.18**	**2.22**

[1] Non-IFRS measure

Current loans and borrowings

	31 December 2023	31 December 2022
Bank loans	56,539,022	84,746,085
Current portion of long-term borrowings	11,495,955	87,605,429
Total	**68,034,977**	**172,351,514**

All short-term loans and borrowings are at fixed and floating interest rates. The above short-term loans and borrowings are denominated in the following currencies:

	Interest rate	31 December 2023	Interest rate	31 December 2022
Russian Roubles	1.4%–14.5%	68,034,977	1.5%–11.1%	172,351,514
Total		**68,034,977**		**172,351,514**

Non-current loans and borrowings

	31 December 2023	31 December 2022
Bank loans	70,994,074	148,643,822
Less current portion of long-term borrowings from:		
Bank loans	(11,495,955)	(87,605,429)
Total	**59,498,119**	**61,038,393**

The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2022	Interest rate	31 December 2021
Russian Roubles	1.5%–11.1%	59,498,119	1.5%–11.1%	61,038,393
Total		**59,498,119**		**61,038,393**

06.

Appendices

ROS AGRO PLC International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report

31 December 2023

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Notes to the Consolidated Financial Statements

ROS AGRO PLC
Board of Directors and Other Officers

Board of Directors

Mr. Sergei Koltunov
Chairman of the Board of Directors

Ms. Axana Mansourian
Member of the Audit Committee
Managing Director

Ms. Mariia Egorova
Member of the Audit Committee
Director

Mr. Alexey Smagin
Member of the Audit Committee
Director

Board Support

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

Company Secretary

Fiduciana Secretaries Limited
8 Mykinon
CY-1065, Nicosia
Cyprus

Registered office

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

ROS AGRO PLC
Consolidated management report

The Board of Directors presents its report together with the audited consolidated financial statements of ROS AGRO PLC (the "Company") and its subsidiaries (collectively the "Group") for the year ended

31 December 2023. The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by International Accounting Standards Board ("IASB").

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 2023 revenue increased by RR 37,098,057 thousand or 15%. All segments except for Oil and Fat segment demonstrated an increase in revenue. The major contributor to the sales increase was the Agricultural segment where turnover was higher by RR 24,925,720 thousand or 78% comparing to the previous year. Revenue in the Sugar segment increased by 31%, in Meat segment increased by 11%. Revenue in Oil and Fat segment decreased by 18% comparing to the previous year. Consolidation of Nizhegorodskyi Maslozhirovoy Kombinat Group of companies (hereinafter – NMGK) contributed RR 31,201,619 thousand to Group's revenue.

In 2023 Adjusted EBITDA increased by RR 11,544,715 thousand or 26% with positive dynamics in all segments except for Oil and Fat. The highest increase demonstrated the Agricultural division (by RR 7,205,645 thousand or 74%) due to the increase in gross profits. Adjusted EBITDA in the Sugar division was higher by RR 3,476,151 thousand or 22%. Adjusted EBITDA in the Meat division doubled and reached RR 3,388,548 thousand. Adjusted EBITDA in the Oil and Fat segment decreased by 15%. Consolidation of NMGK contributed RR 5,191,417 thousand to Group's adjusted EBITDA.

In 2023 the Group investments in property, plant and equipment and inventories intended for construction amounted to RR 18,350,662 thousand on a cash basis. The Agricultural segment invested RR 8,380,912 thousand in acquisition of land, new agricultural machinery and equipment. Investments of RR 4,419,081 thousand were made in the Meat segment and were mainly related to pig farm construction in Primorsky Krai. Investments in the Oil and Fat division amounted to RR 3,227,142 thousand mainly related to purchases of machinery and equipment for production facilities renewal and maintenance. The Sugar segment invested RR 2,006,359 thousand in modernization of the sugar plants. Investments in property, plant and equipment and inventories intended for construction in NMGK amounted to RR 317,168 thousand.

Changes in the Group's structure

On 14 February 2023 LLC Vozrozhdenie was liquidated.

On 14 April 2023 the Group obtained 60.99% of ownership interest in JSC Astreya.

On 30 June 2023 the Group obtained 50% of ownership interest and control in Sethal Holdings Limited (Cyprus).

In September and October 2023 the Group obtained 100% of ownership interest in JSC Biotekhnologii (treated as an acquisition of assets).

For more details regarding the Group structure refer to Note 1 and Note 31 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 32 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 33 to the consolidated financial statements.

ROS AGRO PLC
Consolidated management report

Future developments

In 2023 and beyond, the Group plans to continue modernization and expansion of its production and storage facilities in all business segments. The Group plans to make further developments in the Far East region in agricultural and meat businesses.

Results

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

Human resources management and environmental protection

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

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

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

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

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

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

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

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

The Board of Directors is the decision-making body of our Group. Its role is to define the Group's strategic vision, assisted by a specialized committee (the Audit Committee). It is composed of 4 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. 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.

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

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

In 2023 the Company didn't distribute any dividends.

Share capital

There were no changes in the share capital of the Company during 2023 and 2022.

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 2023 and at the date of this report are shown in the beginning of these consolidated financial statements.

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 29. There were no any significant changes to the Directors' remuneration during the year ended 31 December 2023.

Directors' Interests

As at 31 December 2023 directors had no interest in the Company.

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 Ms. Axana Mansourian, Ms. Mariia Egorova and Mr. Alexey Smagin.

ROS AGRO PLC
Consolidated management report

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 Information

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

Events after the reporting date

The material events after the reporting date are disclosed in Note 35 to the consolidated financial statements.

Branches

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

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 2023 and 2022, the Company held 2,135,313 of its own GDRs (approximately 427,063 shares) that is equivalent to RR 490,607 thousand, representing 1.6% of its issued share capital. The GDRs are held as 'treasury shares'.

No GDRs were transferred to the employees under the share option incentive scheme during 2023 and 2022.

During 2023 and 2022 the Company did not buy back any of its own GDRs from the market.

Research and development activities

The Group launched research and development projects in the fields of IT, automation, and biotechnology for internal use that are presenting opportunities to reduce costs, improve product quality, and generate additional income.

By Order of the Board

O. Mal-

Axana Mansourian
Director of ROS AGRO PLC

Nicosia
1 March 2024

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 IFRS as adopted by IASB, 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. 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 62, have been prepared in accordance with IFRS as adopted by IASB, 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 IFRS as adopted by IASB in the manner so required; and

(iv) the Management Report has been prepared in accordance with the requirements of the Disclosure Rules as issued by the Financial Services Authority of United Kingdom have been entered into, and the information given therein is consistent with the consolidated financial statements.

By Order of the Board

O. Maf-

Axana Mansourian
Director of ROS AGRO PLC

Nicosia
1 March 2024

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Independent Auditors' Report

To the Shareholders and the Board of Directors of ROS AGRO PLC

Opinion

We have audited the consolidated financial statements of ROS AGRO PLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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Key Audit Matters

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

ASSESSMENT OF FAIR VALUE OF INVESTMENT IN LLC GK AGRO–BELOGORIE

Please refer to the Note 11 in the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
At 31 December 2023, the carrying amount of investment in LLC GK Agro-Belogorie at fair value through other comprehensive income amounted to RUB 8,556,556 thousand. The fair value of this investment was measured using a discounted cash flow model based primarily on Level 3 inputs, involving significant management judgment. Given the significance of the amounts and the subjective nature of the valuation, we consider this to be a key audit matter.	We assessed the appropriateness of classifying the investment in LLC GK Agro-Belogorie as financial assets at fair value through other comprehensive income rather than as an investment in an associate by analysing respective shareholder rights and other indicators. We involved our own valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group. Among others, our audit procedures included: - evaluating the principles and the integrity of the Group's discounted cash flow model; - a comparison by our valuation specialists of the Group's assumptions on projected EBITDA margins and discount rates to the market and industry trends using externally derived data as well as our own assessments; - assessing the historical accuracy of the Group's previous forecasts to support evaluation of forecasts incorporated in the discounted cash flow model. We also considered the adequacy of the Group's disclosures with regard to fair value measurement of this investment.

ACQUISITION OF NIZHEGORODSKYI MASLOZHIROVOY KOMBINAT GROUP OF COMPANIES (HEREINAFTER – NMGK)

Please refer to the Note 26 in the consowlidated financial statements.

The key audit matter	How the matter was addressed in our audit
On 28 June 2023 the Group acquired 50% of the shares and voting interests of NMGK group of companies (NMGK). The accounting for this transaction is complex and due to significant judgements and estimates that are required to identify and measure the fair value of the assets acquired and liabilities assumed. Due to the size and complexity of the acquisition, we considered this to be a key audit matter.	We assessed whether determination of a transaction as a business combination made by management is appropriate. We also assessed if acquisition method was appropriately applied by management. Our audit procedures in this area included, among others: • involving our own valuation specialists to support us in challenging the valuations produced by the Group and the methodology used to identify the assets and liabilities acquired; in particular: - the methodologies adopted and key assumptions used in valuing the tangible fixed assets by comparing them with quoted market prices for similar items when available, and depreciated replacement cost when appropriate; - - the methodologies adopted and key assumptions used to determine the fair value of the trademarks, which considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademarks being owned; • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

kept

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 when it becomes available 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.

Responsibilities of Management and Audit Committee of the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee of the Board of Directors 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 Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Valentina Vladimirovna Gnatovskaya

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 21906100181, acts on behalf of the audit organization based on the power of attorney No. 376/22 as of 1 July 2022

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

1 March 2024

ROS AGRO PLC
Consolidated Statement Of Financial Position
As At 31 December 2023

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	3	25,936,781	21,473,030
Short-term investments	4	2,288,852	91,382,536
Trade and other receivables	5	47,861,374	24,176,680
Prepayments	6	10,814,811	13,435,149
Current income tax receivable		132,186	832,423
Other taxes receivable	7	9,006,784	8,360,935
Inventories	8	93,863,345	68,886,207
Short-term biological assets	10	6,754,488	9,694,110
Other current assets	9	2,718,720	4,126,715
Total current assets		**199,377,341**	**242,367,785**
Non-current assets			
Property, plant and equipment	12	141,897,092	121,165,803
Inventories intended for construction	12	465,830	864,550
Right-of-use assets	13	6,392,885	6,916,539
Goodwill	27	3,840,150	2,364,942
Advances paid for property, plant and equipment	6	2,867,735	5,482,770
Long-term biological assets	10	2,736,644	3,240,959
Long-term investments	11	42,527,657	42,527,657
Investments in associates		562,323	455,916
Deferred income tax assets	28	2,532,975	5,964,527
Intangible assets	14	7,765,853	1,284,263
Other non-current assets		—	190,978
Total non-current assets		**211,589,144**	**190,458,904**
TOTAL ASSETS		**410,966,485**	**432,826,689**
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	16	68,034,977	172,351,514
Lease liabilities	13	1,098,135	863,452
Trade and other payables	17	39,452,813	17,024,472
Current income tax payable		555,913	76,061
Other taxes payable	18	5,458,529	8,149,780
Provisions for other liabilities and charges		123,212	137,542
Total current liabilities		**114,723,579**	**198,602,821**
Non-current liabilities			
Long-term borrowings	16	59,498,119	61,038,393
Government grants	19	12,860,211	11,153,211
Lease liabilities	13	4,325,136	5,086,897
Deferred income tax liabilities	28	2,502,074	2,283,752
Total non-current liabilities		**79,185,540**	**79,562,253**
TOTAL LIABILITIES		**193,909,119**	**278,165,074**
EQUITY			
Share capital	15	12,269	12,269
Treasury shares	15	(490,607)	(490,607)
Share premium	15	26,964,479	26,964,479
Share-based payment reserve	28	1,313,691	1,313,691
Fair value reserve		49,486	49,486
Retained earnings		173,344,692	126,843,525
Equity attributable to owners of ROS AGRO PLC		**201,194,010**	**154,692,843**
Non-controlling interest		15,863,356	(31,228)
TOTAL EQUITY		**217,057,366**	**154,661,615**
TOTAL LIABILITIES AND EQUITY		**410,966,485**	**432,826,689**

Approved for issue and signed on behalf of the Board of Directors on 1 March 2024.

Axana Mansourian
Director of ROS AGRO PLC

Sergei Koltunov
Director of ROS AGRO PLC

The accompanying notes on pages 5 to 62 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 2023

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Sales	20	277,328,308	240,230,251
Net gain/(loss) on revaluation of biological assets and agricultural produce	10	3,698,693	(8,542,435)
Cost of sales	21	(204,970,260)	(184,436,046)
Net loss from trading derivatives	31	(205)	—
Gross profit		**76,056,536**	**47,251,770**
Distribution and selling expenses	22	(20,379,110)	(16,851,961)
General and administrative expenses	23	(11,143,940)	(9,071,112)
Reversal of provision/(provision) for impairment of loans issued	16	7,983	(74,356)
Other operating income/(expenses), net	24	3,386,834	(2,194,559)
Operating profit		**47,928,303**	**19,059,782**
Interest expense	25	(7,172,633)	(7,865,190)
Interest income		10,322,249	9,397,651
Net gain from bonds held for trading		—	1,063
Other finance income/(costs), net	25	5,790,190	(12,187,973)
Profit before income tax		**56,868,109**	**8,405,333**
Income tax expense	28	(8,161,660)	(1,618,793)
Profit for the year		**48,706,449**	**6,786,540**
Total comprehensive income for the year		**48,706,449**	**6,786,540**

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Profit/(loss)is attributable to:			
- Owners of ROS AGRO PLC		46,501,167	6,763,338
- Non-controlling interest		2,205,282	23,202
Profit for the year		**48,706,449**	**6,786,540**
Total comprehensive income is attributable to:			
- Owners of ROS AGRO PLC		46,501,167	6,763,338
- Non-controlling interest		2,205,282	23,202
Total comprehensive income for the year		**48,706,449**	**6,786,540**
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	30	1,728.27	251.37

The accompanying notes on pages 5 to 62 are an integral part of these consolidated financial statements.

ROS AGRO PLC
Consolidated Statement Of Changes in Equity
For The Year Ended 31 December 2023

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

		Equity attributable to owners of ROS AGRO PLC								
	Notes	Share Capital	Treasury shares	Share premium	Share-based payment reserve	Fair value reserve[1]	Retained earnings[1]	Total	Non-controlling interest	Total equity
Balance at 1 January 2022		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**120,080,307**	**147,929,625**	**(54,430)**	**147,875,195**
Total comprehensive income for the year:		–	–	–	–	–	6,763,338	6,763,338	23,202	6,786,540
Profit for the year		–	–	–	–	–	6,763,338	6,763,338	23,202	6,786,540
Dividends to non-controlling interest shareholders		–	–	–	–	–	(120)	(120)	–	(120)
Balance at 31 December 2022		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**126,843,525**	**154,692,843**	**(31,228)**	**154,661,615**
Balance at 1 January 2023		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**126,843,525**	**154,692,843**	**(31,228)**	**154,661,615**
Total comprehensive income for the year:		–	–	–	–	–	46,501,167	46,501,167	2,205,282	48,706,449
Profit for the year		–	–	–	–	–	46,501,167	46,501,167	2,205,282	48,706,449
Recognition of non-controlling interests on acquisition of subsidiaries	15	–	–	–	–	–	–	–	19,489,302	19,489,302
Other changes of Non-controlling interest		–	–	–	–	–	–	–	(5,800,000)	(5,800,000)
Balance at 31 December 2023		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**173,344,692**	**201,194,010**	**15,863,356**	**217,057,366**

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

The accompanying notes on pages 5 to 62 are an integral part of these consolidated financial statements.

ROS AGRO PLC
Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2023

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from operating activities			
Profit before income tax		**56,868,109**	**8,405,333**
Adjustments for:			
Depreciation and amortization	21, 22, 23	16,451,751	14,161,546
Interest expense	25	18,911,361	20,783,744
Reimbursement of interest expense (government grants)	24,25	(13,831,969)	(14,935,568)
Interest income		(10,322,249)	(9,397,651)
Net gain on disposal of property, plant and equipment and intangible assets	24	(170,144)	(340,308)
Net (gain)/loss on revaluation of biological assets and agricultural produce	10	(3,698,693)	8,542,435
(Reversal of provision)/provision for impairment of loans issued		(7,983)	74,356
Change in provision for net realizable value of inventory		1,203,415	657,857
Interest expense on leases	13	638,821	690,914
Change in provision for impairment of receivables and prepayments	5, 6	2,007,296	23,385
Foreign exchange (gain)/loss, net	24, 25	(9,775,893)	13,066,836
Lost harvest write-off	21	1,090,868	598,041
Change in provision for impairment of advances paid for property, plant and equipment		33,454	32,076
Change in other provisions		(14,330)	(357,167)
Gain on other investments	24	(2,009,374)	(397,362)
Loss/(gain) on disposal of other assets	24	18,768	(21,698)
Gain on SolPro loans redemption	24	(325,851)	(563,487)
Settlement of loans and accounts receivable previously written-off		(31,906)	-
Net gain from bonds held for trading		–	(1,063)
Other non-cash and non-operating expenses, net		167,233	51,701
Operating cash flows before working capital changes		**57,202,685**	**41,073,920**
Change in trade and other receivables and prepayments		(14,929,809)	(21,003,370)
Change in other taxes receivable		155,779	(39,742)
Change in inventories		(13,096,201)	(6,763,581)
Change in biological assets		5,672,714	(3,078,151)
Change in trade and other payables		23,606,148	1,414,887
Change in other taxes payable		(2,253,880)	993,307
Change in other current assets		3,046,663	(5,727,866)
Cash generated from operations		**59,404,099**	**6,869,404**
Income taxes paid		(6,074,116)	(2,446,340)
Net cash from operating activities		**53,329,983**	**4,423,064**
Cash flows from investing activities			
Purchases of property, plant and equipment		(18,040,526)	(11,718,704)
Purchases of intangible assets		(807,252)	(925,855)
Purchases of land lease rights		(23,229)	(358,879)
Proceeds from sales of property, plant and equipment		712,005	486,542
Purchases of inventories intended for construction		(310,135)	(254,665)
Proceeds from cash withdrawals from deposits		162,979,157	18,000,000
Cash placed on bank deposits		(63,278,975)	(76,841,928)
Purchases of associates		(106,407)	(96,134)
Investments in subsidiaries, net of cash acquired	26	(6,625,627)	-
Proceeds from sales of bonds with maturity over three months		-	141,804
Purchases of loan issued	4	(10,854)	(24,866,023)
Loans repaid	4	740,000	15,504,119
Interest received		11,495,107	8,692,280
Dividends received		2,009,374	722,768
Other investing activities		376,894	178,281
Net cash from investing activities		**89,109,532**	**(71,336,394)**
Cash flows from financing activities			
Proceeds from borrowings	16	105,049,123	151,465,684
Repayment of borrowings	16	(244,195,528)	(93,010,994)
Interest and other finance cost paid	16	(6,095,409)	(7,028,058)
Proceeds from government grants		2,147,322	1,837,714
Repayment of lease liabilities-principal	16	(572,322)	(466,795)
Other financial activities		–	(119)
Net cash from financing activities		**(143,666,814)**	**52,797,432**
Effect of exchange rate changes on cash and cash equivalents		5,691,050	(10,873,251)
Net increase in cash and cash equivalents		**4,463,751**	**(24,989,149)**
Cash and cash equivalents at the beginning of the year	3	**21,473,030**	**46,462,179**
Cash and cash equivalents at the end of the year	3	**25,936,781**	**21,473,030**

The accompanying notes on pages 5 to 62 are an integral part of these consolidated financial statements.

ROS AGRO PLC
Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2023

(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 Company does not have either the ultimate controlling party or the immediate parent in accordance with the definitions of control described in IFRS 10 Consolidated financial statements.

The principal activities of the Group are:

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

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

The Group mainly operates in the Russian Federation except for goods trading activity. The subsidiaries of the Group were incorporated and are domiciled in the Russian Federation except for Ros Agro Trading Limited, Ros Agro China Limited, Hangzhou E Nong Maoyi Ltd which are incorporated in Hong Kong and LLP Agropromkomplectatsiya KZ incorporated in Kazakhstan.

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

		Group’s share in the share capital,%	
Entity	**Principal activity**	**31 December 2023**	**31 December 2022**
JSC Rusagro Group	Investment holding, financing	100	100
LLC Group of Companies Rusagro	Investment holding, financing	100	100
Ros Agro Trading Limited	Trading operations with goods for all principal segments	100	100
LLC RusagroTechnologii	IT services	100	100
	Sugar segment		
LLC Rusagro-Sakhar	Sugar division trading company, sales operations	100	100
LLC Rusagro-Belgorod	Beet and raw sugar processing	100	100
LLC Rusagro-Tambov	Beet and raw sugar processing	100	100
JSC Krivets-Sakhar	Beet and raw sugar processing	100	100
JSC Kshenskiy Sugar Plant	Beet and raw sugar processing	100	100
JSC Otradinskiy Sugar Plant	Beet and raw sugar processing	100	100
JSC Hercules	Buckwheat processing plant	100	100
	Oil and Fat segment		
JSC Fats and Oil Integrated Works	Oil processing	100	100
JSC Samaraagroprompererabotka	Oil extraction	100	100
LLC Primorskaya Soya	Oil extraction and processing	100	100
LLC Rusagro-Saratov	Oil processing	100	100
LLC Rusagro-Atkarsk	Oil extraction	100	100
LLC Rusagro-Balakovo	Oil extraction	100	100
LLC Rusagro-Zakupki	Oil and Fat raw materials procurement	100	100
	Meat segment		
LLC Tambovsky Bacon	Cultivation of pigs	100	100
LLC Rusagro-Primorie	Cultivation of pigs	100	100
	Agriculture segment		
LLC Rusagro-Invest	Agriculture	100	100
LLC Agrotehnology	Agriculture	100	100
JSC Primagro	Agriculture	100	100
LLC Kshenagro	Agriculture	100	100
LLC Otradaagroinvest	Agriculture	100	100
LLC Vozrozhdenie	Agriculture	-[1]	100
LLC Agromeliorant	Production of fertilizers	100	100
LLC Biotekhnologii[2]	Agriculture	100	–
JSC Astreya	Agriculture	61	–
	NMGK segment[3]		
Profit PCF LLC	Holding shares or other equity instruments	50	–
Trading House NMGK JSC	Sales, Marketing or Distribution	50	–
NMGK JSC	Oil processing	50	–
Samara Plant JSC	Oil processing	50	–
Borskiy Elevator LLC	Storage and Safekeeping of seeds	50	–
Balashovskaya Khlebnaya Baza JSC	Storage and Safekeeping of seeds	50	–
Ermolaevskiy Khleb JSC	Storage and Safekeeping of seeds	50	–
Glushitsa Station JSC	Storage and Safekeeping of seeds	50	–
Pestravska Station JSC	Storage and Safekeeping of seeds	50	–
Orenburg Plant JSC	Oil extraction	50	–
Ekaterinovskiy Elevator JSC	Storage and Safekeeping of seeds	50	–
Uryupinsk Oil Extraction Plant JSC	Oil extraction	50	–
Uryupinskiy Elevator JSC	Storage and Safekeeping of seeds	50	–
Sorochinsk Oil Extraction Plant LLC	Oil extraction	50	–
Sorochinskiy Elevator LLC	Storage and Safekeeping of seeds	50	–
Energoset NN LLC	Provision of Services to unrelated parties	50	–
NMGK-Logistic LLC	Provision of Services to unrelated parties	50	–
NMGK-Infotech LLC	Administrative, Management or Support Services	50	–
Sethal Holdings Limited	Holding shares or other equity instruments	50	-

1 Liquidated during the year 2023.
2 Treated as an acquisition of assets.
3 Note 2.2, Note 26

ROS AGRO PLC
Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2023
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

1. Background (continued)

Russian Federation

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the start of a special military operation in Ukraine by the Russian Federation and the incorporation of the territories of republics of Donetsk and Lugansk, as well as Zaporozhye and Kherson regions into the Russian Federation after referendums in the second half of 2022, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In particular, restrictions were imposed on the export and import of goods, including capping the price of certain types of raw materials, restrictions were introduced on the provision of certain types of services to Russian enterprises, the assets of a number of Russian individuals and legal entities were blocked, a ban on maintaining correspondent accounts was established, certain large banks were disconnected from the SWIFT international financial messaging system, and other restrictive measures were implemented. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

In response to the increasing pressure on the Russian economy, the Government of the Russian Federation and Central Bank of the Russian Federation have introduced a set of measures, which are counter-sanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy, financial sector and citizens.

The imposition and subsequent strengthening of sanctions resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term, however, sanctions can have a significant negative impact on the Russian economy.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by IASB. These consolidated financial statements have not been prepared in accordance with IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. As such, these financial statements are not the statutory financial statements of the Group and are not intended for the purposes of filing with the Cyprus Registrar of Companies or other regulatory filings, where the statutory financial statements may be required to. 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 (RR) 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 IASB.

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 IASB 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 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 2023 would be to increase it by RR 1,246,718 or decrease it by RR 1,523,767 (2022: increase by RR 1,296,599 or decrease by RR 1,584,733).

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2 Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

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 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 for pigs 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 2023		31 December 2022	
	Pigs (sows)	Pigs (boars)	Pigs (sows)	Pigs (boars)
Length of production usage in farrows	6	–	6	–
Market prices for comparable bearer livestock in the same region (in Russian Roubles/kg, excl. VAT)	242	631	246	607

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 2023		31 December 2022	
	10% increase	10% decrease	10% increase	10% decrease
Pigs				
Length of production usage in farrows	66,765	(50,811)	94,949	(78,841)
Market prices for comparable bearer livestock in the same region	222,718	(222,718)	258,477	(258,477)

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 108.3 Russian Roubles per kilogram, excluding VAT, as at 31 December 2023 (31 December 2022: 98.5 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 2023 would be higher/lower by RR 565,856 (31 December 2022: RR 610,160).

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:

	2022	2021
Sugar beet	4,336	3,526
Wheat	8,858	9,576
Barley	8,805	10,000
Sunflower	25,202	25,076
Corn	17,388	14,283
Soya bean	39,238	31,760
Rapeseed	34,981	26,430

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 2023 would be higher/lower by RR 4,103,162 (2022: RR 2,911,137).

The fair value less estimated point-of-sale costs for unharvested crops are calculated based on expected yield, degree of readiness for each crop and the forward market prices.

The average forward market prices (Russian Roubles/tonne, excluding VAT) used for fair value measurement of unharvested crops were as follows:

	2023	2022
Winter wheat	10,610	10,089
Winter rapeseed	27,670	25,728

Should the forward market prices used in determination of fair value of unharvested crops have been 10% higher/lower with all other variables held constant, the fair value of the unharvested crops as at 31 December 2023 would be higher/lower by RR 105,667 (2022: RR 87,868).

Assessment of existence of control over the Group of companies NMGK

Management assessed the existence of control over Group of companies NMGK in terms of control criteria set out in IFRS 10. The Group has the ability to direct the relevant activities of the investee, manage its operational performance and key management personnel, therefore the Group has power over the investee. The Group has control over the relevant activities of NMGK, due to ability to approve operational budgets and appoint the decision making bodies.

Additionally, the Group being the shareholder with 50% shares in the investee has legal rights to receive variable returns from its involvement with the investee and use its power in order to affect the returns. All criteria for control existence over the NMGK are met.

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2 Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Measurement of fair values of NMGK assets acquired and consideration transferred

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

ASSETS ACQUIRED	Valuation technique
Property, plant and equipment	**Market comparison technique and cost technique:** The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	**Relief-from-royalty method and cost technique:** The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademarks being owned. Depreciated replacement cost reflects adjustments for functional and economic obsolescence.
Inventories	**Market comparison technique:** The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
Consideration transferred	Consideration was paid in cash and was measured in RR at the dates of cash transfer operations

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 11 and Note 32. 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 27.

Deferred income tax asset recognition

The recognised deferred income tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable and in relation to losses carried forward it is also based on management judgement about deductibility of expenses included in the related profit tax base. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 33).

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" or SolPro) 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 16.

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 for the contracts with prolongation option.

Discount rates used for determination of lease liabilities

The Group uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined. The Group's incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

10% increase in discount rate at 31 December 2023 would result in a decrease in lease liabilities of RR 251,692 (31 December 2022: RR 264,458). 10% decrease in discount rate at 31 December 2023 would result in an increase in lease liabilities of RR 282,587 (31 December 2022: RR 291,979).

2.3 Foreign currency and translation methodology

Functional and presentation currency

The functional currency of the Group's consolidated entities is the Russian Rouble (RR), which is the currency of the primary economic environment in which the Group operates. The Russian Rouble has been chosen as the presentation currency for these consolidated financial statements.

Translation of foreign currency items into functional currency

Transactions in foreign currencies are translated to Russian Roubles at the official exchange rate of the Central Bank of the Russian Federation (CBRF) at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities at 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 operating income/(expenses), 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.

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2 Summary of significant accounting policies (continued)

2.4 Group accounting

Consolidation

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns.

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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of changes in net asset of investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates.

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.

2.7 Biological assets and agricultural produce

Biological assets of the Group consist of unharvested crops (grain crops, sugar beets and other plant crops) and pigs livestock.

Livestock is measured at their fair value less estimated point-of-sale costs. Fair value at initial recognition is assumed to be approximated by the purchase price incurred. Point-of-sale costs include all costs that would be necessary to sell the assets. All the gains or losses arising from initial recognition of biological assets and from changes in fair-value-less-cost-to-sell of biological assets less the amounts of these gains or losses related to the realised biological assets are included in a separate line "Net gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line.

At the year-end unharvested crops are measured at fair value less estimated point-of-sale costs. A gain or loss from the changes in the fair value less estimated point-of-sale costs of unharvested crops less the amount of such gain or loss related to the realisation of agricultural products is included as a separate line "Net gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line.

Upon harvest, grain crops, sugar beets and other plant crops are included into inventory for further processing or for sale and are initially measured at their fair value less estimated point-of-sale costs at the time of harvesting. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs of unharvested crops less the amount of such gain or loss related to the realisation of agricultural products is recognised in profit or loss in the period in which it arises.

Bearer livestock is classified as non-current assets; consumable livestock and unharvested crops are classified as current assets in the consolidated statement of financial position.

2.8 Goodwill

Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

2.9 Intangible assets

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software, trademarks and licences. Acquired computer software licences 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.

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2.10 Impairment of non-current assets

The Group's non-current assets except for deferred income tax, biological assets and financial assets are tested for impairment in accordance with the provisions of IAS 36, Impairment of Assets. The Group makes an assessment whether there is any indication that an asset may be impaired at each reporting date, except for goodwill which is tested at least annually regardless of whether there are any indications of impairment. If any such indication exists, an estimate of the recoverable amount of the asset is made. IAS 36 requires an impairment loss to be recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its life.

2.11 Financial instruments

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.

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.

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 32 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 32. For financial assets that are purchased or originated credit-impaired, the expected credit loss is always measured as a Lifetime expected credit loss. Note 32 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 reporting 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.

Presentation of results from sugar trading derivatives

The Group was engaged in raw sugar derivative trading transactions through an agent on ICE Futures US primarily in order to manage the raw sugar purchase price risk (Note 32). 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.

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.

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.

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.

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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 income tax and is recognised in profit or loss for the year.

Current tax

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax

Deferred income tax is provided in full, using the balance sheet liability method, on tax losses carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred income taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred income tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are netted only within the individual companies of the Group.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

2.21 Employee benefits

Payroll costs and related contributions

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year, in which the associated services are rendered by the employees of the Group.

Pension costs

The Group contributes to the Russian Federation state pension fund on behalf of its employees and has no obligation beyond the payments made. The contribution was approximately 15.6% (2022: 18.8%) 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.

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 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.

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2 Summary of significant accounting policies (continued)

2.23 Revenue recognition (continued)

If the Group provides any additional services to the customer after control over goods has passed, revenue from such services is considered to be a separate performance obligation and is recognised over the time of the service rendering.

Contract assets and liabilities are not separately presented in the consolidated statement of financial position as they are not material.

Commodity loans

The Group provides and obtains commodity loans from other grain traders at the point of transhipment by entering into sales and purchase agreements. Commodity loans are usually returned within several months by reverse transactions between the same parties on identical terms.

These transactions are in substance commodity loans, rather than sale and purchase transactions. Therefore, revenue and cost of sales attributable to these transactions are eliminated from the consolidated statement of profit or loss and other comprehensive income.

Revenue and cost of sales were eliminated in the amount of RR 223,541 in 2023 (2022: RR 1,815,884).

Sales of transportation services.

Revenue from providing transportation services is recognised in the accounting period in which these services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Interest income

Interest income is recorded for all debt instruments, other than those at fair value through profit and loss on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate. Interest income on debt instruments at fair value through profit and loss calculated at nominal interest rate is presented within 'finance income' line in profit or loss.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

2.25 Government grants

Government grants comprise compensation of interest expense under bank loans and government grants relating to costs and property, plant and equipment.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grants relating to costs are deferred and recognised in profit or loss as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Compensation of interest expense under bank loans is credited to profit or loss over the periods of the related interest expense unless this interest was capitalised into the carrying value of assets in which case it is included in non-current liabilities as government grants and credited to profit or loss on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

The differences between nominal and market interest rate is recognized as interest expenses and government grants in the consolidated statement of profit or loss and other comprehensive income or in the consolidated statement of financial position.

Government grants are recognized at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants cash inflows are presented in the financing activities section of the consolidated statement of cash flows.

2.26 Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved, appropriately authorised and are no longer at the discretion of the Group. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

2.27 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration receivable over the par value of shares issued is recorded as share premium in equity. Share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

2.28 Treasury shares

Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are cancelled, reissued or disposed of. Where such equity instruments are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2.29 Amendments of the consolidated financial statements after issue

Any changes to these consolidated financial statements after issue require approval of the Group's management and the Board of Directors who authorised these consolidated financial statements for issue.

2.30 Right-of-use assets

The Group leases various land, buildings, machinery, equipment and vehicles. Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Useful lives of right-of-use of land is limited by contract terms but are not less than 10 years for contracts with prolongation option (Note 13). Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	1 to 50
Buildings	1 to 20
Machinery and equipment	1 to 7
Vehicles	1 to 5

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2.31 Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of land plots, buildings, machinery, equipment and vehicles across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take place, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of RR 300 or less.

2.32 Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023.

The following amended standard became effective from 1 January 2023, but did not have any material impact on the Group:

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023.The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases as a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. There was no change of accounting in relation to the amendment.

Global minimum top-up tax

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023.The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2023 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

In May 2017, the International Accounting Standards Board issued IFRS 17 Insurance Contracts, which was subsequently amended in June 2020. IFRS 17 supersedes IFRS 4 Insurance Contracts.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. IFRS 17 focuses on types of contracts, rather than types of entities. Therefore, it applies to all entities, whether they are regulated as insurance entities or not.

IFRS 17 is effective for annual periods beginning on or after 1 January 2023. The new Standard had no impact on the Group's consolidated financial statements.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

The Group has a secured bank loans that are subject to specific covenants. While liabilities are classified as non-current at 31 December 2023, a future breach of the related covenants may require the Group to repay the liabilities earlier than the contractual maturity dates. The Group is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the related disclosures.

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2 Summary of significant accounting policies (continued)

2.32 Adoption of new or revised standards and interpretations (continued)

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21).

The new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

3. Cash and cash equivalents

	31 December 2023	31 December 2022
Bank deposits with original maturity of less than three months	22,875,942	11,383,841
Bank balances receivable on demand	3,059,345	10,088,147
Cash in hand	1,494	1,042
Total cash and cash equivalents	**25,936,781**	**21,473,030**

The Group had the following currency positions:

	31 December 2023	31 December 2022
Russian Roubles	20,256,646	2,756,992
Chinese yuan	5,270,860	141,821
Euro	358,854	411,869
US Dollars	43,629	18,124,985
Other	6,792	37,363
Total	**25,936,781**	**21,473,030**

The weighted average interest rate on cash at bank balances in Russian Roubles presented within cash and cash equivalents was 14.52% at 31 December 2023 (31 December 2022: 5.79%).

The weighted average interest rate on cash at bank balances in Chinese yuan presented within cash and cash equivalents was 7.32% at 31 December 2023. The Group had no interest income on balances in Chinese yuan presented within cash and cash equivalents at 31 December 2022.

The Group had no interest income on balances in US Dollars presented within cash and cash equivalents at 31 December 2023 (31 December 2023: 1.10%).

4. Short-term investments

	31 December 2023	31 December 2022
Loans issued to third parties	1,139,294	13,086,402
Bank deposits with original maturity over three months	931,531	78,005,015
Interest receivable on long-term bonds held to collect (Note 11)	218,027	218,035
Other short-term investments	–	73,084
Total	**2,288,852**	**91,382,536**

As at 31 December 2023 the bank deposits within short-term investments are denominated in following currencies:

	31 December 2023	31 December 2022
Russian Roubles	931,531	77,545,064
USD	–	459,951
Total	**931,531**	**78,005,015**

As at 31 December 2023 the interest rate on bank deposit denominated in Russian Roubles within short-term investments is 13.75% (31 December 2022: interest rates varied between 7.45% and 8.75%). As at 31 December 2022 the weighted average interest rate on the bank deposits equals 8.07%. As at 31 December 2023 the Group had no bank deposits denominated in USD within short-term investments (31 December 2022: the interest rate equaled 3.95%).

As at 31 December 2023 bank deposit in the amount of RR 900,000 was pledged as collateral for the Group's borrowings.

As at 31 December 2023 loans issued to third parties within short-term investments are denominated in following currencies:

	31 December 2023	31 December 2022
Russian Roubles	1,139,294	5,664,430
Euro	–	7,421,972
Total	**1,139,294**	**13,086,402**

Loans issued to third parties within short-term investments denominated in Russian Roubles include loans issued to Group of companies Solnechnye producty and its subsidiaries and related companies in the amount of RR 503,237 (31 December 2022: RR 698,563) (Note 16).

As at 31 December 2022 the Group had loans issued to a third party trading company for financing of working capital comprises.

The weighted average interest rate on Loans issued to third parties within short-term investments denominated in Russian Roubles is 7.74% (31 December 2022: 2.6%). As at 31 December 2022 the weighted average interest rate on Loans issued to third parties within short-term investments denominated in Euro was 0.1%.

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5. Trade and other receivables

	31 December 2023	31 December 2022
Trade receivables	46,998,892	22,798,391
Other	3,046,695	827,278
Less: credit loss allowance (Note 32)	(2,925,774)	(701,418)
Total financial assets within trade and other receivables	**47,119,813**	**22,924,251**
Other receivables	741,561	1,252,429
Total trade and other receivables	**47,861,374**	**24,176,680**

The above financial assets within trade and other receivables are denominated in the following currencies:

	31 December 2023	31 December 2022
Russian Roubles	17,645,191	8,756,127
US dollars	27,241,078	9,613,779
Euro	1,130,002	4,554,345
China Yuan	1,103,542	–
Total	**47,119,813**	**22,924,251**

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 2023		31 December 2022	
	Loss rate	Gross carrying amount	Lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss
Trade receivables					
- current	–	43,022,421	–	21,684,885	–
- less than 90 days overdue	57%	1,084,814	611,993	73,808	42,427
- 91 to 180 days overdue	43%	399,191	172,718	14,016	14,016
- 181 to 360 days overdue	27%	39,317	10,488	129,144	129,144
- over 360 days overdue	99%	2,141,457	2,122,660	469,969	469,969
Total trade receivables (gross carrying amount)		**46,687,200**	**2,917,859**	**22,371,822**	**655,556**
Credit loss allowance		2,917,859		655,556	
Total trade receivables from contracts with customers (carrying amount)		**43,769,341**		**21,716,266**	

		31 December 2023		31 December 2022	
	Loss rate	Gross carrying amount	Lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss
Other receivables					
- current	–	3,034,728	–	781,416	–
- less than 90 days overdue	43%	7,146	3,094	3,279	3,279
- 91 to 180 days overdue	100%	147	147	402	402
- 181 to 360 days overdue	100%	3,856	3,856	31,873	31,873
- over 360 days overdue	100%	818	818	10,308	10,308
Total other receivables		**3,046,695**	**7,915**	**827,278**	**45,862**
Credit loss allowance		7,915		45,862	
Total other receivables (carrying amount)		**3,038,780**		**781,416**	

The Group did not recognise any expected credit loss allowance for trade receivables due from SolPro in the amount of RR 311,692 because of excess of collateral value over the gross carrying value of these receivables as at 31 December 2023 (Note 16) (31 December 2022: RR 426,569).

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 2023	**655,556**	**45,862**
Accrued	2,262,687	140,128
Utilised	(384)	(178,075)
As at 31 December 2023 (Note 32)	**2,917,859**	**7,915**
As at 1 January 2022	**747,171**	**95,204**
Accrued	24,413	(48,189)
Utilised	(116,028)	(1,153)
As at 31 December 2022 (Note 32)	**655,556**	**45,862**

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 2023	31 December 2022
Prepayments for raw and other materials	7,147,756	9,597,992
Prepayments for transportation services	1,172,031	1,064,552
Prepayments for fuel and energy	817,683	918,258
Prepayments under insurance contracts	337,462	282,620
Prepayments for rent	172,773	49,641
Prepayments for advertising expenses	103,731	125,122
Prepayments to customs	89,651	365,906
Prepayments for animals	18,702	52,732
Other prepayments	1,268,252	1,212,369
Less: provision for impairment	(313,230)	(234,043)
Total	**10,814,811**	**13,435,149**

Reconciliation of movements in the prepayments' impairment provision:

	2023	2022
As at 1 January	234,043	187,643
Accrued	79,219	47,161
Utilised	(32)	(761)
As at 31 December	**313,230**	**234,043**

As at 31 December 2023 prepayments classified as non-current assets and included in the "Advances paid for property, plant and equipment" line in the consolidated statement of financial position in the amount of RR 2,867,735 (31 December 2022: RR 5,482,770) and represent advance payments for construction works and purchases of production equipment.

7. Other taxes receivable

	31 December 2023	31 December 2022
Value added tax receivable	7,916,100	8,303,086
Excess profit tax	997,936	–
Other taxes receivable	92,748	57,849
Total	**9,006,784**	**8,360,935**

8. Inventories

	31 December 2023	31 December 2022
Raw materials	54,296,103	27,392,018
Finished goods	36,699,548	38,602,676
Work in progress	5,006,124	4,166,753
Less: provision for write-down to net realisable value	(2,138,430)	(1,275,240)
Total	**93,863,345**	**68,886,207**

9. Other current assets

Other current assets at 31 December 2023 and 31 December 2022 relate to cash in transit temporarily blocked by foreign banks.

Other current assets are denominated in the following currencies:

	31 December 2023	31 December 2022
US dollars	2,380,255	3,868,562
Euro	338,465	258,153
Total	**2,718,720**	**4,126,715**

10. 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 2023 and 2022. 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 2022	**6,120,356**	**1,632,314**	**7,752,670**
Increase due to purchases and gain arising from cost inputs	41,366,536	25,970,057	67,336,593
Gain on initial recognition of agricultural produce	–	5,248,615	5,248,615
Lost harvest written-off (Note 21)	–	(598,041)	(598,041)
Decrease due to harvest and sales of the assets	(39,291,215)	(29,398,236)	(68,689,451)
Loss arising from changes in fair value less estimated point-of-sale costs	(1,772,669)	416,393	(1,356,276)
As at 31 December 2022	**6,423,008**	**3,271,102**	**9,694,110**
Increase due to purchases and gain arising from cost inputs	34,844,941	26,609,117	61,454,058
Gain on initial recognition of agricultural produce	–	13,290,095	13,290,095
Lost harvest written-off (Note 21)	–	(1,090,868)	(1,090,868)
Decrease due to harvest and sales of the assets	(37,246,135)	(40,373,896)	(77,620,031)
Gain arising from changes in fair value less estimated point-of-sale costs	1,636,744	(609,620)	1,027,124
As at 31 December 2023	**5,658,558**	**1,095,930**	**6,754,488**

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10. Biological assets (continued)

Long-term biological assets

	Bearer livestock (pigs)
As at 1 January 2022	**2,744,863**
Increases due to purchases and breeding costs of growing livestock	1,631,730
Decreases due to sales	(434,452)
Loss arising from changes in fair value less estimated point-of-sale costs	(701,182)
As at 31 December 2022	**3,240,959**
Decrease due to pigs' diseases exceeding increase due to purchase and breeding costs of growing livestock	(1,726,903)
Decreases due to sales	(243,671)
Gain arising from changes in fair value less estimated point-of-sale costs	1,466,259
As at 31 December 2023	**2,736,644**

In 2023 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 15,783,478 (2022: RR 3,191,157).

Included in the above amounts there are losses related to realised biological assets and agricultural produce amounting to RR 12,084,785 (2022: loss RR 11,733,592).

The amount of net gain/ (loss) on revaluation of biological assets and agricultural produce was recognized in the consolidated statement of profit or loss and other comprehensive income in 2023 in the amount of RR 3,698,693 (2022: loss RR 8,542,435), which includes the aggregate gain on initial recognition of agricultural produce in the amount RR 15,783,478 (2022: RR 3,191,157) less losses related to realised biological assets and agricultural produce in the amount of RR 12,084,785 (2022: loss RR 11,733,592).

Livestock population were as follows:

	31 December 2023	31 December 2022
Pigs within bearer livestock (heads)	121,179	145,254
Pigs within consumable livestock (tonnes)	61,059	73,327

In 2023 total area of arable land amounted to 597 thousand ha (2022: 567 thousand ha).

The main crops of the Group's agricultural production and output were as follows (in thousands of tonnes):

	2023	2022
Sugar beet	4,900	3,916
Wheat	730	858
Barley	31	0
Sunflower	73	51
Corn	116	150
Soya bean	355	234

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 2023 biological assets with a carrying value of RR 2,137 (2022: RR 421,903) were pledged as collateral for the Group's borrowings (Note 16).

The Group is exposed to financial risks arising from changes in meat and crops prices. The Group does not anticipate that crops and meat prices will decline significantly in the foreseeable future except some seasonal fluctuations and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in respective prices. The Group reviews its outlook for meat and crops prices regularly in considering the need for active financial risk management.

11. Long-term investments

	31 December 2023	31 December 2022
Bonds held to collect (Note 16)	19,900,000	19,900,000
Bank deposits with maturity over twelve months	14,071,101	14,071,101
Investments in third parties	8,556,556	8,556,556
Total	42,527,657	42,527,657

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 2023 bank deposits in the amount of RR 13,900,000 (31 December 2022: 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 16).

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 16).

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 2023 the fair value of the acquired investment amounted to RR 8,556,556 (31 December 2022: RR 8,556,556). The fair value of the investment has not changed significantly since 2020.

The fair value of the investment has been determined based on discounted cash flow calculation using the actual financial data and budgets of LLC GK Agro-Belogorie covering a five-year period and the expected market prices for the key products for the same period according to leading industry publications. Cash flows beyond the five-year period were projected with a long-term growth rate of 4% per annum (2022: 4% per annum).

The assumptions used for calculation and sensitivity of fair value measurement are presented in Note 32.

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11. Long-term investments (continued)

Bonds held to collect were denominated in Russian Roubles and mature in 2038. Nominal interest rate on bonds equals 10.5%.

The table below shows the rating and balances of bonds held to collect:

	31 December 2023			31 December 2022		
	Rating agency	Rating	Balance	Rating agency	Rating	Balance
Rosselkhozbank	AKRA	aa	19,900,000	AKRA	aa	19,900,000
Total bonds (Note 16)			**19,900,000**			**19,900,000**

12. 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 2022	**9,498,037**	**83,957,844**	**65,372,492**	**27,816,133**	**372,941**	**187,017,447**
Additions	592,206	2,669,505	(1,182,237)	15,312,760	10,709	17,402,943
Transfers	–	4,133,285	3,848,706	(8,012,690)	30,699	–
Disposals	(7,537)	(1,105,724)	(56,794)	(601,252)	(764)	(1,772,071)
As at 31 December 2022	**10,082,706**	**89,654,910**	**67,982,167**	**34,514,951**	**413,585**	**202,648,319**
Accumulated depreciation (Note 2.6)						
As at 1 January 2022	**-**	**(47,743,169)**	**(19,891,628)**	**-**	**(223,238)**	**(67,858,035)**
Charge for the year	–	(9,787,585)	(4,437,761)	–	(37,248)	(14,262,594)
Disposals	–	618,584	18,806	–	723	638,113
As at 31 December 2022	**-**	**(56,912,170)**	**(24,310,583)**	**-**	**(259,763)**	**(81,482,516)**
Net book value as at 31 December 2022	**10,082,706**	**32,742,740**	**43,671,584**	**34,514,951**	**153,822**	**121,165,803**
Cost (Note 2.5)						
As at 1 January 2023	**10,082,706**	**89,654,910**	**67,982,167**	**34,514,951**	**413,585**	**202,648,319**
Additions as the result of subsidiary acquired (Note 26)	1,024,326	4,741,258	6,891,927	840,939	11,347	13,509,797
Additions	1,116,302	2,566,596	2,178,955	15,679,139	4,426	21,545,418
Transfers	–	5,531,147	2,092,101	(7,648,179)	24,932	–
Disposals	(30,668)	(694,259)	(66,879)	(307,645)	(3,406)	(1,102,857)
As at 31 December 2023	**12,192,666**	**101,799,652**	**79,078,271**	**43,079,205**	**450,884**	**236,600,678**

	Land	Machinery, vehicles and equipment	Buildings and constructions	Assets under construction	Other	Total
Accumulated depreciation (Note 2.6)						
As at 1 January 2023	**-**	**(56,912,170)**	**(24,310,583)**	**-**	**(259,763)**	**(81,482,516)**
Charge for the year	–	(9,327,454)	(4,352,703)	–	(33,746)	(13,713,903)
Disposals	–	461,429	28,315	–	3,089	492,833
As at 31 December 2023	**-**	**(65,778,195)**	**(28,634,971)**	**-**	**(290,420)**	**(94,703,586)**
Net book value as at 31 December 2023	**12,192,666**	**36,021,457**	**50,433,300**	**43,079,205**	**160,464**	**141,897,092**

As at 31 December 2023 property, plant and equipment with a net book value of RR 49,092,399 (31 December 2022 RR 39,931,738) was pledged as collateral for the Group's borrowings (Note 16).

As at 31 December 2023 and 2022 the assets under construction related mainly to the pig farm construction in the Primorsky Krai and Tambov region. During the reporting period, the Group capitalised borrowing costs within assets under construction in the amount of RR 2,117,113 (2022: RR 2,791,538). The average capitalisation rate in 2023 was 10.31% (2022: 11.02%).

At 31 December 2023 and 2022, 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 2022	**1,604,570**
Additions	231,605
Disposals	(971,625)
As at 31 December 2022	**864,550**
As at 1 January 2023	**864,550**
Additions	273,039
Disposals	(671,759)
As at 31 December 2023	**465,830**

13. Right-of-use assets and lease liabilities

The Group leases various lands, buildings, machinery, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 49 years but may have extension options as described below.

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

As for the land lease, contracts include monetary agreements in which payments do not depend on an index or a rate and non-monetary agreements based on a fixed volume of harvested crops. Based on management's assessment and previous experience, the lease term was set as 10 years as a minimum for contracts with prolongation option. This term is justified by payback period of particular investment projects, which depend on the time to analyse composition of the land and the roll-out and purchase price of necessary fertilizers and equipment.

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13. Right-of-use assets and lease liabilities (continued)

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. For not tacitly renewable leases with contractual terms less than 12 months the lease term (and lease enforceability) is not considered to go beyond initial contract term. The Group applies the exemption for short-term leases for such agreements.

The Group recognised right-of-use asset as follows:

	Land	Buildings	Equipment	Other	Total
Carrying amount at 1 January 2022	**5,769,222**	**1,530,328**	**44,170**	**2,818**	**7,346,538**
Additions and modifications	72,249	575,645	16,884	5,698	670,476
Disposals	(177,723)	(63,481)	–	–	(241,204)
Depreciation charge (Notes 21, 22, 23)	(584,975)	(240,291)	(27,397)	(6,608)	(859,271)
Carrying amount at 31 December 2022	**5,078,773**	**1,802,201**	**33,657**	**1,908**	**6,916,539**
Carrying amount at 1 January 2023	**5,078,773**	**1,802,201**	**33,657**	**1,908**	**6,916,539**
Additions as the result of subsidiary acquired (Note 26)	8,486	136,033	152,258	–	296,777
Additions and modifications	152,478	253,508	90,467	–	496,453
Disposals	(93,228)	(317,129)	(9,819)	–	(420,176)
Depreciation charge (Notes 21, 22, 23)	(585,061)	(225,183)	(85,621)	(843)	(896,708)
Carrying amount at 31 December 2023	**4,561,448**	**1,649,430**	**180,942**	**1,065**	**6,392,885**

Interest expense included in finance costs for 2023 was RR 638,821 (2022: RR 690,914) (Note 25).

As at 31 December 2023, future cash outflows of RR 1,008,903 (undiscounted) (31 December 2022: RR 2,285,901) 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 and expenses related to contracts in which variable payments do not depend on index or rate (included in cost of sales and general and administrative expenses):

	2023	2022
Expenses related to contracts in which variable payments do not depend on an index or a rate	68,389	175,529
Expenses relating to short-term leases	534,900	165,499

Total outflow for leases in 2023 was RR 1,404,114 (2022: RR 1,157,708), including RR 193,633 (2022: RR 111,555) settled in agricultural products.

The reconciliation of lease liabilities and the movements is presented in Note 16.

14. Intangible assets

	Trademarks	Software licenses	Internally developed software	Other	Total
Cost (Note 2.9)					
As at 1 January 2022	197,032	1,409,078	46,585	566,785	2,219,480
Additions	109,364	510,523	55,093	250,875	925,855
Disposals	(8,556)	(486,868)	(1,149)	(1,217)	(497,790)
As at 31 December 2022	**297,840**	**1,432,733**	**100,529**	**816,443**	**2,647,545**
Accumulated amortisation (Note 2.9)					
As at 1 January 2022	(138,229)	(637,569)	(33,065)	(266,560)	(1,075,423)
Charge for the year	(17,369)	(623,040)	(5,841)	(28,324)	(674,574)
Disposals	7,931	377,438	1,149	197	386,715
As at 31 December 2022	**(147,667)**	**(883,171)**	**(37,757)**	**(294,687)**	**(1,363,282)**
Net book value as at 31 December 2022	**150,173**	**549,562**	**62,772**	**521,756**	**1,284,263**
Cost (Note 2.9)					
As at 1 January 2023	297,840	1,432,733	100,529	816,443	2,647,545
Additions	45,728	176,517	121,938	493,098	837,281
Additions as the result of subsidiary acquired (Note 26)	6,389,228	535,226	–	–	6,924,454
Disposals	(206,762)	(442,766)	(149,274)	(1,586)	(800,388)
As at 31 December 2023	**6,526,034**	**1,701,710**	**73,193**	**1,307,955**	**9,608,892**
Accumulated amortisation (Note 2.9)					
As at 1 January 2023	(147,667)	(883,171)	(37,757)	(294,687)	(1,363,282)
Charge for the year	(661,761)	(370,657)	(9,087)	(41,252)	(1,082,757)
Disposals	196,133	378,510	26,839	1,518	603,000
As at 31 December 2023	**(613,295)**	**(875,318)**	**(20,005)**	**(334,421)**	**(1,843,039)**
Net book value as at 31 December 2023	**5,912,739**	**826,392**	**53,188**	**973,534**	**7,765,853**

15. Share capital, share premium and transactions with non-controlling interests

Share capital and share premium

At 31 December 2023 the issued and paid share capital consisted of 27,333,333 ordinary shares (31 December 2022: 27,333,333 ordinary shares) with par value of EUR 0.01 each.

At 31 December 2023 and 2022, the authorised share capital consisted of 60,000,000 ordinary shares with par value of EUR 0.01 each.

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15. Share capital, share premium and transactions with non-controlling interests (continued)

Treasury shares

At 31 December 2023 the Group held 2,135,313 of its own GDRs (31 December 2022: 2,135,313 own GDRs) that is equivalent of approximately 427,063 shares (31 December 2022: 427,063 shares). The GDRs are held as treasury shares. In 2023 and 2022 there were no acquisitions of treasury shares.

Dividends

In 2023 and 2022 the Company didn't distribute any dividends.

Non-controlling interest

2023

On 28 June 2023 the Group acquired 50% of shares and control over NMGK group. The non-controlling interest recognized on the acquisition of subsidiary amounted to RR 19,489,302 (Note 26).

2022

During the year 2022 there were no purchases of non-controlling interests.

16. Borrowings

Short-term borrowings

	31 December 2023	31 December 2022
Bank loans	56,539,022	84,746,085
Current portion of long-term borrowings	11,495,955	87,605,429
Total	**68,034,977**	**172,351,514**

The short-term borrowings are at fixed and floating interest rates. The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2023	Interest rate	31 December 2022
Russian Roubles	1.4% – 14.5%	68,034,977	1.5% – 11.1%	172,351,514
Total		**68,034,977**		**172,351,514**

Long-term borrowings

	31 December 2023	31 December 2022
Bank loans	70,994,074	148,643,822
Less current portion of long-term borrowings from:		
Bank loans	(11,495,955)	(87,605,429)
Total	59,498,119	61,038,393

The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2023	Interest rate	31 December 2022
Russian Roubles	1.5%–11.1%	59,498,119	1.5% – 11.1%	61,038,393
Total		**59,498,119**		**61,038,393**

In November 2018 the Group entered into a transaction with JSC Rosselkhozbank (hereinafter – "RSHB") for the acquisition of debt of Group of companies Solnechnye producty and its subsidiaries and related companies. The gross value of total consideration for this acquisition amounted to RR 34,810,446 and the payment will be made by the Group in cash in accordance with the payment schedule deferred over 20 years.

The deferred liability due to RSHB is presented within bank loans. The fair value of this liability at inception date was RR 19,897,813 determined using the effective interest rate of 10.7% (applying level 2 valuation model). The liability is subsequently measured at amortized cost with an effective interest rate of 10.7%. The liability is collateralised by the 20-year bonds of Rosselkhozbank 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 which was initially deferred for the period of 5 years being the average term of the acquired loans.

In November 2015 the Group entered into a transaction with Vnesheconombank for the acquisition of debt (loans and bonds) of PJSC Group Razguliay and its subsidiaries (hereinafter – "Razguliay Group"). The total consideration for this acquisition amounted to RR 33,914,546 and was paid by the Group in cash. As at 31 December 2022 the debts were fully repaid.

For the purpose of financing of this transaction, the Group raised a thirteen-year loan from Vnesheconombank 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 Vnesheconombank in the amount of RR 13,900,000 (Note 11) at the interest rate of 12.84% per annum.

Maturity of long-term borrowings

	31 December 2023	31 December 2022
Fixed interest rate borrowings:		
2 years	11,472,058	10,379,185
3-5 years	31,900,952	25,308,270
More than 5 years	16,125,109	25,350,938
Total	**59,498,119**	**61,038,393**

For details of property, plant and equipment and biological assets pledged as collateral for the above borrowings see Note 10 and Note 12.
For details of bank deposits pledged as collateral for the above borrowings refer to Notes 11.

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16. Borrowings (continued)

Shares of several companies of the Group are pledged as collateral for the bank borrowings, as follows:

	Pledged shares, %	
	31 December 2023	31 December 2022
LLC Rusagro-Primorie	100.0	100.0
JSC Biotekhnologii	50.0	0
LLC Rusagro-Tambov	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 2022	**172,723,865**	**6,665,845**	**179,389,710**
Cash flows			
Proceeds	151,465,684	–	151,465,684
Repayment	(93,010,994)	(466,795)	(93,477,789)
Interest payments	(6,448,700)	(579,358)	(7,028,058)
Non-cash changes			
Other non-cash movements	8,660,052	330,657	8,990,709
As at 31 December 2022	**233,389,907**	**5,950,349**	**239,340,256**
Cash flows			
Proceeds	105,049,123	–	105,049,123
Repayment	(244,195,528)	(572,322)	(244,767,850)
Interest payments	(5,457,249)	(638,159)	(6,095,408)
Non-cash changes			
Additions as the result of subsidiary acquired	28,991,675	323,776	29,315,451
Foreign exchange adjustments	2,111,909	–	2,111,909
Other non-cash movements	7,643,259	359,628	8,002,887
As at 31 December 2023	**127,533,096**	**5,423,271**	**132,956,367**

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 2023		
	According to IFRS	Reclassifications	Management accounts
Cash flows from investing activities			
Purchases of property, plant and equipment	(18,040,526)	–	(18,040,526)
Purchases of inventories intended for construction	(310,135)	–	(310,135)
Proceeds from cash withdrawals from deposits	162,979,157	(162,979,157)	–
Deposits placed with banks	(63,278,975)	63,278,975	–
Purchases of associates	(106,407)	–	(106,407)
Purchases of loans issued	(10,854)	10,854	–
Loans repaid	740,000	(740,000)	–
Interest received	11,495,107	(11,495,107)	–
Other cash flows from investing activities	(4,357,835)	–	(4,357,835)
Net cash used in investing activities	**89,109,532**	**(111,924,435)**	**(22,814,903)**
Cash flows from financing activities			
Proceeds from borrowings	105,049,123	–	105,049,123
Repayment of borrowings	(244,195,528)	–	(244,195,528)
Change in cash on bank deposits	–	99,700,182	99,700,182
Purchases of loans issued	–	(10,854)	(10,854)
Loans repaid	–	740,000	740,000
Interest and other finance cost paid	(6,095,409)	–	(6,095,409)
Interest received	–	11,495,107	11,495,107
Proceeds from government grants	2,147,322	–	2,147,322
Repayment of lease liabilities-principal	(572,322)	–	(572,322)
Net cash used in financing activities	**(143,666,814)**	**111,924,435**	**(31,742,379)**

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16. Borrowings (continued)

	Year ended 31 December 2022		
	According to IFRS	Reclassifications	Management accounts
Cash flows from investing activities			
Purchases of property, plant and equipment	(11,718,704)	–	(11,718,704)
Purchases of inventories intended for construction	(254,665)	–	(254,665)
Proceeds from cash withdrawals from deposits	(76,841,928)	76,841,928	–
Deposits placed with banks	18,000,000	(18,000,000)	–
Proceeds from sales of bonds with maturity over three months	141,804	(141,804)	–
Purchases of associates	(96,134)	–	(96,134)
Purchases of loans issued	(24,866,023)	24,866,023	–
Loans repaid	15,504,119	(15,504,119)	–
Interest received	8,692,280	(8,692,280)	–
Other cash flows in investing activities	102,857	–	102,857
Net cash used in investing activities	**(71,336,394)**	**59,369,748**	**(11,966,646)**
Cash flows from financing activities			
Proceeds from borrowings	151,465,684	–	151,465,684
Repayment of borrowings	(93,010,994)	–	(93,010,994)
Change in cash on bank deposits	–	(58,841,928)	(58,841,928)
Purchases of bonds with maturity over three months	–	141,804	141,804
Purchases of loans issued	–	(24,866,023)	(24,866,023)
Loans repaid	–	15,504,119	15,504,119
Interest and other finance cost paid	(7,028,058)	–	(7,028,058)
Interest received	–	8,692,280	8,692,280
Proceeds from government grants	1,837,714	–	1,837,714
Repayment of lease liabilities-principal	(466,795)	–	(466,795)
Other cash flows in financial activities	(119)	–	(119)
Net cash used in financing activities	**52,797,432**	**(59,369,748)**	**(6,572,316)**

Net Debt[1]

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 31).

As at 31 December 2023 and 2022 the net debt of the Group was as follows:

	31 December 2023	31 December 2022
Long-term borrowings	59,498,119	61,038,393
Short-term borrowings	68,034,977	172,351,514
Cash and cash equivalents (Note 3)	(25,936,781)	(21,473,030)
Bank deposits within long-term investments (Note 11)	(14,071,101)	(14,071,101)
Bank deposits within short-term investments (Note 4)	(931,531)	(78,005,015)
Long-term bonds held for collect (Note 11)	(19,900,000)	(19,900,000)
Short-term bonds held for collect (Note 4)	(218,027)	(218,035)
Net debt[1]	**66,475,656**	**99,722,726**
including long-term Net debt	25,527,018	27,067,292
including short-term Net debt	40,948,638	72,655,434
Adjusted EBITDA[1] (Note 31)	**56,560,027**	**45,015,312**
Net debt/ Adjusted EBITDA[1]	**1.18**	**2.22**

1 not an IFRS measure.

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17. Trade and other payables

	31 December 2023	31 December 2022
Trade accounts payable	26,511,289	11,703,258
Payables for property, plant and equipment	884,560	647,207
Other payables	6,041,154	251,057
Total financial liabilities within trade and other payables	**33,437,003**	**12,601,522**
Payables to employees	2,502,890	2,261,015
Advances received	3,512,920	2,161,935
Total trade and other payables	**39,452,813**	**17,024,472**

Financial liabilities within trade and other payables of RR 16,927,662 (31 December 2022: RR 707,482) are denominated in US Dollars, financial liabilities within trade and other payables of RR 989,801 (31 December 2022: RR 1,283,073) are denominated in Euros. All other financial liabilities within trade and other payables are denominated in Russian Roubles.

18. Other taxes payable

	31 December 2023	31 December 2022
Value added tax	4,561,633	6,613,703
Social contributions	410,381	1,304,764
Personal income tax	258,869	54,232
Property tax	163,830	124,312
Transport tax	8,607	7,902
Other	55,209	44,867
Total	**5,458,529**	**8,149,780**

19. Government grants

During 2022-2023 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 2023 amounted to RR 576,649 (2022: RR 317,097). These grants are deferred and amortised on a straight-line basis over the expected lives of the related assets.

In 2022-2023 the Group obtained government grants for reimbursement of interest expenses on bank loans received for construction of the pig-breeding farms in the Far East and Tambov. The government grants related to interest expenses capitalised into the carrying value of assets, were similarly deferred and amortised on a straight-line basis over the expected lives of the related assets. The deferred government grants, related to capitalised interest expense, amounted to RR 1,680,110 (2022: RR 2,184,110).

The movements in deferred government grants in the consolidated statement of financial position were as follows:

	2023	2022
As at 1 January	11,153,211	9,325,530
Government grants received	2,256,759	2,501,207
Amortization of deferred income to match related depreciation (Note 24)	(549,759)	(673,526)
As at 31 December	**12,860,211**	**11,153,211**

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 25).

Other government grants received are included in Note 24.

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20. Sales

Disaggregation of revenue for 2023 by category:

	Sugar	Meat	Agriculture	Oil and Fat	NMGK	Other	Elimination	Total
Type of goods and services								
Sales of goods	63,208,865	48,355,623	56,343,884	105,437,006	30,305,255	25,035	(32,337,203)	**271,338,465**
Transportation services	1,159,674	106,699	–	2,951,564	896,364	–	–	**5,114,301**
Other services	411,990	–	575,095	357,897	–	1,934,895	(2,404,335)	**875,542**
Revenue from contracts with customers	**64,780,529**	**48,462,322**	**56,918,979**	**108,746,467**	**31,201,619**	**1,959,930**	**(34,741,538)**	**277,328,308**
Geographical market								
Russian Federation	64,223,222	43,403,774	55,225,217	67,841,899	19,950,937	1,905,205	(34,741,538)	**217,808,716**
Foreign countries	557,307	5,058,548	1,693,762	40,904,568	11,250,682	54,725	–	**59,519,592**
Revenue from contracts with customers	**64,780,529**	**48,462,322**	**56,918,979**	**108,746,467**	**31,201,619**	**1,959,930**	**(34,741,538)**	**277,328,308**
Timing of revenue recognition								
Goods transferred at a point of time	63,208,865	48,355,623	56,343,884	105,437,006	30,305,255	25,035	(32,337,203)	**271,338,465**
Services transferred over time	1,571,664	106,699	575,095	3,309,461	896,364	1,934,895	(2,404,335)	**5,989,843**
Revenue from contracts with customers	**64,780,529**	**48,462,322**	**56,918,979**	**108,746,467**	**31,201,619**	**1,959,930**	**(34,741,538)**	**277,328,308**

Disaggregation of revenue for 2022 by category:

	Sugar	Meat	Agriculture	Oil and Fat	NMGK	Other	Elimination	Total
Type of goods and services								
Sales of goods	48,008,029	43,575,863	31,604,784	130,780,222	–	413,865	(18,298,960)	**236,083,803**
Transportation services	1,411,547	129,158	–	2,361,588	–	–	–	**3,902,293**
Other services	164,321	–	388,475	227,210	–	994,400	(1,530,251)	**244,155**
Revenue from contracts with customers	**49,583,897**	**43,705,021**	**31,993,259**	**133,369,020**	**-**	**1,408,265**	**(19,829,211)**	**240,230,251**
Geographical market								
Russian Federation	46,955,887	37,604,933	30,341,787	72,303,453	–	529,985	(19,829,211)	**167,906,834**
Foreign countries	2,628,010	6,100,088	1,651,472	61,065,567	–	878,280	–	**72,323,417**
Revenue from contracts with customers	**49,583,897**	**43,705,021**	**31,993,259**	**133,369,020**	**-**	**1,408,265**	**(19,829,211)**	**240,230,251**
Timing of revenue recognition								
Goods transferred at a point of time	48,008,029	43,575,863	31,604,784	130,780,222	–	413,865	(18,298,960)	**236,083,803**
Services transferred over time	1,575,868	129,158	388,475	2,588,798	–	994,400	(1,530,251)	**4,146,448**
Revenue from contracts with customers	**49,583,897**	**43,705,021**	**31,993,259**	**133,369,020**	**-**	**1,408,265**	**(19,829,211)**	**240,230,251**

The transportation expenses related to Revenue from transportation services in the amount of RR 5,114,301 were recognised within Cost of sales (2022: RR 3,902,293).

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21. Cost of sales

	2023	2022
Raw materials and consumables used	127,933,573	132,888,702
Services	19,489,661	15,955,923
Depreciation and amortisation	13,497,292	13,892,469
Payroll	17,060,432	14,114,964
Purchases of goods for resale	5,851,121	4,445,375
Other	8,652,440	9,998,102
Lost harvest write-off (Note 10)	1,090,868	598,041
Depreciation of right-of-use assets	640,591	615,651
Purchase of biological assets	1,121,556	1,630,482
Change in work in progress, finished goods and goods for resale, biological assets	9,632,726	(9,703,663)
Total	**204,970,260**	**184,436,046**

"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 758,383 (2022: RR (1,616,300)).

Payroll costs include salaries of RR 13,444,132 (2022: RR 11,200,468) and statutory pension contributions of RR 3,616,300 (2022: RR 2,914,496).

The average number of employees employed by the Group during the year ended 31 December 2023 was 23,116 (19,786 for the year ended 31 December 2022).

22. Distribution and selling expenses

	2023	2022
Transportation and loading services	9,800,605	7,021,283
Advertising	2,495,043	1,859,751
Payroll	3,012,386	1,713,156
Other services	1,670,951	1,853,874
Customs duties	1,074,765	3,445,432
Other	1,039,018	679,978
Depreciation and amortisation	576,407	395,960
Change in selling and distribution expenses attributable to goods not sold	305,312	(359,965)
Fuel and energy	224,733	166,350
Depreciation of right-of-use assets	76,371	26,111
Provision for impairment of receivables	54,451	571
Materials	28,975	48,275
Rent	20,093	1,185
Total	**20,379,110**	**16,851,961**

Payroll costs include salaries of RR 2,543,548 (2022: RR 1,354,795) and statutory pension contributions of RR 468,838 (2022: RR 358,361).

23. General and administrative expenses

	2023	2022
Payroll	5,286,393	3,852,894
Services of professional organisations	1,717,971	1,666,451
Other	1,239,528	720,449
Taxes, excluding income tax	748,123	772,256
Depreciation and amortisation	722,962	648,739
Repair and maintenance	310,722	124,389
Bank services	190,272	362,458
Depreciation of right-of-use assets	179,746	217,509
Security	165,753	205,641
Rent	163,595	142,004
Insurance	138,632	84,898
Travelling expenses	115,274	62,634
Communication	65,359	62,997
Materials	50,486	104,499
Fuel and energy	49,124	43,294
Total	**11,143,940**	**9,071,112**

Payroll costs above include salaries of RR 4,485,473 (2022: RR 3,152,492) and statutory pension contributions of RR 800,920 (2022: RR 700,402).

The total fees charged by the Group's auditor for the audit of the annual financial statements of the Group for the year ended 31 December 2023 amounted to RR 32,044 (2022: RR 18,382).

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24. Other operating income/(expenses), net

	2023	2022
Reimbursement of operating expenses (government grants)	1,543,482	1,343,488
Operating foreign exchange gain/(loss), net	2,869,879	(1,556,913)
Amortization of deferred income to match related depreciation	549,759	673,526
Gain on disposal of property, plant and equipment	170,144	340,308
Charitable donations and social costs	(1,449,166)	(4,041,552)
Gain on other investments	2,009,374	397,362
Fines and penalties payable	–	(405,221)
(Provisions)/reverse of provisions for receivables, other liabilities and charges	(1,906,783)	302,087
Gain on SolPro loans redemption	325,851	563,487
(Loss)/gain on disposal of other assets	(18,768)	21,698
(Loss)/gain on sale of goods and materials, except for main products	(25,259)	31,656
Loss of livestock net of compensation received	(1,240,191)	–
Loss on implementation of work, services	(183,691)	(84,502)
Gain from forward contracts	323,759	–
Other shortages and losses and their reversal	36,036	–
Payroll	(25,874)	(3,021)
Other	408,282	223,038
Total	**3,386,834**	**(2,194,559)**

Gain on other investments in 2023 is comprised of dividends received from LLC GK Agro-Belogorie in the amount of RR 2,009,374 (2022: RR 397,362).

The Group management excludes the following components of Other operating income/(expenses) from Adjusted EBITDA calculation as non-recurring items (Note 31):

Non-recurring other operating adjustment

	2023	2022
Amortization of deferred income to match related depreciation (Note 19)	549,759	673,526
Operating foreign exchange gain/(loss), net	2,875,813	(1,185,408)
Gain on disposal of property, plant and equipment	170,144	340,308
Charitable donations and social costs	(1,449,166)	(4,041,552)
Gain on other investments	2,009,374	397,362
Fines and penalties receivable	–	(405,221)
Gain on SolPro loans redemption	325,851	563,487
(Loss)/gain on disposal of other assets	(18,768)	21,698
(Provisions)/reverse of provisions for receivables, other liabilities and charges	(325,170)	302,087
Other	(24,486)	156,521
Total	**4,113,351**	**(3,177,192)**

25. Interest expense and other finance income/(costs), net

Interest expense comprised of the following:

	2023	2022
Interest expense	18,911,361	20,783,744
Reimbursement of interest expense (government grants)	(11,738,728)	(12,918,554)
Interest expense, net	**7,172,633**	**7,865,190**

Other finance income/(costs), net comprised of the following items:

	2023	2022
Foreign exchange income/(loss), net	6,906,014	(11,509,923)
Interest expense on leases (Note 13)	(638,821)	(690,914)
Other finance (costs)/income, net	(477,003)	12,864
Other finance income/(costs), net	**5,790,190**	**(12,187,973)**

26. Acquisition of subsidiary

Acquisition of subsidiary

On 28 June 2023 the Group obtained control of NMGK group of companies (NMGK) by acquiring 50% of the shares and voting interests in the company as well as the ability to direct the relevant activities. As a result, the Group's equity interest in NMGK increased from 0% to 50% (Note 15).

Included in the identifiable assets and liabilities acquired at the date of acquisition of NMGK are inputs (an oil and fat plant, several oil extraction plants, elevators, inventories, trademarks and customer relationships), production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

Control over NMGK will allow the Group to take key positions in the main segments of the Oil & Fats B2C market and become Russia's No. 1 producer of mayonnaise and mayonnaise sauces. The Group will also significantly strengthen its positions in sunflower oil production and in a number of product categories of industrial fats, and plans to realize a number of synergies through economies of scale, including optimization of logistics and reduction of purchase prices.

From the date of acquisition to 31 December 2023 NMGK contributed revenue of RR 31,201,619 and profit of RR 4,600,709.

If the acquisitions had occurred on 1 January 2023, management estimates that consolidated revenue would have been RUB 306,940,701 thousand, and consolidated profit for the year would have been RR 53,840,228. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

Consideration transferred

Consideration transferred was made in form of cash in the amount of RR 20,964,512.

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26. Acquisition of subsidiary (continued)

Identifiable assets acquired and liabilities assumed and Goodwill

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Note	Recognised fair values on acquisition
Non-current assets		
Property, plant and equipment	12	13,509,797
Intangible assets	14	6,924,454
Advances paid for property, plant and equipment		105,306
Deferred income tax assets	28	272,811
Right-of-use assets	13	296,777
Other non-current assets		473
Current assets		
Cash and cash equivalents		14,338,885
Short-term investments		21,900,000
Trade and other receivables		3,785,628
Inventories		11,725,373
Prepayments		1,136,996
Current income tax receivable		32,336
Other taxes receivable		695,521
Non-current liabilities		
Long-term borrowings	16	(910,326)
Deferred income tax liabilities	28	(2,712,558)
Lease liabilities	16	(141,097)
Current liabilities		
Short-term borrowings	16	(28,081,349)
Current income tax payable		(253,258)
Trade and other payables		(3,464,483)
Lease liabilities		(182,679)
Total identifiable net assets		**38,978,607**
Total cash consideration transferred		20,964,512
Net cash outflow		**6,625,627**
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree		19,489,302
Goodwill		**1,475,208**

The trade receivables comprise gross contractual amounts due of RR 3,358,086, of which RR 89,691 was expected to be uncollectable at the date of acquisition.

27. Goodwill

	2023	2022
Carrying amount at 1 January	2,364,942	2,364,942
Additions as the result of subsidiary acquired (Note 26)	1,475,208	–
Carrying amount at 31 December	**3,840,150**	**2,364,942**

The carrying amount of goodwill is allocated to the following CGUs:

	31 December 2023	31 December 2022
NMGK CGU	1,475,208	–
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	**3,840,150**	**2,364,942**

Goodwill Impairment Test

The carrying amount of goodwill as at 31 December 2023 and 2022 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 4% per annum (31 December 2022: 4% per annum).

The assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	EBITDA margin[1]		Pre-tax discount rate	
	2023	2022	2023	2022
Oil Samara CGU	6.14%–7.15%	14.8%–20.0%	24,22%	16,87%
NMGK CGU	11,4%–11,6%	–	19,90%	–
Agriculture Center CGU	30.40%–36.15%	32.7%–36.15%	15.40%	14.40%
Sugar CGU	27.9%–31.8%	20.7%–26.7%	20.90%	14.60%
Agriculture Primorie CGU	26.33%–30.52%	17.7%–24.1%	15.42%	14.44%
Meat CGU	13.36%–17.37%	14.2%–16.9%	15.33%	14.17%

2023 and 2022

As a result of the testing, no impairment losses were recognised for the goodwill allocated to each CGU.

1 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.

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28. Income tax

	2023	2022
Current income tax charge	6,735,471	2,340,333
Deferred income tax charge / (credit)	1,426,189	(721,540)
Income tax expense	**8,161,660**	**1,618,793**

The Group companies domiciled in Russia were subject to an income tax rate of 20% (2022: 20%) of taxable profits, except for profit on sales of agricultural produce taxable at 0% (2022: 0%) and profit obtained in Saratov region subject to a reduced rate of 10% in 2023.

Group entities operating in other tax jurisdictions were taxed at 0% and 12.5% (2022: 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:

	2023	2022
Profit before income tax:	56,868,109	8,405,333
- taxable at 0%	23,685,285	2,670,974
- taxable at 10%	1,972,958	–
- taxable at 12.5%	2,061	(401,372)
- taxable at 20%	31,207,805	6,135,731
Theoretical income tax charge/(credit) calculated at the applicable tax rate of 20% and 12.5% (2022: 20% and 12.5%)	6,439,114	1,176,975
- non-taxable income	(40,662)	(51,404)
- non-deductible expenses	617,239	733,296
Deferred income tax charge in respect of withholding income tax on dividends to be distributed	–	(186,170)
Adjustments of income tax in respect of prior years and tax penalties	1,131,897	39,875
Effect of changes in the tax rates on the measurement of deferred tax assets and liabilities	(141,695)	(245,766)
Other	155,767	151,987
Income tax expense	**8,161,660**	**1,618,793**

Differences between IFRS as adopted by IASB and local statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and their tax bases. Deferred income taxes are attributable to the following:

	1 January 2023	**Deferred income tax assets/ (liabilities) acquisition/ disposal**	**Deferred income tax credited/ (charged) to profit or loss**	**31 December 2023**
Tax effects of deductible/ (taxable) temporary differences:				
Property, plant and equipment	(2,546,379)	(2,598,818)	(12,379)	(5,157,576)
Impairment of receivables	103,502	57,458	448,384	609,344
Payables	52,003	44,583	183,881	280,467
Financial assets	(1,285,096)	–	(2,027)	(1,287,123)
Inventory and biological assets	645,877	6,655	(439,761)	212,771
Borrowings	(1,487,374)	–	422,875	(1,064,499)
Tax loss carried-forwards	7,442,117	49,436	(1,944,179)	5,547,374
Lease liability	444,714	64,755	3,862	513,331
Right-of-use assets	(539,453)	(59,355)	44,026	(554,782)
Other	850,864	211,601	(130,871)	931,594
Net deferred income tax asset	**3,680,775**	**(2,223,685)**	**(1,426,189)**	**30,901**
Recognised deferred income tax assets	5,964,527			2,532,975
Recognised deferred income tax liabilities	(2,283,752)			(2,502,074)

	1 January 2022	**Deferred income tax assets/ (liabilities) acquisition/ disposal**	**Deferred income tax credited/ (charged) to profit or loss**	**31 December 2022**
Tax effects of deductible/ (taxable) temporary differences:				
Property, plant and equipment	(2,394,654)	230	(151,955)	(2,546,379)
Impairment of receivables	168,785	–	(65,283)	103,502
Payables	122,270	–	(70,267)	52,003
Financial assets	(776,832)	–	(508,264)	(1,285,096)
Inventory and biological assets	1,129,823	–	(483,946)	645,877
Borrowings	(1,901,985)	–	414,611	(1,487,374)
Tax loss carried-forwards	5,902,094	(19)	1,540,042	7,442,117
Lease liability	344,085	–	100,629	444,714
Right-of-use assets	(394,803)	–	(144,650)	(539,453)
Withholding income tax on dividends to be distributed	(186,170)	–	186,170	–
Other	946,411	–	(95,547)	850,864
Net deferred income tax asset	**2,959,024**	**211**	**721,540**	**3,680,775**
Recognised deferred income tax assets	4,835,268			5,964,527
Recognised deferred income tax liabilities	(1,876,244)			(2,283,752)

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28. Income tax (continued)

Starting from 1 January 2017 the amendments to the Russian tax legislation became effective in respect of tax loss carry-forwards. The amendments affect tax losses incurred and accumulated since 2007 that have not been utilised. The 10-year expiry period for tax loss carry-forwards does not apply. The amendments also set limitation on utilisation of tax loss carry forwards that would apply during the period from 2017 to 2020, later this period was prolonged to 2024. The amount of losses that can be utilised each year during that period is limited to 50% of annual taxable profit.

In the context of the Group's current structure tax losses and current income tax assets of different companies may not be set off against taxable profits and current income tax liabilities of other companies and, accordingly, taxes may accrue even where there is a net consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity.

	31 December 2023	31 December 2022
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	1,216,130	3,786,310
– Deferred income tax assets to be recovered within 12 months	1,316,845	2,178,217
	2,532,975	**5,964,527**
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(1,338,801)	(2,031,724)
– Deferred income tax liabilities to be settled within 12 months	(1,163,273)	(252,028)
	(2,502,074)	**(2,283,752)**
Total net deferred income tax asset	**30,901**	**3,680,775**

Temporary differences associated with undistributed earnings of subsidiaries totalled RR 300,360,682 (2022: RR 212,423,844). No deferred income tax liability was recognised as the Group is able to control the timing of reversal of those temporary differences and it is probable that they will not reverse in the foreseeable future. For those temporary differences that will reverse in the foreseeable future correspondent deferred income tax liabilities was recognized in the amount of RR nil (2022: RR nil).

Refer to Note 33 "Contingencies" for description of tax risks and uncertainties.

29. 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 does not have the ultimate controlling party in accordance with the definitions of control described in IFRS 10 "Consolidated financial statements".

Key management personnel

Share option incentive scheme

In 2017 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. Vesting period of the scheme ended by 31 December 2019. No expenses or gains were recognized under the scheme for the years ended 31 December 2023 and 2022, no GDRs of the Company were transferred to the employees under the scheme in 2023 and 2022.

As at 31 December 2023, the share-based payment reserve accumulated in equity as a result of the share-based payment transactions amounted to RR 1,313,691 (2022: RR 1,313,691).

Other remuneration to key management personnel

Remuneration to 13 (2022: 11) 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 1,103,590 including RR 147,631 payable to the State Pension Fund (2022: RR 769,365 and RR 101,337 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 52,159 including RR 4,840 payable to the State Pension Fund for the year ended 31 December 2023 (2022: RR 9,994 and RR 64 respectively).

Dividends paid to the Company Directors

During the years 2023 and 2022 no dividends were paid to the Company Directors.

Loan agreements with the Key management personnel

No balances under the loan agreements with Key management personel existed at 31 December 2023 and 31 December 2022.

Associates

Balances and transactions with associates are presented in the table below:

	31 December 2023	31 December 2022
Transactions		
Purchases of services	2,026	576
Purchases of goods	68,368	6,924
Provision for impairment of other receivables	51,513	–
Balances		
Other receivables from related parties	–	51,513
Trade receivables from related parties, gross	461	509
Provision for impairment of trade receivables from related parties	(465)	(514)
Trade and other payables	(140)	(115)

30. 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.

	2023	2022
Profit for the year attributable to the Company's equity holders	46,501,167	6,763,338
Weighted average number of ordinary shares in issue	26,906,270	26,906,270
Basic and diluted earnings per share (RR per share)	**1,728.27**	**251.37**

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31. 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 five 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;
- NMGK – vegetable oil extraction and processing.

Certain of the Group's businesses are not included within the reportable operating segments, as they are not included in the reports provided to the CODM. The results of these operations are included in "Other" caption. The Company, JSC Rusagro Group and LLC Group of Companies Rusagro that represent the Group's head office and investment holding functions and earn revenue considered incidental to the Group's activities are included in "Other" caption.

There were no changes in approach to the identification and measurement of operating segment profit or loss, assets and liabilities.

Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different customers. They are managed separately because of the differences in the production processes, the nature of products produced and required marketing strategies.

Financial information reviewed by the CODM includes:

- Quarterly reports containing information about income and expenses by business units (segments) based on IFRS numbers, that may be adjusted to present the segments results as if the segments operated as independent business units and not as the division within the Group;
- Quarterly reports with a breakdown of separate material lines of IFRS consolidated statement of financial positions and IFRS consolidated statement of cash flows;

In addition to the main financial indicators, operating data (such as yield, production volumes, cost per unit, staff costs) and revenue data (volumes per type of product, market share) are also reviewed by the CODM on a quarterly basis.

Measurement of operating segment profit or loss, assets and liabilities

The CODM assesses the performance of the operating segments based on the Adjusted EBITDA figure for the period. Adjusted EBITDA figure is not an IFRS measure. Adjusted EBITDA is reconciled to IFRS operating profit in this Note.

Adjusted EBITDA is defined as operating profit before taking into account:

- depreciation and amortisation;
- non-recurring other operating adjustment (Note 24);
- the difference between the gain on revaluation of biological assets and agricultural produce recognised in the year and the gain on initial recognition of agricultural produce attributable to realised agricultural produce for the year and revaluation of biological assets attributable to realised biological assets and included in cost of sales;
- share-based payment;
- provision/ (reversal of provision) for net realisable value of agricultural products in stocks;
- provision / (reversal of provision) for impairment of loans issued.

Transactions between operating segments are accounted for based on financial information of individual segments that represent separate legal entities.

Analysis of revenues by products and services

Each business segment except for the "Oil & Fat" segments is engaged in the production and sales of similar or related products (see above in this note). The "Oil and Fat" segment in additional to its main activity of vegetable oil extraction and processing is engaged in the production of milk products, including dry milk textures and cheese products. Related revenue from milk products was RR 5,342,852 (2022: RR 5,396,110).

For the amount of revenue from services, which comprise mainly grain elevator services and processing of sugar beet for third party agricultural enterprises, see Note 20.

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:

	2023	2022
Russian Federation	217,808,717	167,906,834
Foreign countries	59,519,591	72,323,417
Total	**277,328,308**	**240,230,251**

Among key customers from foreign countries are UAE, CIS countries, China, Japan, Mongolia.

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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31. 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 2023 and 2022 is set out below:

2023	**Sugar**	**Meat**	**Agriculture**	**Oil and Fat**	**NMGK**	**Other**	**Eliminations**	**Total**
Assets	252,421,947	93,934,074	87,907,246	130,374,906	68,437,193	266,086,719	(488,195,600)	410,966,485
Liabilities	213,132,894	43,813,513	53,512,865	101,951,552	50,147,181	120,520,342	(389,169,228)	193,909,119
Additions to non-current assets[1]	1,696,996	4,657,216	3,230,999	3,118,552	20,786,797	999,036	–	34,489,596
2022								
Assets	190,215,650	94,869,562	72,653,144	181,211,138	–	290,230,947	(396,353,752)	432,826,689
Liabilities	160,472,490	60,219,878	48,150,318	146,209,739	–	171,054,860	(307,942,211)	278,165,074
Additions to non-current assets[1]	1,246,656	10,006,962	4,445,878	4,320,164	–	50,297	–	20,069,957

Segment information for the reportable segments' adjusted EBITDA for the years ended 31 December 2023 and 2022 is set out below:

2023	**Sugar**	**Meat**	**Agriculture**	**Oil and Fat**	**NMGK**	**Other**	**Eliminations**	**Total**
Sales (Note 20)	64,780,529	48,462,322	56,918,979	108,746,467	31,201,619	1,959,929	(34,741,537)	277,328,308
Net gain/(loss) on revaluation of biological assets and agricultural produce (Note 10)[2]	–	2,746,737	(1,956,844)	–	–	–	2,908,800	3,698,693
Cost of sales (Note 21)	(42,151,266)	(43,021,660)	(36,689,851)	(87,485,863)	(22,722,813)	(1,372,408)	28,473,601	(204,970,260)
incl. Depreciation	(2,068,084)	(4,374,682)	(3,245,776)	(3,795,050)	(1,289,812)	(20,210)	(102,652)	(14,896,266)
Net gain/(loss) from trading derivatives	–	–	(205)	–	–	–	–	(205)
Gross profit	**22,629,263**	**8,187,399**	**18,272,079**	**21,260,604**	**8,478,806**	**587,521**	**(3,359,136)**	**76,056,536**
Distribution and Selling, General and administrative expenses (Notes 22, 23)	(6,114,655)	(4,219,713)	(7,918,620)	(11,775,958)	(4,780,794)	(2,036,423)	5,323,113	(31,523,050)
incl. Depreciation and amortisation	(63,043)	(132,991)	(464,538)	(753,773)	(137,947)	(105,845)	102,652	(1,555,485)
Other operating income/(expenses), net (Note 24)	602,220	(273,738)	1,233,342	(263,619)	(123,150)	11,397,245	(9,185,466)	3,386,834
incl. Reimbursement of operating costs (government grants) (Note 24)	221,704	165,233	844,744	311,801	–	–	–	1,543,482
Incl. Non-recurring other operating adjustment) (Note 24)	76,912	444,824	293,085	277,860	(188,796)	11,517,751	(8,308,285)	4,113,351
Provision for impairment of loans issued	–	–	–	–	–	7,983	–	7,983
Operating profit	**17,116,828**	**3,693,948**	**11,586,801**	**9,221,027**	**3,574,862**	**9,956,326**	**(7,221,489)**	**47,928,303**
Adjustments:								
Depreciation and amortization included in Operating Profit	2,131,127	4,507,673	3,710,314	4,548,823	1,427,759	126,055	–	16,451,751
Non-recurring other operating adjustment (Note 24)	(76,912)	(444,824)	(293,085)	(277,860)	188,796	(11,517,751)	8,308,285	(4,113,351)
Net (loss)/ gain on revaluation of biological assets and agricultural produce	–	(2,746,737)	1,956,844	–	–	–	(2,908,800)	(3,698,693)
Provision for impairment of loans issued	–	–	–	–	–	(7,983)	–	(7,983)
Adjusted EBITDA[3]	**19,171,043**	**5,010,060**	**16,960,874**	**13,491,990**	**5,191,417**	**(1,443,353)**	**(1,822,004)**	**56,560,027**

1 Additions to non-current assets exclude additions to financial instruments, assets held for sale, deferred income tax assets, goodwill and restricted cash.

2 Elimination is comprised of the revaluation of fair value of sugar beet recognized as inventory in sugar segment

3 Non-IFRS measures

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31. Segment information (continued)

Information about reportable segment adjusted EBITDA, assets and liabilities (continued)

2022	Sugar	Meat	Agriculture	Oil and Fat	NMGK	Other	Eliminations	Total
Sales (Note 20)	49,583,897	43,705,021	31,993,259	133,369,020	–	1,408,265	(19,829,211)	240,230,251
Net (loss) / gain on revaluation of biological assets and agricultural produce (Note 10)[1]	–	(2,094,398)	(4,312,350)	–	–	–	(2,135,687)	(8,542,435)
Cost of sales (Note 21)	(29,643,242)	(44,149,262)	(20,485,426)	(109,950,614)	–	(961,422)	20,753,920	(184,436,046)
incl. Depreciation	(2,271,228)	(4,951,716)	(1,695,446)	(3,761,053)	–	(18,175)	(175,609)	(12,873,227)
Gross profit	**19,940,655**	**(2,538,639)**	**7,195,483**	**23,418,406**	**-**	**446,843**	**(1,210,978)**	**47,251,770**
Distribution and Selling, General and administrative expenses (Notes 22, 23)	(6,590,185)	(3,638,654)	(4,640,663)	(12,118,669)	–	(2,001,255)	3,066,353	(25,923,073)
incl. Depreciation and amortisation	(62,973)	(39,905)	(496,419)	(781,207)	–	(83,424)	175,609	(1,288,319)
Other operating income/(expenses), net (Note 24)	(294,339)	1,388,504	1,246,170	(2,158,484)	–	15,093,839	(17,470,249)	(2,194,559)
incl. Reimbursement of operating costs (government grants)	157,532	417,824	445,978	322,154	–	–	–	1,343,488
Incl. Non-recurring other operating adjustment) (Note 24)	(304,560)	675,718	549,976	(2,266,102)	–	14,972,443	(16,804,668)	(3,177,193)
Reversal of provision for impairment of loans issued	–	–	–	–	–	(74,356)	–	(74,356)
Operating profit	**13,056,131**	**(4,788,789)**	**3,800,990**	**9,141,253**	**-**	**13,465,071**	**(15,614,874)**	**19,059,782**
Adjustments:								
Depreciation and amortization included in Operating Profit	2,334,201	4,991,621	2,191,865	4,542,260	–	101,599	–	14,161,546
Non-recurring other operating adjustment (Note 24)	304,560	(675,718)	(549,976)	2,266,102	–	(14,972,443)	16,804,668	3,177,193
Net (loss)/ gain on revaluation of biological assets and agricultural produce	–	2,094,398	4,312,350	–	–	–	2,135,687	8,542,435
Provision for impairment of loans issued	–	–	–	–	–	74,356	–	74,356
Adjusted EBITDA[2]	**15,694,892**	**1,621,512**	**9,755,229**	**15,949,615**	**-**	**(1,331,417)**	**3,325,481**	**45,015,312**

1 Elimination is comprised of the revaluation of fair value of sugar beet recognized as inventory in sugar segment

2 Non-IFRS measures

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32. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposure, except for foreign currency forward contracts.

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 2023	31 December 2022
Long-term financial assets		
Bonds held to collect (Note 11)	19,900,000	19,900,000
Bank deposits (Note 11)	14,071,101	14,071,101
Investments in third parties (Note 11)	8,556,556	8,556,556
Total long-term financial assets	**42,527,657**	**42,527,657**
Short-term financial assets		
Cash and cash equivalents (Note 3)	25,936,781	21,473,030
Bank deposits (Note 4)	931,531	78,005,015
Financial assets within trade and other receivables (Note 5)	47,119,813	22,924,251
Short-term loans issued (Note 4)	1,139,294	13,086,402
Interest receivable on long-term bonds held to collect (Note 4)	218,027	218,035
Other short-term investments (Note 4)	–	73,084
Other current assets (Note 9)	2,718,720	4,126,715
Total short-term financial assets	**78,064,166**	**139,906,532**
Total	**120,591,823**	**182,434,189**

As at 31 December 2023 the Group has collateral against RR 979,089 of its trade receivables (31 December 2022: RR 189,553). The Group has no geographical concentration of credit risk in one single region.

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.

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32. Financial risk management (continued)

The table below discloses the credit quality of cash and cash equivalents balances, bank deposits and other current assets based on credit risk grades at 31 December 2023.

	Cash and cash equivalents	Bank deposits	Other current assets	Total
Excellent	25,214,246	15,002,632	2,718,720	42,935,598
Good	722,535	–	–	722,535
Total cash and cash equivalents, bank deposits and other current assets	**25,936,781**	**15,002,632**	**2,718,720**	**43,658,133**

The table below discloses the credit quality of cash and cash equivalents balances, bank deposits and other current assets based on credit risk grades at 31 December 2022.

	Cash and cash equivalents	Bank deposits	Other current assets	Total
Excellent	20,971,890	92,076,116	4,126,715	117,174,721
Good	501,140	–	–	501,140
Total cash and cash equivalents, bank deposits and other current assets	**21,473,030**	**92,076,116**	**4,126,715**	**117,675,861**

The credit quality of cash and cash equivalents, bank deposits and restricted cash balances may be summarised as:

			31 December 2023			31 December 2022
	Rating agency	Rating	Balance	Rating agency	Rating	Balance
Alfa Bank	AKRA	aa	21,711,349	AKRA	aa+	18,536,137
Vnesheconombank	AKRA	aaa	14,071,133	AKRA	aaa	14,071,101
Rosbank	AKRA	aaa	1,972,747	AKRA	aaa	-
JP Morgan	Fitch Ratings	aa	1,793,766	Fitch Ratings	aa-	3,868,562
GPB Bank	AKRA	aa+	1,778,112	AKRA	aa+	23,039,829
Sberbank	AKRA	aaa	650,625	AKRA	aaa	72,843
Credit Suisse	Fitch Ratings	a+	617,401	Fitch Ratings	bbb	486,390
Türkiye Emlak Katılım Bankası	Fitch Ratings	b-	396,819	Fitch Ratings	b-	157,002
Varengold	Fitch Ratings	bbb-	272,205	BCRA	bbb	239,801
Bank of China	Fitch Ratings	a	227,493	Fitch Ratings	a	129,050
Credit Europe Bank	AKRA	bbb+	69,411	AKRA	bbb	-
AB Russia Bank	AKRA	aa-	22,570	AKRA	a+	-
Rosselkhozbank	AKRA	aa	20,431	AKRA	aa	43,405,801
Solidarnost	AKRA	bb-	18,847	AKRA	bb-	-
Locko Bank	AKRA	a-	437	AKRA	bbb+	6,667,638
Evraziyskyi bank razvitiya	S&P	bbb-	-	S&P	bbb-	6,896,313
Other	-	-	34,787	-	-	105,394
Total cash at bank, bank deposits, other current assets (Notes 3, 9,1 1)			**43,658,133**			**117,675,861**

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.

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 2023	31 December 2022
Distribution and retail outlets	35,444,896	18,762,036
Manufacturers (candy, juice and other)	4,903,220	2,662,550
Other not categorised	3,732,917	718,249
Total trade receivables	**44,081,033**	**22,142,835**

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.

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32. Financial risk management (continued)

Financial assets that are impaired as at the reporting date

The table below shows the analysis of impaired financial assets:

	31 December 2023		31 December 2022	
	Nominal value	Impairment	Nominal value	Impairment
Impaired receivables (Note 5):				
- trade receivables	2,917,859	(2,917,859)	686,936	(655,556)
- other receivables	7,916	(7,915)	45,863	(45,862)
Total	**2,925,775**	**(2,925,774)**	**732,799**	**(701,418)**

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:

		Contractual undiscounted cash flows				
AT 31 DECEMBER 2023	Carrying value	Total	2024	2025	2026-2028	After 2028
Borrowings (Note 16)						
- principal amount	125,047,360	145,350,390	66,674,262	10,521,261	37,407,175	30,747,692
- interest	2,456,857	25,088,287	2,987,063	2,257,782	5,574,272	14,269,170
Lease liabilities (Note 16)	5,423,271	8,205,508	807,988	665,523	1,543,229	5,188,768
Financial liabilities within trade and other payables (Note 17)	33,437,003	33,437,003	33,437,003	–	–	–
Total	**166,364,491**	**212,081,188**	**103,906,316**	**13,444,566**	**44,524,676**	**50,205,630**

		Contractual undiscounted cash flows				
AT 31 DECEMBER 2022	Carrying value	Total	2023	2024	2025-2027	After 2027
Borrowings (Note 16)						
- principal amount	231,023,385	253,415,439	170,953,826	9,151,639	24,670,987	48,638,987
- interest	2,366,522	24,164,803	4,420,267	2,340,379	4,073,823	13,330,334
Lease liabilities (Note 16)	5,950,349	8,634,660	698,812	685,967	1,876,811	5,373,070
Financial liabilities within trade and other payables (Note 17)	12,601,522	12,601,522	12,601,522	–	–	–
Total	**251,941,778**	**298,816,424**	**188,674,427**	**12,177,985**	**30,621,621**	**67,342,391**

The exchange rates used for calculating payments for bank borrowings denominated in currencies other than Russian Roubles:

	31 December 2023	31 December 2022
US Dollar	89.6883	70.3375
Euro	99.1919	75.6553

In addition, the Group has commitments as disclosed in Note 34.

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.

Increase/decrease in interest rate by 500 base points during the year ended 31 December 2023 would result to decrease/increase in Group's profit before taxation and equity by RR 5,065. During the year ended 31 December 2022 the Group was not exposed to the cash flow interest rate risk as all of the Group's borrowings had fixed rates.

Foreign exchange risk

As at 31 December 2023 and 2022, 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, 16 and 17).

At 31 December 2023, if the Russian Rouble had weakened/strengthened by 30% (31 December 2022: 30%) against the US dollar with all other variables held constant, the Group's profit before taxation and equity would have been RR 3,755,094 (2022: RR 9,423,378) higher/lower.

At 31 December 2023 if the Russian Rouble had weakened/strengthened by 30% (31 December 2022: 30%) against the Euro with all other variables held constant, the Group's profit before taxation and equity would have been RR 251,367 (2022: RR 3,409,008) lower/higher.

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Purchase price risk

The Group is exposed to equity securities price risk arising on investments held by the Group and classified in the consolidated statement of financial position at fair value through other comprehensive income (Note 11). The Group does not manage its price risk arising from investments in equity securities.

Sales price risk

Changes in white sugar prices are closely related to changes in world raw sugar prices. The storage facilities of own sugar plants permit to build up stocks of white sugar to defer sales to more favourable price periods.

The Group is exposed to financial risks arising from changes in meat and crops prices (Note 10).

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.

Fair values versus carrying amounts

As at 31 December 2023 and 2022, the carrying amounts of the Group's financial assets, except for Bank deposits and Bonds held to collect, approximated their fair values and comprise RR 85,471,164 (2022: RR 70,240,038).

As at 31 December 2023, the fair value of Bank deposits and Bonds held to collect, fair value of which is calculated for presentation purposes only using Level 2 inputs, is lower than their carrying amount by RR 3,174,265 (2022: fair value is higher than their carrying amount by RR 204,303).

Financial liabilities include loans and borrowings, fair value of which is calculated for presentation purposes only using Level 2 inputs. As at 31 December 2023, the fair value of loans and borrowings is lower than their carrying amount by RR 2,061,306 (2022: RR 409,635).

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 14.4-18.8% (2022: 12.5-16.3%) discount rate.

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs in relation to the investment at fair value through other comprehensive income (Note 11) are as follows at 31 December 2023:

	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Investment at FV through OCI				
	EBITDA Margin	22,5 – 26%	± 1%	± 431,189
	Terminal growth rate	4%	± 0.5%	± 59,792
	WACC	18.8%	± 0.5%	± 190,821

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 11) are as follows at 31 December 2022:

	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Investment at FV through OCI				
	EBITDA Margin	14 – 21%	± 1%	± 519,724
	Terminal growth rate	4%	± 0.5%	± 77,521
	WACC	16.3%	± 0.5%	± 224,121

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 2023 (2022: 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 2023 and 2022.

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33. Contingencies

Tax legislation

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), with certain specific features. Transfer pricing legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis. Management has implemented internal controls to be in compliance with current transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

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 2023 no provision for potential tax liabilities had been recorded (2022: 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.

34. Commitments

Contractual capital expenditure commitments

As at 31 December 2023 the Group had outstanding contractual commitments in respect of purchases or construction of property, plant and equipment in the amount of RR 6,428,780 (31 December 2022: RR 14,030,593).

35. Subsequent events

No subsequent events were identified.

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