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Don Agro International reports S\$5.2 million net profit for FY2019

- Revenue rises 45.3% yoy to a record S\$35.4 million driven by an increase in sales from crop production, livestock and milk
- Gross profit declines 5.2% yoy to S\$8.6 million due to higher costs of sales and lower harvest prices for FY2019 as compared to FY2018
- Board of Directors declares a maiden final dividend of 0.7 Singapore cents per share representing a 20% dividend payout ratio to reward shareholders

Singapore, 30 March 2020 – Don Agro International Limited (the “Company” or “Don Agro”) and its subsidiaries (collectively the “Group”), one of the largest agricultural companies based in the Rostov region of Russia, has announced its financial results for the full year (“FY2019”) ended 31 December 2019.

Financial Highlights (S\$'000)	FY2019	FY2018	Change (%)
Revenue	35,431	24,375	45.3
Cost of Sales	(33,354)	(22,017)	51.5
Gain from change in fair value of biological assets and agricultural produce	6,512	6,704	(2.9)
Gross Profit	8,589	9,062	(5.2)
Gross Profit Margin (%)	24.2	37.2	(13.0) pts
Net Profit	5,223	6,388	(16.7)

Driven by an increase in sales from crop production, livestock and milk, the Group’s revenue increased 45.3% year-on-year (“yoy”) to S\$35.4 million for FY2019. Revenue from the sale of crop production increased 53.5% yoy to S\$25.7 million as a result of slightly higher yield per hectare of land and higher market prices. Similarly, revenue from the sale of livestock and milk increased 29.1% yoy to S\$9.7 million. This was attributed to an increase in the daily milk yield per cow from 17.1 litres to 18.5 litres and slightly higher prices of raw milk from S\$0.59 to S\$0.62 per litre.

Despite the rise in revenue, gross profit declined 5.2% yoy to S\$8.6 million. The decrease was mainly due to higher cost of sales amounting to S\$33.4 million and lower harvest prices for FY2019 as compared to FY2018. The increase in the Group’s cost of sales was primarily attributed to an increase in biological assets sold of approximately S\$10.6 million to S\$21.4 million. This was mainly due to an increase in sales volumes of sunflower which were harvested in FY2018 and sold in FY2019 and an increase in sales of

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other agricultural produce harvested in FY2019 such as winter wheat, sunflower and corn due to an increase in a crop yield.

The Group's administrative expenses increased 61.5% yoy to S\$2.1 million due to an increase in wages from hiring additional staff and an increase in professional services related costs.

Consequently, the Group reported a net profit of S\$5.2 million for FY2019.

As stated in the Group's offer document dated 6 February 2020, the Board of Directors ("the Board") intends to distribute dividends of up to 20.0% of net profit after tax attributable to shareholders for each of FY2019, FY2020 and FY2021 to reward shareholders for participating in the Group's growth. Accordingly, the Board has declared a maiden final dividend of 0.7 Singapore cents per share representing a 20.0% dividend payout ratio.

Speaking on the Group's FY2019 financial results, **Mr. Evgeny Tugolukov, Executive Chairman said**, *"Despite uncertainty on the export prices of wheat due to the ongoing Covid-19 pandemic, strong domestic demand and the stable consumption of local agricultural produce will ensure that local wheat prices remain well supported. Furthermore, we do not expect significant changes within the livestock segment as we continue to chart steady growth. Looking ahead, the mild winter and sufficient levels of precipitation have improved current winter wheat conditions and we expect a good harvest yield in the coming months."*

As the Group embarks on its next phase of growth following its initial public offering in February 2020, it has plans to scale its business through the expansion of its arable land bank. In addition, the Group intends to acquire new machinery to upgrade existing equipment and machinery and/or expand its equipment and machinery in line with the expansion of its land bank.

Don Agro is also exploring opportunities in mergers and acquisitions, joint ventures and strategic alliances with both domestic and foreign companies. By leveraging on its expertise and experience, the Group intends to seek new and suitable opportunities to expand into other high growth regional markets within Russia, such as other districts within the Rostov region and the Krasnodar region in Russia.

– The End –

About Don Agro International Limited

Don Agro is one of the largest agricultural companies in the Rostov region in Russia principally engaged in the cultivation of agricultural crops and production of raw milk. The Group has a controlled land bank of more than 50,000 hectares, of which over 40,000 hectares are arable land. The Group also owns approximately than 14,000 hectares of its controlled land bank.

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The Group's operations are located in the Rostov region, one of the most fertile regions of Russia, situated close to the Azov Sea and Don River which house major international ports. This allows the Group's customers, who are mainly traders and exporters, to save on transportation costs and, as a result, be able to offer higher prices for the Group's crops. Within the crop production segment, the Group is primarily engaged in the farming of commercial crops such as winter wheat, sunflower, corn and flax.

In addition, the Group is one of the top farms in terms of milk production in the Rostov region, and owns more than 4,000 heads of dairy cattle which includes approximately 2,000 milking cows.

Issued for and on behalf Don Agro by Financial PR

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Don Agro International Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 14 February 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This press release has been prepared by Don Agro International Limited (the "Company") and its contents have been reviewed by the Sponsor in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This press release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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