



10 Collyer Quay
 #10-01 Ocean Financial Centre
 Singapore 049315
 Registration No: 201835258H

Don Agro posts 66.5% increase in net profit to S\$8.7 million for FY2020

- Driven by an increase in gain from change in fair value of biological assets and agricultural products, mainly due to rising global prices of agricultural produce, gross profit rose 70.3% yoy to S\$14.6 million
- Group expands arable land bank by 18.9% to 63,240 hectares through its acquisition of Volgo-Agro LLC, an agricultural company based in the Volgograd region of Russia
- As a mark of confidence in the Group's long-term outlook, the Board declares a final dividend of 1.157 Singapore cents per share (FY2019: 0.7 Singapore cents per share) to reward shareholders, representing a dividend payout ratio of 20%

Singapore, 1 March 2021 – 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 ended 31 December 2020 (“FY2020”).

Financial Highlights (S\$'000)	FY2020	FY2019	Change (%)
Revenue	30,996	35,431	(12.5)
Cost of Sales	(25,587)	(33,354)	(23.3)
Gain from change in fair value of biological assets and agricultural produce	9,217	6,512	41.5
Gross Profit	14,626	8,589	70.3
Gross Profit Margin (%)	47.2	24.2	23.0 pts
Net Profit	8,696	5,223	66.5

For FY2020, the Group recorded a 12.5% year-on-year (“yoy”) decline in revenue to S\$31.0 million. This was mainly attributable to a decrease in the revenue from sale of crops and a decrease in production output of our crops as a result of lower yield per hectare of land amounting to approximately S\$4.6 million. The decrease in the revenue from sale of crops was mainly due to lower sales of prior year sunflower harvest as a significant yield of sunflower harvested in FY2018 was sold in FY2019.

Correspondingly, cost of sales decreased 23.3% yoy to S\$25.6 million for FY2020.

On the other hand, the Group recognised a 41.5% yoy increase in gain from change in fair value of biological assets and agricultural produce to S\$9.2 million for FY2020. The gain was mainly attributable to the trend of rising agricultural produce prices globally, especially for sunflower and wheat which the Group produces. As a result, the Group's gross profit grew 70.3% yoy to S\$14.6 million for FY2020, while gross profit margin expanded 23.0 percentage points to 47.2% for the same period.

Overall, the Group delivered a 66.5% yoy increase in net profit to S\$8.7 million for FY2020.

PRESS RELEASE

Speaking on the Group's FY2020 financial results, **Mr. Evgeny Tugolukov, Executive Chairman said,** *“Due to changing consumer preferences favouring wheat-based products, we are optimistic that Don Agro will continue to be a beneficiary of higher export prices driven by robust global demand. At the same time, strong domestic demand and stable consumption of local agricultural produce will ensure that local prices remain well-supported. For our livestock business, we do not expect significant fluctuations for this segment and it continues to chart steady growth. Looking ahead, we will continue to execute our near-time initiatives including, among others, expanding our arable land bank and accelerating growth into new markets so as to drive earnings resiliency and maximise value for our shareholders.*

As a mark of confidence in the Group's long-term outlook, the Board is pleased to declare a final dividend of 1.157 Singapore cents per share (FY2019: 0.7 Singapore cents per share) to reward our loyal shareholders.”

Following its initial public offering (“IPO”) in February 2020, the Group has since executed several of its long-term plans to drive growth. In 2020, the Group invested S\$1.9 million to expand its storage facilities from 63,000 to 93,000 tonnes to store larger amounts of wheat and sunflower seeds for sale during peak pricing periods, resulting in the potential for greater profitability margins. Additionally, the Group invested S\$0.4 million to purchase the latest John Deere R4023 Self-Propelled Sprayer to boost productivity and optimise efficiency as it scales its business.

In line with its IPO plans to expand its arable land bank, the Group recently acquired Volgo-Agro LLC (“Volgo-Agro”), an agricultural company based in the Volgograd region of Russia. Through the acquisition of Volgo-Agro, the Group's controlled land bank rose by 10,040 hectares or 18.9% to 63,240 hectares in total, allowing it to quickly raise production volume to capitalise on the burgeoning global demand for wheat and wheat-based products. Furthermore, Volgo-Agro's close proximity to important trading routes linked to the Middle East and Asia will offer attractive new opportunities to reach new markets and customers, so as to drive long-term sustainable growth for the Group.

Looking ahead, Don Agro continues to explore 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 is also engaged in crop production in the Volgograd region in Russia. The Group has a total controlled land bank of 63,240 hectares, of which

PRESS RELEASE

more than 51,200 hectares are arable land. The Group owns approximately 16,600 hectares of its controlled land bank.

The Group's operations are principally located in the Rostov region, one of the most fertile regions of Russia, situated close to the Azov and Black Seas and the Don River which house major international ports. The Group's second operating division in the Volgograd region is located in close proximity to key trading routes including the Volga River. 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 and corn.

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

For more information please contact:

Jonathan Wee

tech@financialpr.com.sg

Tel: (65) 6438 2990, Fax: (65) 6438 0064

*Don Agro International Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**Exchange**") 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 reviewed by the Company's Sponsor. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.
