

Ekosem-Agrar AG reports stable operating performance in the first nine months of 2021

- **Total output at EUR 502.3 million (previous year: EUR 477.7 million)**
- **Sales revenues up 14% to EUR 386.4 million (previous year: EUR 338.7 million)**
- **EBITDA at EUR 162.1 million (previous year: EUR 171.7 million); cash EBITDA up 24%**
- **Raw milk output reaches around 840,000 tons (previous year: 685,000 tons)**
- **Milk processing revenues climb 70%**

Walldorf, 21 December 2021 – Ekosem-Agrar AG, the German holding company of Russian milk producer EkoNiva Group, continued to grow in the first nine months of 2021 despite the difficult environment, recording a 14% increase in sales revenues to EUR 386.4 million (previous year: EUR 338.7 million); in ruble terms, revenues rose by 27%. Raw milk production remains the main revenue driver; the share of milk processing continued to grow with revenues rising at a disproportionate rate of around 70%.

In the period from January to September 2021, a total of around 840,000 tons of raw milk were collected, up 23% on the same period of the previous year (approx. 685,000 tons). The average daily raw milk output in the first nine months of the financial year amounted to around 3,100 tons. As of 30 September 2021, the number of dairy cows increased by 12% to approx. 112,000 animals, with the total herd growing by 8% to roughly 216,000 animals. At RUB 29.1, the average Russian raw milk price per kilogram in the first nine months of 2021 was slightly higher than in the prior year period (9M 2020: RUB 27.7); the euro price of 33 cents was slightly below the prior year period (9M 2020: 35 euro cents).

Stefan Dürr, Chairman of the Management Board of Ekosem-Agrar AG: “On balance, we are satisfied with our operating performance despite the drought in the important Chernozem region. As a result, we were able to compensate for the increased raw material prices, although milk prices have only been rising sharply for a few weeks with a one-year delay compared to other agricultural products.”

Total output (revenue plus changes in the balances of fall-ploughed land and of agricultural produce and biological assets as well as other operating income) rose to EUR 502.3 million in the first nine months of 2021 (previous year: EUR 477.7 million). At EUR 162.1 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were slightly lower than in the same period of the previous year (EUR 171.7 million), mainly due to increased material costs relating to animal feed. On a ruble basis, EBITDA increased by a moderate 5%. By contrast, cash EBITDA (EBITDA less changes in the value of fall-ploughed land and changes in the value and inventory of finished and unfinished goods as well as biological assets) increased by a strong 24% to EUR 71.6 million (previous year: EUR 57.9 million); on a ruble basis, cash EBITDA increased by 37%. This means that the Group’s ability to generate cash for servicing and reducing debt has improved significantly.

As 2021 is drawing to a close, a look at crop yields in the different regions of Russia shows that these varied considerably. Due to the drought in the Chernozem region, yields for winter wheat and maize were below plan. By contrast, crop yields in Siberia clearly exceeded expectations. Crop failures and increased fertilizer and pesticide costs led to higher prices for agricultural products in the world markets. Feed crop yields totaled approx. 1.9 million tons

(previous year: EUR 2.0 million). A sales volume of approx. 84,000 tons in the 2021 season means that seed production also reached a high level (2020: approx. 88,000 tons). As of 30 September 2021, Ekosem-Agrar AG controlled an area of 630,000 hectares, of which about 50% is owned by the Group.

The company is also publishing an adjusted forecast for the full year. Although the targets for both sales revenues and total output have been reduced, cash EBITDA in the year to end will probably exceed the prior year level by at least 75%. This ability to generate cash from operating activities is the Group's key focus, particularly in view of its comparatively high financial liabilities. Annual sales revenues are expected to come in at between EUR 575 million and EUR 590 million (April forecast: EUR 615 million to EUR 625 million), which represents an increase by clearly more than 20% compared to the previous year. On the one hand, this reduced expectation is attributable to weather conditions, as the 2021 season was much too dry, especially in the traditionally strong agricultural regions, reducing yields of the main crops by between 25% and 35%. On the other hand, the delay in investments due to measures taken by the main lender led to reduced growth in milk revenues.

At between EUR 625 million and EUR 650 million, total output for the full year will probably be slightly higher than in the previous year (April forecast: EUR 725 million to EUR 750 million). EBITDA are expected to come in at between EUR 150 million and EUR 175 million (April: EUR 250 million to EUR 275 million). According to current figures, cash EBITDA will increase from EUR 75 million in the previous year to EUR 130 million.

For the year 2022, the company expects sales revenues in the three main segments – raw milk, crop farming and milk processing – to increase by over 20% each. In this scenario, the company will be able to grow both EBITDA and cash EBITDA at a disproportionate rate.

About Ekosem-Agrar

Ekosem-Agrar AG, Walldorf, is the German holding company of the EkoNiva Group, one of the largest Russian agricultural companies. A herd of more than 216,000 cattle (thereof over 112,000 dairy cows) and a daily output of approx. 3,100 tons of raw milk make the company the largest milk producer in the country. The Group controls an agricultural land area of approx. 630,000 hectares and is also one of the leading Russian seed producers. The founder and CEO of the company is Stefan Dürr, who has been active in the Russian agricultural sector since the end of the 1980s and has been instrumental in modernizing the industry in the past three decades. In 2009, he was awarded the Order of Merit of the Federal Republic of Germany in recognition of his contributions to the German-Russian Dialogue on Agriculture. The Group employs some 12,000 people and has a presence in nine administrative areas in Russia. Ekosem-Agrar generated a total output of EUR 565 million and adjusted EBITDA of EUR 167 million in 2019.

Ekosem-Agrar has issued two corporate bonds in the German capital market: Bond 2012/2022 (ISIN: DE000A1R0RZ5) and Bond 2019/2024 (ISIN: DE000A2YNR08).

Further information is available at: www.ekosem-agrar.de

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