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Don Agro posts 2.8% increase in net profit to S\$4.4 million for HY2020

- Group reports revenue of S\$6.9 million for HY2020, driven by the sale of crop production, livestock and milk
- Gross profit rose 38.3% yoy to S\$7.2 million for HY2020, due mainly to a S\$2.2 million increase in gain from change in fair value of biological assets and agricultural products as a result of the increase in agricultural produce prices
- Plans to raise overall storage capacity from 65,000 tonnes to 95,000 tonnes is underway; construction of new facility is on track for completion in October 2020

Singapore, 18 August 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 half year (“HY2020”) ended 30 June 2020.

| Financial Highlights (S\$'000) | HY2020 | HY2019 | Change (%) |
|------------------------------------------------------------------------------|---------|---------|------------|
| Revenue | 6,916 | 11,640 | (40.6) |
| Cost of Sales | (5,137) | (9,624) | (46.6) |
| Gain from change in fair value of biological assets and agricultural produce | 5,470 | 3,226 | 69.6 |
| Gross Profit | 7,249 | 5,242 | 38.3 |
| Gross Profit Margin (%) | 104.8 | 45.0 | 59.8 pts |
| Net Profit | 4,401 | 4,282 | 2.8 |

The Group posted a 40.6% year-on-year (“yoy”) decline in revenue to S\$6.9 million for HY2020, mainly attributable to the shift in terms of sales of sunflowers harvested in 2018 to HY2019.

Despite a slightly lower crop yield for HY2020, the Group has been beneficiaries of higher export prices of wheat than previously projected, due to the expectations of lower global output in 2020. The Group recognised a S\$2.2 million or 69.6% yoy increase in gain from change in fair value of biological assets and agricultural produce to S\$5.5 million for HY2020. The increase in gain from change in fair value was mainly attributable to an increase in agricultural produce prices, coupled with a slight increase in gain in fair value of livestock due to a rise in milk yield per cow and slightly higher prices of raw milk. As a result, the Group’s gross profit grew 38.3% yoy to S\$7.2 million for HY2020.

Overall, the Group reported a net profit of S\$4.4 million for HY2020.

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Speaking on the Group's HY2020 financial results, **Mr. Evgeny Tugolukov, Executive Chairman** said, *"Don Agro has been and is expected to continue benefitting from higher export prices of wheat as strong domestic demand and stable consumption of local agricultural produce will ensure that local prices remain well supported. On the other hand, we do not expect significant changes within our livestock segment as it continues to chart steady growth. Moving forward, we will continue to press on with our near-term initiatives, including the expansion of our arable land bank and storage capacity facilities. These initiatives we believe, will drive earnings resiliency and sustainable growth during these unprecedented times amid the Covid-19 pandemic."*

As the Group embarks on its next phase of growth following its initial public offering in February 2020, plans to raise overall storage capacity facilities from 65,000 tonnes to 95,000 tonnes are well underway. The Group intends to store larger amounts of wheat and sunflower seeds for longer periods with the intent to sell more during peak pricing periods, thereby resulting in the potential for greater profitability margins. Construction of this additional storage capacity is on track for completion in October 2020.

Additionally, the Group recently invested S\$0.4 million to purchase the latest John Deere R4023 Self-Propelled Sprayer which will allow it to boost productivity and optimise efficiency as it scales its business through the expansion of its arable land bank.

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 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.

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.

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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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