



Cherkizovo Group Announces third quarter and nine months 2021 Financial Results

Moscow, Russia – November 18, 2021– PJSC Cherkizovo Group (MOEX: GCHE), the largest vertically integrated meat producer in Russia, today announces its unaudited consolidated IFRS results for the third quarter and nine months of 2021.

Third quarter financial highlights

- Revenue increased by 24.5% year-on-year (y-o-y) to RUB 39.5 billion.
- Gross profit reached RUB 8.2 billion, a decline of 12.3% compared to a year ago result.
- Adjusted EBITDA* of RUB 8.5 billion was 19.1% lower than in 3Q20. Adjusted EBITDA margin declined to 21.4%, from 33.0% in 3Q20.
- The Group's net profit RUB of 2.5 billion decreased by 45.9% y-o-y. Adjusted net profit** totaled RUB 5.1 billion, down 23.8% from 3Q20.

Nine months financial highlights

- Revenue increased by 22.0% year-on-year (y-o-y) to RUB 112.6 billion.
- Gross profit of RUB 32.0 billion was 14.2% higher than a year ago result.
- Adjusted EBITDA* declined by 6.3% y-o-y to RUB 19.5 billion. Adjusted EBITDA margin contracted to 17.3%, from 22.5% in 9M20.
- The Group's net profit RUB of 15.9 billion, increased by 24.0% compared to 9M20. Adjusted net profit** totaled RUB 10.5 billion, up 1.3% from 9M20.

Third quarter corporate highlights

- On July 3rd a fire broke out at our facility in Siberia, the Altaisky Broiler factory. None of the Group's employees were injured. Despite the accident, our sales volumes in the third quarter in the Chicken segment remained almost flat compared to the previous year result. The facility was relaunched already in October and we reiterate our plans to produce close to 120 thousand tonnes of live weight chicken by 2023, a 65% increase from current level.
- On August 27th, Cherkizovo and Gazprombank signed a loan agreement to finance the construction of high-tech automated pig slaughter and processing facility in the Tula region. Gazprombank will grant the company a 12-year credit facility, providing RUB 40.8 billion of the RUB 48 billion to be invested in the project.
- In September the company had started offering Pava-Pava turkey products in new recyclable packaging. The switch to recyclable materials will reduce plastic waste by up to 4 tonnes per month and bolster the Company's contribution to sustainability.
- On September 22nd, the Extraordinary General Shareholders Meeting (EGM) approved distribution of the Company's net profit following the results of the first half of 2021 in the form of dividends of RUB 85.27 per ordinary share.



Sergei Mikhailov, CEO of Cherkizovo, commented:

"In nine months 2021, Cherkizovo Group improved its key financials metrics despite the continuously unfavorable external economic environment and temporary suspension of operations at one of the Company's production sites in Siberia. That said, our third quarter profits have declined year over year, as we still have to deal with rapidly increasing production costs. We record inflation pressure for feed components, packaging, and labour, to name a few - essentially all input costs. Overall, costs grow faster than the prices for our products. We seek to reduce costs through ongoing optimization initiatives, with the management paying particularly close attention to cost-cutting measures this year.

Government initiatives to impose export duties for wheat allowed only to slow growth rates of this important feed component domestically. Our Grain segment results, though below last year's results as crop yields declined from record levels of the previous year, remain an essential hedging mechanism for us. Our vertically integrated business model has once again demonstrated its strength in maximizing the Company's profitability amid economic turbulence.

The operating and financial results of the Chicken segment in the third quarter of 2021 were affected by the fire at Altaisky Broiler in July, which caused the production site to suspend its operations for three months. Despite that, strong performance in the first half of the year was enough for the segment to show positive three-quarter results in both production volumes and profits. The segment was supported by demand recovery in the foodservice channel, as a relatively long period with no lockdowns brought it back to pre-pandemic levels. Our sales to foodservice customers also benefited from strategic acquisitions, which enabled us to ramp up production capacities for the restaurant market and get ready for traffic recovery and further growth in this channel.

We continued to post increased revenue in the RTE Meat Processing segment due to higher consumption of sausage and ready-to-eat products and the Company's acquisition of Pit-Product, a large sausage producer based in the North-Western region.

The export channel, one of the critical priorities for our business expansion, also saw its sales rise in the reporting period, with the Company posting double-digit growth sales. While China continues to account for the major part of foreign chicken meat deliveries, we started to ramp up shipments to Saudi Arabia this year. Another important driver behind higher export sales this year was the category of higher value-added products. As one example, foreign sales of sausages witnessed a roughly 1.5-fold growth thanks to active expansion in the CIS markets. We also expanded the geography of our pork deliveries and more than doubled our international turkey shipments."



Financial summary

RUB mln	3Q 2021	3Q 2020	y-o-y, %	9M 2021	9M 2020	y-o-y, %
Revenue	39 504	31 727	24.5%	112 568	92 304	22.0%
Net change in fair value of biological assets	(2 906)	(2 386)	21.8%	5 489	2 201	149.4%
Net revaluation of harvested crops in stock	2 416	4 012	-39.8%	153	3 389	-95.5%
Gross profit	8 217	9 373	-12.3%	32 009	28 041	14.2%
<i>Gross margin</i>	<i>20.8%</i>	<i>29.5%</i>	<i>-8.7 p.p.</i>	<i>28.4%</i>	<i>30.4%</i>	<i>-2.0 p.p.</i>
Operating expenses, net	(5 069)	(3 854)	31.5%	(13 697)	(11 756)	16.5%
Share of adjusted EBITDA of a joint venture and associates	(77)	198	n.a.	119	672	-82.3%
Adjusted operating profit ¹	5 803	7 869	-26.3%	12 495	14 155	-11.7%
<i>Adjusted operating margin</i>	<i>14.7%</i>	<i>24.8%</i>	<i>-10.1 p.p.</i>	<i>11.1%</i>	<i>15.3%</i>	<i>-4.2 p.p.</i>
Adjusted EBITDA ¹	8 463	10 464	-19.1%	19 493	20 793	-6.3%
<i>Adjusted EBITDA margin</i>	<i>21.4%</i>	<i>33.0%</i>	<i>-11.6 p.p.</i>	<i>17.3%</i>	<i>22.5%</i>	<i>-5.2 p.p.</i>
Profit before income tax	2 498	4 647	-46.2%	15 996	13 001	23.0%
Net profit	2 450	4 530	-45.9%	15 897	12 815	24.0%
Adjusted Net profit ¹	5 124	6 727	-23.8%	10 474	10 339	1.3%
Net operating cash flow	5 274	5 285	-0.2%	13 817	11 152	23.9%
Net debt ¹				73 232	62 246	17.6%

¹ In line with the Group's management accounting practices and described herein (*, **, ***, ****) in more detail, Adjusted operating profit, EBITDA and Adjusted Net profit don't include the net change in fair value of biological assets and certain other items.

Revenue

In the nine months of the year revenue increased by 22.0% y-o-y to RUB 112.6 billion (9M20: RUB 92.3 billion). Revenue growth is attributed to higher sales in the Chicken and RTE Meat Processing segments, as well as higher sales realized from produce of Tambov Turkey JV. We continued sales diversification towards foodservice and exports, with the former benefiting from the lower base effect of the previous year, and further enhanced our sales mix towards branded and value-added categories.

Gross profit

Gross profit up by 14.2% y-o-y to RUB 32.0 billion (9M20: RUB 28.0 billion). Higher gross profit was driven by an increase in revenue, yet even faster cost inflation. As a result, gross profit margin eased to 28.4% (9M20: 30.4%).

Operating expenses

Operating expenses increased by 16.5% y-o-y to RUB 13.7 billion from RUB 11.8 billion a year ago, fuelled by higher production volumes. Operating expenses as a percentage of sales improved from a year ago result and amounted to 12.2% (9M20: 12.7%).

Adjusted operating profit

Adjusted operating profit of RUB 12.5 billion contracted by 11.7% y-o-y from RUB 14.2 billion a year ago. Adjusted operating profit excludes net change in fair value of biological assets recognized by the Group of RUB 5.5 billion as well as by the Group's joint ventures and associates of negative RUB 0.1 billion.

Adjusted EBITDA

Adjusted EBITDA of RUB 19.5 billion, abated by 6.3% compared with a year ago result of RUB 20.8 billion. Adjusted EBITDA margin declined to 17.3% (9M20: 22.5%) as higher profitability of the Chicken segment was offset by lower results in RTE Meat Processing and Pork segments.

Interest expense

Net interest expense of RUB 2.4 billion declined by 25.3% compared to a year ago results, as we benefited from marginally lower interest rate environment and higher proportion of subsidized debt in the loan portfolio. In the second half of the year, Central Bank of Russia started to tighten monetary policy, rapidly increasing key rate, which in turn may negatively influence our refinancing efforts in future.

Net profit

Net profit for the Group totaled RUB 15.9 billion in 9M21, up 24.0% compared to RUB 12.8 billion in 9M20. Net profit margin increased to 14.1% from 13.9% a year ago.

Adjusted net profit remained almost unchanged compared to a result a year ago and amounted to RUB 10.5 billion. Adjusted net profit margin declined to 9.3% from 11.2% a year ago.

Cash flow

Operating cash flow expanded by 23.9% to RUB 13.8 billion (9M20: RUB 11.2 billion), driven by higher operating profit.

Capital expenditure and debt

The Group's capital expenditure on property, plant, equipment and maintenance amounted to RUB 13.6 billion during 9M21, almost double of the amount spent in the corresponding period of the last year.

As of September 30, 2021, net debt**** was RUB 73.2 billion, compared to RUB 62.2 billion at the end of 9M20. Gross debt increased to RUB 83.7 billion as of September 30, 2021, compared to RUB 77.5 billion a year ago. At the end of 9M21 long-term debt accounted for 44% of the debt portfolio and amounted to RUB 36.6 billion. The effective cost of debt***** was 3.9% as of September 30, 2021. Subsidized loans and credit facilities made up 55% of the debt portfolio in 9M21.

Subsidies

Total government grants received for compensation of interest expense in cash amounted to RUB 109 million RUB.

Net change in fair value of biological assets

Net change in fair value of biological assets is explained mainly by a higher valuation of unharvested crops in the Grain segment and higher pork prices.

Business segments

Divisions	Sales volume		Change y-o-y, %	Revenue ²		Change y-o-y, %
	9M21, k ton	9M20, k ton		9M21, RUB mln	9M20, RUB mln	
Chicken	532.9	518.9	2.7%	69 203	53 845	28.5%
Turkey ³	38.8	29.7	30.8%	6 936	5 111	35.7%
Pork	88.1	108.7	-18.9%	15 555	17 838	-12.8%
RTE Meat Processing	96.7	81.3	19.0%	20 802	15 340	35.6%
Samson ⁴	24.6	22.1	11.3%	1 530	999	53.2%

² Revenue denotes external sales

³ Volume and revenue reported in turkey section represent turkey sales by Trading Company "Cherkizovo"

⁴ Volumes denote to sales volumes of associate company Samson – Food Products.



Chicken Segment

Sales volumes in 9M21 increased by 2.7% to 532.9 thousand tonnes (9M20: 518.9 thousand tonnes), negatively affected by the temporary closure of Altaisky broiler facility in the third quarter. The average selling price increased by 25.3% y-o-y to 132.6 RUB/kg. As we expand our coverage to more regions our sales to retail in Russia increased by 15% y-o-y, with national retail chains gaining the most. Our mid-level brand Chicken Kingdom recorded the fastest growth rates, adding 29% y-o-y. Sales to foodservice clients more than doubled y-o-y, driven by the consolidation of the processing facility in the Tula region and the low base effect of last year, when many COVID-19 related restrictions were still intact. Our export sales are up 10% aided by sales to the Middle East.

As a result, the segment's revenue increased by 28.5% and amounted to RUB 69.2 billion (9M20: RUB 53.8 billion).

Net change in fair value of biological assets amounted to RUB 0.8 billion, compared to a RUB 0.4 billion in 9M20.

Gross profit increased by 28.2% y-o-y and totaled RUB 16.9 billion (9M20: RUB 13.2 billion) on the back of the sales growth. Gross margin remained almost the same compared to last year result at 24.0%, as we've added a number of efficiency programmes to offset feed cost increase.

Operating expenses as a percentage of sales declined to 8.5% compared to 10.0% a year ago. Operating income increased to RUB 10.9 billion (9M20: RUB 7.7 billion). Operating margin increased to 15.4% from 14.1% in 9M20.

Adjusted EBITDA of RUB 12.7 billion increased by 30.0% y-o-y, while Adjusted EBITDA margin expanded to 18.0%, a 20 basis point increase from a year ago result.

Pork Segment

Sales volumes in 9M21 declined by 18.9% y-o-y, to 88.1 thousand tonnes (9M20: 108.7 thousand tonnes), as we've withdrawn volumes of live pigs and cut external sales of a carcass in favour of further processing by RTE Meat processing segment. Average selling price of the carcass increased by 24% y-o-y to 164.2 RUB/kg, and blended average selling price for B2B/B2C pork cuts increased by 11% y-o-y to 238.6 RUB/kg. Our sales of the Cherkizovo branded produce increased by 50% y-o-y. Overall, the segment's external revenue declined by 12.8% y-o-y to RUB 15.6 billion (9M20: RUB 17.8 billion) on lower volumes, but supported by favourable pricing environment.

Net change in fair value of biological assets was RUB 1.7 billion, compared to RUB 0.7 billion a year ago.

Gross profit of RUB 7.8 billion remained on par with last year result, as sales prices increase was negatively affected by higher cost of production on increased feed cost. The segment's gross margin contracted to 32.3%, from 33.2% a year ago.

Operating expenses as a percentage of sales declined to 3.7% compared to 4.5% a year ago. Operating income amounted to RUB 6.9 billion (9M20: RUB 6.8 billion). The segment's operating margin amounted to 28.5%, compared to 28.6% a year ago.

Adjusted EBITDA remained contracted to RUB 7.0 billion (9M20: RUB 7.9 billion). Adjusted EBITDA margin declined from 33.0% in 9M20 to 28.9%.

RTE Meat Processing Segment

Sales volumes in 9M21 increased by 19.0% y-o-y to 96.7 thousand tonnes (9M20: 81.3 thousand tonnes). The average selling price increased by 13.8% y-o-y to 215.5 RUB/kg (9M20: 189.0 RUB/kg), as we expanded sales of Cherkizovo, its high-end Premium, and Myasnaya



Guberniya branded products focusing mostly on dry sausages and hams, simultaneously cutting our presence in private label products. As a result, the segment's revenue increased by 35.6% and reached RUB 20.8 billion (9M20: RUB 15.3 billion).

Gross profit declined by 38.4% and amounted to RUB 1.0 billion (9M20: RUB 1.7 billion) as an advance in input prices outpaced revenue growth. Consequently, gross margin amounted to 5.0%, compared to 10.9% a year ago.

Operating expenses increased by 24.1% y-o-y and amounted to 15.1% as a percentage of sales (9M20: 16.5%).

Operating loss amounted to RUB 2.1 billion compared to a loss of RUB 0.9 billion in 9M20.

Adjusted EBITDA remained negative, at RUB 1.4 billion compared RUB 0.1 billion in 9M20.

Results of joint ventures and associates

The Group's significant joint ventures and associates include 50% share in Tambov Turkey, a turkey producer established by the Company and its partner and shareholder Grupo Corporativo Fuertes, 75% share in Samson – Food products, a meat processor in St-Petersburg, and 50% share in Cobb-Russia.

Total result in consolidated EBITDA of the Group from all JVs and associates amounted to positive RUB 119 million, compared to a year ago result of RUB 672 million, primarily due to lower results of JV Tambov Turkey and associate company Samson – Food Products.

Outlook

Given Russia's persistently challenging epidemiological situation related to COVID-19, we believe that restrictions imposed on catering establishments may affect the foodservice channel's fourth-quarter sales. However, this may increase the sales of higher value-added products in the retail channel, which represent a viable consumption alternative to out-of-home eating.

The relaunch of production at Altaisky Broiler in mid-October will help us to offset the chicken volumes lost in the previous quarter. The performance of the Pork and Meat Processing segments, as well as Tambov Turkey JV let us believe that our full-year production volumes will be on par with 2020 at above 1 million tonnes.

Growing inflation coupled with shrinking real incomes may affect consumer demand in the medium term. However, the government's social assistance initiatives may prove efficient in propping up meat consumption.

The meat production industry faces significant risks of supply disruptions as outbreaks of animal diseases such as ASF for pork in Russia and China, and bird flu for poultry in Europe are on the rise. Cherkizovo is taking maximum precautions related to these outbreaks to minimize biosecurity risks.

The Company continues to implement the investment projects announced earlier. They primarily focus on ramping up production capacities and strengthening the Group's vertical integration, with our oil extraction plant in the Lipetsk Region expected to come on stream next year. Overall, we expect the Company to demonstrate robust revenue and profit growth for the full year.

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About Cherkizovo Group

Cherkizovo is the largest protein producer in Russia. Our vertically integrated business model covers all stages of meat production. The company controls c. 300K hectares of land farming grains and soy, is entirely self-sufficient in animal feed production, owns chicken and pork breeding operations coupled with slaughter and meat-processing plants. Petelinka, Chicken Kingdom, and Cherkizovo branded products are catered to domestic consumers and distributed via retail nationwide. We also serve foodservice and export clients.

Significant joint ventures and associates include turkey operations manufacturing Pava-Pava branded products, a joint venture with Grupo Fuertes, a leading Spanish agriculture and food company, and associated company Samson – Food products, a pork processing company.

Cherkizovo Group shares are traded on the Moscow Exchange (MOEX).

Some figures in this press-release are rounded for the reader's convenience.

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Cherkizovo Group. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industry, as well as many other risks specifically related to Cherkizovo Group and its operations.

Non-IFRS financial measures. *This press release includes financial information prepared in accordance with international financial reporting standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.*

*** Adjusted Earnings before Interest, Income Tax, Depreciation and Amortization ("Adjusted EBITDA").** *Adjusted EBITDA is defined as profit for the period before income tax expense/benefit, interest income and interest expense, net, foreign exchange loss/gain,*



depreciation and amortization expense, net change in fair value of biological assets, bonuses to employees under long-term incentive program and share of profit/loss of joint ventures and associates plus share of adjusted EBITDA of joint ventures and associates and depreciation and amortization accumulated in harvested crops in stock as shown in the reconciliation in Appendix 1. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of our net revenues. Our adjusted EBITDA may not be similar to adjusted EBITDA measures of other companies; is not a measurement under IFRS accounting principles and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within our industry. Adjusted EBITDA is reconciled to our consolidated statements of operations in Appendix 1.

**** Adjusted Net profit** is defined as profit for the period before net change in fair value of biological assets recognized by the Group as well as by the Group's joint ventures and associates and non-recurring impairment loss recognized for non-operational items of property, plant and equipment. Adjusted Net profit margin is defined as Adjusted Net profit as a percentage of our net revenues. Our Adjusted Net profit may not be similar to Adjusted Net profit measures of other companies; is not a measurement under IFRS accounting principles and should be considered in addition to, but not as a substitute for, the information contained in our consolidated financial statements. We believe that Adjusted Net profit provides useful information to investors in order to estimate dividend payout.

***** Adjusted Operating profit** is defined as operating profit for the period before net change in fair value of biological assets recognized by the Group as well as by the Group's joint ventures and associates and non-recurring impairment loss recognized for non-operational items of property, plant and equipment. Adjusted Operating profit margin is defined as Adjusted Operating profit as a percentage of our net revenues. Our Adjusted Operating profit may not be similar to Adjusted Operating profit measures of other companies; is not a measurement under IFRS accounting principles and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that Adjusted Operating profit provides useful information to investors in order to better gauge underlying operating performance of the business.

****** Net debt** is calculated as total debt minus cash and cash equivalents, short-term bank deposits and long-term bank deposits.

******* Effective cost of debt** is calculated as last twelve months interest expense divided over the end of the period gross debt

APPENDIX I: KEY DATA AND FIGURES, Unaudited 9 months 2021 Consolidated Selected Financial Data

RUB mln	Chicken	Pork	RTE Meat Processing	Grain	Total reporting segments	Corporate and Other	Turkey	Intersegment	Total
Total Sales	70 613	24 291	20 802	5 038	120 744	-	7 236	(15 412)	112 568
Interdivision Sales	(1 410)	(8 736)	-	(4 343)	(14 489)	-	(300)	14 789	-
Sales to external customers	69 203	15 555	20 802	695	106 255	-	6 936	(623)	112 568
Net change in fair value of biological assets	817	1 705	-	2 967	5 489	-	-	-	5 489
Revaluation of harvested crops in stock	-	-	-	1 363	1 363	-	-	(1 210)	153
Cost of Sales	(54 502)	(18 162)	(19 771)	(3 152)	(95 587)	-	(6 743)	16 129	(86 201)
Gross profit/(loss)	16 928	7 834	1 031	6 216	32 009	-	493	(493)	32 009
Operating expenses	(6 020)	(903)	(3 150)	59	(10 014)	(3 509)	(667)	493	(13 697)
Share of loss of a joint ventures/equity investments	-	-	-	-	-	(83)	(311)	-	(394)
Operating income/(loss)	10 908	6 931	(2 119)	6 275	21 995	(3 592)	(485)	-	17 918
Depreciation and amortization	2 599	1 782	761	424	5 566	632	-	-	6 198
Net change in fair value of biological assets	(817)	(1 705)	-	(2 967)	(5 489)	-	-	-	(5 489)
Share of adjusted EBITDA of a joint venture	-	-	-	-	-	14	105	-	119
Other	25	-	6	100	131	304	312	-	747
Adjusted EBITDA	12 715	7 008	(1 352)	3 832	22 203	(2 642)	(68)	-	19 493



UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
Sales	112 568	92 304
Net change in fair value of biological assets	5 489	2 201
Net revaluation of harvested crops in stock	153	3 389
Cost of sales	(86 201)	(69 853)
Gross profit	32 009	28 041
Gross margin	28.4%	30.4%
Operating expenses	(13 697)	(11 756)
Share of (loss) /gain of joint ventures and associates	(394)	346
Operating profit	17 918	16 631
Operating margin	15.9%	18.0%
Profit before income tax	15 996	13 001
Profit attributable to Cherkizovo Group	15 897	12 815
<i>Net profit margin</i>	<i>14.1%</i>	<i>13.9%</i>
Weighted average number of shares outstanding	41 047 014	41 047 014
Earnings per share		
Profit attributable to Cherkizovo Group per share – basic and diluted (RUB)	387.29	312.20
Consolidated Adjusted EBITDA reconciliation		
Operating profit	17 918	16 631
Add:		
Depreciation and amortization	6 198	5 876
Net change in fair value of biological assets	(5 489)	(2 201)
Share of adjusted EBITDA of joint ventures and associates	119	672
Other	747	(185)
Consolidated Adjusted EBITDA	19 493	20 793
<i>Adjusted EBITDA Margin</i>	<i>17.3%</i>	<i>22.5%</i>

CHICKEN SEGMENT INCOME STATEMENT DATA

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
Total Sales	70 613	54 911
Interdivision sales	(1 410)	(1 066)
Sales to external customers	69 203	53 845
Net change in fair value of biological assets	817	414
Cost of sales	(54 502)	(42 117)
Gross profit/(loss)	16 928	13 208
<i>Gross margin</i>	24.0%	24.1%
Operating expenses	(6 020)	(5 487)
Operating profit/(loss)	10 908	7 721
<i>Operating margin</i>	15.4%	14.1%
Chicken division Adjusted EBITDA reconciliation		
Operating profit/(loss)	10 908	7 721
Add:		
Depreciation and amortization	2 599	2 448
Net change in fair value of biological assets	(817)	(414)
Other	25	27
Chicken division Adjusted EBITDA	12 715	9 782
<i>Adjusted EBITDA Margin</i>	18.0%	17.8%

PORK SEGMENT INCOME STATEMENT DATA

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
Total Sales	24 291	23 836
Interdivision sales	(8 736)	(5 998)
Sales to external customers	15 555	17 838
Net change in fair value of biological assets	1 705	727
Cost of sales	(18 162)	(16 657)
Gross profit/(loss)	7 834	7 906
<i>Gross margin</i>	32.3%	33.2%
Operating expenses	(903)	(1 078)
Operating profit/(loss)	6 931	6 828
<i>Operating margin</i>	28.5%	28.6%
Pork division Adjusted EBITDA reconciliation		
Operating profit/(loss)	6 931	6 828
Add:		
Depreciation and amortization	1 782	1 745
Net change in fair value of biological assets	(1 705)	(727)
Other	-	26
Pork division Adjusted EBITDA	7 008	7 872
<i>Adjusted EBITDA Margin</i>	28.9%	33.0%

RTE MEAT PROCESSING SEGMENT INCOME STATEMENT DATA

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
Total Sales	20 802	15 340
Interdivision sales	-	-
Sales to external customers	20 802	15 340
Cost of sales	(19 771)	(13 666)
Gross profit/(loss)	1 031	1 674
<i>Gross margin</i>	5.0%	10.9%
Operating expenses	(3 150)	(2 538)
Operating profit/(loss)	(2 119)	(864)
<i>Operating margin</i>	-10.2%	-5.6%
RTE Meat processing division Adjusted EBITDA reconciliation		
Operating profit/(loss)	(2 119)	(864)
Add:		
Depreciation and amortization	761	736
Other	6	-
RTE Meat processing division Adjusted EBITDA	(1 352)	(128)
<i>Adjusted EBITDA Margin</i>	-6.5%	-0.8%

GRAIN SEGMENT INCOME STATEMENT DATA

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
Total Sales	5 038	4 939
Interdivision sales	(4 343)	(4 102)
Sales to external customers	695	837
Net change in fair value of biological assets	2 967	1 060
Net revaluation of harvested crops in stock	1 363	2 386
Cost of sales	(3 152)	(3 095)
Gross profit/(loss)	6 216	5 290
<i>Gross margin</i>	<i>123.4%</i>	<i>107.1%</i>
Operating expenses	59	136
Operating profit/(loss)	6 275	5 426
<i>Operating margin</i>	<i>124.6%</i>	<i>109.9%</i>
Grain division Adjusted EBITDA reconciliation		
Operating profit/(loss)	6 275	5 426
Add:		
Depreciation and amortization	424	380
Net change in fair value of biological assets	(2 967)	(1 060)
Other	100	150
Grain division Adjusted EBITDA	3 832	4 896
<i>Adjusted EBITDA Margin</i>	<i>76.1%</i>	<i>99.1%</i>

**APPENDIX II:
 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
 INCOME FOR 9 MONTHS ENDED SEPTEMBER, 30 2021 ***

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
Revenue	112 568	92 304
Net change in fair value of biological assets	5 489	2 201
Net revaluation of harvested crops in stock	153	3 389
Cost of sales	(86 201)	(69 853)
Gross profit	32 009	28 041
Selling, general and administrative expense	(13 970)	(11 999)
Other operating income, net	273	243
Share of (loss)/profit of joint ventures and associates	(394)	346
Operating profit	17 918	16 631
Interest income	147	139
Interest expense, net	(2 360)	(3 161)
Other income/(expenses), net	291	(608)
Profit before income tax	15 996	13 001
Income tax expense	(156)	(201)
Profit for the period and total comprehensive income	15 840	12 800
Profit and total comprehensive income, attributable to Cherkizovo Group	15 897	12 815
Non-controlling interests	(57)	(15)

*Comparative information for the 9 months ended 30 September 2020 was retrospectively restated in order to reflect the change in accounting policy in relation to the presentation of general and administrative expenses incurred in production sites and related to production (Please refer to Note 2 to the consolidated financial statements for the year ended 31 December 2020 for further details).

APPENDIX III:
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021

RUB mln	30 September, 2021	31 December, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	94 458	87 173
Investment property	670	660
Right-of-use assets	3 599	2 585
Goodwill	1 628	1 628
Intangible assets	2 482	2 405
Non-current biological assets	3 450	2 326
Investments in joint ventures and associates	3 881	4 275
Long-term deposits in banks	-	641
Deferred tax assets	1 693	1 693
Rights to claim debt	5 381	5 381
Other non-current assets	1 268	899
Total non-current assets	118 510	109 666
Current assets		
Biological assets	26 193	18 498
Inventories	21 924	20 742
Taxes recoverable and prepaid	2 918	2 657
Trade receivables	6 729	5 745
Advances paid	1 404	1 193
Other receivables	950	414
Cash and cash equivalents	9 865	6 718
Short-term deposits in banks	641	-
Other current assets	1 048	636
Total current assets	71 672	56 603
TOTAL ASSETS	190 182	166 269

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021
Continued

RUB mln	30 September, 2021	31 December, 2020
EQUITY AND LIABILITIES		
Equity		
Share capital	-	-
Additional paid-in capital	2 252	2 252
Retained earnings	76 079	69 181
Total shareholder's equity	78 331	71 433
Non-controlling interest	412	469
Total equity	78 743	71 902
Non-current liabilities		
Long-term borrowings	34 116	41 856
Long-term lease liabilities	2 481	1 630
Deferred tax liability	1 171	1 056
Other liabilities	94	-
Total non-current liabilities	37 862	44 542
Current liabilities		
Short-term borrowings	46 131	27 173
Short-term lease liabilities	1 013	691
Trade payables	16 665	16 203
Advances received	427	631
Payables for non-current assets	1 303	1 257
Tax related liabilities	1 264	1 317
Payroll related liabilities	2 715	2 001
Other payables and accruals	4 059	552
Total current liabilities	73 577	49 825
Total liabilities	111 439	94 367
TOTAL EQUITY AND LIABILITIES	190 182	166 269



**APPENDIX IV:
CONSOLIDATED STATEMENT OF CASH FLOWS FOR 9 MONTHS ENDED SEPTEMBER 30,
2021**

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	15 996	13 001
Adjustments for:		
Depreciation and amortization	6 198	5 876
Change in allowance for expected credit losses	19	36
Foreign exchange (gain)/loss, net	(289)	619
Interest income	(147)	(139)
Interest expense, net	2 360	3 161
Net change in fair value of biological assets	(5 489)	(2 201)
Revaluation of harvested crops in stock	(153)	(3 389)
(Gain)/loss on disposal of property, plant and equipment, net	(76)	5
Loss on disposal of non-current biological assets, net	112	169
Share of loss/(profit) of a joint venture and associates	394	(346)
Expenses and write-offs recognized as a result of Altai fire, net of the insurance compensation	567	-
Bonuses to employees under long-term incentive program	94	-
Other adjustments, net	(9)	(26)
Operating cash flows before working capital and other changes	19 577	16 766
Increase in inventories	(178)	(2 491)
Increase in biological assets	(3 128)	(1 566)
Increase in trade receivables	(564)	(49)
Increase in advances paid	(159)	(136)
Decrease/(increase) in other receivables and other current assets	19	(94)
Increase in other non-current assets	(313)	(59)
Increase in trade payables	483	1 626
Decrease in tax related liabilities (other than income tax)	(94)	(187)
Increase/(decrease) in other current payables	582	(127)
Operating cash flows before interest and income tax	16 225	13 683
Interest received	127	125
Interest paid	(2 340)	(3 026)
Government grants for compensation of interest expense received	109	346
Income tax (paid)/refund	(304)	24
Net cash from operating activities	13 817	11 152

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 9 MONTHS ENDED SEPTEMBER 30, 2021 CONTINUED

RUB mln	9 months ended September 30, 2021	9 months ended September 30, 2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(11 782)	(6 661)
Purchases of non-current biological assets	(1 501)	(612)
Purchases of intangible assets	(382)	(330)
Proceeds from sale of property, plant and equipment	230	102
Proceeds from disposal of non-current biological assets	645	800
Acquisition of subsidiaries	(2 630)	-
Investments in joint ventures and associates	(210)	-
Placing of deposits and issuance of loans	(242)	(285)
Placing of notes receivable	(240)	(175)
Proceeds from repayment of loans issued and redemption of deposits	-	51
Net cash used in investing activities	(16 112)	(7 110)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	3 312	15 795
Repayment of long-term loans	(2 916)	(21 216)
Proceeds from short-term loans	48 697	56 465
Repayment of short-term loans	(37 724)	(40 938)
Repayment of lease obligations	(427)	(287)
Dividends paid	(5 500)	(2 500)
Purchase of non-controlling interests	-	(21)
Net cash from financing activities	5 442	7 298
Net increase in cash and cash equivalents	3 147	11 340
Cash and cash equivalents at the beginning of the period	6 718	3 304
Cash and cash equivalents at the end of the period	9 865	14 644