

PRESS RELEASE

March 28, 2022

**Financial Results of BELUGA GROUP for 2021**

BELUGA GROUP (MOEX: BELU), the leading alcohol company in Russia, announces the IFRS consolidated financial results for 2021: revenue increased by 18%, reaching 74.9 billion rubles, EBITDA rose by 14%, amounting to 10.5 billion rubles, and net income grew by 57%, approaching 4 billion rubles.

Financial highlights and main corporate events:

	<u>2021</u>
<b>Sales in volume terms (million 9L cases)</b>	<b>17.5 (+0.6%)</b>
<b>Revenue (bln rubles)</b>	<b>74.9 (+18%)</b>
<b>Gross profit (bln rubles)</b>	<b>26.8 (+18%)</b>
<b>Cash flow from operating activities (bln rubles)</b>	<b>10.8 (+2,2%)</b>
<b>Free cash flow (bln rubles)</b>	<b>7.3 (+1,4%)</b>
<b>EBITDA (bln rubles)</b>	<b>10.5 (+14%)</b>
<b>Net income (bln rubles)</b>	<b>3.9 (+57%)</b>
<b>Earnings per share (rubles)</b>	<b>294.13 (+49%)</b>

The group showed sustained development, surpassing last year's record figures. A diversified brand portfolio, large-scale distribution, exports, and an in-house specialized retail chain allowed the company to successfully adapt its tactics to external changes and held key positions in all areas of the industry. The focus on process digitalization and operational efficiency were another two important success factors.

During the reporting period, BELUGA GROUP witnessed the steady growth of high-margin in-house and partner brands. The brands that contributed the most are Beluga (+51.4%) and Arkhangelskaya (+14%), with the latter selling more than 3.3 million 9L cases and becoming the absolute market leader in Russia. The group is also developing non-vodka categories such as Bastion, which has doubled in sales volume; Treasure of Tiflis, which showed double-digit growth; Fox & Dogs whiskey (+26%); Green Baboon gin that demonstrated a twofold increase in sales volume; as well as Russian wines including Golubitskoe Estate still wines and Tête de Cheval sparkling wines. BELUGA GROUP continues to be an exclusive distributor of its partner brands, maintaining its position as a leading independent importer of spirits and wine in Russia in 2021. By the end of the year, the sales of partner brands reached 2.9 million 9L cases. To strengthen its position in the mass mid-priced segment, the company acquired Staraya Moskva

and Zimnyaya Doroga, the well-known brands in Moscow and Central Russia, their production will be launched in the 1st half of 2022.

In 2021, Beluga vodka, the company's flagship brand, spearheaded the export program, consolidating its global positions and doubling its sales in 2021, despite the ongoing pandemic and the affected Duty Free channel. It was the first year that Beluga's overseas sales exceeded domestic ones, showing an increase of +104.5% and reaching the highest figures in the brand's history.

WineLab, the company's in-house retail chain, saw solid growth too. Through this chain, BELUGA GROUP directly interacts with its consumers and effectively sells its products, including those sold via the click & collect system of e-commerce. By the end of December, the number of stores grew by 56% and their sales increased by 31%, reaching 40 billion rubles.

Alexander Mechetin, CEO of BELUGA GROUP, commented, "Last year, the company demonstrated fantastic results. I would like to thank the team for their efforts and to say that I am extremely proud of our collective achievements in following through with the company's development strategy. Thanks to the vertically-integrated model that allowed us to control all business stages – from production to sales – and our diversified operations across numerous brands and sales channels, we were able to achieve double-digit growth in all key financial indicators. As a result, the company's revenue increased by 18%, EBITDA by 14%, and net income by 57%.

WineLab, our in-house specialized retail chain, contributed greatly to the company's success in 2021 and demonstrated positive dynamics – the number of outlets exceeded 1,000 by the end of December, sales increased by 31% (including like-for-like sales, which demonstrated a +14.8% growth), and the share of the segment in BELUGA GROUP's revenue reached 37%. An in-house retail chain allows the company to directly interact with its consumers, quickly identifying their preferences, testing new products, and developing the click & collect system for e-commerce. We will continue developing this area in 2022.

Taking into account the interests of both the group itself and its shareholders, the Board of Directors focused on the investment attractiveness of the company. Following the dividend policy, the company paid annual dividends for 2020 and interim dividends for H1 2021. A secondary public share offering took place in the summer, during which 2 million securities, accounting for 12.7% of the group's share capital, were purchased by international and Russian investors, including both major global funds and private entities. Moreover, by the end of December, the Board of Directors of BELUGA GROUP was expanded from seven to nine members and from two independent directors to three. This fact improved the efficiency and quality of corporate governance, helped create additional committees, and promoted well-informed decision-making that ensured the company's sustainable development.

Now, a few words on the current situation. Recently, we have faced an unpredictable crisis. The situation and the sanctions that followed have created a new reality for both business and society in general. We are to operate in this new reality. The 2021 results and the prudent treasury policy of the previous years have allowed us to safeguard the high financial sustainability of BELUGA GROUP. Currently, the company has a fairly strong liquidity position, partly thanks to the 5.6 billion rubles raised during the SPO in 2021 and several long-term bonds offered earlier.

Nevertheless, we will still need to make a number of urgent changes. The strategy we have chosen for our business is proving to be highly adaptive and efficient in answering these new challenges. We have

already taken a series of anti-crisis measures that should allow us to overcome the challenges of 2022, improve the efficiency of our operations, and retain our team of 12,000 people.

The company's product portfolio comprises over 150 brands – both in-house and imported ones – in all categories and segments of the alcohol market. Now, I would like to say a few words to our partners and assure them that, just as previously, BELUGA GROUP is staying true to its commitments and is going to continue delivering high-quality services, taking into account the new realities. We remain a reliable supplier, and our main priority now is to ensure supply chain continuity.

Our country is facing major changes, and we have a lot of new challenges ahead of us. However, the coronavirus pandemic, as well as the financial crises of 2008-2009 and 2014, have shown that our industry is recession-resistant. The company's financial position remains stable and our team of professionals is capable of overcoming any difficulties."

## FINANCIAL REVIEW

### *Financial performance and operations results*

*The table below shows the company's consolidated financial results for 2021 as compared to 2020.*

(In mln. RUB, except for the figures indicated in other units of measurement)

	2021	2020	Change
Sales, mln 9L cases	17.5	17.4	+11%
Sales, excise included	103 237	90 903	+14%
<b>Revenue</b>	<b>74 937</b>	<b>63 292</b>	<b>+18%</b>
COGS	48 094	40 614	+18%
<b>Gross profit</b>	<b>26 843</b>	<b>22 678</b>	<b>+18%</b>
Gross profit margin, %	35.8%	35.8%	+0.0 pp
General and administrative expenses	3 848	2 849	+35%
Distribution expenses	15 358	12 985	+18%
<b>EBITDA</b>	<b>10 487</b>	<b>9 207</b>	<b>+14%</b>
EBITDA margin, %	14.0%	14.5%	-0.5 pp
Operating profit	7 742	6 842	+13%
Operating profit margin, %	10.3%	10.8%	-0.5 pp
Net finance costs	2 058	3 267	-37%
<b>Net profit</b>	<b>3 861</b>	<b>2 459</b>	<b>+57%</b>
Net profit margin, %	5.2%	3.9%	+1.3 pp
Earnings per share, RUR	294.13	197.47	+49%

An 18% increase in revenue in 2021 is due to a significant growth in sales of premium segment's brands in Russia, the strengthening of the Beluga brand's positions abroad, as well as the dynamic development of its in-house retail chain WineLab (+55% growth in the number of stores compared to 2020).

EBITDA rose by 14%, while the margin amounted to 14.0%, contracting by 0.5 percentage points compared to 2020. A slight decline in margin is associated with the accelerating increase in expenses due to the dynamic growth of WineLab stores, which is in line with the group's previously adopted development strategy.

Net profit increased by 57% mainly due to the growth of operating profit and lower financial costs. Net profit margin increased by 1.3 percentage points and amounted to 5.2%.

### **Segment reporting**

The table below illustrates the changes in financial indicators by segment for 2021 compared to 2020.

	<b>Alcohol</b>	<b>Retail</b>	<b>Products</b>
Revenue 2021, including intersegment revenue	51 956	33 190	4 853
Revenue 2020, including intersegment revenue	44 420	25 294	4 796
<i>Change</i>	+17%	+31%	+1%
EBITDA 2021	7 220	3 545	(51)
EBITDA 2020	6 047	2 980	182
<i>Change</i>	+19%	+19%	-128%

### **Capital structure**

The table below illustrates the changes in the capital structure as of December 31, 2021 compared to the previous period.

(In mln. RUB, except for the figures indicated in other units of measurement)

	<b>31.12.21</b>	<b>31.12.20</b>	<b>Change</b>
Total debt (loans and bonds)	16 414	17 295	-5%
Long-term debt	12 362	16 487	-25%
Short-term debt	4 052	808	+402%
Share of long-term debt	75%	95%	-20 pp
Share of unsecured debt	100%	100%	0 pp
Cash and equivalents	9 712	4 890	+99%
Net debt (loans and bonds)	1.32x	1.69x	-0.37x

The structure of the loan portfolio is generally comfortable, the Net debt/EBITDA ratio has reached the level of 1.3x, the reduction driven mostly by the growth of EBITDA and Cash figures, the weighted average interest rate across the loan portfolio as of December 31, 2021 amounted to 8.50% (it was 8.66% in the end of 2020).

The amount of cash on the balance sheet was affected by the SPO held in June, as a result of which the group raised 5.6 billion rubles.

### **Free cash flow**

Free cash flow (operating cash flow net of investing activities and paid income tax) for the full year 2021 amounted to 7,340 million rubles, which is a 23% increase to the previous year (5,962 million rubles). The company's generation of significant free cash flow was affected by more effective management of working capital and improved operating profit.

## **About BELUGA GROUP**

*BELUGA GROUP is Russia's largest alcohol company and a leading independent importer of wine and spirits in the country. The group runs five factories, one ethanol plant, one winery and manages its own distribution system and specialized alcohol retail chain WineLab.*

*The key brands of company's own production are the super-premium vodka Beluga, the vodka brands Belenkaya, Arkhangelskaya, Snow Owl (Belaya Sova), Myagkov, the still wine Golubitskoe Estate, the sparkling wine Tête de Cheval, the bitters Beluga Hunting, the Russian brandy brands Golden Reserve and Bastion, the gin Green Baboon, the Scotch whisky Fox & Dogs, and the rum Devil's Island.*

*BELUGA GROUP is the exclusive distributor of the multibrand William Grant & Sons company and imports the Scottish whiskies Glenfiddich, Grant's, Monkey Shoulder, and The Balvenie, the Irish whiskey Tullamore D.E.W., the gin Hendrick's, and the tequila Milagro. Apart from that, BELUGA GROUP's imported brand portfolio includes the products manufactured by the American company Sazerac. Also the group represents highly popular products in the categories – the rum Barceló, the brandy Torres, the Armenian cognac Noy, the rum Plantation, the liqueur XUXU, and the herbal bitters Latvijas Balzams. The company exclusively represents in Russia international winemakers and brands, including Familia Torres, Masi, Tenuta Luce, champagne Billecart-Salmon, Maison Louis Latour, Gérard Bertrand, Faustino, Cono Sur, Maison Calvet, Piccini, Barefoot, Markus-Molitor, Mateus, Silk & Spice, Sandeman, JP. Chenet, Champagne Pommery, Barton & Guestier, and Trivento. BELUGA GROUP is also the exclusive distributor of the Austrian premium glassware manufacturer RIEDEL.*

*BELUGA GROUP successfully launches its products on foreign markets as well. The group is in the Top exporters of Russian vodka, with leadership in the super-premium segment.*

**Предупреждение относительно заявлений, основанных на прогнозных данных**

*Информация, содержащаяся в данном пресс-релизе, может содержать прогнозные заявления. Прогнозными являются все заявления кроме тех, которые основаны на исторических фактах. Слова «полагаем», «ожидаем», «предвидим», «намерены», «оцениваем», «будем», «можем», «следует», «должно быть» и аналогичные выражения указывают на прогнозные заявления. К прогнозным относятся заявления относительно: целей, задач, стратегий, будущих событий или перспектив роста; дальнейших планов, событий, результатов и потенциала дальнейшего роста; ликвидности, капитальных ресурсов и капитальных расходов; экономических прогнозов и отраслевых тенденций; направлений развития наших рынков; влияния изменений в законодательстве; и преимуществ наших конкурентов.*

*Прогнозные заявления, которые могут содержаться в настоящем пресс-релизе, основываются на различных допущениях и оценках, основанных на изучении руководством исторических тенденций в бизнесе, данных, содержащихся в наших записях и другой информации, полученной от третьих сторон. Хотя мы считаем, что такие допущения были разумными на момент их использования, в силу своей природы они включают в себе значительные известные и неизвестные риски, неопределенности, условности и другие важные факторы, которые сложно или невозможно предсказать и которые находятся вне нашего контроля. Такие факторы могут привести к тому, что фактические результаты деятельности BELUGA GROUP или отрасли будут существенно отличаться результатов, которые в явном виде содержатся в прогнозных заявлениях или предполагаются ими. Эти риски, неопределенности, условности и другие важные факторы, включают, помимо прочего: политические и социальные изменения; общие экономические, рыночные и деловые условия; тенденции на рынках, на которых мы работаем или планируем работать; наш бизнес и стратегию роста; планируемые приобретения или диверсификацию; наше расширение в направлении других географических рынков или других сегментов рынка; влияние законодательства, регулирования, взаимоотношений с государством или налогообложения на наш бизнес; а также наши ожидаемые будущие доходы, капитальные вложения и финансовые ресурсы. Соответственно, на такие прогнозные заявления нельзя полагаться, и ни BELUGA GROUP, ни другое лицо не могут дать гарантию, что прогнозируемые результаты будут достигнуты в будущем.*

*Информация, мнения и прогнозные заявления актуальны только на дату данного пресс-релиза и могут в дальнейшем изменяться без уведомления. Ни BELUGA GROUP, ни какое-либо иное лицо не обязуются и не обязаны обновлять и пересматривать какие-либо прогнозные заявления, за исключением случаев, когда это требуется в соответствии с применимым законодательством.*

**Appendix**

BELUGA GROUP PAO

Consolidated Financial Statements for the year ended 31 December 2021

*(All amounts in Russian Rubles (₽) million, unless stated otherwise)***CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<u>2021</u>	<u>2020</u>
Sales, net of VAT	103 237	90 903
Excise duties	(28 300)	(27 611)
<b>Revenue</b>	<b>74 937</b>	<b>63 292</b>
Cost of sales	(48 094)	(40 614)
<b>Gross profit</b>	<b>26 843</b>	<b>22 678</b>
General and administrative expenses	(3 848)	(2 849)
Distribution expenses	(15 358)	(12 985)
Other income/(expense)	105	(2)
<b>Operating profit</b>	<b>7 742</b>	<b>6 842</b>
Impairment of trademarks	(596)	-
Net finance costs	(2 058)	(3 267)
<b>Profit before tax</b>	<b>5 088</b>	<b>3 575</b>
Income tax	(1 211)	(774)
<b>Net income, continuing operations</b>	<b>3 877</b>	<b>2 801</b>
Discontinued operations, loss	(16)	(342)
<b>Net income and total comprehensive income for the period</b>	<b>3 861</b>	<b>2 459</b>
Attributable to		
Equity holders of the Company	3 824	2 462
Non-controlling interest	37	(3)
<b>Basic earnings per share, RUB</b>	<b>294.13</b>	<b>197.47</b>



**Appendix**

BELUGA GROUP PAO

Consolidated Financial Statements for the year ended 31 December 2021

*(All amounts in Russian Rubles (₽) million, unless stated otherwise)***CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18 365	12 880
Intangible assets	9 684	10 071
Goodwill	3 633	3 511
Other long-term assets	589	289
Deferred tax assets	1 787	1 595
<b>Total non-current assets</b>	<b>34 058</b>	<b>28 346</b>
<b>Current assets</b>		
Inventories	21 795	16 486
Trade and other receivables	12 025	12 520
Prepayments	768	550
Income tax prepayment	131	157
Cash and cash equivalents	9 712	4 890
<b>Total current assets</b>	<b>44 431</b>	<b>34 603</b>
Assets of Disposal group classified as held for sale	-	581
<b>TOTAL ASSETS</b>	<b>78 489</b>	<b>63 530</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	1 580	1 580
Treasury shares	(206)	(347)
Share premium	6 758	2 915
Retained earnings	17 650	15 903
<b>Total equity attributable to shareholders of Beluga Group, PJSC</b>	<b>25 782</b>	<b>20 051</b>
Non-controlling interest	302	294
<b>Total equity and reserves</b>	<b>26 084</b>	<b>20 345</b>
<b>Non-current liabilities</b>		
Long-term Loans and bonds	12 362	16 487
Long-term lease liabilities	4 633	1 735
Deferred tax liabilities	2 038	1 298
<b>Total non-current liabilities</b>	<b>19 033</b>	<b>19 520</b>
<b>Current liabilities</b>		
Short-term loans and bonds	4 052	808
Short-term lease liabilities	2 527	1 429
Trade and other payables	25 856	20 262
Income tax payable	937	707
<b>Total current liabilities</b>	<b>33 372</b>	<b>23 206</b>
Liabilities of Disposal group classified as held for sale	-	459
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>78 489</b>	<b>63 530</b>

**Appendix**

BELUGA GROUP PAO

Consolidated Financial Statements for the year ended 31 December 2021

*(All amounts in Russian Rubles (₽) million, unless stated otherwise)***CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to shareholders of Beluga Group, PJSC				Total	Non- controlling interest	Total equity and reserves
	Share capital	Treasury shares	Share premium	Retained earnings			
<b>Balance at 1 January 2021</b>	<b>1 580</b>	<b>(347)</b>	<b>2 915</b>	<b>15 903</b>	<b>20 051</b>	<b>294</b>	<b>20 345</b>
Acquisition of non-controlling interest	-	-	-	-	-	(36)	(36)
Acquisition of subsidiary	-	-	-	-	-	7	7
Dividends	-	-	-	(2 077)	(2 077)	-	(2 077)
Repurchase and sale of treasury shares	-	(59)	(1 183)	-	(1 242)	-	(1 242)
Secondary public offering less commissions	-	200	5 026	-	5 226	-	5 226
<b>Total transactions with shareholders</b>	<b>-</b>	<b>141</b>	<b>3 843</b>	<b>(2 077)</b>	<b>1 907</b>	<b>(29)</b>	<b>1 878</b>
Net income for the period	-	-	-	3 824	3 824	37	3 861
<b>Balance at 31 December 2021</b>	<b>1 580</b>	<b>(206)</b>	<b>6 758</b>	<b>17 650</b>	<b>25 782</b>	<b>302</b>	<b>26 084</b>

	Equity attributable to shareholders of Beluga Group, PJSC				Total	Non- controlling interest	Total equity and reserves
	Share capital	Treasury shares	Share premium	Retained earnings			
<b>Balance at 1 January 2020</b>	<b>1 940</b>	<b>(669)</b>	<b>3 339</b>	<b>14 222</b>	<b>18 832</b>	<b>1 201</b>	<b>20 033</b>
Acquisition of non-controlling interest	-	-	-	(264)	(264)	(904)	(1 168)
Dividends	-	-	-	(517)	(517)	-	(517)
Cancellation of treasury shares	(360)	360	-	-	-	-	-
Repurchase and sale of treasury shares	-	(38)	(424)	-	(462)	-	(462)
<b>Total transactions with shareholders</b>	<b>(360)</b>	<b>322</b>	<b>(424)</b>	<b>(781)</b>	<b>(1 243)</b>	<b>(904)</b>	<b>(2 147)</b>
Net income for the period	-	-	-	2 462	2 462	(3)	2 459
<b>Balance at 31 December 2020</b>	<b>1 580</b>	<b>(347)</b>	<b>2 915</b>	<b>15 903</b>	<b>20 051</b>	<b>294</b>	<b>20 345</b>

**Appendix**

BELUGA GROUP PAO

Consolidated Financial Statements for the year ended 31 December 2021

*(All amounts in Russian Rubles (₽) million, unless stated otherwise)***CONSOLIDATED CASH FLOW STATEMENT**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Operating profit, continuing operations	7 742	6 842
Operating loss, discontinued operations	(16)	(315)
<b>Adjustments:</b>		
Depreciation and amortisation	2 745	2 365
(Income) on disposal of property, plant and equipment and intangible assets	(200)	(74)
(Gain) on sale of the Disposal group	(24)	-
Other non-cash transactions	758	95
<b>Changes in working capital:</b>		
(Increase) in inventories	(6 025)	(475)
Decrease / (Increase) in accounts receivable	129	(3 033)
Increase in accounts payable	5 673	3 211
<b>Cash flows from operating activities</b>	<b>10 782</b>	<b>8 616</b>
Interest and arrangements of borrowing paid	(1 775)	(2 377)
Income tax paid	(444)	(125)
<b>Net cash flow from operating activities</b>	<b>8 563</b>	<b>6 114</b>
<b>Cash flows from investing activities</b>		
Acquisition of non-controlling interest and subsidiaries	(1 063)	(1 483)
Proceeds from sale of Disposal group	139	-
Acquisition of PPE and intangible assets, net of VAT	(2 319)	(1 056)
Disposal of PPE and intangible assets	245	10
<b>Net cash flow from investing activities</b>	<b>(2 998)</b>	<b>(2 529)</b>
<b>Cash flows from financing activities</b>		
Sale / (repurchase) of treasury shares, net	3 984	(462)
Payment of dividends	(2 077)	(517)
Payment of lease liabilities	(1 724)	(1 417)
Loans received and bonds issued	33 453	43 494
Loans and bonds repaid	(34 379)	(40 878)
<b>Net cash flow from financing activities</b>	<b>(743)</b>	<b>220</b>
<b>Net increase in cash and cash equivalents</b>	<b>4 822</b>	<b>3 805</b>
Cash and cash equivalents at beginning of the year	4 890	1 085
<b>Cash and cash equivalents at end of the year</b>	<b>9 712</b>	<b>4 890</b>