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PRESS RELEASE

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BELUGA GROUP announces the financial results for H1 2021

BELUGA GROUP (MOEX: BELU), the leading alcohol beverages company in Russia, announces the IFRS consolidated financial results for H1 2021: net revenue increased by 20%, reaching 30.8 bln rubles, gross profit increased by 21% to 11.1 bln rubles, net profit grew by 150 % and amounted to 1.1 bln rubles, EBITDA increased by 8 % to 3.7 bln rubles, cash flow from operating activities rose by 341% to 2.1 bln rubles, and free cash flow reached 1 bln rubles.

Financial highlights and main corporate events

	<u>H1 2021</u>
Revenue (bln RUB)	30.8 (+20%)
Gross profit (bln RUB)	11.1 (+21%)
Cash flow from operating activities (bln RUB)	2.1 (+341%)
Free cash flow (bln RUB)	1.0 (n/a)
EBITDA (bln RUB)	3.7 (+8%)
Net profit (bln RUB)	1.1 (+150%)
Earnings per share (RUB)	93.47 (+161%)

The group continued to demonstrate sustained development, replicated the success seen in the first six months of 2020, marked by a surge in sales in March and April, strengthened its position, and laid the foundation for further sustained growth after the successful SPO in June.

BELUGA GROUP achieved double-digit growth of both revenue and gross profit indicators and triple-digit growth of net profit indicator, and generated with that nearly 1 billion rubles of free cash flow.

Thereby, the Board of Directors advised the General Meeting of Shareholders to distribute net profit for interim dividends on outstanding shares (excluding treasury shares) in the amount of 1 billion rubles, which amounts to 72.76 rubles per share, a total of 87% of the net profit of BELUGA GROUP according to IFRS for H1 2021.

The group's production facilities hold leading positions in the production of beverages in key categories—vodka, whiskey, and flavored liqueurs. Furthermore, the company is paying growing attention to the sustainability of this field, reducing electricity, water, and raw materials consumption, increasing the share of recycled materials, and correctly disposing of waste generated at BELUGA GROUP enterprises.

In the reporting period, positive dynamics were recorded for the company's in-house and partner brands in the premium segment as well as for Beluga vodka in Russia and in export; this contributed to an improvement in the sales mix and, as a result, affected the profit indicators. The main sales drivers among the group's own brands were Arkhangelskaya and White Owl vodkas, Bastion cognac, Fox & Dogs whiskey, Green Baboon gin, Beluga Hunting bitters, and Golubitskoe Estate and Tête de Cheval wines, while among partner brands the drivers were Glenfiddich, Monkey Shoulder, and The Balvenie whiskies and Camus cognac.

The export situation is gradually recovering; sales of Beluga vodka outside Russia increased by 61% compared to H1 2020 and reached the highest values in the entire history of the brand. The brand demonstrated impressive results during the period in the USA (+73%), Israel (+103%), Australia (+64%), China (+111%), Italy (+65%), and Great Britain (+109%).

The group's in-house retail chain WineLab continues to grow steadily. Sales increased by 24% compared to H1 2020. This high figure was the result of the harmonious growth of traffic and the average ticket: the first increased by 16.3%, and the second, by 7.2%. E-commerce continues to grow: the option of ordering from a warehouse has been available in the click & collect system since February, so now customers can choose among 700 products and pick up their favorite beverages in convenient stores. In the reporting period, more than 150,000 electronic orders were distributed to customers.

The company's results contributed to the inclusion of BELUGA GROUP shares in the MOEX SMID Index in mid-June as well as to the upgrade of BELUGA GROUP's rating by Fitch International Rating Agency to BB- and by Expert RA, the largest Russian rating agency, to ruA, with positive and stable outlooks, respectively.

Commenting on the financial results, BELUGA GROUP CEO Alexander Mechetin noted, "The results achieved over the reporting period are impressive. They demonstrate that the group is operating efficiently and reliably, strongly holding its positions. Revenue increased by 20% mainly due to sales of brands from the premium segment in Russia and the strengthening of the Beluga brand abroad as well as due to the dynamic development of its own retail chain.

The first half of the year was full of important events. At the beginning of the year, a controlling interest in Chugunovsky Ethanol Plant Distillery JSC was acquired. This will allow our specialists to become more immersed in the process of working with spirits and increase their expertise in this field. A number of promising new products were launched and are already available for purchase: Devil's Island rum, Myagkov Ultra Light gluten-free vodka, new Pink and Citrus flavors in the Green Baboon gin line, and Golden Reserve Export Edition 8 and Bastion France VSOP cognacs. Golubitskoe Estate winery continued to create original new products: Golubitskoe Estate Red Blend, Golubitskoe Estate Orange Riesling, and the Noble Selection collection, wines from which can be tasted in iconic restaurants in Moscow and Saint Petersburg; new vines were planted to cover the growing demand for our Golubitskoe Estate and Tête de Cheval wines, which we make exclusively from our own grapes. Our brands were again included in key world ratings: Beluga vodka was ranked by The Independent as the best vodka by the sum of all indicators, and three brands of vodka—Belenkaya, Arkhangelskaya, and Tsar—were included in the prestigious rating of the publication Drinks International, The Millionaires' Club. Arkhangelskaya was #1 in the list of the world's fastest-growing brands of strong alcoholic beverages across all categories, and Belenkaya was deemed #1 among Russian brands in the overall rating. We celebrated the ten-year anniversary of our partnership with William Grant & Sons in Russia, noting that during the time of our cooperation the sales volume of our colleagues' products in the country has increased almost fivefold. The flagship brand Beluga has achieved record export sales in comparison with similar periods in the entire history of the group, and the brand is developing at an accelerated pace in all key vodka markets of the world: in the USA, Israel, Germany, Poland, Italy, Bulgaria, Great Britain, Australia, and China. A number of important events relate to our own WineLab retail chain: the number of outlets has

exceeded 700, and the loyalty program now has over 3 million members; moreover developing the click & collect system, the chain has started cooperation with the marketplace SberMegaMarket, and in addition to the possibility of ordering products from stores, it has enabled the option of ordering from a warehouse. We conducted an SPO, which allowed us to increase the liquidity of shares by increasing fleet-float and attract additional capital for the development of the group. The rating agencies Fitch and Expert RA have upgraded the company's rating and improved the forecast. We have begun to pay increasing attention to the issues of ecology and responsible consumption of resources as well as social aspects of our development. With regard to the latter, the Golubitskoe Art Foundation in Taman continues to acquaint society with the uniqueness of the territory through exhibitions and the work of its residents.

Thus, by following our strategy of brand portfolio premiumization and diversification of business areas, introducing innovations, and adhering to the principles of sustained development, we continue to build a company with a unique culture and, most importantly, despite external constraints and crises, ensure solid financial results every year. I would like to thank the team for their good results, which are reflected in the figures for H1 2021; investors for their trust, which we fully justified in the reporting period; and connoisseurs of our brands for their choice, which, I am sure, makes events even brighter."

FINANCIAL REVIEW

Financial Performance and Operations Results

The following table shows the company's consolidated financial results for 1H 2021 comparing to 1H 2020.

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

	1H 2021	1H 2020	Change
Sales, thousands 9L cases	7 267	7 173	+1%
Sales, excise included	42 784	37 165	+15%
Net Revenue	30 752	25 629	+20%
COGS	19 624	16 452	+19%
Gross profit	11 128	9 177	+21%
<i>Gross profit margin, %</i>	<i>36,2%</i>	<i>35,8%</i>	<i>+0.4pp</i>
General and administrative expenses	1 796	1 468	+22%
Distribution expenses	6 783	5 201	+30%
EBITDA	3 701	3 438	+8%
<i>EBITDA margin, %</i>	<i>12,0%</i>	<i>13,4%</i>	<i>-1.4pp</i>
Operating profit	2 423	2 303	+5%
<i>Operating profit margin, %</i>	<i>7,9%</i>	<i>9,0%</i>	<i>-1.1pp</i>
Net finance costs	1 007	1 587	-37%
Net profit	1 150	460	+150%
<i>Net profit margin, %</i>	<i>3,7%</i>	<i>1,8%</i>	<i>+1.9pp</i>
Earnings per share, RUR	93.47	35.76	+161%

Revenue increased by 20% mainly due to growing shipments of brands from the premium segment in Russia, the strengthening of the Beluga brand abroad and steady growth of in-house retail chain WineLab (+15% increase in the number of stores compared to 1H 2020). At the same time, gross profit increased by 21% due to increased operational efficiency.

In accordance with the adopted development strategy, WineLab accelerated its development in the first half of the year, which at the moment led to a faster growth of commercial expenses. At the same time, the group's EBITDA increased by 8%.

Net profit grew by 150% due to increased operational efficiency and reduced financial expenses.

Segment reporting

The following table shows the changes in the distribution of the revenue and operating profit in segments for 1H 2021, as compared to those for 1H 2020.

Mln. RUB	Alcohol	Retail	Food
Revenue 1H2021, including intersegment revenue	20 563	14 160	2 344
Revenue 1H2020, including intersegment revenue	16 928	11 411	2 308
<i>Change</i>	<i>+22%</i>	<i>+24%</i>	<i>+2%</i>
EBITDA 1H2021	2 583	1 218	95
EBITDA 1H2020	2 199	1 175	64
<i>Change</i>	<i>+18%</i>	<i>+4%</i>	<i>+48%</i>

The capital structure

The following table illustrates the changes in the capital structure as of June 30, 2021, compared with the prior period.

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

	June 30, 2021	June 30, 2020	Change
Total debt (loans and bonds)	20 228	23 066	-12%
Long-term debt	16 990	19 314	-12%
Short-term debt	3 238	3 752	-14%
Share of long-term debt	84%	84%	+0pp
Share of unsecured liabilities	100%	91%	+9pp
Cash and equivalents	6 189	3 017	+105%
Net Debt / EBITDA LTM	1.48	2.77	-1.29

The structure of our loan portfolio is generally comfortable, as the Net debt/EBITDA is 1.5x. As of June 30, 2021, the weighted average interest rate across the loan portfolio amounted 8.49% (8.66% as of December 31, 2020).

The amount of cash on the balance sheet was positively influenced by the SPO held in June, which helped the group to generate 5.6 billion rubles.

Free cash flow

Free cash flow (operating cash flow, net of investing activities and income tax paid) in the first half of 2021 amounted to 986 million rubles (negative cash flow of 487 million rubles in the first half of 2020). The company's generation of significant free cash flow was influenced by the more efficient management of working capital.

About BELUGA GROUP

BELUGA GROUP is Russia's largest wine and spirits company and a major alcohol importer. The company owns five production facilities, the Chugunovsky alcohol distillery, Golubitskoe Estate winery, a corporate distribution system, and the WineLab retail chain.

The company's key brands are the super-premium Beluga vodka, Belenkaya, Arkhangelskaya, Snow Owl (Belaya Sova), Copper Horse (Mednaya Loshadka), and Myagkov vodkas, Golubitskoe Estate still wines, Tête de Cheval sparkling wines, VOGUE Russian Champagne, Beluga Hunting bitters, Golden Reserve, Bastion, and Ardeli Russian cognacs, Green Baboon gin, Fox & Dogs Scotch whisky, Troublemaker Irish whiskey, Eagle's Rock bourbon, and Devil's Island rum.

The company is the exclusive distributor for William Grant & Sons, marketing their Scotch brands Glenfiddich, Grant's, Monkey Shoulder, Clan McGregor, and The Balvenie, Tullamore D.E.W. Irish whiskey, Hendrick's gin, and Milagro tequila in Russia. Beluga is also a Russian distributor for the French-made Camus Cognac House and the US distiller Sazerac (Buffalo Trace, Benchmark and Early Times bourbons, and Fireball whiskey liqueur). Beluga also markets highly popular alcoholic beverages, including Barceló rum, Torres brandy, Noy Armenian brandy, Plantation rum, Amaro Montenegro liqueur, and beverages of the Latvijas Balzams family. Beluga is the exclusive Russian representative for numerous global brands and producers, including Familia Torres, Masi, Tenuta Luce, Billecart-Salmon Champagne, Maison Louis Latour, Gérard Bertrand, Faustino, Cono Sur, Maison Calvet, Piccini, Barefoot, Markus Molitor, Mateus, Silk & Spice, Sandeman, JP. Chenet, Trivento, and an exclusive distributor for RIEDEL, the Austrian manufacturer of premium wine glasses and glassware.

BELUGA GROUP successfully markets its products internationally. It is one of Russia's top three vodka exporters and leads Russia in the export of super-premium vodkas.

Warning about statements based on the forecast data

The information in the following press-release can contain some forecast claims. The forecast claims shall be any claims except for those based on the historical facts. The words "believe," "expect," "foresee," "intend", "evaluate", "will", "can," "should," "should be", and similar expressions indicate forecast claims. Forecast claims include statements regarding: goals, objectives, strategies, future events or growth prospects; further plans, events, results and potential for further growth; liquidity, capital resources and expenditures; economic forecasts and industry trends; directions of development of our markets; the impact of changes in legislation; and the advantages of our competitors.

The forecast claims that may be contained in this press release are based on various assumptions and estimates, which, in turn, are based on the management's examination of historical business trends, and of the data contained in our records and other data received from third parties. Although we believe that such assumptions were reasonable at the time of their use, nevertheless, by their nature they consist of significant known and unknown risks, as well as of uncertainties, conventions and other important factors that are difficult or impossible to predict and that we can't control. Such risks, uncertainties, conventions and other important factors can lead to the fact that the actual results of the BELUGA GROUP or industry will differ substantially from the results that are explicitly contained in the forecast claims or are assumed in them. These risks, uncertainties, conventions and other important factors include, among other things: political and social changes; general economic, market and business conditions; trends in the markets in which we work or plan to work; our business and growth strategy; planned acquisitions or diversification; our expansion towards other geographic markets or other market segments; influence of legislation, regulation, relations with the state or taxation on our business; as well as our expected future revenues, capital investments and financial resources. So, such forecast claims can not be viewed as reliable, and neither the BELUGA GROUP nor any other person can warrant you that the predicted results will be achieved in the future. Information, opinions and forward-looking statements are relevant only for the date of this press release and may be further amended without notice. Neither BELUGA GROUP nor any other company shall undertake or be required to update and revise any forecast claims, except as required by applicable law.

Appendix**BELUGA GROUP PAO***Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2021**(All amounts in Russian Ruble million, unless stated otherwise)***CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Six months ended 30 June	
	2021	2020
Revenue	42 784	37 165
Excise duties	(12 032)	(11 536)
Net revenue	30 752	25 629
Cost of sales	(19 624)	(16 452)
Gross profit	11 128	9 177
General and administrative expenses	(1 796)	(1 468)
Distribution expenses	(6 783)	(5 201)
Other income/(expense)	(126)	(205)
Operating profit	2 423	2 303
Net finance costs	(1 007)	(1 587)
Profit before tax	1 416	716
Income tax	(250)	(109)
Net income, continuing operations	1 166	607
Discontinued operations, loss	(16)	(147)
Net income and total comprehensive income for the period	1 150	460
Attributable to:		
Equity holders of the Company	1 144	450
Non-controlling interest	6	10
Basic earnings per share, RUB	93.47	35.76

Appendix**BELUGA GROUP PAO**

Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2021

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	30 June 2021	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	13 839	12 880
Intangible assets	10 129	10 071
Goodwill	3 633	3 511
Other long-term assets	328	289
Deferred tax assets	1 686	1 595
Total non-current assets	29 615	28 346
Current assets		
Inventories	19 149	16 486
Trade and other receivables	8 626	12 520
Prepayments	571	550
Income tax prepayment	121	157
Assets held for sale	13	-
Cash and cash equivalents	6 189	4 890
Total current assets	34 669	34 603
Assets of Disposal group classified as held for sale	-	581
TOTAL ASSETS	64 284	63 530
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	1 580	1 580
Treasury shares	(206)	(347)
Share premium	6 764	2 915
Retained earnings	15 972	15 903
Total equity attributable to shareholders of PJSC Beluga Group	24 110	20 051
Non-controlling interest	278	294
Total equity and reserves	24 388	20 345
Long-term liabilities		
Bonds	14 867	16 487
Long-term lease liabilities	2 123	1 735
Deferred tax liabilities	1 513	1 298
Total long-term liabilities	18 503	19 520
Current liabilities		
Bonds	1 616	808
Lease liabilities	1 622	1 429
Trade and other payables	17 448	20 262
Income tax payable	707	707
Total current liabilities	21 393	23 206
Liabilities of Disposal group classified as held for sale	-	459
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	64 284	63 530

Appendix**BELUGA GROUP PAO**

Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2021

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of PJSC Beluga Group					Non- controlling interest	Total equity and reserves
	Share capital	Treasury shares	Share premium	Retained earnings	Total share- holders' equity		
1 January 2021	1 580	(347)	2 915	15 903	20 051	294	20 345
Acquisition of non-controlling interest	-	-	-	-	-	(29)	(29)
Acquisition of subsidiary	-	-	-	-	-	7	7
Dividends	-	-	-	(1 075)	(1 075)	-	(1 075)
Repurchase of treasury shares	-	(59)	(1 183)	-	(1 242)	-	(1 242)
Secondary public offering less commissions	-	200	5 032	-	5 232	-	5 232
Total transactions with shareholders	-	141	3 849	(1 075)	2 915	(22)	2 893
Net income for the period				1 144	1 144	6	1 150
30 June 2021	1 580	(206)	6 764	15 972	24 110	278	24 388

	Equity attributable to shareholders of PJSC Beluga Group					Non- controlling interest	Total equity and reserves
	Share capital	Treasury shares	Share premium	Retained earnings	Total share- holders' equity		
1 January 2020	1 940	(669)	3 339	14 222	18 832	1 201	20 033
Acquisition of non-controlling interest	-	-	-	-	-	(245)	(245)
Dividends	-	-	-	(401)	(401)	-	(401)
Cancellation of treasury shares	(360)	360	-	-	-	-	-
Repurchase of treasury shares	-	(29)	(320)	-	(349)	-	(349)
Total transactions with shareholders	(360)	331	(320)	(401)	(750)	(245)	(995)
Net income for the period	-	-	-	450	450	10	460
30 June 2020	1 580	(338)	3 019	14 271	18 532	966	19 498

Appendix**BELUGA GROUP PAO**

Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2021

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

	Six months ended 30 June	
	2021	2020
Cash flows from operating activities		
Operating profit, continuing operations	2 423	2 303
Operating loss, discontinued operations	(16)	(136)
Adjustments:		
Depreciation and amortisation	1 278	1 158
(Gain)/Loss on disposal of property, plant and equipment	(2)	5
(Gain) on sale of Disposal group	(24)	-
Other non-cash transactions	92	148
Changes in working capital:		
(Increase) in inventories	(2 744)	(2 754)
Decrease in accounts receivable and prepayments	4 214	2 132
(Decrease) in accounts payable	(3 110)	(2 377)
Cash flows from operating activities	2 111	479
Interest and arrangements of borrowing paid	(961)	(1 124)
Income tax paid	(97)	(148)
Net cash flow from operating activities	1 053	(793)
Cash flows from investing activities		
Acquisition of subsidiaries and non-controlling interest	(542)	(361)
Proceeds from sale of Disposal group	139	-
Acquisition of property, plant and equipment and intangible assets	(635)	(459)
Disposal of property, plant and equipment and intangible assets	10	2
Net cash flow from investing activities	(1 028)	(818)
Cash flows from financing activities		
Sale / (repurchase) of own shares, net	3 990	(349)
Dividends	(1 075)	(81)
Payments of lease liabilities	(807)	(684)
Loans received and bonds issued	13 288	22 925
Loans and bonds repaid	(14 122)	(18 268)
Net cash flow from financing activities	1 274	3 543
Net increase in cash and cash equivalents	1 299	1 932
Cash and cash equivalents at beginning of the year	4 890	1 085
Cash and cash equivalents at end of the period	6 189	3 017

Appendix**BELUGA GROUP PAO***Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2021**(All amounts in Russian Ruble million, unless stated otherwise)*

CALCULATION OF THE EBITDA (UNAUDITED)*

	For the six months ended	
	30 June 2021	30 June 2020 **
Net income	1 166	607
Income tax	250	109
Net finance costs	1 007	1 587
Depreciation	1 278	1 135
EBITDA	3 701	3 438

* - the EBITDA is calculated as the net income before the payment of the interests, taxes, and depreciation. The EBITDA margin is the ratio of the EBITDA in relation to the sum of the revenues.

** - Comparative information for the six months ended 30 Jun 2020 were amended to exclude the performance of the Discontinued operations.

The company calculates the EBITDA, as they think that it is an important additional index to the operational activity.

The EBITDA as an analytical tool has its limitations in use and should not be considered solely or in lieu of indicators calculated in accordance with IFRS. Moreover, other companies can calculate this index in a different way, which limits its capabilities as a comparison tool.

The EBITDA should also not be considered an alternative to the index of cash flow from operating activities, or as a liquidity statement