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Don Agro enters into market for organic wheat amid evolving consumer preferences and rising environmental awareness

- Group allocates 11.0 hectares of arable land for the launch of its pilot project in organic wheat cultivation
- Leveraging on its capabilities in organic farming, the Group intends to capture growing consumer demand for organic alternatives that harness both health and environmental benefits
- Apart from generating new revenue streams, the successful sale of higher margin organic produce coupled with cost savings from the reduction of fertilisers and pesticides used will better contribute to earnings resilience and profitability for the Group

Singapore, 8 April 2021 – 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 is pleased to announce that it is launching a pilot project to enter the global market for organic food. As part of this initiative, the Group intends to expand its range of products to include organically cultivated wheat to capture growing consumer demand for organic alternatives which will lead to both health and environmental benefits. Supported by a large land bank in the prime agricultural region of Rostov in Russia, the Group has allocated an 11.0 hectare plot to support this venture.

Speaking on this latest initiative, **Mr Ivan Kalaitanov, Chief Agronomist of Don Agro** commented, “*Our immediate plans for this plot of land will be to control the growth of weeds with the help of harrowing which involves the physical uprooting of weeds without the use of herbicides. Naturally occurring biological products will also be utilised for the crop cultivation process in place of pesticides or herbicides to control pests and diseases. We expect that these new organic wheat fields will be completely free of mineral fertilisers and pesticides by September 2021. Thereafter, winter wheat will be sown and grown on these plots without the use of any artificial chemicals. Official organic certification of our wheat crop will be completed subsequently as per the existing rules and regulations of the relevant governing authorities.*”

Today, rising health concerns relating to the harmful effects caused by the presence of chemicals and pesticides in non-organic produce are one of the key reasons driving the demand and growth in the market for organic food. At the same time, the perceived health benefits and growing scientific evidence supporting these claims have resulted in larger groups of consumers moving to organic alternatives. Greater awareness of the environmental impact of conventional farming practices has also accelerated this shift. Due to these prevailing trends, the global organic food market has been forecasted to reach S\$272.2 billion

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by 2027 or expand at a CAGR of approximately 12.2%¹, representing vast growth opportunities for agribusinesses in this space.

Mr. Marat Devlet-Kildeev, Chief Executive Officer of Don Agro added, *“The sustainability of our operations remains one of our key corporate priorities. As such, we have embarked on this new initiative to ensure that our responsibilities to our shared environment are met. We believe that our latest move into organic production is a step in the right direction.*

Apart from the environmental benefits, the cultivation of organic produce will expand our suite of offerings and generate new revenue streams. Furthermore, the sale of the expected higher margin organic produce coupled with the reduction of fertilisers and pesticides required is expected to improve the earnings resiliency and profitability for Don Agro over the longer term. Looking ahead, our objective is to establish ourselves as one of Russia’s leading producers of organic crops where we see vast opportunities for growth given the prevailing market trends.”

Due to the burgeoning demand for organic wheat products in Russia, the Group’s initial harvests have been earmarked to be sold to local organic food producers. Over the longer term, the Group intends to increase its organic land bank to capture growth in the region through export sales.

– 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 is also engaged in crop production in the Volgograd region in Russia. The Group has a total controlled land bank of 63,240 hectares, of which more than 51,200 hectares are arable land. The Group owns approximately 16,600 hectares of its controlled land bank.

The Group’s operations are principally located in the Rostov region, one of the most fertile regions of Russia, situated close to the Azov and Black Seas and the Don River which house major international ports. The Group’s second operating division in the Volgograd region is located in close proximity to key trading routes including the Volga River. 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 and corn.

¹ “Organic Food Market Worth \$272.18 billion by 2027, Growing at a CAGR of 12.2% From 2020 With COVID-19 Impact”, Meticulous Research®, 8 December 2020

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In addition, the Group is the largest milk producer in the Rostov region and owns more than 4,000 heads of dairy cattle which includes approximately 2,200 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 "Exchange") 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 reviewed by the Company's Sponsor. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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