Letter to Shareholders

Vienna, June 2021

Dear Shareholders,
Dear Ladies and Gentlemen

The macroeconomic environment in Russia is in a volatile post-pandemic status with rising inflation (CPI growth of 6,0% YOY as for May 2021) and increasing industrial demand and production. As a response the Central Bank has lifted the key rate by 1,25% to 5,5% during the first half of 2021. The exchange rate of the Russian Ruble has settled below 90 against the Euro but remains reactive to changes in the oil price and political risk factors.

The pandemic is not yet overcome in Russia and currently a third wave of infections is spreading in the European part of Russia. The main problem seems to be the low rate of vaccinations among the population - although Russia has its own vaccine production.

At our plants, the compliance with the respective hygienic and other preventive measures is strictly controlled and infections among our employees meanwhile represent singular cases. Free vaccination is available for employees on site since April 2021.

As during the whole year 2020, all our production capacities are in operation without interruption. We see rising demand from industrial customers but also difficulties in efficient sourcing of specific raw materials together with logistic bottlenecks. Thus, margins are under pressure. Our Group companies are in the process of adjusting product prices accordingly.

The Ruble exchange rate depreciated strongly since Q2 2020. This factor needs to be considered when reading the financial information below: the foreign exchange rate of the Ruble versus the Euro, relevant for the income statement depreciated by 19,3% (compared to 4M2020). The consolidated results mirror the increasing demand and pressure on margins.

Consolidated (at equity) financial performance

in RUB'mn

Key Data - Income Statement (in RUB mln)	**4M/2020 Actual**	**4M/2021 Actual**	*Delta (%)*
Turnover	**1568,6**	**1983,2**	*26,4%*
Gross Profit	**461,3**	**460,0**	*-0,3%*
Gross Profit-Margin	*29,4%*	*23,2%*	*-21,1%*
EBITDA	**306,4**	**296,5**	*-3,2%*
EBITDA-Margin (%)	*19,5%*	*15,0%*	*-23,5%*
Net Result	**197,4**	**195,4**	*-1,0%*
Net Profit-Margin (%)	*12,6%*	*9,9%*	*-21,7%*
Volume (tn)	**30 254**	**40 593**	*34,2%*

in EUR'mn

Key Data - Income Statement (in € mln)	**4M/2020 Actual**	**4M/2021 Actual**	*Delta (%)*
Turnover	**20,8**	**22,0**	*5,9%*
Gross Profit	**6,1**	**5,1**	*-16,5%*
Gross Profit-Margin	*29,4%*	*23,2%*	*-21,1%*
EBITDA	**4,1**	**3,3**	*-18,9%*
EBITDA-Margin (%)	*19,5%*	*15,0%*	*-23,5%*
Net Result	**2,6**	**2,2**	*-17,1%*
Net Profit-Margin (%)	*12,6%*	*9,9%*	*-21,7%*
Volume (tn)	**30 254**	**40 593**	*34,2%*
average FX rate for the period	*75,40*	*89,98*	*19,3%*

Source: Consolidated IFRS accounts (joint ventures at equity), unaudited, convenience translation to Rubel
Note: For convenience purposes and better comparibatility the impact of the acquisition of a controlling stake in ZAO Uralmethanolgroup is not reflected

Also in the current market environment, UCP Group´s strategy remains to focus on its profitable core segments and line extensions into related fields in combination with innovation and upgrading of the product portfolio. Among the positive factors are the strong position in the market as local producer of world-class products in combination with professional customer service. This development is accompanied by a solid financial strategy to make the business more resilient to external factors. In addition, we intend to free up resources for investment to back up profitable growth.

In Q2 2021 there arose the opportunity to acquire the remaining 50% share in our joint venture UralMethanolGroup which develops the investment project for a 600 tons/year methanol production plant. This project is ready for the start of construction, subject to the finalization of the financing structure. We took the decision to acquire the remaining 50% share, which enables UCP Group to obtain the full control in the project. This will allow more flexibility in the search for an adequate structure for project realization. However, from an accounting perspective, this acquisition triggers the necessity to reevaluate the entire investment project in the financial statements of UCP Group during the year 2021.

This new situation also frees up funds, which had been committed in the past for the project under the previous structure. On the basis of the solid financial position and liquidity of UCP Group, the Annual General Meeting on June 22 decided to distribute a dividend of EUR5,4mn (corresponding to rounded €0,39 per share) for the year 2021.

As we enter into the second half of the year, the situation remains too volatile for a profound forecast for the full year 2021. However, we keep our focus on the business and see positive demand patterns in the market. By then sales prices should reflect the increase of raw material prices in a more balanced way.

Yours sincerely,

Norbert Wieser
Chief Executive Officer