PJSC LSR Group

Disclosed consolidated Financial Statements for the year ended 31 December 2024

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Independent Auditors' Report
on the Disclosed Consolidated Financial Statements

To the Shareholders and the Board of Directors of PJSC LSR Group

Opinion

The disclosed consolidated financial statements, which comprise the disclosed consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, the disclosed consolidated statement of financial position as at 31 December 2024, the disclosed consolidated statement of cash flows for the year ended 31 December 2024, the disclosed consolidated statement of changes in equity for the year ended 31 December 2024, and related notes, are derived from the audited consolidated financial statements of PJSC LSR Group (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024.

In our opinion, the accompanying disclosed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with criteria, established the Note 2(a).

Disclosed Consolidated Financial Statements

The disclosed consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the disclosed consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 March 2025. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Management's Responsibility for the Disclosed Consolidated Financial Statements

Management is responsible for the preparation of the disclosed consolidated financial statements in accordance with criteria, established the Note 2(a).

Auditors' Responsibility

Our responsibility is to express an opinion on whether the disclosed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *"Engagements to Report on Summary Financial Statements."*

Yagnov Igor Anatolievich

Principal registration number of the entry in the Register of Auditors and Audit Organizations No 21906109192, acts on behalf of the audit organization based on the power of attorney No. 361/25 as of 9 January 2025

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

14 March 2025

mln RUB	**Note**	**2024**	**2023**
Revenue	12	239,227	236,197
Cost of sales		(139,793)	(141,294)
Gross profit		**99,434**	**94,903**
Distribution expenses		(14,293)	(12,170)
Administrative expenses	7	(19,279)	(17,873)
Share of income / (loss) of equity-accounted investees (net of income tax)	15	132	(70)
Other income	8	383	636
Other expenses	8	(611)	(2,891)
Results from operating activities		**65,766**	**62,535**
Finance income	10	3,876	2,630
Finance costs	10	(32,115)	(23,501)
Profit before income tax		**37,527**	**41,664**
Income tax expense	11	(8,929)	(13,321)
Profit for the year		**28,598**	**28,343**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		3,708	840
Total comprehensive income for the year		**32,306**	**29,183**

The disclosed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

mln RUB	**Note**	**2024**	**2023**
Profit attributable to:			
Shareholders of the Company		28,604	28,345
Non-controlling interest		(6)	(2)
Profit for the year		**28,598**	**28,343**
Total comprehensive income attributable to:			
Shareholders of the Company		32,312	29,185
Non-controlling interest		(6)	(2)
Total comprehensive income for the year		**32,306**	**29,183**
Earnings per share			
Basic earnings per share	22	283.43 RUB	307.99 RUB
Diluted earnings per share	22	283.43 RUB	276.34 RUB

These disclosed consolidated financial statements were approved by management on 14 March 2025 and were signed on its behalf by:

D. V. Kutuzov
Chief Executive Officer

L. V. Fradina
Chief Financial Officer

The disclosed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

mln RUB	Note	31 December 2024	31 December 2023 (as recalculated)**	1 January 2023 (as recalculated)**
ASSETS				
Non-current assets				
Property, plant and equipment	13	56,128	37,856	30,907
Intangible assets	14	3,644	3,585	4,252
Equity-accounted investees	15	2,512	2,551	405
Other investments	16	1,237	1,059	487
Deferred tax assets	17	6,071	3,547	3,975
Trade and other receivables	19	2,219	93	537
Total non-current assets		71,811	48,691	40,563
Current assets				
Other investments	16	702	4,682	3,832
Inventories	18	297,715	243,549	244,046
Contract assets, trade and other receivables	19	132,186	109,137	91,108
Cash and cash equivalents*	20	46,307	51,506	25,109
Total current assets		476,910	408,874	364,095
Total assets		548,721	457,565	404,658

* In Cash and cash equivalents is not included cash received to escrow accounts by the authorized bank from the accounts owners (the real estate buyers). This cash on escrow accounts was received as the settlement of the share participation agreements’ price in the amount of RUB 137,899 million as at 31 December 2024 (31 December 2023: RUB 121,024 million).

The disclosed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

mln RUB	Note	31 December 2024	31 December 2023 (as recalculated)**	1 January 2023 (as recalculated)**
EQUITY AND LIABILITIES				
Equity	21			
Share capital		35	35	35
Treasury shares		(1,851)	(2,628)	(20,947)
Share premium		26,408	26,408	26,408
Additional paid-in capital		16,849	16,847	16,852
Foreign currency translation reserve		4,070	362	(478)
Retained earnings		94,934	77,614	74,874
Total equity attributable to the shareholders of the Company		140,445	118,638	96,744
Non-controlling interest		27	36	57
Total equity		140,472	118,674	96,801
Non-current liabilities				
Loans and borrowings	23	206,587	197,402	114,055
Deferred tax liabilities	17	4,585	7,499	5,206
Trade and other payables	25	50,576	27,617	19,268
Provisions	24	100	49	29
Total non-current liabilities		261,848	232,567	138,558
Current liabilities				
Loans and borrowings	23	50,372	26,733	101,033
Contract liabilities, trade and other payables	25	87,804	73,555	64,777
Provisions	24	8,225	6,036	3,489
Total current liabilities		146,401	106,324	169,299
Total liabilities		408,249	338,891	307,857
Total equity and liabilities		548,721	457,565	404,658

** Comparative information has been re-presented due to changes in accounting policies (refer to note 3(u)).

The disclosed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

mln RUB	**Note**	**2024**	**2023**
OPERATING ACTIVITIES			
Profit for the year		28,598	28,343
Adjustments for:			
Depreciation and amortisation	13, 14	2,139	1,905
Gain on disposal of property, plant and equipment		(383)	(150)
Loss on deconsolidation of subsidiary and impairment loss	8, 18	2	9,984
Change in allowance for obsolete inventory	18	4,219	1,708
Equity-settled share-based payment		-	2,572
Loss of equity-accounted investees, net of income tax	15	(132)	70
Portion of excess of fair value over purchase price of assets		-	1
Capitalised interest, including significant financing component in respect of prepayments from customers, recognized in cost of sales		4,271	3,278
Significant financing component in respect of prepayments from customers and benefit of escrow loans recognised in revenue	12	(17,162)	(9,034)
Net finance costs	10	28,239	20,871
Income tax expense	11	8,929	13,321
Operating profit before changes in working capital and provisions		58,720	72,869
Increase in inventories net of non-cash items		(41,770)	(4,067)
Increase in contract assets, trade and other receivables		(37,779)	(24,060)
Increase in contract liabilities, trade and other payables		16,058	10,748
Increase in provisions		125	525
Cash flows (utilised by) / from operations before income taxes and interest paid		(4,646)	56,015
Income taxes paid		(13,732)	(10,216)
Interest paid		(21,730)	(15,981)
Cash flows (utilised by) / from operating activities*		(40,108)	29,818
For reference:			
Cash flows (utilised by) / from operating activities, including cash on escrow accounts		*(23,233)*	*74,313*

* In Cash flows from operations is not included cash received to escrow accounts by the authorized bank from the accounts owners (the real estate buyers). This cash on escrow accounts was received as the settlement of the share participation agreements' price during the year ended 31 December 2024 in the amount of RUB 16,875 million (year ended 31 December 2023: RUB 44,495 million).

The disclosed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

mln RUB	Note	2024	2023
INVESTING ACTIVITIES			
Proceeds from disposal of non-current assets		517	320
Interest received		3,321	1,285
Acquisition of property, plant and equipment		(18,018)	(10,448)
Acquisition of intangible assets		(95)	(61)
Acquisition of equity-accounted investees	15	(13)	(2,216)
Acquisition of subsidiaries		(347)	-
Originated loans		(940)	(3,657)
Loans repaid		3,308	2,405
Cash flows utilised by investing activities		(12,267)	(12,372)
FINANCING ACTIVITIES			
Proceeds from borrowings	23	178,705	236,413
Proceeds from bonds	23	3,000	7,000
Repayment of borrowings	23	(113,548)	(220,377)
Repayment of bonds	23	(8,200)	(5,200)
Payment of land lease liabilities	27	(2,928)	(1,380)
Payment for treasury shares acquired		(602)	(241)
Dividends paid		(10,177)	(7,842)
Acquisition of minority interest		(3)	(25)
Cash flows from financing activities		46,247	8,348
Net (decrease) / increase in cash and cash equivalents		(6,128)	25,794
Cash and cash equivalents at the beginning of the year		51,506	25,109
Effect of exchange rate fluctuations on cash and cash equivalents		929	603
Cash and cash equivalents at the end of the year	20	46,307	51,506

The disclosed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

mln RUB	Attributable to shareholders of the Company								
	Share capital	**Treasury shares**	**Share premium**	**Additional paid-in capital**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2023	35	(20,947)	26,408	16,852	(478)	74,874	96,744	57	96,801
Total comprehensive income									
Profit for the year	-	-	-	-	-	28,345	28,345	(2)	28,343
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	840	-	840	-	840
Total comprehensive income for the year	-	-	-	-	840	28,345	29,185	(2)	29,183
Transactions with owners recorded directly in equity									
Excess of consideration paid over minority interest acquired	-	-	-	(6)	-	-	(6)	(19)	(25)
Other contributions and distributions	-	-	-	1	-	-	1	-	1
Treasury shares acquired	-	(241)	-	-	-	-	(241)	-	(241)
Equity-settled share-based payment	-	5,609	-	-	-	(3,580)	2,029	-	2,029
Transactions with owners recorded directly in equity	-	12,951	-	-	-	(14,183)	(1,232)	-	(1,232)
Dividends to shareholders	-	-	-	-	-	(7,842)	(7,842)	-	(7,842)
Balance at 31 December 2023	35	(2,628)	26,408	16,847	362	77,614	118,638	36	118,674

mln RUB	**Attributable to shareholders of the Company**								
	Share capital	**Treasury shares**	**Share premium**	**Additional paid-in capital**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2024	35	(2,628)	26,408	16,847	362	77,614	118,638	36	118,674
Total comprehensive income									
Profit for the year	-	-	-	-	-	28,604	28,604	(6)	28,598
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	3,708	-	3,708	-	3,708
Total comprehensive income for the year	-	-	-	-	3,708	28,604	32,312	(6)	32,306
Transactions with owners recorded directly in equity									
Excess of minority interest acquired over consideration paid	-	-	-	2	-	-	2	(3)	(1)
Treasury shares acquired	-	(602)	-	-	-	-	(602)	-	(602)
Equity-settled share-based payment	-	1,379	-	-	-	(1,379)	-	-	-
Transactions with owners recorded directly in equity	-	-	-	-	-	272	272	-	272
Dividends to shareholders	-	-	-	-	-	(10,177)	(10,177)	-	(10,177)
Balance at 31 December 2024	35	(1,851)	26,408	16,849	4,070	94,934	140,445	27	140,472

The disclosed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the disclosed consolidated financial statements set out on pages 13 to 73.

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1 Background

(a) Organisation and operations

PJSC LSR Group (the "Company") and its subsidiaries (together referred to as the "Group") comprise Russian limited liability and joint stock companies as defined in the Civil Code of the Russian Federation, and companies located in other countries. The Company's shares are traded on Moscow Exchange.

The Company's registered office is at 36B Kazanskaya Street, Floor 4, Office 32-N (18), Suite 404, Saint Petersburg, 190031, Russia.

The Group's principal activities include real estate development, prefabricated panel construction, contracting, subcontracting and engineering services in civil and industrial construction, extraction of sand and clay, production of crushed granite, ready-mix concrete and mortars, reinforced concrete, bricks, aerated concrete, transportations and crane rental services. The Company primarily operates in the following geographic markets of Russia: Saint Petersburg, the Leningrad region, Moscow and Yekaterinburg.

The Group's major subsidiaries are detailed in note 31.

Related party transactions are detailed in note 30.

(b) Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

The events in Ukraine continued to significantly influence the economic environment in which the Group operates. Sanctions imposed by the United States of America, the European Union and some other countries against the Government of the Russian Federation, as well as many large financial institutions, legal entities and individuals in Russia continue to be in effect and have been expanded. In particular, restrictions were imposed on the export and import of goods, including capping the price of certain types of raw materials, restrictions have been introduced on the provision of certain types of services to Russian enterprises, the assets of a number of Russian individuals and legal entities were blocked, a ban on maintaining correspondent accounts has been established, certain large banks have been disconnected from the SWIFT international financial messaging system, and other restrictive measures have beenimplemented. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, have significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

In response to the increasing pressure on the Russian economy, the Government of the Russian Federation and Central Bank of the Russian Federation have introduced counter-sanctions, currency control measures and other special economic measures to ensure the security and the stability of the Russian economy, financial sector and citizens.

The imposition and subsequent strengthening of sanctions have resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate, a decrease in foreign and domestic direct investments, changes in the structure of effective demand of the population, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing. In the second half of 2024, the key interest rate increased from 16% to 21%.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term; however, sanctions may have a significant negative impact on the Russian economy.

The disclosed consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Basis and principles of preparation

These disclosed consolidated financial statements comprise the disclosed consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, the disclosed consolidated statement of financial position as at 31 December 2024, the disclosed consolidated statement of cash flows for the year ended 31 December 2024, the disclosed consolidated statement of changes in equity for the year ended 31 December 2024, and related notes.

These disclosed consolidated financial statements have been prepared by the Group's management on the basis of the audited consolidated financial statements as at and for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards ("IFRS") with the exception of information disclosure of which is likely to cause damage to the Group and (or) its counterparts ("sensitive information"). The audited consolidated financial statements for the year ended 31 December 2024 prepared in accordance with IFRS are available at the PJSC LSR Group Head Quarters and could be disclosed in the circumstances prescribed by legislation of the Russian Federation.

The decision on preparation of the disclosed consolidated financial statements was made by the Group's management on the basis of the part 8 of article 7 of the Federal Law "On consolidated financial statements" and Resolution of the Russian Federation Government dated 13 September 2023 № 1490 "On specific aspects of consolidated financial statements disclosure". The content of the sensitive information was defined by the Group's management in accordance with the Resolution of the Russian Federation Government dated 4 July 2023 № 1102 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market".

These disclosed consolidated financial statements have been prepared for the purpose of presenting the consolidated financial position and consolidated financial results of the Group, disclosure of which does not cause damage to the Group and (or) counterparties. Therefore, these disclosed consolidated financial statements are not the consolidated financial statements prepared in accordance with IFRS and do not replace the consolidated financial statements prepared in accordance with IFRS, since the disclosed consolidated financial statements do not contain all the information required to be disclosed in accordance with IFRS, and may be unusable for another purposes.

The Group also prepares the disclosed consolidated financial statements in Russian language which excludes the same information that the disclosed consolidated financial statements in English language.

(b) Basis of measurement

The diaclosed consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the Company’s and major subsidiaries functional currency and the currency in which these disclosed consolidated financial statements are presented.

The results and financial position of subsidiaries whose functional currency is different from the presentation currency are translated into presentation currency using the following procedures: assets and liabilities are translated at the closing rate at the date of that statement of financial position; income and expenses are translated at approximated exchange rates to the actual exchange rates of the transactions; and all resulting exchange differences shall be recognised in other comprehensive income.

All financial information is presented in the Russian Rouble and has been rounded to the nearest million, except if otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs and disclosed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies are described in the following notes:

- Note 3 (e)(iii) – useful lives of property, plant and equipment;
- Note 9 – share-based payments;
- Note 12 – revenue;
- Note 14 – impairment of non-financial assets;
- Note 18 – inventories;
- Note 19 – allowances for trade receivables;
- Note 24 – provisions (for site finishing and environment restoration; warranty and litigation; for onerous contracts; for social infrastructure);
- Note 25 – trade payables (settlements for land plots);
- Note 29 – contingencies.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable

inputs) (refer to note 4).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 26 (e) – financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these disclosed consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved over time, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the disclosed consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date of transfer of shares to the Group. The assets and liabilities acquired are recognised at their carrying amounts in the financial statements of the entities transferred. If these companies previously have not prepared IFRS financial statements, assets and liabilities are determined in accordance with IFRS 1. Any difference between the book value of net assets acquired and consideration paid is recognised as a contribution from, or distribution to, shareholders.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the disclosed consolidated financial statements.

(b) Foreign currencies

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to RUB at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RUB at the weighted average exchange rate for the period which approximates the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2005, the Group’s date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the statement of profit or loss and other comprehensive income as part of profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item received from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

(c) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group has fixed rate bank loans for which the banks have the option to revise the interest rate following the change of key rate set by the CBR. The Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group considers these loans as in essence floating rate loans.

(iii) Impairment of financial assets

The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group considers this to be Baa3 or higher per Moody’s.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognised in other comprehensive income.

Impairment losses on other financial assets are presented under 'finance costs', and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations.

(iv) Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 3 years past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off.

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit of the transaction is included in / excluded from retained earnings.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2005, the date of transition to IFRSs, was determined by reference to its fair value at that date.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the disclosed consolidated statement of profit or loss and other comprehensive income as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings and constructions 7 to 50 years;
- Machinery and equipment 5 to 29 years;
- Transportation equipment 5 to 20 years;
- Other fixed assets 3 to 20 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition refer to note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefit s embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Equity-accounted investees

Equity-accounted investees are recognized at cost on initial recognition. The cost of the investment includes the transaction costs.

The Group recognizes its share in profits and losses and other comprehensive income of the Equity-accounted investees in the disclosed consolidated financial statements.

In case the Groups’ share in Equity-accounted investees’ losses exceeds its share in the object, the carrying amount of its share (including any long-term investments) are impaired to zero and the following losses are not recognized by the Group, except the situations, when the Group accepted the investees obligations or performed reimbursements on its behalf.

(h) Right-of-use assets and lease liabilities

The Group leases municipal land plots for residential property construction.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently recognized in cost of sales based on the stage of completion.

In addition, the Group leases municipal land plots for placement of property, plant and equipment. The right-of-use asset for such land plots is classified as property, plant and equipment and is depreciated using the straight-line method.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The unified discount rate is applied in respect of the lease agreements portfolio with similar characteristics.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with IFRS 16 variable payments which do not depend on index or rate, i.e. do not reflect changes in market rental rates, should not be included in calculation of lease liability. In respect of municipal (or federal) land leases where the lease payments are based on cadastral value of the land plot and do not change until the next potential revision of that value or payments (or both) by the authorities, the Group determined that these lease payments are not considered as either variable (that depend on an index or rate or reflect changes in market rental rates) or in-substance fixed, and therefore these payments are not be included in the measurement of the lease liability.

The Group presents right-of-use assets related to the lease of land plots for construction development in “inventories” and right-of-use assets related to land for property, plant and equipment within “property, plant and equipment” in the statement of financial position. The Group presents lease liabilities in “contract liabilities, trade and other payables” in the statement of financial position.

(i) Inventories

Inventories include work in progress, construction of buildings, lease rights, raw materials and consumables and finished goods. As part of the work in progress, construction of buildings, investment rights are also taken into account, which include the costs of acquiring land, preparing the territory and developing project documentation.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of work in progress, construction of buildings is determined based on direct costs of each building, land and lease rights acquisition costs, costs of social infrastructure, interest expense, including interest expense on realised savings on the use of escrow accounts recognized in the transaction price under the SPA and significant financing component expenses, and also other expenses directly attributable to the development project.

When performing construction of a residential real estate, the Group may assume additional obligations, including:

- delivery of certain properties to local authorities upon completion of construction, e. g., schools, kindergartens, free of consideration receivable;
- construction of certain infrastructure facilities, e. g., electricity, water supply and sanitation, roads.

If the fulfilment of the terms of such obligations is directly related to the construction of the residential real estate by the Group, construction costs are included in the total cost of construction of the building that these obligations relate to.

The Group’s normal operating cycle for a construction project may exceed 12 months. Inventories are classified as current assets even when they are not expected to be sold within 12 months after the reporting date.

(j) Contract assets and liabilities

The contract assets relate to the Group’s right for consideration for work completed but not billed at the reporting date on participant agreements and construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when a consideration becomes due based on participant agreement schedule. The contract liabilities primarily relate to the advance consideration received from customers under participant agreements.

The escrow asset represents future savings on interest expenses on the concluded SPA.

The contract assets and contract liabilities are offset and the net amount is presented in the statement of financial position on the particular participant agreements basis.

Impairment losses related to contract assets are recognised by the Group based on “expected credit losses” model (see note 3 (c) (iii)).

(k) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU's to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(l) Revenues

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, adjusted for variable considerations (e.g. discounts) and the significant financing component, which reflects the price that a customer would have paid for the promised goods when (or as) they are transferred to the customer. Revenue is recognised when the control is transferred to a customer.

Type of goods / services	Revenue recognition	Significant payment terms
Revenue under share participation agreements in development	Revenue is recognized in accordance with contracts' stage of completion	For projects implemented using escrow accounts, payment is made to escrow accounts opened with banks, for other projects to the Group's settlement accounts, as a rule, before the house is put into operation
Revenue under sales contracts in development	In case of complete readiness of the object revenue is recognized when control is transmitted to the customer (at the earliest from two events: act of acceptance signing or legal title registration)	Payment is normally received prior to the act of acceptance signing
Sale of finished goods	Revenue is recognized when control is transmitted to the customer	The bill is payable either before the dispatch or based on the period, stated in the contract
Construction and research services	Revenue is recognized in accordance with contracts' stage of completion	The services are paid based on the contracts' schedule
Tower crane services	Revenue is recognised over time	After the services are rendered (in the current month for the prior month)
Services	Revenue is recognized upon the stage of completion.	Based on the contract terms, normally - after the services has been rendered

The Group estimates significant financing component at contract inception using an interest rate that would be reflected in a separate financing transaction between the entity and its customer. Interest expense recognized as a result of adjusting for the effect of the significant financing component is regarded as borrowing costs, as prepayments received under share participation agreements are considered specific borrowings.

The significant financing component is capitalised in the cost of land plots, on which construction objects are being built.

The timing of the transfer of control – satisfaction of performance obligation varies depending on the individual terms of the contract.

The major part of the Group's revenue is contracted under share participation agreements.

The Group applies input method to measure progress towards satisfaction of performance obligations as costs incurred relative to the total expected inputs. Costs of land plots are excluded from both incurred and expected inputs and are recognized in cost of sales based on the same measure of progress as revenue.

The transaction price in sales to customers using the escrow accounts is determined taking into the account the economy from decrease in interest base rates on project financing depending on cash placed by customers on escrow accounts. Any change in initial estimate of such savings is recognized at the time when such change takes place. The transaction prices in sales of properties involving escrow accounts were determined talking into account savings on interest expense as a result of applying preferential interest rates compared to base rates stipulated in the credit facility agreements. Preferential interest rates are applied to project credit facility balances covered by funds placed by customers on escrow accounts. Rates are further reduced when the cash balances on escrow accounts exceed the amount of the loan received. The additional discount to the rate is classified as a variable fee and is included in the calculation of the transaction price only in the period of actual savings.

(ii) Services

Revenue from services, rendered by the Group's companies is recognised in the statement of profit or loss and other comprehensive income over time, applying the input method to measure progress towards satisfaction of performance obligation when it is possible under standard IFRS 15.

(iii) Construction contracts and designing

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of profit or loss and other comprehensive income over time, applying the input method to measure progress towards satisfaction of performance obligation. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

An expected loss on a contract is recognised immediately in the statement of profit or loss and other comprehensive income.

(m) Employee benefits

Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards program. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

(ii) Site and environment restoration

In accordance with the Group's environmental policy and applicable statutory requirements, provision is made for the Group's obligation to incur additional costs including costs associated with clean up the surrounding area after sand extraction and finishing the construction of apartment building. The related expense is recognised in the statement of profit or loss and other comprehensive income.

(iii) Litigation provision

A provision is recognized, if the probability is high that the Group will lose lawsuit in which the Group is a defendant, and there will be a need (requirement) to settle the obligation.

(iv) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract and an allocation of other direct costs. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(v) Provision for social infrastructure

The Group records provision in respect of the Group's obligation to construct social infrastructure that is necessary for the apartment buildings' tenants.

Provision is initially recognised in the amount of expected costs to construct social infrastructure based on the stage of construction completion discounted for the period of the social infrastructure objects' construction. Subsequently the provision is decreased by the actually incurred costs.

The costs for the social infrastructure objects construction are initially recognized in inventories and subsequently are included into the cost of sales based on the stage of construction completion and selling progress.

(o) Other expenses

(i) Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of profit or loss and other comprehensive income as incurred.

(p) Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, dividend income, the net gain or loss on the disposal of investments in debt securities measured at FVOCI, the net gain or loss on financial assets at FVTPL, the foreign currency gain or loss on financial assets and financial liabilities, impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI, the fair value loss on contingent consideration classified as a financial liability.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest expenses directly attributable to the cost of inventory, namely land plots for the construction of properties, or other qualifying assets, which require considerable time to be prepared for planned use or sale, are included in the cost of such assets until they are recognised in cost of sales.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Foreign currency gains and losses are reported on a net basis.

(q) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. If there are potential ordinary shares, that are financial instruments or other contracts, that give their holder the right to receive ordinary shares, diluted earnings per share are calculated by increasing the weighted average number of shares by the weighted average number of the potential shares indicated.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. An operating segment’s operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm’s length basis.

(t) Government grants

Government grants are assistance by government in the form of transfers of resources in return for past or future compliance with certain conditions be the Group. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions.

Government grants in non-monetary form are initially recognized at fair value if there is reasonable assurance that these grants will be received and that the Group will comply with the conditions attaching to them, and subsequently are recognized systematically in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants in the form of loans received at a below-market interest rate in connection with guarantees provided by the state or compensation for a reduction in the interest rate to credit institutions is recognized as part of the accounting unit when determining the fair value of the loan and is accounted for as part of interest expenses.

(u) Changes in accounting policy

Starting 1 January 2024 the Group has changed the approach to provision for social infrastructure recognition at the lines of the Statement of Financial Position in line with the industry best practices.

Previously the Group recognized provision in assets and liabilities in the amount of expected social infrastructure construction costs discounted for the social infrastructure construction period. Starting from the current accounting period, provision has been recognized based on the stage of construction completion.

The comparative periods information has been recalculated. The following tables summarizes the adjustments made to the Disclosed Consolidated Statement of Financial Position. There were no impacts on Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Disclosed Consolidated Statement of Cash Flows, Disclosed Consolidated Statement of Changes in Equity, basic and diluted earnings per share due to changes in accounting policy.

Impact on the Disclosed Consolidated Statement of Financial Position as at 31 December 2023.

mln RUB	**Before recalculation**	**Adjustments**	**After recalculation**
Inventories	261,585	(18,036)	243,549
Total current assets	426,910	(18,036)	408,874
Total assets	475,601	(18,036)	457,565
Provisions	24,072	(18,036)	6,036
Total current liabilities	124,360	(18,036)	106,324
Total equity and liabilities	475,601	(18,036)	457,565

Impact on the Disclosed Consolidated Statement of Financial Position as at 1 January 2023.

mln RUB	**Before recalculation**	**Adjustments**	**After recalculation**
Inventories	255,604	(11,558)	244,046
Total current assets	375,653	(11,558)	364,095
Total assets	416,216	(11,558)	404,658
Provisions	15,047	(11,558)	3,489
Total current liabilities	180,857	(11,558)	169,299
Total equity and liabilities	416,216	(11,558)	404,658

(v) New Standards and Interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these disclosed consolidated financial statements.

(a) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as ‘other’.

(b) Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's disclosed consolidated financial statements.

– Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
– Lack of Exchangeability (Amendments to IAS 21).

(w) New standards and Interpretations that have come into force

The Group has adopted Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The Group's liabilities were not impacted by the amendments.

A number of amendments to the existing standards are effective from 1 January 2024 but they do not have a material effect on the Group’s disclosed consolidated financial statements:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

4 Determination of fair values

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between market participants in an orderly transaction. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation (via application of discounted cash flow method), and obsolescence.

(b) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-year excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(d) Investments in equity and debt securities

The fair value of financial assets measured at amortised cost or measured at fair value through profit or loss and other comprehensive income is determined by reference to their quoted closing bid price at the reporting date. The fair value of financial assets measured at amortised cost is determined for disclosure purposes only. Investments in equity securities that are not quoted on a stock exchange are principally valued using valuation techniques such as discounted cash flow analysis, option pricing models and comparisons to other transactions and instruments that are substantially the same.

(e) Contract assets, trade and other receivables

The fair value of contract assets, trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(f) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For leases the market rate of interest is determined by reference to similar lease agreements.

5 Operating segments

The Group has two reportable segments as described below which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately, because they require different technology and marketing strategies. The format of reporting segments is based on Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other assets and revenue, interest-bearing loans, borrowings, and corporate assets, liabilities and expenses.

(a) Operating segments

The following summary describes the operations in each of the Group's segments:

Building Materials. The building materials business units are engaged in the production of brick, concrete and reinforced concrete items, ready-mix concrete, aerated concrete blocks, crushed stone production, land-based and marine-dredged sand extraction, providing of tower cranes services, fleet services. These business units are located in Saint Petersburg, Leningrad region and Moscow.

Real Estate Development and Construction. The Real Estate and Construction business units specialize in the development of elite, mass-market and business class residential real estate and commercial real estate, panel construction, providing of construction contracting services, transportation of construction materials. These business units are located in Saint Petersburg, Leningrad region, Moscow and Ural region.

There are varying levels of integration between the "*Building Materials*" and "*Real Estate Development and Construction"* reportable segments. This integration includes transfers of raw materials and services, respectively. Inter-segment pricing is determined on an arm's length basis. The accounting policies of the reportable segments are the same as described in notes 2 and 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The operations of the Group are conducted and managed primarily in North-West region, Moscow and Ural, where the production facilities and sales offices of the Group are located. The Group has also operations abroad, the volume of which is not significant to total operations of the Group. Accordingly, no geographical segmental information is presented.

(b) Major customers

Revenues from the largest customer of the Group represents approximately RUB 18,019 million (year ended 31 December 2023: RUB 7,076 million).

Revenue from the other four significant customers of the Group amounts approximately to RUB 28,567 million (year ended 31 December 2023: RUB 13,082 million).

(i) Operating segments

For the year ended 31 December 2024 mln RUB	**Building Materials**	**Real Estate Development and Construction**	**Other entities**	**Total**

Revenue from external customers	20,378	205,456	2,644	228,478
Inter-segment revenue	4,136	2,067	-	6,203
Total segment revenue	24,514	207,523	2,644	234,681
Segment result	4,016	70,658	-	74,674
Depreciation/amortisation	1,134	492	513	2,139
Capitalized interest recognized in cost of sales	-	4,271	-	4,271
Significant financing component in respect of prepayments from customers and benefit of escrow loans recognised in revenue	-	(17,162)	-	(17,162)
Capital expenditure	1,005	938	18,179	20,122

For the year ended 31 December 2023 mln RUB	**Building Materials**	**Real Estate Development and Construction**	**Other entities**	**Total**
Revenue from external customers	19,896	203,289	2,222	225,407
Inter-segment revenue	4,966	922	-	5,888
Total segment revenue	24,862	204,211	2,222	231,295
Segment result	4,329	70,373	-	74,702
Depreciation/amortisation	1,100	477	328	1,905
Capitalized interest recognized in cost of sales	-	3,278	-	3,278
Significant financing component in respect of prepayments from customers and benefit of escrow loans recognised in revenue	-	(9,034)	-	(9,034)
Capital expenditure	1,151	623	9,730	11,504

As at 31 December 2024 mln RUB	**Building Materials**	**Real Estate Development and Construction**	**Total**
Segment assets	20,268	414,256	434,524
Segment liabilities	3,402	143,128	146,530

As at 31 December 2023 (as recalculated) mln RUB	**Building Materials**	**Real Estate Development and Construction**	**Total**
Segment assets	21,622	364,572	386,194
Segment liabilities	5,866	107,400	113,266

Reconciliations of reportable segment revenues, profit, assets and liabilities and other material items

Revenue

mln RUB	**2024**	**2023**
Total revenue for reportable segments	234,681	231,295
Other revenue	3,745	4,289
Transportation revenue	7,004	6,501
Elimination of intersegment revenue	(6,203)	(5,888)
Consolidated revenue	239,227	236,197

Profit for the year

mln RUB	**2024**	**2023**
Total segment result	74,674	74,702
Other result	(32)	(3,894)
Unallocated expenses and income, net	(8,876)	(8,273)
Finance income	3,876	2,630
Finance costs	(32,115)	(23,501)
Income tax expense	(8,929)	(13,321)
Consolidated profit for the year	28,598	28,343

Assets

mln RUB	**31 December 2024**	**31 December 2023 (as recalculated)**
Total segment assets, excluding net financial position	434,524	386,194
Elimination of intersegment assets	(2,985)	(2,245)
Other unallocated assets	117,182	73,616
Total assets	548,721	457,565

Liabilities

mln RUB	**31 December 2024**	**31 December 2023 (as recalculated)**
Total segment liabilities, excluding net financial position	146,530	113,266
Elimination of intersegment liabilities	(19,706)	(16,592)
Consolidated loans and borrowings	256,959	224,135
Other unallocated liabilities	24,466	18,082
Total liabilities	408,249	338,891

Other material items

mln RUB	**2024**	**2023**
Capital expenditure	20,122	11,504
Elimination of intersegment purchases	(17)	(70)
Consolidated capital expenditure	20,105	11,434

6 Acquisitions and disposals of subsidiaries and non-controlling interests

(a) Acquisition of subsidiaries

In October 2024, the Group acquired 99.00% in the authorized capital of OOO “NTK” (renamed OOO “LSR. Servis”), the consideration amounted to RUB 347 million. The fair value of the acquired assets and liabilities is not significant.

During the year ended 31 December 2023 the Group has not acquired any subsidiaries.

(b) Disposal of subsidiaries

During the year ended 31 December 2024 and the year ended 31 December 2023 the Group has not disposed any subsidiaries

(c) Changes in non-controlling interests

During the year ended 31 December 2024 the Group acquired an additional interest in a number of subsidiaries from third parties. The Group recognised a decrease in non-controlling interest of RUB 3 million. Conttribution from shareholders of RUB 2 million was recognised directly in equity.

During the year ended 31 December 2023 the Group acquired an additional interest in a number of subsidiaries from third parties. The Group recognised a decrease in non-controlling interest of RUB 19 million. Distribution from shareholders of RUB 6 million was recognised directly in equity.

7 Administrative expenses

mln RUB	**2024**	**2023**
Wages and salaries	12,666	12,692
Services	2,141	1,445
Social expenditure	1,497	1,287
Taxes other than profit tax	997	725
Materials	229	199
Depreciation and amortisation	198	162
Insurance	65	40
Other administrative expenses	1,486	1,323
	19,279	17,873

8 Other income and expenses

mln RUB	**2024**	**2023**
Other income:		
Gain on disposal of property, plant and equipment	383	150
Gain on disposal of other assets	-	486
Total other income	383	636
Other expenses:		
Loss on disposal of other assets	(239)	-
Loss on deconsolidation of subsidiary	-	(2,673)
Other expenses	(372)	(218)
Total other expenses	(611)	(2,891)
Net other expenses	(228)	(2,255)

During the year ended 31 December 2023 the Group has deconsolidated a subsidiary, due to the fact that the control over the subsidiary was de facto lost.

The Group develops a set of activities that are aimed in returning control over the subsidiary.

The deconsolidation of the subsidiary has the following effect on the Group's assets and liabilities at the date of deconsolidation in the comparative period.

Carrying amounts at the date of deconsolidation	**mln RUB**
Non-current assets	
Property, plant and equipment	1,531
Goodwill	655
Other non-current assets	506
Current assets	
Inventories	505
Trade and other receivables	121
Non-current liabilities	
Other non-current assets	(23)
Current liabilities	
Trade and other payables	(171)
Net identifiable assets, liabilities and contingent liabilities would be disposed (including goodwill)	3,124
Accumulated foreign currency translation differences	(451)
Total loss, recognized as the result of the subsidiary's deconsolidation	2,673

9 Total personnel costs and share-based payments

mln RUB	**2024**	**2023**
Wages and salaries:		
Cost of sales	11,928	9,475
Administrative expenses	12,666	12,692
Distribution expenses	454	397
	25,048	22,564

In April 2024, the results of the long-term motivation program for the Group's key employees were summed up and a decision was made that target indicators were achieved. As a result, in April 2024, shares were transferred to program participants in the amount of RUB 1,379 million.

10 Finance income and finance costs

mln RUB	2024	2023
Recognised in profit or loss		
Finance income		
Interest income	3,738	2,582
Foreign exchange gain	45	22
Unwind of discount	9	15
Gain from recovery of financial assets	24	-
Other financial income	60	11
	3,876	2,630
Finance costs		
Interest expense	(17,503)	(15,477)
Interest expense (significant financing component and effect from beneficial rates applies to escrow loans)	(12,695)	(6,591)
Unwind of discount	(843)	(763)
Foreign exchange loss	(438)	(342)
Loss from write-off financial assets	-	(32)
Change in allowance recognised for doubtful debts	(351)	(26)
Other finance costs	(285)	(270)
	(32,115)	(23,501)
Net finance costs recognised in profit or loss	(28,239)	(20,871)
Recognised in other comprehensive income		
Finance income		
Foreign currency translation differences for foreign operations	3,708	840
Finance costs recognised in other comprehensive income, net of tax	3,708	840

In addition to borrowing costs recognised as an expense during the year ended 31 December 2024, interest in the amount of RUB 4,279 million (year ended 31 December 2023: RUB 1,769 million) has been capitalized using a capitalization rate of 15.24% (year ended 31 December 2023: 10.99%) as part of the work in progress, construction of buildings.

In addition to borrowing costs recognised as an expense during the year ended 31 December 2024, interest in the amount of RUB 1,568 million (year ended 31 December 2023: RUB 570 million) has been capitalized as part of the assets under construction.

In addition to interest expense (significant financing component), recognized as finance costs during the year ended 31 December 2024, interest expense in the amount of RUB 29 million (year ended 31 December 2023: RUB 55 million) has been capitalized as part of the work in progress, construction of buildings.

In addition to unwind of discount on long-term payables for land plots and lease rights, recognized as finance costs during the year ended 31 December 2024, unwind of discount in the amount of RUB 300 million (year ended 31 December 2023: RUB 352 million) has been capitalized as part of the work in progress, construction of buildings.

11 Income tax expense

mln RUB	**2024**	**2023**
Current tax expense		
Current year	14,266	10,598
Deferred tax expense		
Origination and reversal of temporary differences	(5,337)	2,723
Income tax expense	8,929	13,321

The majority of the Group activities are taxed in Russia at a corporate income tax rate of 20.00% (2023: 20.00%, 2025: 25.00%).

Reconciliation of effective tax rate:

	2024		**2023**	
	mln RUB	**%**	**mln RUB**	**%**
Profit for the year	28,598	76	28,343	69
Income tax expense	8,929	24	13,321	31
Profit before income tax	37,527	100	41,664	100
Income tax at applicable tax rate	7,505	(20)	8,333	(20)
Effect of increasing of the income tax rate from 20% to 25%	(297)	1	-	-
Non-taxable income	(1,575)	4	(229)	1
Non-deductible expenses	2,266	(6)	3,786	(9)
Derecognition of previously recognised deductible temporary difference	1,030	(3)	1,431	(3)
Total income tax expense for the year	8,929	(24)	13,321	(31)

12 Revenue

The following table provides a breakdown of the Group’s revenue based on timing of satisfaction of its performance obligations – over time or at the point in time.

mln RUB	**2024**	**2023**
Revenue recognized over time under share participation agreements (refer to note 3 (l) (i))	137,885	153,511
Revenue recognized over time under long-term construction contracts (refer to note 3 (l) (iii))	1,083	1,839
Revenue recognized over time under automated services contracts, (refer to note 3 (l) (ii))	1,050	967
Total revenue recognised over time	140,018	156,317
Total revenue recognized at a point in time	99,209	79,880
Total revenue	239,227	236,197

The significant financing component as part of the transaction price recognised in revenue from sales of real estate for 2024 amounted to RUB 413 million (for 2023: 621 million). For most of the construction contracts, there is no significant financing component due to the fact that the period between receipt of payment and the fulfillment of the obligation or part of the obligation under the contracts with customers, corresponding to the payment, does not exceed 12 months, and the Group applies a practical expedient.

The significant financing component in the transaction price in contracts with customers concluded for 2024, was calculated using interest rates from 14.06% to 18.02% (for 2023: from 9.03% to 14.10%).

The transaction prices in sales of properties involving escrow accounts were determined talking into account savings on interest expense as a result of applying preferential interest rates compared to base rates stipulated in the credit facility agreements. Preferential interest rates are applied to project credit facility balances covered by funds placed by customers on escrow accounts. Rates are further reduced when the cash balances on escrow accounts exceed the amount of the loan received. As a result, the actual interest rate was less than 1% in certain periods. Savings on interest expense recognized in revenue in 2024 amounted to RUB 16,749 million (2023: RUB 8,413 million).

During 2024, the Group compensated banks for a portion of interest expense on mortgage loans issued by the banks at lower interest rates than the banks' customary market rates to customers who had purchased real estate from the Group. This consideration has decreased the transaction price for the sale of real estate. The reduction in revenue from the sale of real estate related to these refunds in 2024 amounted to RUB 1,119 million (2023: 1,804 million).

Total revenue recognised over time for year ended 31 December 2024 includes revenue of the Real Estate and Construction business units in amount of RUB 138,968 million and the Building materials business units in amount of RUB 1,050 million (for year ended 31 December 2023: the Real Estate and Construction business units – RUB 155,350 million, the Building materials business units – RUB 967 million).

Total revenue recognised at a point in time for year ended 31 December 2024 includes revenue of the Real Estate and Construction business units in amount of RUB 68,790 million, the Building materials business units in amount of RUB 23,464 million and Other entities in amount of RUB 2,644 million (for year ended 31 December 2023: the Real Estate and Construction business units – RUB 48,861million, the Building materials business units – RUB 23,895 million, Other entities – RUB 2,222 million).

Revenue segregated by product type is presented below:

mln RUB	**2024**	**2023**
Sand	2,665	1,781
Crushed Granite	5,679	6,124
Fleet services	104	100
Ready-mix Concrete	768	2,075
Brick	5,461	4,866
Aerated Concrete	4,442	3,665
Tower crane services	1,259	1,285
Sales of Property and Construction services provision	205,456	203,289
Other	13,393	13,012
Total consolidated revenue	239,227	236,197

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

mln RUB	31 December 2024	31 December 2023
Receivables, which are included in "trade receivables"	7,621	5,530
Contract assets	73,904	65,070
Contract liabilities	(31,609)	(29,118)

The contract assets relate to the Group's right for consideration for work completed but not billed at the reporting date on share participation agreements and construction contracts. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the contract liabilities under share participation agreements. For breakdown of contract liabilities by type of contracts, see note 25.

Significant changes in the liabilities balances during the periods are as follows:

mln RUB	2024	2023
Increase due to cash received, excluding amount recognized as revenue during the year	9,192	15,183

mln RUB	2024	2023
Revenue recognized that was included in the contract liability balance at the beginning of the year	17,772	14,423

The remaining aggregate amount of the transaction price allocated to the performance obligations under share participation agreements that are unsatisfied or partially unsatisfied as of the end of the reporting period and are expected to be recognized within the next two to three years equals to RUB 108,988 million (31 December 2023: RUB 84,321 million).

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

13 Property, plant and equipment

mln RUB	Land and buildings	Machinery and equipment	Transportation equipment	Other fixed assets	Assets under construction	Total
Cost/Deemed cost						
At 1 January 2023	24,156	17,927	3,556	1,173	9,376	56,188
Additions	1,058	511	432	239	9,194	11,434
Disposals	(1,051)	(1,176)	(261)	(58)	(737)	(3,283)
Reclassifications to inventories	(1,341)	(3)	-	-	(4)	(1,348)
Transfers and reclassifications	97	83	22	1	(203)	-
Effect of movements in exchange rates	166	200	21	6	126	519
At 31 December 2023	23,085	17,542	3,770	1,361	17,752	63,510
At 1 January 2024	23,085	17,542	3,770	1,361	17,752	63,510
Additions	816	635	610	651	17,393	20,105
Disposals	(276)	(732)	(132)	(189)	(458)	(1,787)
Reclassifications from inventories and other assets	460	-	-	-	291	751
Transfers and reclassifications	402	39	17	18	(476)	-
Effect of movements in exchange rates	88	-	9	6	58	161
At 31 December 2024	24,575	17,484	4,274	1,847	34,560	82,740
Depreciation and impairment losses						
At 1 January 2023	(7,775)	(13,780)	(2,791)	(935)	-	(25,281)
Depreciation charge	(768)	(768)	(219)	(137)	-	(1,892)
Disposals	535	744	228	50	-	1,557
Reclassifications to inventories	157	3	-	-	-	160
Effect of movements in exchange rates	(60)	(121)	(14)	(3)	-	(198)
At 31 December 2023	(7,911)	(13,922)	(2,796)	(1,025)	-	(25,654)
At 1 January 2024	(7,911)	(13,922)	(2,796)	(1,025)	-	(25,654)
Depreciation charge	(863)	(743)	(239)	(284)	-	(2,129)
Disposals	202	671	126	182	-	1,181
Reclassifications	(1)	-	-	1	-	-
Effect of movements in exchange rates	(8)	-	(1)	(1)	-	(10)
At 31 December 2024	(8,581)	(13,994)	(2,910)	(1,127)	-	(26,612)
Net book value						
At 1 January 2023	16,381	4,147	765	238	9,376	30,907
At 31 December 2023	15,174	3,620	974	336	17,752	37,856
At 31 December 2024	15,994	3,490	1,364	720	34,560	56,128

During the year ended 31 December 2024 depreciation expense of RUB 1,849 million has been charged in cost of goods sold (year ended 31 December 2023: RUB 1,654 million), RUB 68 million in distribution expenses (year ended 31 December 2023: RUB 62 million) and RUB 190 million in administrative expenses (year ended 31 December 2023: RUB 154 million).

Assets under construction includes capital expenditure in the reconstruction of hotels and sanatoriums.

(a) Impairment of assets

Property, plant and equipment were tested for impairment; the basis for impairment is disclosed in note 14.

(b) Security

Properties with a carrying amount of RUB 19,416 million are subject to a registered debenture to secure bank loans (31 December 2023: RUB 12,999 million) (refer to note 23).

(c) Lease rights

As at 31 December 2024, the net book value of lease rights included in property, plant and equipment, mostly land plots, was RUB 388 million (31 December 2023: RUB 377 million). Depreciation for the year ended 31 December 2024 amounted to RUB 64 million (year ended 31 December 2023: RUB 19 million). Information on lease agreements is also provided in note 27.

14 Intangible assets

mln RUB	**Goodwill**	**Other**	**Total**
Cost			
Balance at 1 January 2023	3,667	971	4,638
Additions	-	61	61
Disposals	(819)	(74)	(893)
Effect of movements in exchange rates	-	5	5
Balance at 31 December 2023	2,848	963	3,811
Balance at 1 January 2024	2,848	963	3,811
Additions	-	95	95
Disposals	-	(5)	(5)
Balance at 31 December 2024	2,848	1,053	3,901
Amortisation and impairment losses			
Balance at 1 January 2023	(187)	(199)	(386)
Amortisation charge	-	(32)	(32)
Disposals	164	28	192
Balance at 31 December 2023	(23)	(203)	(226)
Balance at 1 January 2024	(23)	(203)	(226)
Amortisation charge	-	(32)	(32)
Disposals	-	1	1
Balance at 31 December 2024	(23)	(234)	(257)
Net book value			
At 1 January 2023	3,480	772	4,252
At 31 December 2023	2,825	760	3,585
At 31 December 2024	2,825	819	3,644

Other intangible assets mainly include licenses for extraction of sand and crushed granite in Leningrad region.

(a) Impairment testing of goodwill, other intangible assets and property, plant and equipment

Goodwill is allocated to the Group's entities or business units when appropriate. For the purpose of impairment testing these units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each entity or business unit (BU) and the related impairment losses recognised are as follows:

		31 December 2024			**31 December 2023**		
Entity / Business Unit mln RUB	**Operating Segment**	**Allocated goodwill**	**Impair-ment losses**	**Net book value**	**Allocated goodwill**	**Impair-ment losses**	**Net book value**
AO "Spetsializirovanny zastroishchik "SKV SPb" (JOINT-STOCK COMPANY "CONSTRUCTION CORPORATION "REVIVAL OF SAINT-PETERSBURG")	Real Estate and Construction	23	(23)	-	23	(23)	-
LSR.Construction-Urals Ltd	Real Estate and Construction	736	-	736	736	-	736
AO "Spetsializirovanny zastroishchik "LSR.Nedvizimost-Ural"	Real Estate and Construction	1,277	-	1,277	1,277	-	1,277
BU LSR.Basic Materials	Building Materials	155	-	155	155	-	155
BU LSR. Wall Materials (Brick)	Building Materials	512	-	512	512	-	512
JSC "Sanatorium "Sestroretsky Kurort"	Other	145	-	145	145	-	145
		2,848	(23)	2,825	2,848	(23)	2,825

Impairment review was conducted by the Group as at 31 December 2024.

The following key assumptions were used in determining the recoverable amounts of the respective companies as at 31 December 2024 and have not significantly changed compared to those that were used as at 31 December 2023.

The cash flows projections were projected based on budgeted operating results for 2025 and five years business plans.

The values assigned to the key assumptions represent management's assessment of future trends in the construction, development and construction materials production industry and are based on both external sources and internal sources.

No impairment loss was recognised in respect of goodwill allocated to the entities and business units above and other non-financial assets, as the impairment test demonstrates that for these entities and business units' values in use are significantly higher than carrying amounts in aggregate and individually.

15 Equity-accounted investees

The following table provides information on the carrying amount and the Group's share of profit/(loss) and other comprehensive income of joint ventures and associates:

mln RUB	**Joint ventures and associates 2024**	**2023**
Equity accounted investments as at 1 January	2,551	405
Acquisition of equity-accounted investees	13	2,216
Effect of movements in exchange rates	119	-
Share of profit/(loss) of equity-accounted investees, net of income tax	132	(70)
Reclassification*	(303)	-
Equity accounted investments as at 31 December	2,512	2,551

* At the end of 2021, the Group acquired 50.00% in the authorized capital of OOO "Fort-Invest". In February 2024, the Group acquired the remaining 50.00% in the authorized capital for RUB 2,159 million for the implementation of a development project in Moscow. The cost of the acquired asset also included a loan issued to OOO "Fort-Invest" in the amount of RUB 2,044 million. The Group classifies the acquisition of OOO "Fort-Invest" as an asset acquisition, as it received lease rights to a land plot for a lease term until 28 July 2066, for the purpose of implementing a housing construction project.

In 2023 the Group acquired 30.0% and 25.0% in the authorized capital of two foreign companies. The total invested amount equals RUB 896 million. As at 31 December 2024, the Group exercises joint control over one of the companies and has significant influence over the other. The purpose of mentioned investment is the future joint construction projects implementation. As at 31 December 2024 the construction has not been started.

At the end of 2023, the Group jointly established the company LSR BAU LLC. The main activity of the company is the construction of residential and non-residential buildings. The cost of investments in the authorized capital amounted to RUB 20 million. The Group's ownership share is 50.00%.

Also, at the end of 2023, the Group acquired 20.00% of shares in the authorized capital of OOO "Navis inginiring", which is participating in a construction project in Moscow. The cost of investments amounted to RUB 1,300 million. The purchase of the remaining 80.00% of shares is planned. The company will be a specialized developer in the future. As at 31 December 2024, the Group has significant influence over the company.

The following table contains summarises the financial information about the investment interest as included in this own financial statements, adjusted to fair value at the time of acquisition. The table also reconciles summarises the financial information with the carrying amount of the Group's interest in the investment.

31 December 2024

mln RUB	**LSR BAU LLC**	**OOO "SZ "Navis inginiring"**	**Other joint ventures and associates**	**Total**
Percentage ownership interest	50.00%	20.00%		
Non-current assets	223	-	138	361
Current assets	1,566	6,516	7,100	15,182
Non-current liabilities	5	-	2,906	2,911
Current liabilities	1,360	1	489	1,850
Net assets	424	6,515	3,843	10,782
Group's share of net assets	212	1,303	997	2,512
Carrying amount of interest in the investment	**212**	**1,303**	**997**	**2,512**

mln RUB	OOO "Fort-Invest"	LSR BAU LLC	OOO "Navis inginiring"	Other joint ventures and associates	Total
	31 December 2023				
Percentage ownership interest	50.00%	50.00%	20.00%		
Non-current assets	237	135	-	4,288	4,660
Current assets	3,344	2,191	6,501	126	12,162
Non-current liabilities	158	-	-	776	934
Current liabilities	2,818	2,228	-	45	5,091
Net assets	605	98	6,501	3,593	10,797
Group's share of net assets	303	49	1,300	899	2,551
Carrying amount of interest in the investment	**303**	**49**	**1,300**	**899**	**2,551**

mln RUB	LSR BAU LLC	OOO "SZ "Navis inginiring"	Other joint ventures and associates	Total
	For the year ended 31 December 2024			
Percentage ownership interest	50.00%	20.00%		
Revenue	4,221	-	390	4,611
Cost of sales	(3,810)	-	(336)	(4,146)
Other income /(other expenses), net	(139)	(6)	-	(145)
Finance costs	101	1	(313)	(211)
Income tax benefit	(46)	-	55	9
Loss and total comprehensive income (100.00%)	327	(5)	(204)	118
Group's share of loss and total comprehensive income	**164**	**(1)**	**(31)**	**132**

mln RUB	OOO "Fort-Invest"	LSR BAU LLC	OOO "Navis inginiring"	Other joint ventures and associates	Total
	For the year ended 31 December 2023				
Percentage ownership interest	50.00%	50.00%	20.00%		
Revenue	-	328	-	296	624
Cost of sales	-	(238)	-	(229)	(467)
Other income /(other expenses), net	16	(22)	-		(6)
Finance costs	(265)	-	-	(31)	(296)
Income tax benefit	45	(13)	-	-	32
Loss and total comprehensive income (100.00%)	(204)	55	-	36	(113)
Group's share of loss and total comprehensive income	**(102)**	**28**	**-**	**4**	**(70)**

16 Other investments

mln RUB	31 December 2024	31 December 2023
Non-current		
Investments at amortised cost:		
Stated at cost	17	11
Originated loans	1,220	1,048
	1,237	1,059
Current		
Originated loans	702	4,682
	702	4,682

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 26.

17 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
mln RUB	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Property, plant and equipment	(692)	(497)	2,283	1,408	1,591	911
Intangible assets	(7)	(5)	69	42	62	37
Inventories	(40,878)	(26,195)	1,403	1,802	(39,475)	(24,393)
Contract assets, trade and other receivables	(714)	(794)	20,500	5,980	19,786	5,186
Loans and borrowings	-	-	6,582	2,352	6,582	2,352
Contract liabilities, trade and payables and provisions	(11,311)	(9,573)	26,133	31,889	14,822	22,316
Tax loss carry-forwards	(4,854)	(2,457)	-	-	(4,854)	(2,457)
Tax (assets)/liabilities	(58,456)	(39,521)	56,970	43,473	(1,486)	3,952
Set off of tax	52,385	35,974	(52,385)	(35,974)	-	-
Net tax (assets)/liabilities	(6,071)	(3,547)	4,585	7,499	(1,486)	3,952

Deferred tax assets on tax losses carry-forwards recognised as at 31 December 2024 represent tax effect of accumulated unused tax losses recoverable by the future taxable profit. The major part of those tax losses relates to operating segments "Other" and "Real Estate Development and Construction".

(b) Movement in temporary differences during the year

mln RUB	1 January 2024	Recognised in profit or loss	Acquired/ disposed	31 December 2024
Property, plant and equipment	911	532	148	1,591
Intangible assets	37	25	-	62
Inventories	(24,393)	(14,931)	(151)	(39,475)
Contract assets, trade and receivables	5,186	14,600	-	19,786
Loans and borrowings	2,352	4,230	-	6,582
Contract liabilities, trade and other payables and provisions	22,316	(7,491)	(3)	14,822
Tax loss carry-forwards	(2,457)	(2,302)	(95)	(4,854)
	3,952	(5,337)	(101)	(1,486)

mln RUB	1 January 2023	Recognised in profit or loss	Acquired/ disposed	31 December 2023
Property, plant and equipment	895	18	(2)	911
Intangible assets	40	(3)	-	37
Inventories	(17,128)	(7,265)	-	(24,393)
Contract assets, trade and receivables	1,201	3,985	-	5,186
Loans and borrowings	-	2,352	-	2,352
Contract liabilities, trade and other payables and provisions	19,250	3,066	-	22,316
Tax loss carry-forwards	(3,027)	570	-	(2,457)
	1,231	2,723	(2)	3,952

(c) Unrecognised deferred tax assets

There are no unrecognised deferred tax assets to the reporting dates.

18 Inventories

mln RUB	31 December 2024	31 December 2023 (as recalculated)	1 January 2023 (as recalculated)
Work in progress, construction of buildings	215,142	169,285	179,928
Finished goods, construction of buildings	44,624	43,964	35,342
Lease rights	34,714	24,198	21,779
Raw materials and consumables	5,632	4,831	4,426
Finished goods and goods for resale	2,933	2,688	2,175
Work in progress	1,538	1,232	1,337
	304,583	246,198	244,987
Less: allowance for obsolete inventory	(6,868)	(2,649)	(941)
	297,715	243,549	244,046

Work in progress, construction of buildings represents the expenditure incurred during the construction of buildings before they are put into operation, including land costs attributed to unsold real estate. The expenditure is financed by liabilities under share participation agreements (refer to note 25), loans and borrowings (refer to note 23), and profits of the developer.

Work in progress, construction of buildings with a carrying amount of RUB 160,875 million are expected to be completed in more than 12 months from the reporting date (31 December 2023: RUB 134,774 million).

Work in progress, construction of buildings and Finished goods, construction of buildings include the unique development objects in the amount of RUB 10,529 million (31 December 2023: RUB 8,011 million). The net realizable value of these objects is defined applying assumptions about rental rates amounts and growth rates, occupancy rates, operational expenses and discount rates.

Lease rights represent assets under land lease contracts and the amount paid to obtain the right of development of land plot which are capitalized into the cost of object upon completion of development. On initial recognition, lease rights are recognized at the present value of future cash outflows.

As at 31 December 2024 significant financing component, related to the real estate contracts under share participation agreements, with a carrying amount of RUB 35 million was capitalized as a part of work in progress, construction of buildings (31 December 2023: RUB 416 million).

As at 31 December 2024 effect from beneficial rates applies to escrow loans with a carrying amount of RUB 6,179 million was capitalized as a part of work in progress, construction of buildings (31 December 2023: RUB 2,653 million).

Inventories with a carrying amount of RUB 72,356 million are subject to a registered debenture to secure bank loans (31 December 2023: RUB 52,077 million) (refer to note 23).

Inventories with a carrying amount of RUB 8,087 million are pledged to secure payment under the land acquisition agreement (31 December 2023: none).

Unwind of discount on provision for social infrastructure in the amount of RUB 674 million (31 December 2023: RUB 470 million) has been capitalized as part of work in progress, construction of buildings.

The following is movement in the allowance for obsolete inventory:

mln RUB	**2024**	**2023**
Balance at 1 January	2,649	941
Change in the allowance for obsolete inventory	4,219	1,708
Balance at 31 December	6,868	2,649

As at 31 December 2024 the net realizable value testing resulted in an amount which was less than the carrying amount by RUB 6,868 million (31 December 2023: RUB 2,649 million) and the respective allowance was recognized in cost of sales. As at 31 December 2024 major part of the allowance of RUB 6,804 million (31 December 2023: RUB 2,577 million) relates to finished goods and goods for resale.

The net realizable value allowance was made based on the following key assumptions:

- Cash inflows were projected as total of contracted revenue and forecasted revenue determined based on current prices or prices of objects considered analogues;
- Cash outflows include costs accumulated to date and budgeted costs to finish the construction.

19 Contract assets, trade and other receivables

mln RUB	31 December 2024	31 December 2023
Non-current		
Trade receivables	2,210	57
Other receivables	9	36
	2,219	93
Current		
Assets under share participation agreements	71,175	64,575
Prepayments to suppliers	34,476	27,157
Asset on escrow	11,185	7,531
Trade receivables	4,302	3,323
VAT receivable	2,997	1,100
Assets under construction contracts	2,729	495
Income tax receivable	1,236	210
Receivables under share participation agreements	1,109	2,150
Deferred expenses	229	103
Notes receivable	140	195
Employee receivables	4	2
Other receivables	2,954	3,605
	132,536	110,446
Provision for doubtful debtors	(350)	(1,309)
	132,186	109,137

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables (excluding construction work in progress) are disclosed in note 26.

20 Cash and cash equivalents

mln RUB	31 December 2024	31 December 2023
Petty cash	4	4
Current accounts	8,466	21,865
Current special accounts	2,348	-
Call deposits	35,489	29,637
Cash and cash equivalents in the disclosed consolidated statement of financial position and disclosed consolidated statement of cash flows	46,307	51,506
Cash on escrow accounts (for reference)	137,899	121,024
Cash and cash equivalents including cash on escrow accounts	184,206	172,530

The cash deposited on special bank accounts can be used only to finance construction and marketing costs of certain development projects.

Cash on escrow accounts

The cash on escrow accounts, which are not reflected in the disclosed consolidated statement of financial position of the Group, represent funds, received by authorized bank from the real estate buyers as the settlement of the share participation agreements' price.

In accordance with the changes in the Federal Law №214-FZ that has come in effect as at 1 July 2019, the financing received by the developer from the customers under share participation agreements is received to the authorized bank accounts. The developer has no longer access to these funds but can obtain bank loans that are secured by those funds at the lower interest rates. The access to these funds is obtained only upon the corresponding constructions' completion. The developer reflects those funds "off balance" and discloses for information purposes only within cash on escrow accounts.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

The Group's ability to use funds on current accounts is not restricted by the covenant disclosed in note 23.

21 Equity

(a) Share capital

Number of shares unless otherwise stated	Ordinary shares	
	31 December 2024	**31 December 2023**
Par value	RUB 0.25	RUB 0.25
On issue at beginning of the year	103,030,215	103,030,215
On issue at end of the year, fully paid	103,030,215	103,030,215

The holders of ordinary shares are entitled to receive dividends which can be declared and are entitled to one vote per share at meetings of the Company.

(b) Treasury shares

The treasury shares comprises the cost of the Company's shares held by the Company. At the reporting date the Company held 2,299,456 of its own shares (31 December 2023: 3,049,117). In April 2024 1,599,161 ordinary shares were granted within the Groups' long-term motivation program for its key employees.

(c) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Standards. As at 31 December 2024 the Company had retained earnings, including the profit for the current period, of RUB 107,421 million (as at 31 December 2023: RUB 64,651 million).

In April 2024 the Company declared dividends in the amount of RUB 10,303 million at value RUB 100.00 per ordinary share for financial year ended 31 December 2023. The dividends were paid in full in May 2024.

In June 2023 the Company declared dividends in the amount of RUB 8,036 million at value RUB 78.00 per ordinary share for financial year ended 31 December 2022. The dividends were paid in full in July 2023.

22 Earnings per share

The calculation of earnings per share is based on profit attributable to the shareholders of the Company divided by the weighted average number of ordinary shares outstanding during the year, and by the weighted average number of dilutive potential ordinary shares, refer to note 21 (a).

	2024	**2023**
Issued shares at 1 January	103,030,215	103,030,215
Effect of own shares held	(2,108,315)	(10,996,803)
Weighted average number of shares for the year ended 31 December	100,921,900	92,033,412
Effect of share based payments and shares, that have not yet vested or may be recalled	-	10,538,528
Weighted average number of shares with dilution for the year ended 31 December	100,921,900	102,571,940

23 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, refer to note 26.

mln RUB	31 December 2024	31 December 2023
Non-current		
Secured bank loans	51,265	65,464
Project bank loans	115,502	78,875
Unsecured bank loans	9,700	25,520
Unsecured bond issues	16,000	19,000
Reconstruction loans	14,120	8,543
	206,587	197,402
Current		
Secured bank loans	28,720	2,958
Project bank loans	2,020	6,017
Unsecured bank loans	12,807	9,558
Unsecured bond issues	6,000	8,200
Reconstruction loans	541	-
Other unsecured loans	284	-
	50,372	26,733

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				31 December 2024		31 December 2023	
mln RUB	**Currency**	**Actual nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Secured bank loans	RUB	10.55% - 27.14%	2025 - 2037	79,985	79,985	68,422	68,422
Project facility	RUB	0.01% - 10.11%*	2025 - 2029	148,486	117,522	97,476	84,892
Reconstruction facility	RUB	4.00% - 8.55%	2035 - 2036	27,335	14,661	12,180	8,543
Unsecured facility	RUB	5.50% - 26.55%	2025 - 2027	44,791	44,791	62,278	62,278
				300,597	256,959	240,356	224,135

* Loan facilities to finance the construction of residential buildings at an interest rate, depending on the amount of cash received to escrow accounts from the real estate buyers.

As at 31 December 2024 the Group entered into a number of loan agreements for reconstruction subsidized by the government in the amount of RUB 27,335 million with annual interest rates of 4.00% - 8.55%. The loans are to be repaid in 2036.

The Group determined that the interest rates for an equivalent loan issued on an arm's length basis without government grants would have been 11.50% - 25.25% at receipt date. The Group concluded that the difference between the interest rate is government assistance that is intended to compensate the Group for interest expense that would otherwise be incurred if the loans were not subsidized under the financial support scheme. This government assistance is recognised and measured as part of the unit of account in determining the fair value of the loan. There are no unfulfilled conditions or contingencies for the government assistance at 31 December 2024.

Changes in liabilities arising from financing activities were as follows:

mln RUB	1 January 2024	Changes from financing activities Received	Paid	Other movements	31 December 2024
Bank and other loans	196,935	178,705	(113,548)	(27,133)	234,959
Bond issued	27,200	3,000	(8,200)	-	22,000
	224,135	181,705	(121,748)	(27,133)	256,959

mln RUB	1 January 2023	Changes from financing activities Received	Paid	Other movements	31 December 2023
Bank and other loans	189,688	236,413	(220,377)	(8,789)	196,935
Bond issued	25,400	7,000	(5,200)	-	27,200
	215,088	243,413	(225,577)	(8,789)	224,135

Covenants and other matters

The Credit Agreements require the Group to comply with certain general, informational and financial covenants, including:

- a limitation on the Group's ability to incur additional debt beyond certain financial ratios;
- maintaining by the Group's of some of financial coefficients on a fixed level;
- subject to certain exceptions, a prohibition restricting the Group ability to issue significant borrowings, provide guarantees or indemnities to the third party;
- an obligation to provide to the Banks with such financial and other information, the Banks may reasonably require in relation to the loan contracts, including the Group's annual audited and unaudited consolidated financial statements, prepared in accordance with IFRS;
- an obligation to keep the ratio of bank account opened in the bank-lender to loan principal at no less than one .

The Group complies with covenants described above. The Group also expects that these conditions will be met for at least 12 months after the reporting date as part of the accepted practice of interacting with creditors.

Bank loans are secured by the following:

- Property, plant and equipment with a carrying amount of RUB 19,416 million is pledged as collateral to secure bank loans (31 December 2023: RUB 12,999 million) – refer to note 13 (b).
- Inventories with a carrying amount of RUB 72,356 million are pledged as collateral to secure bank loans (31 December 2023: RUB 52,077 million) – refer to note 18.

Bank loans are secured by the pledge of the following shares in subsidiary companies as at 31 December 2024:

- 99.99% of "Specialized developer "Soymonovskiy, 3" Ltd,
- 100% of OOO "Primorskaya",
- 99.99% of OOO "Spetsializirovanny zastroishchik "LSR. Klyuchi",
- 100% of JSC "Sanatorium "Sestroretsky kurort",
- 97.22% of AO "Pansionat "Kristall",
- 96.96% of JSC "Sanatorium "Volna",
- 100% of "SZ "LSR. Object-M",
- 100% of OOO "Spetsializirovanny zastroishchik "LSR. LO",
- 100% of OOO "LSR. Otel".

24 Provisions

mln RUB	Site finishing	Environment restoration	Litigation provision	Provision for social infra-structure	Total
Current					
Balance at 1 January 2024	612	34	236	5,154	6,036
Provisions made during the year	1,097	-	531	3,708	5,336
Provisions used during the year	(1,250)	-	(100)	(2,267)	(3,617)
Unused provisions	(40)	(17)	(147)	-	(204)
Unwind of discount	-	-	-	674	674
Balance at 31 December 2024	419	17	520	7,269	8,225
Non-current					
Balance at 1 January 2024	-	49	-	-	49
Provisions made during the year	-	51	-	-	51
Balance at 31 December 2024	-	100	-	-	100

mln RUB	Site finishing	Environment restoration	Litigation provision	Provision for social infra-structure (as recalcu-lated)	Total
Current					
Balance at 1 January 2023	244	18	115	3,112	3,489
Provisions made during the year	585	16	228	2,779	3,608
Provisions used during the year	(194)	-	(85)	(1,207)	(1,486)
Unused provisions	(23)	-	(22)	-	(45)
Unwind of discount	-	-	-	470	470
Balance at 31 December 2023	612	34	236	5,154	6,036
Non-current					
Balance at 1 January 2023	-	29	-	-	29
Provisions made during the year	-	20	-	-	20
Balance at 31 December 2023	-	49	-	-	49

(a) Site finishing

The Group records provisions in respect of the Group’s obligation to incur additional costs including costs associated with cleaning up the surrounding area after finishing the construction of apartment buildings in Saint Petersburg, Moscow and Yekaterinburg.

(b) Environment restoration

The Group records provisions in respect of the Group’s obligation to clean up the surrounding area after quarrying sand in forested areas. The damage caused during quarrying is cleaned up after quarrying is completed. The amount of provision is estimated based on the available information. The Group expects the resulting outflow of economic benefits over the next five years.

(c) Litigation provision

The Group recognises provision on legal obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(d) Provision for social infrastructure

The Group records provisions in respect of the Group's obligation to construct social infrastructure that is necessary for the apartment buildings' tenants.

Provision for social infrastructure is discounted as at 31 December 2024 at rate 15.87% (31 December 2023: 11.80%).

25 Contract liabilities, trade and other payables

mln RUB	31 December 2024	31 December 2023
Non-current payables		
Trade payables	12,934	12,184
Liabilities under lease contracts	11,886	7,039
Other payables	25,756	8,394
	50,576	27,617
Current payables		
Trade payables	31,925	24,406
Contract liabilities under share participation agreements	23,964	21,589
Interest payable	9,780	5,321
Advances from customers	4,354	3,443
Liabilities under construction contracts	3,291	4,086
Liabilities under lease contracts	3,108	1,446
Taxes and other payables to the budget	2,971	3,162
Income tax payable	2,815	1,255
Employee-related liabilities	2,784	6,076
Deferred income	778	-
Other payables	2,034	2,771
	87,804	73,555

Non-current trade payables include payables to be repaid in instalments. Payables for land plots were discounted at the obligation's recognition date at rates in the range of 7.53% - 18.02%.

Non-current accounts payable – trade include additional payables for acquired land plots of RUB 2,918 million (31 December 2023: RUB 4,498 million).

The amount of additional payables is estimated based on the projected premises' square meter selling prices and construction volumes.

The estimate of payments for land plots acquisition is largely sensitive to the change in expected market prices of premises in the buildings under construction.

The carrying amount of account payable for land plots as at 31 December 2024 is estimated based on increase of expected price per square meter by 3.96% and 3.97% annually.

The increase of expected price of premises constructed on such land plots by 5.00% per square meter annually would have led to the increase of accounts payable for land plots acquisition by RUB 347 million. The analysis assumes that all other variables, in particular sales volumes, remain constant.

Other non-current accounts payable include long-term interest payable of RUB 12,019 million and government grants of RUB 13,737 million (refer to note 23).

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

26 Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these disclosed consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board has established an Audit Committee, which is responsible for developing and monitoring the Group’s risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and cash and cash equivalents.

About 68% of the Group’s cash and cash equivalents are hold in the top rated banks, which are included in the list of Russia’s key financial institutions. The most significant cash balances are deposited in JSC Russian Agricultural Bank and PJSC Sberbank.

(i) Contract assets, trade and other receivables

As at 31 December 24 trade receivables from the largest five debtors of the Group represents approximately RUB 367 million (31 December 2023: RUB 452 million) of the Group’s total Trade receivables. Geographically there is concentration of credit risk as the most significant part of Group’s operations is located in Russia.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Managing Directors; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Most of the Group's customers in the "Building Materials" operating segment have been transacting with the Group for over four years, and losses have occurred infrequently. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not have a unified policy for management of credit risk in place. Due to significant differences in operations at different business units specific credit policies are developed at the level of operational companies. Each of the operating companies has established procedures in place to review and collect outstanding receivables. New customers, as well as customers with significant outstanding and overdue balances are reviewed on a regular basis and resulting actions are put in place. All companies involved in the extraction and production of building materials have in place credit control procedures which require them to cancel despatching goods in case of the absence of a signed contract, previous fail to pay or previous violations of contract conditions. Also certain limits for the accounts receivable are established for particular customers.

"Real Estate Development and Construction" operating segment the Group is not exposed to significant credit risk as most customers are individuals and legal title on premises sold under share participation agreements is transferred to the customers upon full payment.

The Group establishes an allowance for impairment that represents its estimate of incurred and expected losses in respect of contract assets, trade and other receivables. This allowance represents a specific loss component that relates to individually significant exposures.

The bank's credit rating is used for calculating expected credit losses (ECL) under contracts with customers for the sale of premises using escrow accounts opened in an authorized bank.

(ii) Investments

The Group does not invest any of its assets in traded securities. The Group limits its exposure to credit risk by investing in credit notes of trade counterparties (customers and suppliers of the Group) that have an appropriate reputation in the market. Management does not consider that any of the counterparties may not perform their obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

mln RUB	Carrying amount	
	31 December 2024	**31 December 2023**
Other investments at amortised cost	17	11
Loans	1,922	5,730
Receivables	24,516	16,289
Assets under share participation agreements	71,175	64,575
Cash and cash equivalents	46,307	51,506
	143,937	138,111

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

mln RUB	Carrying amount	
	31 December 2024	**31 December 2023**
Domestic	6,480	3,274
Euro-zone countries	5	3
Other countries	-	15
	6,485	3,292

The Group's most significant trade debtor accounts represents for RUB 155 million of the trade receivables carrying amount at 31 December 2024 (31 December 2023: RUB 187 million).

The total amount of impaired trade receivables at the reporting date was RUB 27 million (31 December 2023: RUB 88 million).

The ageing of trade receivables at the reporting date was:

mln RUB	Gross 31 December 2024	Impairment 31 December 2024	Gross 31 December 2023	Impairment 31 December 2023
Not past due	5,313	-	2,056	-
Past due 0-30 days	557	-	519	-
Past due 31-60 days	172	-	316	-
Past due 61-90 days	113	-	87	-
Past due more than 90 days	357	(27)	402	(88)
	6,512	(27)	3,380	(88)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

mln RUB	2024	2023
Balance at 1 January	(88)	(42)
(Impairment) / loss reversal	61	(46)
Balance at 31 December	(27)	(88)

The impairment loss at 31 December 2024 relates to several customers that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and internal analysis on the underlying customers' credit ratings.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, receivables under share participation agreements, assets under share participation agreements and originated loans as at 31 December 2024. In order to assess the expected credit losses, the Group defines internal credit rating for the counterparties that do not have external credit ratings. The internal credit rating is defined based on the counterparties' financial stability analysis, the counterparties' interactions and settlements record, the counterparties' participations in lawsuits and other available risk factors. The credit rating was reduced for many customers to reflect the negative impact of elevated economic uncertainty.

mln RUB	**Equivalent to external credit rating (Agency Moody's)**	**Gross carrying amount**	**Impairment loss allowance**	**Credit-impaired**
Grades 1–6: *Low risk*	Baa3- to Aaa	-	-	No
Grades 7–9: *Fair risk*	B1 to Ba1	97,613	-	No
Grade 12: *Loss*	D	122	(122)	Yes
		97,735	(122)	

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, receivables under share participation agreements, assets under share participation agreements and originated loans as at 31 December 2023.

mln RUB	**Equivalent to external credit rating (Agency Moody's)**	**Gross carrying amount**	**Impairment loss allowance**	**Credit-impaired**
Grades 1–6: *Low risk*	Baa3- to Aaa	-	-	No
Grades 7–9: *Fair risk*	B1 to Ba1	86,594	-	No
Grade 12: *Loss*	D	1,081	(1,081)	Yes
		87,675	(1,081)	

The movement in the allowance for impairment in respect of advances paid and other receivables during the period was as follows:

mln RUB	**2024**	**2023**
Balance at 1 January	(1,221)	(1,341)
Impairment reversal / (loss)	898	120
Balance at 31 December	(323)	(1,221)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses cash flow budgets which are prepared for each year and quarter to forecast potential liquidity deficit and identify sources of covering that deficit. As at 31 December 2024 the Group's undrawn credit facilities amount is RUB 234,271 million (31 December 2023: RUB 183,824 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31 December 2024	**Average interest rate**					
mln RUB	**Contractual**	**Effective**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Secured bank loans:						
RUB*	10.55% - 22.46%	14.93%	28,720	15,250	1,402	45,372
RUB	CBR rate + 3.25% - CBR rate + 6.14%	24.56%	-	34,327	286	34,613
Project bank loans						
RUB*	0.01% - 10.11%	13.30%	-	78,010	-	78,010
RUB	CBR rate + 2.65% - CBR rate + 22.04%	25.94%	2,020	37,492	-	39,512
Reconstruction loans						
RUB*	4.00% - 4.50%	18.57%	541	9,213	4,892	14,646
RUB	CBR rate * 30% + 2.25%	21.40%	-	15	-	15
Unsecured bank loans:						
RUB*	16.00% - 23.35%	20.78%	9,257	-	-	9,257
RUB	CBR rate + 2.10% - CBR rate + 5.55%	24.16%	3,550	9,700	-	13,250
Unsecured bond issues:						
RUB*	8.00% - 14.75%	10.67%	6,000	16,000	-	22,000
Other unsecured loans						
RUB*	5.50% - 10.00%	5.87%	284	-	-	284
Liabilities under lease contracts			3,108	11,886	-	14,994
Trade and other payables		-	43,739	12,561	373	56,673
Future interest**		-	29,258	77,452	19,587	126,297
			126,477	301,906	26,540	454,923

*Fixed rate

** Future interest contains not charged, expected interest. Future interest does not reflect current payables of the Group. Future interest is calculated based on current credit facilities, which the Group had on 31 December 2024.

31 December 2023	**Average interest rate**					
mln RUB	**Contractual**	**Effective**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Secured bank loans:						
RUB*	5.86% - 17.50%	14.45%	2,008	52,214	13,250	67,472
RUB	CBR rate + 1.52% - CBR rate + 1.62%	17.57%	950	-	-	950
Project bank loans						
RUB*	0.01% - 10.67%	13.29%	6,017	65,462	8,614	80,093
RUB	CBR rate + 2.77% - CBR rate + 12.30%	20.77%	-	4,646	153	4,799
Reconstruction loans						
RUB*	4.00% - 4.50%	14.05%	-	7,799	744	8,543
Unsecured bank loans:						
RUB*	7.50% - 16.75%	15.72%	4,808	18,720	-	23,528
RUB	CBR rate + 1.80% - CBR rate + 2.48%	18.07%	4,750	6,800	-	11,550
Unsecured bond issues:						
RUB*	8.00% - 12.75%	9.55%	8,200	19,000	-	27,200
Liabilities under lease contracts			1,446	7,039	-	8,485
Trade and other payables		-	32,498	11,671	513	44,682
Future interest**		-	22,912	55,168	8,032	86,112
			83,589	248,519	31,306	363,414

*Fixed rate

** Future interest contains not charged, expected interest. Future interest does not reflect current payables of the Group. Future interest is calculated based on current credit facilities, which the Group had on 31 December 2023.

At the date this disclosed consolidated financial statements were approved, the management assessed the Group's liquidity position, taking into account the Russian Federation economic situation progress.

The management believes that even if the negative scenario is realized, the Group would not be forced to draw additional financing to meet is financial obligations.

As at 31 December 2024 the Group has in disposal the following resources in the amount of RUB 418,477 million: cash and cash equivalents, including escrow accounts in the amount of RUB 184,206 million and undrawn credit facilities in the amount of RUB 234,271 million.

The Group's operations are primarily located in Russian Federation, mainly with Russian suppliers and customers, therefore, the imposed sanctions do not influence the Group significantly.

For all its new development projects the Group will have the access to the customers' escrow accounts only upon the construction is completed. Thus, temporary reduction in demand on the real estate under construction will not significantly influence the Group's liquidity position in 2024. The projects on their high completion's stage, in which the management expects to obtain the access to escrow accounts in 2025, as at 31 December 2024 are mostly sold out. The other projects are expected to be completed and escrow accounts access is expected to be obtained in the period from 2025 till 2026.

Based on the above mentioned factors, the management believes that the Group has sufficient resources and undrawn credit facilities to fulfill its obligations to the customers and creditors.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Russian Rouble (RUB), but also EUR. The currencies in which these transactions primarily are denominated in EUR and USD.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily RUB. This provides an economic hedge and no derivatives are entered into.

Exposure to currency risk

The Group's exposure to currency risk was based on the following principal amounts:

31 December 2024 **mln RUB**	**EUR-denominated**	**USD-denominated**	**Other**
Contract assets, trade and other receivables	-	-	-
Loans given	-	-	-
Contract liabilities, trade and other payables	(9)	(42)	(2)
Net exposure	(9)	(42)	(2)

31 December 2023 **mln RUB**	**EUR-denominated**	**USD-denominated**	**Other**
Contract assets, trade and other receivables	-	-	-
Loans given	-	-	-
Contract liabilities, trade and other payables	(1)	(22)	-
Net exposure	(1)	(22)	-

The following significant exchange rates applied during the period:

	31 December 2024 **RUB**	**31 December 2023** **RUB**
1 USD equals	101.6797	89.6883
1 EUR equals	106.1028	99.1919

Sensitivity analysis

A 10.00% strengthening of RUB against the above currencies would have decreased profit by RUB 5 million. A 10.00% weakening of the RUB against the above currencies would have the equal but opposite effect on the basis that all other variables remain constant.

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

mln RUB	Carrying amount	
	31 December 2024	**31 December 2023**
Fixed rate instruments		
Financial assets	1,939	5,741
Financial liabilities	(169,569)	(206,836)
	(167,630)	(201,095)
Variable rate instruments		
Financial liabilities	(87,390)	(17,299)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and other comprehensive income, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the disclosed consolidated statement of profit or loss and other comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

mln RUB	Profit or loss	
	100 bp increase	**100 bp decrease**
Year ended 31 December 2024		
Variable rate instruments	(874)	874
Cash flow sensitivity	(874)	874

(e) Fair values versus carrying amounts

The fair value of unquoted equity investments is discussed in note 4. In other cases management believes that the fair value of its financial assets and liabilities approximates their carrying amounts except for loans.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 December 2024 mln RUB	Note	Carrying amount	Level 1	Fair value Level 3	Total
Financial assets					
Other investments at amortised cost	16	17	-	17	17
Loans and receivables		26,438	-	26,438	26,438
		26,455	-	26,455	26,455
Financial liabilities					
Secured bank loans	23	(79,985)	-	(74,071)	(74,071)
Project bank loans	23	(117,522)	-	(99,536)	(99,536)
Reconstruction loans	23	(14,661)	-	(12,404)	(12,404)
Unsecured bank loans	23	(22,507)	-	(21,980)	(21,980)
Unsecured other loans	23	(284)	-	(241)	(241)
Unsecured bond issues	23	(22,000)	(18,776)	-	(18,776)
Trade and other payables	25	(71,667)	-	(71,667)	(71,667)
		(328,626)	(18,776)	(279,899)	(298,675)

31 December 2023 mln RUB	Note	Carrying amount	Level 1	Fair value Level 3	Total
Financial assets					
Other investments at amortised cost	16	11	-	11	11
Loans and receivables		22,019	-	22,019	22,019
		22,030	-	22,030	22,030
Financial liabilities					
Secured bank loans	23	(68,422)	-	(63,800)	(63,800)
Project bank loans	23	(84,892)	-	(77,310)	(77,310)
Reconstruction loans	23	(8,543)	-	(7,672)	(7,672)
Unsecured bank loans	23	(35,078)	-	(34,451)	(34,451)
Unsecured other loans	23	-	-	-	-
Unsecured bond issues	23	(27,200)	(25,328)	-	(25,328)
Trade and other payables	25	(53,167)	-	(53,167)	(53,167)
		(277,302)	(25,328)	(236,400)	(261,728)

The interest rates used to discount estimated cash flows, where applicable, are based on incremental borrowing rates, available for the Group as at:

	31 December 2024	31 December 2023
Loans and borrowings	25.07%	17.85%

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of the transactions;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the annual assessments of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of annual reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit, to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

(g) Capital management

The Group has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profits growth.

The Group's liabilities to adjusted capital ratio at the end of the reporting period were as follows:

mln RUB	**31 December 2024**	**31 December 2023 (as recalculated)**
Total liabilities	408,249	338,891
Less: cash and cash equivalents	(46,307)	(51,506)
Net liabilities	361,942	287,385
Total equity	140,472	118,674
Net liabilities to capital ratio	2.58	2.42

27 Leases liabilities

mln RUB	Leases liabilities 2024	2023
Leases liabilities as at 1 January	8,485	4,012
Current	1,446	810
Non-current	7,039	3,202
Additions, lease modifications and effect of movements in exchange rates	9,437	5,853
Interest accrued	2,053	625
Lease payments, including interest	(4,981)	(2,005)
Total lease liabilities as at 31 December	14,994	8,485
Current	3,108	1,446
Non-current	11,886	7,039
Variable lease payments not included in the measurement of lease liabilities	(330)	(496)

The Group leases a number of land plots. The leases typically vary from an initial year of four to forty nine years, with an option to renew the lease after that date. The lease payments are mostly expressed as a percentage of cadastral value of the related land plot or are based on rental rates, determined by authorities, which are not necessarily based on market.

The following table sets out a maturity analysis of variable lease payments not included in the measurement of lease liabilities to be paid after the reporting date.

mln RUB	31 December 2024	31 December 2023
Less than 1 year	349	341
1-5 years	1,282	1,046
Over 5 years	1,291	1,315
Total	2,922	2,702

28 Commitments

At 31 December 2024 the Group was committed to purchase and construct of property, plant and equipment for approximately RUB 20,769 million net of VAT (31 December 2023: RUB 19,631 million).

29 Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigation

Existing litigations include a number of small claims relating to purchases from domestic customers. Based on experience in resolving such claims, management believes that they will be settled without significant cost to the Group. Accordingly, no provision has been made for such amounts.

(c) Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these disclosed consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The Group companies entered into transactions involving other Group companies at prices which management believed were consistent with applicable tax law. However, based on the uncertainty of legislation, the tax authorities could take a different position and attempt to assess additional tax and interest. The potential amount of such assessment cannot be reasonably estimated based on the uncertainty of transfer pricing rules, but could be significant. Management has not made any provision because it believes there will be no outflow of funds relating to any such assessment.

(d) Environmental liabilities

The Group is engaged in dredging sand in the 6 areas. The Group is engaged in crushed granite production in the 6 areas and extraction of clay in 3 areas.

According to existing legislation and the terms of licenses obtained by the Group, there is a liability for the Group to restore these sites when quarrying is complete. In case the planned restoration costs can be identified before the quarrying is completed and the license is used, the reserve for restoration is recognized.

It is planned that quarrying clay in 16 area will be completed not earlier 2025.

30 Related party transactions

(a) Transactions with management and close family members

The management and their close family members control 28.20% of the voting shares of the Group. (31 December 2023: 16.92%).

(i) Management remuneration

Key management received the following remuneration during the period:

mln RUB	2024	2023
Salaries and bonuses	6,074	2,362

Management remuneration under the motivation program for key employees is disclosed in Note 9.

(b) Transactions with other related parties

The Group's other related party transactions are disclosed below:

(i) Revenue

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Sale of goods and services provided to:				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	305	152	7	(16)
	305	152	7	(16)

All outstanding balances with related parties are to be settled in cash within the 12-month of the reporting date. None of the balances is secured.

Other expenses to companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owners for the period ended 31 December 2024 - RUB 119 mln (other income for the period ended 31 December 2023: RUB 125 mln). Outstanding balance – nil (31 December 2023: RUB nil).

(ii) Expenses and capital expenditures

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Purchase of goods and services from:				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	3,981	791	163	819
Companies significantly influenced by the Group management	-	366	-	-
	3,981	1,157	163	819

All outstanding balances with related parties are to be settled in cash within the 12-month of the reporting date. None of the balances is secured.

(iii) Loans

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans received (included into unsecured other loans – refer to note 23):				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owners or persons acting on their behalf	-	35	24	-
	-	35	24	-

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans given (included into other investments – loans given category– refer to note 16):				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	823	3,548	1,819	5,609
	823	3,548	1,819	5,609

Management does not consider that any of the counterparties may not perform their obligations.

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Interest payabale (included into other payables):				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	-	-	8	-
	-	-	8	-

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Interest receivable (included into other receivables):				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	114	150	112	171
	114	150	112	171

(iv) Transactions with shares / promissory notes

mln RUB	Transaction value year ended		Outstanding balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Purchase of shares / promissory notes from				
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group's ultimate beneficial owner or persons acting on their behalf	334	-	140	194
	334	-	140	194

31 Major subsidiaries

Entity	Country of incorporation	Ownership/ voting interest 31 December 2024	Ownership/ voting interest 31 December 2023
AO "Spetsializirovanny zastroishchik "SKV SPb" (JOINT-STOCK COMPANY "CONSTRUCTION CORPORATION "REVIVAL OF SAINT-PETERSBURG")	Russia	100.00%	100.00%
OOO "LSR. Nedvizimost-SZ"	Russia	100.00%	100.00%
OOO "LSR. Stroitelstvo-SZ"	Russia	100.00%	100.00%
AO "LSR. Krany-SZ"	Russia	100.00%	100.00%
AO "SZ "LSR. Nedvizimost-M"	Russia	100.00%	100.00%
LSR. Wall Materials Ltd	Russia	100.00%	100.00%
OOO "Leningradka 58"	Russia	100.00%	100.00%
Limited Liability Company Smolniy District	Russia	100.00%	100.00%
JSC "A Plus Estate"	Russia	100.00%	100.00%
AO "Stroicorporatciya"	Russia	100.00%	100.00%
AO MTO "ARHPROEKT"	Russia	100.00%	100.00%
OOO "Velikan - XXI vek"	Russia	100.00%	100.00%
Lsr Group Ltd	Russia	100.00%	100.00%
LSR. Construction-Urals Ltd	Russia	100.00%	100.00%
AO "Spetsializirovanny zastroishchik "LSR. Nedvizimost-Ural"	Russia	100.00%	100.00%
OOO "LSR-Stroy"	Russia	100.00%	100.00%
AO "LSR. Bazovye"	Russia	100.00%	100.00%
OOO "Landshaft"***	Russia	-	100.00%
"SZ "LSR. Object-M" Ltd	Russia	100.00%	100.00%
OOO "LSR. Beton"**	Russia	-	100.00%
OOO "Spetsializirovanny zastroishchik "LSR"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Prostor"	Russia	100.00%	100.00%
OOO "Kallelovo"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Luchi"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Razvitie"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Ural"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Prostranstvo"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. LO"	Russia	100.00%	100.00%
OOO "Nerudnye materialy"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Klyuchi"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Perspektiva"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Proekt"	Russia	100.00%	100.00%
"Gorki Lake" Ltd	Russia	100.00%	100.00%
Avtovskaya 31, JSC	Russia	100.00%	100.00%
OOO "Primorskaya"	Russia	100.00%	100.00%
OOO "LSR. Energo"*	Russia	-	100.00%
"Specialized developer "Soymonovskiy, 3" Ltd	Russia	100.00%	100.00%

Entity	Country of incorporation	Ownership/ voting interest 31 December 2024	Ownership/ voting interest 31 December 2023
JSC “Sanatorium “Sestroretsky kurort”	Russia	100.00%	100.00%
AO “Pansionat “Kristall”	Russia	97.22%	96.76%
OOO “Spetsializirovanny zastroishchik “LSR. Kvartal”	Russia	100.00%	100.00%
OOO “Smolny, 11”	Russia	100.00%	100.00%
OOO “Smolny, 12”	Russia	100.00%	100.00%
LLC “LSR. PM”	Russia	100.00%	100.00%
“ZILART Mall” Ltd	Russia	100.00%	100.00%
JSC “Sanatorium “Volna”	Russia	96.96%	96.73%
OOO “Oniks”**	Russia	-	100.00%
LLC “SD “Borisovskie Prudy”	Russia	100.00%	100.00%
“LSR. Sochi” Ltd	Russia	100.00%	100.00%
“LSR. Coworking” Ltd*	Russia	-	100.00%
LSR. Hotel Management Company LLC	Russia	100.00%	100.00%
OOO “SZ “ZIL Vostok”	Russia	100.00%	100.00%
OOO “YUG-RIELT”	Russia	100.00%	100.00%
OOO “Spetsializirovanny zastroishchik “LSR. Avtovskaya”	Russia	100.00%	100.00%
OOO “SZ “LSR. Progress”	Russia	100.00%	100.00%
OOO “Spetsializirovanny zastroishchik “LSR. Ostrov”	Russia	100.00%	100.00%
AO “Smart development”	Russia	100.00%	100.00%
OOO “Lazurny bereg”**	Russia	-	100.00%
OOO “LSR. Kapital-M”	Russia	100.00%	100.00%
OOO “LSR. Promdevelopment”	Russia	100.00%	100.00%
OOO “LSR. Otel” (OOO “Spetsializirovanny zastroishchik “LSR. SZ 1”)	Russia	100.00%	100.00%
OOO “Spetsializirovanny zastroishchik “LSR. SZ 2”	Russia	100.00%	100.00%
OOO “SZ “Fort-Invest” (OOO “Fort-Invest”)	Russia	100.00%	50.00%
CHUK "MVTS "Kollektsiia"	Russia	100.00%	-
OOO “Spetsializirovanny zastroishchik “LSR. SZ 3”	Russia	100.00%	-
OOO “LSR. Servis” (OOO “NTK”)	Russia	99.00%	-
LLC KESKO-TERMINAL	Russia	100.00%	-

* Subsidiaries disposed to third or related parties during the year ended 31 December 2024.

** Not significant subsidiaries liquidated during the year ended 31 December 2024.

*** Subsidiaries merged to the Group companies during the year ended 31 December 2024.

32 Events subsequent to the reporting date

(a) Financing events

In February 2025 the Group repaid loan agreements to Rosselkhozbank JSC for a total amount of RUB 6,043 million and to VTB Bank (Public Joint-Stock Company) for a total amount of RUB 2,200 million.

In February 2025 Group entities entered into loan agreements with PJSC “Sberbank” with a limit of RUB 11,594 million and maturing no later than February 2030, in March 2025 with Rosselkhozbank JSC with a limit of RUB 4,000 million and a maturity date no later than December 2029.

In March 2025, the Group began placing a bond issue worth RUB 4,000 million (number of exchange-traded bonds - 4,000,000 pieces with a nominal value and placement price of 1,000 RUB) with a maturity date of the 1800th day from the start date of placement.

33 Supplementary disclosures

Key financial performance indicators business segment / business unit were as follows:

For the year ended 31 December 2024 **mln RUB**	**Revenue from external customers**	**Inter-group revenue**	**Total revenue**	**Results from operating activities (excl. management fee)**	**Depreciation / Amortisation**	**Impairment losses**	**Capitalized Interest recognized in cost of sales**	**Write off of change in fair value of the disposed asset**	**Adjusted EBITDA***
Sand	2,665	152	**2,817**	1,044	111	-	-	-	**1,155**
Crushed Granite	5,679	257	**5,936**	68	222	-	-	-	**290**
Land improvement	-	3,502	**3,502**	145	48	-	-	-	**193**
Fleet services	104	-	**104**	(197)	60	-	-	-	**(137)**
Eliminations	-	-	-	-	-	-	-	-	-
LSR. Basic Materials	8,448	3,911	**12,359**	1,060	441	-	-	-	**1,501**
LSR. Ready-mix Concrete	768	192	**960**	56	6	-	-	-	**62**
Brick	5,461	20	**5,481**	1,071	458	-	-	-	**1,529**
Aerated Concrete	4,442	35	**4,477**	1,521	210	-	-	-	**1,731**
Eliminations	-	-	-	-	-	-	-	-	-
LSR. Wall Materials	9,903	55	**9,958**	2,592	668	-	-	-	**3,260**
LSR. Cranes	1,259	190	**1,449**	289	19	-	-	-	**308**
Eliminations	-	(212)	**(212)**	19	-	-	-	-	**19**
Building Materials	**20,378**	**4,136**	**24,514**	**4,016**	**1,134**	**-**	**-**	**-**	**5,150**
LSR. Real Estate and Construction - North-West	106,607	2,045	**108,652**	46,142	330	-	920	-	**47,392**
LSR. Real Estate and Construction - Moscow	87,528	22	**87,550**	21,381	59	2	3,333	-	**24,775**
LSR. Real Estate and Construction - Ural	11,321	-	**11,321**	3,135	103	-	18	-	**3,256**
Eliminations	-	-	-	-	-	-	-	-	-
Real Estate Development and Construction	**205,456**	**2,067**	**207,523**	**70,658**	**492**	**2**	**4,271**	**-**	**75,423**
Other entities	2,644	-	**2,644**	-	513	-	-	-	**513**
Unallocated income and expenses	3,745	-	**3,745**	(8,876)	-	-	-	-	**(8,876)**
Transportation revenue	7,004	-	**7,004**	-	-	-	-	-	-
Eliminations	-	(6,203)	**(6,203)**	(32)	-	-	-	-	**(32)**
Consolidated	**239,227**	**-**	**239,227**	**65,766**	**2,139**	**2**	**4,271**	**-**	**72,178**

** Adjusted EBITDA = Results from operating activities + Depreciation/amortisation – (Increase in fair value of Investment property – Decrease in fair value of Investment property) – (Increase in results from operating activities due to write off of change in fair value of the disposed asset – Decrease in results from operating activities due to write off of change in fair value of the disposed asset) + Impairment losses recognised during the reporting period + Capitalized interest recognized in cost of sales. Adjusted EBITDA is not a defined performance measure in IFRS.*

For the year ended 31 December 2023 **mln RUB**	**Revenue from external customers**	**Inter-group revenue**	**Total revenue**	**Results from operating activities (excl. management fee)**	**Depreciation / Amortisation**	**Impairment losses**	**Capitalized Interest recognized in cost of sales**	**Write off of change in fair value of the disposed asset**	**Adjusted EBITDA***
Sand	1,781	230	**2,011**	696	92	-	-	-	**788**
Crushed Granite	6,124	521	**6,645**	610	227	-	-	-	**837**
Land improvement	-	3,939	**3,939**	178	30	-	-	-	**208**
Fleet services	100	-	**100**	(61)	31	-	-	-	**(30)**
Eliminations	-	-	**-**	-	-	-	-	-	**-**
LSR. Basic Materials	8,005	4,690	**12,695**	1,423	380	-	-	-	**1,803**
LSR. Ready-mix Concrete	2,075	622	**2,697**	59	9	-	-	-	**68**
Brick	4,866	70	**4,936**	1,214	481	-	-	-	**1,695**
Aerated Concrete	3,665	39	**3,704**	1,299	200	-	-	-	**1,499**
Eliminations	-	-	**-**	-	-	-	-	-	**-**
LSR. Wall Materials	8,531	109	**8,640**	2,513	681	-	-	-	**3,194**
LSR. Cranes	1,285	155	**1,440**	355	30	-	-	-	**385**
Eliminations	-	(610)	**(610)**	(21)	-	-	-	-	**(21)**
Building Materials	**19,896**	**4,966**	**24,862**	**4,329**	**1,100**	**-**	**-**	**-**	**5,429**
LSR. Real Estate and Construction - North-West	125,314	902	**126,216**	55,979	286	-	293	(1)	**56,559**
LSR. Real Estate and Construction - Moscow	64,132	20	**64,152**	11,283	48	6,975	2,972	-	**21,278**
LSR. Real Estate and Construction - Ural	13,843	17	**13,860**	3,210	143	-	13	-	**3,366**
Eliminations	-	(17)	**(17)**	(99)	-	-	-	-	**(99)**
Real Estate Development and Construction	**203,289**	**922**	**204,211**	**70,373**	**477**	**6,975**	**3,278**	**(1)**	**81,104**
Other entities	2,222	-	**2,222**	-	328	-	-	-	**328**
Unallocated income and expenses	4,289	-	**4,289**	(8,273)	-	336	-	-	**(7,937)**
Transportation revenue	6,501	-	**6,501**	-	-	-	-	-	**-**
Eliminations	-	(5,888)	**(5,888)**	(3,894)	-	2,673	-	-	**(1,221)**
Consolidated	**236,197**	**-**	**236,197**	**62,535**	**1,905**	**9,984**	**3,278**	**(1)**	**77,703**

** Adjusted EBITDA = Results from operating activities + Depreciation/amortisation – (Increase in fair value of Investment property – Decrease in fair value of Investment property) – (Increase in results from operating activities due to write off of change in fair value of the disposed asset – Decrease in results from operating activities due to write off of change in fair value of the disposed asset) + Impairment losses recognised during the reporting period + Capitalized interest recognized in cost of sales. Adjusted EBITDA is not a defined performance measure in IFRS.*