

**JSC Pioneer Group**

**Consolidated Financial Statements**  
**for 2023 year**  
**and independent auditors' report**

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**JSC “Kept”**

Naberezhnaya Tower Complex, Block C  
10 Presnenskaya Naberezhnaya  
Moscow, Russia 123112  
Telephone +7 (495) 937 4477  
Fax +7 (495) 937 4499



# Independent Auditors’ Report

## To the Shareholders of JSC Pioneer Group

### Opinion

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We have audited the consolidated financial statements of JSC Pioneer Group (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

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We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue over time	
Please refer to the Notes 6 and 33(b)(i) in the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Revenue from contracts with customers is recognized in most cases over time.</p> <p>Revenue recognized over time based on the degree of fulfillment of a contractual obligation is calculated using the input method. The forecasting of construction costs, based on which the Group estimates the stage of completion, involves the use of significant professional judgment and assumptions. Estimation of construction costs is inherently uncertain due to the volatility of the economic situation, changes in legislation and the length of the operating cycle. In addition, the calculation of revenue and allocation of total costs to the cost of specific properties are complex and have a significant impact on the consolidated financial statements.</p> <p>In addition, consideration for a contract with a customer is estimated including savings on interest expenses, calculation of which is technically complicated and has a risk of a significant mistake. During the reporting period active development of projects which are sold with application of escrow accounts continues, which significantly increase the complication of revenue calculations.</p>	<p>We analyzed the Group's accounting policy on revenue recognition, as well as the methodology used by management in calculating revenue over time, including savings on interest expenses and cost of sales.</p> <p>We selectively compared the components of the budgets underlying the determination of the degree of fulfillment of obligations under the contract with the characteristics of projects under construction defined in the relevant permits. We compared the cost of construction per square meter in the budget of selected projects with the current cost per square meter in completed projects and critically evaluated the explanations received for the identified significant discrepancies.</p> <p>Regarding costs, we have selectively correlated the costs incurred with supporting documents and compared the actual costs incurred with budget data.</p> <p>We have tested arithmetic calculations of the degree of fulfillment of obligations under the contract for selected projects of the Group.</p> <p>On a selective basis, we compared the initial data in revenue calculation with contracts with customers.</p> <p>On a selective basis, we recalculated savings on interest expenses in the consideration in contracts with customers.</p>

**Recognition of inventory impairment**

Please refer to the Note 18 in the consolidated financial statements.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group's inventories as of 31 December 2023 are significant in the amount of RUB 74 727 million, and are mainly represented by unsold properties in completed projects, projects under construction and cost of land plots where the construction takes place that has not written-off to cost of sales yet.</p> <p>During the preparation of the consolidated financial statements, the Group analyzed inventories to identify signs of impairment, as well as objects, the carrying value of which at the reporting date exceeds the net realizable value.</p> <p>Calculation of the net realizable value is based on projections and assumptions that involve a significant degree of uncertainty and require professional judgment.</p>	<p>We have analyzed project models for identification of projects in which objects can be sold with negative or low margins, and which are used for the net realizable value calculation.</p> <p>We compared the construction cost estimates generated in the project implementation models with other projects with similar characteristics and critically assessed the identified differences.</p> <p>We involved our own valuation specialists in the audit process, who selectively analyzed the data of the Group's project models and the methodology for their compilation, including the discount rates used depending on the stage of obtaining permits and project implementation. We also critically evaluated the key input data used, including:</p> <ul style="list-style-type: none"> <li>- on a selective basis, we compared the components of the construction completion costs in the models with the characteristics of the projects defined in the relevant permit documents;</li> <li>- we compared, on a sample basis, updated construction budgets with previous versions of the budgets for prior reporting dates, and received and critically assessed management's explanations of material changes;</li> <li>- on a sample basis, we compared the forecasted sales prices for properties under construction with the publicly available information on the actual prices offered by the Group and its competitors for comparable properties.</li> </ul> <p>We tested accuracy and adequacy of disclosures in Note 18.</p>

## Other Information

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Management is responsible for the other information. The other information comprises the Issuer's Report of for 2023 year, but does not include the consolidated financial statements and our auditors' report thereon. The issuer's report for 2023 year is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## Responsibilities of Management and Audit Committee under Board of Directors for the Consolidated Financial Statements

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Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee under Board of Directors is responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee under Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee under Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee under Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Koliadko Elena Genrikhovna

Principal registration number of the entry in the Register of Auditors and Audit organizations No. 22006023423, acts on behalf of the audit organization based on the power of attorney No. 3/23 as of 17 February 2023

JSC "Kept"

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

Moscow, Russia

7 March 2024

**JSC Pioneer Group**  
*Consolidated Statement of Profit or Loss and Other Comprehensive Income*  
*for the year ended 31 December 2023*

<b>mln. RUB</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Revenue	6	40 778	24 237
Income from the sale of investment property*	14	1 732	-
Cost of sales		(28 391)	(17 110)
Cost of investment property sold*	14	(1 729)	-
<b>Gross profit</b>		<b>12 390</b>	<b>7 127</b>
Other income	12	542	522
Income from sale of subsidiary		-	1 018
Commercial expenses	7	(2 598)	(1 614)
Administrative expenses	9	(2 137)	(2 022)
Other expenses	11	(203)	(450)
<b>Results from operating activities</b>		<b>7 994</b>	<b>4 581</b>
Finance income	10	607	478
Finance costs	10	(5 862)	(3 982)
<b>Profit before income tax</b>		<b>2 739</b>	<b>1 077</b>
Income tax expense	13	(549)	388
<b>Profit for the year</b>		<b>2 190</b>	<b>1 465</b>
<b>Other comprehensive income attributable to owners of the Company</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		-	343
Reclassification of exchange differences due to loss of control of a foreign unit		-	(617)
<b>Total comprehensive income</b>		<b>2 190</b>	<b>1 191</b>
<i>Profit attributable to:</i>			
Owners of the Company		2 190	1 465
<b>Profit for the year</b>		<b>2 190</b>	<b>1 465</b>
<i>Total comprehensive income attributable to</i>			
Owners of the Company		2 190	1 191
<b>Profit and total comprehensive income</b>		<b>2 190</b>	<b>1 191</b>
Basic and diluted earnings per share	24	2,19	1,47

\* For reference: the net result from the disposal of investment property was RUB 3 mln.

These consolidated financial statements were approved by Management of JSC Pioneer Group on 7 March 2024 and were signed on its behalf by:

General Director

JSC Pioneer Group

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Miroshnikov A.A.

Financial Director

JSC Pioneer Group

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Solntseva A.V.

The 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 consolidated financial statements set out on pages 13 – 54.



**JSC Pioneer Group**  
Consolidated Statement of Financial Position as at 31 December 2023

mln. RUB	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	14	29	1 760
Property, plant and equipment	15	910	1 094
Intangible assets	16	177	113
Other investments	19	5 976	1 622
Deferred tax assets	17	1 995	1 486
Trade and other receivables		151	27
<b>Total non-current assets</b>		<b>9 238</b>	<b>6 102</b>
<b>Current assets</b>			
Inventories	18	74 727	72 680
Other investments	19	2	2
Contract assets	7	26 746	10 017
Assets recognized from costs to fulfil contracts		555	202
Trade and other receivables	21	939	4 695
Other current assets		69	84
Cash and cash equivalents	20	2 270	7 232
<b>Total current assets</b>		<b>105 308</b>	<b>94 912</b>
<b>Total assets</b>		<b>114 546</b>	<b>101 014</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	1	1
Retained earnings		19 988	17 798
<b>Equity attributable to the owners</b>		<b>19 989</b>	<b>17 799</b>
<b>Total equity</b>		<b>19 989</b>	<b>17 799</b>
<b>Non-current liabilities</b>			
Loans and borrowings	25	51 925	47 477
Deferred tax liabilities	17	697	340
Other non-current liabilities	22	1 987	3 776
<b>Total non-current liabilities</b>		<b>54 609</b>	<b>51 593</b>
<b>Current liabilities</b>			
Loans and borrowings	25	20 368	11 153
Contract liabilities	7	8 992	7 710
Trade and other payables	22	6 080	7 130
Provisions	26	2 290	1 964
Deferred income	23	2 218	3 665
<b>Total current liabilities</b>		<b>39 948</b>	<b>31 622</b>
<b>Total liabilities</b>		<b>94 557</b>	<b>83 215</b>
<b>Total equity and liabilities</b>		<b>114 546</b>	<b>101 014</b>

The 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 consolidated financial statements set out on pages 13 – 54.

mln. RUB

	<b>Equity attributable to owners of the Company</b>				<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Foreign currency translation reserve</b>	<b>Total</b>		
<b>Balance at 1 January 2022</b>	<b>1</b>	<b>21 796</b>	<b>274</b>	<b>22 071</b>	<b>55</b>	<b>22 126</b>
Income for the year	-	1 465	-	1 465	-	1 465
Exchange differences on translation of foreign operations	-	-	343	343	-	343
Reclassification of exchange differences due to loss of control of a foreign unit	-	-	(617)	(617)	(55)	(672)
<b>Total comprehensive income for the reporting year</b>	<b>-</b>	<b>1 465</b>	<b>(274)</b>	<b>1 191</b>	<b>(55)</b>	<b>1 136</b>
Transactions with Company's Owners	-	(5 463)	-	(5 463)	-	(5 463)
<b>Balance at 31 December 2022</b>	<b>1</b>	<b>17 798</b>	<b>-</b>	<b>17 799</b>	<b>-</b>	<b>17 799</b>

mln. RUB

	<b>Equity attributable to owners of the Company</b>			
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Total equity</b>
<b>Balance at 1 January 2023</b>	<b>1</b>	<b>17 798</b>	<b>17 799</b>	<b>17 799</b>
Income for the year	-	2 190	2 190	2 190
<b>Total comprehensive income for the reporting year</b>	<b>-</b>	<b>2 190</b>	<b>2 190</b>	<b>2 190</b>
<b>Balance at 31 December 2023</b>	<b>1</b>	<b>19 988</b>	<b>19 989</b>	<b>19 989</b>

The 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 consolidated financial statements set out on pages 13 – 54.

**JSC Pioneer Group**  
*Consolidated Statement of Cash Flows for the year ended 31 December 2023*

mln. RUB	Note	2023	2022
<b>OPERATING ACTIVITIES</b>			
<b>Profit before income tax</b>		<b>2 739</b>	<b>1 077</b>
<b>Adjustments for:</b>			
Depreciation and amortization		383	402
Impairment of investment property		-	21
Capitalized interest, including significant financing component on prepayments from customers attributed to cost of sales for the year	10	1 697	764
(Income) / loss from disposal of investment property and assets held for sale		(87)	(124)
Income from disposal of a subsidiary		-	(1 022)
Finance income	10	(607)	(479)
Finance costs	10	5 863	3 983
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>9 987</b>	<b>4 622</b>
Decrease / (increase) in inventories		1 026	(22 853)
(Increase) / (decrease) in contract assets		(16 729)	18 355
Increase in assets recognized from costs to fulfil contracts		(353)	(105)
Decrease / (increase) in trade and other receivables		440	(508)
(Decrease) / increase in contract liabilities		(4 823)	1 514
Decrease in deferred income		(1 447)	(529)
(Decrease) / increase in trade and other liabilities, other than liabilities from purchase of intangible assets		(266)	1 755
Decrease in provisions		(22)	(218)
<b>Cash flows (used in) / from operating activities before income taxes and interest paid</b>		<b>(12 187)</b>	<b>2 036</b>
Income tax paid		(456)	(1 539)
Interest paid		(3 470)	(2 693)
<b>Net cash used in operating activities</b>		<b>(16 113)</b>	<b>(2 196)</b>

The 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 consolidated financial statements set out on pages 13 – 54.

**JSC Pioneer Group**  
*Consolidated Statement of Cash Flows for the year ended 31 December 2023*

<b>mln. RUB</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current assets		1 795	167
Interest received		407	474
Acquisition of property, plant and equipment		(203)	(313)
Acquisition of intangible assets		(171)	(95)
Acquisition of investment property		-	(80)
Cash received from disposal of subsidiaries less cash on their balance sheet at the date of disposal		3 232	5 363
Loans granted		(5 424)	(2 272)
Loans repaid		1 270	1 113
<b>Net cash from / (used in) investing activities</b>		<b>906</b>	<b>4 357</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		43 793	37 392
Repayment of borrowings		(29 939)	(32 231)
Rental payments		(378)	(317)
Dividends		(3 232)	-
Other payments to owners		-	(4 210)
<b>Net cash from financing activities</b>		<b>10 244</b>	<b>634</b>
Net (decrease) / increase in cash and cash equivalents		(4 962)	2 795
Cash and cash equivalents at 1 January		7 232	6 037
Effect of changes in exchange rates on cash and cash equivalents		-	(1 600)
<b>Cash and cash equivalents at the end of the reporting year</b>	20	<b>2 270</b>	<b>7 232</b>

(\*) Cash flows from operating activities in 2023 do not include cash paid by customers - participants of share construction - to escrow accounts in banks inflow from operating activities in 2023 in amount of RUB 37 641 mln. (in 2021: RUB 15 974 mln.).

The 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 consolidated financial statements set out on pages 13 – 54.

## **1 Reporting entity**

### **(a) Organization and operations**

JSC Pioneer Group (hereinafter the “Company”) and its subsidiaries (hereinafter collectively the “Group”) are registered in the Russian Federation and carry out projects on the construction of residential and commercial real estate and their subsequent sale. The Group operates principally in Moscow.

The Company was founded in 2007 and is registered at the address: 3 Malaya Pirogovskaya street, Moscow.

The following legal entities are the shareholders of the Group:

- Novy Kolizey LLC (50% shareholding)
- Element Management Company LLC (50% shareholding)

The Group is one operating segment for purposes of IFRS reporting.

As of 31 December 2023 and 31 December 2022 the ultimate beneficiary owner of the Group is Mr. Maksimov L.V., who is entitled to manage the Group’s operations at his own discretion and in his own interest. Related party transactions are disclosed in note 29.

### **(b) 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 characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

Introduction in 2022 and subsequent strengthening of sanctions in 2023 by countries such as the United States of America, The European Union and some other countries, the announcement of partial mobilization resulted in increased economic uncertainty, including reduced liquidity and greater volatility in capital markets, volatility of the Russian ruble and the key rate, reduced foreign and domestic direct investment, difficulties in making payments to Russian issuers of Eurobonds, and a significant decrease in the availability of sources of debt financing. In addition, Russian companies have virtually no access to the international stock market, debt capital markets, and other development opportunities, which may lead to increased dependence on government support. The Russian economy is in the process of adaptation related to the replacement of export markets, the change of supply markets and technologies, as well as changes in logistics and production chains.

It is difficult to assess the effects of the imposed and possible additional sanctions in the long term, but these events can have a significant negative impact on the Russian economy.

The 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 actual impact of the future business environment may differ from management's assessment.

## **2 Basis of accounting**

### **(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

### **3 Functional and presentation currency**

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

For subsidiaries and joint ventures of the Group that were located in the United States of America and disposed in 2022 United States Dollar (“USD”) is the functional currency. These companies’ financial data is recalculated into financial statements presentation currency at the official US Dollar exchange rates determined by the Central Bank of Russia.

All financial information presented in RUB has been rounded to the nearest million.

### **4 Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with IFRSs 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6 – revenue recognition.
- Note 28 – contingencies.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 18 – inventories.
- Note 23 – deferred income.
- Note 26 – reserves.
- Note 28 – contingencies.

### **5 Measurement of fair values**

Several 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 categorized 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).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes 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 note 27.

## 6 Revenue

### (a) Revenue structure

Detailed information on the Group's revenue is present in the table below where it is disaggregated into key products and into revenue recognized over time and point in time:

mln. RUB	2023		2022	
	Over time revenue	Point in time revenue	Over time revenue	Point in time revenue
Revenue from the sale of flats	21 505	1 590	10 457	645
Revenue from the sale of commercial real estate other than apartments	11 128	4 606	4 256	1 013
Revenue from the sale of parking slots	776	193	596	407
Proceeds from the sale of land lease rights, permits and design documents related to the site	-	750	-	6 000
Revenue from the sale of apartments	-	-	-	522
Revenue from other services	-	172	-	92
<b>Total revenue from contracts with customers</b>	<b>33 409</b>	<b>7 311</b>	<b>15 309</b>	<b>8 678</b>
Revenue from rent of investment property		58		250
<b>Total revenue for the year</b>	<b>40 778</b>		<b>24 237</b>	

Point in time revenue for 2023 mostly relates to sales of finished goods recorded on the balance sheet as of 31 December 2022.

Revenue for 2023 includes financing component in amount of RUB 259 mln. (2022: RUB 316 mln.).

### (b) Trade receivables, contract assets and contract liabilities

Information about trade receivables, contract assets and contract liabilities are provided in the table below.

mln. RUB	31 December 2023	31 December 2022
Accounts receivable from contracts with customers that are part of «Trade and other receivables» balance sheet line	67	36
Contract assets	26 746	10 017
Contract liabilities	(8 992)	(7 710)
	<b>17 821</b>	<b>2 343</b>

Contract assets as of 31 December 2023, include a RUB 26 746 mln. asset related to escrow contracts (2022: RUB 10 017 mln.).

In 2023 revenue of RUB 11 894 mln. was recognized from contracts signed as of 31 December 2022 (2022: RUB 9 374 mln.).

Breakdown of revenue to be recognized in the future periods under the contracts registered as of 31 December 2023, where the contract liabilities are not fulfilled by the Group as of 31 December 2023, is following:

<b>mln. RUB</b>	<b>2024</b>	<b>2025</b>	<b>2026-2028</b>
Revenue	17 662	9 246	5 966
<b>Total revenue</b>	<b>17 662</b>	<b>9 246</b>	<b>5 966</b>

Breakdown of revenue to be recognized in the future periods under the contracts registered as of 31 December 2022, where the contract liabilities are not fulfilled by the Group as of 31 December 2022, is following:

<b>mln. RUB</b>	<b>2023</b>	<b>2024</b>	<b>2025-2027</b>
Revenue	14 628	5 753	3 885
<b>Total revenue</b>	<b>14 628</b>	<b>5 753</b>	<b>3 885</b>

## 7 Commercial expenses

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
Advertising expenses	1 614	1 082
Personnel costs	502	341
Amortization of assets recognized from costs to fulfil contracts – realtor services	386	109
Amortization of other assets used for commercial purposes	93	80
Other commercial costs	3	2
	<b>2 598</b>	<b>1 614</b>

## 8 Personnel costs

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
Bonuses	704	661
Wages and salaries	511	368
Social taxes	270	218
	<b>1 485</b>	<b>1 247</b>



## 9 Administrative expenses

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
Personnel costs	983	906
Depreciation and amortization, including depreciation of right-of-use assets	290	249
Taxes	83	49
Consulting services	78	99
Personnel training	63	169
Utility costs	59	38
Banking services	11	8
Legal services	10	17
Other administrative expenses	560	487
	<b>2 137</b>	<b>2 022</b>

## 10 Finance income and costs

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
<b>Finance income</b>		
Interest income on loans and deposits	549	365
Interest income on bank bills	-	80
Other finance income	58	33
	<b>607</b>	<b>478</b>
<b>Finance expense</b>		
Interest expense on loans and borrowings	(9 094)	(5 172)
Expenses on installment plans for lease of land	(444)	(398)
Interest expenses on financing component	(296)	(190)
Loan origination fee	(275)	(291)
Interest expense on rent	(45)	(98)
Interest expense before capitalization in the cost of real estate	(10 154)	(6 149)
Capitalized interest (*)	4 770	2 932
<b>Total finance costs after capitalization</b>	<b>(5 384)</b>	<b>(3 217)</b>
Unwinding of discount on provisions	(347)	(342)
Exchange rate differences	(45)	(98)
Write-off of accounts receivable and loans issued	(20)	(284)
Other finance expenses	(66)	(41)
	<b>(5 862)</b>	<b>(3 982)</b>

(\*) In 2023 group capitalized part of the finance expenses to inventories in amount of RUB 4 770 mln. (2021: RUB 2 923 mln.). Average interest capitalization rate for 2023 is 11.7% (2022: 10.2 %).

In 2023 finance expenses capitalized to inventories were written-off to cost of sales in amount of RUB 1 697 mln. (2022: RUB 764 mln.).

## 11 Other expenses

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
Charity expenses	138	169
Expenses related to the disposal of subsidiaries	32	73
Penalties	13	78
Loss on temporary lease of property for demolition (net)	-	24
Impairment of advances given to suppliers	-	24
Other expenses	20	82
	<b>203</b>	<b>450</b>

## 12 Other income

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
Penalties received	149	52
Income from return of previously written advances given to suppliers	144	18
Income from temporary rental of objects for demolition (net)	120	-
Income from the sale of fixed assets	87	172
Property tax adjustment	-	112
Release of litigation provision	-	64
Other income	42	104
	<b>542</b>	<b>522</b>

## 13 Income tax (expense) / income

The Group's applicable tax rate is the corporate income tax rate of 20%. In 2023 extra profits tax was also accrued and paid by several Group subsidiaries in accordance with the provisions of Federal Law 414-FZ.

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
<b><i>Current income tax expense</i></b>		
Current year	(483)	(1 685)
Extra profits tax	(211)	-
<b><i>Deferred income tax</i></b>		
Origination and reversal of temporary differences	145	2 072
<b>Total income tax (expense) / income</b>	<b>(549)</b>	<b>388</b>

**Reconciliation of effective tax rate:**

	2023		2022	
	RUB mln.	%	RUB mln.	%
Profit before income tax	2 739	100	1 077	100
Income tax at applicable tax rate	(548)	20	(215)	20
Extra profits tax	(211)	8	-	-
Difference in the applicable rate of subsidiaries in foreign jurisdictions	-	-	156	(14)
Utilisation / (increase) of unrecognized deferred tax assets	212	(8)	(24)	2
Change of tax provisions	52	(2)	(10)	1
Non-taxable income	-	-	550	(51)
Non-deductible expenses	(54)	2	(69)	6
	<b>(549)</b>	<b>20</b>	<b>388</b>	<b>(36)</b>

## 14 Investment property

In 2023, the Group sold most of its investment property with a carrying amount of RUB 1 729 mln. for RUB 1 732 mln. The carrying amount of investment property as at 31 December 2023 amounted to RUB 29 mln.

## 15 Property, plant and equipment

mln. RUB	Buildings	Other	Total
<i>Cost</i>			
Balance at 1 January 2022	<b>1 543</b>	<b>194</b>	<b>1 737</b>
Additions	177	136	313
Disposals	(225)	(95)	(320)
Transfer of investment property to property, plant and equipment*	178	-	178
Transfer to other assets	(15)	15	-
<b>Balance at 31 December 2022</b>	<b>1 659</b>	<b>250</b>	<b>1 909</b>
Balance at 1 January 2023	<b>1 659</b>	<b>250</b>	<b>1 909</b>
Additions	67	137	203
Disposals	(39)	(17)	(56)
Transfer to inventories	(67)	-	(67)
<b>Balance at 31 December 2023</b>	<b>1 619</b>	<b>370</b>	<b>1 990</b>
<i>Depreciation and impairment losses</i>			
Balance at 1 January 2022	<b>(775)</b>	<b>(80)</b>	<b>(855)</b>
Depreciation for the year	(167)	(70)	(237)
Disposals	224	52	277
Transfer to other assets	2	(2)	-
<b>Balance at 31 December 2022</b>	<b>(716)</b>	<b>(99)</b>	<b>(815)</b>

mln. RUB	<b>Buildings</b>	<b>Other</b>	<b>Total</b>
Balance at 1 January 2023	(716)	(99)	(815)
Depreciation for the year	(197)	(79)	(276)
Depreciation for the year on disposed fixed assets	1	11	12
<b>Balance at 31 December 2023</b>	<b>(912)</b>	<b>(168)</b>	<b>(1 079)</b>
<i>Carrying amounts</i>			
Balance at 1 January 2022	768	114	882
Balance at 31 December 2022	943	151	1 094
Balance at 31 December 2023	708	203	910

**(a) Depreciation for the year**

Depreciation for 2023 is included in commercial expenses in amount of RUB 40 mln. and in administrative expenses in amount of RUB 236 mln. (for 2022: RUB 41 mln. and RUB 196 mln., respectively).

**(b) Right-of-use assets**

As of 31 December 2023 the carrying amount of right-of-use asset related to rent of the office premises is RUB 223 mln. (31 December 2022: RUB 359 mln.).

## 16 Intangible assets

mln. RUB	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at 1 January</b>	<b>113</b>	<b>110</b>
Additions	171	95
Amortization for the year	(107)	(92)
Disposals of accumulated depreciation	6	22
Disposals of cost	(6)	(22)
<b>Balance at 31 December</b>	<b>177</b>	<b>113</b>

Intangible assets mainly include licenses and software.

## 17 Deferred tax assets and liabilities

### (a) Recognized deferred tax assets and liabilities

As of 31 December 2023 deferred tax liabilities in amount of RUB 697 mln. (31 December 2022: RUB 339 mln.) were recognized mostly due to different methodology of the Group's revenue and cost of sales recognition in tax and financial accounting, providing for a taxable profit recognition under tax accounting standards at a much later moment than under financial accounting standards.

As of 31 December 2023 deferred tax assets in amount of RUB 1 995 mln. (31 December 2022: RUB 1 485 mln.) were recognized mostly due to differences between tax and financial accounting standards of capitalization of expenses into cost of construction in process for projects at an early stage of development, providing for a later recognition of such expenses under tax accounting standards, as well as due to the accumulated tax losses.

The change in deferred tax assets and liabilities balances was included in profit tax expenses.

### (b) Unrecognized deferred tax liabilities

Deferred tax assets in the amount of RUB 1 263 mln. as at 31 December 2023, RUB 1 475 mln. as at 31 December 2022 were not recognized in respect of deductible temporary differences due to the low probability of future taxable profit for those subsidiaries of the Group that can use these tax benefits.

## 18 Inventories

mln. RUB	<b>31 December 2023</b>	<b>31 December 2022</b>
Construction in progress at the stage of obtaining of project documentation approvals	44 087	33 756
Construction in progress at the stage of active construction	20 872	17 108
Construction in progress in the form of land rights	8 958	18 484
Finished goods and goods for resale	810	3 332
	<b>74 727</b>	<b>72 680</b>

Construction in progress will be put into use as follows:

mln. RUB	<b>31 December 2023</b>	<b>31 December 2022</b>
2023	-	9 611
2024	5 816	4 817
2025	25 965	19 838
2026-2027	33 178	16 598
	<b>64 959</b>	<b>50 864</b>

As of 31 December 2023 and 31 December 2022 the Group's management conducted an inventory impairment test. No impairment was identified. The discounted cash flow method was used to determine the net realizable value of inventories. The key assumptions used by management in the impairment testing are as follows:

- cash flow projections were made separately for each project;
- for incomplete construction in the form of development rights and at the stage of obtaining a permit, the beginning of development - 2024-2025;
- sales prices were projected on the basis of market prices for similar real estate in December 2023 with annual indexation by 13%;
- sales period was assumed to be 2-11 years from the date of commencement of construction;
- discount rates at 31 December 2023 and 31 December 2022 were in the range of 16.8-29%, depending on the stage of permitting documentation.

The recoverable amount is most sensitive to changes in the discount rate and selling prices. Decrease of selling prices by 5% leads to impairment of RUB 1 212 mln., growth of the discount rate by 5 percentage points will result in impairment of RUB 1 093 mln., delay in the project timing by 1 year will result in impairment of RUB 894 mln.

## 19 Investments

This note provides information on the Group's other investments.

mln. RUB	31 December 2023	31 December 2022
Long-term loans issued	5 976	1 622
Short-term loans issued	2	2
	<b>5 978</b>	<b>1 624</b>

The Group issued unsecured loans at 4-15% p.a. maturing in 2027-2028. See also note 29.

Information on the Group's exposure to credit and currency risks in respect of loans issued is disclosed in Note 27.

## 20 Cash and cash equivalents

mln. RUB	31 December 2023	31 December 2022
Current bank account balances	1 792	4 949
Letters of credit for construction	478	2 282
Petty cash	-	1
	<b>2 270</b>	<b>7 232</b>

Information on the Group's exposure to credit risks in respect of loans issued is disclosed in Note 27.

## 21 Trade and other receivables

<b>mln. RUB</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Accounts receivable for taxes other than profit tax	373	107
Advances given	224	131
Cash deposited in escrow account with a bank under an intragroup sales agreement	82	1 000
Trade receivables	67	36
Accounts receivable for profit tax	48	97
Accounts receivable from a related party in connection with the sale of a subsidiary	-	3 232
Other receivables	145	92
	<b>939</b>	<b>4 695</b>

Information on the Group's exposure to credit risks and impairment losses on trade and other receivables is disclosed in Note 27.

## 22 Trade and other payables

<b>mln. RUB</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Accounts payable to Moscow department of civil property	3 847	5 093
Payables to suppliers	3 039	1 637
Other taxes payable	473	338
Income tax payable	368	173
Payables to employees	328	199
Dividends payable	-	3 232
Payables for land rights	11	234
	<b>8 066</b>	<b>10 906</b>
Accounts payable non-current	1 986	3 776
Accounts payable current	6 080	7 130
	<b>8 066</b>	<b>10 906</b>

Information on the Group's exposure to liquidity risks in respect of trade and other payables is disclosed in Note 27.

## 23 Deferred income

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
Balance at 1 January	3 665	4 194
Additions	968	-
Decrease of deferred income by the amount of commission under the bank guarantee	(147)	(139)
Other	(37)	-
Write off to cost of sales	(2 231)	(390)
Balance as of 31 December	<b>2 218</b>	<b>3 665</b>

As at 31 December 2023 deferred income in the amount of RUB 2 218 mln. (31 December 2022: RUB 3 665 mln.) represents the government grants received in the form of deferral allowances for 3 years with subsequent exemption from rent payments and debt for change of permitted land usage for several projects of the Group. The basis for the benefits is the Group's participation in the implementation of investment projects for the creation of workplace applications in Moscow.

Management is reasonably certain that as at 31 December 2023 and 31 December 2022 and the following reporting dates the Group was in compliance with the terms of the government grants, therefore, the Group classified the receivables for the lease of land and change of land use as deferred income with subsequent recognition of these receivables as a reduction of the cost of investment projects to create land for labor applications in Moscow as revenue from these projects is recognized.

## 24 Capital and reserves

### (a) Share capital

<b>mln. RUB</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<i>Authorized share capital</i>		
Ordinary shares with a par value of RUB 1 000 per 1000 shares	1	1
<b>On issue at year end, fully paid</b>	<b>1</b>	<b>1</b>
Income and other comprehensive income attributable to owners of the Company	2 190	1 465
Basic and diluted earnings per share	2.19	1.47

### Ordinary shares

All shares provide equal rights to residual assets of the Company. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### (b) Dividends

Pursuant to effective Russian legislation, the Company's provisions to be distributed are limited to the balance of accumulated retained earnings presented in the Company's statutory financial statements prepared in accordance with Russian Accounting Standards. In 2023, no decision was taken at the general meeting of shareholders to distribute dividends. (2022: dividends of RUB 3 232 mln. were distributed).



## 25 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk see Note 27.

<b>mln. RUB</b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
<i>Non-current liabilities</i>		
Long-term secured bank loans	48 814	40 819
Debt securities issued	3 000	6 325
Long-term liabilities for leases	104	333
Long-term borrowings	7	-
	<b><u>51 925</u></b>	<b><u>47 477</u></b>
Current liabilities		
Short-term secured loans	15 612	5 723
Debt securities	3 373	5 049
Debt on digital financial assets	1 109	-
Current lease liabilities	274	376
Short-term loans	-	5
	<b><u>20 368</u></b>	<b><u>11 153</u></b>

## (a) Terms and debt repayment schedule

mln. RUB					31 December 2023		31 December 2022	
	Currency	Nominal interest rate	Effective interest rate	Year of maturity	Face value	Carrying amount	Currency	Nominal interest rate
Debt securities	RUB	9.75%-11.75%	9.75%-11.75%	2024	3 373	3 373	8 375	8 375
Debt securities	RUB	11.75%	11.75%	2025	3 000	3 000	3 000	3 000
Debt on digital financial assets	RUB	15-17%	15-17%	2024	1 109	1 109	-	-
Secured bank loans	RUB	Bank of Russia key interest rate + 3.2%-3.8%	Bank of Russia key interest rate + 3.2%-3.8%	2024	4 974	4 974	4 406	4 406
Secured bank loans	RUB	Bank of Russia key interest rate + 3.2%-3.8%	Bank of Russia key interest rate + 3.2%-3.8%	2025	4 018	4 018	12 221	12 221
Secured bank loans	RUB	11.85%	11.85%	2024	501	501	-	-
Secured bank loans	RUB	floating	floating	2024	10 137	10 137	1 317	1 317
Secured bank loans	RUB	floating *	floating *	2025-2032	44 796	44 796	28 598	28 598
Long-term loans	RUB	9%	9%	2028	7	7	5	5
Lease liabilities	RUB	10%-11%	10%-11%	2024	274	274	376	376
Lease liabilities	RUB	10%-11%	10%-11%	2025	104	104	333	333
					<b>72 293</b>	<b>72 293</b>	<b>58 630</b>	<b>58 630</b>

\* During 2023, the Group used credit facilities to finance the Group's construction projects at a variable interest rate adjusted for escrow balances. As at 31 December 2023, the loan rate was in the range from the base rate of 18.4% - 19.8% to the preferential rate of 0.01% - 13% applied to loan debt covered by balances on escrow accounts (31 December 2022: base rate of 6.5% - 12%, preferential rate of 0.01% - 5.5%). The value of the base rate on such loans is tied to the key rate of the Central Bank of the Russian Federation.

As at 31 December 2023, the following assets were secured by bank loans:

- Inventories with a carrying amount of RUB 64 007 mln. (31 December 2022: RUB 47 635 mln.).
- Cash and cash equivalents with a carrying amount of RUB 1 080 mln. (31 December 2022: RUB 4 320 mln.).
- Sureties of JSC Pioneer Group and its subsidiaries, sureties of the owner of the Group, and pledge of shares and interests in subsidiaries that make up a significant part of the Group.

## 26 Provisions

<b>mln. RUB</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for construction of infrastructure	1 871	1 541
Provision for onerous contracts	353	328
Provision for litigations with individuals	45	45
Guarantee provision	21	50
<b>Total provisions</b>	<b>2 290</b>	<b>1 964</b>

The amount of provision for infrastructure construction is an estimate of future expenses that the Group is expected to incur in the construction of infrastructure and other social facilities, such as construction of networks, schools, kindergartens, roads, etc. for projects based on their stage of completion.

These estimates are largely dependent on the current rules and regulations of urban development, changes in which may entail changes in the terms of investment contracts and other agreements entered into with the Group, and changes in prices for construction materials and labor.

In 2023 Group used a reserve for infrastructure construction in the amount of RUB 882 mln. and accrued new reserves in the amount of RUB 1 212 mln., taking into account the release of a discount, which amounted to RUB 347 mln. (see Note 10).

## 27 Fair value and risk management

### (a) Accounting classification and fair value measurement

#### (i) *Financial assets and liabilities whose fair value is determined solely for disclosure purposes*

- **Debt securities issued**

The fair value of debt securities (non-convertible bearer bonds) related to level 2 of the fair value hierarchy is calculated on the basis of listed prices for debt securities with similar characteristics from the MICEX listing. On the basis of these prices, the market discount rate, which is financial return to maturity, is determined. Fair value is determined by discounted the future expected cash flows using this market discount rate.

- **Loans and borrowings**

The fair value of loans and borrowings related to level 3 of the fair value hierarchy is calculated based the future expected cash flows discounted using this market discount rate.

- **Trade and other receivables, loans issued**

The fair value of trade and other receivables, included in level 3 of the fair value hierarchy, is assessed as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

- **Non-derivative financial liabilities**

The fair value of non-derivative financial liabilities included in level 3 of the fair value hierarchy is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest as at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

**(b) Fair value for disclosure purposes**

As of 31 December 2023 the fair value of loans and borrowings received by RUB 2.8 billion was less than their book value (as of 31 December 2022: RUB 1.7 billion less than the book value), the fair value of loans issued by RUB 0.9 billion was less than their book value (as of 31 December 2022 did not differ significantly from the balance sheet). The fair value of other financial assets and liabilities did not differ significantly from their carrying amounts.

**(c) Financial risk management**

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

- credit risk;
- liquidity risk;
- market risks.

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 consolidated financial statements.

**Basic principles of risk management**

The Group Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze 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.

**(i) 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 investments in debt securities.

• ***Trade receivables, assets under contracts***

Receivables are made up mainly of trade receivables on residential and non-residential real estate assets and receivables from related parties. Contract assets mostly consist of amounts due under contracts and paid by customers but deposited on escrow accounts till finalization of development projects.

The Group minimizes its credit risk in sales of real estate to individuals and legal entities by performing such transactions mostly on a pre-payment basis. Installments are given only after creditworthiness analysis and is not significant currently.

For the purpose of operational control over the level of credit risk, buyers and customers are divided into groups according to credit characteristics, such as the type of buyer (individual / legal entity), the type of contract, the timing of occurrence and repayment. The Group's sales department analyzes compliance with the payment schedule by customers on a monthly basis. In case of violation of payment terms by buyers, a decision is made either to change the installment schedule or to terminate equity participation agreements.

The Group does not require any collateral to be present for its trade and other receivables.

The Group analyses on a regular basis repayment of related party receivables (Note 29), due to which considers that these receivables do not have a significant credit risk.

- **Loans given**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group sometimes also takes decision to place temporarily available cash in partners' companies, creditworthiness of which is assessed by Finance director of the Group.

The Group manages recognition and repayment of loans given to related parties (Note 30), due to which considers that these receivables do not have a significant credit risk.

- **Guarantees**

The Group's policy foresees the provision of financial guarantees by Group companies only for the liabilities of Group companies.

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

<b>mln. RUB</b>	<b>Carrying amounts</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
Contract assets	26 746	10 017
Cash and cash equivalents	2 270	7 231
Loans given	6 004	1 623
Accounts receivable from a related party in connection with the sale of a subsidiary	-	3 232
Cash deposited in escrow account with a bank under an intragroup sales agreement	82	1 000
Trade receivables	67	36
Other receivables	145	92
	<b>35 314</b>	<b>23 231</b>

The Group assesses the credit risk arising from the recognition of contract assets and cash placed in escrow accounts based on the credit ratings of partner banks with which escrow accounts are opened. As of 31 December 2023 and 31 December 2022 these banks had credit ratings ranging from AA- to AAA as rated by the Analytical Credit Rating Agency (ACRA).

Carrying amount of financial assets other than contract assets and cash and cash equivalents:

<b>mln. RUB</b>	<b>Total carrying amount 31 December 2023</b>	<b>Depreciation 31 December 2023</b>	<b>Total carrying amount 31 December 2022</b>	<b>Depreciation 31 December 2023</b>
	Unexpired	6 332	(34)	6 018
Expired	101	(101)	117	(117)
	<b>6 433</b>	<b>(135)</b>	<b>6 135</b>	<b>(151)</b>

The movement in the allowance for impairment in respect of trade and other receivables and loans receivable during the year was as follows:

<b>mln. RUB</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Initial balance	151	294

Change in reserve for the reporting year	(16)	(143)
Balance as of the end of the year	<b>135</b>	<b>151</b>

There were no credit rating downgrades during the reporting period.

All of the Group's debtors are located in the Russian Federation.

The maximum exposure to credit risk for trade receivables by type of customer was as follows at the reporting date:

<b>mln. RUB</b>	<b>Carrying amount</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
Individuals	36	36
Legal entities	-	-
	<b>36</b>	<b>36</b>

- **Cash and cash equivalents**

As of December 31, 2023, cash and cash equivalents amounted to 2,270 million rubles (in 2022: 7,231 million rubles) and are held in banks with the following ratings according to the Analytical Credit Rating Agency (ACRA):

<b>mln. RUB</b>	<b>2023</b>	<b>2022</b>
AAA (RU)	2 150	6 081
AA (RU)	63	1 082
AA+ (RU)	22	65
Others	35	3
	<b>2 270</b>	<b>7 231</b>

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting 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's finance department manages liquidity risk in accordance with internal guidelines approved by the Group's management which are regularly reviewed to reflect changing market conditions.

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.

The Group plans to repay its financial liabilities using the proceeds from the sale of apartments and commercial real estate.

As of 31 December 2023, the Group has resources in the amount of RUB 107 billion, including cash and cash equivalents in the amount of RUB 2 billion, and an unused limit of credit lines in the amount of RUB 105 billion.

Based on the liquidity position of the Group at the date of approval of these consolidated financial statements, management believes that the Group has sufficient resources and a sufficient reserve of credit facilities.

**December 31, 2023**

**RUB mln.**

**Non-derivative financial liabilities**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>0–2 months</b>	<b>2–12 months</b>	<b>1–2 years</b>	<b>2–5 years</b>	<b>5+ years</b>
Secured bank loans	64 426	88 192	16	17 757	17 426	39 572	13 422
Long-term loans	7	10	-	-	-	10	-
Debt securities issued	6 373	7 138	-	3 944	3 195	-	-
Digital financial assets	1 109	1 146	104	1 042	-	-	-
Trade and other payables	7 226	7 662	3 940	1 709	2 012	-	-
Obligations under finance lease contracts	378	396	28	247	121	-	-
	<b>79 519</b>	<b>104 544</b>	<b>4 087</b>	<b>24 699</b>	<b>22 754</b>	<b>39 582</b>	<b>13 422</b>

**December 31, 2023**

**RUB mln.**

**Non-derivative financial liabilities**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>0–2 months</b>	<b>2–12 months</b>	<b>1–2 years</b>	<b>2–5 years</b>	<b>5+ years</b>
Secured bank loans	46 542	59 286	58	6 481	12 620	18 562	21 565
Unsecured borrowings	5	5	-	5	-	-	-
Debt securities issued	11 375	13 187	-	6 083	3 909	3 195	-
Trade and other payables	10 395	10 993	5 191	2 557	1 283	1 962	-
Obligations under finance lease contracts	708	773	27	351	274	121	-
	<b>69 025</b>	<b>84 244</b>	<b>5 276</b>	<b>15 477</b>	<b>18 086</b>	<b>23 840</b>	<b>21 565</b>

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 optimizing the return on investments.

• **Currency risk**

In 2023, the Group placed temporarily available cash in long-term bonds of a related party in US dollars for a total amount of 10 million dollars, which is RUB 897 mln. as of 31 December 2023 (in 2022: nil).

A 10% appreciation of the ruble would reduce the amount of profit for the reporting period, net of taxes, by RUB 90 mln. A weakening of the ruble would have the opposite effect. The analysis was carried out on the assumption that all other variables, in particular interest rates, remain unchanged.

The Group is not exposed to other significant currency risks in 2023 and 2022.

• **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 favorable to the Group over the expected period until maturity.

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

<b>RUB mln.</b>	<b>Carrying amounts</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Fixed rate instruments</b>		
Financial assets	5 978	1 623
Financial liabilities	(12 215)	(17 181)
<b>Variable interest rate instruments</b>		
Financial liabilities*	(63 925)	(46 542)
	<b>(70 162)</b>	<b>(62 100)</b>

\* The above financial liabilities include credit lines to finance the Group's construction projects at a variable interest rate, adjusted depending on the volume of escrow balances. The facility has two components: a prime rate, which is primarily dependent on the Central bank of Russia key rate, and a reduces interest rate applied to loans covered by escrow balances.

If the Central bank of Russia key rate increases by 1 percentage point, the interest expense before interest capitalization would increase by RUB 310 mln.

**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. Therefore a change in interest rates at the reporting date would not affect profit or loss.

**(d) Equity management**

The Group's management has a policy of maintaining a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.



Management monitors the capital structure, i.e. the ratio of net debt to operating results. The calculation of net debt is provided below.

In 2023 the Group paid attention to building a balanced loan portfolio and set a goal to reduce interest rates.

<b>mln. RUB</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Short-term loans and borrowings	20 368	11 153
Long-term loans and borrowings	51 925	47 477
Total loans and borrowings	<b>72 293</b>	<b>58 630</b>
Less cash and cash equivalents	(2 270)	(7 231)
Less cash on escrow accounts	(50 846)	(28 387)
Net debt	<b>19 177</b>	<b>23 012</b>
Results from operating activities	<b>7 995</b>	<b>4 581</b>
Finance costs	(5 862)	(3 982)
Net debt/Results from operating activities	<b>2,40</b>	<b>5,02</b>
Finance costs/total loans and borrowings	<b>8%</b>	<b>7%</b>

## 28 Contingencies

### (a) Insurance

The Group insured construction and installation risks and post-launch warranty obligations at several facilities for a period up to 2024-2026, the book value of reserves for which as at 31 December 2023 amounted to RUB 37 533 mln. (as of 31 December 2022: RUB 21 301 mln.).

The Group does not insure against professional risks of force majeure events (force majeure), which may arise in relation to constructed buildings during the period from the date of revenue recognition to the date of title registration by the buyer or signing of the act of acceptance in relation to the share construction. The risk of loss in case of force majeure during the specified period is borne by the Group itself.

### (b) Litigations and claims

The Group is a defendant in a number of legal proceedings where it does not believe there are any material adverse consequences, other than those for which a provision has been accrued as of 31 December 2023 and 31 December 2022.

### (c) Tax contingencies

#### *Taxation system*

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

Checks and investigations regarding the correctness of tax calculation are carried out by several regulatory bodies that have the right to impose large fines and impose penalties. The correctness of the calculation of taxes in the reporting period can be verified within the next three calendar years, however, under certain circumstances, this period may be extended. Recently, the practice in the

Russian Federation is such that the tax authorities take a tougher position in terms of interpretation and compliance with tax legislation.

These circumstances may lead to the fact that the tax risks in the Russian Federation will be much higher than in other countries. The Group's management, based on its understanding of the applicable Russian tax legislation, official explanations and court decisions, believes that tax liabilities are reflected in an adequate amount. However, the interpretation of these provisions by the tax and judicial authorities, especially in connection with the reform of the supreme judicial authorities responsible for resolving tax disputes, may be different and, if the tax authorities are able to prove the validity of their position, this may have a significant impact on these consolidated financial statements.

Due to the ambiguity of tax legislation and law enforcement practice, as of December 31, 2023, there is a risk of additional income tax and VAT charges for an estimated total amount of RUB 1 270 mln. (as of 31 December 2022: RUB 480 mln.) due to the reasonableness of deducting certain expenses for tax purposes.

A number of transactions carried out by the Group during the restructuring of the legal structure of the Group and the transfer of ownership and lease rights to land plots within the Group may lead to additional requirements from the tax authorities, the amount of which cannot be determined accurately, but may be significant for the Group.

Management has not reflected a provision for these liabilities in these consolidated financial statements, as it estimates the probability of cash outflow to repay them as possible, but not high.

**(d) Warranties**

Under applicable Russian law, the Group is responsible for the quality of construction work performed under its contracts for a period of five years from the date of realization of the relevant facility, except for technological and engineering equipment included in the facility. The warranty period for process and engineering equipment is three years. Taking into account historical warranty claims, the amount of which was insignificant, in the present consolidated financial statements the Group did not reflect contingent liabilities on warranties for works performed.

However, the warranty period that the Group's contractors have to rectify the defects identified in accordance with the contractual terms is on average five years from the date of signing of the final construction and installation works acceptance certificate, from 2 to 2.5% of the total amount of contracts with subcontractors is paid only after one year from the date of signing of the final construction and installation works acceptance certificate if there are no defects.

## **29 Related party transactions**

**(a) Transactions with key management personnel and close family members**

The remuneration received by key management personnel during the year was as follows, reflected in personnel costs (see Note 9):

<b>RUB mln.</b>	<b>2023</b>	<b>2022</b>
Bonuses	137	96
Wages and salary	86	101
Contributions to social funds	49	35
	<b>272</b>	<b>233</b>

Remuneration of independent directors for 2023 amounted to RUB 39.8 mln., including social taxes (2022: RUB 30.8 mln.).

**(i) Loans**

As at 31 December 2023 the Group issued loans to an enterprise with significant influence on the Group and controlled by senior management personnel in the amount of RUB 4 571 million until 2027-2028 at 5%-15% per annum (as at 31 December 2022: RUB 1 612 million). These loans are included in other investments.

**(b) Transactions with other related parties under common control**

Transactions with related parties are of a one-off nature, all settlements on transactions with related parties are to be settled in cash within twelve months after the reporting date. All outstanding balances are unsecured. The Group's other related party transactions are disclosed below.

**(i) Revenue**

In 2023, revenue from the sale to related parties of a number of premises previously accounted for as part of investment property amounted to RUB 236 mln. (in 2022 there was no revenue from the sale of real estate), revenue from leasing premises amounted to RUB 25 mln. As of 31 December 2023 accounts receivable from related parties amounted to RUB 163 mln. (31 December 2022: RUB 2 mln). Part of the accounts receivable from the sale of premises is long-term with repayment in 2024-2025.

**(ii) Purchase of goods and services**

In 2023 related parties provided real estate and utility services to the Group for commissioned facilities and other services in the amount of RUB 145 mln. (in 2022: RUB 93 mln.). As of 31 December 2023 accounts payable for these transactions amount to RUB 55 mln. (31 December 2022: RUB 33 mln.).

**(iii) Loans**

As of 31 December 2023 loans issued by the Group to related parties under common control and employees of the group amounted to RUB 1 410 mln. (as at 31 December 2022: RUB 8 mln.).

As at 31 December 2023 loans received by the Group from related parties amounted to RUB 7 mln. (as of 31 December 2022: RUB 5 mln.).

Both loans received and issued are repayable primarily until 2028. Interest rates are 4%-12% per annum.

## 31 Significant subsidiaries

Company	Country	Indirect interest	
		31 December 2023	31 December 2022
<b>Management company - a sub-holding company</b>			
LLC SSP	Russia	100%	100%
<b>Other subsidiaries</b>			
LLC Specilizirovany Zastroychik Pioneer-1	Russia	100%	100%
LLC Specilizirovany Zastroychik Paveletskaya	Russia	100%	100%
LLC Specilizirovany Zastroychik Business Park Ostankino	Russia	100%	100%

Company	Country	Indirect interest	
		31 December 2023	31 December 2022
LLC Specilizirovany Zastroychik MFC Botanika	Russia	100%	100%
LLC Specilizirovany Zastroychik Opus	Russia	100%	100%
LLC Specilizirovany Zastroychik Life Savelovskaya	Russia	100%	100%
LLC Specilizirovany Zastroychik Shift	Russia	100%	100%
LLC Stroytelnaya Kompanya Pioneer	Russia	100%	100%

## 32 Base for evaluation

These consolidated financial statements have been prepared on the basis of historical (historical) cost.

## 33 Significant accounting policies

### (a) Basis of consolidation

#### (i) *Business combinations*

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

If this difference is expressed in a negative amount, then income from a profitable acquisition is immediately recognized as part of profit or loss for the period.

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

Transaction costs incurred by the Group as a result of the business combination, other than the costs associated with the issuance of debt or equity securities, are expensed as they arise.

Any contingent consideration payable is recognized 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 recognized in profit or loss.

#### (ii) *Non-controlling interest*

The charters of some subsidiaries incorporated as limited liability companies stipulate that in the event of a withdrawal by a participant the value of its interest should be paid out. As a result, the non-controlling interest in such subsidiaries are recognized within liabilities in the amount equal to a proportional share in net assets of subsidiaries calculated based on Russian accounting standards. Non-controlling interest for the amount of the difference between net identifiable assets calculated based on IFRSs and Russian accounting standards is recognized in equity. If the subsidiaries have negative net

assets, no assets of the non-controlling interest are recognized.

The non-controlling interest is estimated as a proportion of identifiable net assets in subsidiaries. Movements in the non-controlling interest in limited liability companies are recognized in equity.

**(iii) 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 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.

Acquisition of a controlling interest in the capital of companies that do not perform operations, but instead act as the holders of an asset that was the acquisition target, are presented in accounts as the purchaser of the asset for the future use of the asset by the Group. The consideration paid to these companies is shown as the purchase price of the asset, net of other assets and liabilities identified during the acquisition and recognized at their fair value.

**(iv) 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 as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of additional paid-in capital. Any cash paid for the acquisition is recognized directly in equity.

**(v) Loss of control**

Upon the loss of control over a subsidiary, the Group derecognizes its assets and liabilities and related non-controlling interests and other components of equity. Any positive or negative difference resulting from a loss of control is recognized in profit or loss. If the Group retains part of the investment in a former subsidiary, this share is measured at fair value at the date of loss of control. Subsequently, this interest is accounted for as an investment in an associate (using the equity method) or as an available-for-sale financial asset, depending on the extent to which the Group continues to influence the entity.

**(vi) Equity-accounted investments**

Equity-accounted investments that the Group makes include investments in associated and joint ventures.

Entity is considered associated with the Group on condition that the Group can significantly influence financial and operational policy of such an entity. However, the Group does not have either control or common control over financial and operational policy of such entities. Joint ventures are entities under common control where the Group has rights for share in net assets of such joint ventures. Group does not have rights for assets of such joint venture entities and does not bear their liabilities.

Shares in associated and joint ventures are equity-accounted at cost upon initial recognition. Cost includes all transactional costs incurred to make the investment.

Group's share in equity-accounted investment profit, loss or other comprehensive income is reflected in the consolidated financial statements of the Group.

This share is calculated taking into account the adjustments required to align the accounting policy of a specific item with the accounting policy of the Group, from the time when significant influence arises or joint control is exercised to the date when this significant influence or joint control ceases.

When the Group's equity interest in the losses of an investee exceeds its equity interest in the investee, the carrying amount of the equity interest (including any long-term investments) is reduced to zero and no further losses are recognized by the Group, unless the Group has assumed liability for the losses of the investee or made payments on its behalf.

**(vii) *Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains on transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(b) *Revenue***

**(i) *Revenue from the sale of real estate properties***

Revenues from sale of real estate properties comprise revenues from sale of flats, commercial real estate and parking slots which are constructed without reference to a specific customer's request.

If the contract concluded with customer does not provide for use of escrow account, the remuneration payable under such a contract is adjusted for the amount of the significant financing component that reflects the amount the customer would pay under the contract should such remuneration be paid in installments made as stage of project completion increases.

The transaction price under share-based construction agreements using escrow accounts (e.g. when funds from the buyer of real estate are transferred to a special account with an authorized bank), is determined taking into account savings on interest expenses as a result of a decrease in the base interest rate on project financing depending on the amount of funds deposited by customers on escrow accounts. Project finance funds borrowed by the Group at a decreased interest rate as a result of using escrow accounts is initially recognized at fair value.

As amount of funds from buyers deposited on escrow accounts in the authorized bank increase, the average interest rate under the loan agreement decreases, and the resulting savings in the interest rate are recognized as part of the transaction price. When registering a share-based construction agreement with customer, the Group calculates the savings as the difference between the base and decreased rates under the loan agreement accrued on the amount of accumulated payments under the agreements with customers for the entire term of the agreement, as a rule, until the date when funds on an escrow account become available to the Group. The interest saving calculation is made on the basis of contractual payments for share-based construction agreements, limited by the amount of funds planned for withdrawal in each forecast period for each escrow loan facility.

When the loan facility usage (withdrawal) and / or payment schedules under share-based construction agreements with customers change, or the level of interest rates changes, an adjustment is made to the savings amount (financial asset) recognized in accounting through finance income or expenses in the consolidated statement of profit or loss and other comprehensive income in the period when the change actually occurred.

The Group recognizes a financial asset related to the interest savings on project financing loans based on the projected withdrawal schedule for the loan, with a corresponding adjustment of the transaction price for the funds deposited to the escrow accounts, even if the funds under the loan have not yet been received. This financial asset is classified as accounted for at an amortized cost.

When real estate objects are sold under a share-based construction agreement using escrow accounts, the buyer's payment to such an account is not recognized by the Group in the consolidated statement of financial position. Revenue is determined using the stage of completion of the fulfillment of the contract liability with the simultaneous recognition of the asset under the contract. The contract asset is reclassified into accounts receivable when the Group meets the conditions that allow it to transfer the funds deposited on escrow accounts to Group's own bank accounts. Upon receipt of funds from escrow accounts on the Group's accounts, the receivables are settled, and the remainder of the unrecognized transaction price is included in liabilities under contracts with customers.

Non-cash consideration is measured at the fair value of the assets or services received.

The approach to determining the amount of revenue under real estate sale agreements and other types of agreements for sale of real estate in buildings that have been put into operation is similar to the approach defined for share-based construction agreements.

The costs incurred to obtain and conclude contracts, including real estate services, liability insurance and registration of equity participation agreements, as well as contributions to the fund for the protection of the rights of individuals concluding shared-based construction agreements, are recognized in commercial and administrative expenses as revenue from contracts with customers is recognized.

Revenue is recognized as control is transferred to the customer.

The Group estimates the significant component of financing arising from the effect of time value of money, taking into account the discount rate that would be applied for a separate financing transaction between the Group and the customer at the time of conclusion of the contract. A significant financing component is included in the total transaction price and included in the revenue recognized in the period as the stage of completion increases.

In cases where the sale of real estate in multi-apartment residential complexes is carried out in accordance with the requirements of Federal Law 214-FZ, according to which the developer has the right to receive the full amount of remuneration promised under the contract, and if the construction was completed without violating the conditions of the share-based construction agreement, and a participant in shared-based construction agreement does not have the right for unilateral refusal to perform the contract out of court, revenue is recognized over time as the stage of contract execution increases.

The Group uses the input method to estimate the stage of fulfillment of a contract obligation based on the actual costs incurred against total planned costs.

The cost of acquiring land plots and construction of infrastructure and social and cultural facilities is excluded from both actual and total planned costs and is recognized in the cost of sales of the period as control over the real estate property is transferred to the buyers.

**(ii) Construction contracts**

Revenue from construction contracts includes construction services that are specifically requested by the customer.

Gains and expenses from construction contracts are recognized in the consolidated statement of profit or loss and other comprehensive income over the period using the input method to estimate the stage of fulfillment of the contract obligation.

Contract costs are recognized when incurred. The estimated loss on the contract is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

**(iii) Document execution services**

Revenue from contracts on the provision of services on the registration of title to apartments is recognized at the date of registration of property.

**(iv) Rental income**

Rental income is recognized monthly based on the concluded rent agreements on a straight-line basis over the term of the rent. Lease incentives given are recognized as an integral part of the total rental income, over the term of the rent. Rental income is accounted for in revenue, if the Group performs these activities regularly and plans to make them for a long period.

Rental income for premises located on the land plot for construction and which are to be demolished is accounted for in other income. Income is decreased for expenses for maintenance of such premises.

**(c) Finance income and expense**

Finance income includes interest income on invested funds, gain on disposal of financial assets, exchange rate differences, release of the discount accrued at initial recognition and a significant component of financing by installment payments from customers. Interest income is recognized in profit or loss for the period as it is accrued using the effective interest rate (EIR) method.

Finance costs include interest expense on loans and borrowings, loss on disposal of financial assets, release of the discount recognized on initial recognition of a financial instrument, release of a discount on reserves, a significant financing component on advances received from customers, and recognized impairment losses of financial assets.

Borrowing costs that are not directly related to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

Interest expenses, the release of discounts on loans and payables, and a significant financing component of advances received from customers are capitalized into the cost of inventories, which are qualifying assets, which take a significant amount of time to prepare for sale. These assets mainly included costs incurred and recorded in inventories for the acquisition of land plots, land lease rights, changes in the type of permitted use of land, as well as costs incurred by the Group for the construction of infrastructure and social and cultural facilities.

Capitalization of financial expenses is carried out in the following order: first of all, interest expenses on target loans and borrowings for the land are capitalized, as well as a discount on accounts payable related to the acquisition of land, its lease rights and for changing the type of permitted use of land. Secondly, interest expense on target loans and borrowings to finance projects and a significant financing component on advances received from buyers are capitalized. Thirdly, interest expenses and discounts on loans and borrowings received for general purposes are capitalized.

Capitalization of financial expenses in stocks begins from the date of receipt of the urban development plan of the land plot and ends at the time of commissioning of the constructed facilities.

Gains and losses from changes in foreign exchange rates are recorded net as finance income or finance expense, depending on whether the net amount is positive or negative.

**(d) Functional currency**

Transactions in foreign currencies are translated to the functional currency of the Group's entities (Russian ruble) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising in translation are recognized in profit or loss.

**(e) Employee benefits**



**(i) Short-term benefits**

When determining the amount of the obligation in respect of short-term employee benefits, discounting is not applied, the corresponding expenses are recognized as employees fulfill their work duties. An obligation is recognized with respect to amounts expected to be paid under a short-term bonus or profit sharing plan if the Group has a valid legal or constructive obligation to pay the corresponding amount that arose as a result of the employee's employment in the past, and the amount of this obligation can be reliably estimated.

**(ii) Contributions to social funds**

Obligations for contributions to defined contribution pension plans are limited by contributions to social funds and are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**(f) Income tax**

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

**(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, assessed using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**(ii) Deferred tax**

Deferred tax is recognized 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 recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. 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 realized.

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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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 realized simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. Tax liabilities include estimated additional taxes including penalties. This estimate is based on calculations and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgments regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

When determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain tax positions and the possibility of additional taxes and fines and penalties for late payment of tax. Income tax liabilities include possible additional charges assessed by management, taking into account penalties. Their assessment is based on calculations and assumptions and may involve the formation of a number of professional judgments regarding the impact of future events. Over time, new information may become available to the Group, in connection with which the Group may need to change its judgments regarding the adequacy of existing tax obligations. Such changes in the amount of tax liabilities will affect the amount of tax for the period in which these judgments have changed.

**(g) Inventories**

Real estate objects acquired or under construction/developed for sale in the ordinary course of business are reflected in the Group as part of the item "Inventories".

Inventories include construction in progress on which the Group acts as a client and/or developer, funds invested in raw materials and consumables and finished products.

As part of the construction in progress, investment rights are also taken into account, which include the costs of acquiring land, preparation of the land plot for construction and developing project documentation.

Real estate objects where the leasing of an object is not the ultimate goal, but only a necessary component of the preparation of the real estate object for sale and contains the Group's intentions to sell these objects within its normal operating cycle are reflected under the item "Inventories". These objects at the construction stage are reflected as part of the costs under the article "Construction in progress", after commissioning - under the article "Finished products".

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When testing construction in progress for impairment, the expected future cash flows are discounted to their present value using a pre-tax discount rate reflecting the current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

The cost of real estate is determined on the basis of individual costs for a real estate object. These costs are distributed to the constructed apartments and non-residential premises in proportion to their area. The cost of real estate includes construction costs and other expenses directly related to a specific development project.

When carrying out construction, the Group may assume the following additional obligations:

- to transfer certain real estate objects to local authorities free of charge upon completion of their construction, for example, parts of the areas in apartments and commercial premises;

- to build certain infrastructure and socio-cultural facilities in exchange for obtaining a building permit, for example, roads, electrical substations and power grids, water supply and sewerage systems, highways, schools, kindergartens, landscaping embankments, etc;
- to build certain public facilities for which it is assumed that the compensation to be received from buyers will not reimburse the Group for the costs of their construction, for example, parking spaces.

If the conclusion of such contracts is part of the process of acquiring certain investment rights and these contracts are not considered as separate burdensome contracts, the costs of their construction are included in the total cost of construction of the building to which these obligations relate.

The total cost of construction includes construction costs (direct and indirect). Also included are the cost of acquiring land and/or its lease rights, the costs of changing the type of permitted use of land, the amount of accrued reserves in terms of the above expenses and other burdensome contracts for the degree of completion of each building, these costs are not included in the calculation of the degree of completion and are written off to the cost price in terms of meters sold.

The Group allocates all general construction expenses, loss-making contracts and expenses on the construction of infrastructure and social and cultural facilities (including payments to change the type of permitted use for these facilities) to the facilities in proportion to their area.

In case of the acquisition of land and costs on changing the type of permitted use for all phases of construction on a one-time basis and/or within a short period of time, the Group allocates these costs to specific blocks in proportion to their selling area, since the Group considers such plots as plots for a single construction project. If these costs arise with a significant time gap, the allocation of the cost of land and the change in the type of permitted use is carried out directly for each specific site and the buildings under construction, since the Group considers each phase of construction as a separate project.

The costs of changing the type of permitted use for stand-alone residential and non-residential buildings are allocated directly to each specific site and buildings under construction, since the Group considers the construction of residential and non-residential buildings as separate construction projects.

The cost of inventories, except for the objects of funds invested in the construction of real estate and construction in progress, intended for sale, is calculated using the weighted average cost formula and includes the costs incurred for the acquisition of inventories and bringing them to their current state.

The operational cycle of a construction project can exceed twelve months, because project inventories are included in current assets, even if they are not expected to be realized within twelve months after the reporting date.

The management of the Group considers the date of the beginning of active development to be the receipt of the urban development plan of the land plot.

**(h) Fixed assets**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property, plant and equipment have different useful lives, they are

accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

**(ii) Subsequent expenditure**

The cost of replacing a major component of an item of property, plant and equipment increases the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is written-off. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**(iii) Depreciation**

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Each major component of an item of property, plant and equipment is generally recognized in profit or loss on a straight-line basis over its estimated useful life, 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 of significant items of property, plant and equipment for the current and comparative periods are as follows in years:

- showrooms and inseparable improvements of leased premises 6-10;
- other buildings 40;
- nets 25;
- office equipment, furniture, cars 3-5.

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

**(i) Intangible assets**

Intangible assets acquired by the Group and having a finite useful life are carried at cost less accumulated depreciation and impairment losses.

Subsequent costs are capitalized in the value of a particular asset only if they increase the future economic benefits contained in this asset. All other costs, including those related to self-created brands and goodwill, are recognized in profit or loss for the period as incurred.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss 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 future economic benefits embodied in the asset. The estimated useful lives of intangible assets for the current and comparative periods are as follows in years:

- software 3-5;
- video clips 5.

Amortization methods, useful lives and residual values are reviewed at each reporting year end and adjusted if appropriate.

**(j) Investment property**

Investment property includes items of real estate that are used to earn rental income or capital gains.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses.

The estimated useful lives of investment properties for the current and comparative periods were 30 years.

The fair value of investment properties is disclosed at each reporting date.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds and the carrying amount of the property) is recognized in profit or loss.

**(k) Financial instruments**

**(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognized when they start to exist. All other financial assets and liabilities are initially recognized when the Group enters into a contractual relationship to which those instruments are related.

A financial asset (if it is not a trade receivable that does not contain a significant financing component) or a financial liability is initially measured at fair value, and for an item not measured at fair value through profit or loss, plus the amount of transaction costs that are directly attributable to its purchase or emission. Trade receivables that do not contain a significant financing component are initially measured at the transaction price cost.

**(ii) Non-derivative financial assets – classification and measurement**

Financial assets are reclassified after initial recognition only if the Group changes its business model for managing financial assets – in this case all financial assets affected by such change are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost only if the asset meets both of the following conditions and is not classified at the Group's discretion as measured at fair value through profit or loss:

- the asset is held within a business model whose purpose is to hold assets to collect contractual cash flows, and
- the contractual terms provide for cash flows generation according to a predefined schedule that are payments of principal and interest on the principal amount outstanding.

An investment in a debt instrument is measured at fair value through other comprehensive income if the instrument meets both of the following conditions and is not classified, at the Group's discretion, as measured at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms provide for cash flows generation according to a predefined schedule that are payments of principal and interest on the principal amount outstanding.

All financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income, as described above, are measured at fair value through profit or loss.

The Group assesses the purpose of the business model under which the asset is held at the portfolio level as this best reflects the way the business is run and information is provided to management. The following information is considered:

- the policies and objectives established for this portfolio, as well as the effect of these policies in practice, including a strategy for obtaining interest income stipulated by the contract, maintaining a certain structure of interest rates, ensuring that the maturity of financial assets matches the maturity of financial liabilities used to finance these assets, or expected cash outflows, or the generation of cash flows through the sale of assets;
- how the performance of the portfolio is assessed and how this information is communicated to the management of the Group;
- the risks affecting the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how the personnel responsible for managing the portfolio are remunerated (for example, whether the remuneration is based on the fair value of the specified assets or on the contractual cash flows received from the assets);
- the frequency, volume and timing of past sales of financial assets, the reasons for such sales, and expectations regarding future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose and the Group continues to recognize these assets.

Financial assets held for trading or under management and the performance of which is assessed based on fair value are measured at fair value through profit or loss.

The following accounting is applied to the subsequent measurement of financial assets:

- Financial assets measured at fair value through profit or loss are measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss for the period.
- Financial assets measured at amortized cost are measured at amortized cost using the effective interest rate method. Amortized cost is reduced by the amount of the impairment loss. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss for the period.
- Investments in debt instruments measured at fair value through other comprehensive income are measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss for the period.
- Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Dividends are recognized as income in profit or loss for the period, unless it is clear that the dividend is a reimbursement of part of the initial cost of the investment. Other net gains or losses are recognized in other comprehensive income and are never reclassified to profit or loss for the period.

**(iii) Non-derivative financial liabilities**

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, is a derivative, or is classified as such by the entity on initial recognition.

Financial liabilities measured at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss arising on derecognition is also recognized in profit or loss.

Cash under share-based construction agreements received on escrow accounts is not recognized in the Group's accounting until the contractual obligations required to transfer money from escrow accounts to Group's own accounts are fulfilled. Project finance received by the Group at a decreased interest rate as a result of escrow accounts use is measured at fair value upon initial recognition.

**(iv) Derecognition – financial liabilities**

The Group derecognizes a financial liability when the contractual obligations are settled, canceled or terminated. The Group also derecognizes a financial liability when its terms are modified and the cash flows of that modified liability differ materially, in which case the resulting new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount repaid and the consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognized in profit or loss.

The Group derecognizes a financial liability when its terms change in such a way that the cash flows of the modified liability change significantly. In this case, the new financial liability with modified terms is recognized at fair value. Any difference between the carrying amount of the initial financial liability and the new financial liability with modified terms is recognized in profit or loss.

If the modification of conditions (or replacement of a financial liability) does not result in derecognition of a financial liability, the Group applies an accounting policy consistent with the approach for adjusting the gross carrying amount of a financial asset in cases where the modification of conditions does not result in derecognition of the financial asset – e.g. the Group recognizes any adjustment to the amortized cost of the financial liability resulting from such modification (or replacement of the financial liability) in profit or loss at the date of the modification (or replacement of the financial liability).

Changes in the amount of cash flows on existing financial liabilities are not considered a modification of the terms if they are a consequence of the current terms of the agreement, for example, changes in interest rates due to changes in the key rate of the Central Bank of the Russian Federation, if the corresponding loan agreement provides for the ability of the banks to change interest rates and the Group has the right to early repayment at nominal value without significant penalties.

Changes in the interest rate to market levels in response to changes in market conditions are accounted for by the Group in a manner similar to that for floating rate instruments, e.g. the interest rate is revised prospectively.

**(v) Derecognition – financial assets**

The Group derecognizes a financial asset when it loses the contractual rights to the cash flows generated by the financial asset or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks are transferred to the other party and benefits associated with ownership of this financial asset, or in which the Group neither transfers nor retains a significant part of all risks and rewards of ownership of this financial asset, but does not retain control over the financial asset.

**(vi) Offsetting**

Financial assets and financial liabilities are offset and presented in the consolidated statement of

financial position net only when the Group currently has a legally enforceable right to offset the recognized amounts and intends to either settle them on a net basis or realize the asset and fulfill the obligation at the same time.

**(l) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**(m) Impairment**

**(i) Non-derivative financial assets**

*Financial instruments and contractual assets*

The Group recognizes loss allowances for expected credit losses (ECL) for:

- financial assets measured at an amortized cost; and
- contract assets.

The Group estimates the allowance for losses at an amount equal to the ECL for the entire period, except for the following instruments for which the amount of the allowance will be recognized equal to 12-month expected credit losses:

- debt securities, if it was determined that they have low credit risk as of the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always be measured at an amount equal to lifetime expected credit losses. The allowance for impairment of receivables is used to record impairment losses, unless the Group is confident that an amount cannot be recovered and records it directly as a decrease in the value of the related financial asset.

In assessing whether there has been a significant increase in the credit risk of a financial asset since initial recognition, and in assessing ECL, the Group considers reasonable and reliable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's past experience and sound assessment of credit quality, and includes forward-looking information.

The Group makes an assumption that the credit risk of a financial asset has increased significantly if it is overdue by more than 30 days.

A financial asset is classified by the Group as financial asset for which a default event occurred in the following cases:

- it is unlikely that the borrower will repay its loan obligations to the Group in full without the Group taking such actions as selling collateral, if any; and
- the financial asset is more than 90 days overdue.

Lifetime ECL is ECL that arises from all possible default events over the expected life of a financial instrument.

12-month ECL is that portion of ECL that arises from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period is considered when ECL is measured over the maximum contractual period over



which the Group is exposed to credit risk.

**(n) ECL estimation**

Expected credit losses are estimated probability-weighted estimates of credit losses. Credit losses are measured as the present value of all expected uncollectible cash flows (i.e. the difference between the cash flows due to the Group under the contract and the cash flows 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 financial assets at amortized cost and debt securities at fair value through other comprehensive income for credit impairment. A financial asset is “credit impaired” when one or more events occur that adversely affect the estimated future cash flows of that financial asset.

Credit impairment of a financial asset is evidenced by, in particular, the following observable data:

- significant financial difficulties of the borrower or issuer;
- violation of the terms of the contract, such as default or delay in payment for more than 90 days;
- restructuring by the Group of a loan or advance payment on terms that it would not otherwise consider;
- the emergence of the likelihood of bankruptcy or other financial reorganization of the borrower; or
- the disappearance of an active market for the security as a result of financial difficulties.

Estimated reserves for losses on financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt securities measured at fair value through other comprehensive income, an estimated loss allowance is accrued in profit or loss and recorded in other comprehensive income.

*Write-offs*

The full carrying amount of a financial asset is written off when the Group has no reason to expect that the financial asset will be recovered in full or in part. For businesses, the Group makes an individual assessment of the timing and amounts of write-offs based on reasonable expectations of reimbursement. The Group does not expect significant recoveries of the amounts written-off. However, written-off financial assets may continue to be subject to enforcement in order to comply with the Group's procedures for recovering amounts due.

**(i) Non-financial assets**

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

For impairment testing purposes, assets that cannot be tested individually are grouped into a smaller group that generates cash inflows from the continuing use of the related assets, largely independent of other assets or CGUs. Provided the limitation that the level of testing cannot be higher than the level of operating segments is met, for the purpose of impairment testing, those CGUs to which goodwill has been allocated are combined so that impairment testing is performed at the lowest level at which

goodwill is tracked for internal reporting purposes. Goodwill acquired in a business combination is allocated to CGU groups that are expected to benefit from synergy in this business combination.

The Group's corporate assets do not generate separate cash flows and are used by more than one CGU. The value of corporate assets is allocated to CGUs on a reasonable and consistent basis, and their impairment is tested as part of testing the CGUs to which the relevant corporate asset was allocated. The recoverable amount of an asset or CGU is the greater of the value in use of that asset (unit) and its fair value less selling costs. When calculating the value in use, future expected cash flows are discounted to their present value using a pre-tax discount rate reflecting the current market estimate of the time value of money and risks specific to the asset or CGU.

An impairment loss is recognized when the carrying amount of the asset or CGU to which the asset belongs exceeds its recoverable amount.

Impairment losses are recognized in profit or loss for the period. An impairment loss on a CGU is first credited to the deduction of the carrying amount of goodwill allocated to the relevant CGU (or group of CGUs) and then proportionally to a decrease in the carrying amount of other assets in that CGU (group of CGUs).

Amounts written-off for impairment losses for goodwill are not reversed. For other assets, an impairment loss recognized in a prior period is reviewed at each reporting date in order to identify indications that the amount of this loss should be reduced or that it should no longer be recognized.

Amounts written-off for impairment losses are reversed if there has been a change in the estimates used to calculate the recoverable amount. An impairment loss is reversed only to the extent that the assets are restored to their carrying amount at which they would have been carried (less accumulated depreciation) if no impairment loss had been recognized.

**(o) Provisions**

A provision is recognized when, as a result of a past event, the Group has a legal or constructive obligation that can be measured reliably and an outflow of economic benefits to settle the obligation is probable. The amount of the provision is determined by discounting the expected cash flows at a post-tax rate that reflects current market assessments of the time value of money and the risks inherent in the liability. Amounts reflecting discount amortization are recognized as finance costs.

**(i) Onerous contracts**

A provision for onerous contracts is recognized if the expected benefits to the Group from its fulfillment are less than the unavoidable costs of meeting obligations under the relevant contract. This provision is measured at its present value, the lower of the expected cost to terminate the contract and the net cost of the expected cost to continue to meet the contractual obligations. Before making a provision, the Group recognizes all impairment losses on assets attributable to the contract.

**(ii) Provisions for construction of infrastructure**

According to urban planning standards and city regulations, the Group assumes obligations for the construction of social and cultural facilities and infrastructure that are not transferred to common ownership. As each house is built, the Group includes in the construction cost all costs of such properties, even if they have not yet been incurred, and recognizes a provision for infrastructure construction.

Estimates of future costs are allocated to properties under construction and sold in proportion to their area sold and are recognized based on the stage of completion of each block based on the present value of the estimated unavoidable net costs required to complete the construction of such infrastructure.

**(iii) Guarantee provisions**

The Group undertakes a warranty obligation in the amount of the difference between the expected costs of warranty repairs and the amount of warranty deductions from the Group's contractors. As each house is built, the Group includes in the construction cost all expected warranty costs in excess of the contractors' warranty deductions, even if they have not yet been incurred, and recognizes a provision for warranty obligations.

Estimates of future costs are allocated to properties under construction and sold on a pro rata basis to their area sold and are recognized based on the stage of completion of each building based on the present value of the estimated unavoidable net costs required to meet the warranty.

**(iv) Litigation provision**

A provision is recognized when it is highly probable that the Group will lose the litigation in which the Group is the defendant and it becomes necessary to settle the liability.

**(p) Leasing**

At the time of inception of the contract, the Group assesses whether the contract as a whole or its individual components is a lease. A contract is a lease or contains a lease component if the contract transfers the right to control the use of an identified asset for a specified period of time in exchange for consideration.

**(i) Group as a lessee**

The portfolio of lease agreements consists primarily of lease agreements for land plots for development with residential real estate projects for sale, buildings and premises, equipment and vehicles. Upon commencement or modification of a contract that contains a lease component, the Group allocates the contractual consideration to each lease component based on its relative stand-alone price. However, for some leases of real estate, the Group has chosen not to separate the non-lease components and to account for the lease components and the corresponding non-lease components as one component of the lease.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is the original amount of the lease liability, adjusted for lease payments made at or prior to the commencement of the lease, increased by initial direct costs incurred and the estimated cost to be incurred on dismantling and the movement of the underlying asset, or the restoration of the underlying asset or the site in which it is located, less incentive lease payments received.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement of the lease, discounted using the interest rate implicit in the lease or, if such rate cannot be readily determined, using the Group's incremental borrowing rate, adjusted depending on the rental period.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including essentially fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the lease;
- amounts expected to be paid by the lessee under the residual value guarantee;
- exercise price of the call option, if there is sufficient confidence that the Group will exercise this option, lease payments during the additional lease period arising from the existence of an option to renew the lease, if there is sufficient confidence that the Group will exercise this

option to extend the lease and penalties for early termination of the lease, unless there is reasonable assurance that the Group will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured if future lease payments change due to a change in index or rate, if the Group changes its assessment of whether it will exercise a call option, an option to renew or terminate a lease, or if a lease payment that is essentially fixed is renegotiated.

When the lease liability is renegotiated in this way, an adjustment is made to the carrying amount of the right-of-use asset or is charged to profit or loss if the carrying amount of the right-of-use asset was previously reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities under loans and borrowings in the consolidated statement of financial position.

The Group chose not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments made under such agreements as an expense on a straight-line basis over the lease term.

When accounting for lease agreements for land plots for the construction of real estate, the Group applies the following principles:

- a lease agreement, as a rule, is concluded initially for a period of 3 to 5 years with the right of its subsequent extension;
- contracts under which rental payments are increased annually in accordance with the base rates and coefficients and / or depend on the cadastral value, i.e. can be unilaterally changed by the lessor, are considered unpredictable in amount, respectively - variable, and are reflected as they accrue;
- payments for changing the type of permitted land use under lease agreements are recognized as lease-related costs and included in the calculation of the lease asset and liability;
- the lease term used in the calculations corresponds to the lease term, during which the contract cannot be terminated unilaterally. The Group also takes into account the right to renew and early termination of the contract, which the Group will exercise with reasonable certainty. This takes into account the construction period of the facilities on the respective leased land plots and the Group's investment strategy.

An asset in the form of the right to use land plots under construction is included in the construction cost depending on the stage of completion of each building. Other lease assets are amortized on a straight-line basis from the commencement of the lease until the end of the lease term and are included in administrative expenses for administrative leases and as cost of sales for production leases.

#### **(q) Earnings per share**

The Group provides information on basic and diluted earnings on its ordinary shares. Basic earnings per share 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 year, adjusted by the number of treasury shares repurchased.

Diluted earnings per share are determined by adjusting the amount of profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the number of treasury shares repurchased, taking into account the effect of all dilutive potential ordinary shares.

#### **(r) Government grants**

The Group receives government grants in the form of deferral benefits with subsequent release from the payment of rent and debts for changing the type of permitted use of land, as well as accrued interest on this debt. The basis for receiving benefits is the Group's participation in the implementation of investment projects to create jobs in Moscow.

If the Management of the Group has reasonable assurance that, as of the reporting date and in the future, the Group is in compliance with the conditions for granting government grants, land lease and land change liabilities are classified as deferred short-term income with the subsequent recognition of these incomes in reduction of the cost of investment projects to create places of employment as the proceeds from the implementation of these projects are recognized.

If there is no reasonable certainty, the debt is reflected in accounts payable, and interest is accrued on this debt in the manner prescribed by the lease agreements.

Commissions relating to bank guarantees issued as a collateral for land rent and which are the condition to receive government grants are accounted as a decrease in the amount of government grants.

**(s) Segment reporting**

An operating segment is a component of the Group that engages in business activities that may generate revenue and incur expenses, including revenue and expenses related to transactions with other components of the Group. The operating results of all operating segments are regularly reviewed by the Group's management in order to make decisions on the allocation of resources between the segments and to assess their financial results in relation to each operating segment.

The group represents one operating segment.

## **34 New standards and interpretations not yet adopted**

A number of new standards enter into force for annual periods beginning after 1 January 2023, with the possibility of early application. However, the Group did not early adopt new and amended standards when preparing these consolidated financial statements.

**(a) *Supplier debt financing agreement (Amendments to IAS 7 and IFRS 7)***

The amendments introduce new disclosure requirements on debt financing agreements to suppliers, which help users of financial statements assess the impact of these agreements on the company's liabilities and cash flows, as well as on the company's exposure to liquidity risk. The amendments apply to annual reporting periods beginning on or after 1 January 2024.

The Group is in the process of assessing the impact of the amendments, especially with respect to the preparation of additional information necessary to meet the new disclosure requirements.

**(b) *Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1)***

The amendments, published in 2020 and 2022, seek to clarify requirements to determine whether a liability is short-term or long-term and require new disclosures on long-term liabilities subject to covenants to be fulfilled in the future. The amendments apply to annual reporting periods beginning on or after 1 January 2024.

The Group has secured bank loans subject to special restrictions. Although both liabilities are classified as non-current as at 31 December 2023, the Group may be required to settle liabilities previously stipulated by the contract in the event of a breach of the relevant terms in future. The Group is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the disclosure of relevant information.

**(c) Other standards**

The following amendments to standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Lease liability under a leaseback sale transaction (Amendments to IFRS 16);
- Impossibility of currency exchange (Amendments to IAS 21).