GROUP OF COMPANIES «SEGEZHA» PUBLIC JOINT STOCK COMPANY

Special Purpose Consolidated Financial Statements and Independent Auditor's Report for the year ended 31 December 2024

SEGEZHA GROUP PJSC

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ДРТ
ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
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INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders and the Board of Directors of Group of Companies "Segezha" Public Joint Stock Company.

Opinion

We have audited special purpose consolidated financial statements of Group of Companies "Segezha" Public Joint Stock Company and its subsidiaries ("Group") which comprise special purpose consolidated statement of financial position as at 31 December 2024 and special purpose consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for 2024, and notes to special purpose consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose consolidated financial statements are prepared in all material respects in accordance with the basis of preparation of special purpose consolidated financial statements described in note 2 «Basis of preparation» and in accordance with Decree of the Government of the Russian Federation №1102 dated 4 July 2023 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" regarding restrictions on the level of financial information disclosure.

Basis for opinion

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

Material Uncertainty Related to Going Concern

The accompanying special purpose consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As described in Note 2 to the special purpose consolidated financial statements, short-term liabilities of the Group exceeds its current assets by 49,270 million of Russian Rubles as at 31 December 2024, as well as ongoing operating losses and negative operating cash. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Management's plans concerning these matters are also described in Note 2 to the special purpose consolidated financial statements. Our opinion is not modified in respect of this matter.

Emphasis of Matter – basis of preparation and restrictions of use

We draw attention to Note 2 «Basis of preparation» to special purpose consolidated financial statements, which describes the basis of preparation. The purpose of special purpose consolidated financial statements is to comply with the requirements for the publication of the Group's consolidated financial results established within the framework of the requirements of Federal Law № 208 "On Joint-Stock Companies" dated 26 December 1995 as well as taking into account the recommendations set out in Decree of the Government of the Russian Federation №1102 dated 4 July 2023 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" regarding restrictions on the level of financial information disclosure in such a way that the information presented in the accompanying special purpose consolidated financial statements would not be detrimental to the Group and its subsidiaries, shareholders, and current and potential counterparties. As a result, the special purpose consolidated financial statements do not comply with International Financial Reporting Standards ("IFRSs") and do not contain all the information required to be presented and disclosed in accordance with IFRSs and may not be suitable for any other purposes. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report for 2024 and the Report of the issuer of equity securities for the 12 months of 2024, but does not include the special purpose consolidated financial statements and our auditor's report thereon. The Annual report for 2024 and the Report of the issuer of equity securities for the 12 months of 2024 was expected to be made available to us after the date of this auditor's report.

Our opinion on the special purpose 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 special purpose 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.

When we read the Annual report for 2024 and the Report of the issuer of equity securities for the 12 months of 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

Responsibilities of Management and Audit Committee for the special purpose consolidated financial statements

Management is responsible for the preparation of the special purpose consolidated financial statements in accordance with the basis of preparation described in note 2 and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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.

The Audit Committee are responsible for overseeing the Group's special purpose financial reporting process.

Auditor's Responsibilities for the Audit of special purpose consolidated financial statements

Our objectives are to obtain reasonable assurance about whether special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 special purpose consolidated financial statements.

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

- Identify and assess the risks of material misstatement of special purpose 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 auditor's report to the related disclosures in special purpose 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the special purpose group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with The Audit Committee 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 The Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Anton Kochetkov
(ORNZ № 21906101507)
Team Leader
Acting based on the power of attorney issued by the General Director on 16.03.2023 authorizing to sign off the audit report on behalf of AO “Business Solutions and Technologies” (ORNZ № 12006020384)

Moscow, Russia
25 April 2025

SEGEZHA GROUP PJSC

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of Russian Rubles)

	Notes	2024	2023
Continuing operations			
Revenue	4	101,900	88,487
Operating expenses:			
Cost of goods sold	7	(76,731)	(67,621)
Selling and administrative expenses	8	(29,375)	(26,760)
Other operating income, net	9	49	1,587
Operating loss		**(4,157)**	**(4,307)**
Interest income	10	2,135	1,747
Interest expense	10	(26,513)	(16,483)
Other finance income/(expenses), net	10	912	(86)
Foreign exchange differences, net		(63)	725
Loss before tax		**(27,686)**	**(18,404)**
Income tax	11	5,406	2,424
Net loss for the year from continuing operations		**(22,280)**	**(15,980)**
Discontinued operations			
Net loss for the year from discontinued operations	5	-	(768)
Net loss for the year		**(22,280)**	**(16,748)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		-	162
Less: Gain reclassified to profit or loss on disposal of foreign operation		-	(2,080)
Other comprehensive loss for the year		**-**	**(1,918)**
Total comprehensive loss for the year		**(22,280)**	**(18,666)**
Net loss attributable to:			
Shareholders of Segezha Group PJSC		(22,249)	(16,704)
Non-controlling interests		(31)	(44)
		(22,280)	**(16,748)**
Total comprehensive loss attributable to:			
Shareholders of Segezha Group PJSC		(22,249)	(18,622)
Non-controlling interests		(31)	(44)
		(22,280)	**(18,666)**
Loss per share (in Russian Rubles)			
From continuing operations	21	(1.42)	(1.02)
From discontinued operations	21	-	(0.05)
	21	**(1.42)**	**(1.07)**

Alexander Kreshchenko

President

25 April 2025

Anton Rozhkov

Vice-President for Finance and Investments

The accompanying notes on pages 9-36 are an integral part of these special purpose consolidated financial statements.

SEGEZHA GROUP PJSC

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024
(in millions of Russian Rubles)

	Notes	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	80,611	77,890
Right-of-use assets	29	46,649	52,686
Intangible assets	13	5,133	5,226
Goodwill		444	444
Investments in joint ventures and associates	6	414	421
Deferred tax assets	11	8,446	2,790
Prepayments for non-current assets	12	1,650	2,263
Other non-current assets	14	16,430	17,131
Total non-current assets		**159,777**	**158,851**
CURRENT ASSETS:			
Inventories	15	23,332	21,137
Trade and other receivables and deferred expenses on delivery of finished goods	16	12,444	10,229
VAT receivable and taxes receivable	17	2,937	2,980
Income tax receivable		123	276
Advances and other current assets	18	3,300	4,090
Cash and cash equivalents	19	4,641	10,656
Total current assets		**46,777**	**49,368**
TOTAL ASSETS		**206,554**	**208,219**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	20	1,569	1,569
Additional paid-in capital		35,122	35,122
Accumulated deficit		(35,494)	(13,245)
Accumulated other comprehensive loss		(101)	(101)
Equity attributable to the shareholders of Segezha Group PJSC		**1,096**	**23,345**
Non-controlling interest		(12)	19
Total equity		**1,084**	**23,364**
NON-CURRENT LIABILITIES:			
Loans and borrowings	22	89,498	77,970
Lease liabilities	29	10,554	14,711
Deferred tax liabilities	11	5,659	5,740
Other non-current liabilities		3,712	2,345
Total non-current liabilities		**109,423**	**100,766**
CURRENT LIABILITIES:			
Loans and borrowings	22	62,923	55,259
Trade and other payables	23	24,076	18,414
Lease liabilities	29	2,779	3,227
Provisions	25	1,467	1,828
Taxes payable	24	2,112	2,655
Income tax payable		15	20
Dividends payable		229	229
Advances received		2,446	2,457
Total current liabilities		**96,047**	**84,089**
TOTAL EQUITY AND LIABILITIES		**206,554**	**208,219**

Alexander Kreshchenko
President

Anton Rozhkov
Vice-President for Finance and Investments

25 April 2025

The accompanying notes on pages 9-36 are an integral part of these special purpose consolidated financial statements.

SEGEZHA GROUP PJSC

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of Russian Rubles)

	Share capital	Additional paid-in capital	Retained earnings/ (accumulated deficit)	Accumulated other comprehensive income/(loss): Translation to presentation currency	Accumulated other comprehensive income/(loss): Other	Equity attributable to shareholders of Segezha Group PJSC	Non-controlling interests	Total equity
At 31 December 2022	**1,569**	**35,129**	**3,451**	**1,918**	**(62)**	**42,005**	**49**	**42,054**
Net loss for the year	-	-	(16,704)	-	-	**(16,704)**	(44)	**(16,748)**
Other comprehensive loss for the year	-	-	-	(1,918)	-	**(1,918)**	-	**(1,918)**
Total comprehensive loss for the year	**-**	**-**	**(16,704)**	**(1,918)**	**-**	**(18,622)**	**(44)**	**(18,666)**
Other movements	-	(7)	8	-	(39)	**(38)**	14	**(24)**
At 31 December 2023	**1,569**	**35,122**	**(13,245)**	**-**	**(101)**	**23,345**	**19**	**23,364**
Net loss for the year	-	-	(22,249)	-	-	**(22,249)**	(31)	**(22,280)**
Other comprehensive loss for the year	-	-	-	-	-	**-**	-	**-**
Total comprehensive loss for the year	**-**	**-**	**(22,249)**	**-**	**-**	**(22,249)**	**(31)**	**(22,280)**
At 31 December 2024	**1,569**	**35,122**	**(35,494)**	**-**	**(101)**	**1,096**	**(12)**	**1,084**

The accompanying notes on pages 9-36 are an integral part of these special purpose consolidated financial statements.

SEGEZHA GROUP PJSC

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of Russian Rubles)

	Notes	2024	2023*
Cash flows from operating activities:			
Net loss for the year		**(22,280)**	**(16,748)**
Adjustments for:			
Depreciation and amortisation		14,167	13,646
Interest income recognised in profit and loss		(2,135)	(1,712)
Interest expense recognised in profit and loss		26,513	16,493
Other finance (income)/expenses, net		(912)	86
Income tax recognised in profit and loss		(5,406)	(2,692)
Change in allowance for expected credit losses		19	115
Foreign exchange differences, net		63	(749)
Loss on disposal of Group entities and other adjustments		324	295
		10,353	**8,734**
Movements in working capital:			
Increase in trade and other receivables		(1,912)	(2,499)
(Increase)/decrease in inventories		(2,605)	1,371
Decrease in other assets		192	79
Increase/(decrease) in trade and other payables		767	(3,755)
(Decrease)/increase in other liabilities		(2,196)	1,544
Cash generated from operating activities		**4,599**	**5,474**
Interest paid		(17,055)	(13,597)
Income taxes paid		(223)	(1,787)
Net cash used in operating activities		**(12,679)**	**(9,910)**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(9,989)	(7,764)
Loans issued to joint ventures	28	(565)	(1,388)
Repayment of loans issued to related parties	28	4,489	-
Interest received		909	548
Investments in joint ventures		-	(35)
Other movements		188	(808)
Net cash used in investing activities		**(4,968)**	**(9,447)**
Cash flows from financing activities			
Proceeds from loans and borrowings		46,696	29,033
Proceeds from bonds and digital financial assets		12,200	13,544
Repayment of principal of loans and borrowings		(15,250)	(28,961)
Repayment of bonds		(31,426)	(7,682)
Lease liability payments		(952)	(1,439)
Other movements		-	(24)
Net cash generated from financing activities		**11,268**	**4,471**
Net decrease in cash and cash equivalents		(6,379)	(14,886)
Cash and cash equivalents at the beginning of the year		**10,656**	**22,879**
Effect of exchange rate changes on cash held in foreign currencies		364	2,663
Cash and cash equivalents at the end of the year	19	**4,641**	**10,656**

** Comparative information for the year ended 31 December 2023 has been re-presented to disclose reclassification of RUB 923 million of capital expenditures from operating to investing activities.*

The accompanying notes on pages 9-36 are an integral part of these special purpose consolidated financial statements.

(in millions of Russian Rubles, unless otherwise indicated)

1. GENERAL INFORMATION

Group of Companies «Segezha» Public Joint Stock Company (hereinafter, PJSC "Segezha Group" or the "Company" or jointly with its subsidiaries – "Segezha Group" or the "Group") is a vertically integrated timber holding company with full-cycle logging and value-added wood conversion. The Group operates timber, woodworking, pulp and paper companies, as well as paper packaging producers.

Group of Companies «Segezha» Public Joint Stock Company was incorporated in the Russian Federation ("RF") on 28 December 2020 (before 7 April 2021 Group of Companies "Segezha" Joint Stock Company). The Company is a legal successor of Group of Companies Segezha LLC (before 12 May 2016 – LesInvest LLC). The Company has a registered office 15, level 45, at 10 Presnenskaya Naberezhnaya, Moscow.

Below is the structure of the Group's significant entities, shares of ownership, locations and principal activities:

		31 December 2024		31 December 2023	
	Country	**Number of subsidiaries**	**Effective ownership**	**Number of subsidiaries**	**Effective ownership**
Paper and packaging segment					
Pulp and paper	Russia	2	89.13-100%	2	89.13-100%
Packaging	Russia	1	100%	1	100%
Woodworking segment	Russia	8	100%	8	100%
Plywood, boards and laminated wood products segment					
Plywood and boards	Russia	1	100%	1	100%
Home kits and CLT panels	Russia	2	100%	2	100%
Forestry management segment	Russia	4	99.13-100	4	89.13-100

As at 31 December 2024 and 2023, the Group has pledged interests in a number of its subsidiaries to secure performance under the loan agreements (Note 22).

2. BASIS OF PREPARATION

These special purpose consolidated financial statements have been prepared by the management based on the consolidated financial statements for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards ("IFRS") excluding the information the disclosure of which could be harmful to the Group, shareholders and (or) to its counterparties. These special purpose consolidated financial statements are not, and do not replace, the consolidated financial statements prepared in accordance with IFRS requirements as they do not contain full disclosures required.

These special purpose consolidated financial statements have been prepared to comply with the requirements for the publication of the consolidated financial results of the Group established by the Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995, and the recommendations set out in the Decree of the Government of the Russian Federation No. 1102 "On the specifics of disclosure and (or) provision of information subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" dated 4 July 2023 in relation to restrictions on the financial information disclosure in such a way that the information presented in the accompanying special purpose consolidated financial statements is not harmful to the Group and its subsidiaries, shareholders and current and potential counterparties. As a result, these special purpose consolidated financial statements may not be suitable for any other purpose.

The Group applies accounting principles based on a historical cost basis, except for assets and liabilities acquired under business combinations accounted based on a fair value as at date of acquisition. Historical cost is generally based on the fair value of the consideration given in exchange for acquired assets.

(in millions of Russian Rubles, unless otherwise indicated)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The entities of the Group maintain their accounting records in accordance with the laws and accounting/reporting regulations of the jurisdictions in which they are incorporated. The accounting principles in these jurisdictions may differ substantially from IFRS. Accordingly, individual financial statements of the entities were adjusted to ensure that the special purpose consolidated financial statements are presented in accordance with IFRS.

The principal accounting policies applied to prepare these special purpose consolidated financial statements are set out below and in related Notes. These accounting policies have been consistently applied to all years presented in these statements, except where indicated otherwise.

Functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Russian Ruble is the functional currency of the Company and its Russian subsidiaries. These special purpose consolidated financial statements are presented in Russian Rubles. All values are rounded to the nearest millions Rubles, except as indicated otherwise.

Below are exchange rates, which were used by the Group for the purpose of preparation of these special purpose consolidated financial statements:

	As at 31 December		**Average for the year ended 31 December**	
	2024	**2023**	**2024**	**2023**
RUB/CNY	13.4272	12.5762	12.7433	11.9846
RUB/USD	101.6797	89.6883	92.5652	85.2466
RUB/EUR	106.1028	99.1919	100.2154	92.2406

Basis of consolidation. These special purpose consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control over an entity (an investee) is achieved where the Group:

- has power to direct relevant activities of the investees that significantly affect their returns;
- is exposed, or has rights to, variable returns from its involvement with an investee; and
- has the ability to use its power over the investees to affect the amount of investor's returns.

The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than a majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of other vote holders to determine if it has de-facto power over the investee. The protective rights of other investors, such as those that relate to fundamental changes of an investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee.

Revenue. Revenue represents income arising in the normal course of business of the Group. Revenue is recognised at a transaction price. Transaction price represents a consideration to which the Group expects to become entitled in exchange for transferring control over promised goods or services to a customer, excluding any amounts received on behalf of third parties. Revenue is recognised net of discounts, VAT, export duties, excise and other similar mandatory payments.

Revenue comprises sales of goods (paper and package products, sawn timber, plywood, boards and other goods), as well as services related to the delivery of finished goods to customers after the transfer of control over goods. Sales are recognised as control passes to the customer, i.e. when (i) products have been delivered to the customer under Incoterms 2010, (ii) the customer obtains control over the products delivered and (iii) there is no outstanding obligation that may affect the acceptance of the products by the customer. The delivery of products is considered completed where (i) the products have been delivered to a specific location, (ii) control over the products has passed to the customer, (iii) the customer has accepted the products under the contract and (iv) the Group has objective evidence that all the acceptance terms and conditions have been satisfied.

Receivables are recognised upon product delivery because the right to consideration becomes unconditional due to the fact that consideration is only contingent on the passage of time.

If the Group transfers control over the service over the time (such as delivery of finished goods to the customer after having transferred the control) and, therefore, a performance obligation is satisfied over time, the sales revenue is included in the reporting period when the services were provided.

Critical judgements

The Group makes accounting estimates and assumptions that affect the amounts recognised in the special purpose consolidated financial statements and the carrying amounts of assets and liabilities. Accounting estimates and judgements are reviewed regularly and are based on the management's previous experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In applying the accounting policies, management also makes professional judgements other than accounting estimates.

Professional judgements with the most significant effect on accounting estimates and the amounts recognised in the special purpose consolidated financial statements, which may result in a significant adjustment to the carrying amount of assets and liabilities within the next financial year, include:

- measurement of right-of-use assets ("RoU assets") and lease liabilities (Note 29);
- useful lives of property, plant and equipment (Note 12);
- impairment of financial and non-current assets (Notes 12 and 16);
- joint control over engaged in plywood and boards, and forestry management (Note 6).

Going concern assumption

Management has prepared these special purpose consolidated financial statements on a going concern basis. This judgment has been made by management based on the Group's financial position, current plans, profitability of operations and availability of financial resources, as well as the impact of recent macroeconomic changes on the future operations of the Group.

As at 31 December 2024, current liabilities exceeded the Group's current assets by RUB 49,270 million, net loss for 2024 amounted to RUB 22,280 million and negative cash flow from operating activities amounted to RUB 12,679 million. In order to assess the Group's ability to continue on a going concern basis, the Group's management reviewed the financial position and future cash flows and profitability of the Group, taking into account expectations for recovery from the low phase of the market cycle, and also assessed available sources of refinancing of the current credit portfolio and ways to optimise it.

Due to the cyclical character of the wood processing industry, the Group's management expects improvement of the operating and financial results of the Group within the next twelve months.

On 26 December 2024, a decision to increase the Company's share capital through issue of 62 760 million of ordinary shares with a par value of RUB 0.1 and placement value of RUB 1.8 per ordinary share was approved by the general shareholders' meeting. The share issue is executed through closed subscription between the Company's parent company and a number of external investors. Additional share issue was registered by the Central bank of Russia on 27 February 2025, the placement started on 4 March 2025 and is expected to be completed in the second quarter of 2025. The management expects that the proceeds from additional issue will amount up to RUB 101,000 million and will be used to reduce the Groups credit portfolio with a corresponding reduction in future interest expenses.

Moreover, the Group engages in negotiations with the current creditors regarding refinancing of its loans and borrowings portfolio to extend the duration of its loans and borrowings, including current and future interest payments. As at 31 December 2024, the Group has also available bond program allowing to raise approximately RUB 35,000 million and unused credit facilities for a total amount of RUB 14,030 million (Note 26).

However, as at the date of approval of these special purpose consolidated financial statements there are significant external factors beyond the Group's control, such as completion of negotiations with external investors regarding the volumes and terms of participation in the additional issue of the Company's shares, the final timing of the approval of credit portfolio refinancing and its ultimate conditions. These factors indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and fulfill all of its obligations in accordance with the agreed terms.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied all IFRS standards and amendments that are mandatorily effective for an accounting period that begins on 1 January 2024. Their adoption has not had any material impact on the financial position of the Group, the results of its operations and cash flows.

New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025, and which the Group has not early adopted:

- Amendments to IAS 21 – *Lack of Exchangeability* (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025);
- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027);
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027);
- Amendments to IFRS 9 and IFRS 7 – *Classification and measurement of financial instruments* – (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026);
- Annual improvements to IFRS Accounting Standards – Volume 11, affecting IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS7 (issued on 18 July 2024 and effective for annual periods beginning on or after 1 January 2026).

The Group's management does not expect that these pronouncements with exception of IFRS 18 *Presentation and Disclosure in Financial Statements* will have a material impact on its special purpose consolidated financial statements. IFRS 18 *Presentation and Disclosure in Financial Statements* replaces IAS 1 *Presentation of Financial Statements* and has a more complex impact on the overall presentation of financial statements, including:

- revision of the overall presentation structure of statement of profit or loss and other comprehensive income;
- identification of management-defined performance measures and their disclosure in financial statements;
- clarification of general approach for aggregation and disaggregation of financial information and its presentation within primary financial statements and accompanying notes;
- change in starting point for cash flow statement prepared using indirect method and revision of certain classifications.

The Group management is performing more complex evaluation of effects arising from the first time adoption of IFRS 18 *Presentation and Disclosure in Financial Statements* requirements. Adjusted information will be appropriately disclosed within special purpose consolidated financial statements for the year ended 31 December 2027 and unaudited interim condensed consolidated financial statements for the six months ended 30 June 2027.

4. OPERATING SEGMENTS

Operating segments are components that engage in business activities from which they may earn revenues and incur expenses. The Chief Operating Decision Maker (CODM) is responsible for the regular analysis of segment performance, with separate financial information provided for operating segments. The CODM function is the responsibility of the Management Board, led by the President of the Group.

In 2024, the Group changed its management structure and separated assets that provide wood raw materials to other segments into a separate operating segment 'Forestry management'. In addition, 'Plywood and boards' segment and 'Laminated wood products' segment were merged. The presentation structure for operating segments' financial information was changed accordingly.

The Group's segments are strategic business units defined based on the goods and services they produce. The Group operates the following operating segments:

- ***Paper and packaging*** segment is engaged in the production and sale of sack kraft paper and artificial parchment produced from northern unbleached softwood kraft. The segment also offers the whole range of brown sack paper, as well as industrial paper sacks for a wide range of industries, such as cement, building, food, agriculture and chemicals, and retail paper bags;
- ***Wood working*** segment is engaged in the production of high-quality northern softwood sawn timber and wood chips. Sawn timber is used in construction, manufacturing of furniture blanks, glued timber structures, as well as wooden containers and packaging;
- ***Plywood, boards and laminated wood products*** segment includes two subdivisions, each of which is not individually identified as separate operating segment:
  - ***Plywood and boards*** subdivision is engaged in the production of high-tech birch plywood of various types, dry process wood fibreboards ("fibreboards") and RUF fuel briquettes. Plywood is then used in construction, furniture manufacturing, transportation and packaging. Fibreboards are used in the manufacture of doors, wall coverings and floorings, moldings and furniture;
  - ***Laminated wood products*** subdivision is engaged in the production of glued laminated timber, glulam-based home kits and cross-laminated timber (CLT panels) that are used in the construction of wooden houses and multi-story buildings;
- ***Forestry management*** segment is engaged in the procurement of wood raw materials to ensure the continuous operation of the Group's production segments.

(in millions of Russian Rubles, unless otherwise indicated)

For the purpose of presentation, operating segments are reported without aggregation. The 'Other' group includes companies that are not operating segments, i.e. management and holding companies.

The CODM analyses IFRS financial information, adjusted based on the internal reporting requirements. Segment operation results are assessed based on OIBDA (operating income before depreciation and amortization) indicators. Assets and liabilities as well additions to the non-current assets by segment are not reported to the CODM on a regular basis.

The Group's financial transactions (including finance costs, finance income, and other income) and income taxes are analysed with regards to the Group as a whole, without allocation to operating segments.

The following is an analysis of revenue and OIBDA from continuing operations by reportable segments for the year ended 31 December 2024:

	Revenue			
	Total	**Elimination of intersegment operations**	**From external customers**	**OIBDA**
Paper and packaging	36,652	(5)	36,647	9,596
Wood working	46,762	(479)	46,283	987
Plywood, boards and laminated wood products, including:	15,429	(221)	15,208	3,432
Plywood and boards	*9,751*	-	*9,751*	*1,770*
Laminated wood products	*5,678*	*(221)*	*5,457*	*1,662*
Forestry management	31,906	(28,375)	3,531	(360)
Other	5,755	(5,524)	231	(3,645)
Total	**136,504**	**(34,604)**	**101,900**	**10,010**

The following is an analysis of revenue and OIBDA from continuing operations by reportable segments for the year ended 31 December 2023 (comparative information has been re-presented for comparable disclosure of segments structure):

	Revenue			
	Total	**Elimination of intersegment operations**	**From external customers**	**OIBDA**
Paper and packaging	30,561	(6)	30,555	9,503
Wood working	40,961	(406)	40,555	2,355
Plywood, boards and laminated wood products, including:	14,402	(188)	14,214	3,623
Plywood and boards	*9,742*	-	*9,742*	*2,453*
Laminated wood products	*4,660*	*(188)*	*4,472*	*1,170*
Forestry management	32,558	(29,482)	3,076	(1,765)
Other	5,699	(5,612)	87	(4,435)
Total	**124,181**	**(35,694)**	**88,487**	**9,281**

Below is the reconciliation of segment OIBDA and consolidated operating profit and also with net profit before tax from continuing operations of the Group for the years ended 31 December 2024 and 2023:

	2024	**2023**
OIBDA	**10,010**	**9,281**
Depreciation and amortisation	(14,167)	(13,588)
Operating loss	**(4,157)**	**(4,307)**
Interest income	2,135	1,747
Interest expense	(26,513)	(16,483)
Other finance income/(expenses), net	912	(86)
Foreign exchange differences, net	(63)	725
Loss before tax from continuing operations	**(27,686)**	**(18,404)**

(in millions of Russian Rubles, unless otherwise indicated)

Geographical information

The Group's revenue from continuing operations based geographical location of the client for the years ended 31 December 2024 and 2023 is detailed below:

	2024	2023
Domestic sales	34,022	29,084
Export sales, including:		
China	45,422	44,060
Asia (except China)	13,686	11,059
Africa	7,716	2,607
Americas	332	1,037
Europe	719	640
Oceania	3	-
	67,878	**59,403**
Total revenue from external customers	**101,900**	**88,487**

None of the Group's end customers generate more than 10% of consolidated revenue.

5. DISCONTINUED OPERATIONS

On 22 February 2023, the Group entered into agreement to sell 100% stake in the share capital of its subsidiaries located in Europe and Türkiye (seven packaging plants with a total capacity of 704 million of paper sacks p.a.) that were part of the 'Paper and packaging' operating segment.

Revenue and net loss from discontinued operations for the year ended 31 December 2023 amounted to RUB 1,608 million and RUB 102 million, respectively. Loss on disposal of subsidiaries net of attributable income tax amounted to RUB 666 million.

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

As at 31 December 2024 and 2023, joint ventures and associates comprised:

		31 December 2024		31 December 2023	
	Type	Book value	Effective ownership, %	Book value	Effective ownership, %
Plywood and boards, forestry management	Joint ventures	-	85%	-	85%
Timber resources	Associates	122	45%	122	45%
Hotel management	Joint ventures	277	50%	277	50%
Other		15		22	
Total		**414**		**421**	

Joint ventures engaged in plywood and boards, and forestry management

The Group jointly with the bank operates joint ventures including plywood mill and supporting forestry management entity through the Corporate Governance Agreement concluded by the parties in 2020.

The Group has an 85% ownership in these companies with the remaining 15% belonging to the bank. The bank has a put option to sell the purchased 15% stake for a fixed consideration of RUB 912 million exercisable not earlier than 1 October 2025. The Group has a call option to purchase the 15% stake for the fixed consideration of RUB 912 million exercisable not later than 30 September 2025.

(in millions of Russian Rubles, unless otherwise indicated)

According to the Corporate Governance Agreement, concluded with the bank, both parties have equal rights to govern significant activities of the investees, including:

- approval of significant transactions over RUB 100 million;
- approval of the annual business plan and (or) budget, and reports on budget execution, introduction of amendments and additions to the approved annual business plan and (or) budget, and reports on budget execution.

In addition, the bank monitors operating and investment activities and controls payments.
The Group has the right to revise the list of significant activities that are subject of approval by the general shareholders' meeting if the investee's net debt to EBITDA (earnings before interest, taxes, depreciation, and amortisation) ratio reaches below 3.5 and exclude the approval of significant transactions over RUB 100 million.

Taking into account the provisions of the Corporate Governance Agreement, the management concluded that that until the termination of this agreement, the Group does not control these companies and recognises them as joint ventures with a 85% interest as the *'Investments in joint ventures and associates'*.

The summarised financial information below represents amounts in joint ventures' financial statements prepared in accordance with IFRS Standards as at 31 December 2024 and 2023 and for the years then ended:

	31 December 2024	**31 December 2023**
Current assets	1,740	1,076
including Cash and cash equivalents	123	*226*
Non-current assets	15,704	17,198
Total assets	**17,444**	**18,274**
Current liabilities:		
Trade and other payables	(1,422)	(714)
Loans and borrowings	-	(2,294)
Other current liabilities	(846)	(458)
Non-current liabilities:		
Loans and borrowings	(9,614)	(6,771)
Loans received from the Group (Note 28)	(9,932)	(9,366)
Interests payable on loans received from the Group (Note 28)	(3,007)	(1,917)
Lease liabilities	(783)	(1,345)
Other non-current liabilities	(654)	(599)
Total liabilities	**(26,258)**	**(23,464)**
Net liabilities	**(8,814)**	**(5,190)**

	2024	**2023**
Revenue	4,276	2,787
Depreciation and amortisation	(1,497)	(1,324)
Interest expense	(2,499)	(1,803)
Income tax	184	(3)
Net loss and total comprehensive loss	**(3,624)**	**(3,202)**

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the special purpose consolidated financial statements:

	2024	**2023**
Net liabilities as at beginning of the year	**(5,190)**	**(1,988)**
Loss for the year, net	(3,624)	(3,202)
Net liabilities as at end of the year	**(8,814)**	**(5,190)**
Effective shares of ownership, %	85%	85%
Group's share in the Net assets of the joint ventures	-	-
Book value as at the end of the year	**-**	**-**

(in millions of Russian Rubles, unless otherwise indicated)

7. COST OF GOODS SOLD

Below is the analysis of the cost goods sold from continuing operations by nature of expenses for the years ended 31 December 2024 and 2023:

	2024	2023
Raw materials and supplies	27,865	22,147
Employee benefits, including social funds contributions	21,590	17,602
Supplier and contractor services	16,207	12,562
Depreciation and amortisation	12,781	12,155
Other expenses	483	442
Net change in inventories, finished goods and work in progress	(2,195)	2,713
Total cost of goods sold from continuing operations	**76,731**	**67,621**

8. SELLING AND ADMINISTRATIVE EXPENSES

Below is the analysis of selling and administrative expenses by nature from continuing operations for the years ended 31 December 2024 and 2023:

	2024	2023
Finished goods transportation and other selling expenses	18,155	15,373
Employee benefits, including social funds contributions	7,440	7,628
Supplier and contractor services	1,242	1,333
Depreciation and amortisation	1,168	1,207
Raw materials and supplies	286	226
Increase in allowance for expected credit losses, net	19	115
Other expenses	1,065	878
Total selling and administrative expenses from continuing operations	**29,375**	**26,760**

9. OTHER OPERATING INCOME, NET

Below is the analysis of other operating income by nature from continuing operations for the years ended 31 December 2024 and 2023:

	2024	2023
Income from government grants	525	1,262
Other	(476)	325
Other operating income from continuing operations, net	**49**	**1,587**

Government grants represent government assistance provided to the Group subject to compliance with certain conditions, in the past or in the future, related to the Group's operating activities. Government grants do not include types of government assistance that cannot be reasonably estimated or transactions with governments that cannot be distinguished from regular market transactions of the Group.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses already incurred, particularly transportation costs related to goods sold by the Group for export, are recognised in profit or loss in the period in which the compensated expenses are incurred, providing that there is a reasonable assurance that these grants will be received.

In 2024 and 2023, the Group received grants to compensate costs attributable to export related transportation costs and certification of products for export markets.

(in millions of Russian Rubles, unless otherwise indicated)

10. FINANCE INCOME AND EXPENSES, NET

	2024	2023
Interest income	2,135	1,747
Interest expense		
Interest expense on loans and borrowings	(23,640)	(13,936)
Interest expense on lease liabilities	(2,556)	(2,345)
Interest expense on other liabilities	(317)	(202)
	(26,513)	**(16,483)**
Other finance income/(expenses)		
Income on early repayment of loans issued	1,761	-
Other finance expenses, net	(849)	(86)
	912	**(86)**
Finance expenses from continuing operations, net	**(23,466)**	**(14,822)**

11. INCOME TAX

Income taxes are recognised in the special purpose consolidated financial statements in accordance with laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that temporary differences will be recovered and sufficient taxable profit will be available against which deductible temporary differences can be utilised.

The Group controls reversal of temporary differences relating to taxes payable on dividends from subsidiaries or on gains on their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects temporary differences to reverse in the foreseeable future.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by the Company and its subsidiaries incorporated in the Russian Federation on taxable profits under the tax laws in the jurisdiction. Taxes for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

Uncertain tax positions. Management reassesses uncertain tax positions at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues.

Liabilities for penalties, interest and taxes other than income tax are recognised based on management's best estimate of the expenditure required to settle the liabilities at the reporting date. Adjustments of uncertain income tax positions, except for fines and penalties, are recognised as income tax expenses. Adjustments of uncertain income tax positions related to fines and penalties are recognised net as finance expenses and other profit/(loss) respectively.

Income tax recognised in profit or loss

	2024	2023
Income tax		
Current year	(990)	(511)
Windfall tax related to years 2021-2022	-	(430)
Prior period adjustments	608	51
	(382)	**(890)**
Deferred tax		
Change of temporary differences	5,266	3,314
Effect of change in income tax rate	522	-
	5,788	**3,314**
Total income tax relating to continuing operations	**5,406**	**2,424**

(in millions of Russian Rubles, unless otherwise indicated)

The effective tax rate reconciliation for the years ended 31 December 2024 and 2023 is presented below:

	2024	2023
Loss before tax relating to continuing operations	**(27,686)**	**(18,404)**
Theoretical income tax income at the rate of 20%	5,537	3,681
Windfall tax related to years 2021-2022	-	(430)
Non-deductible expenses, net	(494)	(377)
Prior period adjustments	608	51
Effect of change in income tax rate	552	-
Tax effect of restructuring of intercompany settlements	(297)	-
Accrual of the allowance for unutilised tax losses and other deductible temporary differences not recognised as deferred tax assets	(522)	(466)
Effect of tax rate other than the rate of 20%	22	(35)
Total income tax relating to continuing operations	**5,406**	**2,424**

The Russian statutory income tax common rate for years 2024 and 2023 was 20%. On 12 July 2024, Federal Law 176-FZ was issued which provides an increase in the income tax common rate from 20% to 25% since 1 January 2025.

Windfall tax

On 4 August 2023, Federal Law 414-FZ was issued which introduced a windfall tax for certain companies registered in Russia with the average income tax base for 2021 and 2022 years exceeding RUB 1 billion. This is one-off tax calculated as the excess of the average income tax base for the years ended 31 December 2022 and 2021 over the average income tax base for the years ended 31 December 2019 and 2018, multiplied by 10% tax rate.

Windfall tax had to be paid no later than 28 January 2024 with the option to reduce the amount of accrued tax by the amount of advance security deposit paid during the period from 1 October to 30 November 2023 but not exceeding 50% of the amount of the windfall tax calculated in accordance with 414-FZ. The Group paid the security deposit in the timeframe as mentioned above and recognised windfall tax expense in the special purpose consolidated statement of profit or loss for the year ended 31 December 2023.

Deferred tax

As at 31 December 2024 and 2023, deferred tax assets and liabilities recognised by the Group in the special purpose consolidated statement of financial position comprised:

	31 December 2024	31 December 2023
Deferred tax assets	8,446	2,790
Deferred tax liabilities	(5,659)	(5,740)
Total, net	**2,787**	**(2,950)**

The following is the analysis of deferred tax assets and liabilities presented in the special purpose consolidated statement of financial position:

Deferred tax assets/(liabilities)	**31 December 2023**	**Recognised in profit or loss**	**Consolidation/ disposal of subsidiaries**	**31 December 2024**
Property, plant and equipment, intangible assets and RoU assets	(9,763)	(1,888)	(65)	(11,716)
Inventories and contract assets	(235)	(430)	-	(665)
Trade and other receivables	934	522	14	1,470
Trade and other payables	713	320	-	1,033
Provisions	768	162	-	930
Tax losses carried forward	4,384	6,922	-	11,306
Other	249	180	-	429
Total, net	**(2,950)**	**5,788**	**(51)**	**2,787**

(in millions of Russian Rubles, unless otherwise indicated)

Deferred tax assets/(liabilities)	31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of subsidiaries	31 December 2023
Property, plant and equipment, intangible assets and RoU assets	(9,941)	140	-	38	(9,763)
Inventories and contract assets	(80)	(147)	-	(8)	(235)
Trade and other receivables	360	502	-	72	934
Trade and other payables	166	552	-	(5)	713
Provisions	826	9	-	(67)	768
Tax losses carried forward	2,347	2,037	-	-	4,384
Other	(238)	489	(2)	-	249
Total, net	**(6,560)**	**3,582**	**(2)**	**30**	**(2,950)**

In the context of the Group's existing structure, tax losses and current tax assets of different companies may not be offset against the current tax liabilities and taxable profits of other companies and, accordingly, taxes may accrue even if there is a net consolidated tax loss.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the Group's subsidiaries have sufficient taxable temporary differences or there is objective evidence that sufficient taxable profit will be available against which tax losses can be utilised. Unrecognised deferred tax assets related to tax losses are reviewed at each reporting date.

Federal Law No. 401-FZ of 30 November 2016 enables loss carry-forwards for an indefinite period. The carry-forward period was previously limited to 10 years. Federal Law No. 401-FZ also stipulates that losses from prior tax periods may not reduce the tax base for 2017-2026 by more than 50%.

The Group does not recognise deferred tax assets related to the tax losses of subsidiaries with losses in prior periods. Such losses may not be offset against taxable income within the Group. The Group reverses such previously unrecognised tax assets where previously unprofitable subsidiaries have been profitable within the last five years and previously accumulated tax losses could be recovered in the foreseeable future in accordance with the tax planning results.

The movement in unrecognised deferred tax assets comprised:

	2024	2023
Balance, beginning of the year	**1,576**	**1,110**
Increase in unrecognised deferred tax assets	588	517
Recognition of previously unrecognised deferred tax assets	(66)	(51)
Change in statutory income tax rate	525	-
Balance, end of the year	**2,623**	**1,576**

The Group did not recognise deferred tax liabilities of RUB 711 million (2023: RUB 1,057 million) with respect to temporary differences related to investments in subsidiaries because the Group is able to monitor the recovery timelines for these temporary differences and does not plan to recover them in the foreseeable future.

12. PROPERTY, PLANT AND EQUIPMENT

Land, buildings and structures, equipment and other property are recognised at the acquisition cost less accumulated depreciation and impairment losses (freehold land is not depreciated). Properties in the course of construction are carried at cost, less any recognised impairment loss. Such construction in progress is classified to the appropriate categories of property, plant and equipment as they are completed and ready for intended use.

Depreciation is calculated using the straight-line method over their estimated useful lives and commences when the assets are ready for their intended use, i.e. comply with technical specifications and can be used in the manner intended by management.

(in millions of Russian Rubles, unless otherwise indicated)

The estimated useful lives, carrying amount and depreciation method are reviewed at the end of each reporting period for reasonableness and compliance with the plans and expectations of management, with the effect that any changes in estimates are accounted for on a prospective basis using relevant annual rates according to the following useful lives:

Buildings and other real estate	20-55 years
Plant and machinery	5-20 years
Other fixed assets	3-20 years

Estimates of expected useful lives are based on the following: (a) estimated useful life of an asset; (b) expected physical wear and tear of equipment determined by operating characteristics and technical maintenance requirements; and (c) technological and commercial obsolescence due to changes in market conditions.

As at 31 December 2024 and 2023, property, plant and equipment comprised:

	Land and natural assets	Buildings and facilities	Machinery and equipment	Other fixed assets	Properties in the course of construction	Total
Historical cost						
At 31 December 2022	**1,469**	**29,171**	**54,340**	**12,015**	**21,413**	**118,408**
Additions	-	-	-	-	8,772	**8,772**
Internal transfers	22	2,853	4,119	1,273	(8,267)	**-**
Reclassification between groups	-	382	1,862	(2,244)	-	**-**
Disposals	(3)	(146)	(401)	(130)	(244)	**(924)**
Disposal of subsidiaries	(145)	(1,580)	(3,577)	(130)	(85)	**(5,517)**
Translation to presentation currency	8	86	174	6	5	**279**
At 31 December 2023	**1,351**	**30,766**	**56,517**	**10,790**	**21,594**	**121,018**
Additions	-	-	-	-	13,150	**13,150**
Internal transfers	8	2,769	5,254	2,748	(10,779)	**-**
Reclassification between groups	-	(86)	(45)	131	-	**-**
Disposals	-	(43)	(211)	(142)	(25)	**(421)**
At 31 December 2024	**1,359**	**33,406**	**61,515**	**13,527**	**23,940**	**133,747**
Accumulated depreciation	**-**	**8,580**	**21,250**	**6,006**	**-**	**35,836**
Accumulated impairment	**-**	**51**	**63**	**3**	**242**	**359**
Total at 31 December 2022	**-**	**8,631**	**21,313**	**6,009**	**242**	**36,195**
Depreciation charge	-	2,522	5,599	1,509	-	**9,630**
Reclassification between groups	-	41	1,643	(1,684)	-	**-**
Disposals	-	(82)	(324)	(146)	-	**(552)**
Impairment	-	-	27	-	-	**27**
Disposal of subsidiaries	-	(552)	(1,693)	(30)	-	**(2,275)**
Translation to presentation currency	-	29	73	1	-	**103**
Accumulated depreciation	**-**	**10,538**	**26,548**	**5,656**	**-**	**42,742**
Accumulated impairment	**-**	**51**	**90**	**3**	**242**	**386**
Total at 31 December 2023	**-**	**10,589**	**26,638**	**5,659**	**242**	**43,128**
Depreciation charge	-	2,675	5,956	1,713	-	**10,344**
Reclassification between groups	-	(37)	(87)	124	-	**-**
Disposals	-	(15)	(164)	(120)	(10)	**(309)**
Impairment	-	-	(27)	-	-	**(27)**
Accumulated depreciation	**-**	**13,161**	**32,316**	**7,376**	**-**	**52,853**
Accumulated impairment	**-**	**51**	**-**	**-**	**232**	**283**
Total at 31 December 2024	**-**	**13,212**	**32,316**	**7,376**	**232**	**53,136**
Net book value						
At 31 December 2023	**1,351**	**20,177**	**29,879**	**5,131**	**21,352**	**77,890**
At 31 December 2024	**1,359**	**20,194**	**29,199**	**6,151**	**23,708**	**80,611**

As at 31 December 2024 and 2023 properties in the course of construction are partially represented by detailed design documentation for the construction of a new pulp and paper mills in the northwest of the European part of Russia and Siberia (Priority Investment Project ("PIP") relating to this construction that provides the Group with a priority right to conclude lease agreements for forest plots with a total annual allowable cut up to 4.3 cubic meters is accounted for as Intangible assets (Note 13)). No impairment indicators relating to the mentioned properties in the course of construction were identified by the Group.

Significant part of capital expenditures is caused by modernization of one of the Group's pulp and paper mills and acquisition of a new paper-making machine.

At each reporting date, the Group reviews property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is determined as the higher of (i) an asset's fair value less costs of disposal and (ii) its value in use. If asset impairment exists, the carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. Asset impairment loss recognised in prior reporting periods is recovered (if necessary) provided that accounting estimates used to determine the asset's value in use or its fair value net of disposal cost have been changed.

In 2024, due to geopolitical and economic factors affecting the Group's active markets and raise in the Central Bank of Russia key rate, the Group identified impairment indicators in relation to non-current assets of 'Forestry management' and 'Wood working' segments located in Siberian part of Russia and forming CGU 'Forestry management and wood working – Siberia'; CGU 'Paper' representing non-current assets of 'Paper and packaging' segment engaged in paper production; and CGU 'Plywood' representing non-current assets of 'Plywood and boards' subdivision of 'Plywood, boards and laminated wood products' segment. Recoverable value was assessed using estimated cash flows for the next 10 years forecasted based on budget parameters approved by the management, historical data and internal expectations for the future cash flows.

The key assumption used for cash flow forecast for periods after 2025, changes in which the recoverable amount is most sensitive to, were defined as follows:

- average price: based on historical data for the preceding 8-16 years adjusted for actual and expected inflation rates due to cyclical nature of the industry;
- volume of production: based on optimal utilization of production facilities;
- cost of production: year 2025 budget adjusted for expected inflation rates.

Terminal growth rate used for valuation was 6.20% and post-tax discount rate was 20.06%.

The recoverable value assessed during impairment test for abovementioned CGUs exceeded their net book value as at 31 December 2024 by less than 5% for CGU 'Forestry management and wood working – Siberia' and more than 100% for CGUs 'Paper' and 'Plywood'. It should be noted that discount rate used for calculation of the recoverable value is at a historical maximum and the management expects it to decrease in future periods. Using post-tax discount rate of 18.43% (discount rate of the preceding reporting period), the recoverable value would exceed the net book value by more than 10% for CGU 'Forestry management and wood working – Siberia' and more than 100% for CGUs 'Paper' and 'Plywood'. Thus, no impairment was identified during the impairment test performed.

No impairment indicators were identified in relation to other CGUs, fixed assets and properties in the course of construction.

In 2023, the Group assessed whether there were any indicators of the possible impairment of certain production assets and performed valuation of recoverable value for production facilities of 'Forestry management and wood working' segment, located in the northwest of the European part of Russia and Siberia as separate CGUs, as well as 'Plywood and boards' and 'Laminated wood products' segments. Valuation has been performed on value in use basis using discount rate of 18.43% p.a. As a result of the performed impairment test, no impairment was identified. Management considers that any reasonably possible change in the assumptions underlying the value in use calculation will not result in an impairment. No impairment indicators were identified in relation of other CGUs, fixed assets and properties in the course of construction.

As at 31 December 2024, the Group had property, plant and equipment with a carrying amount of RUB 2,173 million (31 December 2023: RUB 2,381 million) pledged as collateral to secure performance under loan agreements.

As at 31 December 2024, advances paid for non-current assets included advances to suppliers for the purchase of property, plant and equipment of RUB 1,650 million (31 December 2023: RUB 2,263 million).

As at 31 December 2024, payables for property, plant and equipment were RUB 1,863 million (31 December 2023: RUB 1,471 million).

(in millions of Russian Rubles, unless otherwise indicated)

As at 31 December 2024, the Group had contractual obligations to machinery and equipment suppliers for the purchase of assets of RUB 7,250 million (31 December 2023: RUB 7,329 million).

13. INTANGIBLE ASSETS

The Group's Intangible assets, excluding goodwill, have finite useful lives and mainly include ERP software (SAP), other capitalized software and intangible assets in respect of Priority Investment Projects (PIP) that give the Group a priority right to conclude lease agreements for forest plots. After the conclusion of lease agreements the intangible assets are reclassified to Right-of-use assets and are accounted for in accordance with IFRS 16 *Leases*, before the conclusion of the lease agreements, intangible assets are not amortized.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis in accordance with the annual amortization rates based on the following estimated useful life:

ERP software (SAP)	15 years
Other capitalized software	1-10 years
Other intangible assets	1-8 years

As at 31 December 2024 and 2023, intangible assets comprised:

	SAP	Other capitalized software	Other intangible assets	PIP	Intangible assets in progress	Total
Historical cost						
At 31 December 2022	**1,977**	**806**	**26**	**2,405**	**845**	**6,059**
Additions	-	-	-	-	190	**190**
Internal transfers	1	306	8	-	(315)	**-**
Reclassification between groups	-	7	(7)	-	-	**-**
Disposals	-	(78)	(1)	-	(2)	**(81)**
Disposal of subsidiaries	(71)	(41)	(6)	-	-	**(118)**
Translation to presentation currency	3	3	-	-	-	**6**
At 31 December 2023	**1,910**	**1,003**	**20**	**2,405**	**718**	**6,056**
Additions	-	-	-	-	212	**212**
Internal transfers	43	196	15	-	(254)	**-**
Disposals	-	(64)	-	-	(2)	**(66)**
At 31 December 2024	**1,953**	**1,135**	**35**	**2,405**	**674**	**6,202**
Accumulated amortisation						
At 31 December 2022	**204**	**406**	**7**	**-**	**-**	**617**
Amortisation charge	131	194	2	-	-	**327**
Disposals	-	(78)	-	-	-	**(78)**
Disposal of subsidiaries	(35)	(3)	-	-	-	**(38)**
Translation to presentation currency	2	-	-	-	-	**2**
At 31 December 2023	**302**	**519**	**9**	**-**	**-**	**830**
Amortisation charge	113	187	3	-	-	**303**
Disposals	-	(64)	-	-	-	**(64)**
At 31 December 2024	**415**	**642**	**12**	**-**	**-**	**1,069**
Net book value						
At 31 December 2023	**1,608**	**484**	**11**	**2,405**	**718**	**5,226**
At 31 December 2024	**1,538**	**493**	**23**	**2,405**	**674**	**5,133**

(in millions of Russian Rubles, unless otherwise indicated)

14. OTHER NON-CURRENT ASSETS

Below is the analysis of other non-current assets as at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Loans issued	11,402	13,360
Interest receivable on loans issued	3,085	2,087
Other receivables	1,943	1,684
Total other non-current assets	**16,430**	**17,131**

15. INVENTORIES

Below is the analysis of inventories as at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Raw materials, supplies and spare parts	18,007	15,638
Work-in-progress	1,844	1,762
Finished goods	4,051	4,249
	23,902	**21,649**
Less: allowance for inventory impairment	(570)	(512)
Total inventories	**23,332**	**21,137**

The cost of inventories recognised as an expense for continuing operations was RUB 31,557 million (2023: RUB 22,155 million).

As at 31 December 2024 and 2023, the Group had no inventories pledged as collateral to secure performance under loan agreements.

16. TRADE AND OTHER RECEIVABLES AND DEFERRED EXPENSES ON DELIVERY OF FINISHED GOODS

Accounts receivable comprise amounts due from customers to the Group. Accounts receivable are recognised at the amortised costs net of the allowance for expected credit losses (ECL).

Below is the analysis of trade and other receivables as at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Trade and other receivables	12,356	10,208
Allowance for expected credit losses	(1,179)	(1,132)
	11,177	**9,076**
Deferred expenses on delivery of finished goods	1,267	1,153
Total trade and other receivables and deferred expenses on delivery of finished goods	**12,444**	**10,229**

The Group sets a range of terms of payment for its customers, prioritizing advance payments, but also using letters of credit and credit periods up to 60 days.

The Group applies the simplified approach specified in IFRS 9 to measure ECL using the allowance for lifetime ECL with respect to all trade short-term receivables.

To measure ECL, the Group aggregated trade and other receivables based on similar credit risk characteristics and days past due.

ECL levels are based on customer characteristics for 36 months prior to each reporting date and similar historic credit losses incurred for that period. Losses for prior periods are adjusted based on the current and forecast macroeconomic data affecting customers' ability to repay receivables.

(in millions of Russian Rubles, unless otherwise indicated)

The expected credit losses on trade and other accounts receivable are estimated using a provision matrix with reference to past default experience and analysis of:

- the nature of the relationship with the debtor (trade accounts receivables, accounts receivables for heat and other accounts receivable);
- currency risks (for accounts receivable denominated in CNY, USD and EUR);
- country risks;
- the debtor's current financial position adjusted for factors that are specific to the debtor, general economic conditions, and an assessment of both the current and forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities. The maximum exposure to credit risk as at the reporting date is equal to the carrying amount of each class of financial assets detailed in Note 26. The Group has no property pledged to secure receivables.

The Group did not apply the above general rules with regards to consumer debts for heat energy generated by the Group's entities and made a separate allowance for such debts. The Group relied on the experience of recovering past due debts from previous years to assess expectations of recoverability of past due debts at the end of each period and calculate the necessary allowance.

The change in the allowance for expected credit losses is presented as follows:

	2024	**2023**
Balance, beginning of the year	**(1,132)**	**(827)**
Allowance	(350)	(881)
Amounts written off	93	70
Amounts recovered	215	463
Disposal of subsidiaries	-	45
Foreign exchange differences	(5)	(2)
Balance, end of the year	**(1,179)**	**(1,132)**

The aging analysis of trade and other receivables and the allowance for expected credit losses as at 31 December 2024 and 2023 is presented as follows:

	31 December 2024		**31 December 2023**	
Trade and other receivables	**Gross carrying amount**	**Lifetime ECL**	**Gross carrying amount**	**Lifetime ECL**
Not past due	7,779	0.0-0.9%	4,688	0.0-0.1%
Overdue 1-30 days	1,330	0.0-3.6%	1,029	0.0-0.1%
Overdue 31-90 days	711	0.0-14.5%	1,131	0.0-0.5%
Overdue 91-180 days	744	0.0-57.6%	1,049	0.0-1.7%
Overdue 181-365 days	652	14.4-100.0%	1,752	14.4-29.3%
Overdue more than 365 days	1,140	100%	559	100%
Total	**12,356**		**10,208**	

As at 31 December 2024 and 2023, the Group had no receivables pledged as collateral to secure performance under loan agreements.

(in millions of Russian Rubles, unless otherwise indicated)

17. VAT REIMBURSABLE AND TAXES RECEIVABLE

	31 December 2024	31 December 2023
VAT reimbursable	2,761	2,792
Other taxes receivable	176	188
Total VAT reimbursable and taxes receivable	**2,937**	**2,980**

18. ADVANCES AND OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid	2,899	2,392
Less: allowance for advances paid	(107)	(46)
	2,792	**2,346**
Contract assets	263	473
Other current assets	245	1,271
Total advances and other current assets	**3,300**	**4,090**

19. CASH AND CASH EQUIVALENTS

Below is the analysis of cash and cash equivalents as at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Cash on hand	6	5
Cash in current accounts	1,298	5,076
Bank deposits with original maturity of less than three months (interest rate 20.50-22.05%)	3,337	5,575
Total cash and cash equivalents	**4,641**	**10,656**

20. SHARE CAPITAL

As at 31 December 2024 and 2023, the Company's authorised and issued share capital amounted to RUB 1,569 million and consisted of 15,690,000,000 shares with a par value of RUB 0.1. All issued ordinary shares were fully paid. Ordinary shares provide voting rights but do not guarantee dividend returns.

25% of the Company's issued ordinary shares are traded in a public market (31 December 2023: 25%).

Profit distributable by the Company is defined on the basis of financial statements prepared in accordance with Russian Accounting Standards.

During the years ended 31 December 2024 and 2023, the Company neither distributed nor paid dividends to its shareholders.

21. LOSS PER SHARE

The calculation of the loss per share is based on the net income for the reporting period and a weighted average number of ordinary shares in circulation during the reporting period. The Group has no instruments with potential dilutive effect.

(in millions of Russian Rubles, unless otherwise indicated)

Loss per share for the years ended 31 December 2024 and 2023 is presented below:

	2024	2023
Net loss attributable to shareholders of Segezha Group PJSC		
From continuing operations	(22,249)	(15,936)
From discontinued operations	-	(768)
Weighted average number of ordinary shares in circulation (million shares)	15,690	15,690
Loss per share attributable (in RUB)		
From continuing operations	(1.42)	(1.02)
From discontinued operations	-	(0.05)
Total loss per share attributable (in RUB)	**(1.42)**	**(1.07)**

22. LOANS AND BORROWINGS

All loans and borrowings represent financial instruments initially recorded at fair value, net of direct issue costs. Subsequently, loans and borrowings are recognised at amortised cost using the effective interest rate method.

As at 31 December 2024 and 2023, loans and borrowings comprised:

		31 December 2024		31 December 2023	
	Currency	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Short-term loans and borrowings					
Secured loans and borrowings	RUB	15.48%	**2,249**	9.40%	**1,200**
Unsecured loans					
Short-term bank loans	RUB	24.46%	39,044	17.97%	22,117
Short-term bank loans	EUR	3.55%	3,083	4.70%	2,998
			42,127		**25,115**
Short-term portion of long-term corporate bonds and DFA					
Short-term portion of long-term corporate bonds and DFA	RUB	11.01%	11,833	10.70%	28,944
Short-term portion of long-term corporate bonds and DFA	CNY	4.16%	6,714		-
			18,547		**28,944**
Long-term loans and borrowings					
Secured loans and borrowings	RUB	-	**-**	9.40%	**1,066**
Unsecured loans					
Long-term bank loans	RUB	22.78%	52,638	17.14%	31,381
Other			-		294
			52,638		**31,675**
Long-term corporate bonds and DFA					
Long-term corporate bonds and DFA	RUB	16.58%	36,860	10.79%	38,941
Long-term corporate bonds and DFA	CNY		-	4.13%	6,288
			36,860		**45,229**
Total loans and borrowings			**152,421**		**133,229**

(in millions of Russian Rubles, unless otherwise indicated)

The table below details changes in the liabilities arising from financial activities, including changes related to cash flows and non-cash changes:

	2024	2023
Balance, beginning of the year	**133,229**	**123,841**
Loans and borrowings received	58,896	42,577
Loans and borrowings repaid	(46,676)	(36,643)
Non-cash changes, including:		
Reclassification of the interests accrued to the principal	6,358	1,080
Disposal of subsidiaries	-	(290)
Foreign exchange differences*	624	2,430
Other movements	(10)	234
Balance, end of the year	**152,421**	**133,229**

* *Foreign exchange differences include differences on translation to the presentation currency*

Assets pledged as security

As at 31 December 2024, the carrying value of property, plant and equipment pledged to secure obligations under loan agreements and overdrafts amounted RUB 2,173 million (31 December 2023: RUB 2,381 million).

In addition, as at 31 December 2024 and 2023, the Group pledged its stakes in four the Group's subsidiaries engaged in woodworking and forestry management.

Covenants – as part of loan agreements, the Companies in the Group are subject to certain restrictive covenants, including the consolidated net debt to adjusted consolidated EBITDA ratio (profit before interest, foreign exchange differences, taxes and depreciation and amortisation, adjusted for lease payments, which is equivalent to OIBDA adjusted for IFRS 16 lease payments as detailed in Note 26), compliance with the limits to ownership interest by the Group's ultimate shareholder, with forestry regulations, and with the requirements for the maintenance of licenses and restrictions on making new borrowings (in excess of the set consolidated net debt to the adjusted consolidated EBITDA ratio), providing loans, guarantees, sureties to third parties, assets management (disposing of material assets), increasing of collateral.

If the Group fails to meet these covenants, creditors may request that debt becomes immediately due and payable. Certain loan agreements also impose controls with respect to cross defaults by the Group.

As at 31 December 2024, the Group has reclassified RUB 2,048 million of Long-term loans and borrowings to Short-term loans and borrowings due to the breach a covenant (31 December 2023: RUB 2,298 million). As of the date of the issue of these financial statements the bank has not exercised their rights to impose penalties or to demand immediate repayment of the loan.
The Group has no other breaches of covenants under bank credit agreements, for which there are no waivers from the banks confirming lack of intention for early debt collection.

23. TRADE AND OTHER PAYABLES

Trade payables and accruals are recognised when the counterparty fulfills its contractual obligations. Trade payables and accruals are initially recognised at fair value and then carried at amortised cost using the effective interest method.

Below is the breakdown of trade and other payables as at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Trade payables	12,400	9,206
Wages and salaries	1,926	1,622
Interest payable	2,707	3,332
Other payables	7,043	4,254
Total trade and other payables	**24,076**	**18,414**

(in millions of Russian Rubles, unless otherwise indicated)

24. TAXES PAYABLE

Taxes payable and payments to social funds are presented as follows:

	31 December 2024	31 December 2023
Payments to social funds	1,015	1,538
VAT	812	810
Personal income tax	171	182
Other taxes	114	125
Total taxes payable	**2,112**	**2,655**

25. PROVISIONS

Provisions are presented as follows:

	Reforestation	Employee benefits	Other	Total
At 31 December 2022	**798**	**908**	**364**	**2,070**
Accrued	522	1,161	132	**1,815**
Disposal of subsidiaries	-	-	(233)	**(233)**
Reversed	-	(170)	(15)	**(185)**
Utilised	(789)	(738)	(112)	**(1,639)**
At 31 December 2023	**531**	**1,161**	**136**	**1,828**
Accrued	939	967	129	**2,035**
Reversed	-	(720)	(32)	**(752)**
Utilised	(1,137)	(467)	(40)	**(1,644)**
At 31 December 2024	**333**	**941**	**193**	**1,467**

26. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital risk management

The capital structure of the Group consists of net debt (borrowings as detailed in Note 22, less cash and cash equivalents) and equity comprising issued capital, additional paid-in capital, reserves, retained earnings and non-controlling.

The Board of Directors monitors the ratio of consolidated net debt to operating income before depreciation and amortisation of non-current assets (OIBDA). As IFRS do not provide for these indicators, the meaning of OIBDA and consolidated net debt as used by the Group may differ from those of other companies. Below is the analysis of the ratio of net consolidated debt to OIBDA:

	2024	2023
Total consolidated net debt	147,780	122,573
OIBDA	10,010	9,281
Net debt-to-OIBDA ratio	**14.76**	**13.21**
Lease payments under IFRS 16 *Leases* (Note 29)	(3,508)	(3,791)
OIBDA adjusted for lease payments under IFRS 16	6,502	5,490
Net debt to adjusted OIBDA	**22.73**	**22.33**

Below is the reconciliation of OIBDA and net debt:

	Notes	2024	2023
Operating (loss)/profit		(4,157)	(4,307)
Depreciation and amortisation		14,167	13,588
OIBDA		**10,010**	**9,281**
Loans and borrowings	22	152,421	133,229
Cash and cash equivalents	19	(4,641)	(10,656)
Total consolidated net debt		**147,780**	**122,573**

(in millions of Russian Rubles, unless otherwise indicated)

The Group is subject to certain external regulations and capital restrictions that are taken into account when managing the Group's capital. The Group is not subject to mandatory minimum capital requirements.

Financial risk management

The Group's Corporate Treasury function co-ordinates access to domestic and international financial markets, monitors and manages financial risks through internal management reports that analyse exposures by degree and magnitude of risks. These financial risks include market risks, credit risks and liquidity risks. The Group's management ensures policies that are aimed at reducing these risks without affecting, to the extent possible, the Group's competitiveness and flexibility.

Market risk is the risk of fluctuations in foreign exchange and interest rates. The Group may use derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

Currency risk is the risk of fluctuations in foreign exchange rates. Fluctuations in foreign exchange rates have a significant impact on financial performance of the Group as it exports goods produced in Russia to other countries. Moreover, the Group has a substantial loans and borrowings denominated in foreign currencies. Therefore, the Group is exposed to currency risks. The Group is exposed to fluctuations in foreign currency rates, with a major exposure coming from CNY/RUB, USD/RUB and EUR/RUB exchange rates.

Below are the carrying amounts of the Group's financial instruments denominated in foreign currencies (RUB equivalents using spot rate at the reporting date):

	31 December 2024			**31 December 2023**		
	CNY	**USD**	**EUR**	**CNY**	**USD**	**EUR**
Other non-current assets	-	-	3,490	-	-	5,847
Trade and other receivables	3,987	2,752	255	6,809	3,163	933
Cash and cash equivalents	567	-	-	4,216	287	-
Trade and other payables	(71)	(2,591)	(856)	(113)	(2,788)	(826)
Loans and borrowings	(6,714)	-	(3,083)	(6,288)	-	(3,291)
	(2,231)	**161**	**(194)**	**4,624**	**662**	**2,663**

The following table details the Group's sensitivity to a 40% decrease (2023: 40%) in the RUB exchange rates against the relevant foreign currencies. A sensitivity rate of 40% (2023: 40%) is applied to report foreign currency risk internally to key management personnel. It reflects management's assessment of reasonably possible change in foreign exchange rates.
The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their year-end translation change only where there are changes in foreign currency rates.

	2024		**2023**	
	Movements in RUB exchange rate against	**Impact on profit or loss before tax**	**Movements in RUB exchange rate against**	**Impact on profit or loss before tax**
CNY	+40%	(892)	+40%	1,850
USD	+40%	64	+40%	265
EUR	+40%	(78)	+40%	1,065

An increase in the RUB exchange rate against the above currencies will result in a decrease of profit or loss before tax.

Interest rate risk – the Group borrows funds at both fixed and floating interest rates. In 2024, the Group borrowed funds at a floating rate. Interest expenses on borrowings at floating interest rates were RUB 17,988 million for the year ended 31 December 2024 (2023: RUB 5,517 million).

The floating interest rate increasing by 1 percent point will result in RUB 1,007 million of extra future interest expenses (2023: RUB 593 million).

(in millions of Russian Rubles, unless otherwise indicated)

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

Trade receivables are represented by a large number of customers across various geographical areas. The Group reviews the financial position of debtors on a regular basis and monitors whether debt is repaid in a timely manner. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. An analysis of expected credit losses is presented in Notes 16 and 28.

As at 31 December 2024 and 2023, cash and cash equivalents were placed with the banks that had the following credit ratings:

Rating agency	National rating assigned	31 December 2024	31 December 2023
RAEX, Acra	ruAAA	3,926	5,772
RAEX	ruAA+	330	-
RAEX	ruA	130	146
Moody’s	A1	-	3,932
Acra	ruBBB+	-	227
	Other	249	574
		4,635	**10,651**

Liquidity risk is the risk that arises as the Group manages working capital, financial expenses and repayment of the principal amounts due under debt instruments. This risk may arise if the Group faces difficulties with regards to settling its financial liabilities as they fall due.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Below is the maturity analysis of the Group’s financial liabilities:

	0 - 30 days	31 - 365 days	1 year – 5 years	Over 5 years	Total amount including repayments related to interest expenses	Carrying value
At 31 December 2024						
Loans and borrowings*	1,684	79,363	108,028	21,904	**210,979**	**152,421**
Trade and other payables	10,992	13,084	-	-	**24,076**	**24,076**
Lease liability	192	2,955	11,245	71,740	**86,132**	**13,333**
	12,868	**95,402**	**119,273**	**93,644**	**321,187**	**189,830**
At 31 December 2023						
Loans and borrowings*	9,699	58,452	94,409	-	**162,560**	**133,229**
Trade and other payables	9,301	9,112	-	-	**18,413**	**18,414**
Lease liability	235	3,227	10,346	64,092	**77,900**	**17,938**
Other non-current liabilities	-	-	2,392	-	**2,392**	**2,175**
	19,235	**70,791**	**107,147**	**64,092**	**261,265**	**171,756**

** Maturity profile for loans and borrowings does not include reclassification to short-term liabilities disclosed in Note 22 due to the absence of the demand of early repayment from banks as of the date of these financial statements.*

As at 31 December 2024, unused credit line facilities were RUB 14,030 million (31 December 2023: RUB 44,860 million). In the future, the Group expects to settle its liabilities with operating cash flows and long-term financing.

(in millions of Russian Rubles, unless otherwise indicated)

27. FAIR VALUE

Fair value measurements are analysed by levels in the fair value hierarchy as follows:

- ***Level 1*** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ***Level 2*** fair value measurements are those derived from models based on significant inputs for the asset or liability, which are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- ***Level 3*** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Management applies judgements to place financial instruments within the fair value hierarchy. If a fair value measurement uses observable data that require significant adjustment, that measurement is a Level 3 measurement. The significance of the inputs to a fair value measurement is assessed against the fair value measurement in its entirety.

Fair value of long-term loans and borrowings is generally measured using discounted cash flows (Level 3 of the fair value hierarchy).

Fair value of long-term corporate bonds and DFA is measured using market quotations (Level 1 of the fair value hierarchy).

The carrying amount of the Group's main financial assets and liabilities approximates their fair values, except for the following:

	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued and interest accrued(Level 3)	14,487	7,348	15,447	13,046
Long-term corporate bonds and DFA (Level 1)	36,860	29,380	45,229	36,703
Long-term loans and borrowings (Level 3)	52,638	48,131	32,741	28,935
Short-term corporate bonds and DFA (Level 1)	18,547	15,521	28,944	27,341

Fair value of financial assets and liabilities related to Level 3 of fair value hierarchy was measured using discounted cash flows applying historical interest rates for the funds borrowed close to the reporting date. As at 31 December 2024 and 2023, the Group used the following discount rates:

	31 December 2024	31 December 2023
RUB denominated loans issued	23.35%	15.41%
Currency denominated loans issued	-	0.91%
RUB denominated long-term loans and borrowings	24.00%	18.95%
Currency denominated long-term loans and borrowings	-	4.50%

28. RELATED PARTY TRANSACTIONS

Information on transactions between the Group and its related parties, which also includes shareholders of the Group, parties related to shareholders of the Group (companies under common control), joint ventures and associates of the Group, as well as members of the Board of Directors and key management personnel is given below.

During the year ended 31 December 2024 and 2023, the companies in the Group entered into the following related party transactions recognised within the special purpose consolidated statement of profit and loss and other comprehensive income:

	2024		2023	
	Income	Expenses	Income	Expenses
Parent company and its subsidiaries	1,465	3,484	312	2,760
Joint ventures and associates	1,533	2,224	1,230	1,916

(in millions of Russian Rubles, unless otherwise indicated)

Transactions with parent company and its subsidiaries are represented by finance income and expenses and purchases of electric power. Transactions with joint ventures and associates are represented by purchase of goods and services.

As at 31 December 2024 and 2023, the Group recognised the following outstanding balances with related parties within the special purpose consolidated statement of financial position:

	31 December 2024		31 December 2023	
	Accounts receivable from related parties	**Accounts payable to related parties**	**Accounts receivable from related parties**	**Accounts payable to related parties**
Parent company and its subsidiaries	177	19,273	4,326	4,695
Joint ventures and associates	14,034	56	11,571	70

All related party balances are unsecured and will be settled in cash. No guarantees have been given or received in relation to any related party balance.

As at 31 December 2024 and 2023, the Group has outstanding financial assets from joint ventures engaged in plywood and boards, and forestry management as a part of joint ventures financing. On 18 August 2023, as a part of the completion of the procedures for the sale the Group's foreign subsidiaries, the Group assigned the rights of claim on loans issued to these subsidiaries to a company under common control. During the six months ended 30 June 2024 the Group received partial early repayment of these rights of claim from a parent company. Residual amount was reassigned to a third party. The change in the financial assets from related parties for the year ended 31 December 2024 and 2023 are as follows:

	2024	2023
Balance, beginning of the period	**13,360**	**7,978**
Loans issued to joint venture	565	1,388
Recognised on disposal of subsidiaries	-	3,211
Repayment of loans issued	(4,489)	-
Financial income on early repayment of loans issued	1,761	-
Reclassification of the interests accrued to the principal	191	-
Rights of claim reassigned to a third party	(1,378)	-
Foreign exchange differences	(78)	783
Balance, end of the period	**9,932**	**13,360**

The Group considers that future cash flows will be sufficient to meet related parties' obligations to settle their liabilities and, as a result, the credit risk associated with the relevant financial assets is limited.

For the year ended 31 December 2024 the Group received interest income on these financial assets in the amount of RUB 1,091 million (2023: RUB 960 million). As at 31 December 2024, interest receivable is RUB 3,007 million (31 December 2023: RUB 2,087 million).

The Group does not recognise expected credit losses on loans issued to joint ventures due to joint management over significant activities of the investees, as well as an 85% ownership in these ventures.

Key management personnel remuneration

In 2024, short-term remuneration to the members of the Board of Directors was RUB 33 million (2023: RUB 28 million). In 2024, short-term remuneration to key management was RUB 492 million (2023: RUB 1,040 million).

(in millions of Russian Rubles, unless otherwise indicated)

29. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

The group leases land for the purpose of timber harvesting. All of the land leased for this purpose is owned by the Russian Federation in accordance with Russian regulations, including the Forest Code of the Russian Federation. The lease agreements define the intended use of these forest plots, and restricts the use of the land for any other purpose. As specified in the lease agreements, the Group leases certain forest plots for up to 49 years. The Group is not involved in any agricultural activity as it relates to the timber, such as managing the biological transformation process as defined in IAS 41 *Agriculture*. The Group is only engaged in the process of harvesting the trees from unmanaged sources, and therefore accounts for the right-of-use assets in respect of the timber harvesting land rights in accordance with IFRS 16 *Leases*. As trees are harvested, they are recorded as raw materials within inventories. After processing, the trees are recorded as work-in-progress or finished goods. The Group is responsible for the reforestation of cleared plots.

The Group has also entered into leases for cars, machines and equipment, as well as offices with an average lease term from two to five years without a renewal option. The Group is not subject to any limitations as regards entering into such leases.

In measuring the lease term and discounting rate, the Group assumes that:

- the lease term is equal to the non-cancellable agreement term unless the Group has an extension option. The Group takes into account the extension options where it is reasonably certain that the Group will exercise those options, and the early termination options that the Group is reasonably certain not to exercise. In considering such options, the Group takes into account the residual useful lives of leasehold improvements, the Group's investment strategy and relevant decisions made, as well as time remaining until the exercise of extension or termination option;
- in calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease inception date if the rate implicit in the lease cannot be readily determined.

During the year ended 31 December 2024, the Group used rates in the range of 18.86-24.79% to calculate the present value of lease payments (2023: 10.83-18.86%).

As at 31 December 2024 and 2023, right-of-use assets comprised:

	Forest plots	Other	Total
At 31 December 2022	**55,792**	**4,799**	**60,591**
Additions of RoU assets/modification of lease agreements	(3,248)	(188)	**(3,436)**
Other additions	522	-	**522**
Reclassification between groups	204	(204)	**-**
Depreciation	(2,636)	(1,099)	**(3,735)**
Disposals of RoU assets	(342)	(95)	**(437)**
Disposal of subsidiaries	-	(863)	**(863)**
Translation to presentation currency	-	44	**44**
At 31 December 2023	**50,292**	**2,394**	**52,686**
Additions of RoU assets/modification of lease agreements	(3,981)	275	**(3,706)**
Other additions	1,544	-	**1,544**
Depreciation	(2,521)	(1,004)	**(3,525)**
Disposals of RoU assets	(250)	(100)	**(350)**
At 31 December 2024	**45,084**	**1,565**	**46,649**

(in millions of Russian Rubles, unless otherwise indicated)

The table below shows expenses recognised in the special purpose consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2024 and 2023:

	2024	**2023**
Depreciation of RoU assets	3,525	3,735
Short-term lease expenses	42	106
Interest on lease liabilities	2,556	2,352
	6,123	**6,193**

Changes in the liabilities arising from financial activities, including changes related to cash flows and non-cash changes:

	2024	**2023**
Balance, beginning of the year	**17,938**	**23,515**
Lease liability payments	(3,508)	(3,791)
Non-cash changes, including:		
Conclusion/(disposal) and modification of lease agreements	(3,653)	(3,494)
Interest expense	2,556	2,352
Disposal of subsidiaries	-	(874)
Foreign exchange differences*	-	230
Balance, end of the year	**13,333**	**17,938**

* *Foreign exchange differences include differences on translation to the presentation currency*

30. CONTINGENT ASSETS AND LIABILITIES

Taxation

Russian tax, trade and customs legislation that was enacted or substantively enacted at the end of the reporting period is subject to varying interpretations when being applied to the transactions and activities of the Group. Therefore, the tax position taken by management and the formal documentation supporting the tax position may be challenged by the tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Tax audit may cover three calendar years preceding the year in which the decisions to conduct tax audits are taken. Under certain circumstances, reviews may cover longer periods.

Russian tax legislation does not offer definitive guidance on certain issues. As a result, the Group may from time to time adopt interpretations that can reduce taxes of the Group as a whole. According to management, the tax positions and interpretations adopted are more likely to be recognised. However, there is also a risk that the Group may incur additional expenses should its tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated but may be significant to the financial position of the Group and/or the results of its operations.

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Potential adverse effect of economic volatility and sanctions in Russia – In February 2022, the EU, US and UK and certain other counties have imposed significant new sanctions and export control on Russian and Belarus persons and entities. These sanctions resulted in reduced access of the Russian business to international capital and some export markets, volatility of the Russian Ruble, rise of inflation, decline in capital markets, restrictions targeting several major Russian financial institution and Central Bank of Russian Federation, a number of companies and individuals, technology export controls and other negative economic consequences.

The risk that any Group member, or individuals holding positions within the Group as well its counterparties, may be affected by future sanctions designations cannot be excluded. Current and future risks to the Group include, among others, the risk of reduced or blocked access to capital markets and ability to obtain financing on commercially viable terms, the risk of restrictions on the import of certain equipment and software, the risk of fluctuations of the conversion rate of Russian ruble against other currencies, and risk related to the higher costs of capital (with the Central Bank of Russia key rate currently equals to 21%).

Management of the Group takes all the necessary steps to ensure stable operations of the Group. However, the future impact of the current economic developments on the Group's activities is difficult to determine at this stage, the current expectations and estimates of the management may differ from the actual results.

31. EVENTS AFTER THE REPORTING PERIOD

Except for events disclosed in other notes, there were no other events occurred after 31 December 2024 that require disclosure in these special purpose consolidated financial statements.