

**GROUP OF
COMPANIES
«SEGEZHA» PUBLIC
JOINT STOCK
COMPANY**

**Interim Condensed Consolidated Financial
Statements for the Six Months
Ended 30 June 2026**
(unaudited)

SEGEZHA GROUP PJSC

CONTENTS

	Page
REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	1
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2026:	
Interim condensed consolidated statement of profit and loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	
1. General information	7
2. Basis of preparation	7
3. Significant accounting policies, judgments, estimates and assumptions	8
4. Operating segments	8
5. Impairment and other expenses recognised on reorganisation of 'Wood working' segment	10
6. Finance income and expenses, net	10
7. Income tax	11
8. Property, plant and equipment	11
9. Other non-current assets	12
10. Share capital and additional paid-in capital	12
11. Loss per share	13
12. Loans and borrowings	14
13. Trade and other payables	14
14. Fair value	15
15. Related party transactions	15
16. Right-of-use assets and lease liabilities	16
17. Contingent assets and liabilities	16
18. Events after the reporting period	17

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders and the Board of Directors of Group of Companies
“Segezha” Public Joint Stock Company:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Group of Companies “Segezha” Public Joint Stock Company and its subsidiaries (the “Group”) as of 30 June 2026 and the related interim condensed consolidated statements of profit and loss and other comprehensive income for the six months ended 30 June 2026, interim condensed consolidated statement of changes in equity for six months ended 30 June 2026, interim condensed consolidated statement of cash flows for the six months ended 30 June 2026, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

The accompanying interim condensed consolidated financial statements have been prepared assuming that the Group will continue as a going concern. Note 2 to the interim condensed consolidated financial statements discloses that the Group's current liabilities exceeded its current assets by RUB 77,003 million as at 30 June 2026, as well as continuing operating losses and negative operating cash flows. 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 discussed in Note 2 to the interim condensed consolidated financial statements. Our opinion is not modified in respect of this matter.

Anton Kochetkov
(ORNZ № 21906101507),
Engagement partner,

Acting based on the power of attorney issued by the General Director on 26.02.2026
authorizing to sign off the audit report on behalf of AO "Business Solutions and Technologies"
(ORNZ № 12006020384)



Moscow, Russia
26 August 2026

SEGEZHA GROUP PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(unaudited)

(in millions of Russian Rubles)

	Notes	For the six months ended	
		30 June 2026	30 June 2025
Revenue	4	37,984	44,835
Operating expenses:			
Cost of goods sold		(31,825)	(36,629)
Selling and administrative expenses		(11,574)	(14,545)
Impairment and other expenses recognised on reorganisation of 'Wood working' segment	5	-	(5,574)
Other operating income, net		101	1,625
Operating loss		(5,314)	(10,288)
Interest income	6	187	873
Interest expense	6	(10,761)	(15,834)
Other finance expenses, net	6	(443)	(1,560)
Foreign exchange differences, net		(384)	368
Loss before tax		(16,715)	(26,441)
Income tax	7	1,452	4,676
Net loss and total comprehensive loss for the period		(15,263)	(21,765)
Net loss and total comprehensive loss attributable to:			
Shareholders of Segezha Group PJSC		(15,268)	(21,731)
Non-controlling interests		5	(34)
		(15,263)	(21,765)
Loss per share for loss attributable to the ordinary equity holders of the Company (in Russian Rubles)	11	(0.24)	(0.94)

Kirill Arsentiev
President

26 August 2026

Dmitry Muz
Vice-President for Finance and Investments

The accompanying notes on pages 7 - 17 are an integral part of these interim condensed consolidated financial statements.

SEGEZHA GROUP PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

(in millions of Russian Rubles)

	Notes	30 June 2026	31 December 2025
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	8	56,399	60,021
Right-of-use assets	16	28,878	28,610
Intangible assets		4,520	4,612
Goodwill		21	21
Investments in joint ventures and associates		414	414
Deferred tax assets	7	6,605	4,987
Prepayments for non-current assets		225	129
Other non-current assets	9	8,683	8,705
Total non-current assets		105,745	107,499
CURRENT ASSETS:			
Inventories		20,829	18,630
Trade and other receivables and deferred expenses on delivery of finished goods		8,200	7,386
VAT reimbursable and taxes receivable		2,027	2,218
Income tax receivable		225	160
Advances and other current assets		3,814	2,838
Cash and cash equivalents		1,415	3,014
Total current assets		36,510	34,246
TOTAL ASSETS		142,255	141,745
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10	7,845	7,845
Additional paid-in capital	10	116,151	116,179
Accumulated deficit		(138,955)	(123,687)
Accumulated other comprehensive loss		(101)	(101)
Equity attributable to the shareholders of Segezha Group PJSC		(15,060)	236
Non-controlling interest		52	19
Total equity		(15,008)	255
NON-CURRENT LIABILITIES:			
Loans and borrowings	12	27,240	45,076
Lease liabilities	16	9,731	9,028
Deferred tax liabilities	7	6,726	6,710
Other non-current liabilities		5,053	3,768
Total non-current liabilities		48,750	64,582
CURRENT LIABILITIES:			
Loans and borrowings	12	51,212	24,972
Liabilities related to option agreements	10	32,089	29,140
Trade and other payables	13	15,086	14,254
Lease liabilities	16	2,867	2,778
Provisions		1,913	1,539
Taxes payable		2,539	1,877
Income tax payable		38	14
Advances received		2,769	2,334
Total current liabilities		108,513	76,908
TOTAL EQUITY AND LIABILITIES		142,255	141,745

Kirill Arsent'yev
President

26 August 2026

Dmitry Muz
Vice-President for Finance and Investments

The accompanying notes on pages 7 - 17 are an integral part of these interim condensed consolidated financial statements.

SEGEZHA GROUP PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited)

(in millions of Russian Rubles)

	Notes	Share capital	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Equity attributable to shareholders of PJSC Segezha Group	Non-controlling interests	Total equity
31 December 2024		1,569	35,122	(35,494)	(101)	1,096	(12)	1,084
Net loss and total comprehensive loss for the period		-	-	(21,731)	-	(21,731)	(34)	(21,765)
Issue of shares	10	6,276	81,057	-	-	87,333	-	87,333
Buy-back of non-controlling interest		-	-	(15)	-	(15)	4	(11)
30 June 2025		7,845	116,179	(57,240)	(101)	66,683	(42)	66,641
31 December 2025		7,845	116,179	(123,687)	(101)	236	19	255
Net loss and total comprehensive loss for the period		-	-	(15,268)	-	(15,268)	5	(15,263)
Other movements		-	(28)	-	-	(28)	28	-
30 June 2026		7,845	116,151	(138,955)	(101)	(15,060)	52	(15,008)

The accompanying notes on pages 7 - 17 are an integral part of these consolidated financial statements.

SEGEZHA GROUP PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(in millions of Russian Rubles)

	Notes	For the six months ended	
		30 June 2026	30 June 2025
Cash flows from operating activities:			
Net loss for the period		(15,263)	(21,765)
<i>Adjustments for:</i>			
Depreciation and amortisation		5,971	7,332
Interest income recognised in profit and loss	6	(187)	(873)
Interest expense recognised in profit and loss	6	10,761	15,834
Other finance expenses, net	6	443	1,560
Income tax recognised in profit and loss	7	(1,452)	(4,676)
Change in allowance for expected credit losses		(132)	181
Foreign exchange differences, net		384	(368)
Impairment and other expenses recognised on reorganisation of 'Wood working' segment	5	-	5,574
Other adjustments		(109)	(1,374)
		416	1,425
<i>Movements in working capital:</i>			
(Increase)/decrease in trade and other receivables		(1,059)	19
Increase in inventories		(2,116)	(3,473)
Increase in other assets		(828)	(707)
Increase/(decrease) in trade and other payables		1	(1,928)
Increase in other liabilities		1,306	409
Cash used in operating activities		(2,280)	(4,255)
Interest paid		(6,072)	(14,565)
Income taxes paid		(205)	(229)
Net cash used in operating activities		(8,557)	(19,049)
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(1,840)	(2,863)
Interest received		139	274
Advance received on disposal of subsidiary		-	500
Other movements		352	-
Net cash used in investing activities		(1,349)	(2,089)
Cash flows from financing activities			
Proceeds from issue of shares	10	-	51,012
Proceeds from loans and borrowings		12,165	49,459
Proceeds from bonds and digital financial assets		4,529	10,000
Repayment of principal of loans and borrowings		(397)	(64,223)
Repayment of bonds and digital financial assets		(7,802)	(25,545)
Lease liability payments		(166)	(107)
Net cash generated from financing activities		8,329	20,596
Net decrease in cash and cash equivalents		(1,577)	(542)
Cash and cash equivalents at the beginning of the period		3,014	4,641
Effect of exchange rate changes on cash held in foreign currencies		(22)	(176)
Cash and cash equivalents at the end of the period		1,415	3,923

The accompanying notes on pages 7 - 17 are an integral part of these consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(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 at level 17, at 10 Presnenskaya Naberezhnaya, Moscow.

During the six months ended 30 June 2026 there were no significant changes in the Company's shareholders compared to 31 December 2025.

Significant companies of the Group, their shares of ownership, location and principal activities presented in the annual consolidated financial statements for 2025 remained unchanged.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's last audited annual consolidated financial statements as at and for the year ended 31 December 2025 ('annual consolidated financial statements for 2025').

These financial statements do not include the information and explanatory notes which are to be disclosed in the annual consolidated financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its annual consolidated financial statements for 2025 prepared in accordance with IFRS accounting standards ('IFRS'), such as accounting policies and details of accounts, which remain significantly unchanged in their amount or structure.

These interim condensed consolidated financial statements of the Group for six months ended 30 June 2026 were approved by management on 26 August 2026.

Going concern assumption

Management has prepared these interim condensed 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, including placement of public debt and additional support from the shareholder, as well as the impact of recent macroeconomic changes on the future operations of the Group.

As at 30 June 2026, current liabilities exceeded the Group's current assets by RUB 77,003 million (31 December 2025: RUB 42,662 million), net loss for the six months ended 30 June 2026 amounted to RUB 15,263 million (six months ended 30 June 2025: RUB 21,765 million) and negative cash flow from operating activities amounted to RUB 8,557 million (six months ended 30 June 2025: RUB 19,049 million). As at 30 June 2026, the Group's Net debt (loans and borrowings less cash and cash equivalents) amounted to RUB 77,037 million (31 December 2025: RUB 67,034 million).

At the same time, as at 30 June 2026, current liabilities include RUB 32,089 million (31 December 2025: RUB 29,140 million) of liabilities related to option agreements concluded with a number of external investors who participated in the additional issue of shares as part of the Group's loan portfolio restructuring. Under these option agreements, the Group is subject to certain financial covenants, which were not complied with as at 30 June 2026. Investors have not exercised their right to demand execution of obligations under these agreements and are making an effort to reach decisions regarding the modification of current terms or the potential modification of the financial instruments provided for in the agreements. The Group's management expects the documentary execution of the new arrangements with investors to be completed by the end 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

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, and also assessed available sources of refinancing of the current credit portfolio. Following the additional share issue conducted in June 2025 as part of the credit portfolio restructuring, the Group achieved a significant reduction in the amount of future interest expenses and payments, which result in a positive impact on the Group's financial results and its operating cash flow.

However, as at the date of approval of these interim condensed consolidated financial statements there are significant external factors beyond the Group's control, such as the possibility of receiving additional financing, 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 and format 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. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these interim condensed consolidated financial statements, the Group applied the same accounting principles and method of computation used in preparing the annual consolidated financial statements for 2025 except for judgements related to the estimated annual income tax rate used for income tax calculation. None of the amendments and interpretations of the standards effective from 1 January 2026 had a material effect on these interim condensed consolidated financial statements of the Group.

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 financial information provided for operating segments. The CODM function is the responsibility of the Management Board, led by the President of the Group.

In 2025, the Group changed its management structure for the assets that provide wood raw materials to other segments and divided 'Forestry management' segment into two segments based on geographic principle. 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;

SEGEZHA GROUP PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

- **Forestry management – North-West** and **Forestry management – Siberia** segments are engaged in the procurement of wood raw materials to ensure the continuous operation of the Group's corresponding production segments.

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 profit before depreciation and amortisation) indicator. 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 treated with regards to the Group as a whole, without allocation to operating segments.

The following is an analysis of revenue and OIBDA by reportable segments for the six months ended 30 June 2026:

	Revenue			
	Total	Elimination of intersegment operations	From external customers	OIBDA
Paper and packaging	14,522	(4)	14,518	2,352
Wood working	16,263	(368)	15,895	(755)
Plywood, boards and laminated wood products, including:	6,289	(93)	6,196	518
<i>Plywood and boards</i>	3,952	-	3,952	287
<i>Laminated wood products</i>	2,337	(93)	2,244	231
Forestry management – North-West	6,434	(5,286)	1,148	42
Forestry management – Siberia	4,442	(4,263)	179	174
Other	2,465	(2,417)	48	(1,674)
Total	50,415	(12,431)	37,984	657

The following is an analysis of revenue and OIBDA by reportable segments for the six months ended 30 June 2025 (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	17,432	(8)	17,424	2,929
Wood working	19,026	(206)	18,820	(1,271)
Plywood, boards and laminated wood products, including:	6,576	(111)	6,465	942
<i>Plywood and boards</i>	4,030	-	4,030	449
<i>Laminated wood products</i>	2,546	(111)	2,435	493
Forestry management – North-West	6,802	(5,571)	1,231	248
Forestry management – Siberia	8,569	(7,719)	850	429
Other	3,104	(3,059)	45	(659)
Total	61,509	(16,674)	44,835	2,618

SEGEZHA GROUP PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

Below is the reconciliation of segment OIBDA and consolidated operating loss and the Group's loss before tax for the six months ended 30 June 2026 and 2025:

	2026	2025
OIBDA	657	2,618
Depreciation and amortisation	(5,971)	(7,332)
Expenses recognised on reorganisation of 'Wood working' segment (Note 5)	-	(5,574)
Operating loss	(5,314)	(10,288)
Interest income	187	873
Interest expense	(10,761)	(15,834)
Other finance expenses, net	(443)	(1,560)
Foreign exchange differences, net	(384)	368
Loss before tax	(16,715)	(26,441)

The consolidated financial results of the Group historically were not exposed to material seasonal fluctuations.

5. IMPAIRMENT AND OTHER EXPENSES RECOGNISED ON REORGANISATION OF 'WOOD WORKING' SEGMENT

During the six months ended 30 June 2025, the Group's management performed reorganisation of 'Wood working' segment's operations, as a result of which, among other actions, a decision was made for temporary shut-down of one of the Group's timber processing plants. As result of reorganisation, the Group recognised impairment in respect of current and non-current assets and accrued provision for employee compensations:

	2025
Impairment of non-current assets	3,581
Impairment of current assets	1,740
Recognition of employee compensations provisions	253
Total	5,574

6. FINANCE INCOME AND EXPENSES, NET

Below is the analysis of finance income and expenses for the six months ended 30 June 2026 and 2025:

	2026	2025
Interest income	187	873
Interest expense		
Interest expense on loans and borrowings	(6,329)	(13,917)
Interest expense on liabilities related to option agreements	(2,950)	-
Interest expense on lease liabilities	(1,406)	(1,376)
Interest expense on other liabilities	(76)	(541)
	(10,761)	(15,834)
Other finance expenses		
Adjustment to carrying value of financial instruments accounted at amortised cost on modification of terms	-	(474)
Change of liabilities accounted at fair value	(74)	(298)
Other finance expenses, net	(369)	(788)
	(443)	(1,560)
Finance expenses, net	(11,017)	(16,521)

SEGEZHA GROUP PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

7. INCOME TAX

The Group calculates income tax expense for the period using the annual tax rate applicable to the expected comprehensive income for the year. The major components of income tax expense in the interim condensed consolidated statement of profit and loss and other comprehensive income for the six months ended 30 June 2026 and 2025 are as follows:

	2026	2025
Income tax		
Current income tax expense	(156)	(274)
Prior period adjustments	8	34
	(148)	(240)
Deferred tax	1,600	4,916
Total income tax	1,452	4,676

The effective tax rate reconciliation for the six months ended 30 June 2026 and 2025 is presented below:

	2026	2025
Loss before tax	(16,715)	(26,441)
Theoretical income tax at the rate of 25%	4,179	6,610
Tax effect of expenses recognised on reorganisation of 'Wood working' segment (Note 5)	-	(1,349)
Non-deductible expenses, net	(824)	(93)
Effect of tax rate other than the rate of 25%	(12)	19
Prior period adjustments	8	34
Change in unrecognized deferred tax assets	(1,899)	(545)
Total income tax recognised in the current period	1,452	4,676

Deferred tax

As at 30 June 2026 and 31 December 2025, deferred tax assets and liabilities recognised by the Group in the interim condensed consolidated statement of financial position comprised:

	30 June 2026	31 December 2025
Deferred tax assets	6,605	4,987
Deferred tax liabilities	(6,726)	(6,710)
Total, net	(121)	(1,723)

The Group does not recognise deferred tax assets related to the tax losses of subsidiaries which do not have sufficient taxable temporary differences and there is no convincing evidence that sufficient taxable profit will be received against which the tax losses can be utilised. At each reporting date, the Group performs a recoverability analysis in respect of deferred tax assets based on estimated future cash flows. The approaches and assumptions used to assess estimated future cash flows are consistent with those used for impairment test of non-current assets (Note 8). The Group expects that future operating results will be sufficient to recover deferred tax assets within period of 3-8 years. As at 30 June 2026, the unrecognized deferred tax assets in relation of deductible temporary differences, unused tax losses, and unused tax credits amounted to RUB 20,799 million (31 December 2025: 18,964 million).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets with total initial cost of RUB 1,444 million (six months ended 30 June 2025: RUB 2,661 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

In 2026, due to geopolitical and economic factors affecting the Group's active markets, strong ruble exchange rate against the Chinese yuan and the US dollar and the continued high key rate of the Central Bank of Russia, the Group identified impairment indicators in relation to non-current assets of the following cash generated units ("CGU"):

- CGU 'Forestry management and wood working – Siberia' presenting assets of 'Forestry management' and 'Wood working' segments located in Siberian part of Russia;
- CGU 'Paper' representing non-current assets of 'Paper and packaging' segment engaged in paper production.

The methodology and key assumption used for cash flow forecast for periods after 30 June 2026 do not differ materially from those used for impairment test performed as at 31 December 2025 except for the following:

- terminal growth rate used for valuation was 4.0%;
- post-tax discount rate was 20.21%;
- average Russian Ruble to US dollar exchange rate for 2027 – 86.6 RUB/USD, average Russian Ruble to Chinese yuan exchange rate for 2027 – 12.9 RUB/CNY with subsequent annual growth in the range of 2-8%.

The recoverable amount assessed during impairment test for the abovementioned CGUs exceeded their net book value as at 30 June 2026 by more than 5% for CGU 'Forestry management and wood working – Siberia' and more than 25% for CGU 'Paper'. 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.

As at 30 June 2026, the Group had contractual obligations to suppliers of machinery and equipment for the acquisition of assets in the total amount of RUB 5,473 million (31 December 2025: RUB 5,381 million).

9. OTHER NON-CURRENT ASSETS

Below is the analysis of other non-current assets as at 30 June 2026 and 31 December 2025:

	30 June 2026	31 December 2025
Loans issued	11,160	11,208
Interest receivable on loans issued	4,356	4,204
Other receivables	2,257	2,199
	17,773	17,611
Allowance for expected credit losses	(9,090)	(8,906)
Total other non-current assets	8,683	8,705

A lifetime expected credit loss allowance of RUB 8,666 million (31 December 2025: RUB 8,482 million) was recognised in relation to loans issued and attributable interest receivable. The expected credit losses on these financial assets are estimated considering all possible default events over the expected life, counterparties' financial position, as well as the perspectives of the industries in which they operate.

10. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

As at 30 June 2026 and 31 December 2025, the Company's authorised and issued share capital amounted to RUB 7,845 million and consisted of 78,450,000,000 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

On 26 December 2024, a decision to increase the Company's share capital through issue of 62,760 million of ordinary shares with a placement value of RUB 1.8 per ordinary share was approved by the general shareholders' meeting. The share issue was executed through closed subscription between the Company's key shareholder 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 and ended on 2 June 2025. All issued shares were distributed among shareholders with corresponding changes made to the depository accounts. State registration of the results of the placement of the additional issue has been completed on 14 July 2025.

Total capital increase of RUB 87,333 million was settled in cash for the amount of RUB 51,012 million and by offsetting counterclaims for the amount of RUB 36,321 million.

In addition, during the processes of additional shares issue and restructuring of the debt portfolio the Group concluded a number of option agreements providing a compensation of credit risk for a full placement value of shares acquired by an external investors. However, if external investors are able to sell securities at a minimum yield, these options will not be exercised. These option agreements were accounted for as equivalent to compound financial instruments in accordance with the requirements of IAS 32 and IFRS 9. Initial recognition of the liability component was assessed based on estimated cash flows using discount rate of 25% and subsequent measurement at amortised cost. As at 30 June 2026, these financial liabilities were recognised within current liabilities and amounted to RUB 32,089 million (31 December 2025: RUB 29,140 million) (refer to Note 2). There is no equity component in option agreements that is subject to classification as equity.

Option agreements are secured with shares and interests in three significant production subsidiaries of the Group. In addition, a number of loans received by the Group from the key shareholder and its related party for a total face value of RUB 14,272 million as at 30 June 2026 are subordinated to the liabilities associated with option agreements and are due no earlier than 2033, including interests accrued.

11. LOSS PER SHARE

The calculation of the loss per share is based on the net loss 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.

Loss per share for the six months ended 30 June 2026 and 2025 are presented below:

	2026	2025
Net loss attributable to shareholders of Segezha Group PJSC	(15,263)	(21,765)
Weighted average number of ordinary shares in circulation (million shares)	64,209	23,206
Loss per share for loss attributable to the ordinary equity holders of the Company (in Russian Rubles)	(0.24)	(0.94)

SEGEZHA GROUP PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

12. LOANS AND BORROWINGS

As at 30 June 2026 and 31 December 2025, loans and borrowings comprised:

		30 June 2026		31 December 2025	
	Currency	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Short-term loans and borrowings					
Unsecured loans					
Short-term bank loans	RUB	20.05%	17,558		-
Short-term bank loans	EUR	3.30%	2,383	2.89%	2,457
			19,941		2,457
Short-term portion of corporate bonds and DFA					
Short-term portion of corporate bonds and DFA	RUB	14.85%	22,531	11.08%	22,515
Short-term portion of corporate bonds and DFA	CNY	13.36%	8,740		-
			31,271		22,515
Long-term loans and borrowings					
Unsecured loans					
	RUB	17.13%	12,679	18.47%	18,809
Long-term corporate bonds and DFA					
Long-term corporate bonds and DFA	RUB	24.21%	14,321	22.09%	17,525
Long-term corporate bonds and DFA	CNY	15.00%	240	13.42%	8,742
			14,561		26,267
Total loans and borrowings			78,452		70,048

Assets pledged as security

As at 30 June 2026 and 31 December 2025, the Group has no assets pledged under loan agreements.

Covenants – as part of loan agreements, the Companies in the Group are subject to certain restrictive covenants, mainly of a behavioral nature: 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, providing loans, guarantees, sureties to third parties, assets management (disposing of material assets).

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 30 June 2026, the Group has reclassified RUB 342 million (31 December 2025: RUB 711 million) of debt to a creditor from the unfriendly countries list (as defined by the Russian Government Directive No. 430-r dated 5 March 2022) from Long-term loans and borrowings to Short-term loans and borrowings due to the breach of covenants. As of the date of the issue of these financial statements the bank has not exercised its rights to impose penalties or to demand immediate repayment of the loan. The Group has no other breaches of covenants under bank credit agreements.

13. TRADE AND OTHER PAYABLES

Below is the analysis of trade and other payables as at 30 June 2026 and 31 December 2025:

	30 June 2026	31 December 2025
Trade payables	8,749	8,477
Wages and salaries	2,052	1,139
Interest payable	1,691	906
Other payables	2,594	3,732
Total trade and other payables	15,086	14,254

SEGEZHA GROUP PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

14. FAIR VALUE

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

	30 June 2026		31 December 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued and interest accrued (Level 3)	6,850	2,066	6,930	1,941
Long-term corporate bonds and DFA (Level 1)	14,561	14,346	26,267	26,150
Long-term loans and borrowings (Level 3)	12,679	13,987	18,809	16,710
Short-term corporate bonds and DFA (Level 1)	31,271	29,465	22,515	21,947

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 30 June 2026 and 31 December 2025, the Group used the following discount rates:

	30 June 2026	31 December 2025
RUB denominated loans issued	13.78%	14.77%
Currency denominated loans issued	0.53%	0.57%
Long-term loans and borrowings	19.25%	21.00%

15. 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 six months ended 30 June 2026 and 2025, the companies in the Group entered into the following related party transactions recognised within the interim condensed consolidated statement of profit and loss and other comprehensive income:

	Six months ended			
	30 June 2026		30 June 2025	
	Income	Expenses	Income	Expenses
Parent company and its subsidiaries	933	4,288	769	3,049
Joint ventures and associates	269	682	783	2,442

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 30 June 2026 and 31 December 2025, the Group recognised the following outstanding balances with related parties within the interim condensed consolidated statement of financial position:

	30 June 2026		31 December 2025	
	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	448	33,168	1,697	19,403
Joint ventures and associates	7,670	151	7,002	37

All related party balances are unsecured and will be settled in cash under normal terms except for the subordinated loan (Note 10). No guarantees have been given or received in relation to any related party balance.

SEGEZHA GROUP PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

Remuneration paid to members of the Board of Directors for the six months ended 30 June 2026 was RUB 7 million (six months ended 30 June 2025: RUB 16 million). Remuneration paid to key management personnel for the six months ended 30 June 2026 was RUB 179 million (six months ended 30 June 2025: RUB 179 million).

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

As at 30 June 2026 and 2025, right-of-use assets comprised:

	Forest plots	Other	Total
At 31 December 2024	45,083	1,566	46,649
Additions/modification of lease agreements	(1,588)	210	(1,378)
Other additions	644	-	644
Depreciation	(1,308)	(377)	(1,685)
Impairment	-	(69)	(69)
Reclassified to assets classified as held for sale	-	(18)	(18)
Disposals	-	(40)	(40)
At 30 June 2025	42,831	1,272	44,103
At 31 December 2025	27,557	1,053	28,610
Additions/modification of lease agreements	596	328	924
Other additions	666	-	666
Depreciation	(1,033)	(229)	(1,262)
Disposals	-	(60)	(60)
At 30 June 2026	27,786	1,092	28,878

The table below shows expenses recognised in the statement of profit and loss for the six months ended 30 June 2026 and 2025:

	2026	2025
Depreciation of right-of-use assets	1,262	1,685
Short-term lease expenses	2	4
Interest on lease liabilities	1,406	1,376
	2,670	3,065

The table below details changes in the liabilities arising from financial activities for the six months ended 30 June 2026 and 2025, including changes related to cash flows and other changes:

	2026	2025
Balance, beginning of the period	11,806	13,333
Lease liability payments	(1,572)	(1,483)
Non-cash changes, including:		
Conclusion/(disposal) and modification of lease agreements	958	(1,446)
Interest expense	1,406	1,376
Reclassified to liabilities associated with assets classified as held for sale	-	(25)
Balance, end of the period	12,598	11,755

17. CONTINGENT ASSETS AND LIABILITIES

No significant changes in contingent liabilities occurred during the six months ended 30 June 2026.

Operating environment

Although the Group's production assets are located in the Russian Federation, the Group supplies a significant portion of its products to the foreign markets. Consequently, the Group's is affected by the economic and financial markets of the Russian Federation, which display characteristics of an emerging market, but also by economic situation in other countries.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in millions of Russian Rubles, unless otherwise indicated)

A number of states have imposed restrictive measures (sanctions) on Russia, its major enterprises, financial institutions, and certain individuals. In particular, economic sanctions include a ban on the export and import of certain groups of goods and services, price capping on certain exported raw materials, disconnection of the vast majority of large Russian financial institutions from the SWIFT international payment system, and assets freezes imposed on a number of Russian individuals and legal entities.

The sanctions limited access to international markets for Russian companies, contributed to economic uncertainty and inflation expectations, reduced availability of debt financing, led to stock market volatility, and other adverse consequences.

In response to the increasing external pressure, the Russian Government and the Central Bank of Russia have introduced special economic measures to ensure security and sustainability of Russian economy, its financial sector, and citizens. Over the past few years, in the effort to stabilize the economic situation and control the inflation rate, the CBR has repeatedly increased the key rate up to 21%. Despite its reduction starting from mid-2025 to its current value of 14%, the key rate remains high and holds back both industrial production and real household earnings. Following the suspension of USD and EUR trading on the Moscow Exchange, transactions continue on the over-the-counter market. Over the past few years, the RUB exchange rate against major currencies has fluctuated significantly.

Despite the fact that the Russian economy has largely adapted to the new environment, the changes in suppliers, logistics, and production chains as well as the ongoing sanctions significantly complicate such processes.

At present, the geopolitical escalation has significantly affected the Group's operations, export supplies after 2022 have been largely reoriented to markets in Asia and other "friendly" countries, and a number of major investment projects was suspended. Moreover, due to the Group's focus on exports the stronger Russian Ruble starting April 2022 supported by the foreign policy tensions had a negative impact on financial performance of the Group.

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

18. EVENTS AFTER THE REPORTING PERIOD

Except for events disclosed in other notes, no other events occurred after 30 June 2026 that require disclosure in these interim condensed consolidated financial statements.