

**CIAN PLC**

REPORT AND FINANCIAL STATEMENTS

31 December 2022

# **CIAN PLC**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2022

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# **CIAN PLC**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

<b>Board of Directors:</b>	Maksim Melnikov (appointed on 5 November 2021) Dmitry Kryukov (appointed on 5 November 2021) Douglas W. Gardner (appointed on 5 November 2021) Mikhail Zhukov (appointed on 14 April 2022) Simon T. Baker (appointed on 5 November 2021) Dmitry Antipov (appointed on 5 November 2021) Vladimir Verkhoshinskiy (appointed on 22 July 2022)
<b>Company Secretary:</b>	Dilea Secretarial Limited
<b>Independent Auditors:</b>	Papakyriacou & Partners Ltd Chartered Certified Accountants and Registered Auditors 28 Sofouli Street Chanteclair Building 4th Floor, Office 406 1096 Nicosia, Cyprus
<b>Registered office:</b>	64, Agiou Georgiou Makri Street Anna Mara Lena Court, Office 201 6037 Larnaca, Cyprus
<b>Bankers:</b>	Bank of Cyprus Public Company Ltd
<b>Registration number:</b>	HE371331

# CIAN PLC

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## MANAGEMENT REPORT

The Board of Directors of Cian PLC (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2022.

### **Incorporation**

The Company Cian Plc (formerly Solaredge Holdings Limited) was incorporated in Cyprus on 7 July 2017 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

By order of a special resolution the Company changed its name to Cian PLC in 2021.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company are the holding of investments and provision of financing facilities. The business of the Group is the online real estate classifieds business within the Russian Federation through the Group's websites and mobile application.

On 9 November 2021, the Company completed an initial public offering ("IPO") of 4,042,400 newly issued American Depositary Shares ("ADSs"), each representing one ordinary share of the Company, on the New York Stock Exchange ("NYSE").

On 15 March 2023, the Company received a written notice from the staff of the New York Stock Exchange Regulation notifying the Company that it has determined to delist the Company's American depository shares (ADSs) from the NYSE. The Company utilized its right to a review of the determination and, accordingly, filed an appeal to this decision.

### **Review of current position, future developments and performance of the Company's business**

The net profit for the year attributable to the shareholders of the Company amounted to RUB55,543,320 (2021: RUB411,238,495). On 31 December 2022 the total assets of the Company were RUB8,221,631,000 (2021: RUB7,727,078,109) and the net assets of the Company were RUB7,989,609,295 (2021: RUB7,308,868,245). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 23 of the financial statements.

### **Results**

The Company's results for the year are set out on page 8.

### **Dividends**

During 2022 the Company did not declare or pay dividends.

### **Share capital**

The following changes in the share capital of the Company took place during the year (Note 19):

- Issue of 88,037 ordinary shares upon the exercise of share-based awards (Note 20).

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

### **Operating Environment of the Company**

The board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Group in the foreseeable future.

## MANAGEMENT REPORT

As discussed further in Note 23 the current geopolitical situation may adversely affect the Russian real estate market, as reduced disposable income and purchasing power is likely to have an adverse effect on consumers' ability or willingness to invest in new housing or real estate.

Although, neither the Company nor any of its subsidiaries is subject to any sanctions announced to-date by the United States, the United Kingdom, the European Union or other countries, the impact of these and further developments on future operations and financial position of the Group may be significant, but at this stage is difficult to determine. Current and future risks to the Group include, among others, the deterioration of the Russian economy, the risk of reduced or blocked access to capital markets and ability to obtain financing and the risk of restrictions on the usage of certain software. The impact on the Group of risk that the Russian Ruble will further depreciate against other currencies is currently assessed as limited, as the majority of the Group's expenses is denominated in Russian Rubles.

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

### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 27 to the financial statements.

### **Related party transactions**

Disclosed in note 24 of the financial statements.

### **Independent Auditors**

During the year the Independent Auditors of the Company, Deloitte Limited resigned and Papakyriacou & Partners Ltd were appointed in their place.

The Independent Auditors, Papakyriacou & Partners Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Maksim Melnikov  
Director

Cyprus, 29 March 2023

# **Independent Auditor's Report**

## **To the Members of Cian Plc**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of parent company Cian Plc (the "Company"), which are presented in pages 8 to 36 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Cian Plc as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

#### **Key Audit Matters**

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

# Independent Auditor's Report (continued)

## To the Members of Cian Plc

### Recoverable amount of investments in subsidiaries

#### Why the matter was determined to be a key audit matter

As at 31 December 2022, the carrying value of the Company's investments in subsidiaries amounted to RUB7,522,080,000 which represented 91% of the total assets of the Company.

The Company's accounting policy for investments in subsidiaries, disclosed in Note 4 is to measure them at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified. Significant estimates and judgments associated with the investments in subsidiary companies are disclosed in Note 7.

Determination of whether an impairment provision should be recognised if the carrying amount of the investments in subsidiaries is higher than their recoverable amount is a key audit matter given the significance of the carrying amount of the investments.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### How the matter was addressed in the audit

Our audit procedures included amongst others:

- we obtained understanding of key controls over processes and procedures for developing assumptions used to determine whether there were indicators of impairment at the reporting date;
- we have reviewed managements considerations of whether the recoverable amount is likely to be below carrying value and compared the recoverable amount to valuations prepared by the management for the Company and its subsidiaries for the year 2022;
- we have evaluated the appropriateness of management's business assumptions used in determining whether impairment should be recognised.

We also assessed adequacy of the related disclosures in the financial statements.

All the above procedures were completed in a satisfactory manner.

# Independent Auditor's Report (continued)

## To the Members of Cian Plc

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Company'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 the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

### Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

### Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the statutory consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.



## **Independent Auditor's Report (continued)**

### **To the Members of Cian Plc**

#### *Comparative figures*

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 July 2022.

Neophytos Papakyriacou FCCA  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Papakyriacou & Partners Ltd**  
**Chartered Certified Accountants and Registered Auditors**

Nicosia, Cyprus, 29 March 2023

## CIAN PLC

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2022

	Note	2022 RUB	2021 RUB
Loan interest income	24.2	<u>3,133,000</u>	932,055
<b>Total revenue</b>		<b>3,133,000</b>	932,055
Other operating income	8	47,292,000	4,899,049
Administration expenses	9	(259,505,324)	(457,938,670)
Net impairment profit/(loss) on financial and contract assets	6.2	12,109,000	(14,565,627)
Other operating expenses	10	<u>(14,666,000)</u>	-
<b>Operating loss</b>		<b>(211,637,324)</b>	(466,673,193)
Net finance income	11	<u>269,334,025</u>	55,434,698
<b>Profit/(loss) before tax</b>		<b>57,696,701</b>	(411,238,495)
Tax	12	<u>(2,153,381)</u>	-
<b>Net profit/(loss) for the year</b>		<b>55,543,320</b>	(411,238,495)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income / (loss) for the year</b>		<u><b>55,543,320</b></u>	<u>(411,238,495)</u>

The notes on pages 12 to 36 form an integral part of these financial statements.

# CIAN PLC

## STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 RUB	2021 RUB
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	<b>401,000</b>	-
Investments in subsidiaries	15	<b>7,522,080,000</b>	5,256,076,025
		<b>7,522,481,000</b>	5,256,076,025
<b>Current assets</b>			
Trade and other receivables	17	<b>9,689,396</b>	280,010,490
Loans receivable	16	<b>9,924,604</b>	615,932,055
Cash at bank and in hand	18	<b>679,536,000</b>	1,575,059,539
		<b>699,150,000</b>	2,471,002,084
<b>Total assets</b>		<b>8,221,631,000</b>	7,727,078,109
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	<b>2,364,891</b>	2,364,891
Share premium	19	<b>7,701,898,000</b>	7,614,002,142
Equity settled employee benefits reserve	20	<b>647,023,000</b>	109,721,128
Accumulated losses		<b>(361,676,596)</b>	(417,219,916)
<b>Total equity</b>		<b>7,989,609,295</b>	7,308,868,245
<b>Non-current liabilities</b>			
Trade and other payables	21	-	26,766,997
		-	26,766,997
<b>Current liabilities</b>			
Trade and other payables	21	<b>229,631,324</b>	391,206,294
Current tax liabilities	22	<b>2,390,381</b>	236,573
		<b>232,021,705</b>	391,442,867
<b>Total liabilities</b>		<b>232,021,705</b>	418,209,864
<b>Total equity and liabilities</b>		<b>8,221,631,000</b>	7,727,078,109

On 29 March 2023 the Board of Directors of Cian Plc authorised these financial statements for issue.

.....  
Maksim Melnikov  
Director

.....  
Douglas W. Gardner  
Director

The notes on pages 12 to 36 form an integral part of these financial statements.

## CIAN PLC

### STATEMENT OF CHANGES IN EQUITY

31 December 2022

	Share capital (Note 19) RUB	Share premium (Note 19) RUB	Equity settled employee benefits reserves (Note 20) RUB	Accumulated losses RUB	Total RUB
<b>Balance at 1 January 2021</b>	<b>215,330</b>	<b>124,761,542</b>	-	<b>(5,981,421)</b>	<b>118,995,451</b>
<b>Comprehensive income</b>					
Net loss for the year	-	-	-	(411,238,495)	(411,238,495)
<b>Transactions with owners</b>					
Effect arising from the share split	1,788,763	-	-	-	1,788,763
Issue of ordinary shares, net of transactions costs	360,798	7,489,240,600	-	-	7,489,601,398
Share-based payments	-	-	109,721,128	-	109,721,128
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>2,364,891</b>	<b>7,614,002,142</b>	<b>109,721,128</b>	<b>(417,219,916)</b>	<b>7,308,868,245</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	55,543,320	55,543,320
<b>Transactions with owners</b>					
Issue of ordinary shares	-	87,895,858	(87,895,858)	-	-
Share-based payments	-	-	656,951,444	-	656,951,444
Cancellation of the share-based payments of the employees	-	-	(31,753,714)	-	(31,753,714)
<b>Balance at 31 December 2022</b>	<b>2,364,891</b>	<b>7,701,898,000</b>	<b>647,023,000</b>	<b>(361,676,596)</b>	<b>7,989,609,295</b>

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 12 to 36 form an integral part of these financial statements.

# CIAN PLC

## CASH FLOW STATEMENT

31 December 2022

	Note	2022 RUB	2021 RUB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>		<b>57,696,701</b>	(411,238,495)
Adjustments for:			
Net foreign exchange profit		<b>(286,066,025)</b>	(55,434,698)
Amortisation of other intangibles	14	<b>671,000</b>	-
Employee share-based payment expense	9	<b>35,472,000</b>	73,167,202
	6.2,		
(Reversal of impairment)/impairment charge on cash and cash equivalents	18	<b>(12,109,000)</b>	14,565,627
Interest income	24.2	<b>(3,133,000)</b>	(932,055)
Interest expense	11	<b>17,066,000</b>	-
		<b>(190,402,324)</b>	(379,872,419)
<b>Changes in working capital:</b>			
Decrease/(increase) in other receivables		<b>248,442,619</b>	(274,441,780)
Decrease in other payables		<b>(188,341,967)</b>	(1,776,309,235)
<b>Cash used in operations</b>		<b>(130,301,672)</b>	(2,430,623,434)
Tax paid		-	(361,878)
<b>Net cash used in operating activities</b>		<b>(130,301,672)</b>	(2,430,985,312)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	14	<b>(1,072,000)</b>	-
Payment for purchase of investments in subsidiaries	15	<b>(6,536,512)</b>	(240,000,000)
Loans granted	24.5	<b>(1,053,995,780)</b>	(2,375,000,000)
<b>Net cash used in investing activities</b>		<b>(1,061,604,292)</b>	(2,615,000,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	19	-	6,519,592,682
<b>Net cash generated from financing activities</b>		-	6,519,592,682
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,191,905,964)</b>	1,473,607,370
Cash and cash equivalents at beginning of the year		<b>1,575,059,539</b>	2,250,220
Effect of exchange rate fluctuations on cash held		<b>284,273,425</b>	113,767,576
(Reversal of impairment)/impairment charge on cash and cash equivalents		<b>12,109,000</b>	(14,565,627)
<b>Cash and cash equivalents at end of the year</b>	<b>18</b>	<b>679,536,000</b>	1,575,059,539

The notes on pages 12 to 36 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Cian Plc (former Solaredge Holdings Limited (the "Company")) was incorporated in Cyprus on 7 July 2017 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 64, Agiou Georgiou Makri Street, Anna Mara Lena Court, Office 201, 6037 Larnaca, Cyprus.

By order of a special resolution in 2021 the Company changed its name.

#### Principal activities

The principal activities of the Company are the holding of investments and provision of financing facilities. The business of the Group is the online real estate classifieds business within the Russian Federation through the Group's websites and mobile application.

On 9 November 2021, the Company completed an initial public offering ("IPO") of 4,042,400 newly issued American Depositary Shares ("ADSs"), each representing one ordinary share of the Company, on the New York Stock Exchange ("NYSE").

On 15 March 15 2023, the Company received a written notice from the staff of the New York Stock Exchange Regulation notifying the Company that it has determined to delist the Company's American depository shares (ADSs) from the NYSE. The Company utilized its right to a review of the determination and, accordingly, filed an appeal to this decision.

### 2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group").

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2022 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements have been prepared on the assumption that the Company together with its subsidiaries is a going concern and will continue in operation for the foreseeable future (Note 23).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity (company) when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

#### Share-based payments

##### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee-related expenses, together with a corresponding increase in equity (equity-settled employee benefits reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Cash-settled transactions

Certain senior level employees of the Group have received remuneration in the form of share-based payments ("phantom shares"), which are settled in cash (cash-settled transactions). For cash-settled share-based payments, a liability is recognized initially at the fair value. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in employee-related expenses.

#### Finance income

Interest income is recognised on a time-proportion basis using the effective method.

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Foreign currency translation

##### (1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Russian Rubles (RUB), which is the Company's functional and presentation currency.

##### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Intangible assets (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Financial assets

##### Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Measurement (continued)

###### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

**FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

##### Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - impairment - credit loss allowance for ECL (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

##### Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

##### Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

##### Other payables

Other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

##### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

##### Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

	2022	2021
	RUB	RUB
<b>Fixed rate instruments</b>		
Financial assets	<u>9,924,604</u>	<u>615,932,055</u>
	<u>9,924,604</u>	<u>615,932,055</u>

#### 6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from

##### *(i) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### *(i) Impairment of financial assets (continued)*

###### *Write-off*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

#### **Trade receivables and contract assets**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

There were no significant trade receivable and contract asset balances written off during the year that are subject to enforcement activity.

#### **Cash and cash equivalents**

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

<b>Company internal credit rating</b>	<b>External credit rating</b>	<b>2022</b>	<b>2021</b>
		<b>RUB</b>	<b>RUB</b>
Not applicable	Fitch rating: B+/B-	<b>679,536,000</b>	<b>1,575,059,539</b>
<b>Total</b>		<b><u>679,536,000</u></b>	<b><u>1,575,059,539</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**6. Financial risk management (continued)**

**6.2 Credit risk (continued)**

*(ii) Net impairment losses on financial and contract assets recognised in profit or loss*

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets and contract assets:

<b>Impairment losses</b>	<b>2022</b>	2021
	<b>RUB</b>	RUB
Impairment charge on cash and cash equivalents	-	(14,565,627)
Reversal of impairment on cash and cash equivalents	<u><b>12,109,000</b></u>	<u>-</u>
<b>Net impairment profit/(loss) on financial and contract assets</b>	<u><b>12,109,000</b></u>	<u>(14,565,627)</u>

*(iii) Credit related commitments*

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

**6.3 Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2022</b>	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years
	RUB	RUB	RUB	RUB	RUB
Other payables	42,160,532	42,160,532	17,374,688	8,735,928	16,049,916
Payables to related parties	<u>45,989,792</u>	<u>45,989,792</u>	<u>19,451,164</u>	<u>25,740,941</u>	<u>797,687</u>
	<u><b>88,150,324</b></u>	<u><b>88,150,324</b></u>	<u><b>36,825,852</b></u>	<u><b>34,476,869</b></u>	<u><b>16,847,603</b></u>

31 December 2021	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years
	RUB	RUB	RUB	RUB	RUB
Other payables	241,687,417	241,687,417	214,920,420	-	26,766,997
Payables to related parties	<u>15,524,493</u>	<u>15,524,493</u>	<u>15,524,493</u>	<u>-</u>	<u>-</u>
	<u><b>257,211,910</b></u>	<u><b>257,211,910</b></u>	<u><b>230,444,913</b></u>	<u><b>-</b></u>	<u><b>26,766,997</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**6. Financial risk management (continued)**

**6.4 Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

As of 31 December 2022, 99% of the Company's cash and cash equivalents was denominated in US dollars and less than 1% was denominated in EURO/Rubles. As of 31 December 2021 the US dollar and EURO exchange rates were 74.2926 Rubles and 84.0695 Rubles, respectively. Following the commencement of military operations in Ukraine by the Russian Federation in February 2022 and the resulting sanctions imposed by the United States of America, the European Union and the United Kingdom, among others, Ruble initially depreciated significantly against most other currencies. Following the subsequent decrease in imports and restrictions imposed by the Russian Central Bank as a response to sanctions, the Ruble strengthened against foreign currencies in the second and third quarter of 2022. However, in the fourth quarter Ruble deteriorated and as of 31 December 2022 the Ruble to US dollar and EURO exchange rates were 70.3375 Rubles and 75.6553 Rubles, respectively, taking into account the limited convertibility of the Ruble subsequent to February 24, 2022.

With all other variables held constant, the Company's profit before tax is affected through the impact of fluctuation in US dollar and EURO exchange rates, as follows:

	<b>2022</b>	<b>2021</b>
	<b>Change in US dollar, EURO exchange rates</b>	<b>Effect on profit before tax</b>
	<b>Change in US dollar, EURO exchange rates</b>	<b>Effect on profit before tax</b>
Cash and cash equivalents	681,991,947 /	1,585,469,429 /
	+100%/-100%	(681,991,947) /
Loans receivable	7,565,530 /	(1,585,469,429)
	+100%/-100%	(7,565,530)
Trade and other receivables	9,548,704 /	n/a
	+100%/-100%	n/a
Trade and other payables	(9,548,704) /	172,167,666 /
	(23,421,828) /	(172,167,666)
	+100%/-100%	(23,421,828) /
	+100%/-100%	(184,885,769) /
	+100%/-100%	184,885,769

**6.5 Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

**Fair value estimation**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

**7. Critical accounting estimates, judgments and assumptions**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 7. Critical accounting estimates, judgments and assumptions (continued)

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

### 8. Other operating income

	<b>2022</b>	2021
	<b>RUB</b>	RUB
Other operating income - Depository Advancement (Note 21)	<b>44,780,000</b>	4,899,049
Other operating income	<b>2,502,000</b>	-
Amount payable written off	<b>10,000</b>	-
	<b>47,292,000</b>	4,899,049

# CIAN PLC

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

### 9. Administration expenses

	2022 RUB	2021 RUB
Consulting and professional fees	136,331,000	286,688,906
Auditors' remuneration	44,588,324	51,998,592
Share-based payment expenses (Note 20)	35,472,000	73,167,202
Director fees	31,082,000	5,809,897
Certification and legalisation expenses	6,767,000	16,868,863
Administration fees	2,091,000	11,034,439
Marketing	-	2,162,841
Travelling	1,291,000	6,120,105
Bank charges	854,000	4,087,825
Amortisation of intangible assets (Note 14)	671,000	-
Fines	339,000	-
Office maintenance	19,000	-
	<b>259,505,324</b>	<b>457,938,670</b>

Share based payments expenses are in respect of directors and advisors to the Company.

### 10. Other operating expenses

	2022 RUB	2021 RUB
Information technology expenses	11,823,000	-
Amount receivable written off	7,000	-
Other operating expenses	2,836,000	-
	<b>14,666,000</b>	<b>-</b>

### 11. Finance income/(costs)

	2022 RUB	2021 RUB
Net foreign exchange gains	286,400,025	55,434,698
<b>Finance income</b>	<b>286,400,025</b>	<b>55,434,698</b>
Interest expense on depository advancement (Note 21)	(17,066,000)	-
<b>Finance costs</b>	<b>(17,066,000)</b>	<b>-</b>
<b>Net finance income</b>	<b>269,334,025</b>	<b>55,434,698</b>

### 12. Tax

	2022 RUB	2021 RUB
Corporation tax - current year	430,785	-
Corporation tax - prior years	1,722,596	-
<b>Charge for the year</b>	<b>2,153,381</b>	<b>-</b>

# CIAN PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 12. Tax (continued)

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2022 RUB	2021 RUB
Profit/(loss) before tax	<u>57,696,701</u>	<u>(411,238,495)</u>
Tax calculated at the applicable tax rates	7,212,088	(51,404,812)
Tax effect of expenses not deductible for tax purposes	30,493,163	58,334,149
Tax effect of allowances and income not subject to tax	(37,313,628)	(6,929,337)
10% additional charge	39,162	-
Prior year tax	<u>1,722,596</u>	<u>-</u>
<b>Tax charge</b>	<u><b>2,153,381</b></u>	<u>-</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

### 13. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

#### 31 December 2022

	Financial assets at amortised cost RUB	Total RUB
<b>Assets as per statement of financial position:</b>		
Other receivables (excluding prepayments)	8,966,396	8,966,396
Loans granted	9,924,604	9,924,604
Cash and cash equivalents	<u>679,536,000</u>	<u>679,536,000</u>
<b>Total</b>	<u><b>698,427,000</b></u>	<u><b>698,427,000</b></u>

	Borrowings and other financial liabilities RUB	Total RUB
<b>Liabilities as per statement of financial position:</b>		
Other payables	<u>77,085,541</u>	<u>77,085,541</u>
<b>Total</b>	<u><b>77,085,541</b></u>	<u><b>77,085,541</b></u>

# CIAN PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 13. Financial instruments by category (continued)

31 December 2021

	Financial assets at amortised cost RUB	Total RUB
<b>Assets as per statement of financial position:</b>		
Other receivables (excluding prepayments)	172,900,611	172,900,611
Loans granted	615,932,055	615,932,055
Cash and cash equivalents	<u>1,575,059,539</u>	<u>1,575,059,539</u>
Total	<u>2,363,892,205</u>	<u>2,363,892,205</u>
	Borrowings and other financial liabilities RUB	Total RUB
<b>Liabilities as per statement of financial position:</b>		
Other payables	<u>250,018,121</u>	<u>250,018,121</u>
Total	<u>250,018,121</u>	<u>250,018,121</u>

### 14. Intangible assets

	Licenses RUB
<b>Cost</b>	
Additions	<u>1,072,000</u>
<b>Balance at 31 December 2022</b>	<b><u>1,072,000</u></b>
<b>Amortisation</b>	
Amortisation for the year	<u>671,000</u>
<b>Balance at 31 December 2022</b>	<b><u>671,000</u></b>
<b>Net book amount</b>	
<b>Balance at 31 December 2022</b>	<b><u>401,000</u></b>

# CIAN PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 15. Investments in subsidiaries

	2022 RUB	2021 RUB
Balance at 1 January	5,256,076,025	754,106,891
Additions	1,703,045,242	2,000,000,000
Share-based awards (Note 20)	562,958,733	2,501,969,134
<b>Balance at 31 December</b>	<b>7,522,080,000</b>	<b>5,256,076,025</b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2022 Holding %	2021 Holding %	2022 RUB	2021 RUB
Fastrunner Investments Limited	Cyprus	Holding of investment	100	100	74,669	74,669
Mimons Investments Limited	Cyprus	Licensing and holding of investment	99	99	7,522,005,331	5,256,001,356
					<b>7,522,080,000</b>	<b>5,256,076,025</b>

During 2018, the Company disposed 100% ownership interest in Fastrunner Investments Limited and 1% ownership interest in Mimons Investments Limited. On 31 July 2018, the Company repurchased 100% ownership interest in Fastrunner Investments Limited and became the sole shareholder.

On 29 March 2019 and on 30 October 2019, the Company contributed the amounts of RUB33,000,000 and RUB84,000,000 to Mimons Investments Limited, respectively.

During 2021, the Company contributed the amount of RUB2,000,000,000 to Mimons Investments Limited by converting an existing loan receivable from the subsidiary for the total amount of RUB1,760,000,000 and a receivable from the subsidiary in the total amount of RUB240,000,000, into shares in investment in subsidiary.

During the current year, the Company contributed the amount of RUB1,696,508,728 to Mimons Investments Limited by converting existing loans receivable from the subsidiary into shares in investment in subsidiary. Furthermore, the Company contributed an additional paid in capital in the amount of RUB6,536,514 without issue of new shares (Note 24.5).

In 2022 share-based payments awards to employees of subsidiaries with a fair value of RUB 562,958,733 were capitalised (prior year: RUB 2,501,969,134).

### 16. Loans receivable

	2022 RUB	2021 RUB
Loans to own subsidiaries (Note 24.5)	9,924,604	615,932,055
	9,924,604	615,932,055
Less current portion	(9,924,604)	(615,932,055)
Non-current portion	-	-

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

# CIAN PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 17. Trade and other receivables

	2022 RUB	2021 RUB
Trade receivables	18,000	172,160,544
Receivables from own subsidiaries (Note 24.4)	1,864,580	740,067
Receivables from other related parties (Note 24.4)	7,083,816	-
Deposits and prepayments	723,000	107,109,879
	<u>9,689,396</u>	<u>280,010,490</u>

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

### 18. Cash at bank and in hand

Cash balances are analysed as follows:

	2022 RUB	2021 RUB
Cash at bank	681,992,817	1,589,625,166
Accumulated impairment losses on cash and cash equivalents	(2,456,817)	(14,565,627)
	<u>679,536,000</u>	<u>1,575,059,539</u>

Since December 2022 the Company's accounts in Bank of Cyprus have been suspended. However, the cash held in this bank (RUB 681,992,817 denominated mainly in USD) is not restricted, as the bank allows own funds transfer to another bank. The Company is working on opening a new account in an alternative bank.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

### 19. Share capital and share premium

	2022 Number of shares	2021 Number of shares
<b>Authorised</b>		
Ordinary shares of €0,0004 each	<u>130,000,000</u>	<u>130,000,000</u>

#### Issued and fully paid

	Number of ordinary shares	Share capital RUB	Share premium RUB
Balance at 1 January 2021	59,433,100	215,330	124,761,542
Issue of shares in the private placement	5,566,900	360,798	2,290,999,433
Issue of shares in the IPO	4,042,400	-	4,623,569,685
Issue of shares under the phantom share (Note 20)	829,111	-	966,023,640
Effect arising from the share split	-	1,788,763	-
Transactions costs	-	-	(391,352,158)
<b>Balance at 31 December 2021/ 1 January 2022</b>	<u>69,871,511</u>	<u>2,364,891</u>	<u>7,614,002,142</u>
Issue of shares upon the exercise of the share-based awards (Note 20)	88,037	-	87,895,858
<b>Balance at 31 December 2022</b>	<u>69,959,548</u>	<u>2,364,891</u>	<u>7,701,898,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 19. Share capital and share premium (continued)

In February 2021, the Company issued 5,566,900 ordinary shares to the existing and new shareholders and received RUB2,265 million in cash.

In November 2021, the Company issued 4,042,400 ordinary shares, representing ADSs, in the IPO on the NYSE. The Company received RUB4,255 million in net proceeds from the IPO after deducting underwriting fees and other transaction costs.

In June 2022, the Company issued 57,199 ordinary shares to the former Chief Operating Officer upon his resignation and 30,838 to external advisors upon the exercise of the share-based awards (Note 20).

### 20. Share-based compensation

	<b>Equity settled employee benefits reserve</b>
	RUB
Balance at 1 January 2021	-
Share-based payments	<u>109,721,128</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>109,721,128</b>
Issue of ordinary shares	(87,895,858)
Share-based payments	656,951,444
Cancellation of the share-based payments of the employees	<u>(31,753,714)</u>
<b>Balance at 31 December 2022</b>	<b><u>647,023,000</u></b>

### Phantom Share Program

In 2018, the Group's Board of Directors approved a long-term incentive program for certain senior level employees. Under this program, in 2018, 2019 and 2021 the Group granted an aggregate of 4,923,042 shares ("phantom shares") to employees that entitled them to a cash payment after one to five years of service depending on the participant. The amount of the cash payment was determined based on the increase in the share price of the Company between the grant date and the time of exercise. The plan stipulated the following payments:

1. **Liquidity event payments**

Participants of the program were entitled to a cash payment upon occurrence of some liquidity events such as an initial public offering ("IPO") or an acquisition of control over the Group by a third party.

2. **Non-liquidity event payments**

Participants of the program were entitled to a cash payment after the termination of the service period if the net debt (calculated as borrowings less cash and cash equivalents) does not exceed three times the lowest between EBITDA (calculated as operating profit plus amortization and depreciation) and Adjusted EBITDA (calculated as described in Note 5) as of the date of the notice sent by the participants to the Company.

In connection with the IPO, the Group amended the terms of this long-term incentive program, such that the employees could choose to receive payment for vested phantom shares in cash or in ordinary shares upon the completion of the IPO. As a result of this amendment, the Group issued an aggregate of 829,111 ordinary shares to its employees to satisfy its outstanding obligations under this long-term incentive program.

Set out below are the movements in the Group's share-based payment liabilities during 2021 and 2020:

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**20. Share-based compensation (continued)**

	<b>2022</b>	2021
	<b>RUB</b>	RUB Million
<b>Share-based payment liabilities at the beginning of the year</b>	-	636
New awards granted	-	512
Remeasurement during the year	-	1,927
Cash payments to employees	-	(2,169)
Conversion from cash-settled to equity-settled share-based payments	-	(948)
Foreign currency exchange loss	-	42
<b>Share-based payment liabilities at the end of the year</b>	<b>-</b>	<b>-</b>

The fair value of the awards was estimated, at the grant date and at the end of each reporting period until completion of the IPO, using the Option pricing model, taking into account the terms and conditions on which the award was granted. The fair value of the awards at the date of the IPO was estimated based on the initial public offering price of USD 16 per ordinary share.

The phantom share program was terminated upon completion of the IPO.

**2021 Restricted Stock Units Plan (equity-settled)**

The Group adopted a new long-term incentive plan (the "2021 Plan"), effective from December 1, 2021. In accordance with the 2021 Plan, the Group may grant the restricted stock units (the "RSU") to its employees, officers, directors and contractors. The 2021 Plan expires on December 31, 2031, previously granted awards not exercised by the expiration date will be forfeited in accordance with their terms.

Awards under the 2021 Plan will vest over a four-year period, subject to the participant's continued employment with (and/or servicing to) the Group, with 1/4 vesting on the first anniversary of the grant and an additional 1/4 vesting each calendar year thereafter for employees and quarterly for the directors. RSUs that have not become vested as of the date of termination of the participant's employment or service shall be forfeited upon such termination.

The Group may grant the RSUs under the 2021 Plan for up to a maximum number of ordinary shares equal to 6.5% of the aggregate number of Group's ordinary shares issued and outstanding (by number) as of the date of adoption of the 2021 Plan. Each RSU represents the right to receive one ordinary share upon satisfaction of the applicable vesting conditions.

The following table illustrates movements in the number of RSUs during the year ended December 31, 2022:

	<b>Number of RSUs</b>	<b>Weighted average grant date fair value per award, RUB</b>
<b>Outstanding at December 31, 2020</b>	-	-
Granted during the period	1,427,226	932
Forfeited during the period	-	-
Exercised during the period	-	-
<b>Outstanding at December 31, 2021</b>	1,427,226	932
<b>Exercisable at December 31, 2021</b>	105,215	1,043
Granted during the period	1,688,051	381
Forfeited during the period	(132,656)	933
Exercised during the period	(88,037)	998
Cancelled by the employees	(34,515)	920
<b>Outstanding at December 31, 2022</b>	2,860,069	605
<b>Exercisable at December 31, 2022</b>	792,652	816



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**20. Share-based compensation (continued)**

The fair value of the RSUs is estimated at the grant date on the basis of quoted prices of Company's ordinary shares at the grant date, taking into account the terms and conditions on which the RSUs were granted. As the RSUs granted to directors have a three-year lock up period, the fair value is adjusted for the discount for lack of marketability using the Stillian Ghaidarov Average-Strike Asian Put Option Model.

The following table lists the inputs to the model used for the 2021 Plan for the RSU's granted to directors during the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Fair value of the RSUs at the grant date, USD	5.46	14.89
Share price at the grant date, USD	6.97	17.62
Exercise price, USD	NIL	NIL
Expected annual volatility, %	59.6%	50.9%
Expected term, years	2.38	2.38
Dividend yield, %	NIL	NIL

*Expected volatility.* Because the Company's shares are publicly traded only since November 5, 2021, expected volatility has been estimated based on an analysis of the implied share price volatility of comparable public companies for an expected term.

*Expected term* has been assessed based on the vesting period and management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

*Dividend yield.* The Company did not declare any dividends with respect to 2022 and 2021.

The total expense recognized for the year ended December 31, 2022 arising from equity-settled share-based payment transactions amounted to RUB35 million (2021: RUB73 million). The remaining RUB622 million was capitalised into Investment in subsidiaries, as it relates to the awards granted to the employees of a subsidiary.

2021

**21. Trade and other payables**

	<b>2022</b>	2021
	<b>RUB</b>	RUB
Advances received (Note 8, 11)	<b>141,481,000</b>	160,761,381
Social insurance and other taxes	<b>7,726,944</b>	-
Other employee-related provision	-	26,766,997
Accruals	<b>3,337,839</b>	7,193,789
Other creditors	<b>31,095,749</b>	207,726,631
Payables to other related parties (Note 24.6)	<b>45,989,792</b>	15,524,493
	<b>229,631,324</b>	417,973,291
Less non-current payables	-	(26,766,997)
<b>Current portion</b>	<b>229,631,324</b>	391,206,294

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**21. Trade and other payables (continued)****Advances received**

In connection with the IPO, the Company has been entitled to receive consideration from depository on the number of issued ADSs. The Company has recorded this consideration as advancement received in the statement of financial position, as the Company is obliged to return the unearned portion of the consideration upon termination of the ADS program before the five-year contract term expiration. Income is recognised on a straight-line basis over a five-year contract term and presented as other operating income in the statement of income or loss and other comprehensive income. Total depository advancement recognised as income in the year amounted to RUB44,780,000 (Note 8), included in other operating income and total interest expense on depository advancement amounted to RUB17,066,000 (Note 11), included in finance cost.

**22. Current tax liabilities**

	<b>2022</b>	2021
	<b>RUB</b>	RUB
Corporation tax	<u><b>2,390,381</b></u>	<u>236,573</u>
	<u><b>2,390,381</b></u>	<u>236,573</u>

**23. Operating Environment of the Company**

The Group's operations are concentrated in the Russian Federation. Consequently, the Group is exposed to the economic and financial environment in the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations and frequent changes which combined with other legal and fiscal impediments, aggravate the challenges faced by entities operating in the Russian Federation.

Over the past several years, Russia has been involved in conflicts, both economic and military, involving neighboring and distant states. On March 2014, following a public referendum, the Crimean Peninsula and the city of Sevastopol were proclaimed as new separate constituents of Russia by the governing authorities of Russia, Crimea and Sevastopol. The events relating to Ukraine and Crimea prompted condemnation by members of the international community and were strongly opposed by the United States and the European Union, with a resulting material negative impact on Russia's relationship with them. Tensions between Russia and the United States and between Russia and the European Union further increased in subsequent years as a result of the conflict in Syria and a host of other issues. Tensions between Russia and the United States, NATO, the European Union and the United Kingdom with respect to Ukraine further escalated in late 2021.

On February 24, 2022, Russian military forces commenced a special military operation in Ukraine and the length, prolonged impact and outcome of this ongoing military conflict remains highly unpredictable. The current geopolitical crisis and international actions in response to it have materially and adversely impacted the macroeconomic climate and operating conditions in Russia, resulting in significant ruble exchange rate and market volatility, materially increased interest rates and inflation, withdrawal of a number of Western businesses from the Russian market or a reduction in their operations or services in the country, a decrease in imports and consumer spending. While the military conflict in Ukraine continued to unravel, the Russian authorities announced partial mobilization of military reservists in September 2022, which further exacerbated economic uncertainty and led to social tensions, the full implication of which are not yet clear. It is also possible that further mobilization efforts may be initiated during 2023. We cannot predict how the conflict will unfold or the impact it will have on Russian economy and geopolitical environment in short and long terms.

In response to the military conflict in Ukraine, the United States, the United Kingdom, the European Union governments and other countries, have imposed unprecedented sanctions and export-control measures. The imposed sanctions have targeted large parts of the Russian's economy and include, among others, blocking sanctions on some of the largest state-owned and private Russian financial institutions (and their subsequent removal from SWIFT), Russian businessmen and their businesses, the blocking of Russia's foreign currency reserves, expansion of sectoral sanctions and export and trade restrictions, limitations on investments and access to capital markets and bans on various Russian imports.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 23. Operating Environment of the Company (continued)

Given the vast scope of the sanctions and other measures in response to the conflict in Ukraine, it is hard to predict their full impact on Russian economy or certain sectors thereof, but it is expected to be significant. Furthermore, the Russian economy was and expected to be further significantly affected as result of many U.S. and other multi-national businesses indefinitely suspending their operations and pausing all commercial activities in Russia. These corporate boycotts have resulted in supply chain disruptions and unavailability or scarcity of certain raw materials, technological and medical goods, have significantly affected commodity markets, leading to rapid price increases, and amplified the sharp rise in inflation growth.

In response to accelerating inflation and a staggering depreciation of the ruble, on February 28, 2022, the Central Bank of the Russian Federation (CBR) increased its key interest rate from 9.5% to 20.0%, subsequently reduced to 7.5% on September 16, 2022. The key interest rate hike, as well as tightening of subsidized mortgage programs by both the Russian government and developers coupled with overall high level of instability and lack of visibility led to the overall decrease in demand for primary and secondary real estate. While the gradual decrease of the key interest rate during the second and the third quarters of 2022, as well as recovery in subsidized mortgage programs, led to a gradual demand recovery from the second half of May 2022, the announcement of the partial military mobilization in Russia in late September increased uncertainty in the market and put an additional pressure on real estate demand. Annual inflation in Russia reached 11.94% in 2022, according to the Federal Service for State Statistics of the Russian Federation. Market instability, high levels of inflation, lower household income led to reductions in consumer purchasing power and a negative impact on consumer confidence. This has adversely affected and may continue to affect the Russian real estate market, as reduced disposable income and purchasing power is likely to have an adverse effect on consumers' ability or willingness to invest in new housing or real estate.

On February 28, 2022 trading on the Moscow Exchange in all equity securities was suspended, with the suspension later extended through March 24, 2022.

Also on February 28, 2022 the New York Stock Exchange halted trading in the Company's American Depository Shares ("ADSs").

Although, neither the Company nor any of its subsidiaries is subject to any sanctions announced to-date by the United States, the United Kingdom, the European Union or other countries, the impact of these and further developments on future operations and financial position of the Group may be significant, but at this stage is difficult to determine. Current and future risks to the Group include, among others, the deterioration of the Russian economy, the risk of reduced or blocked access to capital markets and ability to obtain financing and the risk of restrictions on the usage of certain software. The impact on the Group of risk that the Russian Ruble will further depreciate against other currencies is currently assessed as limited, as the majority of the Group's expenses is denominated in Russian Rubles.

The Group had approximately RUB682 million of cash and cash equivalents as at the current date. Management is confident, based on their current operating plan, that existing cash and cash equivalents together with the ability to cut a major part of the expenses related to marketing, if necessary, the Group will be able to meet anticipated cash needs for working capital, capital expenditures and general and administrative expenses for at least the next twelve months

### COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a global pandemic. The highly contagious disease has spread to most of the countries including Russia, creating a negative impact on customers, workforces, and suppliers, disrupting economies and financial markets, and potentially leading to a worldwide economic downturn. The Group aimed to adapt to such adverse changes in conditions by exploring new ways of monetization and promotion of its products and services and cost optimization. As a result, the Group avoided any significant adverse impact on revenue or operating loss. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of issuance of these consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Group's financial condition, liquidity, and future results of operations.

# CIAN PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 24. Related party transactions

The ultimate controlling parties of the Group are Elbrus Capital Fund II L.P. and Elbrus Capital Fund II B L.P. and Elbrus Capital Fund III A.S.C.Sp. (together "Elbrus Capital") which own an aggregate of 45.1% of the Group's ordinary shares as of 31 December 2022.

The following transactions were carried out with related parties:

#### 24.1 Directors' fees

The remuneration of Directors was as follows:

	2022 RUB	2021 RUB
Directors' fees	31,082,000	5,809,897
Share-based payments to directors	35,472,000	37,894,648
	<b>66,554,000</b>	<b>43,704,545</b>

#### 24.2 Loan interest income

	2022 RUB	2021 RUB
Mimons Investments Limited	1,423,698	932,055
iRealtor LLC	1,709,302	-
	<b>3,133,000</b>	<b>932,055</b>

#### 24.3 Other services received

	<u>Nature of transactions</u>	2022 RUB	2021 RUB
N1 Technologies LLC	Information technology services	11,823,000	-
		<b>11,823,000</b>	<b>-</b>

Services received from N1 Technologies LLC were made on commercial terms and conditions.

#### 24.4 Receivables from related parties (Note 17)

<u>Name</u>	<u>Nature of transactions</u>	2022 RUB	2021 RUB
Fastrunner Investments Limited	Other	814,777	740,067
Mimons Investments Limited	Other	1,049,803	-
iRealtor LLC	Other	2,996,630	-
N1 Technologies LLC	Other	4,087,186	-
		<b>8,948,396</b>	<b>740,067</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**24. Related party transactions (continued)**

**24.5 Loans to related parties (Note 16)**

	<u>Terms</u>	<b>2022</b>	2021
		<b>RUB</b>	RUB
Mimons Investments Limited	Loan receivable	<u><b>9,924,604</b></u>	615,932,055
		<u><b>9,924,604</b></u>	<u>615,932,055</u>

On 7 December 2021 the Company entered into a loan agreement with Mimons Investments Limited and granted a loan of RR150,000,000. The loan is unsecured and bears interest at 3% p.a. During the year the capital element of the loan was reclassified as an addition to investment in subsidiary (Note 15) and the interest element remains outstanding to date in the amount of RR589,316. Interest of RR345,205 was recognised in the current year of statement of profit and loss.

On 7 December 2021 the Company entered into a loan agreement with Mimons Investments Limited and granted a loan of RR465,000,000. The loan is unsecured and bears interest at 3% p.a. During the year the capital element of the loan was reclassified as an addition to investment in subsidiary (Note 15) and the interest element remains outstanding to date in the amount of RR1,740,821. Interest of RR1,052,877 was recognised in the current year of statement of profit and loss.

On 10 March 2022 the Company entered into a loan agreement with iRealtor LLC and granted a loan of USD10,000,000 - equivalent to RR1,048,012,000. The loan is unsecured, bears interest at 5.3% p.a. and was assigned to Mimons Investments Limited on 13 April 2022. On the same date, the loan receivable from Mimons Investment Limited was reclassified as an addition to investment in subsidiary (Note 15). Upon reclassification of the loan an amount of RR33,496,728 of foreign exchange profit arose. Interest of RR1,709,302 was recognised in the current year of statement of profit and loss.

On 11 October 2022 the Company entered into a loan agreement with Mimons Investments Limited and granted a loan of EUR 100,000 - equivalent to RR 5,983,780. As at 31 December 2022 the total loan amounted to RR7,594,467, inclusive of accrued interest. The loan is unsecured, bears interest at 2% p.a. and matures on 31 December 2023. Interest of RR25,616 was recognised in the current year of statement of profit and loss.

**24.6 Payables to related parties (Note 21)**

<u>Name</u>	<u>Nature of transactions</u>	<b>2022</b>	2021
		<b>RUB</b>	RUB
N1 Technologies LLC	Other	<b>8,171,883</b>	-
N1.ru LLC	Other	<b>36,924,550</b>	-
iRealtor LLC	Other	<b>893,359</b>	15,524,493
		<u><b>45,989,792</b></u>	<u>15,524,493</u>

**24.7 Director fees payable balances**

	<b>2022</b>	2021
	<b>RUB</b>	RUB
Director fees payables	<u><b>11,157,191</b></u>	4,331,361
	<u><b>11,157,191</b></u>	<u>4,331,361</u>

**25. Contingent liabilities**

The Company had no contingent liabilities as at 31 December 2022.

**26. Commitments**

The Company had no capital or other commitments as at 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### **27. Events after the reporting period**

As explained in note 23 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

On 15 March 15 2023, the Company received a written notice from the staff of the New York Stock Exchange Regulation notifying the Company that it has determined to delist the Company's American depositary shares (ADSs) from the NYSE. The Company utilized its right to a review of the determination and, accordingly, filed an appeal to this decision.

### **Independent auditor's report on pages 4 to 7**

# **CIAN PLC**

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## **ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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Administration expenses	2
Finance income/cost	3
Computation of corporation tax	4

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# CIAN PLC

## DETAILED INCOME STATEMENT

31 December 2022

	Page	2022 RUB	2021 RUB
<b>Revenue</b>			
Loan interest income		<b>3,133,000</b>	932,055
<b>Other operating income</b>			
Other operating income		<b>2,502,000</b>	-
Amount payable written off		<b>10,000</b>	-
Reversal of impairment on cash and cash equivalents		<b>12,109,000</b>	-
Other operating income		<b>44,780,000</b>	4,899,049
		<b>62,534,000</b>	5,831,104
<b>Operating expenses</b>			
Administration expenses	2	<b>(259,505,324)</b>	(457,938,670)
		<b>(196,971,324)</b>	(452,107,566)
<b>Other operating expenses</b>			
Information technology expenses		<b>(11,823,000)</b>	-
Amount receivable written off		<b>(7,000)</b>	-
Other operating expenses		<b>(2,836,000)</b>	-
Impairment charge on cash and cash equivalents		-	(14,565,627)
		<b>(211,637,324)</b>	(466,673,193)
<b>Operating loss</b>			
Finance income	3	<b>286,400,025</b>	55,434,698
Finance costs	3	<b>(17,066,000)</b>	-
<b>Net profit/(loss) for the year before tax</b>		<b>57,696,701</b>	(411,238,495)



# CIAN PLC

## ADMINISTRATION EXPENSES

31 December 2022

	<b>2022</b>	2021
	<b>RUB</b>	RUB
<b>Administration expenses</b>		
Director fees	<b>31,082,000</b>	5,809,897
Certification and legalisation expenses	<b>6,767,000</b>	16,868,863
Auditors' remuneration	<b>44,588,324</b>	51,998,592
Fines	<b>339,000</b>	-
Travelling	<b>1,291,000</b>	6,120,105
Marketing	-	2,162,841
Administration fees	<b>2,091,000</b>	11,034,439
Consulting and professional fees	<b>136,331,000</b>	286,688,906
Share-based payment expenses	<b>35,472,000</b>	73,167,202
Office maintenance	<b>19,000</b>	-
Bank charges	<b>854,000</b>	4,087,825
Amortisation of other intangibles	<b>671,000</b>	-
	<b><u>259,505,324</u></b>	<u>457,938,670</u>

# CIAN PLC

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## FINANCE INCOME/COSTS

31 December 2022

	<b>2022</b>	2021
	<b>RUB</b>	RUB
<b>Finance income</b>		
Net foreign exchange profit	<u><b>286,400,025</b></u>	<u>55,434,698</u>
	<u><b>286,400,025</b></u>	<u>55,434,698</u>
<b>Finance costs</b>		
<b>Interest expense</b>		
Interest on depository advancement	<u><b>17,066,000</b></u>	<u>-</u>
	<u><b>17,066,000</b></u>	<u>-</u>

# CIAN PLC

## COMPUTATION OF CORPORATION TAX 31 December 2022

	Page	RUB	RUB
Net profit per income statement	1		57,696,701
<u>Add:</u>			
Depreciation		671,000	
Fines		339,000	
Non allowable expenses from investing activities		<u>242,935,324</u>	
			<u>243,945,324</u>
			301,642,025
<u>Less:</u>			
Reversal of impairment-cash and cash equivalents		12,109,000	
Realised foreign exchange profit		<u>286,400,025</u>	
			<u>(298,509,025)</u>
<b>Chargeable income for the year</b>			<b>3,133,000</b>
			€
Converted into € at RUB 75.772800 = €1			<u><u>41,347</u></u>

### Calculation of corporation tax

	Income €	Rate %	Total € c	Total RUB
<b>Tax at normal rates:</b>				
Chargeable income as above	<u>41,347</u>	12.50	5,168.38	391,623
10% additional charge			<u>516.84</u>	<u>39,162</u>
<b>TAX PAYABLE</b>			<u><u>5,685.22</u></u>	<u><u>430,785</u></u>