

**Limited liability company “PIK-Corporation”**

**Consolidated Interim Condensed  
Financial Statements**

**as at and for the six-month period ended  
30 June 2021**

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## Consolidated Interim Condensed Statement of Financial Position as at 30 June 2021

| mln RUB  | Note | 30 June<br>2021 | 31 December<br>2020 |
|--|------|-----------------|---------------------|
| <b>ASSETS</b>                                  |      |                 |                     |
| <b>Non-current assets</b>                      |      |                 |                     |
| Property, plant and equipment                  | 12   | 38,252          | 33,824              |
| Intangible assets and goodwill                 | 13   | 14,443          | 13,903              |
| Investment property                            | 14   | 7,437           | 6,880               |
| Equity-accounted investees                     |      | 225             | 8                   |
| Other investments                              | 20   | 7,410           | 14,009              |
| Accounts receivable, including contract assets | 16   | 203             | 663                 |
| Deferred tax assets                            |      | 8,327           | 5,198               |
| <b>Total non-current assets</b>                |      | <b>76,297</b>   | <b>74,485</b>       |
| <b>Current assets</b>                          |      |                 |                     |
| Inventories                                    | 15   | 337,857         | 282,965             |
| Other investments                              | 20   | 9,912           | 1,563               |
| Current income tax assets                      |      | 3,514           | 1,102               |
| Accounts receivable, including contract assets | 16   | 205,934         | 134,444             |
| Cash and cash equivalents                      | 19   | 51,041          | 96,305              |
| Other current assets                           |      | 5,649           | 4,259               |
| <b>Total current assets</b>                    |      | <b>613,907</b>  | <b>520,638</b>      |
| <b>Total assets</b>                            |      | <b>690,204</b>  | <b>595,123</b>      |

## Consolidated Interim Condensed Statement of Financial Position as at 30 June 2021

| mln RUB   | Note | 30 June<br>2021 | 31 December<br>2020 |
|---|------|-----------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>                             |      |                 |                     |
| <b>Equity</b>   | 21   |                 |                     |
| Charter capital   |      | 80,585          | 80,585              |
| Translation reserve                                       |      | 2               | -                   |
| Retained earnings   |      | 72,464          | 75,109              |
| <b>Total equity attributable to owners of the Company</b> |      | <b>153,051</b>  | <b>155,694</b>      |
| Non-controlling interests                                 | 24   | 2,621           | 2,170               |
| <b>Total equity</b>                                       |      | <b>155,672</b>  | <b>157,864</b>      |
| <b>Non-current liabilities</b>                            |      |                 |                     |
| Loans and borrowings                                      | 23   | 192,791         | 161,551             |
| Accounts payable  | 22   | 13,500          | 7,212               |
| Liabilities from long-term lease contracts                | 17   | 8,982           | 10,331              |
| Provisions  | 26   | 206             | 165                 |
| Deferred tax liabilities                                  |      | 26,403          | 26,366              |
| <b>Total non-current liabilities</b>                      |      | <b>241,882</b>  | <b>205,625</b>      |
| <b>Current liabilities</b>                                |      |                 |                     |
| Loans and borrowings                                      | 23   | 96,512          | 29,481              |
| Accounts payable, including contract liabilities          | 22   | 160,573         | 169,897             |
| Liabilities from long-term lease contracts                | 17   | 5,796           | 3,693               |
| Provisions  | 26   | 25,884          | 24,061              |
| Current income tax liabilities                            |      | 3,885           | 4,502               |
| <b>Total current liabilities</b>                          |      | <b>292,650</b>  | <b>231,634</b>      |
| <b>Total liabilities</b>                                  |      | <b>534,532</b>  | <b>437,259</b>      |
| <b>Total equity and liabilities</b>                       |      | <b>690,204</b>  | <b>595,123</b>      |

These consolidated interim condensed financial statements were approved by management of the Company on 10 September 2021 and were signed on its behalf by:

\_\_\_\_\_  
S. E. Gordeev

*Managing Director*

## Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six-month period ended 30 June 2021

| mln RUB   | Note | Six-month period<br>ended 30 June<br>2021 | Six-month period<br>ended 30 June<br>2020 |
|---|------|---|---|
| Revenue   | 7    | 177,700                                   | 128,637                                   |
| Cost of sales   |      | (135,706)                                 | (97,367)                                  |
| <b>Gross profit</b>   |      | <b>41,994</b>                             | <b>31,270</b>                             |
| Net gain on disposal of subsidiaries, associates and investment property  |      | 66  | 7   |
| Distribution expenses   |      | (5,800)                                   | (3,843)                                   |
| Administrative expenses   | 9    | (4,524)                                   | (4,238)                                   |
| Profit from change in fair value of investment property                   | 14   | 606                                       | -   |
| Impairment loss on non-financial assets, net                              | 18   | (98)                                      | (300)                                     |
| Other expenses, net   | 10   | (1,244)                                   | (1,334)                                   |
| <b>Profit from operating activities</b>                                   |      | <b>31,000</b>                             | <b>21,562</b>                             |
| Finance income  | 8    | 3,219                                     | 4,930                                     |
| Finance costs   | 8    | (6,540)                                   | (3,285)                                   |
| Significant financing component from contracts with customers             | 8    | (1,535)                                   | (1,794)                                   |
| <b>Loss from financing activities</b>                                     |      | <b>(4,856)</b>                            | <b>(149)</b>                              |
| Share in profit/(losses) of equity-accounted investees, net of income tax |      | 4   | (114)                                     |
| <b>Profit before income tax</b>   |      | <b>26,148</b>                             | <b>21,299</b>                             |
| Income tax expense  | 11   | (5,301)                                   | (5,114)                                   |
| <b>Profit for the reporting period</b>                                    |      | <b>20,847</b>                             | <b>16,185</b>                             |
| <i>Items that are or may be reclassified to profit or loss:</i>           |      |   |   |
| Foreign currency translation differences for foreign operations           |      | 2   | -   |
| <b>Other comprehensive income for the reporting period</b>                |      | <b>2</b>                                  | <b>-</b>                                  |
| <b>Total comprehensive income for the reporting period</b>                |      | <b>20,849</b>                             | <b>16,185</b>                             |
| <i>Attributable to:</i>   |      |   |   |
| Shareholders of the Company   |      | 20,398                                    | 16,401                                    |
| Non-controlling interests   | 24   | 451                                       | (216)                                     |
| <b>Total comprehensive income for the reporting period</b>                |      | <b>20,849</b>                             | <b>16,185</b>                             |

## Consolidated Interim Condensed Statement of Changes in Equity for the six-month period ended 30 June 2021

| mln RUB  | Note | Equity attributable to owners of the Company |                   |                 | Non-controlling interests | Total equity    |
|--|------|--|-------------------|-----------------|---------------------------|-----------------|
|  |      | Charter capital                              | Retained earnings | Total           |                           |                 |
| <b>Balance as at 1 January 2020</b>                                      |      | <b>80,585</b>                                | <b>34,909</b>     | <b>115,494</b>  | <b>1,496</b>              | <b>116,990</b>  |
| Profit for the reporting period  |      | -  | 16,401            | <b>16,401</b>   | (216)                     | <b>16,185</b>   |
| <b>Total comprehensive income for the reporting period</b>               |      | <b>-</b>                                     | <b>16,401</b>     | <b>16,401</b>   | <b>(216)</b>              | <b>16,185</b>   |
| <b>Transactions with owners of the Company</b>                           |      |  |                   |                 |                           |                 |
| Change in non-controlling interests due to restructuring of subsidiaries | 24   | -  | -                 | -               | (70)                      | <b>(70)</b>     |
| Dividends  | 21   | -  | (16,903)          | <b>(16,903)</b> | -                         | <b>(16,903)</b> |
| <b>Total transactions with owners of the Company</b>                     |      | <b>-</b>                                     | <b>(16,903)</b>   | <b>(16,903)</b> | <b>(70)</b>               | <b>(16,973)</b> |
| <b>Balance at 30 June 2020</b>   |      | <b>80,585</b>                                | <b>34,407</b>     | <b>114,992</b>  | <b>1,210</b>              | <b>116,202</b>  |

## Consolidated Interim Condensed Statement of Changes in Equity for the six-month period ended 30 June 2021

| mln RUB  | Note | Equity attributable to owners of the Company |                      |                   |                 | Non-controlling interests | Total equity    |
|--|------|--|----------------------|-------------------|-----------------|---------------------------|-----------------|
|  |      | Charter capital                              | Translation reserve* | Retained earnings | Total           |                           |                 |
| <b>Balance as at 1 January 2021</b>                              |      | <b>80,585</b>                                | -                    | <b>75,109</b>     | <b>155,694</b>  | <b>2,170</b>              | <b>157,864</b>  |
| Profit for the reporting period                                  |      | -  | -                    | 20,396            | <b>20,396</b>   | 451                       | <b>20,847</b>   |
| <b>Other comprehensive income</b>                                |      |  |                      |                   |                 |                           |                 |
| Foreign currency translation differences for foreign operations* |      | -  | 2                    | -                 | <b>2</b>        | -                         | <b>2</b>        |
| <b>Other comprehensive income for the reporting period</b>       |      | -  | <b>2</b>             | -                 | <b>2</b>        | -                         | <b>2</b>        |
| <b>Total comprehensive income for the reporting period</b>       |      | -  | <b>2</b>             | <b>20,396</b>     | <b>20,398</b>   | <b>451</b>                | <b>20,849</b>   |
| <b>Transactions with owners of the Company</b>                   |      |  |                      |                   |                 |                           |                 |
| Dividends  | 21   | -  | -                    | (23,041)          | <b>(23,041)</b> | -                         | <b>(23,041)</b> |
| <b>Total transactions with owners of the Company</b>             |      | -  | -                    | <b>(23,041)</b>   | <b>(23,041)</b> | -                         | <b>(23,041)</b> |
| <b>Balance at 30 June 2021</b>                                   |      | <b>80,585</b>                                | <b>2</b>             | <b>72,464</b>     | <b>153,051</b>  | <b>2,621</b>              | <b>155,672</b>  |

\*Assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments on acquisition, are translated to RUB at the exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated to RUB at exchange rates at the dates of transactions. Foreign exchange gains are recognised in other comprehensive income and are presented as part of equity in the translation reserve item when translated from other currencies.

## Consolidated Interim Condensed Statement of Cash Flows for the six-month period ended 30 June 2021

| mln RUB  | Note  | Six-month period<br>ended 30 June<br>2021 | Six-month period<br>ended 30 June<br>2020 |
|--|-------|---|---|
| <b>Cash flows from operating activities</b>  |       |   |   |
| <b>Profit for the reporting period</b>   |       | <b>20,847</b>                             | <b>16,185</b>                             |
| <i>Adjustments for:</i>  |       |   |   |
| Depreciation of property, plant and equipment and amortisation of intangible assets                        | 12.13 | 2,058                                     | 1,519                                     |
| Impairment loss on non-financial assets, net   | 18    | 98  | 300                                       |
| Loss from disposal and write-off of property, plant and equipment, intangible assets and other assets      | 10    | 702                                       | 398                                       |
| Profit from change in fair value of investment property  | 14    | (606)                                     | -   |
| Net gain on disposal of subsidiaries, associates and investment property                                   |       | (66)                                      | (7)                                       |
| Share in (profit)/losses of equity-accounted investees, net of income tax                                  |       | (4)                                       | 114                                       |
| Finance income   | 8     | (3,219)                                   | (4,930)                                   |
| Finance costs  | 8     | 6,540                                     | 3,285                                     |
| Income tax expense   | 11    | 5,301                                     | 5,114                                     |
|  |       | <b>31,651</b>                             | <b>21,978</b>                             |
| <b>Changes in:</b>   |       |   |   |
| Inventories and other current assets   |       | (51,665)                                  | (20,708)                                  |
| Accounts receivable, including contract assets   |       | (74,140)                                  | (17,376)                                  |
| Accounts payable, including contract liabilities and changes in provision for taxes, other than income tax |       | 1,854                                     | (933)                                     |
| Provisions   |       | 1,204                                     | 3,836                                     |
| <b>Cash flows used in operations before income taxes and interest*</b>                                     |       | <b>(91,096)</b>                           | <b>(13,203)</b>                           |
| Income taxes paid  |       | (11,220)                                  | (2,114)                                   |
| Interest paid  |       | (6,630)                                   | (2,622)                                   |
| <b>Net cash used in operating activities</b>   |       | <b>(108,946)</b>                          | <b>(17,939)</b>                           |

\* Cash flows from operating activities do not include funds placed on escrow accounts in authorised banks by account holders (real estate customers) as a consideration paid under share participation agreements in the amount of RUB 68,335 million (in the six months ended 30 June 2020: RUB 14,386 million).



## Consolidated Interim Condensed Statement of Cash Flows for the six-month period ended 30 June 2021

| mln RUB  | Note | Six-month period<br>ended 30 June<br>2021 | Six-month period<br>ended 30 June<br>2020 |
|--|------|---|---|
| <b>Cash flows from investing activities</b>  |      |   |   |
| Proceeds from disposal of property, plant and equipment and other assets   |      | 86  | 33  |
| Interest received  |      | 2,140                                     | 2,380                                     |
| Acquisition of property, plant and equipment and other intangible assets   |      | (4,254)                                   | (826)                                     |
| Acquisition of subsidiaries, net of cash acquired  |      | -   | 163                                       |
| Acquisition of equity-accounted investees, including advances issued for acquisition of investees                    |      | (341)                                     | -   |
| Proceeds from disposal of associates and subsidiaries, net of cash   |      | 757                                       | 1,964                                     |
| Proceeds from disposal of investment property and refund of prepayments received for the sale of investment property |      | (4,796)                                   | 66  |
| Loans issued   |      | (2,668)                                   | (168)                                     |
| Repayment of loans issued  |      | 1,001                                     | 17  |
| <b>Net cash (used in)/from investing activities</b>  |      | <b>(8,075)</b>                            | <b>3,629</b>                              |
| <b>Cash flows from financing activities</b>  |      |   |   |
| Payments for lease liabilities   |      | (2,375)                                   | (1,105)                                   |
| Proceeds from borrowings   |      | 146,814                                   | 58,671                                    |
| Repayment of borrowings  |      | (48,608)                                  | (32,232)                                  |
| Proceeds from issuance of bonds  |      | -   | (170)                                     |
| Repurchase of bonds  |      | (170)                                     | -   |
| Acquisition of non-controlling interests without change in control   |      | (50)                                      | -   |
| Payment of dividends   | 21   | (23,831)                                  | (32)                                      |
| <b>Net cash from financing activities</b>  |      | <b>71,780</b>                             | <b>25,132</b>                             |
| Net (decrease)/increase in cash and cash equivalents   |      | (45,241)                                  | 10,822                                    |
| Effect of exchange rate fluctuations on cash and cash equivalents  |      | (23)                                      | 6   |
| Cash and cash equivalents at the beginning of the period   |      | 96,305                                    | 64,851                                    |
| <b>Cash and cash equivalents at the end of the period</b>  | 19   | <b>51,041</b>                             | <b>75,679</b>                             |

Information on offset of operating and financing operations is presented in note 19.

## **Notes to the Consolidated Interim Condensed Financial Statements as at and for the six-month period ended 30 June 2021**

### **1 General information**

#### **(a) Organisation and operations**

Limited liability company "PIK-Corporation" (the "Company") and its subsidiaries (together referred to as the "Group") comprise joint stock companies and limited liability companies incorporated under requirements of the Civil Law of the Russian Federation and entities registered in Cyprus, the Philippines and the Netherlands. The Company was established in 2000 and is controlled by Public Joint Stock Company "PIK-specialized homebuilder" (the "Parent Company"). Public Joint Stock Company's "PIK-specialized homebuilder" shares are traded on the Moscow Exchange.

The Company's registered office is Bldg 1, 19 Barrikadnaya Str., Moscow, 123242, Russian Federation.

The primary activities of the Group are investing in development projects for construction of residential buildings and areas, sales of real estate properties; construction services; production of construction materials, including concrete panels, window frames and other construction elements, consumed mostly by the Group internally, heating supply, maintenance and servicing apartment buildings. In 2021 and 2020 the Group primarily operated in Moscow, Moscow region and other regions of Russia.

#### **(b) Business environment**

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

Starting in 2020, the new coronavirus COVID-19 began to spread rapidly around the world. In March 2020, the World Health Organization (WHO) announced the start of a pandemic. As at 30 June 2021, the uncertainty of the impact of the pandemic remains, however, management has reasonable expectations that the Group has the necessary resources to continue operations for at least the next 12 months and beyond in the foreseeable future, and that the assumption that the Group will continue to operate as a going concern remains reasonable.

The presented consolidated interim condensed financial statements reflect management's assessment of the Russian Federation's business environment, as well as the impact on the operations and financial position of the Group of events related to the development of the coronavirus pandemic and related measures taken by the Russian government to constrain the further spread of the pandemic and mitigate its impact on the economy and the population. The actual impact of future business conditions may differ from management's estimates. Management reviewed current events and conditions that may cause significant uncertainty in relation to the Group's ability to continue as a going concern and concluded that there is no material uncertainty that could cast significant doubt on the Group's ability to continue as a going concern.

### **2 Basis of preparation of the Consolidated Interim Condensed Financial Statements**

#### **(a) Statement of compliance with International Financial Reporting Standards**

These consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", issued by the International Accounting Standards Board. These consolidated interim condensed financial statements do not include all the information required for a complete set of consolidated financial statements prepared in accordance

*Consolidated Interim Condensed Financial Statements as at and for the six-month period ended 30 June 2021* with International Financial Reporting Standards ("IFRSs") and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2020.

**(b) Use of estimates and judgments**

The preparation of consolidated interim condensed financial statements in conformity with IFRSs requires management to make professional judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim condensed financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty do not differ significantly from those used in preparing the consolidated financial statements as at and for the year ended 31 December 2020.

### **3 Significant accounting policies**

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020.

**(a) New standards not yet adopted**

A number of new standards, amendments to standards are not effective for the six-month reporting period ended 30 June 2021 and have not been applied in preparing these consolidated interim condensed financial statements. The Group plans to adopt these pronouncements when they become effective. These changes are not expected to have a significant impact on the Group's financial position or results of operations.

## **4 Operating segments**

Until 31 December 2020, the Group's management analysed its activities in six reporting segments: Development, Commercial Construction, Maintenance, Industrial Segment, Proptech, Other.

According to the Group's strategic growth directions, management structure and reporting in the six months ended 30 June 2021, management reconsidered the composition of reportable segments, analysed regularly. Comparative information for the six months ended 30 June 2020 is presented in accordance with the updated composition of reportable segments.

As at 30 June 2021, the Group reported five reporting segments which are its strategic business units:

- Development and construction: development of residential and commercial real estate and provision of construction services.
- Maintenance: maintenance and management of residential buildings and other properties, technical maintenance of utility systems and rendering heat, water and electricity supply services, provision of Internet services.
- Industrial segment: production and assembly of prefabricated panel buildings and other related activities, including production of construction materials and components, production and sale of IoT-devices.
- Proptech: rent of apartment services, purchase and sale of real estate in the secondary housing market, repair of premises, agency services for the sale of residential apartments, implementation of IT solutions.
- Other: rental services and other activities.

The Group's Management analyses the internal management reports of each division at least once a quarter.

The Development and construction and Maintenance segments are integrated on various levels related to the construction and maintenance of real estate. Transactions between segments, as a rule, are conducted with similar pricing as transactions between independent parties.

Information on the results of each reportable segment is presented in the table below. The financial results of operations are measured based on the segment gross profit reflected in internal management reports which are analysed by the Group's Management. Management believes this information is most relevant in assessing the performance of individual segments in comparison with other businesses operating in the same industries.

**(a) Profit and loss of segments**

|   | <b>Development and construction</b> |                     | <b>Maintenance</b>            |                     | <b>Industrial segment</b>     |                     | <b>Proptech</b>               |                     | <b>Other</b>                  |                     | <b>Total</b>                  |                     |
|---|-------------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|
|   | <b>Six-month period ended</b>       |                     | <b>Six-month period ended</b> |                     | <b>Six-month period ended</b> |                     | <b>Six-month period ended</b> |                     | <b>Six-month period ended</b> |                     | <b>Six-month period ended</b> |                     |
| <b>mln RUB</b>                                  | <b>30 June 2021</b>                 | <b>30 June 2020</b> | <b>30 June 2021</b>           | <b>30 June 2020</b> | <b>30 June 2021</b>           | <b>30 June 2020</b> | <b>30 June 2021</b>           | <b>30 June 2020</b> | <b>30 June 2021</b>           | <b>30 June 2020</b> | <b>30 June 2021</b>           | <b>30 June 2020</b> |
| External revenues                               | 157,114                             | 112,634             | 13,512                        | 12,824              | 2,171                         | 1,053               | 3,671                         | 928                 | 1,232                         | 1,198               | <b>177,700</b>                | <b>128,637</b>      |
| Inter-segment revenue                           | 1,370                               | 2,555               | 1,448                         | 1,082               | 16,796                        | 14,615              | 13                            | 13                  | 165                           | 85                  | <b>19,792</b>                 | <b>18,350</b>       |
| <b>Total revenue for reportable segments</b>    | <b>158,484</b>                      | <b>115,189</b>      | <b>14,960</b>                 | <b>13,906</b>       | <b>18,967</b>                 | <b>15,668</b>       | <b>3,684</b>                  | <b>941</b>          | <b>1,397</b>                  | <b>1,283</b>        | <b>197,492</b>                | <b>146,987</b>      |
| <br><b>Gross profit for reportable segments</b> | <br><b>36,977</b>                   | <br><b>26,617</b>   | <br><b>4,488</b>              | <br><b>3,950</b>    | <br><b>297</b>                | <br><b>305</b>      | <br><b>(123)</b>              | <br><b>(27)</b>     | <br><b>355</b>                | <br><b>425</b>      | <br><b>41,994</b>             | <br><b>31,270</b>   |
| <b>Gross margin</b>                             | <b>24%</b>                          | <b>24%</b>          | <b>33%</b>                    | <b>31%</b>          | <b>14%</b>                    | <b>29%</b>          | <b>(3)%</b>                   | <b>(3)%</b>         | <b>29%</b>                    | <b>35%</b>          | <b>24%</b>                    | <b>24%</b>          |

**(b) Geographical information**

Activities of reportable segments are concentrated in three main geographical regions named in these consolidated interim condensed financial statements "Moscow", "Moscow Region" and "Other Regions", which include operations in the regions of Russia and abroad. In the six months ended 30 June 2021, the results of operations of companies incorporated abroad were insignificant.

Segment revenues are presented based on the geographical location of the respective segment's assets.

| <b>mln RUB</b> | <b>Six-month period<br/>ended 30 June 2021</b> | <b>Six-month period<br/>ended 30 June 2020</b> |
|----------------|--|--|
| Moscow         | 118,560  | 79,249   |
| Moscow Region  | 45,920   | 40,542   |
| Other regions  | 13,220   | 8,846  |
|                | <b>177,700</b>                                 | <b>128,637</b>                                 |

In the six months ended 30 June 2021 and in the six months ended 30 June 2020, none of the customers' volume sales exceeded 10% of the Group's total revenue for the reporting period. In the Development and construction segment, four counterparties' revenue accounted for 10% of the segment's revenue. In the Maintenance segment, revenue from one of counterparties in the six months ended 30 June 2021 accounted for 9% of the segment's revenue (in the six months ended 30 June 2020, one counterparty's revenue accounted for 6% of the segment's revenue).

## **5 Seasonality of operations**

The completion of real estate projects is usually performed in the second half of each year.

The Development and construction segment in the main geographic regions of Moscow and the Moscow Region and other regions of Russia is subject to cold spells. The volume of construction of projects from January to March usually decreases. Accordingly, revenue and gross profit in the second half of the year usually increase compared to the first half of the year.

For the 12 months ended 30 June 2021, the Development and construction segment recognised revenue in the amount of RUB 368,993 million (for the 12 months ended 30 June 2020: RUB 252,407 million) and gross profit in the amount of RUB 96,772 million (for the 12 months ended 30 June 2020: RUB 65,869 million).

## **6 Acquisition of associates, subsidiaries and non-controlling interests**

### **(a) Acquisition of subsidiaries in the six months ended 30 June 2021**

The Group acquires land plots for development projects through the acquisition of control in companies, holding the land plots, and classifies such acquisitions as a purchase of an asset since these companies had no other significant assets, liabilities, profit or losses at the acquisition date. Accordingly, consideration paid or payable by the Group for the acquisition of these subsidiaries was recognised as cost of construction-in-progress intended for sale (see note 15).

There were no acquisition of businesses in the six months ended 30 June 2021.

### **(b) Acquisition of subsidiaries in the six months ended 30 June 2020**

In the six months ended 30 June 2020 the Group entered into two agreements with third parties to acquire a 70% share in two Russian companies providing contracting services to design and construct infrastructure facilities, water pipelines, sewerage systems, heating networks, and landscaping. The total consideration amounted to RUB 197 million and was paid in full in cash during 2020. As part of business combinations the Group recognised assets and liabilities at fair value at the acquisition date, with the fair value determined by an independent appraiser engaged by management.

**(c) Acquisition of equity-accounted investees**

In the six months ended 30 June 2021, the Group acquired an additional interest in a company operating in the environmentally friendly disposal of electronic and electrical equipment waste. The total consideration paid amounted to RUB 196 million, which was paid in the six months ended 30 June 2021.

There were no other material acquisitions of associates in the six months ended 30 June 2020.

**7 Revenue****(a) Disaggregation of revenue by timing of revenue recognition**

| mln RUB  | Six-month period<br>ended 30 June 2021 | Six-month period<br>ended 30 June 2020 |
|--|--|--|
| <b>Revenue from sales of real estate and construction revenue</b>                      | <b>157,114</b>                         | <b>112,634</b>                         |
| Revenue from sales of residential properties recognised over time                      | 119,981                                | 88,157                                 |
| Revenue from construction services recognised over time                                | 30,227                                 | 17,496                                 |
| Revenue from sales of non-residential premises and parking spaces recognised over time | 6,906                                  | 6,981                                  |
| <b>Revenue from other sales</b>  | <b>20,586</b>                          | <b>16,003</b>                          |
| Revenue from other sales of goods and services recognised at a point in time           | 7,074                                  | 3,179                                  |
| Revenue from maintenance services, recognised over time                                | 13,512                                 | 12,824                                 |
| <b>Total revenue from contracts with customers</b>                                     | <b>177,700</b>                         | <b>128,637</b>                         |

**(i) Significant financing component, savings on interest expense and other components of the transaction price**

A significant financing component as part of the transaction price recognised in revenue for the six months ended 30 June 2021 amounted to RUB 1,397 million (for the six months ended 30 June 2020: RUB 2,180 million). For most of the construction contracts, there is no significant financing component due to the fact that the period between receipt of payment and the fulfillment of the obligation or part of the obligation under the contracts with customers, corresponding to the payment, does not exceed 12 months, and the Group applies a practical expedient.

A significant financing component in the transaction price in contracts with customers concluded in the six months ended 30 June 2021, was calculated using interest rates from 5.99% to 8.25% (in the six months ended 30 June 2020: from 8% to 9%).

The transaction prices in sales of properties involving escrow accounts were determined taking into account savings on interest expense as a result of applying preferential interest rates compared to base rates stipulated in the credit facility agreements. Preferential interest rates are applied to project credit facility balances covered by funds placed by customers on escrow accounts. Rates are further reduced when the cash balances on escrow accounts exceed the amount of the loan received. As a result, the actual interest rate was less than 1% in certain periods. Base interest rates in the six months ended 30 June 2021 varied from +1.6% above the key rate of the Central Bank of the Russian Federation to 9.9% (in the six months ended 30 June 2020: from +2% above the key rate of the Central Bank of the Russian Federation to 9.9%). Savings on interest expense recognised in revenue in the six months ended 30 June 2021 amounted to RUB 2,881 million (in the six months ended 30 June 2020: RUB 687 million).

During the six months ended 30 June 2021, the Group compensated banks for a portion of interest expense on mortgage loans issued by the banks at lower interest rates than the banks' customary market rates to

customers who had purchased real estate from the Group. This refund is accounted for as a decrease in the transaction price for the sale of real estate. The reduction in revenue from the sale of real estate related to these refunds in the six months ended 30 June 2021 amounted to RUB 638 million (in the six months ended 30 June 2020: RUB 513 million).

In the six months ended 30 June 2021, the effect of discounting the provision for costs to complete, accounted for in cost of sales, amounted to RUB 930 million.

**(ii) Sales of real estate to settle obligations for the acquisition of land**

The Group recognises revenue from share participation agreements which have been concluded to settle obligations for acquired land plots. In the six months ended 30 June 2021 the effect of revenue being recognised from such contracts and certain contracts being terminated in the reporting period (note 7a (iii)) amounted to a net increase in revenue from sales of real estate of RUB 213 million (in the six months ended 30 June 2020: amounted to a net decrease in revenue of RUB 248 million).

**(iii) Termination of contracts previously recognised in revenue**

In the six months ended 30 June 2021 the Group reversed revenue recognised in prior periods due to terminations of several share participation agreements in the amount of RUB 679 million (in the six months ended 30 June 2020: RUB 686 million). Contracts were terminated mainly because payments were made in cash for the land plots, whereas it was initially agreed to settle the obligations by real estate properties. In addition, contracts were terminated based on mutual agreements between the parties where there were purchases of another property from elsewhere in the Group and for other reasons.

**(iv) Changes in progress towards complete satisfaction of the performance obligation under contracts with the customer**

During the reporting period, the Group revised several construction project budgets. As a result, the progress towards the complete satisfaction of performance obligations for certain contracts with customers changed by an average of 0.3% to 2.0% compared to the percentage of completion used in the preparation of the consolidated financial statements for 2020.

**(b) Contract assets and liabilities from contracts for the sale of real estate**

| <b>mln RUB</b>  | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-------------------------|-----------------------------|
| Contract assets   | 31,594                  | 32,478                      |
| Assets under contracts with customers involving escrow accounts | 82,317                  | 45,503                      |
| Contract related costs recognised as other current assets       | 5,649                   | 4,259                       |
| Trade receivables   | 536                     | 264                         |
| Contract liabilities  | (81,899)                | (89,161)                    |

Contract assets represent the Group's right for consideration to be received from contracts with real estate customers, where payments are made in installments and where construction progress is ahead of the payment schedule. Contract liabilities within accounts payable include outstanding prepayments received under contracts with customers, recognised a significant financing component and savings on interest expense.

As at 30 June 2021, the net amount of a significant financing component as part of liabilities under contracts with customers of real estate amounted to RUB 287 million (31 December 2020: RUB 959 million), savings on interest expenses as part of liabilities under contracts with customers of real estate amounted to RUB 3,216 million (31 December 2020: RUB 856 million)

Revenues with respect to unsatisfied performance obligations at the end of the reporting period are expected to be recognised over a period of between one and three years. The total amount of performance obligations under contracts with customers concluded as at 30 June 2021 amounted to approximately



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RUB 119,129 million (31 December 2020: RUB 96,784 million). Revenue in amount of approximately RUB 96,166 million are expected to be recognised during the next 12 months with respect to performance obligations outstanding as at 30 June 2021 (31 December 2020: RUB 76,543 million).

In the six months ended 30 June 2021 the Group recognised revenue of RUB 37,272 million, which was included in contract liabilities as at 1 January 2021 (in the six months ended 30 June 2020: RUB 37,175 million).

**(c) Contract assets and liabilities from sale of other products and services**

| <b>mln RUB</b>   | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-------------------------|-----------------------------|
| Trade receivables                                      | 16,391                  | 14,851                      |
| Contract liabilities:                                  | (4,723)                 | (3,137)                     |
| – contracts when revenue recognised at a point in time | (2,545)                 | (2,013)                     |
| – contracts when revenue recognised over time          | (2,178)                 | (1,124)                     |

**8 Finance income and costs**

| <b>mln RUB</b>   | <b>Six-month period<br/>ended 30 June<br/>2021</b> | <b>Six-month period<br/>ended 30 June<br/>2020</b> |
|--|--|--|
| Interest income  | 2,404  | 2,442  |
| Gain on modification of terms of a long-term financial instrument*       | -  | 2,300  |
| Write-off of accounts payable  | 19   | 7  |
| Other finance income   | 796  | 181  |
| <b>Finance income</b>  | <b>3,219</b>                                       | <b>4,930</b>                                       |
| Interest expense before capitalisation in inventories                    | (11,747)   | (6,452)  |
| Capitalised interest expense   | 7,212  | 4,172  |
| <b>Total interest expense after capitalisation</b>                       | <b>(4,535)</b>                                     | <b>(2,280)</b>                                     |
| Loss on impairment of financial assets                                   | (786)  | (538)  |
| Foreign exchange losses, net   | (2)  | (26)   |
| Share of profit of non-controlling interests in the Group's subsidiaries | (269)  | (369)  |
| Other finance costs**  | (948)  | (72)   |
| <b>Finance costs</b>   | <b>(6,540)</b>                                     | <b>(3,285)</b>                                     |
| Significant financing component from contracts with customers            | (1,535)  | (1,794)  |
| <b>Net finance costs for the period</b>                                  | <b>(4,856)</b>                                     | <b>(149)</b>                                       |

\* In the six months ended 30 June 2020, upon completion by the seller its contractual terms, the Group repaid early the long-term debt for land plots acquired in previous reporting periods. The Group also received an additional discount for the early payment. The change in the financial liability as a result of its early repayment was recognised in finance income during the corresponding reporting period.

\*\* Other finance costs include the effect of discounting the provision for costs to complete in the amount of RUB 660 million.

### Capitalisation of interest expense and significant financing component

In the six months ended 30 June 2021, a significant financing component amounting to RUB 203 million (in the six months ended 30 June 2020: RUB 657 million) and interest expense amounting to RUB 7,212 million (in the six months ended 30 June 2020: RUB 4,172 million) were capitalised in inventories.

In the six months ended 30 June 2021, interest expense capitalised in inventories included in cost of sales, including the effect from savings on interest expense from the use of escrow accounts and a significant financing component, amounted to RUB 3,297 million (in the six months ended 30 June 2020: RUB 2,085 million).

Capitalised interest expense was included in the cost of sales of real estate properties in the six months ended 30 June 2021 in the amount of RUB 3,210 million (in the six months ended 30 June 2020: RUB 2,021 million), net of reversals of previously recognised impairment losses on capitalised interest expense.

The total effect of capitalisation of interest expense, including interest expense from realised savings from the use of escrow accounts, and of a significant financing component, in the amount of construction-in-progress net of their amounts recognised in cost of sales amounted to RUB 4,205 million (in the six months ended 30 June 2020: RUB 2,809 million).

The weighted average capitalisation rate in the six months ended 30 June 2021 was 7.96% (in the six months ended 30 June 2020: 6.35%).

In the six months ended 30 June 2021 interest expense before capitalisation in inventory included RUB 8,161 million of interest accrued on bank loans and bonds excluding interest on loans received from the Parent Company and other related parties (in the six months ended 30 June 2020: RUB 4,424 million).

## 9 Administrative expenses

| <b>mln RUB</b>  | <b>Six-month period<br/>ended 30 June<br/>2021</b> | <b>Six-month period<br/>ended 30 June<br/>2020</b> |
|---|--|--|
| Personnel costs   | 2,123  | 2,495  |
| Professional and other services   | 611  | 255  |
| Research and development  | 547  | 446  |
| Taxes   | 360  | 280  |
| Depreciation of property, plant and equipment, amortisation of<br>intangible assets and right-of-use assets | 218  | 118  |
| Rent  | 94   | 123  |
| Material costs  | 217  | 211  |
| Other administrative expenses   | 354  | 310  |
|   | <b>4,524</b>                                       | <b>4,238</b>                                       |

## 10 Other expenses, net

| <b>mln RUB</b>   | <b>Six-month period<br/>ended 30 June<br/>2021</b> | <b>Six-month period<br/>ended 30 June<br/>2020</b> |
|--|--|--|
| Penalties and fines, including provision for litigation and claims | (502)  | (460)  |
| Charity  | (29)   | (106)  |
| Gain on disposal of property, plant and equipment                  | 18   | 57   |
| Loss from write-off of intangible assets                           | (439)  | (332)  |
| Tax expenses   | (116)  | (79)   |
| Result from sale and write-off of other assets                     | (281)  | (123)  |
| Other income/(expenses), net                                       | 105  | (291)  |
|  | <b>(1,244)</b>                                     | <b>(1,334)</b>                                     |

## 11 Income taxes

Income tax benefit or expense was recognised based on management's estimate of the weighted average annual effective income tax rate determined at 20% and applied to profit before income tax for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 24%).

| <b>mln RUB</b>                                    | <b>Six-month period<br/>ended 30 June 2021</b> | <b>Six-month period<br/>ended 30 June 2020</b> |
|---|--|--|
| <b><i>Current tax expense</i></b>                 |  |  |
| Current income tax for the period                 | (7,921)  | (1,404)  |
| Underprovided in previous periods                 | (367)  | (9)  |
|   | <b>(8,288)</b>                                 | <b>(1,413)</b>                                 |
| <b><i>Deferred income tax expense</i></b>         |  |  |
| Origination and reversal of temporary differences | 2,987  | (3,701)  |
|   | <b>2,987</b>                                   | <b>(3,701)</b>                                 |
| <b>Total income tax expense</b>                   | <b>(5,301)</b>                                 | <b>(5,114)</b>                                 |

## 12 Property, plant and equipment

| <b>mln RUB</b>                             | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
| <b>As at 1 January</b>                     | 33,824        | 32,786        |
| Additions                                  | 4,847         | 862           |
| Transfers from inventories                 | 2,187         | 1,337         |
| Acquisitions through business combinations | -             | 154           |
| Depreciation charge                        | (1,845)       | (1,383)       |
| Reclassification to inventories            | (539)         | (13)          |
| Disposals                                  | (222)         | (269)         |
| Disposal of subsidiaries                   | -             | (39)          |
| <b>As at 30 June</b>                       | <b>38,252</b> | <b>33,435</b> |

## 13 Intangible assets and goodwill

| mln RUB             | 2021          | 2020          |
|---------------------|---------------|---------------|
| As at 1 January     | 13,903        | 13,324        |
| Additions           | 1,163         | 370           |
| Amortisation charge | (213)         | (136)         |
| Disposals           | (410)         | (338)         |
| As at 30 June       | <b>14,443</b> | <b>13,220</b> |

## 14 Investment property

### (a) Reconciliation of carrying amount

| mln RUB              | 2021         | 2020         |
|----------------------|--------------|--------------|
| As at 1 January      | 6,880        | 6,626        |
| Change in fair value | 606          | -            |
| Disposals            | (49)         | (226)        |
| As at 30 June        | <b>7,437</b> | <b>6,400</b> |

### (b) Measurement of fair value

The fair value of investment property was determined by external independent real estate appraisers who have the appropriate recognised professional qualifications and recent experience in the evaluation of this type of real estate at that location. The assumptions used to calculate these amounts as at 31 December 2020 have not changed significantly.

To determine the fair value of land plots in the six months ended 30 June 2021 the Group applied a comparative approach based on an analysis of all available information on sales of similar properties, while adjustments were made to reflect differences between market analogue and the evaluated properties. Under this approach, current bids for land plots that are similar to those under valuation were analysed. Sales prices were adjusted for differences in characteristics between items under valuation and comparable land plots. The prices of similar properties were adjusted for bargaining, which resulted in a decrease in the price by 10-18%; and adjustments for a location resulted in a change in price from -39% to 15%; adjustments for area resulted in a change in price from -40% up to 38%. As at 30 June 2021, the fair value of these land plots estimated using the comparative method was RUB 7,437 million (31 December 2020: RUB 6,880 million).

#### *Sensitivity analysis*

A decrease by 5 percentage points in the base selling price for investment properties measured using the comparative method would result in a decrease in the fair value of investment property of RUB 372 million (31 December 2020: a decrease in the fair value of investment property by RUB 344 million). An increase in the selling price by 5 percentage points would have the opposite effect on the fair value of investment property of approximately the same value.

## 15 Inventories

| <b>mln RUB</b>                             | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-------------------------|-----------------------------|
| Construction-in-progress intended for sale | 285,777                 | 238,774                     |
| Finished goods and goods for resale        | 24,949                  | 20,647                      |
| Raw materials and consumables              | 12,906                  | 10,354                      |
| Right-of-use asset                         | 14,225                  | 13,190                      |
|  | <b>337,857</b>          | <b>282,965</b>              |
| Impairment losses                          | (1,776)                 | (1,956)                     |

A significant part of construction-in-progress intended for sale and finished goods consists of costs to construct apartments, commercial properties and parking spaces, as well as costs to acquire land plots and right-of-use assets, to build infrastructure and social facilities, allocated to properties which were not sold to customers and those that were sold to customers but costs were not fully recognised in cost of sales based on the percentage of completion.

In the six months ended 30 June 2020 the Group purchased several land plots and right-of-use assets for future development in Moscow, Moscow region and other regions of Russia for the total amount of RUB 47,202 million mostly through the acquisition of control in companies that own these land plots. The Group also incurred costs associated with the purchase of land plots and right-of-use assets including changes to the terms of agreements, which were in force in the previous period, in the amount of RUB 9,594 million in relation to Group projects that are already under development. The companies had no other significant assets, liabilities and financial results as at the acquisition date. Therefore, the consideration paid by the Group for the acquisition of subsidiaries was accounted for as construction-in-progress intended for sale. The payment was partially made in cash with the remaining amount of RUB 5,564 million due within a year were included in the current accounts payable for the acquisition of land plots, and RUB 9,777 million due in more than one year, included in the non-current accounts payable for acquisition of land plots.

Construction-in-progress in the amount of RUB 246,315 million relates to construction properties that will be completed in more than 12 months after the reporting date (31 December 2020: RUB 199,165 million).

Construction-in-progress in the amount of RUB 2 million relates to the Parent Company's projects, where the Group acts as a technical supervisor (31 December 2020: RUB 108 million).

### Movement of the provision for impairment of inventories (see note 18 (b))

| <b>mln RUB</b>              | <b>Construction-in-<br/>progress<br/>intended for sale</b> | <b>Finished goods<br/>and goods for<br/>resale</b> | <b>Raw<br/>materials and<br/>consumables</b> | <b>Total</b>   |
|-----------------------------|--|--|--|----------------|
| <b>As at 1 January 2021</b> | <b>(739)</b>   | <b>(869)</b>                                       | <b>(348)</b>                                 | <b>(1,956)</b> |
| Additional provision        | -  | (129)  | (55)   | (184)          |
| Release of provision        | 105  | 221  | -  | 326            |
| Utilisation                 | -  | 38   | -  | 38             |
| <b>As at 30 June 2021</b>   | <b>(634)</b>   | <b>(739)</b>                                       | <b>(403)</b>                                 | <b>(1,776)</b> |

| <b>mln RUB</b>              | <b>Construction-in-progress<br/>intended for sale</b> | <b>Finished goods<br/>and goods for<br/>resale</b> | <b>Raw<br/>materials and<br/>consumables</b> | <b>Total</b>   |
|-----------------------------|---|--|--|----------------|
| <b>As at 1 January 2020</b> | <b>(1,628)</b>  | <b>(685)</b>                                       | <b>(242)</b>                                 | <b>(2,555)</b> |
| Additional provision        | -   | (457)  | 21   | (436)          |
| Release of provision        | 64  | 16   | -  | 80             |
| Transfers                   | 77  | (77)   | -  | -              |
| Utilisation                 | 420   | 318  | (161)  | 577            |
| <b>As at 30 June 2020</b>   | <b>(1,067)</b>  | <b>(885)</b>                                       | <b>(382)</b>                                 | <b>(2,334)</b> |

## 16 Accounts receivable, including contract assets

| <b>mln RUB</b>   | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-------------------------|-----------------------------|
| <b>Non-current</b>   |                         |                             |
| Trade receivables and contract assets for sale of real estate properties                                 | 201                     | -                           |
| Accounts receivable for disposal of subsidiaries   | 2                       | 663                         |
|  | <b>203</b>              | <b>663</b>                  |
| Impairment loss on financial assets (see note 25(b))   | -                       | (10)                        |
| <b>Current</b>   |                         |                             |
| Trade receivables and contract assets of Development and construction segment                            | 114,246                 | 78,245                      |
| Trade receivables of Maintenance segment and other services  | 12,643                  | 12,816                      |
| Trade receivables for the other sales  | 3,896                   | 2,412                       |
| Advances issued to suppliers and contractors   | 19,318                  | 8,341                       |
| Advances issued for acquisition of land plots/right-of-use assets, including acquisition of subsidiaries | 27,554                  | 10,390                      |
| Advances issued to other suppliers and contractors   | 12,391                  | 7,482                       |
| Taxes receivable   | 4,138                   | 2,633                       |
| Accounts receivable from the sale of interests in subsidiaries and associates                            | 1,338                   | 1,376                       |
| Other accounts receivable  | 10,410                  | 10,749                      |
|  | <b>205,934</b>          | <b>134,444</b>              |
| Impairment loss on financial assets (see note 25(b))   | (3,859)                 | (3,133)                     |
| Impairment loss on non-financial assets (see note 18)  | (1,017)                 | (1,503)                     |

Advances issued in the six months ended 30 June 2021 for the acquisition of land plots in the amount of RUB 21,756 million (in the six months ended 30 June 2020: RUB 1,451 million) are accounted within changes in accounts receivable, including contract assets.

As at 30 June 2021 trade receivables and contract assets for projects, where the Group is the land owner and a developer, amounted to RUB 86,887 million (31 December 2020: RUB 51,750 million).

As at 30 June 2021 advances issued to suppliers and contractors for projects, where the Group is the land owner and a developer, amounted to RUB 14,490 million (31 December 2020: RUB 3,850 million).

## 17 Leases

The contract portfolio of the Group mostly consists of leases of land plots for construction of residential property for sale.

The change in the right-of-use asset during the six months ended 30 June 2021 is presented in the table below:

| <b>mln RUB</b>                                     | <b>Land plots</b> | <b>Buildings and constructions</b> | <b>Equipment</b> | <b>Other</b> | <b>Total</b>  |
|--|-------------------|------------------------------------|------------------|--------------|---------------|
| <b>As at 1 January 2021</b>                        | <b>13,190</b>     | <b>898</b>                         | <b>334</b>       | <b>91</b>    | <b>14,513</b> |
| New contracts                                      | 6,768             | 169                                | 1,133            | 51           | 8,121         |
| Modifications of contracts                         | (4,581)           | (18)                               | -                | (5)          | (4,604)       |
| Accrued to cost of sales                           | (1,152)           | (75)                               | (101)            | (16)         | (1,344)       |
| Amortisation recognised in administrative expenses | -                 | (77)                               | -                | -            | (77)          |
| <b>As at 30 June 2021</b>                          | <b>14,225</b>     | <b>897</b>                         | <b>1,366</b>     | <b>121</b>   | <b>16,609</b> |

The change in lease liabilities during the six months ended 30 June 2021 is presented in the table below:

| <b>mln RUB</b>                         | <b>Land plots</b> | <b>Buildings and constructions</b> | <b>Equipment</b> | <b>Other</b> | <b>Total</b>  |
|--|-------------------|------------------------------------|------------------|--------------|---------------|
| <b>As at 1 January 2021</b>            | <b>12,635</b>     | <b>1,033</b>                       | <b>276</b>       | <b>80</b>    | <b>14,024</b> |
| New contracts                          | 6,394             | 168                                | 1,133            | 51           | 7,746         |
| Modifications of contracts             | (4,581)           | (26)                               | -                | (5)          | (4,612)       |
| Interest expenses on lease liabilities | 581               | 42                                 | 21               | 4            | 648           |
| Lease payments, including offsets      | (2,687)           | (201)                              | (117)            | (23)         | (3,028)       |
| <b>As at 30 June 2021</b>              | <b>12,342</b>     | <b>1,016</b>                       | <b>1,313</b>     | <b>107</b>   | <b>14,778</b> |

The change in the right-of-use asset during the six months ended 30 June 2020 is presented in the table below:

| <b>mln RUB</b>                                     | <b>Land plots</b> | <b>Buildings and constructions</b> | <b>Equipment</b> | <b>Other</b> | <b>Total</b> |
|--|-------------------|------------------------------------|------------------|--------------|--------------|
| <b>As at 1 January 2020</b>                        | <b>4,844</b>      | <b>1,358</b>                       | <b>190</b>       | <b>82</b>    | <b>6,474</b> |
| New contracts                                      | 1,465             | 201                                | 183              | 7            | 1,856        |
| Modifications of contracts                         | 297               | (289)                              | (3)              | (1)          | 4            |
| Accrued to cost of sales                           | (549)             | (103)                              | (37)             | (5)          | (694)        |
| Amortisation recognised in administrative expenses | -                 | (105)                              | -                | (4)          | (109)        |
| <b>As at 30 June 2020</b>                          | <b>6,057</b>      | <b>1,062</b>                       | <b>333</b>       | <b>79</b>    | <b>7,531</b> |

The change in lease liabilities during the six months ended 30 June 2020 is presented in the table below:

| mln RUB                                | Land plots   | Buildings and constructions | Equipment  | Other     | Total        |
|--|--------------|-----------------------------|------------|-----------|--------------|
| <b>As at 1 January 2020</b>            | <b>4,171</b> | <b>1,465</b>                | <b>161</b> | <b>82</b> | <b>5,879</b> |
| New contracts                          | 1,465        | 199                         | 183        | 7         | 1,854        |
| Modifications of contracts             | 297          | (290)                       | (3)        | (1)       | 3            |
| Interest expenses on lease liabilities | 191          | 62                          | 14         | 3         | 270          |
| Lease payments, including offsets      | (802)        | (254)                       | (53)       | (16)      | (1,125)      |
| <b>As at 30 June 2020</b>              | <b>5,322</b> | <b>1,182</b>                | <b>302</b> | <b>75</b> | <b>6,881</b> |

Lease costs with variable lease payments that are not accounted for as right-of-use assets and liabilities under IFRS 16 "Leases" in the consolidated statement of financial position were capitalised in construction-in-progress in the amount of RUB 729 million and included in current expenses for the period in the amount of RUB 141 million (in the six months ended 30 June 2020: RUB 779 million and RUB 74 million respectively).

As at 30 June 2021, the Group estimates that the future lease costs with variable rates will approximately amount to RUB 18,195 million for the period 2021 to 2032 (31 December 2020: RUB 11,360 million). Future costs mainly consist of the cost of land plots leased for development.

Lease liability terms as at 30 June 2021 and 31 December 2020 are presented in the table below:

| Discount rate, %              | Lease term  | Land plots    | Property and plant | Equipment    | Other      | Total         |
|-------------------------------|-------------|---------------|--------------------|--------------|------------|---------------|
| <b>As at 31 December 2020</b> |             |               |                    |              |            |               |
| 5.8% - 8.2%                   | 2021        | 154           | 44                 | 7            | 3          | 208           |
| 8.21% - 11%                   | 2021        | 594           | 57                 | 2            | -          | 653           |
| 6% - 7.5%                     | 2022        | 313           | 40                 | 2            | 2          | 357           |
| 7.51% - 9.1%                  | 2022        | 875           | 33                 | 54           | 9          | 971           |
| 6% - 7.5%                     | 2023        | 855           | 4                  | 49           | -          | 908           |
| 7.51% - 9.1%                  | 2023        | 742           | 56                 | 20           | 29         | 847           |
| 6.7% - 9.3%                   | 2024        | 2,573         | 236                | 135          | 23         | 2,967         |
| 6.7% - 9.3%                   | 2025        | 941           | 12                 | 7            | -          | 960           |
| 7.2% - 8.8%                   | 2026        | 5,588         | -                  | -            | -          | 5,588         |
| 7.4% - 9.8%                   | 2027 - 2030 | -             | 490                | -            | 8          | 498           |
| 10% - 11%                     | 2033 - 2054 | -             | 61                 | -            | 6          | 67            |
| <b>Total:</b>                 |             | <b>12,635</b> | <b>1,033</b>       | <b>276</b>   | <b>80</b>  | <b>14,024</b> |
| <b>As at 30 June 2021</b>     |             |               |                    |              |            |               |
| 5.28% - 11%                   | 2021        | 129           | 45                 | 2            | 4          | 180           |
| 6% - 7.5%                     | 2022        | 4,863         | 92                 | 1            | 2          | 4,958         |
| 7.51% - 9.1%                  | 2022        | 241           | 27                 | 37           | 6          | 311           |
| 6% - 7.5%                     | 2023        | 6             | 19                 | 44           | 3          | 72            |
| 7.51% - 9.1%                  | 2023        | 391           | 26                 | 18           | 25         | 460           |
| 6.5% - 9.5%                   | 2024        | 3,767         | 184                | 1,205        | 55         | 5,211         |
| 7% - 9.3%                     | 2025        | 420           | 25                 | 6            | -          | 451           |
| 7.2% - 8.2%                   | 2026-2027   | 2,441         | 81                 | -            | -          | 2,522         |
| 8.21% - 9.6%                  | 2027 - 2031 | 84            | 454                | -            | 8          | 546           |
| 9.2% - 11%                    | 2033 - 2054 | -             | 63                 | -            | 4          | 67            |
| <b>Total:</b>                 |             | <b>12,342</b> | <b>1,016</b>       | <b>1,313</b> | <b>107</b> | <b>14,778</b> |



## 18 Impairment loss on non-financial assets, net

In the six months ended 30 June 2021 the Group tested non-financial assets for possible impairment indicators, the results are specified in the table below:

| mln RUB                            | Six-month period<br>ended 30 June<br>2021 | Six-month period<br>ended 30 June<br>2020 |
|------------------------------------|---|---|
| <b>Impairment loss</b>             |   |   |
| Inventories                        | -   | (6)                                       |
| Advances issued                    | (484)                                     | (499)                                     |
|                                    | <b>(484)</b>                              | <b>(505)</b>                              |
| <b>Reversal of impairment loss</b> |   |   |
| Advances issued                    | 386                                       | 205                                       |
|                                    | <b>386</b>                                | <b>205</b>                                |
|                                    | <b>(98)</b>                               | <b>(300)</b>                              |

### (a) Property, plant and equipment

The Group analysed property, plant and equipment for impairment indicators as at 30 June 2021 and as at 30 June 2020 and did not identify any evidence of impairment indicators at both reporting dates.

### (b) Inventories

In most cases, the Group used the discounted cash flows method and engaged an independent appraiser to estimate the net realizable value of the Group's construction-in-progress as at the reporting dates. The coronavirus pandemic did not have a significant negative impact on the key assumptions used in calculating discounted cash flows (for example, contract volumes and average sales prices) due to government support measures for the construction industry, marketing campaigns, conducted by the Group and the Group's digital technologies backing online sales, including mortgage transactions.

The following key assumptions of the discounted cash flow method were used in determining the net realizable value of construction-in-progress:

- Cash flows were projected for each individually significant project;
- The expected selling prices for the apartments were based on market prices effective in June 2021 for similar real estate;
- The final expected cost of construction was forecasted based on cost per square meter and construction pace in June 2021 for similar projects of the Group;
- Average pre-tax discount rates of 10-17% were applied to cash flows depending on the stage of the project and construction financing schemes.

Based on the results of impairment testing in the six months ended 30 June 2021 impairment losses was charged in the amount of RUB 184 million and the provision was released in the amount of RUB 326 million (in the six months ended 30 June 2020: the provision for impairment of inventories was charged in the amount of RUB 436 million and the provision was released in the amount of RUB 80 million). Income from impairment reversal included in cost of goods sold, amounted to RUB 66 million (in the six months ended 30 June 2020: impairment loss amounted to RUB 723 million), including recognised losses on onerous contracts projects in the amount of RUB 94 million without accrual of provision (in the six months ended 30 June 2020: RUB 330 million).

Management has determined the discount rate and the estimated selling prices as key assumptions subject to reasonable change that could have a significant impact on the recoverable value of inventories.

A reduction in the selling price by 5% would lead to additional impairment of construction-in-progress amounted to RUB 1 630 million as at 30 June 2021 (31 December 2020: RUB 547 million).

An increase in the discount rate by 1 percentage point would lead to additional impairment of construction-in-progress amounted to RUB 164 million as at 30 June 2021 (31 December 2020: RUB 84 million).

**(c) Advances issued**

Advances issued on newly acquired projects are tested for impairment as part of the project return analysis before acquisition. Advances issued for projects under construction are tested for impairment as part of the assessment of the net realisable value of construction-in-progress using the discounted cash flow method and with the help of an independent appraiser.

**(d) Intangible assets and goodwill**

The Group analysed intangible assets for impairment as at 30 June 2021 and as at 30 June 2020 and did not identify any evidence of impairment at both reporting dates. The current economic situation did not result in significant budget shortfalls in the six months ended 30 June 2021 or in significant changes in the forecasts used in assessing the recoverability of client base and goodwill.

## **19 Cash and cash equivalents**

| <b>mln RUB</b>                   | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|----------------------------------|-------------------------|-----------------------------|
| Cash on hand                     | 2                       | 1                           |
| Cash in banks                    | 50,537                  | 95,863                      |
| Restricted cash                  | 502                     | 441                         |
| <b>Cash and cash equivalents</b> | <b>51,041</b>           | <b>96,305</b>               |

***Cash balance on escrow accounts (for information purposes)***

| <b>mln RUB</b>  | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|-----------------|-------------------------|-----------------------------|
| Escrow accounts | 131,573                 | 69,375                      |

Cash, placed on escrow accounts and not recognised in the Group's consolidated statement of financial position, represents the amounts deposited by owners of the accounts (customers of real estate properties) in authorised banks as a consideration for acquired property under share participation agreements.

In the six months ended 30 June 2021, cash receipts to escrow accounts amounted to RUB 68,335 million (in the six months ended 30 June 2020: RUB 14,386 million).

In the six months ended 30 June 2021, as the Group completed the construction of real estate properties, where apartments were sold using escrow accounts, according to the legislation, the Group became entitled to receive cash placed on escrow accounts in the amount of RUB 6,138 million, of which RUB 3,839 million was set off against the project finance liability, and RUB 85 million was used to pay the interest due under the project finance liability.

As at 30 June 2021, cash in the amount of 16,689 million was placed on special bank accounts which operations are subject to special banking control (as at 31 December 2020: RUB 49,222 million) in accordance with the requirements of Federal Law No. 214- FZ.

## 20 Other investments

| mIn RUB   | 30 June<br>2021 | 31 December<br>2020 |
|---|-----------------|---------------------|
| <b>Non-current</b>  |                 |                     |
| Parent Company's bonds, nominated in RUB at fixed rates 8.7-13%   | 7,176           | 7,242               |
| Parent Company's bonds, nominated in RUB at variable rate (key rate of the Central Bank of the Russian Federation + 1.4%) | -               | 6,544               |
| Bank deposits   | 127             | 127                 |
| Other investments   | 107             | 96                  |
|   | <b>7,410</b>    | <b>14,009</b>       |
| Impairment losses   | (135)           | (175)               |
| <b>Current</b>  |                 |                     |
| Parent Company's bonds, nominated in RUB at fixed rates 8.7-13%   | 251             | 984                 |
| Parent Company's bonds, nominated in RUB at variable rate (key rate of the Central Bank of the Russian Federation + 1.4%) | 6,737           | 128                 |
| Loans issued to third parties in RUB at fixed rates of 7.0%-9.6%  | 2,907           | 441                 |
| Bank deposits   | 11              | 10                  |
| Other investments   | 6               | -                   |
|   | <b>9,912</b>    | <b>1,563</b>        |
| Impairment loss   | (173)           | (131)               |

As at 30 June 2021 and 31 December 2020 other investments are recognised at amortised cost.

## 21 Equity

As at 30 June 2021 and 30 June 2020, the charter capital of the Company in the amount of RUB 80,585 million, was 100% owned by PJSC "PIK-specialized homebuilder".

### Dividends

Under the Russian legislation, the Company's reserves available for distribution are limited to retained earnings as recognised in the Company's statutory financial statements prepared following the Russian Accounting Principles.

In the six months ended 30 June 2021, the Group declared dividends in the amount of RUB 23,002 million in favor of the Parent Company. Dividends were partially paid in the amount of RUB 17,887 million in the six months ended 30 June 2021, the remaining dividend payable was included in other accounts payable.

In the six months ended 30 June 2021 dividends, which were declared and approved in previous periods, were partially paid to the Parent Company in the amount of RUB 5,910 million.

In the six months ended 30 June 2020, the Group declared dividends in the amount of RUB 16,903 million in favor of the Parent Company. Dividends were partially paid in the amount of RUB 32 million in the six months ended 30 June 2020, the remaining dividend payable was included in other accounts payable.

## 22 Accounts payable, including contract liabilities

| <b>mln RUB</b>  | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-------------------------|-----------------------------|
| <b>Non-current</b>  |                         |                             |
| Accounts payable for acquisition of land plots  | 13,009                  | 6,774                       |
| Accounts payable under construction contracts   | 459                     | 433                         |
| Other liabilities   | 32                      | 5                           |
|   | <b>13,500</b>           | <b>7,212</b>                |
| <b>Current</b>  |                         |                             |
| Liabilities under contracts with customers of real estate properties and advances received for construction works in Development and construction segment | 81,899                  | 89,161                      |
| Liabilities under contracts with customers of real estate properties in acquisition of land plots   | 5,811                   | 6,888                       |
| Other advances received   | 5,269                   | 8,327                       |
| Accounts payable for construction works of Development and construction segment   | 14,000                  | 13,926                      |
| Trade payables of Maintenance segment   | 10,015                  | 10,972                      |
| Accounts payable for acquisition of land plots  | 6,337                   | 4,878                       |
| Trade payables from other activities  | 7,277                   | 8,221                       |
| Payables to employees   | 5,751                   | 4,406                       |
| Other taxes payable   | 10,902                  | 8,579                       |
| Accounts payable to owners of non-controlling interests   | 909                     | 644                         |
| Dividend payable  | 5,662                   | 6,444                       |
| Other accounts payable  | 6,741                   | 7,451                       |
|   | <b>160,573</b>          | <b>169,897</b>              |

As at 30 June 2021 liabilities under contracts with customers of real estate properties for projects, where the Group is the land owner and a developer, amounted to RUB 64,159 million (31 December 2020: RUB 65,845 million).

As at 30 June 2021 trade payables for projects, where the Group is the land owner and a developer, amounted to RUB 9,824 million (31 December 2020: RUB 10,315 million).

As at 30 June 2021 advances received for projects, where the Group is the land owner and a developer, amounted to RUB 454 million (31 December 2020: RUB 297 million).

Information on the Group's exposure to foreign exchange risk and liquidity risk in terms of other trade payables is disclosed in note 25.

## 23 Loans and borrowings

| mln RUB                                      | 30 June<br>2021 | 31 December<br>2020 |
|--|-----------------|---------------------|
| <b>Non-current</b>                           |                 |                     |
| Bonds, net of those purchased by the Group   | 14,603          | 14,773              |
| Unsecured loans received                     | 115             | 114                 |
| Unsecured loans received from Parent Company | 6,722           | 20,539              |
| Project financing                            | 159,503         | 115,713             |
| Secured bank loans                           | 5,911           | 6,216               |
| Interest payable                             | 5,937           | 4,196               |
|  | <b>192,791</b>  | <b>161,551</b>      |
| <b>Current</b>                               |                 |                     |
| Bonds, net of those purchased by the Group   | 340             | 340                 |
| Unsecured loans received                     | 128             | 103                 |
| Unsecured loans received from Parent Company | 2,344           | 6,034               |
| Project financing                            | 81,876          | 16,679              |
| Secured bank loans                           | 7,143           | 2,521               |
| Interest payable                             | 4,681           | 3,804               |
|  | <b>96,512</b>   | <b>29,481</b>       |
|  | <b>289,303</b>  | <b>191,032</b>      |

As at 30 June 2021 and 31 December 2020, bank loans were secured with:

- lease/ownership rights of land plots with a total area of 1,023 ha (as at 31 December 2020: 847 ha), with carrying amount of RUB 88,891 million (as at 31 December 2020: RUB 51,700 million);

- shares of/ interest in certain subsidiaries of the Group:

|   | <b>Ownership interest</b> |                             |
|---|---------------------------|-----------------------------|
|   | <b>30 June<br/>2021</b>   | <b>31 December<br/>2020</b> |
| LLC PIK-Broker  | 100%                      | 100%                        |
| CJSC Stroybusinesscenter  | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Tyron  | 99.999%                   | 99.999%                     |
| JSC Spetsialyzirovany Zastroyschik Kuntsevo-Invest  | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Zelenogradsky (JSC Production and trade complex Zelenogradsky) | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Legro  | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Stolichny kompleks   | 100%                      | 100%                        |
| JSC Port-City   | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik LZSMIK   | 99.9999%                  | 99.9999%                    |
| JSC Spetsialyzirovany Zastroyschik M.Stroy  | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Volokolamskoye shosse 24                                       | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Bolshaya Ochakovskaya  | 100%                      | 100%                        |
| LLC Sacramento-2  | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Krasnokazarmennaya 15  | 99.028%                   | 99.028%                     |
| JSC Spetsialyzirovany Zastroyschik Monetchik  | 99%                       | 99%                         |
| LLC Archecom  | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Volzhsky Park  | 100%                      | 100%                        |
| LLC SZ GradOlymp  | 99.9%                     | 99.9%                       |
| LLC Meridian  | 100%                      | 100%                        |
| LLC Ereda   | 100%                      | 100%                        |
| LLC Coronella   | 100%                      | 100%                        |
| JSC Galaktik Invest   | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Solntsevo Park   | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Likhobory  | 100%                      | 100%                        |
| LLC Ground  | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Trial Service (JSC Trial Service)                              | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Torgovy Dom Sputnik (JSC Torgovy Dom Sputnik)                  | 100%                      | 100%                        |
| LLC SZ Serednevo  | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Perovskoye   | 100%                      | 100%                        |
| LLC Globus  | 100%                      | 100%                        |
| LLC SZ Pik-Primorye   | 100%                      | 100%                        |
| LLC Parasang systems  | -                         | 100%                        |
| LLC SZ Chasovaya  | 99.9%                     | 99.9%                       |
| LLC Spetsialyzirovany Zastroyschik Stroy-Expert   | -                         | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Novokhokhlovskaya 15   | 100%                      | 100%                        |
| JSC Spetsialyzirovany Zastroyschik Presnensky Val 27  | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Kantemirovskaya  | 100%                      | 100%                        |

|  | <b>Ownership interest</b> |                             |
|--|---------------------------|-----------------------------|
|  | <b>30 June<br/>2021</b>   | <b>31 December<br/>2020</b> |
| LLC Lotan  | 100%                      | 100%                        |
| O.P.H.L. Openprospect Holdings Limited                       | 100%                      | 100%                        |
| D.H. PRIVATE INVEST TECHNOLOGY LIMITED                       | 100%                      | 100%                        |
| LLC Spetsialyzirovany Zastroyschik Faramant                  | 100%                      | -                           |
| LLC Spetsialyzirovany Zastroyschik InvestAlliance            | 100%                      | -                           |
| JSC Avtokombinat №42   | 99.9774%                  | -                           |
| JSC Ozernaya   | 100%                      | -                           |
| LLC Spetsialyzirovany Zastroyschik Ozernaya 44               | 100%                      | -                           |
| LLC Agrotrans  | 100%                      | -                           |
| LLC Borets   | 99.9%                     | -                           |
| LLC RIVIERA PARK   | 99.9%                     | -                           |
| LLC Megapolis  | 100%                      | -                           |
| LLC RegionInvest   | 100%                      | -                           |
| JSC Galaktion  | 100%                      | -                           |
| JSC ATOL Company   | 100%                      | -                           |
| JSC Spetsialyzirovany Zastroyschik PIK-Region                | 100%                      | -                           |
| LLC L-Holding  | 100%                      | -                           |
| JSC 2d Irtyshsky   | 99.08%                    | -                           |
| LLC L-Development  | 100%                      | -                           |
| LLC Astreid Group  | 100%                      | -                           |
| LLC Spetsialyzirovany Zastroyschik Ekstragrad                | 100%                      | -                           |
| LLC Alkaid   | 100%                      | -                           |
| LLC Spetsialyzirovany Zastroyschik Stolitsa                  | 100%                      | -                           |
| LLC Spetsialyzirovany Zastroyschik Simonovskaya Naberezhnaya | 100%                      | -                           |
| LLC Almadin  | 100%                      | -                           |
| LLC Pegas  | 100%                      | -                           |

The bonds' maturities, including offers, are presented in the table below. Depending on the terms of the issue coupon payments are made quarterly or semi-annually.

The fair value of the bonds is disclosed in note 25 (a).

The terms of financial liabilities as at 30 June 2021 did not significantly change compared to those disclosed as at 31 December 2020 in the consolidated financial statements for 2020, except for new loans and borrowings as indicated below.

| mln RUB                                      | Currency | Nominal rate, %  | Maturity  | 30 June 2021   |                | 31 December 2020 |                |
|--|----------|--|-----------|----------------|----------------|------------------|----------------|
|  |          |  |           | Nominal value  | Carrying value | Nominal value    | Carrying value |
| Project financing                            | RUB      | 9.75%-10.75%   | 2021      | -              | -              | 3,398            | 3,398          |
| Project financing                            | RUB      | From the key interest rate+2% to the key interest rate of the Central Bank of the Russian Federation+3.75%   | 2021-2029 | 142,886        | 142,729        | 80,653           | 80,631         |
| Project financing                            | RUB      | Key interest rate of the Central Bank of the Russian Federation+4%   | 2022      | -              | -              | 1,600            | 1,591          |
| Project financing                            | RUB      | Variable interest rate*  | 2023-2031 | 103,092        | 98,650         | 48,296           | 46,772         |
| Secured bank loans                           | RUB      | From the key interest rate+1.95% to the key interest rate of the Central Bank of the Russian Federation+2.7% | 2022-2026 | 13,054         | 13,054         | 8,737            | 8,737          |
| Unsecured loans received                     | RUB      | 5%   | 2023      | 115            | 115            | 114              | 114            |
| Unsecured loans received                     | RUB      | 8.5%-10.5%   | 2021      | 128            | 128            | 103              | 103            |
| Unsecured loans received from Parent Company | RUB      | 6.25%-13%  | 2021-2022 | 9,066          | 9,066          | 26,573           | 26,573         |
| Bonds  | RUB      | 7.4%-11.25%  | 2021-2024 | 14,000         | 13,953         | 14,000           | 13,953         |
| Bonds  | RUB      | Key interest rate of the Central Bank of the Russian Federation+1.5%   | 2023      | 990            | 990            | 1,160            | 1,160          |
|  |          |  |           | <b>283,331</b> | <b>278,685</b> | <b>184,634</b>   | <b>183,032</b> |

\* variable effective rates are calculated by applying base rates to funds not covered by cash on escrow accounts. These rates range from +1.6% above the key rate of the Central Bank of the Russian Federation where interest is capitalised up to a rate of 9.9% where interest is paid in advance of releasing funds from escrow accounts. Rates on loans fully covered by cash on escrow accounts are subject to preferential rates and additional discounts, as a result of which the rate may be reduced to 0.01%.



## 24 Non-controlling interests

The following is a summary of movements in equity attributable to non-controlling interests in subsidiaries of the Company:

| <b>mln RUB</b>               | <b>Developer</b> | <b>Internet provider</b> | <b>Manufacturer of smart home systems</b> | <b>Manufacturer of elevator equipment</b> | <b>Other</b> | <b>Total</b> |
|------------------------------|------------------|--------------------------|---|---|--------------|--------------|
| <b>As at 1 January 2021</b>  | 1,227            | 613                      | 169                                       | 17  | 144          | 2,170        |
| Profit/(loss) for the period | 362              | (104)                    | (35)                                      | 1   | 227          | 451          |
| Other changes                | 12               | -                        | 168                                       | -   | (180)        | -            |
| <b>As at 30 June 2021</b>    | <b>1,601</b>     | <b>509</b>               | <b>302</b>                                | <b>18</b>                                 | <b>191</b>   | <b>2,621</b> |

| <b>mln RUB</b>  | <b>Internet provider</b> | <b>Manufacturer of elevator equipment</b> | <b>Other</b> | <b>Total</b> |
|---|--------------------------|---|--------------|--------------|
| <b>As at 1 January 2020</b>   | 614                      | 344                                       | 538          | 1,496        |
| (Loss)/profit for the period  | -                        | (332)                                     | 116          | (216)        |
| Change in non-controlling interest due to the restructuring of subsidiaries | -                        | -   | (70)         | (70)         |
| <b>As at 30 June 2020</b>   | <b>614</b>               | <b>12</b>                                 | <b>584</b>   | <b>1,210</b> |

The following tables summarise the information before the elimination of intercompany transactions in the Group’s subsidiaries where non-controlling interests are significant.

| <b>mln RUB</b>   | <b>Developer</b> | <b>Internet provider</b> | <b>Manufacturer of smart home systems</b> | <b>Manufacturer of elevator equipment</b> | <b>Other</b>   | <b>Total</b>   |
|--|------------------|--------------------------|---|---|----------------|----------------|
| <b>As at 30 June 2021</b>                              |                  |                          |   |   |                |                |
| Non-current assets                                     | 983              | 2,539                    | 492                                       | 1,105                                     | 325,263        | 330,382        |
| Current assets   | 50,499           | 1,513                    | 1,369                                     | 3,989                                     | 228,782        | 286,152        |
| Non-current liabilities                                | 12,943           | 50                       | 29  | 186                                       | 48,074         | 61,282         |
| Current liabilities                                    | 14,781           | 1,867                    | 923                                       | 3,292                                     | 270,305        | 291,168        |
| <b>Net assets</b>                                      | <b>23,758</b>    | <b>2,135</b>             | <b>909</b>                                | <b>1,616</b>                              | <b>235,666</b> | <b>264,084</b> |
| Carrying amount of non-controlling interest            | 1,601            | 509                      | 302                                       | 18  | 191            | 2,621          |
| Revenue  | 14,181           | 690                      | 587                                       | 2,477                                     | 18,351         | 36,286         |
| Profit/(loss)  | 3,768            | (208)                    | 59  | 78  | 7,635          | 11,332         |
| <b>Total comprehensive income</b>                      | <b>3,768</b>     | <b>(208)</b>             | <b>59</b>                                 | <b>78</b>                                 | <b>7,635</b>   | <b>11,332</b>  |
| Profit/(loss) attributable to non-controlling interest | 362              | (104)                    | (35)                                      | 1   | 227            | 451            |

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| <b>mln RUB</b>   | <b>Internet provider</b> | <b>Manufacturer of elevator equipment</b> | <b>Other</b>   | <b>Total</b>   |
|--|--------------------------|---|----------------|----------------|
| <b>As at 30 June 2020</b>                              |                          |   |                |                |
| Non-current assets                                     | 1,238                    | 1,064                                     | 13,837         | 16,139         |
| Current assets   | -                        | 1,878                                     | 24,261         | 26,139         |
| Non-current liabilities                                | -                        | 192                                       | 3,628          | 3,820          |
| Current liabilities                                    | 9                        | 1,473                                     | 33,001         | 34,483         |
| <b>Net assets</b>                                      | <b>1,229</b>             | <b>1,277</b>                              | <b>1,469</b>   | <b>3,975</b>   |
| Carrying amount of non-controlling interest            | 614                      | 12  | 584            | 1,210          |
| Revenue  | -                        | 1,780                                     | 18,479         | 20,259         |
| (Loss)/profit  | (1)                      | 227                                       | (2,676)        | (2,450)        |
| <b>Total comprehensive income</b>                      | <b>(1)</b>               | <b>227</b>                                | <b>(2,676)</b> | <b>(2,450)</b> |
| (Loss)/profit attributable to non-controlling interest | -                        | (332)                                     | 116            | (216)          |

## 25 Financial instruments

The carrying value of financial assets and liabilities (see note 25 (a)) and the corresponding levels of the fair value hierarchy are presented below:

| mln RUB   | Note | 30 June<br>2021  | 31 December<br>2020 |
|---|------|------------------|---------------------|
| <b>Level 1</b>  |      |                  |                     |
| <b>Financial assets:</b>  |      |                  |                     |
| Parent Company's bonds  | 20   | 14,164           | 14,898              |
| <b>Financial liabilities:</b>   |      |                  |                     |
| Unsecured bonds   | 23   | (14,991)         | (15,157)            |
| <b>Level 3</b>  |      |                  |                     |
| <b>Assets:</b>  |      |                  |                     |
| Cash and cash equivalents   | 19   | 51,041           | 96,305              |
| Trade and other receivables   | 16   | 142,736          | 106,261             |
| Loans issued, bank deposits accounted for in other investments and equity accounted investees |      | 3,383            | 682                 |
| <b>Liabilities:</b>   |      |                  |                     |
| Loans and borrowings  | 23   | (274,312)        | (175,875)           |
| Long-term lease liabilities   | 17   | (14,778)         | (14,024)            |
| Trade and other payables  | 22   | (63,532)         | (59,104)            |
|   |      | <b>(156,289)</b> | <b>(46,014)</b>     |

### (a) Fair values and carrying amounts

As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group's financial assets and liabilities of the Group did not differ significantly from their fair values, except for bonds. As at 30 June 2021, the fair value of bonds, net of those repurchased by the Group, exceeded their carrying amount by RUB 20 million (as at 31 December 2020: RUB 494 million).

### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Generally, credit risk relates to financial assets of the Group measured at amortised cost, which include cash and cash equivalents, receivables and other investments. During the reporting period, there were no significant changes in the structure of financial assets, their credit quality and valuation methods.

The approach and the procedure for calculating impairment losses (expected credit losses) on the Group's financial assets measured at amortised cost did not materially differ from those used in preparing the consolidated financial statements for the year ended 31 December 2020. During the reporting period there were no cases of downward movement of credit ratings.

Amounts of receivables and other investments measured at amortised cost, grouped by internal credit rating and payment statistics, are presented in the table below:

(i) *Accounts receivable, including contract assets*

| mIn RUB<br>Internal credit rating<br>of the Group | Gross<br>carrying<br>amount as at<br>30 June 2021 | Impairment<br>loss as at<br>30 June 2021 | Gross<br>carrying<br>amount as at<br>31 December<br>2020 | Impairment<br>loss as at<br>31 December<br>2020 |
|---|---|--|--|---|
| High  | 117,176   | (35)                                     | 78,156   | (11)  |
| Above-medium                                      | 10,585  | (141)                                    | 12,136   | (183)   |
| Medium  | 3,997   | (253)                                    | 7,109  | (520)   |
| Below-medium                                      | 2,772   | (466)                                    | 1,321  | (15)  |
| Low   | 59  | (6)                                      | 87   | (49)  |
| Default   | 1,411   | (1,158)                                  | 865  | (689)   |
| <b>Total</b>                                      | <b>136,000</b>                                    | <b>(2,059)</b>                           | <b>99,674</b>  | <b>(1,467)</b>                                  |

(ii) *Accounts receivable for which expected credit losses are estimated based on payment statistics*

| mIn RUB<br>Overdue debt | Weighted<br>average loss<br>rate | Gross<br>carrying<br>amount as at<br>30 June 2021 | Impairment<br>loss as at<br>30 June 2021 | Gross<br>carrying<br>amount as at<br>31 December<br>2020 | Impairment<br>loss as at<br>31 December<br>2020 |
|-------------------------|----------------------------------|---|--|--|---|
| 0-30 days               | 9.73%                            | 3,503   | (341)                                    | 1,989  | (202)   |
| 31-90 days              | 9.77%                            | 972   | (95)                                     | 1,040  | (105)   |
| 90-180 days             | 9.77%                            | 686   | (67)                                     | 1,009  | (102)   |
| 181-360 days            | 9.79%                            | 1,073   | (105)                                    | 1,271  | (129)   |
| 1-3 years               | 23.76%                           | 2,407   | (572)                                    | 2,489  | (596)   |
| more than 3 years       | 32.75%                           | 1,893   | (620)                                    | 1,901  | (578)   |
| <b>Total</b>            |                                  | <b>10,534</b>                                     | <b>(1,800)</b>                           | <b>9,699</b>   | <b>(1,712)</b>                                  |

(iii) *Other investments*

| mIn RUB<br>Internal credit rating<br>of the Group | Gross<br>carrying<br>amount as at<br>30 June 2021 | Impairment<br>loss as at<br>30 June 2021 | Gross<br>carrying<br>amount as at<br>31 December<br>2020 | Impairment<br>loss as at<br>31 December<br>2020 |
|---|---|--|--|---|
| High  | 16,924  | (64)                                     | 15,108   | (54)  |
| Above-medium                                      | 262   | (10)                                     | 142  | (3)   |
| Medium  | 117   | (32)                                     | 482  | (107)   |
| Below-medium                                      | -   | -  | 2  | -   |
| Default   | 327   | (202)                                    | 144  | (142)   |
| <b>Total</b>                                      | <b>17,630</b>                                     | <b>(308)</b>                             | <b>15,878</b>  | <b>(306)</b>                                    |

**(iv) Cash and cash equivalents**

The Group does not recognise a provision for estimated credit losses in relation to cash balances as the amount is not material. Cash and cash equivalents are placed with banks rated no lower than B+, based on the classification of international rating agencies S&P Global Ratings, Fitch and Moody's. The Group considers expected credit losses to be insignificant.

**(v) Guaranties**

Generally, the Group issues guarantees only for the obligations of its subsidiaries and the Parent Company, with the exception of certain suppliers and contractors providing construction services for whom the Group issued sureties. As at 30 June 2021 and 31 December 2020 the amount of such sureties did not exceed RUB 1,000 million.

## 26 Provisions

| mln RUB               | Provision<br>for costs to<br>complete | Provision<br>for onerous<br>contracts | Tax<br>provision | Provision<br>for<br>litigation | Provision<br>for<br>warranty<br>obligations | Total   |
|-----------------------|---------------------------------------|---------------------------------------|------------------|--------------------------------|---|---------|
| As at 1 January 2021  | 21,813                                | 350                                   | 123              | 1,525                          | 415   | 24,226  |
| Additional provisions | 6,776                                 | 1,294                                 | -                | 506                            | 60  | 8,636   |
| Release of provisions | (900)                                 | (375)                                 | -                | (272)                          | -   | (1,547) |
| Utilisation           | (4,157)                               | (735)                                 | -                | (317)                          | (16)  | (5,225) |
| As at 30 June 2021    | 23,532                                | 534                                   | 123              | 1,442                          | 459   | 26,090  |

  

| mln RUB               | Provision for<br>costs to<br>complete | Provision for<br>onerous<br>contracts | Tax<br>provision | Provision for<br>litigation | Total   |
|-----------------------|---------------------------------------|---------------------------------------|------------------|-----------------------------|---------|
| As at 1 January 2020  | 19,330                                | 336                                   | 209              | 2,061                       | 21,936  |
| Additional provisions | 8,467                                 | 2,813                                 | -                | 1,242                       | 12,522  |
| Release of provisions | (812)                                 | (407)                                 | -                | (1,159)                     | (2,378) |
| Utilisation           | (3,802)                               | (2,399)                               | -                | (128)                       | (6,329) |
| As at 30 June 2020    | 23,183                                | 343                                   | 209              | 2,016                       | 25,751  |

In calculation of provisions, the Group used assumptions, which are subject to uncertainty and judgment. In preparing these consolidated interim condensed financial statements, the assumptions used to calculate provisions do not differ significantly from those used in preparing the consolidated financial statements as at and for the year ended 31 December 2020.

## 27 Contingencies

The contingencies of the Group related to taxes, insurance and warranties did not materially differ from the contingencies and guarantees reported in the consolidated financial statements as at and for the year ended 31 December 2020.

## 28 Related party transactions

### (a) Control relationships

As at 30 June 2021 and 31 December 2020, the immediate Parent Company of the Group is Public Joint Stock Company "PIK-specialized homebuilder". As at 30 June 2021 and 31 December 2020, the Company is ultimately controlled by Mr. Sergey E. Gordeev.

### (b) Management remuneration

In the six months ended 30 June 2021 and in the six months ended 30 June 2020 the amount of key management remuneration was not material.

### (c) Related parties' balances

#### (i) Balances with the Parent Company and its subsidiaries

| <b>mln RUB</b>   | <b>30 June 2021</b> | <b>31 December 2020</b> |
|--|---------------------|-------------------------|
| Right-of-use assets  | 59                  | 90                      |
| Non-current bonds  | 7,176               | 13,786                  |
| Current bonds  | 6,988               | 1,112                   |
| Trade receivables  | 2,279               | 751                     |
| Accounts receivable under technical supervisor agreements on Parent Company's projects, where the Group acts as technical supervisor | 504                 | 1,985                   |
| Advances issued to suppliers and contractors of Development segment on Parent Company's projects                                     | 456                 | 398                     |
| Advances issued to other suppliers and contractors   | 167                 | 126                     |
| Other accounts receivable  | 4,907               | 5,922                   |
| Non-current unsecured loans received   | (6,722)             | (20,539)                |
| Non-current interest payable   | (4,112)             | (3,124)                 |
| Long-term lease liabilities  | (52)                | (77)                    |
| Long-term liabilities for land acquisition   | (553)               | (533)                   |
| Current unsecured loans received   | (2,344)             | (6,034)                 |
| Current interest payable   | (1,137)             | (1,633)                 |
| Accounts payable on technical supervisor agreements where the Group acts as a developer  | (1,020)             | (1,620)                 |
| Accounts payable   | (4,208)             | (6,356)                 |
| Advances received for construction works in Development and construction segment   | -                   | (5,236)                 |
| Advances received under technical supervisor agreements on Parent Company's projects, where the Group acts as a technical supervisor | (4,577)             | (8,480)                 |
| Other advances received  | (248)               | (675)                   |
| Other accounts payable   | (3,761)             | (3,404)                 |
| Short-term lease liabilities   | (21)                | (55)                    |
| Dividend payables  | (5,639)             | (6,433)                 |
| <b>Total</b>   | <b>(11,858)</b>     | <b>(40,029)</b>         |

(ii) **Other related parties' balances**

| <b>mln RUB</b>  | <b>30 June 2021</b> | <b>31 December 2020</b> |
|---|---------------------|-------------------------|
| Short-term loans issued   | 1,314               | 22                      |
| Trade receivables   | 10                  | -                       |
| Advances issued for construction services and under contracts for land acquisition and subsidiaries | 156                 | 1,618                   |
| Other advances issued   | 364                 | 164                     |
| Other accounts receivable   | 11                  | 11                      |
| Other advances received   | (40)                | (1)                     |
| Accounts payable for construction and other trade payables  | (112)               | (36)                    |
| Other accounts payable  | (51)                | (100)                   |
| <b>Total</b>  | <b>1,652</b>        | <b>1,678</b>            |

(iii) **Transactions with Parent Company and its subsidiaries**

| <b>mln RUB</b>   | <b>Six-month period ended 30 June 2021</b> | <b>Six-month period ended 30 June 2020</b> |
|--|--|--|
| <b>Segments' revenue</b>                                       |  |  |
| Development and construction                                   | 3,517                                      | 1,787                                      |
| Industrial segment   | -  | 23   |
| Maintenance  | 81   | 82   |
| Other  | 397  | 385  |
| <b>Segments' costs</b>   |  |  |
| Development and construction                                   | -  | (11)                                       |
| Other  | (94)                                       | (179)                                      |
| Agent's commission   | (4,469)                                    | (3,282)                                    |
| Other administrative expenses                                  | (5)  | (22)                                       |
| Loss on disposal of property, plant and equipment              | (1)  | -  |
| Result from the sale and disposal of other assets              | 11   | -  |
| Other expenses, net  | -  | (199)                                      |
| Interest income  | 1,267                                      | 705  |
| Interest expenses before capitalisation                        | (2,318)                                    | (1,626)                                    |
| Significant financing component under contracts with customers | -  | (20)                                       |
| Loss from impairment of financial assets                       | -  | (47)                                       |
| <b>Total</b>   | <b>(1,614)</b>                             | <b>(2,404)</b>                             |

As at 30 June 2021, the outstanding balance of loans received from related parties including accrued interest, amounted to RUB 14,315 million (as at 31 December 2020: RUB 31,330 million).

In the six months ended 30 June 2021 the amount of loans paid to the Parent Company was RUB 17,506 million including the offset of accounts payable against loans received in the amount of RUB 4,501 million (in the six months ended 30 June 2020: RUB 8,508 million).



In the six months ended 30 June 2021 the Group accrued in distribution expenses agency fees for the sales of real estate properties by the related party in the amount of RUB 4,469 million (in the six months ended 30 June 2020, distribution expenses from related parties amounted to RUB 3,282 million). As at 30 June 2021, the balance of agency fees unrecognised in distribution expenses is RUB 3,620 million.

During the six months ended 30 June 2021, the Group accrued dividends to the Parent Company in the amount of RUB 23,002 million, the total amount of dividends paid including dividends accrued in previous periods was RUB 23,797 million. In the six months ended 30 June 2020, the Group declared dividends of RUB 16,903 million, of which RUB 32 million was paid.

During the six months ended 30 June 2020, the Group acquired technical supervisor services for the Group's projects and other similar services from related parties in the amount of RUB 1 million.

As at 30 June 2021, the Group has issued guarantees to the Bank for the Parent Company to secure two loans in the amount of RUB 32,098 million, maturing in 2024 and 2025. The variable interest rate on loans is calculated from base effective rates as key rate of the Central Bank of the Russian Federation + 2% with capitalisation (31 December 2020: RUB 31,194 million).

As at 30 June 2021, the Group has provided guarantees with respect to cash-settled financial instruments agreed by the Parent Company and the Bank. The guarantee covers quarterly prepayments to the Bank up to 31 January 2023 and any payments, which could arise upon completion of transactions. During the six months ended 30 June 2021 the payments amounted to RUB 860 million (during the six months ended 30 June 2020: RUB 1,287 million). Based on current estimates, management does not expect a cash outflow upon completion of these transactions.

**(iv) Transactions with other related parties**

| <b>mln RUB</b>   | <b>Six-month period<br/>ended 30 June<br/>2021</b> | <b>Six-month period<br/>ended 30 June<br/>2020</b> |
|--|--|--|
| <b>Segments' revenue</b>                               |  |  |
| Other  | 7  | 4  |
| <b>Segments' costs</b>                                 |  |  |
| Commercial construction                                | (104)  | (71)   |
| Other  | (20)   | (3)  |
| Other income, net                                      | -  | 9  |
| Interest income  | 36   | 14   |
| Result from sale and write-off of other assets         | (37)   | -  |
| Reversal of/(loss from) impairment of financial assets | 50   | (1)  |
| <b>Total</b>   | <b>(68)</b>  | <b>(48)</b>  |

In the six months ended 30 June 2021, the Group made a contribution to the share capital of an associate in the amount of RUB 245 million (in the six months ended 30 June 2020: RUB 200 million).

**(d) Other transactions with related parties**

In the six months ended 30 June 2021, the ultimate controlling shareholder of the Group issued a guarantee under one of the Group's construction contracts, according to which the Group is responsible for the fulfillment of all current and future contractual obligations. As at 30 June 2021, there were no outstanding contractual obligations under this contract.

## 29 Transactions with the Government

### (a) Control relationships

One of the largest Russian banks (the "Bank") is a shareholder of more than 20% of Parent Company's share capital. At the same time, the Bank did not participate in the decision-making process by having representatives on the Board of Directors of the Group's Parent Company. Significant transactions with the Bank are provided below.

#### *Balances with the Bank*

| <b>mln RUB</b>       | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|----------------------|-------------------------|-----------------------------|
| Advances issued      | 73                      | 39                          |
| Accounts receivable  | 32                      | -                           |
| Cash in banks        | 30,195                  | 66,630                      |
| Loans and borrowings | (115,966)               | (84,911)                    |
| Interest payable     | (3,816)                 | (2,473)                     |
| Accounts payable     | (72)                    | (59)                        |
| <b>Total</b>         | <b>(89,554)</b>         | <b>(20,774)</b>             |

#### *Transactions with the Bank and the Bank affiliates*

| <b>mln RUB</b>                         | <b>Six-month period<br/>ended 30 June 2021</b> | <b>Six-month period<br/>ended 30 June 2020</b> |
|--|--|--|
| Interest income                        | 737  | 44   |
| Interest expense before capitalisation | (3,594)  | (2,063)  |
| Other finance costs                    | (41)   | (2)  |
| <b>Total</b>                           | <b>(2,898)</b>                                 | <b>(2,021)</b>                                 |

As at 30 June 2021, parties to share participation agreements placed RUB 88,492 million to escrow accounts with the Bank (31 December 2020: RUB 48,749 million).

During first six months of 2021, the Group received project financing from the Bank of RUB 48,072 million at rates of between +2% and +3.06% above the key rate of the Central Bank of the Russian Federation and repaid debt related to project financing of RUB 15,620 million at rates of between +2% and +3.06% above the key rate of the Central Bank of the Russian Federation (in the six months ended 30 June 2020: received project financing of RUB 40,631 million at rates of between +2% and +3.21% above the key rate of the Central Bank of the Russian Federation. There was no repayment of debt).

The key terms for financial instruments are disclosed in note 23.

### (b) Transactions with the Government

In addition, the Group conducts transactions with several entities under control or joint control of the Russian Federation. The Group applies an exemption provided by IAS 24 "Related Party Disclosures", which allows the disclosure of transactions with entities related to the Government in a simplified manner.

The Group conducts operations with enterprises related to Government, which are part of ordinary activities and are carried out on conditions comparable to the terms of activities with enterprises not related to Government. Such operations include, but are not limited to, providing construction, general constructor's and technical supervision services, the lease of land for development projects, purchasing the construction services, and contributions to the fund for the protection of the rights of citizens participating

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in shared construction projects. Those transactions that exceeded RUB 1,000 million in the six months ended 30 June 2021, according to management estimates, amounted to at least 49.67% of the revenues from sale of construction services and about 4.4% of the costs for construction of real estate objects (in the six months ended 30 June 2020: 71.96% and 6.29% respectively). As at 30 June 2021, outstanding balances with government-related enterprises do not exceed RUB 25,200 million of assets and RUB 25,500 million of liabilities of the Group (as at 31 December 2020: RUB 28,900 million of assets and RUB 29,200 million of liabilities of the Group).

As at 30 June 2021, parties to share participation agreements placed RUB 27,965 million to escrow accounts with banks associated with the government (31 December 2020: RUB 12,404 million). In the six months ended 30 June 2021, the Group received loan financing from banks associated with the government in the amount of RUB 40,101 million (in the six months ended 30 June 2020: RUB 1,750 million).

### **30 Subsequent events**

In August 2021 the Group acquired land plots from a third party through the acquisition of 50% of shares in the company.

### **31 Non-IFRS measures**

#### *Net debt*

| <b>mln RUB</b>                                    | <b>Note</b> | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-------------|-------------------------|-----------------------------|
| Loans and borrowings, excluding project financing | 23          | 47,924                  | 58,640                      |
| Project financing                                 | 23          | 241,379                 | 132,392                     |
| Cash and cash equivalents                         | 19          | (51,041)                | (96,305)                    |
| <b>Net debt</b>                                   |             | <b>238,262</b>          | <b>94,727</b>               |

#### *Net debt except for escrow accounts balances*

| <b>mln RUB</b>                                    | <b>Note</b> | <b>30 June<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-------------|-------------------------|-----------------------------|
| Loans and borrowings, excluding project financing | 23          | 47,924                  | 58,640                      |
| Project financing                                 | 23          | 241,379                 | 132,392                     |
| Cash and cash equivalents                         | 19          | (51,041)                | (96,305)                    |
| Escrow accounts balances                          | 19          | (131,573)               | (69,375)                    |
| <b>Net debt</b>                                   |             | <b>106,689</b>          | <b>25,352</b>               |

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**Earnings before interest, taxes, depreciation and amortisation (EBITDA)**

| mln RUB  | Note   | Six-month period<br>ended 30 June<br>2021 | Six-month period<br>ended 30 June<br>2020 |
|--|--------|---|---|
| Profit and total comprehensive income for the period   |        | 20,849                                    | 16,185                                    |
| Depreciation of property, plant and equipment and amortisation of intangible assets  | 12, 13 | 2,058                                     | 1,519                                     |
| Interest expense after capitalisation  | 8      | 4,535                                     | 2,280                                     |
| Significant financing component on contracts with customers and the effect of discounting the provision for costs to complete, included in other financial costs | 8      | 2,195                                     | 1,794                                     |
| Interest income  | 8      | (2,404)                                   | (2,442)                                   |
| Income tax expense   | 11     | 5,301                                     | 5,114                                     |
| <b>EBITDA</b>  |        | <b>32,534</b>                             | <b>24,450</b>                             |

**Earnings before interest, taxes, depreciation and amortisation (see above) as additionally adjusted**  
**(see below) (Adjusted EBITDA)**

| mln RUB  | Note | Six-month period<br>ended 30 June<br>2021 | Six-month period<br>ended 30 June<br>2020 |
|--|------|---|---|
| <b>EBITDA</b>  |      | <b>32,534</b>                             | <b>24,450</b>                             |
| Significant financing component and interest expense savings from project financing of construction of real estate sold through the use of escrow accounts recognised in revenue | 7    | (4,278)                                   | (2,867)                                   |
| Interest expense written off to cost of sales  | 8    | 3,297                                     | 2,085                                     |
| Discount the provision for costs to complete accrued to cost of sales  | 7    | (930)                                     | -   |
| Impairment loss on non-financial assets, net   | 18   | 98  | 300                                       |
| (Gain on reversal of)/impairment loss included in cost of sales, net   | 18   | (66)                                      | 723                                       |
| Profit from change in fair value of investment property  | 14   | (606)                                     | -   |
| Impairment loss on financial assets, net   | 8    | 786                                       | 538                                       |
| Reversal of write-off of accounts payable  | 8    | (19)                                      | (7)                                       |
| Foreign exchange loss, net   | 8    | 2   | 26  |
| Loss on disposal of property, plant and equipment, intangible assets and other assets  | 10   | 702                                       | 398                                       |
| Gain on disposal of subsidiaries, associates and investment property, net  |      | (66)                                      | (7)                                       |
| Penalties and fines, including provision for litigation  | 10   | 502                                       | 460                                       |
| Write-off of other materials   |      | 66  | 15  |
| Other finance income   | 8    | (796)                                     | (181)                                     |
| Elimination of revaluation of financial liability  | 8    | -   | (2,300)                                   |
| <b>Adjusted EBITDA</b>   |      | <b>31,226</b>                             | <b>23,633</b>                             |

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**Information on calculating the Group's adjusted net assets**

**(a) Balances for the Group's projects**

| mln RUB   | Note  | 30 June<br>2021 | 31 December<br>2020 |
|---|-------|-----------------|---------------------|
| Inventories   | 15    | 337,857         | 282,965             |
| Less: raw materials and consumables   | 15    | (12,906)        | (10,354)            |
| Less: construction-in-progress on the Parent Company's projects, where the Group acts as a technical supervisor                             | 15    | (2)             | (108)               |
| Other current assets  |       | 5,649           | 4,259               |
| Trade receivables for projects, where the Group acts as a developer   | 16    | 86,887          | 51,750              |
| Advances issued to suppliers and contractors for projects, where the Group acts as a developer  | 16    | 14,490          | 3,850               |
| Taxes receivable  | 16    | 4,138           | 2,633               |
| Liabilities under contracts with customers of real estate properties for projects, where the Group is the land owner and a developer        | 22    | (64,159)        | (65,845)            |
| Trade payables for projects, where the Group acts as a developer  | 22    | (9,824)         | (10,315)            |
| Advances received for projects, where the Group acts as a developer   | 22    | (454)           | (297)               |
| Accounts payable for land acquisition, liabilities on real estate transfer within acquisition of land plots and long-term lease liabilities | 17,22 | (37,499)        | (31,252)            |
| Other taxes payable   | 22    | (10,902)        | (8,579)             |
| Provisions  | 26    | (24,066)        | (22,163)            |
| <b>Total balances for the Group's projects</b>  |       | <b>289,209</b>  | <b>196,544</b>      |

**(b) Other information on calculating Adjusted net assets**

| mln RUB                                    | Note | 30 June<br>2021 | 31 December<br>2020 |
|--|------|-----------------|---------------------|
| Equity (net assets)*                       |      | 155,672         | 157,864             |
| Contingent liabilities of a credit nature  | 28   | (32,098)        | (31,194)            |
| Carrying amount of the project portfolio** |      | (289,209)       | (196,544)           |
| Cash on escrow accounts                    | 19   | 131,573         | 69,375              |

\* corresponds to "Total equity" presented in the Consolidated Interim Condensed Statement of Financial Position as at 30 June 2021.

\*\* corresponds to "Total Balances for the Group's projects" in the table above.

\*\*\*\*\*

**Supplementary information not required by IFRS*****Net cash from operating activities before acquisition and proceeds from sale of land plots/right-of-use assets and prepayments for land plots/right-of-use assets***

| mln RUB  | Six-month period<br>ended 30 June 2021 | Six-month period<br>ended 30 June 2020 |
|--|--|--|
| <b>Cash flows from operations before changes in inventories, accounts receivable and payable and provision for costs to complete</b>   | <b>31,651</b>                          | <b>21,978</b>                          |
| <b><i>Changes in:</i></b>  |  |  |
| Inventories before acquisitions and sale of land plots/right-of-use asset  | 5,059                                  | 3,476                                  |
| Receivables, including contract assets and excluding advances issued for the acquisition of land plots/right-of-use asset  | (56,976)                               | (18,580)                               |
| Payables, including contract liabilities and changes in the provision for taxes, other than income tax   | (4,470)                                | 235                                    |
| Provisions   | 1,204                                  | 3,836                                  |
| <b>Net cash flows (used in)/from operations before income taxes and interest paid and before acquisition expenses and proceeds from sale of land plots/right-of-use asset and advances issued for the acquisition of land plots/right-of-use asset</b> | <b>(23,532)</b>                        | <b>10,945</b>                          |
| Income taxes paid  | (11,220)                               | (2,114)                                |
| Interest paid  | (6,630)                                | (2,622)                                |
| <b>Net cash flows (used in)/from operations before acquisitions expenses and proceeds from sale of land plots/right-of-use asset and advances issued for the acquisition of land plots/right-of-use asset</b>  | <b>(41,382)</b>                        | <b>6,209</b>                           |
| Acquisition of ownership and lease of project land plots, including acquisition of subsidiaries  | (56,796)                               | (24,250)                               |
| Gain on sales of land plots/right-of-use asset   | 72                                     | 66                                     |
| Changes in accounts payable for acquisition of land plots, liabilities to transfer real estate objects in land plot acquisition transactions and long-term lease liabilities   | 6,324                                  | (1,168)                                |
| Change in advances issued for the acquisition of land plots/right-of-use asset   | (17,164)                               | 1,204                                  |
| <b>Net cash used in operating activities</b>   | <b>(108,946)</b>                       | <b>(17,939)</b>                        |

***Net assets of LLC GP-MFS***

As at 30 June 2021 and as at 30 June 2020, the net assets of GP-MFS LLC amounted to a positive value.

***Development capital expenditures (cash flows) except for cash paid for the acquisition of land plots/right-of-use asset***

In the six months ended 30 June 2021 development capital expenditure amounted to RUB 87,799 million (in the six months ended 30 June 2020: RUB 59,615 million).

***Proceeds from sales of real estate***

In the six months ended 30 June 2021 proceeds from real estate sales taking into account receipts for escrow accounts amounted to RUB 146,857 million (in the six months ended 30 June 2020: RUB 91,712 million).



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## **Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Statements**

To the Shareholder of Limited liability company PIK-Corporation

### ***Introduction***

We have reviewed the accompanying consolidated interim condensed statement of financial position of Limited liability company "PIK-Corporation" (the "Company") and its subsidiaries (the "Group") as at 30 June 2021, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

### ***Scope of Review***

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

Reviewed entity: Limited liability company "PIK-Corporation".

Registration number in the Unified State Register of Legal Entities:  
No. 1027739093843.

Moscow, Russia.

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation.

Registration number in the Unified State Register of Legal Entities:  
No.1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations: No. 12006020351.



**Limited liability company "PIK-Corporation"**

*Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Statements*

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**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 30 June 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

**Other Matter**

The supplementary information accompanying the consolidated interim condensed financial statements on page 46 is presented solely for the convenience of users, does not form part of the consolidated interim condensed financial statements and is not reviewed.



Kirill Altukhov

JSC "KPMG"

Moscow, Russia

10 September 2021