

## SEGEZHA GROUP ANNOUNCES OPERATING AND FINANCIAL RESULTS FOR 9M 2021

**Moscow, November 2, 2021** – Segezha Group (MOEX: SGZH), a leading vertically integrated holding company in the timber industry performing a full cycle of operations from logging to advanced wood processing, announces its consolidated IFRS financial results and its operating results for the first nine months of 2021.

- Revenue totalled RUB 68 bn, a 36% increase year-on-year (yoy), driven by a rebound in global demand and higher average selling prices for the Group's products, a trend that we observed in 1H 2021 and continued throughout 9M 2021.
- Adj. OIBDA<sup>1</sup> reached RUB 24 bn, doubling yoy, driven by revenue growth, the company's vertically-integrated business model and control over key cost items;
- Adj.<sup>1</sup> OIBDA margin increased to 35% (+13 pp yoy);
- Net profit was RUB 11 bn, compared to a net loss of RUB 5.5 bn a year earlier, thanks to strong operating performance, growth in revenue and business margins and the absence of a one-off loss on the revaluation of foreign currency loans in the corresponding period last year last year.

Financial performance RUB mln	9M 2021	9M 2020	yoy
Revenue	68,280	50,177	36%
OIBDA adj. <sup>1</sup>	23,693	11,285	2x
margin, %	35%	22%	+13 pp
Net profit	11,130	(5,489)	n/a
Capital expenditure	12,878	9,318	38%
M&A	5,040	895	6x
Free cash flow	(11,957)	(2,682)	4x
Net debt	34,345	49,582 <sup>2</sup>	(13%)
Net debt/12M adj. <sup>1</sup> OIBDA <sup>2</sup> , x	1.1x	2.8x	n/a

Mikhail Shamolin, President of Segezha Group, said:

*"Segezha Group delivered exceptional financial results for the nine months 2021, with revenue increasing by more than a third and OIBDA jumping more than two-fold. These results are the outcome of excellent execution at a company that boasts a highly attractive business model – with additional tailwinds from a strong pricing environment for the company's products."*

*"Demand for all our core products remained robust throughout the reporting period. In the third quarter we benefitted from a particularly strong price environment, with paper and sawn timber prices up double-digits quarter-on-quarter and plywood and glulam prices spiking quarter-on-quarter by 65% and 93%, respectively."*

*"The purchase of Inter Forest Rus assets, which we announced last month, scales up our business significantly and builds on our competitive advantages. The acquisition doubles our annual allowable cut, increases our forest land under lease by 1.5 times and makes us one of the largest producers of sawn timber globally. We are incredibly optimistic about the future of Russia's wood products industry and look forward to leading the way in this market."*

<sup>1</sup> OIBDA is adjusted for RUB 1,981 mln as a result of a liquidity event, the Group's IPO.

<sup>2</sup> Net debt reflected as of 31 December 2020 and 30 September 2021, OIBDA for the last 12 months

Rovshan Aliyev, Segezha Group's Vice President for Finance and Investment, noted:

*"Our business continued to fire on all cylinders, with our OIBDA margin rising 13 percentage points to 35% in the nine months 2021. This places us firmly at the top of the industry globally in terms of margins.*

*"In the reporting period management's successful efforts to control costs bore fruit, with revenue increasing at a faster pace than costs. We continued to decrease our debt, so net debt-to-OIBDA ratio went down to 1.1x as of the end of the third quarter.*

*"We consolidated the results of NLHK as of 15 September, and we expect this bolt-on acquisition to deliver a meaningful contribution to our financial results beginning in 4Q 2021."*

## CONFERENCE CALL AND WEBCAST

A conference call and webcast will take place on 2 November 2021 at 3:00 p.m. Moscow time (12:00 p.m. London time).

To participate in the call:

- from Russia: +7 495 283 98 58
- from Great Britain: +44 203 984 9844
- from the United States: +1 718 866 4614
- the numbers for other countries can be found on [the website](#)

Access code: 738667

Follow this link to participate in the webcast: <https://mm.closir.com/slides?id=73866>

A recording of the conference call will be available in the "For Investors and Shareholders" section on the website.

## CONTACTS

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Segezha Group is one of the largest Russian vertically integrated timber holding companies with a full cycle of logging and added-value wood processing. The group is the largest forestry company in the European part of Russia. The total area of leased forest is 10.4 million hectares. The total allowable felling rate is 12.7 million cu m, including priority investment projects (PIP). The company supplies 82% of its wood needs with its own logging. 83% of leased forest plots have been certified for compliance with international voluntary forest certification schemes. A sustainable model of intensive forest use is currently implemented across all the leased forest plots. Total investment over the past seven years is roughly RUB 50 bn. Segezha Group is Russia's largest producer of paper for multilayer bags, industrial paper bags, and timber; the world's second-largest producer of paper for multilayer bags and industrial paper bags; and the world's fifth-largest producer of large-format birch plywood. The group operates in 12 countries, including Russia. Its products are marketed in more than 100 countries. Segezha Group employs 14,600 people across its enterprises. Read more at <http://segezha-group.com>

## MANAGEMENT COMMENTS

### Market review

In 9M 2021, the average selling prices of Segezha Group's products were as follows:

- Sack paper – 636 euro/t (+19% yoy)
- Sawn timber – 244 euro/cu m (+80% yoy)
- Birch plywood – 637 euro/cu m (+54% yoy)
- Glulam – 479 euro/cu m (+56% yoy)

In Q3 2021, the key factors that influenced price growth in the first half of 2021 remained in effect: high demand for Segezha Group's key finished products, supply shortages and high prices for raw materials which reached their peak values in Europe and Russia. For instance, the price of conifer sawn timber increased by 75% yoy<sup>3</sup> to 6,300 RUB/cu m. Another crucial factor was growth in logistics costs around the world caused by container shortages, congestion at ports and disruptions in global supply chains.

In Q4 2021, Segezha Group's markets are expected to see the restoration of the balance of supply and demand which will result in reasonable market pricing for sawn timber, plywood and glued timber. Construction activity typically declines in winter.

The company recorded nearly 100% utilisation of its production capacity in the first nine months of 2021. Segezha Group increased the share of new products in its portfolio – in particular white sack paper, which has been produced since Q2 2021 – and expanded its geographic presence with new markets such as Tanzania, Zimbabwe, Lebanon, Bolivia, Costa Rica, Albania, Brazil and Haiti.

### Review of the Group's results

The Group's revenue for 9M 2021 was RUB 68.3 bn (+36% yoy). This growth was driven by an increase in average selling prices for the Group's products, as well as the positive effect of changes in the RUB exchange rate against foreign currencies. The Company's share of export revenue for the period was 73%.

In Q3 2021, revenue increased by 5% quarter-on-quarter to 25.6 mln, driven by the growth of average selling prices of finished products.

The Group's adj. OIBDA<sup>1</sup> for 9M 2021 increased to RUB 13.2 bn, which is up 110% year on year. This result was achieved due to an increase in revenue, as well as the control of operating costs, which increased at a lower rate than revenue. The OIBDA margin increased by 13 pp yoy to 35%.

In Q3 2021, the Group's adj. OIBDA<sup>1</sup> grew by RUB 2.3 bn to RUB 10.5 bn (+29% qoq).

The Group's net profit for 9M 2021 improved to RUB 11.1 bn from a loss of RUB 5.5 bn a year earlier as a result of strong revenue and profitability, a positive foreign exchange gain of RUB 1.3 bn, and other financial income of RUB 0.7 bn driven by a positive revaluation of cross-currency and interest rate swaps.

### Financial position

As of 30 September 2021, total debt amounted to RUB 46.3 bn, down 8% qoq. The debt portfolio as of 30 September 2021 consisted of liabilities denominated in foreign currencies (73%) and in roubles (27%). This data takes into account the conversion of part of the

**RUB 68 bn**

Group revenue  
in 9M 2021

**RUB 24 bn**

Group adj. OIBDA<sup>1</sup>  
in 9M 2021

**RUB 34 bn**

The Group's net debt  
as of 30 September 2021

<sup>3</sup> Russian Wood Resources data

previously placed rouble exchange-traded bonds into euros under cross-currency swap contracts.

Interest income and expense for 9M 2021 totalled RUB 2.3 bn, down 35% yoy, driven by debt repayment and an increase in cash deposits.

The weighted average funding rate on borrowed funds was 4.6% per annum as of 30 September 2021. The weighted average financing period remained 4.5 years. Cash and cash equivalents, incl. bank deposits with less than three months maturity as of 30 September 2021, decreased by RUB 9.5 bn qoq to RUB 11.9 bn as a result of budgeting the Group's investment programme, M&A transactions and credit repayments. As previously, the currency split of cash and cash equivalents is 49% in foreign currency and 51% in roubles.

Net debt increased by 19% to RUB 34.3 bn, with a net debt to adj. OIBDA<sup>1</sup> ratio of 1.1x over the past 12 months vs 1.2x as of 30 June 2021.

### Investments

In 9M 2021 capital expenditures for the period totalled RUB 12.9 bn (+38% yoy), of which 29% was for maintenance, and 71% was invested in new growth projects. RUB 5 bn was allocated for M&A, specifically the purchase of the Novoeniseisk Wood-Chemical Complex (NLHK) and an advance payment toward the purchase of Inter Forest Rus LLC.

Key investments during the period were:

- RUB 1.9 bn – modernisation of the Segezha PPM;
- RUB 1.0 bn – modernisation of the Sokol PPM;
- RUB 0.9 bn – converting development and the construction of a new industrial paper packaging facility in Romania;
- RUB 0.8 bn – converting development and the installation of a new E11 line for paper packaging production at Sokol Packaging;
- RUB 0.7 bn – the expansion of capacity at the Vyatka Plywood Mill;
- RUB 0.6 bn – the construction of a pellet factory and a new boiler house at the Sokol woodworking integrated plant.

### Detailed information by segment

#### Paper and Packaging

Paper and Packaging **revenue**<sup>5</sup> was RUB 28.4 bn in 9M 2021 (+RUB 0.3 bn or +1% yoy), and **OIBDA** was RUB 7.8 bn (+3% yoy). The OIBDA **margin** was 28%.

	Production output	Sales volume	Average price, euros per unit (FCA)
Sack paper, ths t	275	273 <sup>4</sup>	636
Paper packaging, mln pcs	1,108	1,092	172

**Market overview:** in Q3 2021, paper prices continued to rise, coming in at 763 euro/t<sup>6</sup> (21% qoq). Among others, the price growth in Q3 2021, compared to H1 2021, was caused by the significant growth of energy prices in Europe. As a result, European producers announced increases in the prices of their products and introduced so-called "energy surcharges". Due

<sup>4</sup> Sales volume of 273 ths t, including paper directed to Segezha Group's own converting facilities, 118 ths t.

<sup>5</sup> Excluding revenue from intersegment transactions

<sup>6</sup> Hereinafter prices are based on the FCA

## RUB 18 bn

Group capex, incl. M&A in 9M 2021

## RUB 28 bn

Revenue in the Paper and Packaging segment in 9M 2021

to electrical shortages and subsequent government restrictions on energy consumption at the end of Q3 2021, massive production cuts in the Paper and Pulp sector were announced, which also had a negative impact on supply volumes and supported the trend of rising prices. Stocks of products throughout the supply chain remained low.

A similar dynamic was observed in the paper sack market, where demand for paper sacks grew driven by a recovery in economic activity which contributed to the strengthening of prices. The key driver of this trend remained the construction industry.

#### Key investment projects:

1. The modernisation of the Sokol PPM continues. At the moment, the foundation is being prepared for the construction of a new plant. The production of various types of paper will increase by 65 ths t per year to 100 ths t per year thanks to the construction of a new paper-making machine. Investment in the project is about RUB 11 bn.
2. Modernisation of the Segezha PPM will increase sack paper production capacity by 25 ths t in 2022, and the equipment is currently being installed. Investment in the project will total RUB 4.5 bn.
3. New conversion facilities in Lobnya. The design capacity of the new plant is 138 mln units of consumer packaging. The plant will have a total of four lines, two of which were installed in Q1 2021, with the remaining two scheduled to be installed by the end of 2021. Investment in the project is around RUB 1 bn. For more information, follow [this link](#).
4. The construction of a new industrial paper packaging unit and the modernisation of existing equipment in Romania. Production capacity will increase by 60 mln pcs to 160 mln units per year. The project's capex is EUR 5.5 mln. The equipment is expected to be operational in 2022. For more information, follow [this link](#).

#### Forestry Management and Woodworking

### RUB 21 bn

Revenue in the Forestry Management & Woodworking segment for 9M 2021

**Revenue**<sup>5</sup> in Forestry Management and Woodworking in 9M 2021 increased by RUB 6.6 bn to RUB 20.6 bn (+47% yoy), while **OIBDA** increased to RUB 10.6 bn (+RUB 7.6 bn or 3x yoy). **OIBDA margin** was 51%.

	Production output	Sales volume	Average price, euros per unit (FCA)
Sawn timber <sup>7</sup> , ths cu m	783	674	244
Pellets, t	75	75	50
Harvesting, ths cu m	4,287	-	-

**Market overview:** The market continued to see a shortage of wood raw materials which resulted in an increase in the round wood price, unprecedented in several countries, in Q3 2021.

At the same time, the sawn timber demand of the construction sector remained high while inventory remained low in China, one of the largest consumers of lumber in the world. Multiple market factors, including higher transportation costs, ensured a further increase in conifer sawn timber prices in Q3 2021. The average selling price of Segezha Group's sawn timber was 294 euro/cu m (+16% qoq).

<sup>7</sup> Excluding the production volume of the Sokol Woodworking integrated plant, the results of which are reflected in the Housing Construction segment

### Key investment projects:

1. Modernisation of Onega LDK continued. At the moment, the tender procedure to select a supplier for sorting and sawing equipment is in process. As a result, the total annual output of sawn materials will increase by 20% to 280 ths cu m and production costs will be reduced by 30% due to improved performance through the automation and further development of added-value wood processing. A new pellet plant with a capacity of 30 ths t will also be built. The project will be completed in the beginning of 2024, and the total investment will amount to ca. RUB 5.5 bn. For more information, follow this [link](#).
2. The modernisation of the Lesosibirsk LDK saw the installation and commissioning of the first drying kiln complex. Detailed engineering of equipment for the construction of the boiler plant is underway. Preparation of the construction site for the boiler plant has been completed. The modernisation of the Lesosibirsk LDK will increase the production of sawn timber by 50 ths cu m pellets, reduce the production cost and ensure the growth of woodworking technology and the competitiveness of the products on export markets. Thanks to the construction of a new bark waste boiler with a capacity of 40 MW, the production of 100 ths t of pellets will be launched. It will also make it possible to achieve zero-waste manufacturing. More information [here](#) and [here](#). The project budget will be about RUB 4.4 bn.

### Other:

1. Segezha Group implemented an automated system for accounting and control of timber haulage. The new SegezhaLes automated dispatching system for harvesting enterprises monitors operation and fuel consumption of forestry and log-hauling vehicles. On top of that, the complete digitisation of the transportation chain (from the forest declaration to the customer) has been completed. For more information, follow [this link](#).

### Plywood and Boards

## RUB 10 bn

Revenue in the Plywood & Boards segment in 9M 2021

Plywood and Boards segment **revenue**<sup>5</sup> in 9M 2021 amounted to RUB 9.7 bn (+56% yoy), while **OIBDA** increased nearly three-fold to RUB 5.0 bn (+RUB 3.1 bn yoy). The **OIBDA margin** was 51%.

	Production output	Sales volume	Average price, euros per unit (FCA)
Plywood, ths cu m	146	140	637
Fibreboard, ths sq m	38	37	0.57

**Market overview:** In Q3 2021 market trends that were in effect H1 2021 continued: consumption and price growth, as well as supply shortage due to high demand in the construction sector. Among others, the significant price growth was caused by the seasonal reduction of reserves of raw materials for birch plywood production - birch veneer log, which is predominantly harvested in winter. The price of plywood in Q3 2021 grew to 945 euro/cu m (+65% qoq).

### Key investment projects:

1. The expansion of capacity at the Vyatka plywood mill by 33%, or 64 ths cu m, to 255 ths cu m due to the construction of a new plant. Investment in the project will amount to RUB 6.5 bn. The launch of new capacities is scheduled for 2022. For more information, follow this [link](#).

- At the Galich Plywood Mill, the technological lines are being installed, hydraulic tests of the steaming pits are underway and the construction readiness of the main production building is 100%. The construction of the Galich Plywood Mill (GPM) will increase capacity by 125 ths cu m per year. GPM will produce high-margin types of plywood, including Maxi-format plywood, 7x13 ft, which is unique to Russia. Investment in the project is based on the principle of project financing, with the Group investing RUB 2.3 bn. Production is scheduled to start by the end of 2021.

#### Other:

- Segezha Group successfully completed an audit of Vyatka Plywood Mill for compliance with production standards of French company Gaztransport & Technigaz for the subsequent production of certified plywood for planking of LNG tankers.
- Segezha Group continued to expand its customer base in Q3 2021: partnerships with 20 new customers in the Middle East and China were launched.

#### Laminated wood segment

In 9M 2021, **revenue**<sup>5</sup> in the Prefabricated Housing segment increased by 50% yoy to RUB 4.6 bn, **OIBDA** doubled by RUB 1.6 bn to RUB 2.4 bn. The OIBDA **margin** was 53%.

### RUB 4.6 bn

Revenue in the Laminated wood segment in 9M 2021

	Production output	Sales volume	Average price, euros per unit (FCA)
Glued timber, ths cu m	52	53	479
Prefabricated housing, ths cu m	17	16	371
CLT, ths cu m	5.7	4.4	442
Sawn timber <sup>8</sup> , ths cu m	71	59	244

**Market overview** As previously, the prefabricated housing market saw high demand and low inventory. However, Italy, Segezha Group's key market for glulam beams (48% of revenues in 2020), saw more dynamic price growth due to a reduction in supplies from German and Austrian manufacturers. Against these factors, the average sales price of glued beams in Q3 2021 increased by 74% qoq to 702 euro/cu m.

#### Key investment projects:

- The test production of pellets was started at the new production facility of the Sokol Woodworking Plant. Apart from that, the construction of a new boiler facility operating on bark and wood waste is planned. The capacity of the new unit will be 65 ths t of pellets per year. Investments in the project are approx. RUB 1.1 bn. For more information, follow this [link](#).
- Tender procedures are being completed to select the supplier of equipment for a new Segezha Group glued timber plant with a capacity of 240 ths cu m of glued timber and 100 ths t of pellets. The procurement is divided into four blocks: sawmill, glued timber block, drying complex and pellet production. It is planned that the construction work will begin in Q2 2022. Construction is planned to start at the end of 2021 with a total project budget of RUB 11.2 bn. It will be implemented through project financing, similar to the GPM project.

<sup>8</sup> Sawn timber produced at the Sokol woodworking plant. Not accounted for in the Forest Resources and Woodworking segment



**Other:**

1. Segezha Group's Sokol CLT plant passed the European Technical Assessment (ETA) that evaluates products and production technology. The assessment was carried out by the Austrian Institute of Construction Engineering. As a result, Segezha Group became entitled to fully enter the European market. For more information, follow [this link](#).
2. Glued wooden structures by the Sokol woodworking plant were certified by the Japanese agency JAS, which is necessary to enter the Japanese market.
3. The first private houses made of CLT panels produced by Segezha Group were built in Russia.

**Events subsequent to the reporting date**

**October 2021:** Segezha Group is acquiring forest industry assets of Inter Forest Rus LLC in Siberia for USD 515 mln. This will help Segezha Group strengthen its leading position in Russia and Europe in sawn timber production and become one of the top ten global producers in this segment. At the same time, the Company will almost double its annual allowable cut to 23.6 mln cu m and will become one of the largest forest leaseholders in the world, managing 16 mln ha of forests. Read more [here](#) and in the [presentation](#) for investors.

**October 2021:** The Expert RA rating agency upgraded Segezha Group's credit rating to ruA+ and changed the outlook to positive, as well as upgraded the credit rating for bond issue series 001P-01R to ruA+. Read more [here](#) and [here](#).

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## APPENDIX 1

### SEGEZHA GROUP PJSC

#### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

(in thousands of Russian Rubles)

	For the nine months ended	
	30 September 2021	30 September 2020
Revenue	68,280,026	50,177,290
Cost of sales	(37,296,284)	(33,439,584)
<b>Gross profit</b>	<b>30,983,742</b>	<b>16,737,706</b>
Selling and administrative expenses	(14,736,740)	(10,539,707)
Other operating income, net	453,670	396,617
<b>Operating profit</b>	<b>16,700,672</b>	<b>6,594,616</b>
Interest income	452,560	126,296
Interest expense	(2,760,329)	(3,668,662)
Other finance income	687,566	126,296
Foreign exchange differences, net	1,253,826	(8,607,373)
Other income	685	18,281
<b>Profit/(loss) before tax</b>	<b>16,334,980</b>	<b>(5,410,546)</b>
Income tax expense	(5,205,430)	(78,365)
<b>Net profit/(loss) for the reporting period</b>	<b>11,129,550</b>	<b>(5,488,911)</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	87,444	1,122,232
Other comprehensive income	87,444	1,122,232
<b>Total comprehensive income/(loss) for the reporting period</b>	<b>11,216,994</b>	<b>(4,366,679)</b>
Net profit/(loss) attributable to:		
Shareholders of Segezha Group PJSC /participants of Group of Companies Segezha LLC	11,150,914	(5,468,972)
Non-controlling interests	(21,364)	(19,939)
	<b>11,129,550</b>	<b>(5,488,911)</b>
Total comprehensive income/(loss) attributable to:		
Shareholders of Segezha Group PJSC /participants of Group of Companies Segezha LLC	11,238,358	(4,346,740)
Non-controlling interests	(21,364)	(19,939)
	<b>11,216,994</b>	<b>(4,366,679)</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

(in thousands of Russian Rubles)

	30 September 2021	31 December 2020
<b>ASSETS</b>		
NON-CURRENT ASSETS:		
Property, plant and equipment	51,919,627	42,315,222
Right-of-use assets	16,878,000	14,649,041
Intangible assets	2,752,361	1,822,070
Goodwill	443,838	443,838
Investments in joint ventures and associates	684,841	458,192
Deferred tax assets	472,259	1,132,567
Prepayments for non-current assets, net	4,860,469	2,482,463
Loans issued to related parties	5,441,061	1,347,870
Other non-current assets	358,960	230,470
<b>Total non-current assets</b>	<b>83,811,416</b>	<b>64,881,733</b>
CURRENT ASSETS:		
Inventories, net	15,761,712	9,432,609
Contract assets	1,465,747	1,290,658
Trade and other receivables, net	7,495,601	5,862,900
Taxes receivable	4,023,270	3,057,269
Advances and other current assets	2,386,614	1,222,277
Cash and cash equivalents	11,925,446	3,670,197
<b>Total current assets</b>	<b>43,058,390</b>	<b>24,535,910</b>
<b>TOTAL ASSETS</b>	<b>126,869,806</b>	<b>89,417,643</b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY:		
Share capital	1,569,000	1,194,000
Additional paid-in capital	35,128,800	6,323,605
Retained earnings	10,762,686	(345,035)
Accumulated other comprehensive income	1,656,460	1,569,016
Equity attributable to the shareholders of Segezha Group PJSC	49,116,946	8,741,586
Non-controlling interest	105,278	126,630
<b>Total equity</b>	<b>49,222,224</b>	<b>8,868,216</b>
NON-CURRENT LIABILITIES:		
Loans and borrowings	38,552,174	50,758,014
Lease liabilities	12,077,219	9,573,338
Other financial liabilities	666,195	943,358
Pension obligations	825,657	917,435
Deferred tax liabilities	1,986,253	1,835,476
Other non-current liabilities	917	5,931
<b>Total non-current liabilities</b>	<b>54,108,415</b>	<b>64,033,552</b>
CURRENT LIABILITIES:		
Loans and borrowings	7,718,404	2,494,023
Trade and other payables	9,072,148	9,612,693
Lease liabilities	1,588,687	1,380,598
Provisions	1,049,019	559,758
Taxes payable	2,374,491	1,210,363
Advances received and other liabilities	1,736,418	1,258,440
<b>Total current liabilities</b>	<b>23,539,167</b>	<b>16,515,875</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>126,869,806</b>	<b>89,417,643</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

*(in thousands of Russian Rubles)*

	For the nine months ended	
	30 September 2021	30 September 2020
<b>Cash flows from operating activities:</b>		
Net profit/(loss) for the reporting period	11,129,550	(5,488,911)
<i>Adjustments for:</i>		
Depreciation and amortisation	4,201,534	4,052,578
Depreciation of right-of-use assets	809,854	618,656
Interest income recognised in profit and loss	(452,560)	(126,296)
Interest expense recognised in profit and loss	2,760,329	3,668,662
Other finance income	(687,566)	(126,296)
Income tax expense recognised in profit and loss	5,205,430	78,365
Allowance for expected credit losses	102,288	16,007
Loss on write-off of inventories	3	26,271
Allowance for inventory impairment	(1,500)	61,690
Loss/(gain) on disposal of property, plant, equipment and inventories	45,292	(164,064)
Foreign exchange differences, net	(1,253,826)	8,607,373
Gain on disposal and deconsolidation of Group companies	(685)	(18,282)
Other non-monetary operating expenses, net	65,796	56,020
	<b>21,923,939</b>	<b>11,261,773</b>
<i>Movements in working capital:</i>		
Increase in trade and other receivables	(3,574,526)	(215,197)
(Increase)/decrease in inventories	(5,366,298)	518,456
(Increase)/decrease in other assets	(2,653,214)	540,737
Decrease in trade and other payables	(1,287,150)	(1,838,114)
Increase in other liabilities	2,470,989	429,683
<b>Cash generated from operating activities</b>	<b>11,513,740</b>	<b>10,697,338</b>
Interest paid	(2,095,781)	(1,812,931)
Income taxes paid	(3,456,691)	(1,514,951)
<b>Net cash from operating activities</b>	<b>5,961,268</b>	<b>7,369,456</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

*(in thousands of Russian Rubles)*

	For the nine months ended	
	30 September 2021	30 September 2020
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangible assets	(12,877,847)	(9,317,699)
Proceeds on disposal of property, plant and equipment	217,834	83,952
Loans issued to joint ventures	(4,093,192)	(791,610)
Repayment of loans issued to joint venture	-	924,956
Interest received	452,560	126,296
Cash outflow from deconsolidation of Group companies	-	(44,657)
Dividends received	3,805	3,805
Advances on business acquisitions	(1,500,000)	-
Investments in joint ventures	(280,448)	(274,915)
Imputed dividends paid	(43,196)	(36,100)
Net cash outflow on acquisition of Group companies	(3,540,295)	(894,938)
<b>Net cash used in investing activities</b>	<b>(21,660,779)</b>	<b>(10,220,910)</b>
<b>Cash flows from financing activities</b>		
Proceeds from Issue of shares through public offering	30,000,000	-
Share issue transactions costs	(941,283)	-
Proceeds from loans and borrowings	13,342,443	22,003,334
Repayment of principal of loans and borrowings	(18,206,761)	(17,510,473)
Other finance income	410,404	160,719
Lease liability payments	(1,265,024)	(996,466)
<b>Net cash generated from financing activities</b>	<b>23,339,779</b>	<b>3,657,114</b>
Net increase in cash and cash equivalents	7,640,268	805,660
<b>Cash and cash equivalents, beginning of the period</b>	<b>3,670,197</b>	<b>3,214,409</b>
Effect of exchange rate changes on cash held in foreign currencies	614,981	276,527
<b>Cash and cash equivalents, end of the period</b>	<b>11,925,446</b>	<b>4,296,596</b>