



INARCTICA

Annual Report
2023

THE
POWER
OF THE
NORTH

About the Report

This Annual Report of INARCTICA Public Joint Stock Company (hereinafter referred to as the Company) for the reporting period from 1 January 2023 to 31 December 2023 includes the performance results of the Company and its subsidiaries and affiliates (hereinafter collectively referred to as the Group, INARCTICA Group) in 2023. The subsidiaries and affiliates are Russian and foreign companies directly or indirectly controlled by INARCTICA PJSC.

The Report is prepared based on the Russian Accounting Standards of INARCTICA PJSC, unless otherwise specified in the Report, and complies with the requirements of the legislation of the Russian Federation on securities and the regulatory acts of the Bank of Russia on disclosure of information¹.

This Report is preliminarily recommended for approval by the Board of Directors of INARCTICA PJSC (Minutes No. 431 dated 27 May 2024).

Boundaries and Content of the Report

The Annual Report provides information on the Company's performance in 2023, based on the data available to the Company as of this writing.

All pertinent details concerning the Company's governing and supervising bodies, as well as their individual remuneration, are disclosed in this Report in compliance with the requirements of the legislation of the Russian Federation on personal data. Information regarding the employment and positions held by members of the Board of Directors in other companies is presented based on the data they provided to the Company as of the end of the reporting year. In this context, the term "present" refers specifically to 31 December 2023.

This Report encompasses forecasts, statements of intent, opinions, and current expectations of the Company regarding its performance results, financial position, liquidity, growth prospects, strategy and the development of the industry in which the Company operates. By their very nature, such forward-looking statements entail risks and uncertainties, as they are contingent upon events and circumstances that may or may not occur in the future.

Expressions such as "intends", "seeks", "expects", "estimates", "plans", "believes", "assumes", "may", "shall", "will", "will continue" and other similar phrases generally denote the predictive nature of a statement

and imply the risk that the mentioned events or actions may not happen due to various factors. The Company hereby clarifies that these forward-looking statements do not guarantee future performance indicators. The actual performance, financial position and liquidity of the Company, as well as the development of the industry, may significantly differ from the data provided in the forward-looking statements contained herein. Furthermore, even if the aforementioned indicators align with the forward-looking statements presented in this Report, such results and events do not serve as a guarantee of similar outcomes in the future.

The Company does not make any explicit or implicit representations or warranties and shall not be liable for any losses incurred, directly or indirectly, by individuals or legal entities as a result of using the forward-looking statements from this Annual Report for any reason. It is advised that such individuals should not rely solely on the forward-looking statements contained herein, as they do not represent the only possible scenario.

Unless required by the legislation of the Russian Federation, the Company is under no obligation to revise or confirm expectations and estimates, or publish updates or changes to the forecasts presented in this Report in connection with subsequent events or the receipt of new information.

¹ The Report is prepared in accordance with the legislation of the Russian Federation, including:

- Federal Law No. 39-FZ "On the Securities Market" dated 22 April 1996;
- Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995;
- corporate Governance Code recommended by the Bank of Russia for joint stock companies by Letter of the Bank of Russia No. 06-52/2463 dated 10 April 2014;
- Regulations of the Bank of Russia No. 714-P "On Information Disclosure by Issuers of Securities" dated 27 March 2020.

Statement of the Chair of the Board of Directors



**Ekaterina
Chernova**

“ Dear valued partners,

The Board of Directors of the INARCTICA Group and the management have faced significant challenges over the past two years. We had to rebuild our supply chains — which is what most Russian companies have been doing — as the EU sanctions have caused restrictions on the supply of some of the equipment needed for salmon farming. Our suppliers from Norway and other Scandinavian nations have also chosen to voluntarily impose sanctions on us. We were able to locate new suppliers from friendly nations rather quickly: for fish feed, we have Turkey, Armenia, Belarus and other countries; for equipment, we primarily turn to China. We have found new suppliers even in the South America.

The production of fries, a crucial component of fish farming, was a particularly pressing issue. In 2023, the Company acquired and started upgrading three fry

farms in Russia. We also have a major new smolt plant under construction in Karelia and are planning to build our own fish feed plant, which will fully cover the Company's needs in terms of volume and quality. As a result, we are totally restructuring the business to become a vertically integrated one instead of one that depends on imports.

People are the most important resource throughout periods of significant change, rising process complexity, and the introduction of new business verticals!

We value and cherish each and every employee, and enjoy record low turnover rates. We make every effort to maintain a positive work environment and look out for our employees, particularly those who work in the severe winter weather in the Arctic environment. Regarding sustainability work (ESG), the letter S was our primary focus for 2022 and 2023.

In 2023, we gained the support and confidence of our investors — our successful SPO at the end of the year not only added financial stability for our capital investments but also advanced the Company to a new level: as a result of the increased trading volume and capitalisation growth, we were listed on the Tier 1 quotation list of the Moscow Exchange in October 2023. Investors no longer consider us to be a small cap company — instead, we are nearly a blue chip. In doing so, we offer both business growth and stable dividends. This is the mix that is most attractive to retail investors.

We created the Atlantic salmon and trout aquaculture industry in our country from scratch and continue to grow it. Our business is growing stronger and more sustainable, offering our customers freshly produced, healthful goods made in Russia! ”



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About the Company

The Company's strategy is focused on growing market share, revenue, and the amount of marketable fish production. We achieve this through the vertical integration of our business: we buy and build fry breeding and feed production plants in Russia and launch production of deep-processed fish products. In the upcoming years, we will build a comprehensive and continuous production cycle and drastically lessen our reliance on imports.

2023

Purchase of Arkhangelsk Algae Combine and one smolt plant in Nizhny Novgorod

2024

Launch of a smolt plant in Karelia with a capacity of **6 mln fry per year**

2025–2026

Launch of a feed plant in Novgorod with a capacity of **70 ktpa**



THE POWER OF ACTION

Development History and the Company Today

INARCTICA

1997 Establishment of the Company. Development of the distribution segment.



1999 Opening of a state-of-the-art plant in Noginsk to produce ready-to-cook products.



2000 Acknowledgement of the Russian Sea brand as the most recognisable brand in its segment, according to TNS Gallup Media.

2006

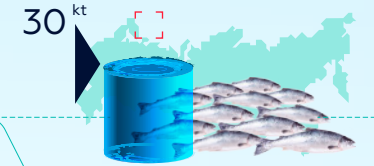
Expansion of the sales geography for distribution and supply of ready-to-cook products: at the end of 2006, the distribution network comprises 40 branches and representative offices in big cities of the Russian Federation.



2007 Initiation of aquaculture development: acquisition of a trout farm in Karelia on Segozero Lake.



2010 Listing of Russian Sea Group's ordinary shares on the MICEX and RTS stock exchanges.



2012 Launch of the first Atlantic salmon farm in the Barents Sea waters in the Murmansk Region. Certification for farming in the Murmansk Region near the Rybachy Peninsula with a total breeding potential of over 30 kt.

2013

Sale of 100% shares of Russian Sea CJSC (ready-to-cook fish production) to the group of strategic investors in February 2013.

2014

AK&M and Expert RA (RAEX) assignment of national scale credit rating "A" to Russian Sea Group OJSC in September – October 2014.

2015

Detection of critical diseases in the Atlantic salmon population at the Company's fish farms in the Titovka Bay of the Barents Sea, confirming the high biological risks in aquaculture

and resulting in the loss of over 70% of fish to be harvested and sold in 2015–2016.

2016

Sale of the distribution segment to Russian Fish Company CJSC in August 2016 for about RUB 1.8 bln.

2017

Acquisition of two smolt plants in Norway: Villa Smolt AS and Olden Oppdrettsanlegg AS in July and October 2017.

SPO on Moscow Exchange held in December 2017: 8,338,998 shares with a par value of RUB 100 per share placed at an offer price of RUB 120 per share.

2018

Launch of sea trout sales. Acquisition of a 40% stake in a fish processing plant in Murmansk in November.

2019

Commissioning of the first cage complex with 156-m cages in the Kildin Strait of the Barents Sea.

2020

Signing of direct agreements with all federal networks with distribution centres. First direct supplies of chilled fish to Nizhny Novgorod, Krasnodar, Perm, Ekaterinburg and Novosibirsk.

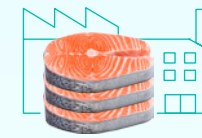
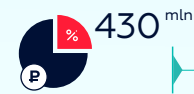
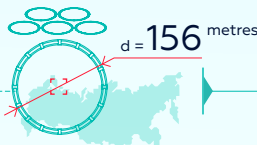
First dividend payout of RUB 430 mln. Increase in free float from 8 to 14%.

2021

Signing of use agreements with three new fishing sites in the Barents Sea.

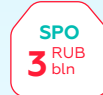
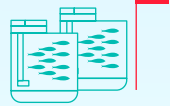
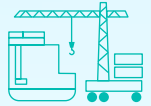
Purchase of a third live-fish vessel, a fish processing plant in Murmansk, and a Setran smolt plant (Norway).

Debut bond issue of RUB 3 bln. Rating 'A-' (ACRA, NCR). Dividend payout of about RUB 1.5 bln.



Development History and the Company Today

INARCTICA



2022 Announcement of a rebranding and a name change to INARCTICA.

Start of the construction the in-house fry and feed plants.

Sale of fry farms in Norway and acquisition of fry farms in Russia.

ACRA and NCR affirmation of the rating at 'A-' and change in the outlook from Stable to Positive.

Dividend payout of about RUB 3.3 bln.

2023 Acquisition of a fish breeding plant in the Nizhny Novgorod Region and the Arkhangelsk Algae Combine.

ACRA upgrading the Company's credit rating to 'A(RU)' with Stable outlook, and NKR – to 'A.RU' with Stable outlook.

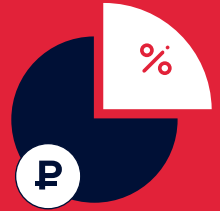
Raising RUB 3 bln through a secondary public offering (SPO), involving more than 13,000 investors.

Over the year, the total number of investors more than doubled to over 173,000.

Preparation of the first sustainability report under the international GRI Standards 2021, including the industry standard GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022.

All-time record dividends

3.9
RUB billion



Company today

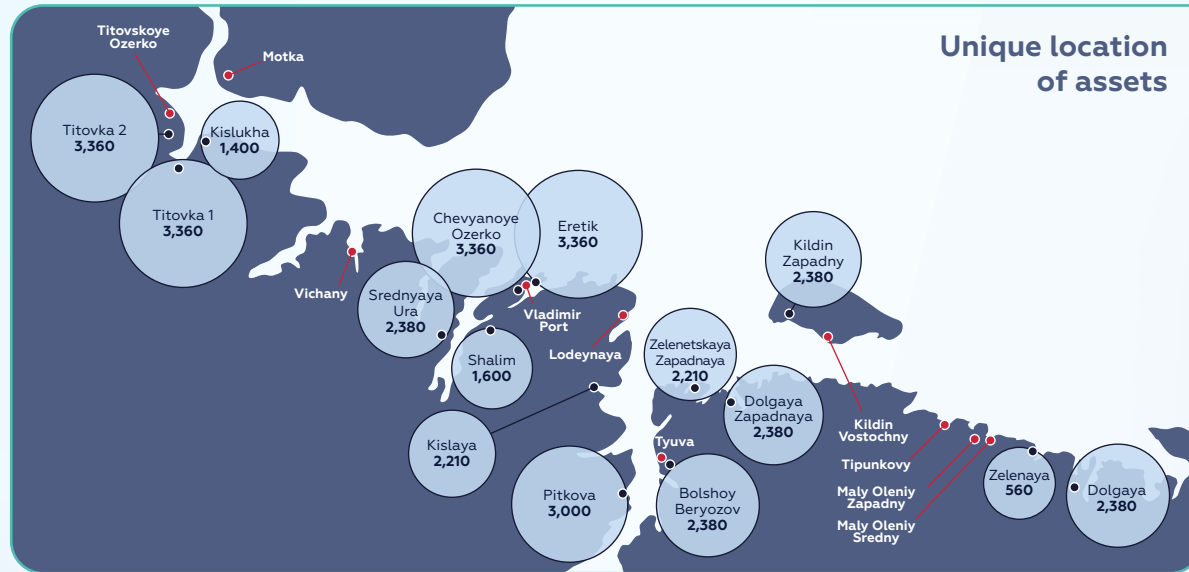
28.2 kt
increase in sold products in 2023

10 active farms
for breeding Atlantic salmon and sea trout in the Barents Sea

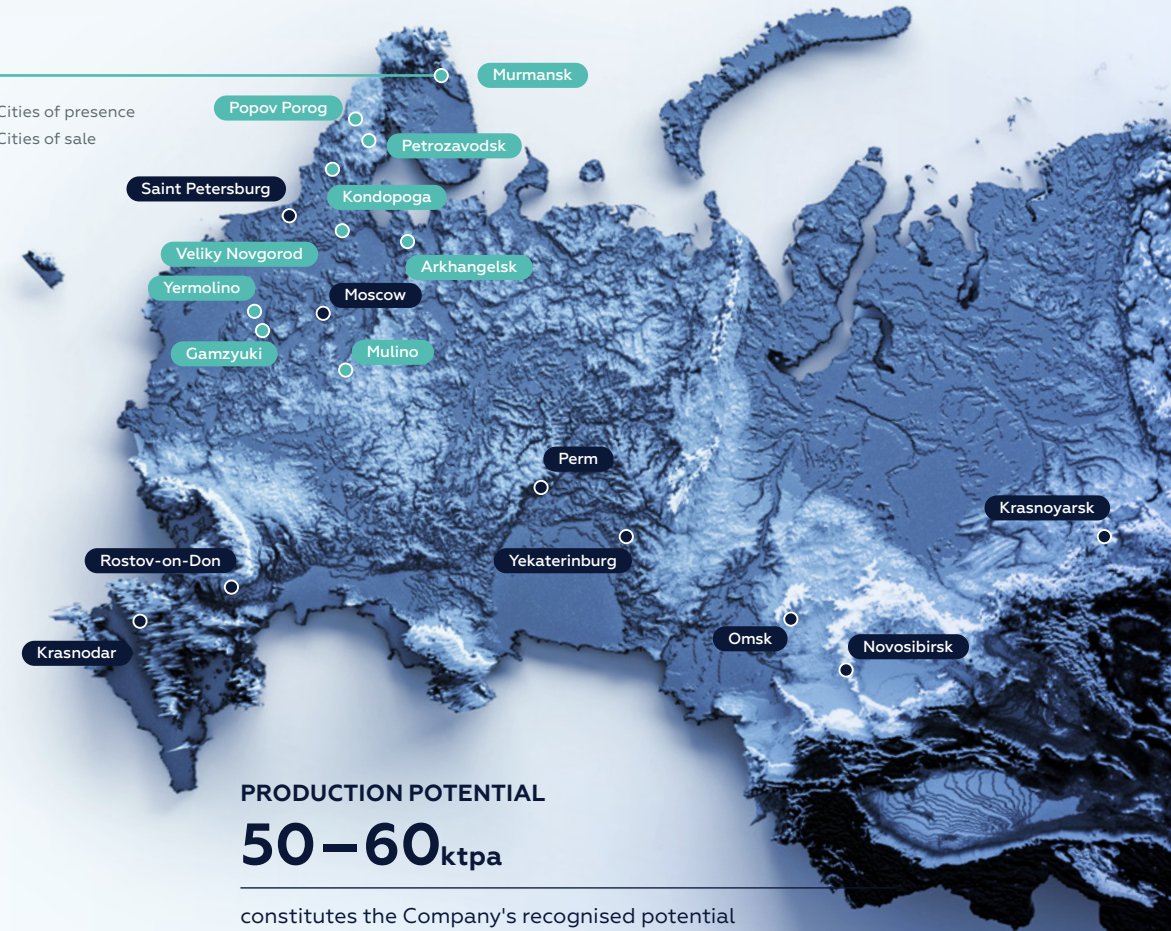
3 active sites
for rainbow trout breeding at Segozero

969 employees
Group's average headcount for 2023

Geographic Reach



100 Developed site; capacity of the site, thousand fish ● Site under study



PRODUCTION POTENTIAL

50–60 ktpa

constitutes the Company's recognised potential

Diversified approach to stocking and catching



CLUSTER-BASED STOCKING SYSTEM

reduces the risk of disease spread and frees up time for site recovery

DIVERSIFICATION BY TYPE OF

farmed fish (salmon/ trout) reduces overall biological risks

THE GLOBAL SUPPLY OF

Atlantic salmon supply is limited to offshore areas sheltered from wind and waves

MURMANSK REGION IS

the only region in Russia that is well-suited to salmon farming

THE BARENTS SEA IS

the only habitat for Atlantic salmon in Russia

THE RIGHTS TO MOST OF THE SITES

in the Murmansk Region are owned by the Company, with limited access to the sites for foreign players

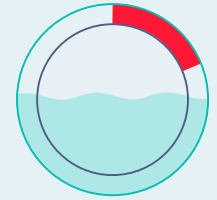
THE RELATIVELY SHORT DISTANCE

to the end customer is a significant advantage for the supply of fresh chilled fish

Market Overview

The market for red fish saw a shift in demand in 2023, with restaurateurs showing a greater inclination to purchase Russian salmon over Chilean salmon. The explanation is straightforward: the fish can only be shipped from Chile in frozen state, which degrades its flavour. From the harvesting site to the retail counter, Russian salmon never goes through freezing process — it always stays fresh. And it is something restaurateurs are willing to pay a premium for.

THE POWER OF TASTE



19%

Company's share
in the Russian red fish
market in physical terms¹

¹ Market volumes do not include lake trout and wild salmon.

Global Salmon Fish Market

Lately, there has been a noticeable surge in the global interest towards leveraging the biological resources of the World Ocean, driven by the mounting deficit of protein-rich food for the world's inhabitants.

In 2020, fisheries and aquaculture production reached 214 million tonnes, including 178 million tonnes of aquatic animals and 36 million tonnes of algae¹. Products meant for human consumption totalled 20.2 kg per capita, up from 9.9 kg² in the 1960s. However, factors pertaining to urbanisation, increase in household earnings and dietary changes suggest that this figure will continue to rise. Fish alone provides approximately 1/6 of the animal protein in the global population's diet (20% for 3.3 billion people) and accounts for 7% of the total protein consumed.

Intensively, yet rationally, harnessing the biological resources and bioproductive capabilities of the World Ocean can greatly enhance the dietary habits of the global population. Nevertheless, this scenario is unfolding amidst the emergence of tensions and diminishing productivity in the global fishing industry, stemming from the gradual depletion of aquatic bio-resources. Analysis of commercial fish stocks indicates that currently 30% of them are at a biologically unsustainable level and are exposed to overfishing. Current wild fish stocks are unable to meet the growing demand. Solutions must be found to reverse overfishing trends and rebuild wild stocks without leaving a gap in seafood demand.

¹ Source: [The State of World Fisheries and Aquaculture 2022](#).

Based on global experience, the optimal and expeditious solution to the fisheries problem lies in the expansion of aquaculture.

As the strain on the stocks of certain traditional fishing resources became particularly noticeable after the first two post-war decades, many countries embarked on the development and improvement of marine aquaculture – the establishment of "underwater farms" for cultivating seaweed, shellfish, crustaceans and fish. At present, aquaculture is predominant in nearly all categories of fish products.

According to the UN Food and Agriculture Organisation (FAO), 58.5 million people are directly employed in fisheries and aquaculture as of 2020, of which 35% were employed in aquaculture³. Moreover, a larger number of people are involved in associated activities such as loading, unloading, transportation, processing and marketing of fishery products. Fishing and fish farming together provide livelihoods for about 600 million people.

² Source: [The State of World Fisheries and Aquaculture 2022](#).

³ Source: [The State of World Fisheries and Aquaculture 2022](#).

1/6 animal protein



provides fish in the diet of the world's population

202 mtpa

will reach world fish production by 2032

61% of fish consumed

will be of aquaculture origin by 2032



In 2023, aquaculture production totalled

51%

of total fish production (95 mt)

57%

of total human consumption

More than 95% of the world's algae production is aquacultured. Asia is the largest aquaculture producer, accounting for more than 90% of global production.

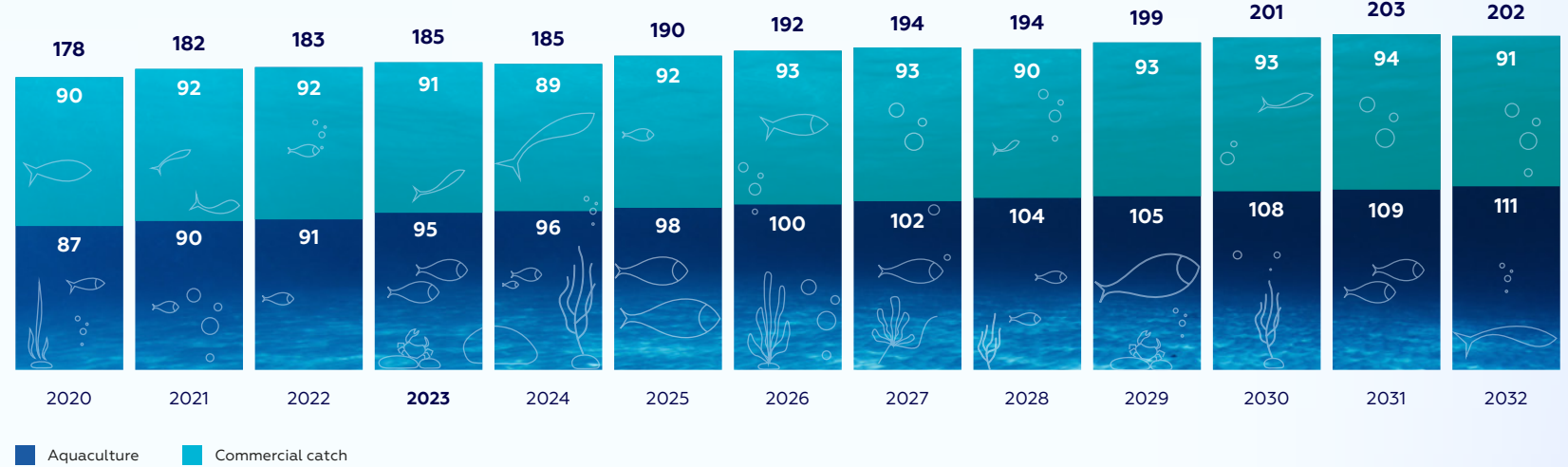
FAO forecasts that world fish production will reach 202 million tonnes per year by 2032. Aquaculture is expected to account for most of the uptick in fish production.

The share of farmed fish in total production will grow from 51% in 2023 to 55% in 2032. Per capita fish consumption will also continue to rise. By 2032, 61% of fish consumed will be of aquaculture origin – up from 57% in 2023¹

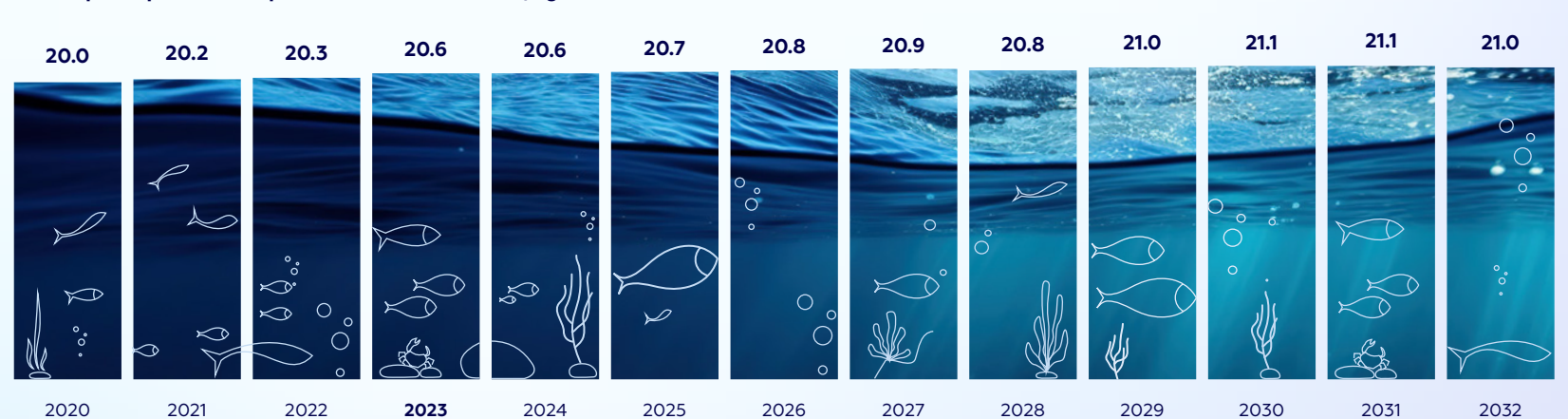
Through the responsible intensification of aquaculture, humankind can address the growing protein and fish requirements while alleviating the strain on wild fish populations, facilitating their recovery.

Despite the wide variety of artificially farmed aquatic species, only a few major species are predominantly used in aquaculture: inland aquaculture is primarily for carp species and marine aquaculture – for salmon species.

Global fish production¹, mt



Global per capita consumption of fish and seafood¹, kg



¹ Source: OECD-FAO Agriculture Outlook 2022–2032.

Salmon Aquaculture

In terms of the level of industrialisation and risks inherent in fish farming, salmon aquaculture is the most industrially developed and has the lowest risks.

Experimental salmon farming was lunched in the 1960s but was industrialised in Norway in the 1980s and in Chile in the 1990s. The salmon farming industry has grown significantly over the past 40 years, and today some 75% of salmon produced around the world are farmed.

Of all salmon species, Atlantic aquaculture salmon was the leading species by production and catch in 2023. Aquaculture trout and coho salmon are also in the Top 3.

Consumption of aquaculture salmon has almost doubled in 10 years. The evolving global trend towards healthy eating, the increasing global population, the increasing range of ready-to-eat foods and the general increase in prosperity are the main reasons behind this growth.

The production of a daily beef protein allowance for a family of two emits

almost 12 kg of CO₂-eq.
that is more than a passenger car emits in a day.

The carbon footprint of salmon is 10 times smaller



However, constraints related to the scarcity of suitable water bodies (fish farming sites) pose a significant obstacle to the substantial growth in salmon production. Such a site should be located so as to be of adequate depth, not subject to significant changes in water level due to tides, and away from shipping lanes and wild fish migration routes.

The cage complexes are positioned in water locations with the flow, temperature, wave load, and ice conditions that are best for fish. Fish feel just as at home in cage complexes set up in these water basins as they do in the wild.

Fish from farms has a number of advantages over fish from the wild. The average survival rate of fish over the whole growth cycle is between 85% and 90%, which is significantly higher than the survival rate of salmon in their natural habitat.

Additionally, the fish can grow considerably more quickly than wild salmon when given high-quality feed in adequate amounts.

Salmon aquaculture has a feed conversion ratio (the quantity of feed required for biomass growth per kg) of 1.3, which is much higher than that of poultry (1.9), pork (3.9) and beef (8.0).

Salmon cultivated on farms is an ecologically friendly substitute for meat, since it is one of the most sustainable and eco-efficient sources of protein. It also has one of the lowest greenhouse gas profiles of all animal protein sources. Depending on the method used, the carbon footprint of producing cattle meat can be three to seven times higher than that of producing fish, and it can be almost twice as high for producing pork or chicken.

Today, global consumption of aquacultured salmon is estimated

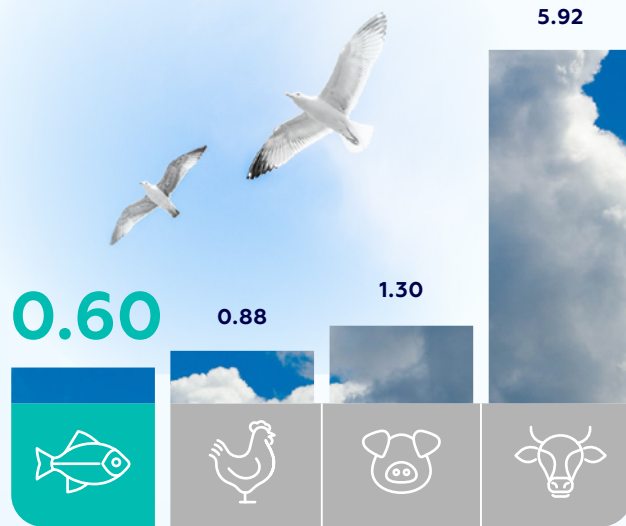
at **2.8 mtpa**

The amount of salmon caught varies (depending on the year)

0.5 to 0.9 mt of wild salmon¹

¹ Mowi Industry Handbook.

Carbon footprint of aquaculture salmon production compared to that of animal production, kg of CO₂-eq. per 40 g of dietary protein¹



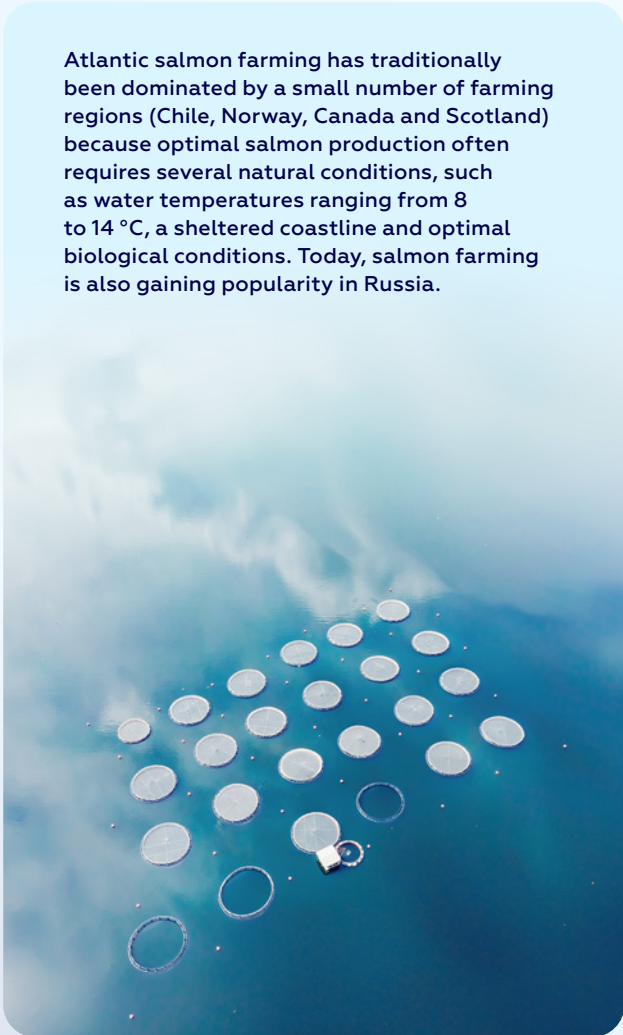
Salmon is an excellent source of protein (all nine essential amino acids), healthy fats, including omega-3 fatty acids, and several essential vitamins and minerals, making it a first-class component of a healthy and sustainable diet. On average, 100 g of salmon meat contains 41% of the daily value of protein and at least 20% of the daily value of vitamins B3, B5, B6, B12, D, E and selenium. It is also a good source of potassium.

¹ According to Global Salmon Initiative Sustainability Report.



Salmon is a modern sustainable superfood

It is a unique product available all year round (unlike wild fish) and of limited production. Salmon production has a number of advantages over other protein products (poultry, pork or beef).



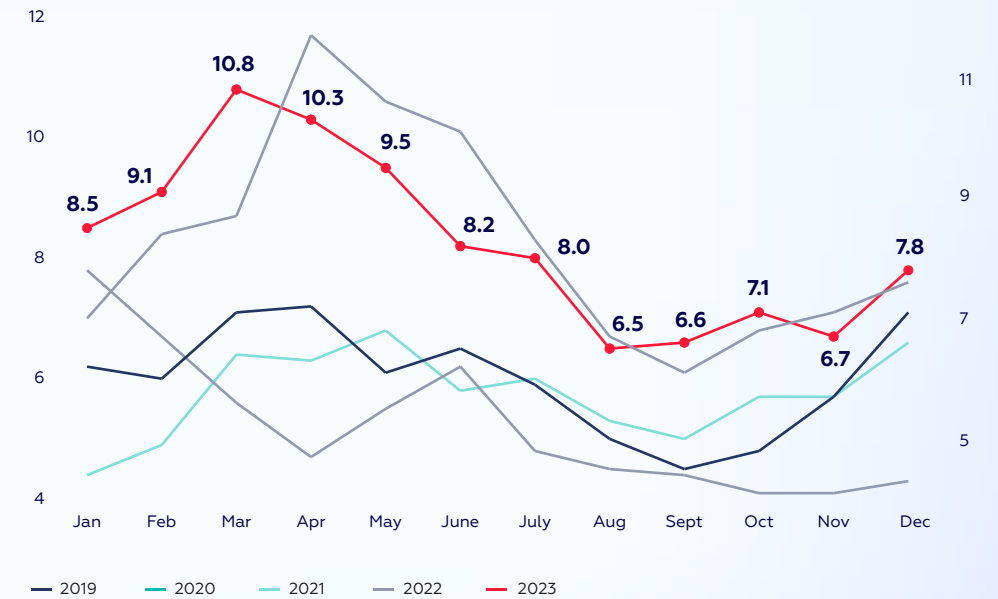
Atlantic salmon farming has traditionally been dominated by a small number of farming regions (Chile, Norway, Canada and Scotland) because optimal salmon production often requires several natural conditions, such as water temperatures ranging from 8 to 14 °C, a sheltered coastline and optimal biological conditions. Today, salmon farming is also gaining popularity in Russia.

The beneficial aspects of aquaculture development in Russia include:

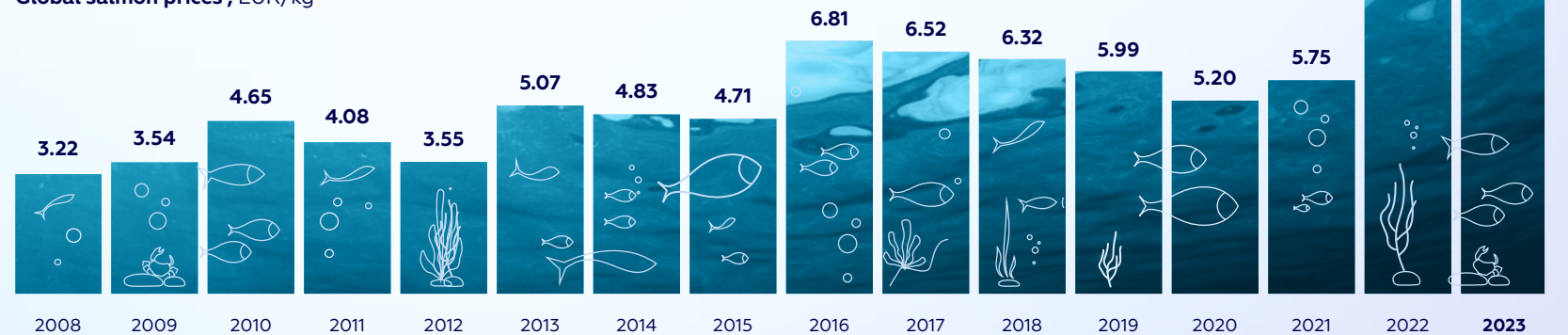
- Development of a bio-resource renewable in controlled quantities; production of new, quality food, feed, medical and technical products
- Scale-up of reproduction and stocking of valuable fish and non-fish species and conservation of biodiversity
- Promotion of the region's social and cultural sustainability through the creation of employment opportunities and respectable working conditions throughout the industry and its connected sectors, including fish processing, marketing and distribution
- Source of potential export earnings, offsetting import pressures and having a positive impact on the trade balance

However, significant growth in salmon production is hampered by constraints associated with the small number of water bodies suitable for this activity.

Variation in salmon prices¹, EUR/kg



Global salmon prices¹, EUR/kg

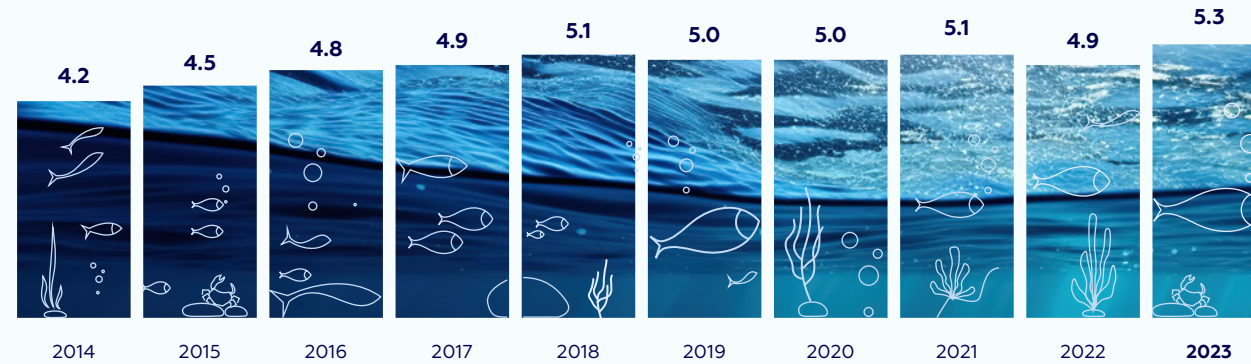


¹ Source: FishPool.

Russian Market and Fish Consumption



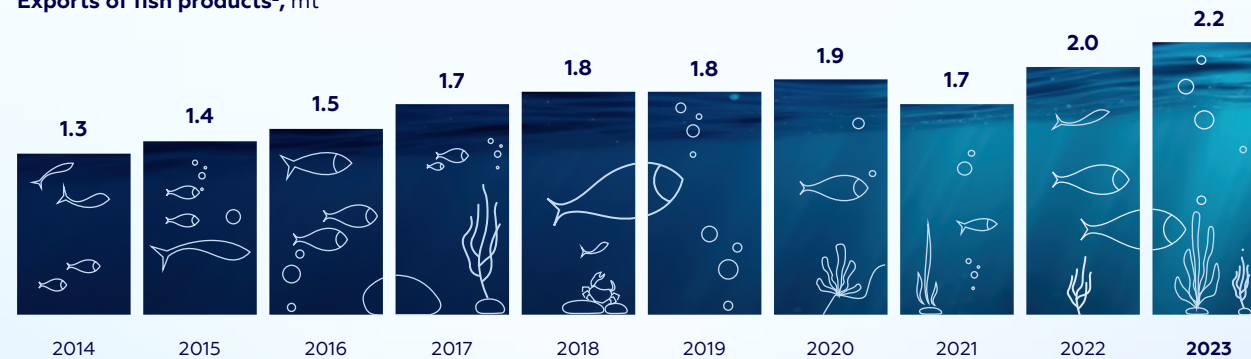
Harvesting (catching) of aquatic bioresources¹, mt



5.3 mt

was the total volume of harvesting (catch) of aquatic biological resources by Russian users according to the Federal Agency for Fishery (Rosrybolovstvo), in 2023.

Exports of fish products², mt



2.2 mt

↑ 12%
year-on-year

volume of Russian exports of fish, fish products and seafood in 2023 according to Rosrybolovstvo data

¹ Source: Rosrybolovstvo (Federal Agency for Fishery).

² Source: Rosrybolovstvo (Federal Agency for Fishery). HS code 03, 16, excluding volumes harvested and caught outside the customs control zone.

473 kt

↑ 22%
year-on-year

Import volume of fish, fish products and seafood in 2023 according to Defa Group data

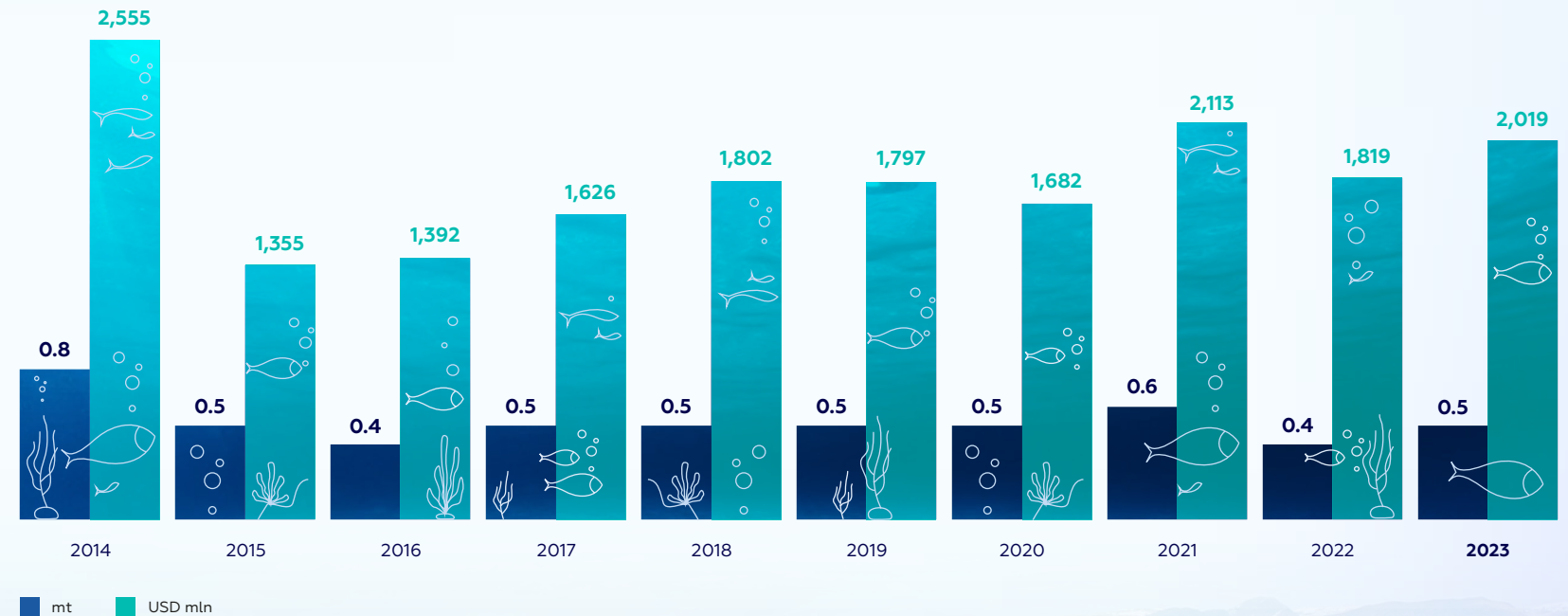
2,019 USD mln

↑ 11%
year-on-year

Import volume of fish, fish products and seafood in 2023 in monetary terms



Imports of fish products in the Russian Federation¹, mt

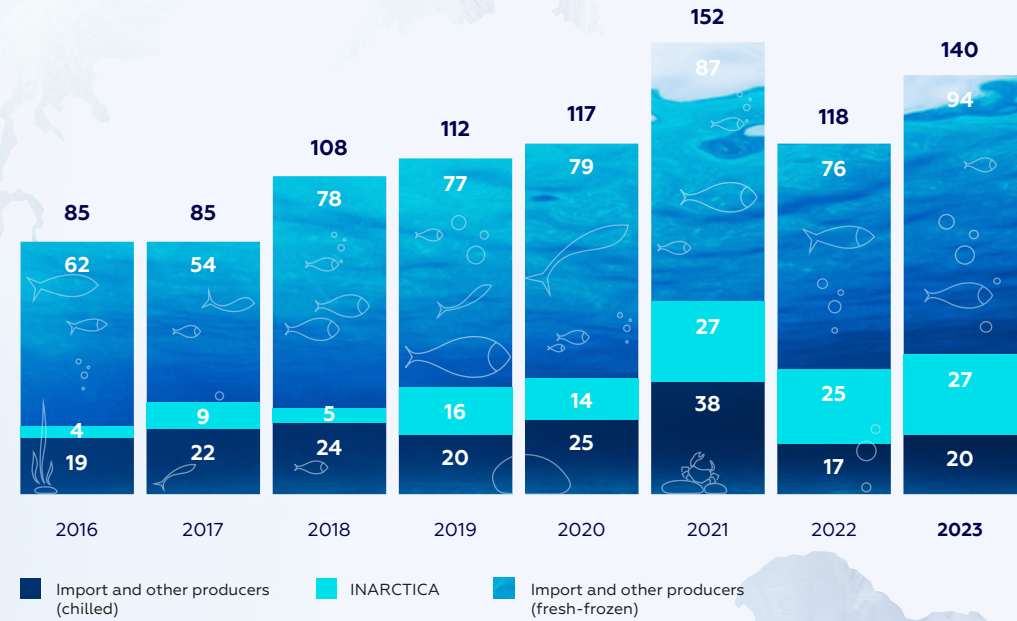


¹ Source: Rosrybolovstvo, Defa Group. HS Code 03.





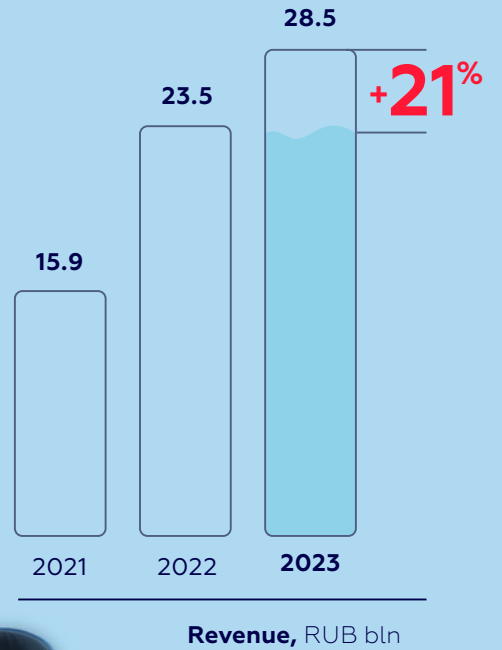
Salmon market in Russia¹, kt



¹ Source: Company data.

Performance Results

By embracing change, fostering vertical integration, and boosting corporate sustainability, we enjoy a persistent superiority in the Russian salmon and trout farming industry. These steps, coupled with favourable market conditions, are bearing fruit: in 2023, we generated record revenue of RUB 28.5 billion and raised over RUB 3 billion in an SPO.



THE POWER OF LEADERSHIP

Business Model

Infrastructural capacities in Atlantic salmon and sea trout farming



SMOLT PLANTS¹

There are currently 4 smolt plants within the Group's perimeter, with a total capacity of approximately 10 mln 80–120g fry per annum

- Aquaculture breeding centre in the Kaluga Region
- Ermolino fish culture facility in the Kaluga Region
- Mulino fish farm in the Nizhny Novgorod Region
- Fish-breeding plant in the town of Kondopoga, Republic of Karelia



REARING OF FISH TO COMMERCIAL WEIGHT

Rearing of fish in cages until they reach an average weight of 4.5–5.5 kg

- Continuous search for new promising sites

Murmansk
25 sites

10 stocked sites

Karelia
8 sites

3 stocked sites

60 kt
potential farming volume of live weight fish



PROCESSING

Fish slaughtering, gutting and packing

- Processing plant in Murmansk and in-house production facility in the Republic of Karelia
- Ability to increase the processing capacity without significant capital expenditures

116 t per day
average processing capacity of the Company's Murmansk fish processing factories (live weight)

218 t per day
maximum processing capacity



SALES

Selling through distributors and directly to retailers

- Direct agreements with leading chains and processing enterprises
- Efficient logistics outsourcing

2–3 days
to cities across Central Russia – fast delivery to distribution points

Growth of fry in smolt plants begins with an egg, weighing 0.1 g. Fish are released to the sea once they reach a weight of around 80–150 g and a palm size.



Feed transportation
feed carrier with a monthly shipping capacity of up to 5 kt of feed



Support vessels



Fish parasite protection (delousing) system
4 FLS production lines



Repair shop
• Maintenance and repair of fish farming equipment
• Manufacture of workboats



Live fish carriers
3 live fish carriers with a total capacity of up to 290 t of commercial fish



Catamarans, passenger ships, workboats
• 11 catamarans for farm equipment installation
• 11 passenger ships for transportation of people
• Workboats for carrying farm workers from a barge to fish cages and back



Maintenance Department
• Installation of farm equipment
• Operation of cage cleaning equipment

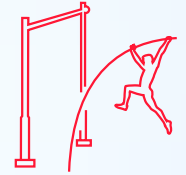
¹ Smolt is a juvenile salmon, a 12–18 month old fry weighing 80 - 160 g, suitable for relocating into cages.

Fish Farming Technology

INARCTICA PJSC is a leader in the aquaculture segment in Russia. We are building our vertically integrated business in the salmon aquaculture market from growing salmon fry and selling directly to the biggest clients, i.e., retail chains and fish processing enterprises.

To clean fish from sea louse, the Company uses a proprietary delousing system consisting of four lines.

Salmon bounce on 4 m during spawning.



Up until the middle of the 20th century, only record-breaking pole vaulters had reached such heights



The production process begins with the egg planting in our smolt plants located in the Kaluga and Nizhny Novgorod Regions, as well as the Republic of Karelia. Within 7 to 9 months, the smolt (fry) is reared to a weight of 80–120 g.



The smolt is then transported in special live-fish trailers to fish farms in the Murmansk Region and freshwater farms in the Republic of Karelia owned by INARCTICA PJSC. Modern underwater cameras and automatic feeding systems are installed in every fish farm to keep an eye on the health of the fish. Special extruded feed of the highest quality is purchased to feed the fish. Feed is carried on INARCTICA's own vessel.



The fish are reared for 15–20 months to commercial weight (5.5 kg for salmon and 4.5 kg for trout). The Company's employees at the fish farms strictly monitor compliance with production regulations. To ensure farm efficiency, the Company uses 11 passenger vessels to transport people, 11 catamarans for equipment installation and farm maintenance, and workboats. Engineering, support, diving and net bag service put in place in INARCTICA PJSC have a wealth of experience. In addition, the Company has a dedicated biological service that monitors the health of fish at all stages of growth.



Fish Farming Technology

continued

We started producing fillets and steaks in 2022.



→ We begin harvesting fish once they are of a marketable size. It uses three in-house live fish carriers with a combined capacity of up to 290 tonnes of commercial fish per day. The fish are transported to INARCTICA's fish-processing plants, where they are slaughtered, gutted and packaged. The maximum processing capacity is 218 tonnes per day.

→ We sell fish through distributors and directly to retailers. The products are supplied under its own INARCTICA brand. We have direct agreements with leading chains and processing enterprises. Our supply chain guarantees prompt delivery to destination cities (2–3 days to cities in Central Russia). We do this to make it possible for our customers to buy ultra-fresh products at stores and restaurants.

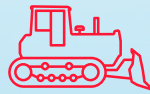


Cluster-based stocking system reduces the risk of disease spread and frees up time for site recovery

40 tonnes

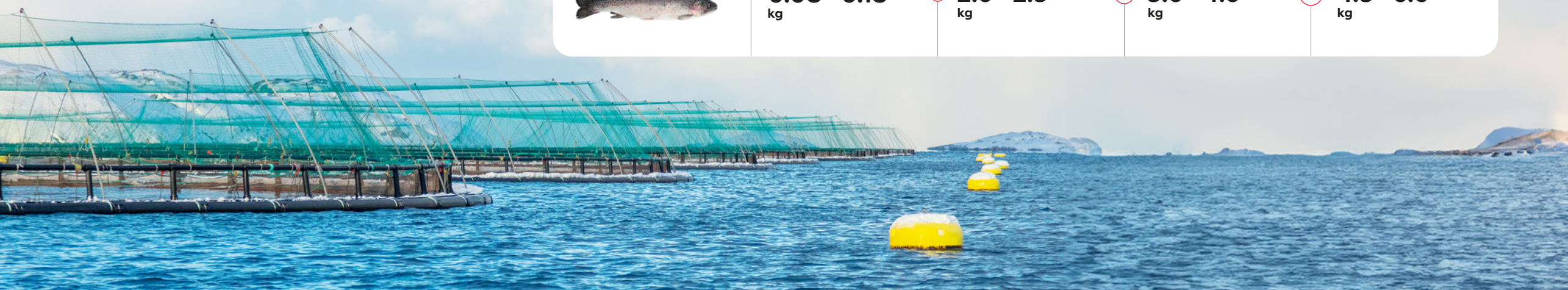
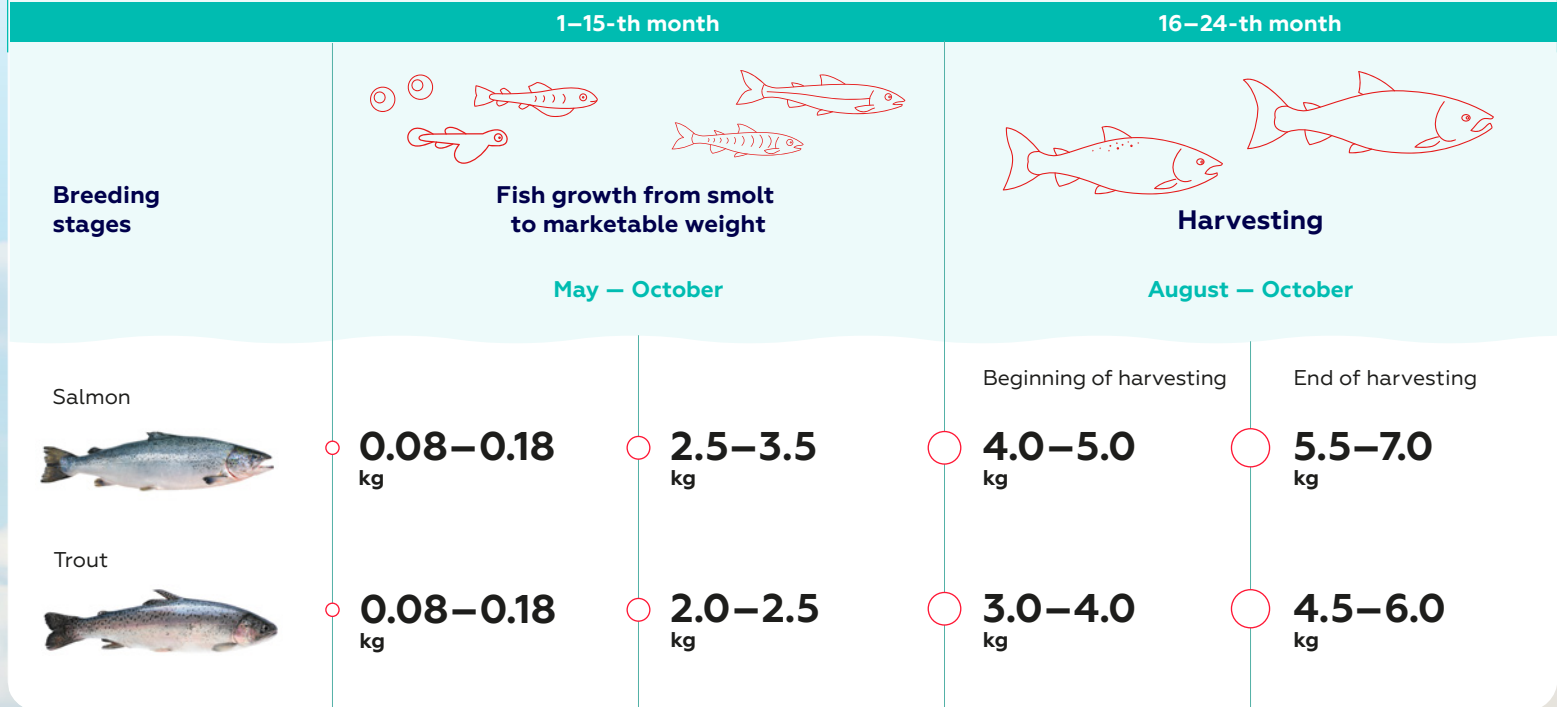
feed required by the fish in the INARCTICA cage complex on a daily basis

which is equal to the weight of a heavy caterpillar bulldozer







Aquaculture farming cycle for salmon and trout

16 -24 months – total breeding cycle in the sea



High efficiency of fish farming compared to meat production

				
Feed conversion ratio ¹	1.3	1.9	3.9	8
Meat for human consumption ² , %	73	74	73	57
Meat for human consumption ³ , kg/100 kg of feed	56	39	19	7

¹ Feed weight in kilograms needed to produce 1 kg of commercial biomass.

² Proportion of meat for human consumption in total biomass.

³ Weight of meat for human consumption grown when 100 kg of feed are eaten.

Company's Performance Results in the Murmansk Region

In the reporting year, we stocked four fish farms

8.2 mln
Atlantic salmon and rainbow trout fry
with an average weight of 126 g

By the end of 2023, the average weight of fish reached 0.87 kg. In the second half of 2024, we plan to start harvesting and selling fish of marketable weight. The harvesting and sale of marketable products from INARCTICA's fish farms in the Murmansk Region continued throughout the year, amounting to 31.3 kt of marketable fish in live weight.

In 2023, we sold

26.8 kt of gutted fish with head products

Plans for 2024

We will keep stocking three to five fish farms with salmon and trout fry in 2024. INARCTICA PJSC will consistently implement the current biological safety strategy, salmon louse control and other regulatory procedures of the Company.

We intend to develop and exploit new sites in the Barents Sea and maintain stable cycles of stocking and harvesting.

In addition, we will pursue cooperation with the state authorities to continue subsidising interest rates on loan agreements, as well as developing additional support measures for aquaculture.



Company's Performance Results in the Republic of Karelia

In 2023, we secured stocking of

~2.4 mln rainbow trout fry

Fish from various generations are still assigned to separate fish farming sites (FFS) in accordance with the biosecurity strategy. In line with the Company's strategy, all commercial fish are held at FFS-3 and FFS-1.

In 2023, we sold

1.4 kt of gutted fish with head and caviar products

In the reporting year, we caught 1.7 kt of marketable fish in live weight.

Plans for 2024

In 2024, we will continue to improve biosecurity. We plan to supply seeding material from our own plants, as well as to pursue further cooperation with the state authorities on further subsidising interest rates on loan agreements and developing additional measures to support aquaculture.

Smolt Plants in Russia

Fish-breeding plants of the Kaluga Region (in Ermolino settlement and Gamzyuki village) acquired in 2022 allowed stocking of 3.4 million fry in Murmansk and 1.7 million fry in Karelia.

Last year, the Company also acquired a smolt plant in Mulino, Nizhny Novgorod Region, which also produced approximately 0.7 million fry for the Company's Karelian fish farming division.

In 2024, the Company expects to receive its first fry from the new fish-breeding plant in Kondopoga, Republic of Karelia.

Total capacity of the plants

~10 mln fry weighing 80 to 120 g



Financial Performance

Operational and financial performance

Indicator, RUB mln	2017	2018	2019	2020	2021	2022	2023	Change 2023/2022, %
Sales, t	10,037	6,500	16,967	15,509	27,865	25,570	28,206	10
Fish biomass at the end of the period, t	5,037	17,156	16,205	28,199	29,738	36,239	34,010	-6
Revenue, RUB mln	5,022	3,212	8,798	8,336	15,904	23,501	28,480	21
Adjusted EBITDA, RUB mln	2,061	974	3,432	3,375	6,755	12,932	12,865	-1
EBITDA margin, %	41	30	39	40	42	55	45	-10 p. p.
NET PROFIT, RUB MLN	376	2,291	3,258	3,172	8,498	12,215¹	15,471	27

¹ Profit from continuing operations.

28.5 RUB bln

↑ **21%**
year-on-year

Company's revenue in 2023

12.9 RUB bln

Adjusted EBITDA

10%

Sales growth in 2023

15.5 RUB bln

↑ **27%**
year-on-year

Company's net profit in 2023

45%

Adjusted EBITDA margin

- The Company's revenues in 2023 grew by 21% to RUB 28.5 bln year-on-year on the back of sales growth of 10%.
- Adjusted EBITDA totalled RUB 12.9 bln (flat year-on-year). Adjusted EBITDA margin was 45%
- Net profit rose by 27% to RUB 15.5 bln

The Company's assets reached RUB 57 bln and equity – RUB 40 bln.

In 4 years, the growth hit quadruple digits in assets and equity.

This is secured by a strong level of sustainability: the share of own funds reached 70%.

Statement of financial position

Indicator, RUB mln	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	Change 2023/2022, %
Non-current assets	5,576	7,323	9,869	12,135	16,035	32
Biological assets	6,840	9,968	14,720	20,324	28,599	41
Reserves	621	930	1,657	3,366	5,370	60
Accounts receivable	632	560	1,625	2,578	2,680	4
Prepayments	233	410	587	3,686	3,006	-18
Cash	85	628	299	339	885	161
Current assets	8,460	12,553	19,018	30,538	40,751	33
BALANCE	14,036	19,875	28,887	42,673	56,786	33
Equity and provisions	9,065	11,786	18,707	27,274	39,702	46
Long-term borrowings	1,934	1,548	4,777	8,778	3,845	-56
Non-current liabilities	2,073	1,732	4,998	9,083	4,174	-54
Short-term borrowings	2,190	5,174	3,529	4,945	10,638	115
Current liabilities	2,898	6,357	5,182	6,315	12,910	104
BALANCE	14,036	19,875	28,887	42,673	56,786	33
Share of own funds, %	65	59	65	64	70	

The Company's net debt remains at a comfortable level

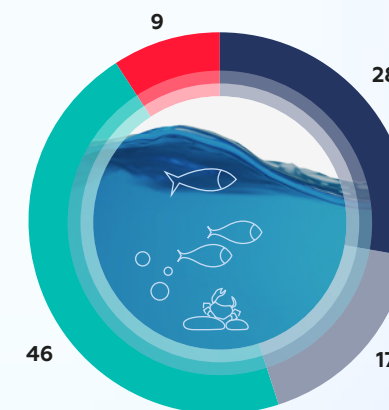
1.1x by Net debt / EBITDA

Leverage

Indicator, RUB mln	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	Change 2023/2022, %
Net debt	4,039	6,094	8,007	13,384	13,597	2
Net debt / adj. EBITDA	1.18	1.81	1.19	1.03	1.06	2

The Group's investment programme in 2023 amounted to RUB 5.2 billion, with over 60% of this amount representing vertical integration projects, including the build-up of smolt facilities and the acquisition of feed production equipment.

Structure of capital investments, %



- Commercial fish farming
- Feed
- Smolt
- M&A Algae

1,050
40-foot
containers

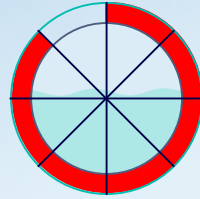


would be required to transport all the fish sold by the Company in 2023

Corporate Governance

INARCTICA follows best practices in corporate governance. Independent directors with backgrounds in running successful businesses in the sector advise the Company on important matters. We have put in place efficient risk management so that investors and shareholders can feel secure knowing that the Company is adhering to the approved strategy and balancing the interests of stakeholders.

We value investor trust greatly, and with their help, we are putting our investment plans into action in anticipation of significant expansion over the next several years.



7 independent directors

out of 8 on the Board of Directors

over **13,000**

investors bought into the Company

17.8%

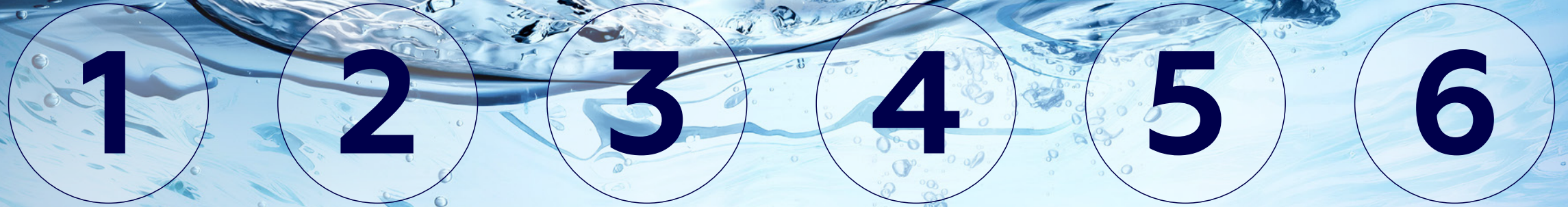
free float following SPO



THE
POWER
OF TRANSPARENCY

Major Corporate Events in 2023

The majority of the Company's previously stated objectives for the improvement of its corporate governance structure were accomplished successfully in 2023:



The number of shareholders increased during the year from 40,000 up to

173,000



~2.5 of Gazprom Arena stadium

INARCTICA PJSC acquired the group of companies of Arkhangelsk Algae Combine (AAC), as well as Mulino fish farm

In September, the Company's shares were moved to the first quotation list of Moscow Exchange PJSC

In November, the Company successfully held a secondary public offering (SPO)

The composition of the Board of Directors was renewed, leading to an increase in the number of independent Board members from 6

to **7** (out of 8)

The Company paid a record high dividend to shareholders amounting to

3.9 RUB bln



Corporate Governance System

INARCTICA PJSC pays great attention to its corporate governance system and continually improves it, in deference to international best practices, Russian corporate law norms, the Company's Charter, other internal documents regulating the activities of the Company's governing bodies, recommendations of the Corporate Governance Code of the Bank of Russia and the Listing Rules of Moscow Exchange PJSC.

For its own corporate governance, the Company establishes the following vital principles:



legal compliance



transparency



accountability



equality of shareholders



commitment to sustainable development

Ensuring the successful development of the Company while maintaining a reasonable balance between the legitimate interests of the Company's shareholders and management has been, and remains, the primary objective of corporate governance.

Internal documents regulating the corporate governance system in the Company



- **Charter** (approved on 31 August 2022)
- **Regulations on the General Meeting of Shareholders** (approved on 2 March 2023)
- **Regulations on the Board of Directors** (approved on 2 March 2023)
- **Regulations on Dividend Policy** (approved on 29 March 2019)
- **Regulations on the Strategy Committee of the Board of Directors** (approved on 15 December 2021)
- **Regulations on the Audit Committee of the Board of Directors** (approved on 30 June 2022)
- **Regulations on the Nomination and Remuneration Committee of the Board of Directors** (approved on 4 September 2023)
- **Regulations on the Sustainable Development Committee of the Board of Directors** (approved on 15 December 2021)
- **Regulations on Remuneration and Compensation for Members of the Board of Directors** (approved on 14 March 2024)
- **Regulations on the Internal Audit Service** (approved on 30 September 2016)
- **Regulations on the Corporate Secretary** (approved on 30 September 2016)
- **Regulations on Insider Information** (approved on 14 August 2020)
- **Regulations on Information Policy** (approved on 31 December 2020)
- **Performance Assessment Methodology for the Board of Directors, Board Committees and Board members** (approved on 11 May 2017)
- **Risk Management Policy** (approved on 4 May 2022)
- **Shareholder Relations Policy** (approved 14 March 2022)

Assessment of Corporate Governance Quality

In past years, the Company's top corporate governance goals were to continually raise the bar for excellent corporate governance and put as many of the Bank of Russia Corporate Governance Code's (hereafter, the Corporate Governance Code) recommendations into practice as possible. The management of the Company kept raising the standard of corporate governance in 2023, concentrating on enhancing accountability and transparency measures as well as going farther with certain of the Code's suggestions.

According to the results of the Company's self-assessment of compliance with the recommendations of the Corporate Governance Code, the level of full or partial compliance with the recommendations of the Corporate Governance Code in 2023 was 98%, which is significantly higher than the average indicator of companies from the First Quotation List of the Moscow Exchange¹. Thus, the Company fully complied with 71 recommendations, partially complied with seven recommendations, and did not comply with only one recommendation.

In 2023, the Company engaged an independent consultant to conduct an independent assessment of the work of the Company's Board of Directors ([for the assessment findings, please see pp. 41–42 of this Report](#)).

99
per cent

compliance with
the recommendations
of the Corporate
Governance Code
in 2023

71
recommendations

of the Corporate
Governance Code
the Company was fully
compliant with it
in 2023

7
recommendations

of the Corporate
Governance Code
the Company
was partially compliant
with it in 2023



Compliance of INARCTICA PJSC with the recommendations of the Corporate Governance Code in the period from 2021 to 2023

Corporate Governance Principle	Number of recommendations	Full compliance			Partial compliance			No compliance			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Shareholder rights and equal conditions for shareholders in the exercise of their rights	13	9	11	11	2	2	2	2	–	–	
Board of directors of a company	36	25	27	32	10	7	4	1	2	–	
Corporate secretary of a company	2	2	2	2	–	–	–	–	–	–	
Remuneration system for members of the board of directors, executive bodies and other key executives of a company	10	10	10	10	–	–	–	–	–	–	
Risk Management and Internal Control System	6	5	6	6	1	–	–	–	–	–	
Disclosure of company information, company information policy	7	6	6	6	1	1	1	–	–	–	
Major corporate actions	5	–	4	4	2	–	–	3	1	1	
TOTAL		79	57	66	71	16	10	7	6	3	1
		100%	72%	83%	90%	20%	13%	9%	8%	4%	1%

¹ National Corporate Governance Index: Top 20 2023, prepared by TopCompetence with technical support from the Moscow Exchange and Lomonosov Moscow State University (MSU).

Plans for further improvement in corporate governance in the Company

The following areas are where the Company intends to continue its work in 2024:

-  To further improve the quality of corporate governance
-  To upgrade the risk management and internal control system
-  To increase the Company's information transparency
-  To integrate newly acquired assets into the INARCTICA Group's general structure and establish intra-group management standards across them
-  To revise and update individual corporate documents



Structure of corporate governance bodies

In 2023, the Company had the following structure of corporate governance bodies:



→ Formation/assignment
 → Reporting/recommendations

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the Company, which makes decisions on the most important issues of the Company's business.

The Company makes materials for the General Meeting of Shareholders available to shareholders at the Company's offices and, no later than 30 days before the date of the relevant meeting, publishes all necessary materials on the Company's website www.inarctica.com (previously www.russaquaculture.ru) in the General Meetings of Shareholders section and on the Company's page on the website of the agency authorised to disclose information on the Russian securities market – LLC Interfax – Corporate Information Disclosure Centre <https://www.e-disclosure.ru/portal/company.aspx?id=17531>.

The Company created a special email address corporate@inarctica.com to which shareholders can send their questions related to the agenda and materials of the General Meeting of Shareholders, as well as questions and proposals to the CEO, Chairman and other members of the Board of Directors of the Company.

0 violations
of shareholder rights in 2023

The Company has not been held administratively liable for such violations.



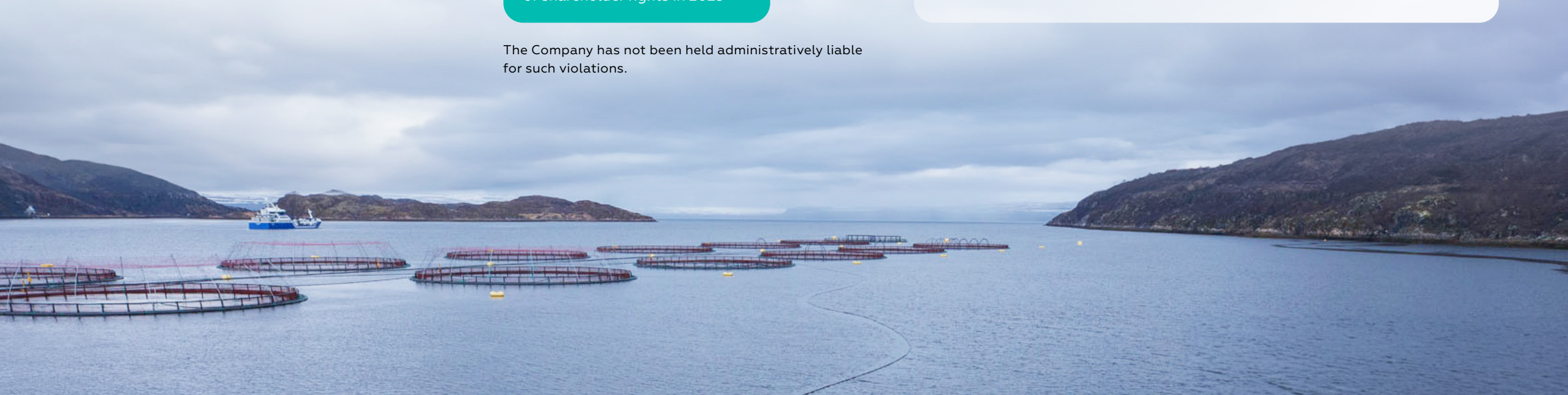
The **Company's Charter** contains an exhaustive list of matters that are within the purview of the General Meeting of Shareholders of the Company.



The procedure for convening and holding the General Meeting of Shareholders is regulated by the Company's Charter, **the Regulations on the General Meeting of Shareholders of the Company** and the Bank of Russia Regulations No. 660-P on General Meetings of Shareholders dated 16 November 2018.



The Company has **the Shareholder Relations Policy** in place, which sets out the objectives and principles of shareholder relations, the mechanisms of such relationships and the Company's obligations to respect the legitimate rights and interests of its shareholders.



Results of the General Meetings of Shareholders held in 2023

The following decisions were taken at the extraordinary General Meeting of Shareholders held on 2 March 2023:

1. To early terminate the powers of the members of the Board of Directors of INARCTICA PJSC.
- 2.1. To determine the number of Board members of the Company – eight persons.
- 2.2. To elect the Board of Directors of the Company with the following members:
 - Ilya Sosnov
 - Roman Kascheyev
 - Andrey Marchenko
 - Vladislav Pogulyayev
 - Dmitry Vasilkov
 - Ekaterina Chernova
 - Anna Vasilenko
 - Sayyora Ayupova
3. To approve the new version of the Regulations on the Board of Directors of INARCTICA PJSC.
4. To approve the new version of the Regulations on the General Meeting of Shareholders of INARCTICA PJSC.
5. To approve the Company's making a guarantee transaction, which is a related-party transaction in accordance with the provisions of the Federal Law "On Joint Stock Companies" and the Company's Charter – conclusion of Supplementary Agreement No. 3 dated 13 January 2023 to the Guarantee Agreement No. 0001-031/00156/0101 dated 23 June 2021 (hereinafter also referred to as the "Supplementary Agreement") with Public Joint Stock Company BANK URALSIB (the Bank).

The following decisions were taken at the annual General Meeting of Shareholders held on 30 June 2023:

1. To approve the Annual Report of INARCTICA PJSC for 2022.
2. To approve the annual accounting (financial) statements of INARCTICA PJSC for 2022.
- 3.1. Not to distribute the net profit received by the Company by the results of 2022. Not to pay dividends on the Company's ordinary shares based on the results of 2022.
- 3.2. To distribute the Company's profit for the first half of 2023 as follows:
 - To pay dividends of RUB 10.00 per ordinary share in cash to the shareholders of INARCTICA PJSC
 - To recommend that the record date (on which the persons eligible to receive dividends are determined) be 11 July 2023
 - To pay out dividends to shareholders in compliance with the timelines and procedures provided by the applicable Russian Federation laws
 - To leave the remainder of the Company's profits at the Company's disposal
4. To determine the number of Board members of the Company – eight persons
5. To elect the following persons to the Board of Directors of the Company:
 - Sayyora Ayupova
 - Vladimir Alexandrov
 - Anna Vasilenko
 - Dmitry Vasilkov
 - Roman Kascheyev
 - Andrey Marchenko
 - Vladislav Pogulyayev
 - Ekaterina Chernova

6. To approve the following amounts of annual basic remuneration to the Board members:
 - For independent Board members – RUB 3,000,000.00, and an additional RUB 1,000,000.00 for sitting on each Board committee they will serve on
 - for other members of the Board of Directors: RUB 2,500,000.00
7. To approve Business Solutions and Technologies JSC (OGRN: 1027700425444) as the Company's auditor to audit the Company's financial statements prepared under Russian Accounting Standards (RAS) for 2023 and to audit the Company's consolidated financial statements prepared under International Financial Reporting Standards (IFRS) for 2023.

The following decisions were taken at the extraordinary General Meeting of Shareholders held on 12 September 2023.

To distribute the Company's profit for the first quarter of 2023 as follows:

1. To pay dividends of RUB 16.00 per ordinary share in cash to the shareholders of INARCTICA PJSC
2. To recommend that the record date (on which the persons eligible to receive dividends are determined) be 22 September 2023
3. To pay out dividends to shareholders in compliance with the timelines and procedures provided by the applicable Russian Federation laws
- To leave the remainder of the Company's profits at the Company's disposal

14 issues

were addressed in 2023 by the General Meeting of Shareholders

4 meetings

of the General Meeting of Shareholders held by the Company in the reporting year

The following decisions were taken at the extraordinary General Meeting of Shareholders held on 29 November 2023.

To distribute the Company's profit for the first nine months of 2023 as follows:

1. To pay dividends of RUB 19.00 per ordinary share in cash to the shareholders of INARCTICA PJSC
2. To recommend that the record date (on which the persons eligible to receive dividends are determined) be 9 December 2023
3. To pay out dividends to shareholders in compliance with the timelines and procedures provided by the applicable Russian Federation laws
To leave the remainder of the Company's profits at the Company's disposal



The Company offered its shareholders the possibility to fill in an electronic ballot form for voting at the General Meeting of Shareholders in the Shareholder personal account on the website of the Company's registrar — IRC-R.O.S.T. JSC <https://lk.rrost.ru/>.



More information on the results of the votes and decisions taken at the general meetings of shareholders during the reporting year can be found on [the Company's website https://inarctica.com/](https://inarctica.com/).

Except for cumulative voting on the election of the Company's Board members, voting at the General Meeting of Shareholders follows the rule of 'one voting share — one vote'¹.

All decisions at the General Meeting of Shareholders are made by a majority vote of the holders of the Company's voting shares attending the meeting.

Clause 5.17 of the Company's Charter defines the matters to be decided by a qualified majority voting. These include:

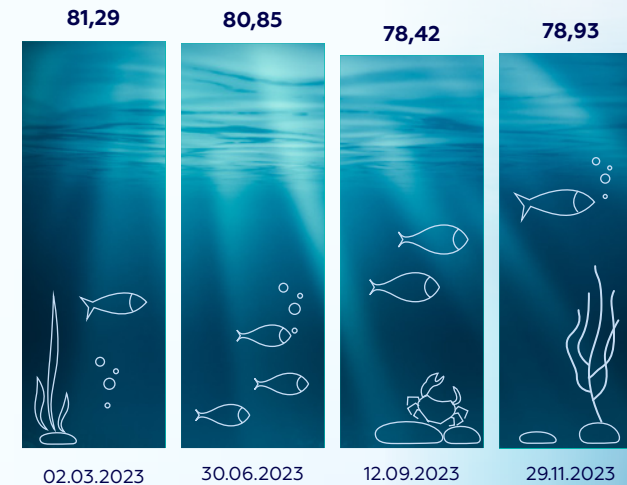
- Amending the Company's Charter or approving a new version of the Charter
- Acquiring outstanding shares by the Company in cases provided for by law
- Determining the number, par value, category (type) of authorised shares and the rights conferred by these shares
- Making decisions on the consent or subsequent approval of major transactions in cases provided for by law
- Deciding to apply for delisting of the Company's shares and/or equity-linked shares, bonds and options of the Company
- Restructuring the Company
- Winding up the Company, appointing a winding-up board and approving the interim and final liquidation balance sheets

The Company's independent registrar, Joint Stock Company Independent Registrar Company — R.O.S.T. (IRC-R.O.S.T. JSC), handles the duties of the tabulation commission at the General Meeting of Shareholders.

¹ The Company adheres to the principles set out in the Bank of Russia's Corporate Governance Code, recognises the best international corporate governance practices and does not allow voting of quasi-treasury shares at general meetings of shareholders.

Like in previous meetings, shareholders strongly supported the decisions made on each item on the agenda at the 2023 general meetings of shareholders. The range of votes cast in favour of the items put to a vote was 98.85 to 99.99%. There were no proposals of the Board of Directors regarding which the General Meeting of Shareholders voted against.

Quorum at general meetings of shareholders in 2023, %



Board of Directors

Within the bounds of its authority as outlined in the Company's Charter and the laws of the Russian Federation, the Board of Directors offers general strategic guidance to the Company on behalf of and in the interests of all of its shareholders.

Composition of the Board of Directors

Procedure for electing the Board members and removing them from office

In accordance with the Company's Charter, the composition of the Board of Directors is determined by the General Meeting of Shareholders of the Company to consist of at least seven members. Shareholders seek to nominate candidates and form the Board of Directors in such a way that at least half of its members are independent.

The Nomination and Remuneration Committee of the Board of Directors assesses the compliance of the Company's Board members with the independence criteria¹.

Members of the Board of Directors are elected at the Company's annual General Meeting of Shareholders for a term until the next annual General Meeting. The General Meeting of Shareholders is entitled

to terminate the powers of the Board of Directors early and elect a new Board of Directors. As of 31 December 2023, the Board of Directors had eight members.

Requirements for nominees to the Board of Directors

In accordance with the Regulations on the Board of Directors of the Company, any individual who meets the following requirements may be a Board member:

- Aged 30 and more
- Minimum three years of management experience
- No criminal record for economic crimes
- No prohibition on holding executive positions
- Membership in no more than five boards of directors of companies (other than INARCTICA PJSC)

Nomination to the Board of Directors is compliant with the legislation of the Russian Federation, the Charter and other internal documents of the Company.

The Company reviews and evaluates nominees to the Board of Directors regardless of their age, gender, race, nationality, ethnicity, marital status, religious belief, language, political position, sexual orientation, pregnancy, maternity, paternity or disability. The Company strives to guarantee that at least one-third of the Board of Directors is made up of women in order to promote gender diversity on the Board.



The procedure for the formation of the Board of Directors and convocation and holding of its meetings is determined by the Charter and **the Regulations on the Board of Directors of INARCTICA PJSC.**

¹ The criteria for qualifying the independence of members of the Board of Directors (Supervisory Board) are defined in Appendix No. 4 to the Listing Rules of the Moscow Exchange (approved by the Supervisory Board of the Moscow Exchange on 26 June 2023, Minutes No. 2).

8 persons

served on the Board of Directors as of 31 December 2023

More than 1/3

of the Board of Directors is represented by women



Onboarding of newly elected members of the Board of Directors

INARCTICA PJSC takes care to ensure that new members of the Board of Directors quickly adapt to and fully immerse in the Company's operations.

Each newly elected Board member undergoes an onboarding procedure, which includes familiarisation with the work of the Board of Directors and its committees, the Company and its management team, operational, financial and economic activities of the Company, business model, current situation, development prospects, and corporate governance practices in the Company.

For the newly elected members of the Board of Directors, the Company's management organises field trips to visit the fish processing plant's cage complexes and other fish-farming infrastructure to learn more about the Company's Atlantic salmon and sea trout farming operations.

Additionally, an electronic document management system has been set up so that the Board of Directors' members can review meeting materials and previous meeting minutes, participate in absentee voting on agenda items, ask questions, and leave dissenting opinions. This allows for better coordination and prompt communication between the Company's management and Board of Directors members.

Composition of the Board of Directors



Ekaterina Chernova

- Chair of the Board of Directors
- Chair of the Sustainable Development Committee
- Member of the Audit Committee¹



Sayyora Ayupova

- Independent member of the Board of Directors
- Chair of the Strategy Committee
- Member of the Nomination and Remuneration Committee



Vladimir Alexandrov

- Independent member of the Board of Directors
- Member of the Strategy Committee
- Member of the Audit Committee²



Anna Vasilenko

- Independent member of the Board of Directors
- Chair of the Nomination and Remuneration Committee
- Member of the Sustainable Development Committee



The biographies of the Board members can be found in [the Appendix "Top Management Biographies"](#) to the Annual Report



Dmitry Vasilkov

- Independent member of the Board of Directors
- Member of the Strategy Committee



Roman Kascheyev

- Independent member of the Board of Directors
- Member of the Audit Committee



Andrey Marchenko

- Independent member of the Board of Directors
- Member of the Sustainable Development Committee



Vladislav Pogulyayev

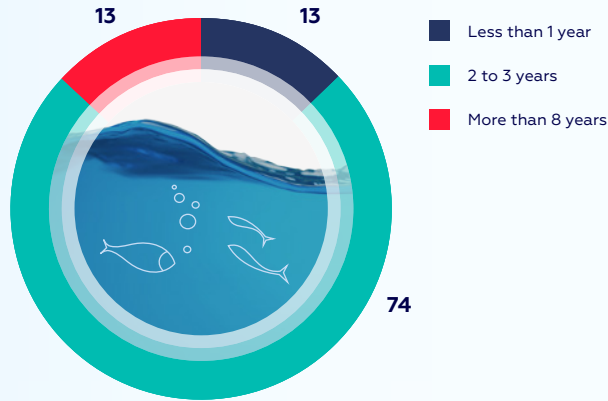
- Independent member of the Board of Directors
- Chair of the Audit Committee
- Member of the Nomination and Remuneration Committee

¹ Resigned from the Audit Committee on 29 December 2023

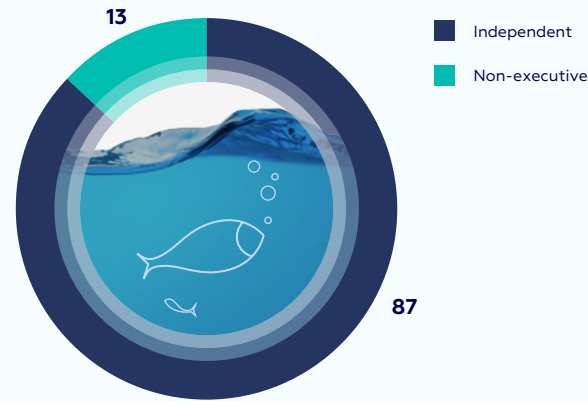
² Elected to the Audit Committee on 29 December 2023

Diversification of the Board of Directors

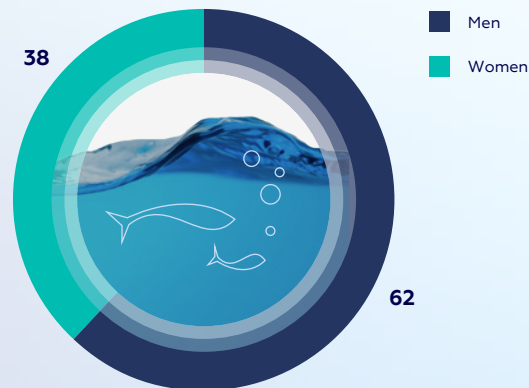
Length of service on the Board of Directors, %



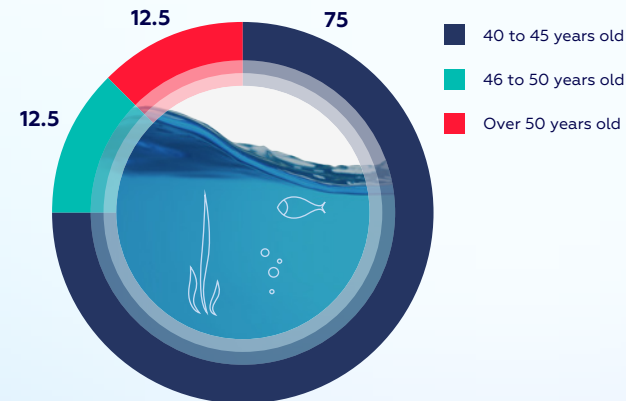
Status of Board members, %



Gender composition of the Board of Directors, %



Age, %



The Company endeavours to ensure succession of the Board of Directors. Its members have a skill set that encompasses all areas of importance to the company, including finance, construction, business strategy, sustainable development, investment banking, human capital and corporate governance, as a result of systematic rotation. The total length of service on the Board shall be three years. As such, the Board of Directors has sufficient knowledge of the Company's operating history and can effectively utilise the expertise and experience of the newly joined Directors.

Seven out of eight members of the Company's Board of Directors are independent. The Nomination and Remuneration Committee of the Board of Directors assessed the independence of the Board members. According to the assessment's findings, five Board members fully satisfy the independence criteria, and one Board member was recognised as independent at the meeting of the Company's Board of Directors.

7 out of 8
of the Company's Board members are independent directors

The Board members possess all the skills and knowledge required for the Company's successful strategic management.

Female representation on the Board of Directors is

37% (3 out of 8)

of the total number of Board members, which is significantly higher than the average for all boards worldwide and demonstrates the Company's commitment to gender equality and diversity in line with current global trends and the ideals of sustainable development



On **30 June 2023**

Ekaterina Chernova was re-elected as Chair of the Board of Directors of INARCTICA PJSC

Chair of the Board of Directors

The Chair of the Board of Directors of the Company oversees the effective coordination of the Board's activities and its communication with other governing and control bodies of the Company.

At the first meeting of the newly elected Board, the Board members elect the Chair from among themselves by a majority vote of the total number of Board members. Members of the Board of Directors may re-elect the Chair of the Board of Directors at any time.

The Chair position cannot be filled by a Board member who also serves as the Company's sole executive body.

The Corporate Governance Code recommends that the Chair of the Company's Board of Directors be an independent Board member.

On 30 June 2023, Ekaterina Chernova was elected as the Chair of the Board of Directors of INARCTICA PJSC (elected as the Chair of the Board of Directors since 2022). Although Ms. Chernova is not an independent member of the Company's Board of Directors, she has considerable experience of serving on the Board and contributes

to its efficient operation and the use of best practices in corporate governance. Ekaterina Chernova encourages open debate and the active participation of the Board members during meetings.

Senior Independent Director

The Company did not elect a senior independent director in 2023. The independent members of the Board were notified of the possibility of electing a senior independent director, but in view of the Chair's well-coordinated work with them, they decided to postpone the election of the senior independent director until the second half of 2024.

Conflict of Interest of Board Members

The Company's Regulations on the Board of Directors include guidelines on how Board members should behave in the case of a conflict of interest. A member of the Board of Directors must refrain from any actions that will or may lead to a conflict between his/her interests and those of the Company (including where the Company is an interested party).

The Board of Directors' responsibility is to inform the Company of the following as quickly as possible:

- Holding (direct and/or indirect) of the Company's securities by them and their spouses, parents, children, full-blooded and half-siblings, adoptive parents and adoptees, as well as the acquisition and/or disposal of the Company's securities on any grounds
- Shareholding of other legal entities by them or their spouses, parents, children, full-blooded and half-siblings, adoptive parents and adoptees if the percentage of such shareholding is at least 20%

Any member of the Board of Directors who has a conflict of interest during the consideration of a matter must abstain from both participating in the discussion of that matter at the meeting and from voting on it.

In the reporting period, members of the Board of Directors did not enter into any transactions with a related party or other conflict of interest.



Remuneration of Board Members

When electing the members of the Board of Directors, the General Meeting of Shareholders of the Company establishes the annual base remuneration for each Board member. The annual base remuneration includes remuneration for serving on both the Board of Directors and its committees.

The annual base remuneration of the Board members in 2023 was as follows:

- For independent Board members – RUB 3 million, and an additional RUB 1 million sitting on each Board committee they serve on
- For other Board members – RUB 2.5 million

A Board member elected as Chair of the Company's Board of Directors receives an additional remuneration of RUB 2.5 million per year for serving as the Board Chair.

The level of remuneration paid by the Company to members of the Board of Directors is sufficient to attract, motivate and retain individuals with the necessary expertise for the Company.



[The Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of the Company](#) (hence also referred to as the Regulations) govern the process for such payment.

Remuneration Conditions

An annual base remuneration is paid to a member of the Board of Directors if he/she participated in more than 50% of the meetings of the Board of Directors (in presentia and absentia) held during the next successive pay period. A Board member has the right to opt out of payment for sitting on the Board of Directors.

Compensation and Benefits for Board Members

The Regulations set out the cases when members of the Board of Directors can be reimbursed for their expenses incurred in the exercise of their functions. Board members can be reimbursed for the following expenses:

- Expenses incurred in travelling to and from the venue of the meeting
- Living expenses
- Expenses not related to attendance at meetings but related to the business of the Company
- Expenses associated with obtaining professional advice on matters considered at meetings of the Board of Directors

The Regulations provide for monthly remuneration for members of the Board of Directors of the Company

The monthly remuneration of a Board member is calculated by the formula:

$$MR = ABR / 12,$$

where **MR** is the monthly remuneration of a Board member

ABR is the annual base remuneration of a Board member

According to the Regulations, Board members are not eligible for any bonuses.

Amounts of payments to the Board members in 2023

Full name	Remuneration paid for serving on the Board of Directors, RUB '000	Additional payment for chairmanship of the Board of Directors	Additional payments for participation in the work	Reimbursement of expenses, RUB
Sayyora Ayupova	3,000.00	–	2,000.00	0
Vladimir Alexandrov	1,511.10	–	500.00	0
Anna Vasilenko	3,000.00	–	2,000.00	0
Dmitry Vasilkov	3,000.00	–	1,000.00	0
Roman Kascheyev	3,000.00	–	1,000.00	0
Andrey Marchenko	3,000.00	–	1,000.00	0
Vladislav Pogulyayev	3,000.00	–	2,000.00	0
Ilya Sosnov	819.67	–	–	0
Ekaterina Chernova	2,500.00	2,500.00	–	0

D&O Insurance of the Board Members

Managing the Company is a complex process involving the possibility that decisions taken by the Company's governing bodies in the reasonable and good-faith performance of their duties will turn out to be wrong and have negative consequences for the Company.

Directors' and officers' liability insurance (D&O insurance) makes it possible not only to compensate the Company or third parties for losses incurred, but also to attract competent specialists to the Company's Board of Directors, who will have adequate discretion and independence in their decision-making.

The liability of the Board members and officers is insured by the Company at its own expense. The total aggregate limit of coverage is RUB 1 billion. The insurance agreement is valid from 26 April 2023 to 25 April 2024.



Business Report of the Board of Directors

Work Planning for the Board of Directors and Board committees

Meetings of the Board of Directors and each of Board Committees are held as needed, but at least once every four months, in accordance with the pre-approved Work Plan for the Board of Directors and Board Committees (hence also referred to as the Board Work Plan).

At its in-person meetings, the Board of Directors generally reviews the Group's consolidated financial results, the execution of the Group's business plan and strategy, management reports on the execution of Board instructions and the approval of major investment projects.

Voting in absentia is allowed on issues that can be decided without joint attendance of the Board of Directors at the meeting.

Meetings of the Board of Directors

The Board of Directors held 31 meetings in 2023, four of which involved in-person attendance by Board members and the remaining 28 — absentee balloting.

Attendees of the in-person meetings heard reports of the Chair of the Company's Board of Directors' Committees, approved the business plan for 2024 and the adjustment of the Company's strategy for 2024–2030, reviewed the management results of the Company's management and consolidated financial results of the INARCTICA Group, the Company's R&D

plans, heard progress reports on investment projects, on the fulfilment of the Board of Directors' assignments and on the assessment of the performance of the Board of Directors, Board members and Board Committees.

As in previous years, the convening of general meetings of shareholders (29 items) and the approval of transactions (12 items) were the two most frequent topics discussed.

Material Issues Considered by the Board of Directors of the Company

In the reporting year, the Board of Directors reviewed and made decisions or gave recommendations and instructions to the Company's management on such significant issues related to the Company's business continuity as adjusting the Company's long-term strategy, approving the business plan for 2024, reviewing the Company's management results, and approving investment projects.

The Board evaluated progress reports detailing management's completion of Board assignments at each meeting, and the chairpersons of Board committees presented updates on the activities of their respective committees.

Particularly significant issues were thought out in advance by the Board's dedicated committees for further clarification. Following the consideration of such issues, the committees made recommendations to the Board of Directors on how to vote at meetings.

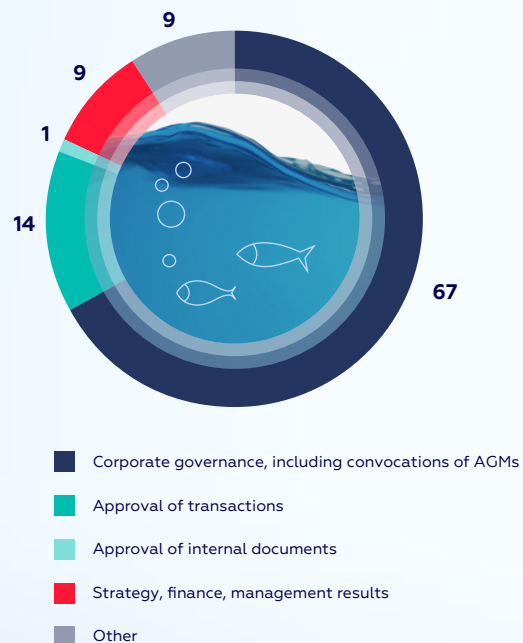
31 meetings

were held
in 2023

88 issues

was in total
reviewed
by the Board
of Directors
in 2023

Structure of issues reviewed by the Board of Directors in 2023, %



Board members' attendance at meetings of the Board of Directors and Board committees in 2023

Full name of Board member	Attendance at Board meetings			Attendance at Board Committee meetings			
	Total	Meetings in presentia	Meetings in absentia	Audit Committee	Strategy Committee	Nomination and Remuneration Committee	Sustainable Development Committee
From 01.01.2023 to 02.03.2023							
Sayyora Ayupova	3/3	–	3/3	–	–	2/2	–
Anna Vasilenko	2/3	–	2/3	–	–	2/2	–
Dmitry Vasilkov	3/3	–	3/3	–	–	–	–
Arne Geirulv	–	–	–	–	–	–	–
Roman Kascheyev	3/3	–	3/3	–	–	–	–
Andrey Marchenko	2/3	–	2/3	–	–	–	–
Vladislav Pogulyayev	3/3	–	3/3	–	–	2/2	–
Ekaterina Chernova	3/3	–	3/3	–	–	–	–
From 02.03.2023 to 30.06.2023							
Sayyora Ayupova	10/10	1/1	9/9	–	–	2/2	–
Anna Vasilenko	8/10	1/1	7/9	–	–	2/2	–
Dmitry Vasilkov	10/10	1/1	9/9	–	–	–	–
Roman Kascheyev	10/10	1/1	9/9	2/2	–	–	–
Andrey Marchenko	9/10	1/1	8/9	–	–	–	–
Vladislav Pogulyayev	10/10	1/1	9/9	2/2	–	1/2	–
Ilya Sosnov	7/10	1/1	6/9	–	–	–	–
Ekaterina Chernova	8/10	1/1	7/9	2/2	–	–	–
From 30.06.2023 to 20.12.2023							
Vladimir Alexandrov	18/18	2/2	16/16	–	2/2	–	–
Sayyora Ayupova	18/18	2/2	16/16	–	2/2	4/4	–
Anna Vasilenko	18/18	2/2	16/16	–	–	4/4	0/1
Dmitry Vasilkov	17/18	2/2	15/16	–	2/2	–	–
Roman Kascheyev	16/18	2/2	14/16	3/3	–	–	–
Andrey Marchenko	11/18	2/2	9/16	–	–	–	1/1
Vladislav Pogulyayev	17/18	2/2	15/16	3/3	–	4/4	–
Ekaterina Chernova	17/18	2/2	15/16	3/3	–	–	1/1

Board Performance Assessment Report

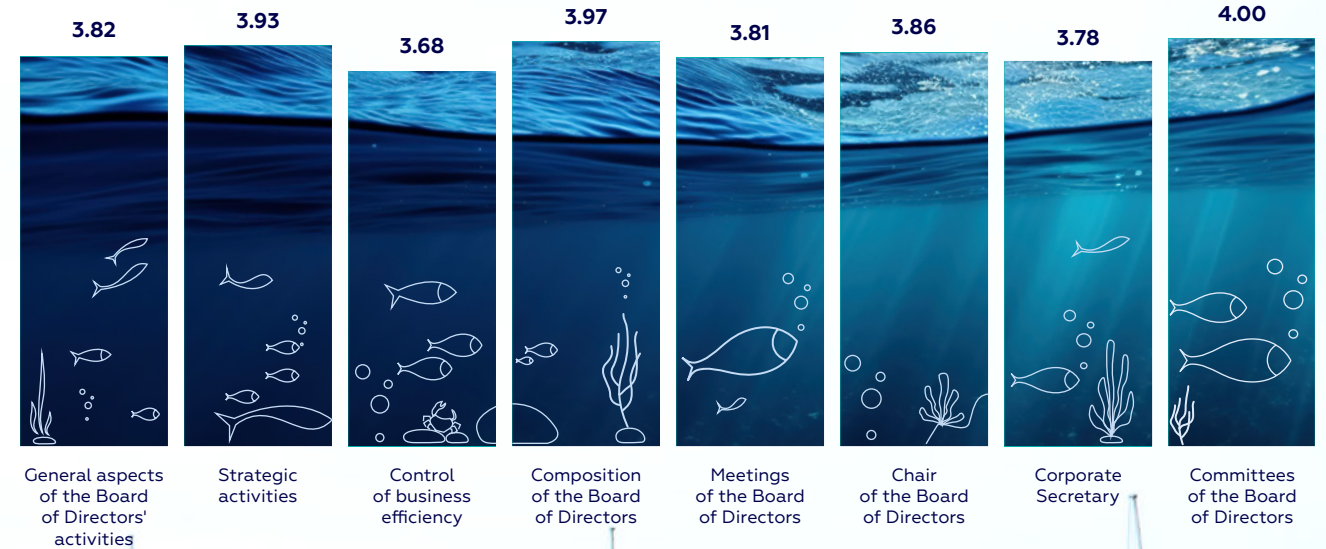
The Board of Directors makes sure that the effectiveness of the work done by the Board of Directors, its committees and its members is assessed through a formalised procedure in accordance with the requirements of the Corporate Governance Code.

In 2023, it was proposed to engage Independent Registrar Company R.O.S.T. Joint Stock Company to assess the performance of the Board of Directors. This is an independent consultant who has been working with the Company for a long time, is familiar with its operations and is qualified to conduct independent assessments of the board's performance. The assessment involved a questionnaire survey which measured the performance of the Company's Board of Directors, its committees and members. The findings were reviewed at an in-person meeting on 15 December 2023.



The Board of Directors of the Company conducts an annual assessment of its performance in line with the approved [**Performance Assessment Methodology for the Board of Directors, Board Committees and Board Members.**](#)

Results of the self-assessment (average score by sections on a four-point scale)



Consultant's comments

“ The written survey of Board members unanimously found that the Board's performance in 2023 was at a high level. The average score of the Board members' responses was 3.86 out of a possible 4.00.

Among the Board members' greatest strengths were the balanced composition of the current Board of Directors, the work of the committees, and the Board's role in achieving strategic leadership.

However, the respondents noted some room for improvement, primarily in the area of business performance control and the activities of the corporate secretary.

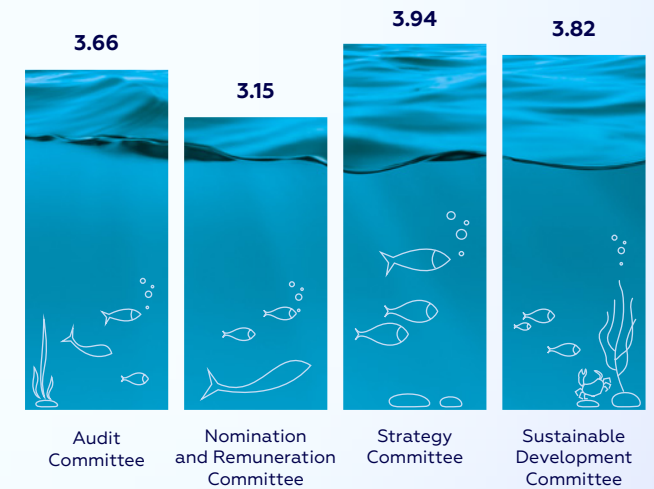
In the consultant's opinion, the activities of the Board of Directors in 2023 look effective in terms of compliance with legal regulations and the Corporate Governance Code recommended by the Bank of Russia, but its role as a collegial management body in a public joint stock company could be more convincing and prominent. ”

“ Committee members were more reserved in their assessment of their performance, with an average response score of 3.66 out of a possible 4.00. Respondents highlighted potential for improvement in the work of each of the current committees.

The most important recommendations from the consultant's suggested list include:

- To strengthen the role of the Board of Directors in the strategic process, including sustainable development
- To delve deeper into issues discussed during in-person meetings
- To ensure the independence of the Corporate Secretary function at the system level
- To update the Company's internal documents in a timely manner ”

Main results of the written survey of the Committee members of the Board of Directors (average score for each Committee)



3.66 out of 4.00 possible

Average score of Committee members on their performance

3.86 out of 4.00 possible

Average score of Board members on their performance

Committees under the Board of Directors

To improve the effectiveness of interaction with the Company's officials, to prepare in advance and discuss issues considered by the Board of Directors more promptly and in more details, as well as to monitor the implementation of decisions made, the Board of Directors establishes standing committees. The Committees are advisory bodies of the Board of Directors; their decisions are of a recommendatory nature.

In 2023, there were four committees formed under the Company's Board of Directors:



**Audit
Committee**



**Strategy
Committee**



**Nomination
and Remuneration
Committee**



**Sustainable
Development
Committee**

The Board of Directors strives to compose its committees in line with the recommendations of the Corporate Governance Code of the Bank of Russia and the requirements of the Moscow Exchange Listing Rules. According to these documents, the Audit Committee and the Nomination and Remuneration Committee of the Company's Board of Directors should consist of independent Board members, and if this is not possible for objective reasons, the majority of their members should be independent.

Until 29 December 2023, the Audit Committee consisted of two independent directors, V. Pogulyaev and R. Kascheyev, as well as the Chair of the Board of Directors, E. Chernova. On 29 December 2023, The Company's Board of Directors re-elected the Audit Committee, including V. Alexandrov, R. Kascheyev and V. Pogulyaev.

As of the date of this Annual Report, the composition of the Audit Committee fully complies with the requirements of the Moscow Exchange Listing Rules. The Nomination and Remuneration Committee of the Company's Board of Directors is made up entirely of independent Board members. The Committee is chaired by A. Vasilenko who possesses all the necessary HR management skills as well as a wealth of experience working for businesses across a variety of industries.



Audit Committee of the Board of Directors



**Vladislav
Pogulyayev**

Report of the Chair of the Audit Committee on the work performed by the Committee in 2023

“ In 2023, the Audit Committee of the Board of Directors held five meetings, three of them in person. All meetings were attended by all members of the Audit Committee, as well as other Board members.

The main areas of focus for the Audit Committee in 2023 were:

- 1) Risk management measures
- 2) Review of business plan for 2024
- 3) Control over the reliability of the consolidated financial statements

In 2022, the Audit Committee made significant efforts to review the completeness of the risk map and the quality of the risk management processes. Therefore, the Audit Committee did not hold separate meetings to discuss the risk management process in 2023. However, the issues related to risk management and the completeness of the risk map were covered at almost all meetings of the Audit Committee. The Audit Committee is planning a separate meeting in early 2024 to update the risk map and risk management processes.

In reviewing the draft 2024 Business Plan, the Audit Committee was satisfied that the planning process was of a high quality, both in terms of the correctness and traceability of all the figures in the business plan, and (perhaps more importantly) that the preparation took account of all available relevant information on all areas of Board focus: strategy, new divisions, procurement and logistics management, sustainable development plans, risk management programmes, etc.

The Audit Committee observes that all management representatives and line managers of the Company are heavily and genuinely invested in the planning and review process, which gives the Board assurance that the Company's 2024 business plan is pertinent, comprehensive, and represents a high-quality outlook.

Nevertheless, the Audit Committee is concerned about the increased complexity of planning processes, both because of the greater uncertainty in many key business processes and because of the amplification of the Company's business and the creation of new

divisions. In this regard, the Audit Committee discussed with management the need to increase the staffing of the Company's finance unit.

As part of its inherent activities, the Audit Committee held three meetings to monitor the reliability of the Company's annual and interim consolidated financial statements.

The Audit Committee also recommended the auditors' nominees to the Board of Directors and subsequently met with them. The Audit Committee believes that the Company's consolidated financial statements are accurate because every conversation with the auditors went as expected and all significant issues of the audit were covered. ”



The role of the Audit Committee is to evaluate the efficiency of the Company's risk management and internal control system, as well as internal and external audits of the Company, and to provide recommendations to the Board of Directors when making decisions on these issues. The Audit Committee also reviews the Company's financial performance, analyses the Company's financial statements (including interim financial statements), and makes recommendations to ensure that the Company strictly complies with applicable Russian law.

The Audit Committee of the Board of Directors is chaired by an independent member of the Board of Directors, which is in line with the recommendations of the Corporate Governance Code of the Bank of Russia.

The following three people make up the incumbent Audit Committee of the Board of Directors, which was elected on 29 December 2023 (Board meeting minutes No. 423 dated 29 December 2023):

- Vladislav Pogulyayev – Chair of the Audit Committee
- Vladimir Alexandrov
- Roman Kascheyev

Five Audit Committee meetings were held in 2023, three of which were held in person, including via videoconference, and two of which were held by absentee ballot. The meetings reviewed candidates for external and internal auditor, the Company's business plan and heard the auditors' reports.

Recommendations of the Audit Committee to the Company's Board of Directors in 2023:

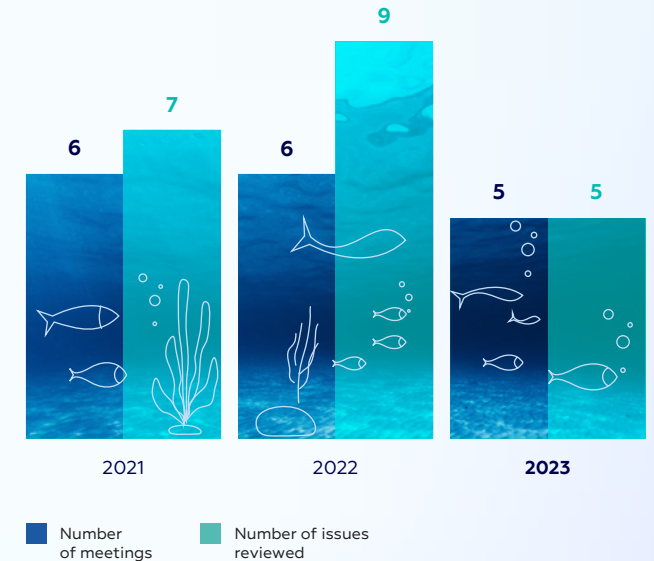
To recommend the Annual General Meeting of Shareholders to approve Business Solutions and Technologies JSC (OGRN: 1027700425444) as the Company's auditor to audit the Company's RAS financial statements for 2023, with a fee of RUB 840,000 (Eight hundred forty thousand)

To recommend the Annual General Meeting of Shareholders to approve Business Solutions and Technologies JSC (OGRN: 1027700425444) as the Company's auditor to audit the Company's IFRS consolidated financial statements for 2023, with a fee of RUB 13,920,000 (Thirteen million nine hundred twenty thousand)

To appoint Igor Sivachenko as Head of the Internal Auditor Service of the Company

To approve the Company's business plan for 2024

Number of Committee meetings and issues reviewed over the last three years



5 meetings

of the Audit Committee held in 2023

Strategy Committee of the Board of Directors



**Sayyora
Ayupova**

Report of the Chair of the Strategy Committee on the Work Performed by the Committee in 2023

“ The Strategy Committee of the Board of Directors of INARCTICA PJSC met twice in the reporting year. The Committee reviewed the delivery on investment projects, the Company's long-term development strategy until 2030, the strengthening of marketing competences to promote the corporate brand in the HoReCa channel, as well secondary public offering of the Company's shares.

In the first quarter of 2024, INARCTICA PJSC completed the construction of a fry plant in Kondopoga and completed the design and evaluation stage for the construction of a feed mill in Veliky Novgorod. In 2023, the Company's management gained significant experience and perfected their expertise in construction, and began cooperating with Alekseev-Akvatek to work out technological issues. Thus, in 2024, the Company stands ready to design a fry plant in Retinskoye and to explore the possibility of building post-smolt plants in the future.

In December 2023, the Company approved an updated strategic development plan for 2024–2030 focused on adapting and growing the business in the new environment. The three key objectives of the new strategy are import substitution and technological sovereignty, adaptation to changing conditions, and vertical integration of the Company.

Despite the challenges brought about by changes across the Company's value chain, INARCTICA PJSC will continue to focus on aquaculture salmon farming in northern conditions. In 2023, the Company managed a successful stocking, delivery of the first shipment of salmon roe from Chile and its planting at the Aquaculture Breeding Centre. The Company will continue to evaluate the efficiency of new solutions and approaches and monitor estimated losses in the changed value chain during the adaptation period, especially in 2024–2026, to control the cost of manufactured products. The Company's strategic objective is to scale up R&D competences across the entire salmon farming chain and to devise a detailed development roadmap. Currently, the Company is the only supplier of ultra-fresh salmon on the Russian market.

Commercially, the Company will concentrate in 2024 on forming long-term partnerships with retailers, marketplaces, and building a transparent distribution chain in the HoReCa channel — a strategic growth point for the INARCTICA business and brand. The Company will expand investment in PR promotion of the INARCTICA corporate brand with a focus on popularising salmon consumption in Russia.

In 2024, the Strategy Committee will continue to track the progress on investment projects, expand the Company's R&D and PR competences, and explore new commercial approaches to doing business. Additionally, the Committee members will devote attention to building a marketing and innovation strategy for the development of the subsidiary of INARCTICA PJSC — Archangelsk Algae Combine LLC acquired at the end of 2022. ”



The purpose of the Strategy Committee of the Board of Directors is to ensure that the Company's Board of Directors effectively addresses issues pertaining to identifying the priority areas, strategic goals, and fundamental principles of the Company's strategic development, monitoring the advancement of adopted programmes, and making recommendations to the Board of Directors on these areas.

The following three people make up the incumbent Strategy Committee of the Board of Directors, which was elected on 18 July 2023 (Board meeting minutes No. 407 dated 19 July 2023):

- Sayyora Ayupova – Chair of the Strategy Committee
- Vladimir Alexandrov
- Dmitry Vasilkov

The Strategy Committee met two times in 2023 in face-to-face format, including by videoconference. The meetings were attended by all Committee members. The meetings reviewed the progress on investment projects, the Company's long-term strategy until 2030, and the required costs and skills for marketing in 2024.

Recommendations of the Strategy Committee to the Company's Board of Directors:

To approve the Project-1 budget of RUB 3.545 billion

To approve the contractual strategy for the Project-1, including the conclusion of relevant addenda to the general contractor agreement

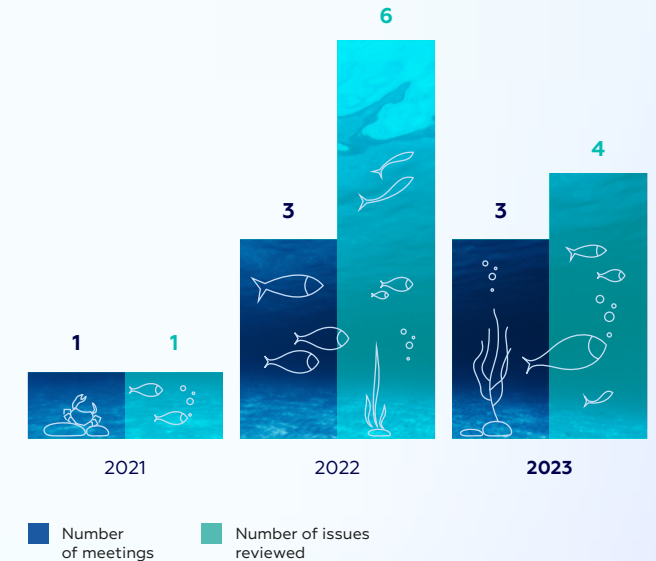
To approve the feed mill construction project schedule (hereinafter referred to as "Project-2") with commissioning in the first quarter of 2025

To approve the contractual strategy for Project-2

To approve the Company's strategy until 2030



Number of meetings and items reviewed by the Strategy Committee in the last three years



3 meetings

of the Strategy Committee held in 2023

Nomination and Remuneration Committee of the Board of Directors



**Anna
Vasilenko**

Report of the Chair of the Nomination and Remuneration Committee on the Work Performed by the Committee in 2023

“ The primary responsibility of the Nomination and Remuneration Committee under the Company's Board of Directors is to offer suggestions regarding hiring, training, and extending invitations to the most deserving individuals to join the Board of Directors. In 2023, the Committee devoted particular attention to the training of key executives, long-term motivation of INARCTICA employees, and the KPI system.

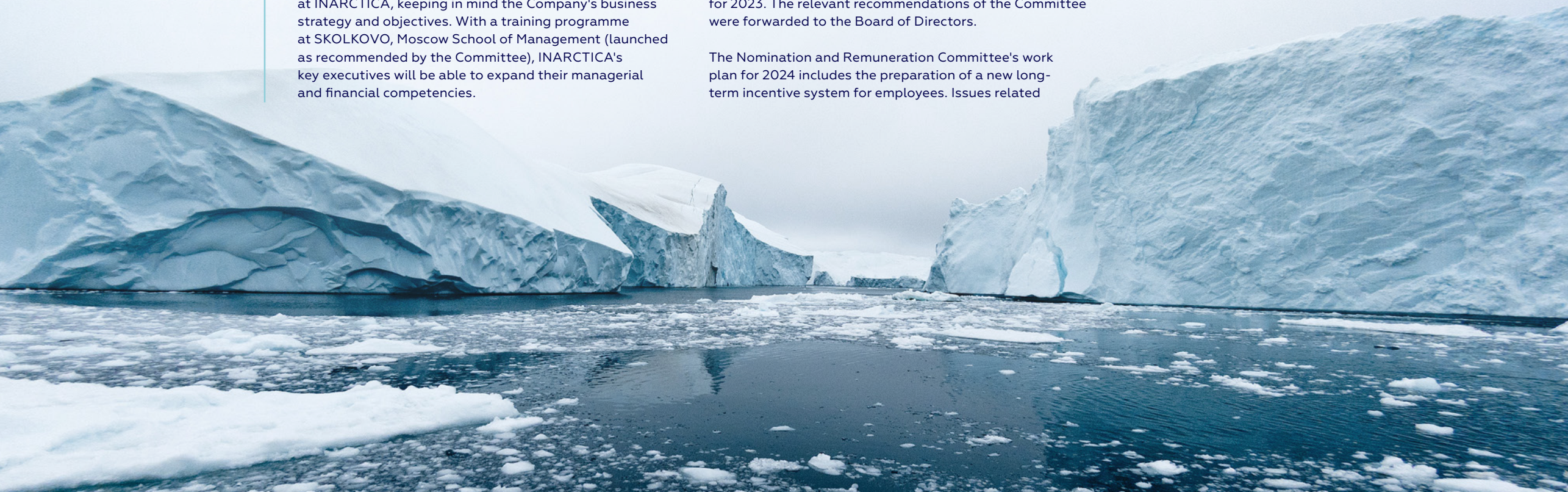
We take an active approach to succession planning at INARCTICA, keeping in mind the Company's business strategy and objectives. With a training programme at SKOLKOVO, Moscow School of Management (launched as recommended by the Committee), INARCTICA's key executives will be able to expand their managerial and financial competencies.

As part of our ongoing efforts to enhance the top management KPI framework, we are accounting for the intricacies of the external environment as well as notable shifts in suppliers and contractors.

During the meetings, the Committee members evaluated the Board of Directors' independence, authorised the Company's long-term employee incentive programme, and examined the succession planning of key personnel as well as management key performance indicators for 2023. The relevant recommendations of the Committee were forwarded to the Board of Directors.

The Nomination and Remuneration Committee's work plan for 2024 includes the preparation of a new long-term incentive system for employees. Issues related

to human resources that impact the Company's potential for sustainable development are slated to receive special consideration.”



The Nomination and Remuneration Committee's main goal is to ensure that the Company's Board of Directors works efficiently to resolve matters pertaining to corporate personnel policy, standards, and principles for selecting candidates for the Company's governing bodies, as well as subsidiaries and affiliates.

The following three people make up the incumbent Nomination and Remuneration Committee of the Board of Directors, which was elected on 18 July 2023 (Board meeting minutes No. 407 dated 19 July 2023):

- Anna Vasilenko – Chair of the Nomination and Remuneration Committee
- Sayyora Ayupova
- Vladislav Pogulyayev

In 2023, the Nomination and Remuneration Committee held eight meetings, of which two were held in person and six – by absentee balloting. During their meetings, the Committee members assessed the independence of the Board members, approved key performance indicators (“KPIs”) for top management, the fourth stage of the share option plan and the payment of the annual bonus based on the Company's performance in 2022, discussed the motivation of the Company's employees. At their last meeting, which was held in absentia on 20 December 2023, they also made recommendations regarding personnel appointments within the Company. The relevant recommendations of the Nomination and Remuneration Committee were forwarded to the Board of Directors.

Recommendations of the Nomination and Remuneration Committee to the Board of Directors of the Company:

To approve the goal maps of the Company's top management for 2023

To confirm that the members of the Board of Directors of INARCTICA PJSC – S. Ayupova, A. Vasilenko, D. Vasilkov, R. Kascheyev, A. Marchenko – comply with the independence criteria set out in the Listing Rules of the Moscow Exchange and the Corporate Governance Code of the Bank of Russia

To recognise V. Pogulyayev as an independent member of the Board of Directors of INARCTICA PJSC despite the existence of the affiliation therewith – subpara. 6 and 7, para. 4, Annex No. 4 to the Listing Rules of the Moscow Exchange

to recognise the Board member, A. Vasilenko, as meeting the independence criteria, despite the affiliation with INARCTIKA PJSC – sub-para. 6, item 4 of Appendix No. 4 to the Moscow Exchange Listing Rules

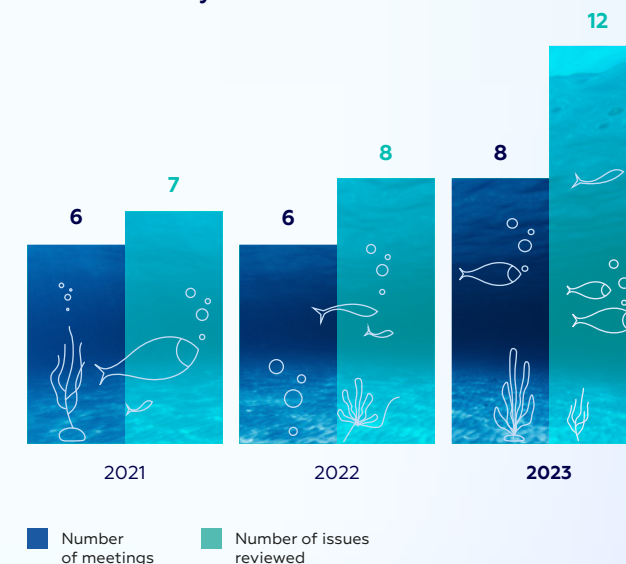
To approve the forth phase of the stock option scheme

To appoint M. Markov to the position of Deputy CEO for Economics and Finance (CFO)

To appoint A. Baranov, Deputy CEO for Economics and Finance, to the position of Deputy CEO

To appoint V. Vasyutkina to the position of the Corporate Secretary of INARCTICA PJSC

Number of meetings and items reviewed by the Nomination and Remuneration Committee in the last three years



8 meetings

of the Nomination and Remuneration Committee held in 2023

The Sustainable Development Committee exists to make sure that the Board of Directors properly addresses matters pertaining to the Company's sustainable development. The Company's sustainable development encompasses a broad spectrum of initiatives, including environmental protection, natural resources used by the Company, waste management, social issues, employee working conditions, gender diversity and other types of diversity among the Company employees, workplace safety, and corporate governance issues.

1 meeting

Sustainable Development Committee by absentee ballot was held in 2023

Work plan of the Board of Directors for the first half of 2024

The following matters should be taken into consideration and decided by the Board of Directors, in accordance with its action plan for the first half of 2024:

- To examine proposals for the agenda of the annual General Meeting of Shareholders of the Company for 2023 and discuss nominations to the Board of Directors of the Company
- To review of the Company's IFRS financial statements for 2023
- To examine the year-end 2023 report on the senior management's performance and drive
- To assess whether the Company's management completed the tasks assigned to it by the Board and how well they did it
- To give preliminary approval to the Company's Annual Report for 2023
- To give preliminary approval of the annual accounts/financial statements for the Company's performance in 2023
- To convene the annual general meeting of the Company's shareholders
- To make recommendations to the annual General Meeting of Shareholders on the distribution of profits (including the payment (declaration) of dividends) and losses of the Company for 2023
- To approve the Company's ESG Report 2023

The work plan of the Board of Directors for the first half of 2024 envisages four meetings of the Company's Board of Directors, one of which is planned to be held in person, two meetings of the Strategy Committee, two meetings of the Nomination and Remuneration Committee, two meetings of the Sustainable Development Committee and three meetings of the Audit Committee.



Chief Executive Officer



**Ilya
Sosnov**

The Chief Executive Officer (CEO) is a sole executive body of the Company. The Chief Executive Officer's key responsibilities include overseeing the Company's daily operations and successfully implementing its development goals and strategy.

Ilya Sosnov has been the CEO of INARCTICA PJSC since 2015.

Ilya Sosnov was an interested party to certain transactions during the reporting period, the list of which is attached as Appendix No. 3 to this Annual Report. Mr. Sosnov's interest was taken into account when such transactions were approved by the Company's governing bodies.

There is no other information on the existence of any conflicts of interest (even with regard to membership in the governing bodies of rival companies).

Corporate Secretary



**Valeria
Vasyutkina**

The Company Secretary is in charge of ensuring effective communication with and among the Board of Directors, management and shareholders of the Company.

In order to safeguard the rights and interests of the Company's shareholders, the primary responsibility of the Corporate Secretary is to make sure the Company conforms with Russian law, the Charter, and other internal corporate governance instruments.


The Corporate Secretary reports functionally to the Board of Directors and administratively to the General Director of the Company.

Grigory Mironenko was Corporate Secretary of the Company from 2017 to December 2023.

On 25 December 2023, **Valeria Vasyutkina was appointed Corporate Secretary of the Company.**



The Company's Corporate Secretary is guided in his/her duties by the applicable laws of the Russian Federation, the Company's Charter and internal documents, decisions of general meetings of shareholders and the Board of Directors of the Company, and [the Regulations on the Corporate Secretary](#).

 The biography of the CEO can be found in [the Appendix "Top Management Biographies"](#) to the Annual Report

 The biography of the Corporate Secretary can be found in [the Appendix "Top Management Biographies"](#) to the Annual Report

Committees under the CEO

There are four committees under the Company's Chief Executive Officer:



**Steering
Committee**



**Fish-Farming
Committee**



**Investment
Committee**



**Personnel
Committee**

These committees are collegial and advisory bodies that assist the CEO in decision-making process. The committees are made up of important senior management from the Company who possess the skills needed to run each committee efficiently.

The Steering Committee has the following main functions:

- To regularly inform the Company's CEO about the main operational processes across the Group, implementation of the development strategy and business plan, priority programmes, transactions and decisions that may have a material impact on the Group's business
- To analyse and sum up the performance results of individual divisions of INARCTICA PJSC and Group companies, and to develop recommendations on how to improve the performance of the Company and individual Group companies
- To offer operational management and monitor the functioning of the corporate risk management system
- To make recommendations to the Board of Directors and the Chief Executive Officer of the Company on matters within their remit

The Fish-Farming Committee has the following main functions:

- To plan activities related to commercial fish-farming activities (Atlantic salmon, rainbow trout) in offshore cage complexes, requiring the cooperation across the Company's services and departments
- To make key decisions regarding the planning of fish farming activities

The Personnel Committee has the following main functions:

- To approve the organisational structure of the Group's companies
- To decide on the revision of staffing levels, salaries, incentives, bonuses and compensation
- To approve personnel appointments to senior or key positions
- To examine administrative issues, personnel management decisions

The Investment Committee has the following main functions:

- To make decisions related to the feasibility of investment projects as well as review of their cost-effectiveness
- To review reports of investment project managers
- To supervise the implementation of investment projects

Approaches to CEO and management remuneration

The conditions of the Chief Executive Officer's employment contract, as endorsed by the Board of Directors, govern his/her compensation.

Remuneration consists of a fixed and a variable part, the latter depending on the achievement of the CEO's KPIs. KPIs are a collection of financial and non-financial metrics that are used to measure how well a company is performing in respect to its strategic objectives.

The CEO's KPIs are approved annually by the Board of Directors on the recommendation of the Nomination and Remuneration Committee of the Board of Directors. Like in 2022, the main focus of the CEO and top management in 2023 was on the Company's development, continuing to build a vertically integrated holding company, maintaining business stability and achieving the planned net profit targets.

Every year, KPI indicators are established for the Company's management and all Group employees. These indicators are used to determine yearly incentives or bonuses.



INARCTICA

Control and Audit

Risk Management and Internal Control System

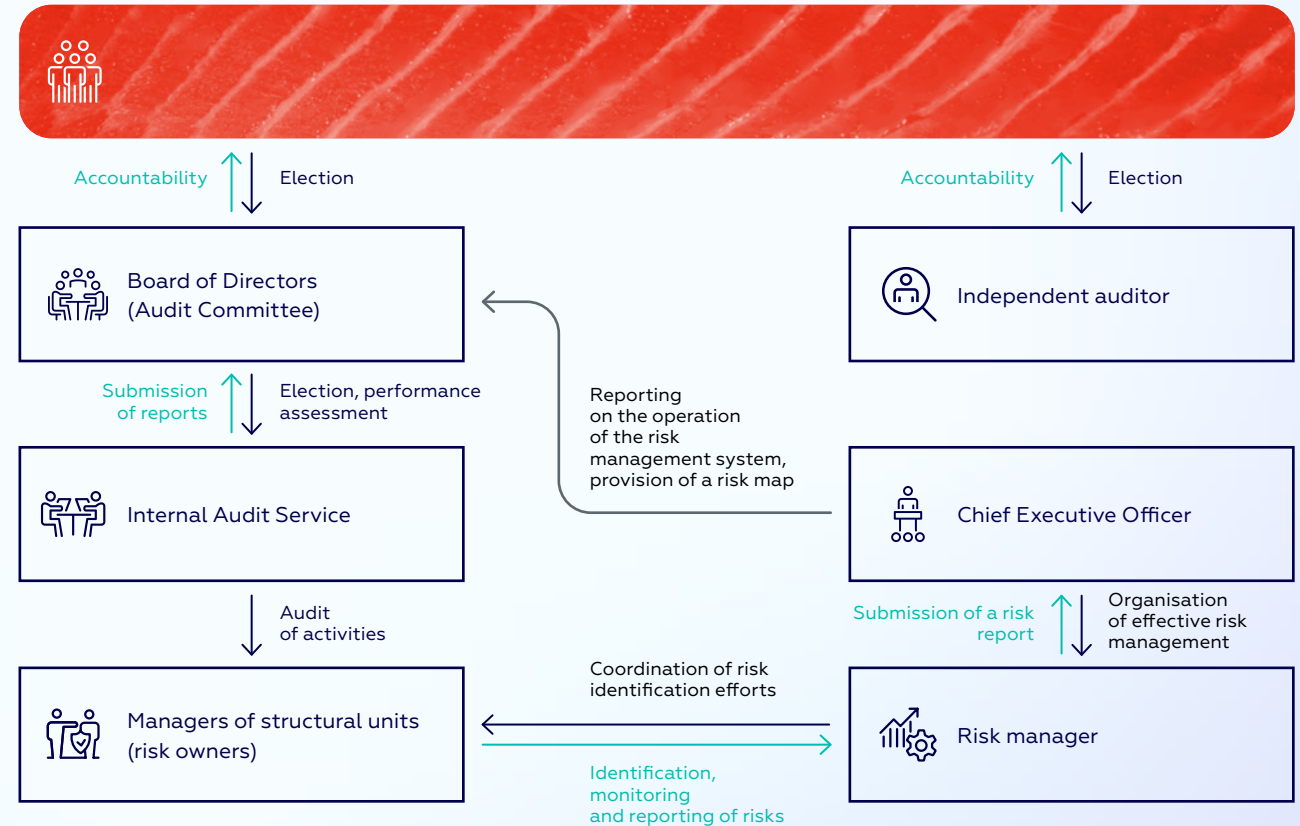
The risk management and internal control system in the Company is a set of internal activities to identify, assess risks, develop and implement risk management measures, as well as monitor and control their level.

The risk management and internal control system in the Company is governed by the following documents:

- Risk Management Policy (approved on 4 May 2022)
- Regulations on internal control (approved on 14 August 2013)
- Foreign Exchange Risk Hedging Policy (adopted on 3 November 2015)

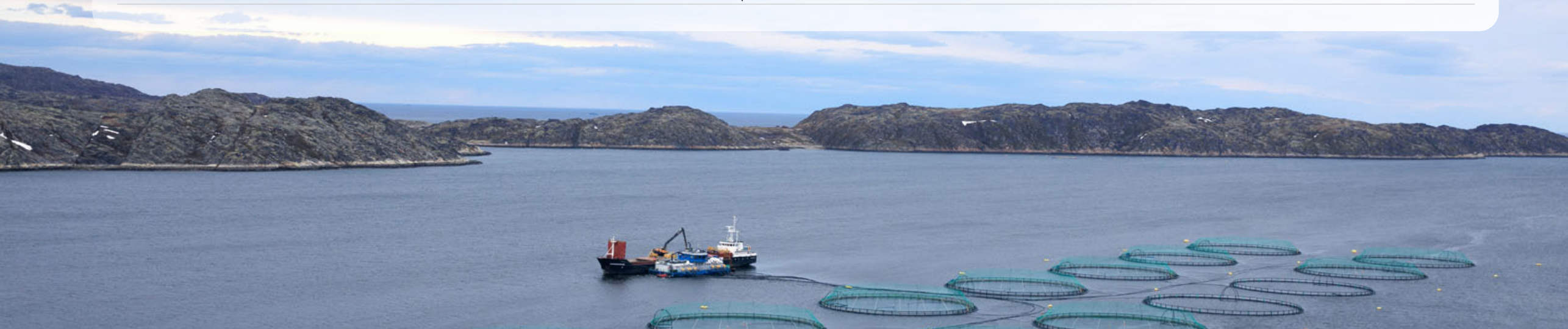
In 2024, management intends to update and review internal policies regulating the risk management and internal control bodies.

Internal Control and Audit Service



Participants in the risk management and internal control system and their role

Participant	Functions
Board of Directors	<ul style="list-style-type: none"> Oversees risk management, including making decisions and suggestions based on an assessment of the risk manager's risk reporting
Audit Committee of the Board of Directors	<ul style="list-style-type: none"> Studies the risk list of the Company's risk map structure, as well as the application of its internal control and risk management policies Monitors the reliability and effectiveness of risk management, internal control and corporate governance, including the performance assessment of the Company's risk management, internal control, and corporate governance practices, and the development of proposals for their improvement
Chief Executive Officer	<ul style="list-style-type: none"> Holds responsibility for organising a strong risk management framework to identify, assess and manage the Company's risks Approves the Company's risk map and register Approves a list of measures to manage existing risks Approves the list of risk owners
Heads of structural units	<ul style="list-style-type: none"> Ensure that workers in their structural units follow the rules of the risk management policy Provide information on the risks in the area of their expertise to the risk manager to update the risk map and register Ensure that risk management measures are put in place in a timely manner Allocate resources when prompt action is needed to manage risks or to mitigate the negative impact of risks that have already materialised Optimise business processes to mitigate the level and consequences of risks Consider risk information when establishing the structural unit's objectives and budget
Risk manager	<ul style="list-style-type: none"> Coordinates the work of the structural units in identifying and assessing risks and in planning risk management measures Ensures that the Risk Management Policy is up to date Aggregates risk information and prepares reports on the Company's risks Devises and implements measures to promote the company's risk management culture (if necessary)
Other workers	<ul style="list-style-type: none"> Identify the risks in their area of expertise Implement the approved risk management measures Monitor the level of risks in their area of expertise



Risk categories

Possible risk factors

Mitigation methods

Biological risks – risks related to the special features of fish rearing and health

- Risk of introduction of foreign pathogens
- Transmission of disease from wild fish
- Risk of genetic variation in fish stocks

- Continuous production control
- Analysis of reference indicators for water quality and natural waste generation
- Installation of an advanced cleaning system
- Use of special protective nets and anti-seal ultrasonic deterrents

Pathogen risks – risks associated with epizootic outbreaks

- Epizootic outbreaks

- Adherence to the general recommended rearing volumes, sufficiently spaced plots, and concentration of the largest biomass in areas of greater depth
- Regular internal and external veterinary inspections of farms
- Volume and density of fish stocking is justified by scientific institutions
- Neighbouring farms have fish from the same generation
- Resting of farms after the slaughter of the latest generation of fish
- Insurance for fish

Natural and climatic risks – risks of abnormal weather events

- Abnormal weather phenomena in winter or summer
- Change in oceanic currents

- Risk occurrence is very low. The existing changes in climatic conditions and oceanic currents present no threat. In case of significant changes in water temperature and routes of undercurrents, the existence of not only the Company's farm but of the whole fishery industry of the region will be unlikely

Regulatory and GR¹ risks – risks associated with the legal peculiarities and legal environment of the Company

- Changes in legislation (including changes in tax rates, increases in various fees and charges)

- Monitoring and active participation in discussions on legislative initiatives
- Increased financial safety margin

HR risks – HR-related risks

- Lack of skilled employees
- Poaching of key workers by competitors
- Work-related injuries
- Risk of product theft, illegal fishing, deliberate damage to cages

- Performance incentives for the most responsible and distinguished employees
- Extension of agreement terms and wages for proven employees
- Safety training for staff and monitoring of safety compliance
- Strict controls to ensure that only well-trained and technologically competent workers are authorised to work on the production sites
- Design of production facilities with consideration for personnel safety
- Establishment of a security service
- Round-the-clock monitoring of all sites
- Installation of CCTV equipment

¹ Government Relations.

Possible risk factors**Mitigation methods****Operational risks – risks related to the specifics of farming and production technology**

- Poor planning
- Inadequate engineering
- Risk of failure to reach planned capacity and low production efficiency
- Risk of predation
- Risk of inadvertent damage or breakdown of key equipment, which can significantly affect the production process

- Reflection and incorporation of past experience into planning
- Exploration of alternatives in planning
- Careful consideration of all possible project options, identification of their strengths and weaknesses
- Admission of the possibility of making adjustments to the project
- Training of staff at cage farms in Norway
- Focus on streamlining the work process according to best practices
- Rules and regulations for the main production processes
- Tendering procedures for all major procurements
- Planning of production volumes, accounting for all variables influencing the outcome, prompt revision of plans, and communication of production volume changes to customers
- Installation of anti-seal equipment
- Permit to work to trained personnel only
- Equipment insurance, purchase of equipment only with a long warranty period
- Compulsory availability of a spare parts kit at the site, in particular for load-bearing structure parts and fasteners

Financial and market risks – risks related to the financial position, liquidity and solvency of the Company

- Changes in market conditions
- Sharp decrease in the selling price of products due to the prevailing position of foreign suppliers of salmon species on the Russian market
- Insufficient funding
- Currency and interest rate fluctuations
- Risks of cross-border payments

- Reduced dependence on foreign suppliers
- Vertical integration efforts and establishment of production facilities in the Russian Federation
- Budget planning, taking into account possible increases in the cost of basic materials as well as exchange rate forecasts
- Attraction of fixed-income financing instruments

Commercial risks – risks associated with the failure of suppliers of raw materials and supplies to fulfil their obligations

Breach of or default on obligations by suppliers of raw materials and supplies

- Penalty clauses in contracts with suppliers
- Pre-defined alternative list of suppliers

Risk Map

The Company's Risk Map is put together by conducting polling surveys and/or one-on-one interviews with each risk owner. It includes a description of all potential risks, an evaluation of their severity and likelihood of occurrence, management strategies, and identification of who is in charge of mitigating the risk and/or its consequences. The risk map is updated regularly to reflect changing operations and external factors.

Plans to Improve the Risk Management and Internal Control System

- To analyse the Company's current internal documents regulating the financial and economic activities of the Company in accordance with the Internal Control Regulations.
- To prepare proposals for updating these documents.
- To monitor the implementation of internal control procedures.

The Audit Committee of the Board regularly reviews the Company's existing risk map and conducts interviews with key risk owners.

The Audit Committee of the Board of Directors highly appreciates the work of the Company's management in risk management.

Promotion of Risk Management Culture within the Company

The Company is taking steps to improve workers' risk management capabilities in order to promote the internal risk management culture, including:

- Workshops and information sessions for employees, covering information on the status and results of risk management in the Company, the main elements and tools of risk management, and the responsibilities of employees
- Provision of information materials (memos) on risk management to newly hired employees of the Company



Independent auditors

The General Meeting of Shareholders approves independent auditing companies with no property interests in the Company, its management and shareholders in order to carry out an annual audit of the Company's RAS accounting (financial) statements and INARCTICA Group's IFRS consolidated financial statements.

Business Solutions and Technologies JSC (OGRN: 1027700425444) was approved as the auditor to audit the Company's consolidated financial statements for 2023 and the Company's RAS financial statements for 2023.

Business Solutions and Technologies JSC has been providing audit services to the INARCTICA Group since 2011.

How Independent Auditors are Selected

The Company makes sure that an independent auditor is a company with impeccable professional reputation, experienced and qualified staff and high-quality services.

Steps in the selection process for candidates among auditing organisations:

- Collection of commercial proposals from auditing organisations
- Preliminary review of the received proposals by the Audit Committee of the Board of Directors
- Audit Committee's proposal to the Board of Directors to recommend to the General Meeting of Shareholders the selected audit companies to serve as the Company's auditors and the fees payable for their services
- Decision of the Board of Directors to nominate the Company's auditor (auditing organisation) for approval by the General Meeting of Shareholders

- Approval of auditor nominees by the General Meeting of Shareholders of the Company

During regular in-person meetings, the Audit Committee of the Board of Directors reviews reports from the audit organisation on the results of its audits of the Company's IFRS financial statements.

This procedure helps the Audit Committee of the Board of Directors to form an opinion on the quality of the auditors' work.

Remuneration of independent auditors for 2023

Company	Amount of remuneration (excl. VAT), RUB
Business Solutions and Technologies Joint Stock Company	14,760,000

Internal Audit

The Internal Audit Service is a structural subdivision of INARCTICA PJSC.

Its activity is regulated by the legislation of the Russian Federation, the Company's Charter, decisions of the General Meeting of Shareholders, the Board of Directors, the Audit Committee of the Board of Directors, [the Regulations on the Internal Audit Service](#), as well as orders, instructions and other local regulations of INARCTICA PJSC.

The Internal Audit Service reports functionally to the Board of Directors of the Company and administratively to the Chief Executive Officer of the Company. The Internal Audit Service's operations are overseen by the Head of the Internal Audit Service.

The purpose of internal audit is to provide independent and objective assurance to the Board of Directors / Audit Committee of the Board of Directors and the executive bodies of the Company that the Company has adequate internal control, risk management and corporate governance systems in place to ensure that:

- Operations are efficient, cost-effective and productive
- Requirements of the legislation of the Russian Federation, as well as the decisions of the governing bodies and organisational and administrative documents of the Company are complied with
- Misconduct by Company employees and third parties in relation to Company assets can be prevented
- Statements of any kind are accurate, complete and timely prepared

The Internal Audit Service performs the following functions:

- Planning, organising and conducting internal audits of business processes (lines of business), business functions, projects, plans, programmes, structural and separate units and other inspections of the Company
- Checking compliance of the Company with legislation, industry regulations, internal guidelines, standards and other internal documents, and contractual obligations
- Reviewing the efficiency, cost-effectiveness and productivity of the Company's operations
- Checking the accuracy and reliability of the accounting (financial) and management accounts
- Ensuring the safeguarding of the Company's assets
- Conducting audits, completing other assignments as instructed by the Board of Directors (Audit Committee) and/or the executive bodies of the Company on matters within the purview of internal audit
- Communicating the results of audits to the Board of Directors (Audit Committee) and the Company's executive bodies, giving recommendations to eliminate violations and shortcomings identified during audits and proposals to upgrade the efficiency and effectiveness of internal control, risk management and corporate governance systems, as well as to improve the Company's operations
- Monitoring the progress of corrective action plans to remedy breaches and deficiencies identified during audits and the application of recommendations and proposals to improve the Company's operations
- Assessing whether the risk management and internal control system is effective
- Assessing the quality of corporate governance in the Company

The Internal Audit Service's performance is assessed on a regular basis by the Audit Committee of the Company's Board of Directors.



On 12 September 2023,

Igor Sivachenko was appointed Head of the Internal Audit Service. Mr. Sivachenko was born in 1971 and is a Russian citizen.

Insider Information

The Company places a high priority on preventing the wrongful use of insider information.

The Regulations Insider Information in place at the Company stipulate that insider information includes information that the Company determines independently as such based on the provisions of Federal Law No. 224-FZ on Combating Insider Information Misuse and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation dated 27 July 2010 and regulatory acts of the Bank of Russia with due regard for the specifics of the Company's operations, as well as regulate the rules for compiling lists of insiders, control measures for compliance with the insider information legislation, rules for handling insider information, insiders' transactions with the Company's financial instruments, and liability for the misuse of insider information.

The Company's Legal Department is the unit responsible for control over compliance with the requirements of Russian Federation legislation on combating misuse of insider information and market manipulation.

In accordance with the requests received from the trade organiser (Moscow Exchange), the Company sends it a list of its insiders on a monthly basis. In order to provide the trade organiser with the most up-to-date information on insiders, the Company regularly monitors changes that have occurred to persons/entities who have access to the Company's insider information.



Since 2020, the Company has had **the Regulations on Insider Information** in place approved by the Company's Board of Directors (Minutes No. 313 dated 14 August 2020).



The list of materials related to insider information is approved by order of the General Director of the Company.



Anti-Corruption Management

The Company is committed to the principle of zero tolerance of corruption in all its forms and manifestations (including bribery, influence peddling and any other form of fraud).

This principle means that all associates of INARCTICA Group of companies are fully and unconditionally prohibited from engaging in corrupt activities, including intermediation, directly or through third parties, regardless of prevailing business practices in any given country.

For anti-corruption purposes, the Company periodically does due diligence on its employees and counterparties as well as on individual projects, work, services, transactions and relationships.

A series of procedures are also put in place by the Company to avoid conflicts of interest. When a conflict of interest comes to light, management should decide on a precise course of action as soon as possible.

For more information on the anti-corruption efforts, please see the Company's ESG Report 2023.



On 23 December 2022, the Board of Directors approved **the Anti-Corruption Policy** (Minutes No. 391 dated 26 December 2022) which aims to ensure that the Company operates in line with the requirements of anti-corruption legislation and high business standards, to build a uniform rejection of corruption in all forms and manifestations, to minimise the risks of involving Company employees in corruption activities and to identify and prevent cases of involvement of Company employees in such activities.

Hotline

The Company has an anti-corruption hotline in place.

Any interested party may, in good faith, report any information or reasonable suspicion of an associate's involvement or attempted involvement in corrupt activities to the anti-corruption hotline. All calls to the anti-corruption hotline are guaranteed to be completely anonymous and confidential.

Within three working days of receipt, all incoming calls are investigated and confirmed by the Company's Security Service.



The following channels can be used to access the anti-corruption hotline:

- by email: stopcorruption@inarctica.com
- by phone: 7 (495) 258–99–28

Share Capital



RUB 8,787,664,900

is the amount of the authorised capital of INARCTICA PJSC

and divided into 87,876,649 ordinary shares with a par value of RUB 100 each

The Company's shares are listed on the Moscow Exchange (MOEX).

The Company did not issue any new shares in 2023. The Company has no preference shares.

Information on securities

- Stock code (ticker) of the Company: AQUA
- State registration number: 1-01-04461-D
- Listing date: 16 April 2010
- Quotation list: second
- Lot: 1 share

As of 31 December 2023, the Company's capitalisation according to Moscow Exchange PJSC was

RUB 74,475,460,027.5

INARCTICA's share performance

Indicator, RUB	2022	2023	Change, %
At the beginning of the year	601.0	596.0	-0.9
At the end of the year	595.0	851.5	30.1
Maximum price	725.0	1,099.0	66.0
Minimum price	291.0	555.0	52.4

INARCTICA stock quotations and IMOEX quotations



Indices that incorporate INARCTICA shares

Index	Ticker
MOEX SMID index	MCXSM
RTS consumer sector index	RTScr
RTS SMID index	RTSSM
RTS broad market index	RUBMI
Broad market index	MOEXBMI
Consumer sector index	MOEXCN

Share capital structure

Shareholder	Number of shares	% of shares issued
Svinin & Partners Asset Management LLC Combined Trust CEIF Realty Capital	21,957,156	24.99
Maksim Vorobyov	20,680,523	23.53
IGS Invest JSC	15,150,558	17.24
CFC Direct Investments LLC Combined Trust CEIF Razvitiye	6,771,421	7.71
CFC Direct Investments LLC Combined Trust CEIF Pervyi	852,471	0.97
S.M. Darkin	4,715,013	5.37
Ilya Sosnov	1,974,324	2.25
Other shareholders	15,775,183	17.89

The Company's shareholder register as at 31 December 2023 with non-zero balances on personal accounts includes:



101
legal entities



172,696
individual persons

By **4** times

increased the number of the Company's shareholders from 40,000 to 173,000 in 2023.

0.63%

of ordinary shares was the percentage of shares held by subsidiaries at the end of 2023.

0

The Company has no treasury shares on its balance sheet.

As of 31 December 2023, more than 17% of the Company's shares are in free float as defined by the criteria of Moscow Exchange PJSC.

There is no information in the Company that certain shareholders may acquire a degree of control disproportionate to their shareholding in the Company, whether as a result of shareholder agreements or otherwise.

Bonds

As of 31 December 2023, the Company's only outstanding bond issue was Series 001P-01.

Type of security: exchange-traded interest-bearing non-convertible uncertificated bonds held in collective safe custody

State registration number: 4B02-01-04461-D-001P dated 2 March 2021

Issue amount: RUB 3 billion

Par value: RUB 1,000

Maturity: three years

Coupon rate: 9.5% p.a.

Date of placement: 10 March 2021

Maturity date: 6 March 2024

Offer: INARCTICA NW LLC

Following the reporting date, the Company placed a new issue of Series 002P-01 bonds with the following parameters:

Type of security: exchange-traded interest-bearing non-convertible uncertificated bonds held in collective safe custody

State registration number: 4B02-01-04461-D-002P dated 22 February 2024

Issue amount: RUB 3 billion

Par value: RUB 1,000

Maturity: three years

Coupon rate: 14.25% p.a.

Date of placement: 1 March 2024

Maturity date: 26 February 2027

Offer: not applicable

Shareholder Engagement

INARCTICA PJSC is a public company compliant with the requirements of Bank of Russia Regulations No. 714-P dated 27 March 2020 on Disclosure of Information by Issuers of Equity Securities and strives for the highest degree of information transparency.

For shareholders, investors and other interested parties, the Company's official website <https://inarctica.com> is available, which contains information on the Company's activities, its internal documents, financial statements and presentations, issuer reports, materials for General Meetings of Shareholders and reports on voting results at General Meetings, a link to the Corporate Information Disclosure Centre, Regulations on Dividend Policy and dividend payment history, biographies of the Company's management bodies and shareholder structure.

The Company's website also provides contact details for the Moscow and Murmansk offices: <https://inarctica.com/contacts/>, and the Corporate Secretary's contact details <https://inarctica.com/investors/contacts-shareholders/>.

During 2023, the Company received requests from shareholders for documents and information about the Company's operations and did not refuse its shareholders the opportunity to review this information at the Company's office. Throughout the year, the Company answered investor questions on its ongoing operations.



On Compliance with the INARCTICA Information Policy

The Company's management seeks to continuously improve the quality, completeness and regularity of the disclosures on the activities of the Company and its subsidiaries.

In the first half of 2023, Resolution No. 351 dated 12 March 2022 "On Peculiarities of Disclosure and Provision in 2022 of Information Subject to Disclosure and Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" and peculiarities of insider information disclosure in accordance with the requirements of the Federal Law "On Combating Illegal Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation" adopted by the Government of the Russian Federation, which allowed issuers of securities to significantly limit public disclosure of information about their activities.

Since July 2023, a new Decree of the Government of the Russian Federation No. 1102 dated 4 July 2023 has come into effect, which established the cases in which issuers of securities are entitled to disclose information in a limited amount and/or scope.

In accordance with this Decree, the Company did not disclose information on persons in its management bodies and transactions with sanctioned persons.

In August 2023, the Company disclosed financial and accounting statements for 2021, 2022 and the first half of 2023, issuer reports and lists of affiliates.

The following are the primary information sources where the Company continues to make disclosures:



Official website of INARCTICA PJSC:
<https://inarctica.com>.



INARCTICA PJSC's page on the website of the agency authorised to disclose information on the Russian securities market — Interfax — Corporate Information Disclosure Centre LLC:
<https://www.e-disclosure.ru/portal/company.aspx?id=17531>.

Amount of disclosures made in 2023 compared to 2020–2023


	2020	2021	2022	2023
Press-releases	17	22	8	13
Corporate action notices	90	97	38	58
Conference calls	2	4	0	24

Notwithstanding the restrictions on disclosure of information, the Company has not refused to provide documents and information to shareholders, provided that it receives their written requests for documents, a statement on the Company's shareholding account and a confidentiality agreement is signed.



In 2024, the Company will further seek to enhance its information transparency and plans to keep communicating with shareholders and investors.

In 2023:

- The Company expanded the scope of information disclosed. The Company currently discloses substantially all information required by Russian law, except for information on sanctioned persons and transactions with them.
- In preparation for the Secondary Public Offering (SPO), the Company's management participated in the 21st investor conference call and three conference calls to discuss financial results for the first nine months of 2023.
- The Company resumed the publication of the consolidated financial results of the INARCTICA Group.
- On 12 October 2023, the Company's shares were transferred from the second quotation list to the first quotation list of the Moscow Exchange.
- The Company released its debut Sustainability Report.
- Together with Tinkoff Bank, the Company released a video on how Inarctica's business is structured under the project called "Let's Go Sort It Out":
 -  [We're going to Inarctica to sort things out](#)
- The Company regularly updates its VK and Telegram accounts and responds to inquiries from interested parties there
- The Company remains in compliance with the recommendations of the Corporate Governance Code of the Bank of Russia and informs shareholders about General Shareholders' Meetings on the official website of INARCTICA PJSC and on the page of the Corporate Information Disclosure Centre 30 days prior to the date of the meetings, which corresponds to the best practices of corporate governance and information disclosure
- To maintain the securities in the Moscow Exchange's quotation lists, the Company updated the issuer questionnaire on a quarterly basis and provided reports on compliance with corporate governance standards, as well as other information and documents in accordance with the Listing Rules of the Moscow Exchange and requirements of Russian law and the Bank of Russia (for example, monthly submission of insider lists at the request of the Moscow Exchange).
- The Company regularly informed employees about the main events in its operations, development prospects, and management decisions taken
- The Company endeavours to respond as quickly as possible to requests and letters received from public authorities and administrations

The management of INARCTICA PJSC considers proper disclosure of information as one of the most important tools for building long-term relations of trust between the Company and its shareholders, contributing to the growth of the Company's capitalisation and attraction of capital, as well as maintaining the confidence of stakeholders in the Company.

Ratings and rankings

In 2023, the national leading rating agencies upgraded the Company's ratings.

The Analytical Credit Rating Agency (ACRA JSC) upgraded the Company's rating from "A-(RU)", outlook Positive to "A(RU)", outlook Stable. The rating was upgraded on the back of an improved market position due to an increased market share in the aquaculture production of Atlantic salmon, sea trout and lake trout in both monetary and volume terms.

National Credit Ratings Limited Liability Company (NCR LLC) also upgraded the Company's 2023 rating from "A-.ru", outlook Positive to "A.ru", outlook Stable.

Dividend Policy

The Regulations on Dividend Policy of the Company outline the key principles for ensuring the transparency of the mechanism for determining the amount of dividends and their payouts, informing shareholders and other interested parties about the Company's dividend policy, determining the procedure for adopting decisions on the payment (declaration) of dividends, the conditions for their payment, the calculation procedure, and the Company's liability for non-payment of dividends.

Dividend Payout Conditions

The Company pays dividends when net profit, as determined from RAS accounting (financial) statements, and provided that the Net Debt/EBITDA ratio does not exceed 3.5x.

The Company has the right to decide to pay an interim dividend on shares, provided that the payment does not require debt financing and/or the payment will not result in decline in credit standing of the Company and/or a failure to implement the Company's investment programme.

The recommended amount of dividend payout is determined by the Company's Board of Directors based on financial performance. The final decision on the amount of the dividend is taken by the General Meeting of Shareholders of the Company.

Dividend payouts in 2023

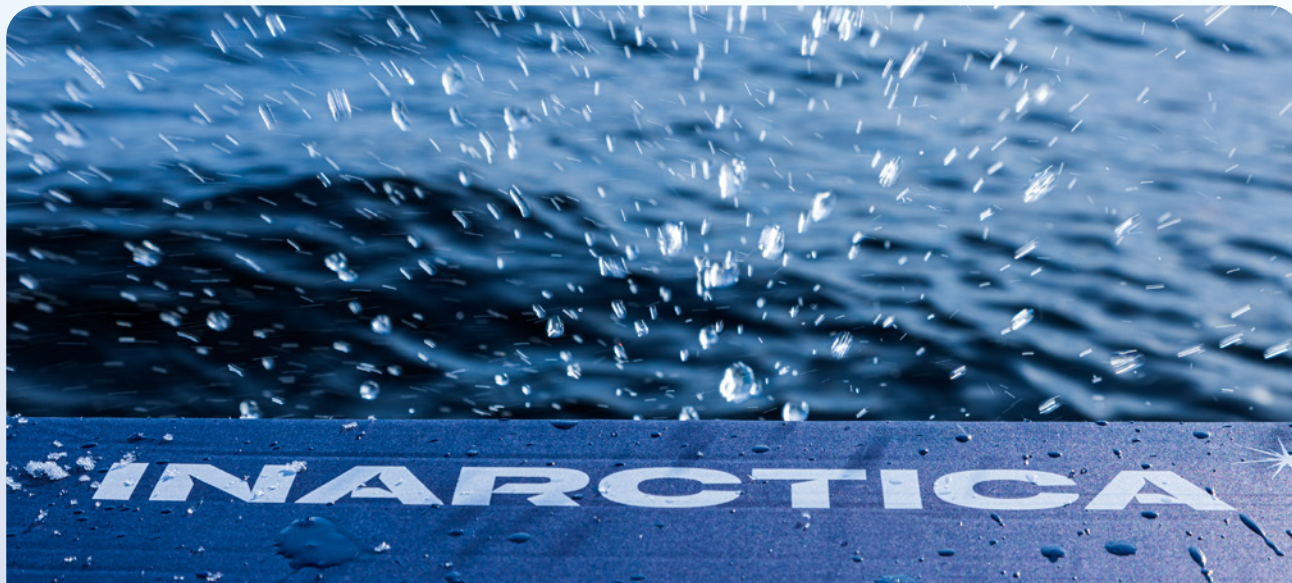
In 2023, the Company paid dividends three times: for the three months of 2023 (decision by the extraordinary General Meeting of Shareholders on 30 June 2023), for the six months of 2023 (decision by the extraordinary General Meeting of Shareholders on 12 September 2023) and for the nine months of 2023 (decision by the extraordinary General Meeting of Shareholders on 29 November 2023).

Dividend payouts to shareholders whose rights to shares are accounted for by a nominee holder are made through this nominee holder. On instructions from the Company, dividends to shareholders whose rights to shares are recorded in the stock register are sent through postal order through Russian Post JSC.

According to para. 9, Article 42 of Federal Law No. 208-FZ dated 26 December 1995 on Joint Stock Companies, a person who has not received the declared dividends because the Company or the registrar does not have accurate and necessary address data or bank details or is otherwise overdue by the lender, has the right to demand payment of unclaimed dividends within three years of the date on which the decision to pay them was made.

3.9 RUB bln

was the total amount of dividends paid during 2023



Dividend payment history over the past five years¹

Dividend period	Amount of dividend per ordinary share, RUB	Form of payment	Record date	Total amount of dividends paid, RUB
2019				No dividends accrued or paid
Six months of 2020	5	Monetary	11.09.2020	439,383,245
2020	5	Monetary	11.07.2021	439,383,245
Three months of 2021	4	Monetary	11.07.2021	351,506,596
Six months of 2021	4	Monetary	21.09.2021	351,506,596
Nine months of 2021	4	Monetary	20.12.2021	351,506,596
2021				No dividends accrued or paid
Three months of 2022	8	Monetary	11.07.2022	703,013,192
Six months of 2022	15	Monetary	11.09.2022	1,318,149,735
Nine months of 2022	15	Monetary	18.12.2022	1,318,149,735
2022				No dividends accrued or paid
Three months of 2023	10	Monetary	11.07.2023	878,766,490
Six months of 2023	16	Monetary	22.09.2023	1,406,026,384
Nine months of 2023	19	Monetary	09.12.2023	1,669,656,331

Taxation of dividends

Dividends paid out are taxed in accordance with the procedure stipulated by the current legislation of the Russian Federation (Chapter 23 "Personal Income Tax" and Chapter 25 "Corporate Profit Tax" of the Tax Code of the Russian Federation).

Dividends paid to Russian taxpayers are subject to income tax at the rate of 0 or 13%², while dividends paid to foreign organisations are subject to income tax at the rate of 15%³ subject to the provisions of international tax treaties

of the Russian Federation. The tax rate on dividends for resident individuals is 13% for income up to RUB 5 million and 15% for income over RUB 5 million per calendar year⁴, for non-resident individuals – 15%⁵.

¹ Source: <https://inarctica.com/investors/shares/dividends/>.

² Subpara. 1–2, para. 3, Art. 284 of the Tax Code of the Russian Federation.

³ Subpara. 3, para. 3, Art. 284 of the Tax Code of the Russian Federation.

⁴ Para. 1, Art. 224 of the Tax Code of the Russian Federation, para. 3, Art. 2 of Federal Law No. 372-FZ dated 23 November 2020 on Amendments to Part Two of the Tax Code of the Russian Federation as regards taxation of personal income exceeding RUB 5 million in a tax period).

⁵ Subpara. 2, para. 3, Art. 224 of the Tax Code of the Russian Federation.

Share Buyback

A new RUB 1 billion share buyback programme was approved by the Company's Board of Directors in June 2023. It will run until 31 December 2024, or until the maximum amount of cash allotted to the programme is used, whichever comes first.

The shares are bought back from the stock exchange by INARCTICA's subsidiary, INARCTICA NW LLC.

The INARCTICA Group plans to use the buyback shares for general corporate purposes, including a long-term employee motivation programme.

Registrar

The registrar of INARCTICA PJSC is Independent Registrar Company – R.O.S.T. (IRC-R.O.S.T. JSC).

Address: 18 Stromynka St., Bldg. 5B, 107076, Moscow

Tel.: +7 (495) 780–73–63; +7 (495) 989–76–50

Email: info@rrost.ru

Official website: <https://rrost.ru>

IRC-R.O.S.T. JSC provides the Company's shareholders with the opportunity to connect to the Shareholder's Personal Account service using a confirmed account on the State Services portal (Gosuslugi). The personal account of a shareholder can be used to fill in the e-form of a voting ballot at general meetings of shareholders, to receive an extract from the register of shareholders as soon as possible and to carry out transactions with shares.

Contact details for investors and shareholders

Deputy Chief Executive Officer

Andrey Baranov

Address: 4 Belovezhskaya St., 121353, Moscow, Russia

Tel.: +7 (495) 258–99–28

Email: invest@inarctica.com

Corporate Secretary

Valeria Vasyutkina

Address: 4 Belovezhskaya St., 121353, Moscow, Russia

Tel.: +7 (495) 258–99–28

Email: corporate@inarctica.com

Depository

Name: Non-banking credit organisation Joint Stock Company National Settlement Depository (NCO JSC NSD)

Address: 12 Spartakovskaya St., Moscow, 105066

Tel.: +7 (495) 234–48–27

Email: info@nsd.ru

Official website: <https://www.nsd.ru>





APPENDICES

Appendix 1. Consolidated Financial Statements for the Year Ended 31 December 2023 and Independent Auditor's Report of INARCTICA PJSC

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Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Financial Statements for the year ended 31 December 2023

Management is responsible for the preparation of consolidated financial statements that present fairly, in all material respects, the consolidated financial position of INARCTICA PJSC ("the Company") and its subsidiaries (collectively, the "Group") as at 31 December 2023, and its consolidated results of operations, consolidated cash flows and consolidated changes in equity for the year ended 31 December 2023, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information

- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance
- Making an assessment of the Group's ability to continue as a going concern

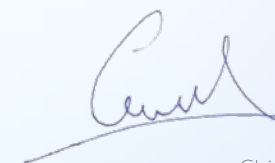
Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position

of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS

- Maintaining statutory accounting records in compliance with local legislation and accounting standards of the Russian Federation in respective jurisdictions in which the Group operates
- Taking such steps as are reasonably available to them to safeguard the assets of the Group
- Preventing and detecting fraud and other irregularities

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issue by the management on 18 March 2024.



Ilya Sosnov

Chief Executive Officer



Mikhail Markov

Deputy CEO for Economics and Finance



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5 Lesnaya St.
Moscow, 125047,
Russia

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Independent Auditor's Report to the Board of Directors and Shareholders of INARCTICA PJSC

Opinion

We have audited the consolidated financial statements of INARCTICA PJSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for 2023, and the notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for 2023 in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in [the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements](#) section of our Report.

We are independent of the Group in accordance with **the Auditor's Independence Rules and the Auditor's Professional Ethics Code** that are relevant to our audit of the financial statements in the Russian Federation together with the **ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants** (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Why the matter was determined to be a key audit matter?	How our audit addressed the key audit matter
<p>Valuation of biological assets</p> <p>As at 31 December 2023, the carrying amount of biological assets represented by salmon and trout stocks was RUB 28,598,620 thousand (RUB 20,324,008 thousand as at 31 December 2022).</p> <p>Biological assets are accounted for at fair value, net of costs to sell, which cover costs to process. Further details are provided under Note 2.23 (Biological assets and agricultural produce), Note 4 (Significant accounting assumptions and key sources of estimation uncertainty), and Note 10 (Biological assets) to the consolidated financial statements.</p> <p>We consider the assessment of the fair value of biological assets to be a key audit matter in our audit due to the fact that assessment techniques using models require subjective assumptions and significant judgement by the management. Assumptions to which the assessment models were most sensitive and more likely to result in significant assessment errors included average sale prices, gutting rates, sales margin rates, and expected loss rates.</p>	<p>We revised our comprehension of the control procedures related to assessing the fair value of biological assets, specifically the control procedures for testing the validity of the model and the assumptions used in the model.</p> <p>Our audit procedures included a critical review of the key prerequisites and assumptions used in the models for assessing the fair value of biological assets.</p> <p>We analysed the validity of the assumptions used by the management in the assessment models, compared them to historical data, and determined whether the assumptions were within a reasonable range of values. We benchmarked historical and current performance up to the date of issuance of the audit report against the data used for the assessment to ensure that the assumptions implied in the models were consistent with the actual data.</p> <p>We tested the assessment models for arithmetic accuracy and performed audit procedures for the sensitivity calculations performed by management.</p> <p>We tested the completeness and reliability of the disclosures in the consolidated financial statements, in particular with regard to the disclosures on key unobservable inputs and sensitivity analyses.</p>

Other information

The management is responsible for other information. Other information comprises the information included into the annual report, but does not cover the Consolidated Financial Statements and the Auditor's Report on the Statements. The annual report is presumed to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover related information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit

or otherwise appears to be materially misstated.

If, on reading the other information, we conclude that there is a material misstatement thereof, we are required to report that fact to those charged with corporate governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit of the Group to obtain sufficient appropriate audit evidence about the financial information of the Group's entities or business units to provide a basis for our opinion on the consolidated financial statements of the Group. We are responsible for directing, supervising and reviewing the audit work performed for Group audit purposes. We remain fully responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Anton Kochetkov

(Principal Number of Registration Entry (PNRE) 21906101507)

Task leader,

Person authorised by the CEO to sign the auditor's report on behalf of Business Solutions and Technologies JSC (BST) (PNRE No. 12006020384) acting on the basis of the power of attorney dated 16 March 2023

18 March 2024

Consolidated financial statements for the year ended 31 December 2023

Consolidated Statement of Financial Position as at 31 December 2023

(in thousand Russian Roubles)

	Note	31 December 2023	31 December 2022 (revised) ¹
Assets			
Non-current assets			
Property, plant and equipment	6	11,683,324	9,638,606
Right-of-use assets	7	303,577	367,918
Goodwill	8	735,883	698,763
Receivables from sale of subsidiaries	29	699,378	559,045
Investments in associates		4,000	–
Advances paid to suppliers of property, plant and equipment		2,437,249	825,089
Intangible assets		44,500	4,219
Long-term financial investments	14	75,564	14,476
Deferred tax assets	24	51,606	26,900
		16,035,081	12,135,016
Current assets			
Inventories	9	5,369,883	3,366,104
Biological assets	10	28,598,620	20,324,008
Trade and other receivables	11	2,680,046	2,578,345

¹ Comparative information for the year ended 31 December 2022 has been retrospectively restated to finalise the purchase price allocation of the business acquired in 2022 (Note 30).

	Note	31 December 2023	31 December 2022 (revised) ¹
VAT recoverable		112,379	34,500
Advances to suppliers	12	3,006,453	3,686,121
Short-term financial investments	14	81,742	82,755
Prepaid income tax		16,204	126,857
Cash and cash equivalents	13	885,348	339,130
		40,750,675	30,537,820
Total assets		56,785,756	42,672,836
Equity and liabilities			
Equity			
Chartered capital	25	8,787,665	8,787,665
Share premium		14,866	14,866
Additional capital	25	1,126,337	534,700
Treasury shares	25	(520,532)	(788,975)
Retained earnings		30,293,171	18,726,211
		39,701,507	27,274,467
Non-current liabilities			
Long-term borrowings	16	3,844,719	8,778,256
Non-current lease liabilities		216,490	256,226
Deferred income		43,546	32,808
Deferred tax liabilities	24	69,281	16,196
		4,174,036	9,083,486
Current liabilities			
Short-term borrowings	16	10,637,931	4,945,378
Current lease liabilities		50,047	48,437
Trade payables	15	435,715	353,306
Other payables		315,668	251,655
Advances from customers		129,009	68,837

	Note	31 December 2023	31 December 2022 (revised) ¹
Income tax payable		77,957	1
VAT and other taxes payable	17	860,426	389,809
Estimated liabilities and provisions		403,460	257,460
		12,910,213	6,314,883
Total liabilities		17,084,249	15,398,369
Total equity and liabilities		56,785,756	42,672,836

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the management on 18 March 2024.

The Notes on [pp. 86–141](#) are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2023

(in thousand Russian Roubles)

	Note	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Continuing operations			
Revenue	18	28,480,217	23,500,965
Cost of products sold	19	(13,467,257)	(9,775,328)
Gross profit before revaluation of biological assets		15,012,960	13,725,637
(Loss)/gain on revaluation of agricultural produce (within finished goods)		(51,663)	44,006
Gain on revaluation of biological assets	10	6,245,864	1,611,575
Gross profit after revaluation of biological assets		21,207,161	15,381,218
Distribution and selling expenses	20	(854,744)	(493,902)
Administrative costs	21	(1,471,562)	(1,088,790)

	Note	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Provisions for expected credit losses		(4,962)	(350,606)
Provisions for impairment of advances paid		(260,759)	(1,249)
Other operating income	22	516,223	430,447
Other operating expenses	23	(2,388,473)	(543,832)
Interest income		114,443	87,749
Interest expense	16	(1,275,934)	(959,332)
Foreign exchange gain / (loss)		376,573	(205,494)
Profit before income tax		15,957,966	12,256,209
Income tax expense	24	(486,772)	(40,717)
Gain from continuing operations for the year		15,471,194	12,215,492
Discontinued operations			
Loss from discontinued operations for the year	30	–	(288,099)
Net profit for the year		15,471,194	11,927,393
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange differences from translation of foreign operations into the reporting currency		–	(14,994)
Realisation of translation difference on disposal of subsidiaries		–	(98,981)
Total comprehensive income for the year		15,471,194	11,813,418
Basic and diluted earnings from continuing operations per share (Russian Roubles)	26	179.11	141.4

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the management on 18 March 2024.

The Notes on [pp. 86–141](#) are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

(in thousand Russian Roubles)

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Cash flows from operating activities:		
Profit before income tax from continuing and discontinued operations	15,957,966	12,066,467
Adjustments to reconcile profit before income tax to cash generated from operating activities:		
Depreciation of property, plant and equipment	1,164,142	866,336
Depreciation of right-of-use assets	76,453	51,702
Depreciation of intangible assets	9,931	11,299
Interest income	(114,443)	(87,749)
Interest expense	1,275,934	959,332
Foreign exchange (gain) / loss	(376,573)	205,495
Loss on disposal of property, plant and equipment	83,485	9,534
Provision for vessel impairment	269,360	–
Inventory shortfalls and write-off of biological assets as a result of fish kills	1,140,902	7,259
Changes in provision for expected credit losses	4,962	350,606
Changes in provision for impairment of advances paid	260,759	1,249
Share-based payments	650,813	325,311
Loss on disposal of subsidiaries (Note 30)	–	186,619
Loss / (gain) on revaluation of agricultural produce (within finished goods)	51,663	(44,006)
Gain on revaluation of biological assets	(6,245,864)	(1,611,575)
Provisions for write-off of goods and finished goods	141,608	–
Provision for refloating costs	146,000	–
Other non-monetary adjustments	85,558	39,762
Operating profit before changes in working capital	14,582,656	13,337,641

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Changes in working capital:		
Increase in inventories	(2,141,887)	(1,749,647)
Increase in biological assets	(3,169,650)	(3,794,774)
Increase in trade and other receivables	(190,529)	(1,189,282)
(Increase)/decrease in VAT recoverable	(77,879)	9,648
(Increase)/decrease in advances to suppliers	484,730	(3,069,629)
Increase in accounts payable	54,483	753,705
Increase in other accounts payable	71,309	36,534
Increase/(decrease) in advances from customers	60,172	(29,409)
Increase/(decrease) in other taxes payable	470,528	(385,411)
Cash flows from operating activities	10,143,933	3,919,376
Income tax and excess profit tax paid	(350,580)	(135,396)
Interests received	92,394	78,379
Grants received	10,738	8,611
Interest paid	(1,249,790)	(980,062)
Net cash by operating activities	8,646,695	2,890,908
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,579,993)	(3,512,283)
Proceeds from disposal of property, plant and equipment	1,323	1,221
Acquisition of intangible assets	(50,212)	(9,091)
Net cash disposed on acquisition of subsidiaries	(590,110)	(420,528)
Net cash disposed on sale of subsidiaries	-	(685,853)
Loans issued	(108,828)	(418,930)
Loans repaid	94,428	438,319
Net cash used in investing activities	(5,233,392)	(4,607,145)

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Cash flows from financing activities:		
Proceeds from borrowings	7,907,678	13,800,391
Repayment of borrowings	(7,192,029)	(8,274,130)
Acquisition of treasury shares	(760,164)	(453,425)
Proceeds from sale of treasury shares	969,431	177,261
Dividends paid to the Company's shareholders	(3,904,233)	(3,295,336)
Repayment of lease liabilities	(50,239)	(53,643)
Net cash (used in)/generated from financing activities	(3,029,556)	1,901,118
Net increase in cash and cash equivalents	383,747	184,881
Effect of exchange rate changes on cash and cash equivalents	162,471	(144,481)
Cash and cash equivalents at the beginning of the year	339,130	298,730
Cash and cash equivalents at the end of the year	885,348	339,130

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the management on 18 March 2024.

The Notes on [pp. 86–141](#) are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023

(in thousand Russian Roubles)

	Chartered capital	Share premium	Additional capital	Treasury shares	Translation difference	Retained earnings	Total equity
Balance at 1 January 2022	8,787,665	14,866	264,214	(567,636)	113,975	10,094,154	18,707,238
Total net profit for the year	–	–	–	–	–	11,927,393	11,927,393
Change in translation difference	–	–	–	–	(113,975)	–	(113,975)
Total comprehensive income for the year	–	–	–	–	(113,975)	11,927,393	11,813,418
Purchase of treasury shares (Note 25)	–	–	–	(453,425)	–	–	(453,425)
Sale of treasury shares to third parties (Note 25)	–	–	58,179	49,840	–	–	108,019
Sale of treasury shares to employees (Note 25)	–	–	212,307	182,246	–	–	394,553
Accrual of dividends (Note 25)	–	–	–	–	–	(3,295,336)	(3,295,336)
Balance as at 31 December 2022	8,787,665	14,866	534,700	(788,975)	–	18,726,211	27,274,467
Total net profit for the year	–	–	–	–	–	15,471,194	15,471,194
Total comprehensive income for the year	–	–	–	–	–	15,471,194	15,471,194
Purchase of treasury shares (Note 25)	–	–	–	(760,164)	–	–	(760,164)

	Chartered capital	Share premium	Additional capital	Treasury shares	Translation difference	Retained earnings	Total equity
Sale of treasury shares to third parties (Note 25)	–	–	334,585	565,415	–	–	900,000
Sale of treasury shares to employees (Note 25)	–	–	257,052	463,192	–	–	720,244
Accrual of dividends (Note 25)	–	–	–	–	–	(3,904,234)	(3,904,234)
Balance as at 31 December 2023	8,787,665	14,866	1,126,337	(520,532)	–	30,293,171	39,701,507

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the management on 18 March 2024.

The Notes on [pp. 86–141](#) are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(All amounts are in thousands Russian roubles, unless otherwise stated)

1. General Information

These consolidated financial statements have been prepared by INARCTICA Public Joint Stock Company ("PJSC"). The principal activities of INARCTICA PJSC (the "Company") and its subsidiaries (together, the "Group") include fish farming and the wholesale sale of fish and caviar, as well as the extraction and processing of brown algae and their subsequent sale. The Group's entities are located in the Russian Federation.

The Company's registered office is located at: 45/2, Rybatskaya St., Ura-Guba village, Kolsky community, Murmansk Region, 184371.

As at 31 December 2023, Realty Capital combined CEIF managed by MC Svinyin and Partners LLC (a company incorporated in the Russian Federation), IGS Invest JSC (a company incorporated in the Russian Federation) and Maxim Vorobyev (a citizen of the Russian Federation) were direct shareholders of the Group, holding 24.99%, 17.24% and 23.53% of shares, respectively. As at 31 December 2023, 33.61% of shares were held by other shareholders and 0.63% were held in treasury by the Group.

As at 31 December 2022, Realty Capital combined CEIF managed by MC Svinyin and Partners LLC (a company incorporated in the Russian Federation), Ilya Sosnov

(a citizen of the Russian Federation) and Maxim Vorobyev (a citizen of the Russian Federation) were direct shareholders of the Group, holding 24.99%, 24.99% and 22.00% of shares, respectively. As at 31 December 2022, 26.30% of shares were held by other shareholders and 1.72% were held in treasury by the Group.

As such, the Group does not have a single controlling shareholder and beneficial owner as at 31 December 2023 and 31 December 2022.

The table below summarises the principal activities of the Group's entities and the ownership ratio and percentage of voting rights as at 31 December 2023 and 31 December 2022:

Name	Core activity	Ownership ratio or percentage of voting rights, %	
		31 December 2023	31 December 2022
INARCTICA PJSC	Holding/managing company	not applicable	not applicable
Aquaculture LLC	No activity	100	100
Inarctica North-West LLC	Fish farming	100	100
Murmanyrybprom LLC	Processing	100	100
Tri Ruchya LLC	Lease	100	100
LLC Mariculture-Murmansk Research and Production Company	Lease	100	100
LLC Gulfstream-Invest	Energy engineering	100	100
Aquaculture Breeding Centre LLC	Fish farming	100	100
LLC Aquaculture Centre	Managing company	100	100

		Ownership ratio or percentage of voting rights, %	
Arkhangelsk Algae Combine LLC ¹	Extraction and processing of algae	100	–
LLC Russian Algae – Muksalma ¹	No activity	100	–
Russian Algae – Karelia LLC ¹	No activity	100	–
Mulino Fish Farm LLC ¹	Fish farming	100	–
TSBT-Energo LLC ¹	Electrical energy	100	–

2. Statement of Compliance and Significant Accounting Policies

2.1. Basis of Preparation

These consolidated financial statements of INARCTICA PJSC and its subsidiaries for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company and its subsidiaries maintain their accounting records in Russian Roubles (“RUB”) and prepare their accounting reports in accordance with the statutory accounting and reporting regulations of the Russian Federation (“RAS”). The financial statements prepared in accordance with the aforementioned statutory regulations have been adjusted to present the consolidated financial statements in accordance with IFRS.

The consolidated financial statements have been prepared under the historical cost principle, except for biological assets, which are measured in accordance with IAS 41

Agriculture, and assets and liabilities of subsidiaries acquired and recognised under IFRS 3 Business Combinations.

Historical cost is generally derived from the fair value of the consideration given in exchange for goods and services.

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in a voluntary transaction between market participants at the valuation date, irrespective of whether that amount is directly observable or determined using another valuation method. In measuring an asset or a liability at fair value, the Group considers the characteristics of the asset or liability as would be taken into account by market participants. For valuations and disclosures in these consolidated financial statements, fair value is determined as described above, except for valuations that are comparable to, but not equal to, fair value, such as net realisable value in the measurement of inventories under IAS 2 Inventories,

leases within the scope of IFRS 16 Leases or value in use in the measurement of impairment under IAS 36 Impairment of Assets.

In addition, for the purposes of the consolidated financial statements, fair value measurements are categorised using the fair value hierarchy (Level 1, 2 or 3). Levels correspond to the ability to measure fair value directly from market data and reflect the significance of the inputs used in measuring fair value in general:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity has access to at the measurement date;
- Level 2 inputs that are not quoted prices in Level 1 but are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

¹ In the first half of 2023, the Group closed transactions on acquisition of subsidiaries: Arkhangelsk Algae Combine LLC, Russian Algae – Muksalma LLC, Russian Algae – Karelia LLC, Mulino Fish Farm LLC, TSBT- Energo LLC (Note 30).

Unless otherwise stated, these consolidated financial statements are presented in thousands of Russian Roubles, which is the national currency of the Russian Federation and the functional currency of the Company and its subsidiaries.

2.2 Operating Environment and the Business Continuity Principle

Emerging markets such as Russia are subject to economic, political, social, legal and legislative risks that differ from those of more developed markets. Laws and regulations affecting businesses in Russia are prone to rapid changes and arbitrary interpretation. The future economic growth of the Russian Federation is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory and political environment. As Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the global market.

Since 2014, the United States ("USA"), the United Kingdom ("UK"), the European Union ("EU") and other countries have imposed several packages of sanctions against a number of Russian officials, businessmen and organisations. On 24 February 2022, a special military operation in Ukraine

was announced. In response to these events, the USA, the UK, the EU and other countries have significantly expanded sanctions against the Russian Federation, state authorities, officials, businessmen and organisations. This caused the restriction of access of Russian organisations to international capital, goods and services markets, a decrease in quotations on financial markets, a drop in GDP and other negative economic consequences. On 21 September 2022, a partial call-up of citizens for military service under mobilisation was announced by a decree of the President of the Russian Federation. There is a risk of further expansion of sanctions.

Following the aforementioned events, the Group's entities carried on with business as usual without suffering a materially negative impact. The Group's management introduced a number of measures to ensure business continuity, such as expanding the list of suppliers of feed and other stocks required to support the production process, increasing the amount of reserve stocks, which resulted in additional investments in working capital, as well as capital expenditures related to vertical integration and establishment of fry production facilities in Russia. Management believes it is taking appropriate actions to support the financial stability of the Group

in the current circumstances. However, there continues to be uncertainty regarding these developments and their possible impact on the Group's future performance.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue its business for the foreseeable future, and that its assets will be sold and its liabilities settled in the normal course of business.

The Group continues to monitor the existing liquidity requirements on an ongoing basis. Management believes that the Group's operating cash flows and creditworthiness will be sufficient to continue as a going concern for the foreseeable future.

2.3 Subsidiaries

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is present if a company:

- Has authority over an entity
- Bears the risks / has rights to variable returns from its involvement with the entity
- Can use power to influence variable outcomes

The Company reassesses whether or not control exists if the facts and circumstances indicate that there is a change in one or more of the elements of control.

The Company controls an entity without having a majority of the voting rights if existing voting rights give it the practical ability to govern the relevant activities of the entity unilaterally. In assessing the sufficiency of voting rights to control, the Company considers all relevant facts and circumstances relevant to the power to control, including:

- Share of the Company's voting rights compared to the shares and distribution of shares of other holders of voting rights
- Potential voting rights held by the Company, other voting rights holders and others
- Rights arising from contracts
- Any additional facts and circumstances that indicate whether the Company has the ability to govern the relevant activities at the time that a management decision needs to be made with respect to those activities, including voting patterns at previous shareholders' meetings

Subsidiaries are consolidated from the date of acquisition and are deconsolidated when the Company loses control over it. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date that control ceases.

Profit and loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of a subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

Where necessary, adjustments are made to the accounts of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All assets and liabilities, equity, profits and losses and inter-company cash flows arising from transactions between the Group's entities are eliminated on consolidation. Unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the transaction shows evidence of an impairment of the asset transferred.

When the Group loses control over a subsidiary, the gain or loss on disposal recognised in the consolidated statement of comprehensive income is calculated as the difference between (i) the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interest. Amounts previously recognised in other comprehensive income relating to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e.,

reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS standards).

2.4 Business Combinations

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity securities issued by the Group in exchange for control of the business. All related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities assumed are recognised at fair value at the acquisition date, with the following exceptions:

- Deferred tax liabilities and assets and employee benefit assets (liabilities) are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively
- Liabilities or equity securities related to the acquiree's share-based payment arrangements (SBPs) or the Group's SBP arrangements made in substitution for the acquiree's share-based payment arrangements are measured under IFRS 2 Share- Based Payment at the acquisition date
- Assets (or disposal groups) classified as held for sale under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with IFRS 5

Goodwill is measured as the overrun of the acquisition cost, the cost of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable net assets acquired exceeds the sum of the consideration transferred, the cost of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the overrun is recognised in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree (including joint operations) is remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete at the end of the period in which the business combination occurs, estimates are provided for the items for which the accounting is incomplete. These estimates are adjusted (additional assets or liabilities may also be recognised) during the measurement period (not exceeding 12 months from the acquisition date) as facts

and circumstances that existed at the acquisition date come to light that would have affected the amounts recognised at that date had they been known at the time.

2.5. Goodwill

Goodwill on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

For the purpose of impairment measurement, goodwill is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The impairment of CGUs to which goodwill has been allocated is measured annually or more frequently if there is an indication that the CGU may be impaired. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the remaining assets of the CGU pro rata on the basis of the carrying amount of each asset. Goodwill impairment losses are recognised directly in the consolidated statement of profit or loss and other comprehensive income. The goodwill impairment loss is not reversed in subsequent periods.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.6. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand as well as short-term deposits with original maturity of three months or less.

2.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised directly in profit or loss.

Financial assets

Regular-way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the relevant market.

All recognised financial assets after initial recognition should be measured at amortised cost or at fair value depending on the classification of the financial assets.

The classification depends on the entity's chosen business model for managing its financial assets and the characteristics of the contractual cash flows. As at the reporting dates, the Group had only financial assets measured at amortised cost.

Classification of financial assets

Debt instruments for which both conditions are met must be subsequently measured at amortised cost:

- The financial asset is held within a business model that is designed to hold financial assets to collect the contractual cash flows

- The contractual terms of the financial asset require that cash flows representing solely payments of principal and interest on the principal outstanding be received on specified dates

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model that achieves its objective by both generating contractual cash flows and selling the financial asset
- The contractual terms of the financial asset require that cash flows representing solely payments of principal and interest on the principal outstanding be received

By default, all other financial assets are measured at fair value through profit or loss ("FVTPL").

Notwithstanding the above, the Group may, at initial recognition of a financial asset, classify it, without the right of subsequent reclassification, as follows:

- Make an irrevocable decision to present subsequent changes in the value of equity instruments in other comprehensive income when certain criteria are met

- The Group may classify, without the right of subsequent cancellation, an investment in a debt instrument that meets the criteria to be measured at amortised cost or at FVTOCI, as at FVTPL if such classification eliminates or significantly reduces the likelihood of an accounting mismatch.

Amortised cost method and effective interest rate method

The effective interest method is a method to calculate the amortised cost of a debt instrument and to allocate interest income over the relevant period.

For financial assets other than acquired or originated credit-impaired financial assets (i.e., assets that are credit-impaired at initial recognition), the effective interest rate is the discount rate of expected future cash flows (including all fees on debt instruments that are an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses for the expected life to maturity of the debt instrument or (if applicable) a shorter period to the carrying amount at initial recognition of the debt instrument. For acquired or originated credit-impaired financial assets, the effective

interest rate adjusted for credit risk is calculated by discounting the expected future cash flows, including expected credit losses, to the amortised cost of the debt instrument at initial recognition.

The amortised cost of a financial instrument is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus cumulative depreciation calculated using the effective interest method, being the difference between that initial amount and the amount payable on maturity adjusted for valuation provision for losses. The gross carrying amount of a financial asset is the amortised cost of the financial asset before adjustments for provisions for losses.

Interest income is recognised using the effective interest method for debt instruments subsequently measured at amortised cost and at FVTOCI. Interest income on financial assets, other than acquired or originated credit-impaired financial assets, is calculated by applying

the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that subsequently become credit-impaired (see below).

Interest income on financial assets that subsequently became credit-impaired is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent periods, the credit risk on credit-impaired financial assets is reduced to the extent that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial instrument.

For acquired or originated credit-impaired financial assets, the Group recognises interest income by applying the effective interest rate adjusted for credit risk to the amortised cost of the financial asset from the date of initial recognition. The calculation is not made on a gross

basis, even if the credit risk of the financial assets is reduced to such an extent that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Impairment of financial assets

The Group recognises valuation provisions for expected credit losses in respect of trade and other receivables. The expected credit loss ("ECL") is updated at each reporting date to reflect changes in credit risk since the initial recognition of the related financial instrument.

The Group always recognises credit losses expected over the life of the financial instrument for trade receivables. The ECL for these financial instruments is derived from the Group's history of credit losses adjusted for debtor-specific factors, general economic conditions

and an assessment of both current and foreseeable circumstances at the reporting date, including the time value of money where appropriate.

For all other financial instruments, the Group recognises credit losses expected to arise over the life of the financial instrument when there is a significant increase in credit risk since the initial recognition of the financial instrument. However, if at the reporting date there is no significant increase in the credit risk of a financial instrument since initial recognition, the Group is required to estimate a valuation provision for losses on that financial instrument in an amount equal to 12 months expected credit losses. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when the contractual payments are more than 45 days overdue unless the Group has significant and corroborating information to show otherwise. The ECL for the life of a financial instrument is the expected credit loss arising from all possible defaults on the instrument during its term. Credit losses expected within the next 12 months are expected credit losses that result from defaults that may occur within 12 months after the reporting date.

The expected credit losses are measured by estimating the probability of default, losses in the event of default (e.g., the amount of losses in the event of default) and exposure to default. The assessment of the probability of default and loss given default is based on historical and forward-looking information.

Derecognition of financial assets

The Group derecognises financial assets only when the contractual rights to the cash flows from the assets lapse or when the assets and the associated risks and benefits are transferred to another party. On derecognition of a financial asset carried at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities recognised after initial recognition are measured either at amortised cost using the effective interest method or at fair value through profit and loss (FVTPL). As at the reporting date, the Group had only financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

Financial liabilities that are not (1) contingent liabilities of the acquirer in a business combination, (2) held for trading or (3) designated as at FVTPL are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method used to calculate the amortised cost of a financial liability and to allocate interest expense over the relevant period. The effective interest rate is the discount rate of expected future cash payments (including all payments received or made on the financial liability that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life to maturity

of the debt instrument or (if applicable) for a shorter period to the carrying amount at the time the debt instrument is recognised.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire. Any difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

2.8. Value Added Tax

In accordance with tax legislation, value added tax ("VAT") on purchased goods and services is recoverable by offset against VAT payable on the Group's products and services sold.

VAT is payable to the state budget upon sale of goods and services and issuance of invoices, as well as upon receipt of prepayments from customers. VAT on purchases is deducted from the amount of VAT payable even if the settlement has not been finalised at the balance sheet date.

Where provision has been made for impairment of receivables, the entire amount of doubtful debts, including VAT, is recognised.

VAT recoverable arises when the amount of VAT related to purchases exceeds the VAT related to sales of goods and services.

2.9. Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average cost method. The cost of finished goods includes the cost of raw materials, payroll costs, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

2.10. Property, Plant and Equipment

Property, plant and equipment ("PPE") used in the production and supply of goods and services or for administrative purposes are carried at cost less accumulated depreciation and impairment losses.

Assets under construction for future use for production or administrative purposes are carried at cost of construction less any recognised impairment losses. Construction costs include the cost of professional services and, for qualified assets, capitalised borrowing costs. Such items of PPE are included in the respective categories of PPE at the time of completion of construction or readiness for intended use. Depreciation on these assets, as well as on other real estate assets, commences when the assets are ready for their intended use.

Depreciation is accrued on a straight-line basis.

The depreciation periods corresponding to the estimated useful lives of the assets are as follows:

	Number of years
Buildings and structures	7–50
Machinery, equipment and watercraft	2–25
Others	3–7

Residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at the end of each financial year. Land plots owned under the title of ownership are not subject to depreciation.

Repair and maintenance costs are expensed as incurred. Costs of modernisation and major overhaul are capitalised and retiring PPE are replaced and written off the balance sheet. Gains and losses on disposals of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

2.11. Estimated Liabilities and Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and there is a high probability that the Group will be required to settle the obligation, and a reliable measurement of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, the provision for future expenses is determined as the present value of those cash flows (if the effect of changes in the time value of money is material).

When the payments required to settle an obligation are expected to be partially or fully reimbursed by a third party, the related receivable is recognised as an asset, provided that there is full assurance that reimbursement will be received and the amount of the receivable can be measured reliably.

2.12. Government Grants

In accordance with Russian legislation, entities engaged in agricultural activities receive certain government grants. Government grants are recognised in the Group's financial statements only when there is reasonable assurance that all requirements for the grant are satisfied and the grant will be disbursed.

The majority of such grants relate to subsidies related to reimbursement of interest expense on loans received directly by the Group ("contribution for interest expense") and subsidies related to reimbursement of interest expense through accredited banks that provide loans to agricultural producers at a reduced rate not exceeding 5% per annum on rouble-denominated loans ("subsidies under the preferential lending programme"). The difference between the market rate and the reduced rate is equal to the Key Rate of the Bank of Russia ("Key Rate") and is compensated to accredited banks by the Ministry of Agriculture. If the Ministry of Agriculture fails to reimburse interest expenses accrued during an interest period (usually a month or quarter) due to lack of available funds or for any other reason, the bank may unilaterally increase the interest rate payable by the Group by the amount of the Key Rate. The Group accounts for contribution for interest expense and preferential lending programme subsidies as reimbursement of interest expense over the period to which they are attributable.

In addition, from time to time, the Group receives government grants to reimburse certain capital expenditures. These grants are less systematic and the Group recognises them in the financial statements only when received. These amounts are carried as a reduction of costs capitalised during the period to which they are attributable.

2.13. Income Tax

Income tax represents the sum of current and deferred tax. Current tax is the tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and includes adjustments to tax payable in respect of previous years.

Deferred income tax is calculated for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (loss).

A deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the temporary deductible differences can be utilised. Deferred income tax assets and liabilities are measured

at the tax rates that are expected to be applied in the period when the deferred tax assets are realised and the deferred tax liabilities are settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are shown net only if: (a) a Group entity has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on: (1) the same taxable entity; or (2) different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realise assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the Group is able to control when the temporary difference will be realised and it is probable that the temporary difference will not change in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

2.14. Intangible Assets

Intangible assets are initially measured at actual cost. Following initial recognition, intangible assets are carried at acquisition cost less any accumulated depreciation and any accumulated impairment losses. Intangible assets with a finite life are depreciated on a straight-line basis over their estimated useful lives of 1 to 7 years. If there is an indication that an intangible asset may be impaired, the asset is measured for impairment. Depreciation periods and methods for intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of future value in use are recognised by adjusting the depreciation period or method applied to the asset. Such adjustment is treated as a change in accounting estimates. The depreciation expense on intangible assets is included in profit or loss in the expense category consistent with the purpose of the intangible asset.

2.15. Lease

The Group assesses whether an agreement, in its entirety or its individual components, is a lease at inception of lease. The Group recognises a right-of-use asset

and a corresponding lease liability for all leases (including subleases) that imply transferring the right to control the use of an identified asset for a specified period of time in exchange for reimbursement, other than short-term leases (with a term of less than 12 months) and leases of low-value assets (with a value of less than 300). For such leases, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term.

Right-of-use assets include the initial measurement of the related lease liability, lease payments made on or before the effective date of the lease, net of any lease incentive payments received, and any initial direct costs incurred. Subsequently, they are measured at their original cost, net of accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the lease term, which ranges from 3 years to 49 years.

The lease liability is measured against the present value of the lease payments outstanding at that date. Subsequently, the lease liability is adjusted for accrued interest, lease payments, and the impact of lease modifications. Variable lease payments that are independent of an index or rate are not included in the measurement of the lease liability and are recognised as profit or loss.

2.16. Chartered Capital

Ordinary shares are classified as equity.

2.17. Dividends

Dividends declared are recognised as a liability and deducted from equity at the record date only if they are declared before or on the record date. Dividends are disclosed when they are proposed before the record date or proposed or declared after the record date but before the consolidated financial statements are authorised for issue.

2.18. Treasury Shares

Own equity instruments purchased by the Group (treasury shares) are recognised at purchase cost and deducted from the equity. Sales of the Company's own equity instruments are not recognised as profit or loss. Any difference between the carrying amount of sold treasury shares (FIFO estimate) and the consideration received is recognised in additional capital.

When own equity instruments are sold to employees under favourable terms, the difference between the fair value of the treasury shares sold (the market price of a share at the date of the transaction) and the selling price is included in labour costs in the consolidated statement of comprehensive income, while the difference between the fair value of the shares sold and their carrying amount is recognised in additional capital.

2.19. Recognition of Revenue

The Group receives revenue from the sale of fish and caviar. Revenue is recognised when control over the goods is transferred. Under the Group's standard sales terms, title to the goods and risks associated with ownership of the goods pass to the customer at the time of shipment. However, under contracts with certain major retailers, control passes to the customer at the time of delivery. Delivery occurs when the goods are delivered to a specified location and the risks of impairment and loss are transferred to the customer with the following options: the customer has accepted the goods in accordance with the sales contract, the time for acceptance has expired, or the Group has objective evidence that all criteria for acceptance have been met.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of VAT, discounts, and returns. There is no financing component in the sales made, as sales are generally made with payment terms of less than 30 days, which is in line with market practice.

The Group grants discounts to customers, which are mainly determined by the volume of products purchased. These discounts are based on monthly, quarterly, or annual target sales volumes. Discounts increase as actual sales volumes exceed such target sales volumes.

The Group provides product warranties, allowing counterparties to return damaged and non-conforming goods, goods of initial improper quality. The period during

which such goods may be returned is generally limited to the shelf life of the goods shipped. The Group's historical experience proves that the percentage of goods returned is not significant.

2.20. Recognition of Expenses

Expenses are recognised when the goods and services are shipped and the risks and rewards of those services are transferred, irrespective of when cash or cash equivalents are received or paid, and are recognised in the period to which they relate.

2.21. Foreign Currency Transactions

In preparing the financial statements of individual Group entities, transactions in currencies other than the functional currency (foreign currencies) are recorded at the exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency at the exchange rate as at the reporting date. All exchange differences are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are converted at the exchange rate as at the date of the original transaction.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted at exchange rates as at the reporting date. Income and expense items are converted at the average exchange rates for the period, unless exchange rates fluctuate significantly during such period, in which case the exchange rates at the dates

of the transactions are applied. Exchange differences arising are recognised in other comprehensive income and accumulated in a separate component within the translation difference provision.

2.22. Impairment of Non-Financial Assets

At each reporting date, the Group reviews whether there is any indication that the carrying amounts of non-financial assets may be impaired. Such a review is performed primarily in respect of property, plant and equipment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to measure the recoverable amount of an individual asset, the Group measures the recoverable amount of the cash-generating unit to which such an asset belongs.

The recoverable amount is determined as the highest of an asset's fair value, net of costs to sell, and its value in use. In measuring the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market measurement of the value of money within the time span and the risks specific to the asset for which the measurements of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of such an asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss,

unless the asset is subject to regular revaluation. In this case, the impairment loss is recognised as a reduction in the revaluation provision.

2.23. Biological Assets and Agricultural Produce

The Group's biological assets are live fish, namely Atlantic salmon, sea trout and lake trout. The accounting procedure for live fish is governed by IAS 41 Agriculture. The basic principle is that such assets should be measured at their fair value.

Agricultural activities are defined by management as administering the biotransformation and harvesting of biological assets for the purpose of selling or processing them into agricultural products or producing additional biological assets. Agricultural produce is represented by products obtained from the entity's biological assets, and the Group's biological assets are represented by live fish. The Group has identified the following biological assets: live fish (trout and salmon) including fry.

In accordance with IAS 41, until collected, biological assets associated with agricultural activities are measured at fair value less estimated costs to sell, any changes in fair value are recognised in profit or loss unless fair value cannot be measured reliably. Costs to sell include all costs that are directly attributable to the sale of an asset. Where biological transformation is insignificant from the date

of initial expenditure, biological assets are valued on a cost basis, therefore the fry is valued at cost equal to the cost of acquisition. The cost price includes direct expenditures associated with the biological transformation of biological assets: expenses for the acquisition of fry and feed, labour costs of employees directly involved in the production process, depreciation of property, plant and equipment, and related production overheads as well.

Agricultural produce obtained from the Group's biological assets is measured at fair value less costs to sell at the time of collection and is subsequently accounted for as inventory and valued in accordance with IAS 2 (Note 2.9).

The gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is recognised as agricultural produce revaluation surplus (within finished goods) in the statement of profit or loss and other comprehensive income.

A gain or loss on remeasurement of a biological asset at the fair value less estimated costs to sell and upon subsequent change in the fair value less estimated costs to sell of a biological asset is recognised within biological assets revaluation surplus in the statement of profit or loss and other comprehensive income.

Details of the valuation model are provided in Note 4.2.

3. Application of New and Revised International Financial Reporting Standards

3.1. IFRS and IFRIC Interpretations Adopted in the Current Year

The Group has adopted all IFRS standards and interpretations that are relevant to its operations and effective for accounting periods beginning on 1 January 2023. The adoption of the indicated standards and amendments did not have any impact on the Group's financial position, results of operations, or cash flows.

3.2. IFRS and IFRIC Interpretations in Issue but not yet Effective

At the date of authorisation of these consolidated financial statements, the following standards and interpretations had been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2023, and which the Group has not adopted in advance:

Standards and interpretations	Applicable for annual periods beginning on or after 1 January 2023 and which the Group has not adopted in advance.
Amendments to IFRS 10 and IAS 28 Sale or Transfer of Assets between an Investor and its Associate or Joint Venture	Not specified
Amendments to IFRS 1 Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IFRS 1 Non-Current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 Lease Liabilities in Sale and Leaseback Transactions	1 January 2024
Amendments to IAS 7 and IFRS 7 Vendor Financing Arrangements	1 January 2024
Amendments to IFRS 21 Foreign Currency Translation Restrictions	1 January 2025

The Group's management does not expect the adoption of the above standards to have a material impact on the Group's financial statements in future periods.

4. Significant Accounting Assumptions and Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies set out in Note 2, management makes judgements (apart from those involving assessments) that have a significant effect on the amounts recognised in the financial statements and forms estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other

factors that are believed to be relevant under particular circumstances. Actual results may differ from the estimates provided.

The estimates and related assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period to which the revision relates, and in future periods if the revision affects both current and future periods.

4.1. Key sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty for the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2. Biological Assets

Until collected, biological assets associated with agricultural activities are measured at fair value less estimated costs to sell; any changes in fair value are recognised in profit or loss. Costs to sell include all costs that are directly attributable to the sale of an asset.

The fair value of live fish is determined using a valuation model developed as there are no quoted prices for live fish.

Level 3 inputs in the fair value hierarchy were used to determine the fair value of live fish. The fair value of biological assets as at 31 December 2023 and 31 December 2022 is determined using the following key assumptions:

Category	Valuation technique	Unobservable inputs	Value as at 31 December 2023	Value as at 31 December 2022
Fry and roe of salmon and sea trout up to 1,000 g and that of lake trout up to 700 g	Actual costs	NA	NA	NA
Salmon and sea trout weighing between 1,000 and 4,000 g	Actual expenses adjusted by: <ul style="list-style-type: none"> • Proportional expected margin • Expected loss rate • Gutting rate 	The expected margin as equated to the average margin for December of the reporting period.	57%	49%
		Expected loss rate	13%	9%
		Gutting rate	16%	16%
Lake trout weighing between 700 and 1,700 g	Actual expenses adjusted by: <ul style="list-style-type: none"> • Proportional expected margin • Expected loss rate • Gutting rate 	The expected margin as equated to the average margin for December of the reporting period.	22%	6%
		Expected loss rate	6%	12%
		Gutting rate	16%	16%
Salmon and sea trout weighing more than 4,000 g	Sale price minus selling expenses adjusted for gutting rate	Average selling price per kg for December of the reporting period, net of gutting and packing costs	1,054	774
		Gutting rate	16%	16%
Lake trout weighing more than 1,700 g	Sale price minus gutting and selling costs adjusted for gutting rate	Average selling price per kg for December of the reporting period, net of gutting and packing costs	492	486
		Gutting rate	16%	16%

The following table demonstrates the sensitivity of the Group's profit before income tax to possible changes in the key assumptions of the model of biological assets revaluation to fair value, with all other variables held constant:

	Increase/decrease in the indicator	Impact on profit before income tax, RUB '000
Gutting rate	+5 p.p.	(1,376,705)
Gutting rate	-5 p.p.	1,361,463
Sale price	+5%	1,181,400
Sale price	-5%	(1,196,303)
Expected loss rate	+5 p.p.	(77,810)
Expected loss rate	-5 p.p.	63,085

	Increase/decrease in the indicator	Impact on profit before income tax, RUB '000
Margin rate	+5 p.p.	160,070
Margin rate	-5 p.p.	(137,910)

The Group's sales prices, margins, and expected loss ratios depend principally on the health, stage of the farming cycle and quality of fish, competition in the market and seasonality of sales, which, assuming standard market conditions are maintained, is characterised by a decline in sales prices and margins during the first half of the year (relative to the end of the previous year) and a subsequent increase during the second half of the year, with sales prices and margins reaching their highest levels in the last months of the year.

4.3. Fish Loss Rates

The daily loss of biological assets for the period from the time of stocking of a fish farm until fish reach 500 g is determined using management-approved rates based on historical and industry loss rates. The use of these rates is necessary because it is not possible to determine actual loss with a high degree of confidence due to the small size of the fish. The total actual loss for a fish farm is determined at the time of full fish recovery and may differ from earlier estimates; the same generates the income/expense from the biological asset inventory (Notes 22, 23).

5. Balances and Transactions with Related Parties

Related parties include shareholders, key management personnel, and entities under common ownership and control.

The nature of relationships with related parties the Group entered into transactions with for the year ended on 31 December 2023 and the year ended on 31 December 2022 are disclosed below.

Balances with related parties as at 31 December 2023 and 31 December 2022 are shown below.

Description	Advances paid to suppliers of property, plant and equipment
31 December 2023	
Associates	86,716

Related-party transactions

Description	Type of relationship	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Administrative costs	Remuneration of the Board members	40,333	37,612
Dividends	Payments to shareholders	3,904,234	3,295,336
Interest income	Receipts from shareholders in the form of interest on loans issued	–	3,556
Loans issued	Payments to shareholders	–	198,000
Loans repaid	Receipts from shareholders	–	198,000
Purchase of equipment and materials	Associates	276,461	–

In January 2023, the Group acquired Arkhangelsk Algae Combine LLC from a related party. The cost of acquisition amounted to 448,050 (Note 30).

Remuneration paid to key management personnel

As at 31 December 2023, key management personnel comprised 16 persons (12 persons in 31 December 2022). Total remuneration to key management personnel comprising short-term remuneration (monthly salary and bonuses) and remuneration in the form of the difference between the fair value of the shares (market price of the shares on the date of the transaction) and their sale price to key management personnel amounted to 873,701 for the year ended on 31 December 2023 (566,262 for the year ended on 31 December 2022).

Shareholders of the Group

As at 31 December 2023 and 31 December 2022, the following registered shareholders of INARCTICA PJSC held the following shareholdings:

	31 December 2023	31 December 2022
Realty Capital combined CEIF managed by MC Svinyin and Partners LLC	24.99%	24.99%
Maksim Vorobyov	23.53%	22.00%
IGS Invest JSC	17.24%	–
Development combined CEIF managed by CFC Direct Investments LLC	7.71%	8.19%
Ilya Sosnov	2.25%	24.99%
Free float, other minority shareholders and management of the Company	23.65%	18.11%
Treasury shares	0.63%	1.72%
	100.00%	100.00%

All shares have equal voting rights.

6. Property, Plant and Equipment

Property, plant and equipment, along with related accumulated depreciation, are as follows:

	Land	Buildings and structures	Machinery, equipment and watercraft	Others	Construction in progress	Total
Original cost						
As at 1 January 2023	20,007	602,446	11,459,281	607,135	975,027	13,663,896
Acquisition of subsidiaries (Note 30)	–	39,376	192,092	123,560	49,536	404,564
Purchase of property, plant and equipment	26,176	17,034	897,352	300,745	2,097,509	3,338,816
Disposals	–	–	(272,868)	(16,083)	–	(288,951)
As at 31 December 2023	46,183	658,856	12,275,857	1,015,357	3,122,072	17,118,325
Accumulated depreciation and impairment						
As at 1 January 2023	–	(62,478)	(3,742,709)	(220,103)	–	(4,025,290)
Accrued depreciation	–	(38,221)	(1,216,865)	(89,401)	–	(1,344,487)
Depreciation on disposed property, plant and equipment	–	–	192,418	11,718	–	204,136
Impairment	–	–	(269,360)	–	–	(269,360)
As at 31 December 2023	–	(100,699)	(5,036,516)	(297,786)	–	(5,435,001)
Residual cost						
As at 1 January 2023	20,007	539,968	7,716,572	387,032	975,027	9,638,606
As at 31 December 2023	46,183	558,157	7,239,341	717,571	3,122,072	11,683,324

	Land	Buildings and structures	Machinery, equipment and watercraft	Others	Construction in progress	Total
Original cost						
As at 1 January 2022	–	1,364,042	8,739,710	468,760	1,297,090	11,869,602
Acquisition of subsidiaries (Note 30)	869	180,797	155,215	26,432	2,585	365,898
Purchase of property, plant and equipment	19,138	364,755	2,866,344	171,336	(314,645)	3,106,928
Disposal of subsidiaries (Note 30)	–	(1,122,240)	(232,057)	(48,890)	–	(1,403,187)
Disposals	–	(3,160)	(13,374)	(1,789)	(7,161)	(25,484)
Impact of exchange rate changes	–	(181,748)	(56,557)	(8,714)	(2,842)	(249,861)
As at 31 December 2022	20,007	602,446	11,459,281	607,135	975,027	13,663,896
Accumulated depreciation and impairment						
As at 1 January 2022	–	(200,194)	(2,754,533)	(143,064)	–	(3,097,791)
Disposal of subsidiaries (Note 30)	–	226,879	6,968	26,688	–	260,535
Accrued depreciation	–	(123,260)	(1,046,224)	(108,064)	–	(1,277,548)
Depreciation on disposed property, plant and equipment	–	1,107	11,986	1,636	–	14,729
Impact of exchange rate changes	–	32,990	39,094	2,701	–	74,785
As at 31 December 2022	–	(62,478)	(3,742,709)	(220,103)	–	(4,025,290)
Residual cost						
As at 1 January 2022	–	1,163,848	5,985,177	325,696	1,297,090	8,771,811
As at 31 December 2022	20,007	539,968	7,716,572	387,032	975,027	9,638,606

As at 31 December 2023, property, plant and equipment amounting to 915,663 were pledged as collateral for the Group's loans and borrowings. As at 31 December 2022, no property, plant and equipment was pledged as collateral for the Group's loans and borrowings.

7. Right-of-Use Assets

The movements in right-of-use assets were as follows:

	Fish farms	Buildings and structures	Land	Total
Original cost				
As at 1 January 2023	61,211	280,806	162,728	504,745
New leases and modifications to existing leases	–	12,112	–	12,112
Disposal of lease agreements	(52)	–	(14,000)	(14,052)
As at 31 December 2023	61,159	292,918	148,728	502,805
Accumulated depreciation				
As at 1 January 2023	(9,717)	(123,309)	(3,801)	(136,827)
Accrued depreciation	(2,073)	(57,340)	(17,040)	(76,453)
Depreciation under disposed leases	52	–	14,000	14,052
As at 31 December 2023	(11,738)	(180,649)	(6,841)	(199,228)
Residual cost				
As at 1 January 2023	51,494	157,497	158,927	367,918
As at 31 December 2023	49,421	112,269	141,887	303,577

	Fish farms	Buildings and structures	Land	Total
Original cost				
As at 1 January 2022	67,758	195,758	17,468	280,984
New leases and modifications to existing leases	8,504	90,890	145,260	244,654
Disposal of lease agreements	(15,051)	(5,842)	–	(20,893)
As at 31 December 2022	61,211	280,806	162,728	504,745
Accumulated depreciation				
As at 1 January 2022	(10,089)	(77,726)	(356)	(88,171)

	Fish farms	Buildings and structures	Land	Total
Accrued depreciation	(2,675)	(45,583)	(3,445)	(51,703)
Depreciation under disposed leases	3,047	–	–	3,047
As at 31 December 2022	(9,717)	(123,309)	(3,801)	(136,827)
Residual cost				
As at 1 January 2022	57,669	118,032	17,112	192,813
As at 31 December 2022	51,494	157,497	158,927	367,918

8. Goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units (“CGUs”), which reflect the lowest level of management monitored goodwill for impairment.

	31 December 2023	31 December 2022
Processing	441,303	441,303
Salmon fry farming (Note 30)	257,460	257,460
Extraction and processing of algae (Note 30)	37,120	–
Total Goodwill	735,883	698,763

The recoverable amount of the Processing CGU was determined based on the calculation of a value in use through cash flow projections based on budgets over a five-year period and using an after-tax discount rate of 16.2% (in 2022, also 16.2%). Cash flows beyond this period have been extrapolated, assuming a constant growth rate of 3% per annum (the same as in 2022). The management believes that any reasonably possible change in the key assumptions underlying the recoverable amount calculation would not cause the total carrying amount of a cash-generating unit to exceed its recoverable amount.

9. Inventories

	31 December 2023	31 December 2022
Raw materials	5,059,279	3,011,861
Finished goods	452,212	354,243
Provision for impairment of inventories	(141,608)	–
	5,369,883	3,366,104

As at 31 December 2023, finished goods include a gain on initial recognition of agricultural products at a fair value net of costs to sell amounting to 48,559 (100,222 as at 31 December 2022).

As at 31 December 2023 and 31 December 2022, no inventories were pledged as collateral for loans and borrowings.

10. Biological Assets

As at 31 December 2023, biological assets comprised 31,916 tonnes of fish available for sale (35,091 tonnes as at 31 December 2022) and 2,093 tonnes of fry (1,148 tonnes as at 31 December 2022).

Tonnes	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Balance at the beginning of the year	36,239	29,738
Increase due to costs incurred, net of losses due to inventory and fish kills	30,724	36,985
Transfer to inventory	(32,953)	(30,069)
Disposal of subsidiaries (Note 30)	–	(415)
	34,010	36,239

Thousands RUB	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Balance at the beginning of the year	20,324,008	14,720,405
Increase due to costs incurred, net of inventory losses and fish kill (at cost of farming)	16,339,942	14,193,520
Transfer to inventory (at fair value less costs to sell at the time of collection)	(27,586,012)	(23,493,230)
Disposal of subsidiaries (Note 30)	–	(167,852)
Profit from change in fair value net of costs to sell	19,520,682	15,071,165
	28,598,620	20,324,008

The breakdown of the net change in the fair value of biological assets is as follows:

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Adjustment to fair value at the beginning of the period (biological assets transferred to inventory and sold subsequently or carried at fair value at the end of the period)	(8,081,058)	(6,469,483)
Adjustment to fair value at the end of the period	14,326,922	8,081,058
	6,245,864	1,611,575

Details of biological transformation of salmon and sea trout as at 31 December 2023 are as follows:

Status of biological assets as at 31 December 2023	Thousands RUB				
	Quantity of fish	Biological assets (tonnes)	Cost of farming	Fair value adjustment	Total cost
Fry / roe / salmon / sea trout weighing < 1.000g	10,285,939	1,619	2,065,589	–	2,065,589
Salmon / sea trout weighing between 1,000 and 4,000 g	3,186,720	5,760	2,815,236	753,834	3,569,070
Salmon / sea trout weighing > 4,000 g	4,791,070	24,923	8,633,917	13,451,012	22,084,929
	18,263,729	32,302	13,514,742	14,204,846	27,719,589

Details of the biological transformation of lake trout (including roe) as at 31 December 2023 are as follows:

Status of biological assets as at 31 December 2023	Quantity of fish	Biological assets (tonnes)	Cost of farming	Thousands RUB	
				Fair value adjustment	Total cost
Fry / lake trout weighing < 700 g	1,994,010	474	299,670	–	299,670
Lake trout weighing 700 to 1,700 g	276,869	405	162,578	(3,572)	159,006
Lake trout weighing > 1,700 g	429,459	828	294,712	125,644	420,356
	2,700,338	1,707	756,960	122,072	879,032

Details of the biological transformation of salmon and sea trout as at 31 December 2022 are as follows:

Status of biological assets as at 31 December 2022	Quantity of fish	Biological assets (tonnes)	Cost of farming	Thousands RUB	
				Fair value adjustment	Total cost
Fry / salmon / sea trout weighing < 1.000g	4,348,527	800	514,436	–	514,436
Salmon / sea trout weighing between 1,000 and 4,000 g	7,711,753	15,534	5,394,615	1,779,242	7,173,857
Salmon / sea trout weighing > 4,000 g	3,207,984	18,070	5,585,002	6,233,586	11,818,588
	15,268,264	34,404	11,494,053	8,012,828	19,506,881

Details of the biological transformation of lake trout (including roe) as at 31 December 2022 are as follows:

Status of biological assets as at 31 December 2022	Quantity of fish	Biological assets (tonnes)	Thousands RUB		
			Cost of farming	Fair value adjustment	Total cost
Fry / lake trout weighing < 700 gr	834,235	348	165,216	–	165,216
Lake trout weighing 700 to 1,700 g	449,986	599	237,168	(22,676)	214,492
Lake trout weighing > 1,700 g	388,219	888	346,513	90,906	437,419
	1,672,440	1,835	748,897	68,230	817,127

As at 31 December 2023, the total future contractual commitments for the purchase of biological assets (fry) amounted to 2,453,947 (3,288,271 as at 31 December 2022). The maturity date of contractual commitments for future deliveries of biological assets is 31 December 2027.

As at 31 December 2023 and 31 December 2022, no biological assets were pledged as collateral for loans and borrowings.

11. Trade and Other Receivables

	31 December 2023	31 December 2022
Trade receivables	2,684,596	2,638,148
Other receivables	49,167	122,453
Interest payable	20,744	15,060
Net of provision for expected credit losses	(356,953)	(351,992)
Total financial assets carried at amortised cost	2,397,554	2,423,669
Settlements with customs authorities	268,350	120,919
Overpayment of other taxes and compulsory contributions	14,142	33,757
Total non-financial assets	282,492	154,676
	2,680,046	2,578,345

The table below shows the movements in the provision for expected credit losses for the year ended 31 December 2023 and the year ended 31 December 2022:

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Balance at the beginning of the year	351,992	1,643
Restoration of the provision	(471)	(666)
Recognition of provision for expected credit losses	5,432	351,015
Balance at the end of the year	356,953	351,992

No interest is charged on trade receivables. Trade receivables are generally due within 30 days.

The maturity of trade and other receivables is disclosed in Note 29.6.

12. Advance Payments to Suppliers

	31 December 2023	31 December 2022
Advance payments for supplies of feed and fry	2,921,570	3,462,580
Other advances paid	352,044	229,943
Less: provision for impairment of advances paid	(267,161)	(6,402)
	3,006,453	3,686,121

The table below shows the movements in the provision for impairment of advances paid for the year ended 31 December 2023 and the year ended 31 December 2022:

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Balance at the beginning of the year	6,402	4,907
Restoration of the provision	(1,160)	(4,575)
Recognition of provision for impairment of advances paid	261,919	6,070
Balance at the end of the year	267,161	6,402

13. Cash and Cash Equivalents

	31 December 2023	31 December 2022
Cash in foreign currency on current accounts:	16,314	116,353
• USD	8,283	1,998
• CNY	7,127	–
• EUR	831	100,475
• AED	73	57
• NOK	–	13,823
Cash in roubles on current accounts and on hand	826,573	220,108
Cash on brokerage account	42,461	2,669
	885,348	339,130

No interest is accrued on cash allocated on accounts with banks other than Bank E.

14. Long-Term and Short-Term Financial Investments

As at 31 December 2023 and as at 31 December 2022, financial investments are as follows:

Long-term financial investments

	31 December 2023	31 December 2022	Currency	Maturity	Rate
Loans to legal entities	27,652	–	NOK, RUB	April 2025	6.11–9%
Loans to employees	47,912	14,476	RUB	February 2025 – July 2027	12–18%
	75,564	14,476			

Short-term financial investments

	31 December 2023	31 December 2022	Currency	Maturity	Rate
Loans to legal entities	65,359	82,755	NOK, RUB	June – July 2024	4–9%
Loans to employees	16,383	–	RUB	September – October 2024	12–18%
	81,742	82,755			

15. Trade Payables

	31 December 2023	31 December 2022
Trade payables to suppliers of goods, works and services	435,715	353,306
	435,715	353,306

The average credit period is 30 days as at 31 December 2023 and 2022. No interest is charged on outstanding trade payables during or at the end of the credit period.

16. Loans and Borrowings

	31 December 2023	31 December 2022
Long-term and short-term loans and borrowings	14,336,491	13,620,842
Interest accrued	146,159	102,792
	14,482,650	13,723,634

As at 31 December 2023 and 31 December 2022, long-term and short-term borrowings were denominated in Russian roubles and are as follows:

Bank	Maturity: 31 December 2023	Credit line limit	31 December 2023		31 December 2022	
			Long-term	Short-term	Long-term	Short-term
Bonds	March 2024	NA	–	2,999,500	2,999,500	–
Bank A	July 2024 – March 2025	4,500,000	1,935,608	2,009,975	5,064,392	1,000,000

Bank	Maturity: 31 December 2023	Credit line limit	31 December 2023		31 December 2022	
			Long-term	Short-term	Long-term	Short-term
Bank B	June 2024 – December 2024	1,200,000	–	1,157,546	–	1,600,000
Bank C	January 2024 – December 2024	2,363,789	–	2,363,789	131,031	163,789
Bank D	May 2024 – December 2024	2,000,000	–	1,544,295	–	884,145
Bank E	January 2024 – September 2025	2,250,000	250,000	416,667	583,333	387,152
Bank F	May 2026 – April 2031	3,250,000	1,659,111	–	–	–
Bank G	NA	1,000,000	–	–	–	800,000
Non-bank loans and borrowings	NA	NA	–	–	–	7,500
		16,563,789	3,844,719	10,491,772	8,778,256	4,842,586

As at 31 December 2023, variable rate bank loans were 7,689,878 and bonds and fixed rate loans were 6,646,613 (as at 31 December 2022, variable rate loans amounted to 7,969,021 and fixed rate loans amounted to 5,651,821). The variable rate on the majority of bank loans as at 31 December 2023 and 31 December 2022 depended on the key rate of the Bank of Russia.

In March 2021, the Group placed 2,999,500 rouble-denominated bonds at par value (RUB 1,000 at the issue date) maturing in March 2024. The coupon rate on the bonds, payable semi-annually, is set at 9.5% per annum.

As at 31 December 2023, the credit line provided by Bank E was secured by a pledge of a fixed asset (vessel) in the amount of 915,663.

The loan agreements with Bank A, Bank B, Bank C, Bank D, Bank E, Bank F, and Bank G contain covenants. As at 31 December 2023 and 2022, the Group was in compliance with all covenants of the loan agreements.

The effective interest rate on rouble-denominated loans and bonds for 2023 was 9.31% (9.80% in 2022).

Interest expense net of government interest subsidies received is presented below:

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Interest expense	1,572,746	1,116,776
Net of interest included in qualifying assets	(27,320)	(9,183)
Government grants for interest coverage	(269,492)	(148,261)
	1,275,934	959,332

The Group receives government grants through accredited banks that provide loans to agricultural producers at a reduced rate not exceeding 5% per annum on rouble-denominated loans ("subsidies under the preferential lending programme"). The difference between the market rate and the reduced rate is equal to the key rate of the Bank of Russia and is compensated to accredited banks by the Ministry of Agriculture. The Group presents such grants in detail in the table above, with related interest expenses of 269,468 (139,650 in 2022).

Reconciliation of liabilities for financing activities

The table below shows a reconciliation of the Group's liabilities for financing activities, including cash and non-cash changes. Liabilities from financing activities are liabilities for which cash flows have been, or future cash flows will be, classified in the Group's consolidated financial statements as cash flows from financing activities.

	1 January 2023	Cash flows related to financing activities	Non-cash changes	Interest accrued	Interest paid	31 December 2023
Loans and borrowings	13,723,635	715,649	17,221	1,253,976	(1,227,831)	14,482,650
Lease liabilities	304,664	(50,238)	12,112	21,958	(21,958)	266,538

	1 January 2022	Cash flows related to financing activities	Non-cash changes	Interest accrued	Interest paid	31 December 2022
Loans and borrowings	8,306,132	5,526,261	(96,637)	946,737	(958,859)	13,723,634
Lease liabilities	131,712	(53,643)	226,595	21,203	(21,203)	304,664

Non-cash changes in borrowings and lease liabilities represent the effect of changes in foreign currency exchange rates and the entry of new leases and modifications to existing leases, respectively, as well as the effects of acquisitions and disposals of subsidiaries.

17. VAT and Other Taxes Payable

	31 December 2023	31 December 2022
VAT payable	785,588	329,715
Contributions to extra-budgetary funds payable	17,625	33,344
Property tax	15,380	23,005
Other operating taxes	41,833	3,745
	860,426	389,809

18. Revenue

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Revenue from sales of salmon	19,556,211	18,539,431
Revenue from sales of trout	8,245,438	4,696,252
Revenue from sale of red caviar	120,985	90,485
Revenue from sales of other products	557,583	174,797
	28,480,217	23,500,965

The Group sells only within the Russian Federation.

19. Cost Price

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Raw materials used in cultivation and production	9,070,275	6,751,955
Production overheads (processing services, utilities and other services and expenses)	1,802,046	1,473,324
Depreciation of PPE and intangible assets	1,132,274	844,661
Labour costs, including social insurance costs	1,403,283	668,887
Depreciation of right-of-use assets	59,379	36,501
	13,467,257	9,775,328

Payroll costs, which also cover social security costs, for 2023 include 259,111 (0 in 2022) attributed to remuneration to employees as a result of transactions for the sale of shares in INARCTICA PJSC under favourable terms.

20. Distribution and Selling Expenses

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Transport costs	445,656	268,237
Labour costs, including social insurance costs	198,256	135,477
Lease and storage expenses	50,367	13,459
Advertising expenses	38,690	21,393
Others	121,775	55,336
	854,744	493,902

Payroll costs, which also cover social security costs, for 2023 include 10,998 (0 in 2022) attributed to remuneration to employees as a result of transactions for the sale of shares in INARCTICA PJSC under favourable terms.

21. Administrative Costs

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Labour costs, including social insurance costs	1,030,159	708,265
Audit and consulting services	112,801	145,966
Travel expenses	48,743	27,353
Remuneration of the Board members	40,333	37,612
Depreciation of PPE and intangible assets	35,277	27,292
Employee training expenses and other personnel expenses	34,580	26,340
Bank commissions	23,404	38,077
Administrative expenses	18,260	10,624
Depreciation of right-of-use assets	17,074	15,202
Taxes other than income taxes	16,294	8,059
Expenses for rent and maintenance of buildings	14,521	3,793
Transport	12,216	5,477
Expenses for corporate events	7,543	17,014
Communication services	6,088	4,395
Insurance	3,710	4,367
Others	50,559	8,954
	1,471,562	1,088,790

Payroll costs, which also cover social security costs, for 2023 include 380,704 (325,311 in 2022) attributed to remuneration to employees as a result of transactions for the sale of shares in INARCTICA PJSC under favourable terms (Note 25).

22. Other Operating Income

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Income from inventory of biological assets	399,677	324,685
Proceeds from sale of other assets	41,100	53,238
Insurance reimbursement	5,066	10,167
Income from leasing of equipment	3,017	3,487
Reimbursement of claims	1,727	9,199
Others	65,636	29,671
	516,223	430,447

The income from biological assets inventory was recognised largely on the basis of the recovery of biological assets from the fish farms and resulted from differences between the actual loss of fry during the stocking period and the loss rates applied during that period (Note 4.3).

23. Other Operating Expenses

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Loss of biological assets	1,540,579	331,943
Impairment	269,360	–
Provision for refloating costs	146,000	–
Provisions for impairment of inventories	141,608	–
Loss on disposal of property, plant and equipment	83,485	9,534
Fines and penalties	62,737	22,579
Charity	46,335	101,767
Expenses based on results of inventory and write-off of inventory and materials	41,942	50,199
VAT write-off	14,636	5,531

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Depreciation of leased property, plant and equipment	–	373
Others	41,791	21,906
	2,388,473	543,832

Expenses from losses of biological assets during the year ended on 31 December 2023 mainly relate to salmon and sea trout delousing operations as a result of the high lice infestation rate in 2H 2023.

The impairment of 269,360 relates to the incident involving the vessel Alexander Gusev. On 17 October 2023, in the Korelinskaya Bay of the Barents Sea, under stormy conditions, the vessel was driven onto a rocky shore and ran aground. As a result of the incident, the probability of the vessel's future use is measured as low, and a provision for vessel impairment has been accrued. In addition, a provision has been accrued for the costs of heaving-off in the amount of 146,000.

24. Income Tax

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Current income tax expense	(130,942)	(74,184)
Excess profit tax expense	(374,362)	–
Deferred income tax — origination and reversal of temporary differences	18,532	33,467
Income tax expense	(486,772)	(40,717)

Companies that do not have agricultural producer status are subject to income tax at the rate of 20%. Companies that have the status of agricultural producer are exempt from income tax on profits derived from the sale of agricultural products.

INARCTICA North-West LLC has the status of an agricultural producer, which entitles it to exemption from profit tax.

The calculation of income tax expense recognised in the Group's consolidated statement of profit or loss and other comprehensive income using the theoretical income tax rate of 20% is presented below:

Continuing operations	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Profit before income tax	15,957,966	12,256,209
Contingent tax expense at statutory rate (20%)	(3,191,593)	(2,451,242)
Tax effect of items that are not deductible or assessable for taxation purposes:		
Effects of applying a different tax rate on agricultural subsidiaries	2,998,916	2,340,585
Excess profits tax	(374,362)	–
Others	80,269	69,940
Income tax expense	(486,770)	(40,717)

In August 2023, a one-off excess profits tax was introduced for Russian companies with average pre-tax profits for 2021 and 2022 exceeding RUB 1 billion. This change resulted in an additional tax charge of 374,362.

The movements in deferred tax assets and liabilities were as follows:

	31 December 2022	Recognised in profit or loss	Acquisition of subsidiaries	31 December 2023
Tax effect of deductible temporary differences – asset/ (liability):				
Lease liabilities	4,867	(12,348)	–	(7,481)
Accounts receivable	19,849	(21,969)	10	(2,110)
Other assets	(14,703)	(7,082)	979	(20,806)
Intangible assets	3	1,270	(179)	1,094
Property, plant and equipment, and right-of-use assets	521	33,203	(65,873)	(32,149)

	31 December 2022	Recognised in profit or loss	Acquisition of subsidiaries	31 December 2023
Tax losses deferred for taxation purposes	167	20,298	18,151	38,616
Total net deferred tax assets / (liabilities)	10,704	13,372	(46,912)	(22,836)

	31 December 2021	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of subsidiaries	31 December 2022
Tax effect of deductible temporary differences – asset/(liability):					
Lease liabilities	7,212	(2,345)	–	–	4,867
Accounts receivable	(256)	20,105	–	–	19,849
Other assets	1,284	(16,611)	–	624	(14,703)
Intangible assets	18	(15)	–	–	3
Property, plant and equipment, and right-of-use assets	(118,997)	32,732	13,337	73,449	521
Tax losses deferred for taxation purposes	566	(399)	–	–	167
Total net deferred tax (liabilities)/assets	(110,173)	33,467	13,337	74,073	10,704

As at 31 December 2023, deferred tax assets relating to tax losses carried forward amounted to 38,616 (31 December 2022: 167), with management believing that the deferred

tax assets will be realised in full and being confident that any remaining unused tax losses will be utilised in the future.

Starting from 2017, the Group can offset no more than 50% of each subsidiary's taxable profit against accumulated tax loss carryforwards and there is no limit to the period

of possible utilisation of the Group's tax loss carryforwards (following the amendments to the Russian Tax Code effective from 1 January 2017). As a result, the Group does not expect any effect on its deferred tax position.

25. Capital

Chartered capital

As at 31 December 2023 and as at 31 December 2022, the authorised capital of the Company consisted of 87,876,649 shares.

Changes in the shareholdings of the Group's major shareholders are given in Note 5.

Additional capital, treasury shares

During 2023, the Group acquired 836,690 shares of INARCTICA PJSC with a total cost of 760,164, the change in the balance of treasury shares was recognised under Treasury Shares item in the consolidated capital flow statement.

During 2023, the Group signed a number of agreements with its employees to sell 789,000 shares of INARCTICA PJSC at favourable terms, the difference

between the fair value of the shares (market price of the share at the date of the transaction) and their sale price to the employees with a total value of 650,813 was recognised within Administrative Costs, Cost of Sales and Selling Expenses in the consolidated statement of profit or loss and other comprehensive income, the difference between the fair value of the shares and their acquisition cost at the time of sale was recognised in additional capital in the consolidated statement of financial position as at 31 December 2023 in the amount of 257,052.

During 2023, the Group sold 1,000,000 shares of INARCTICA PJSC to third parties, the difference between the fair value of the shares (market price of the share at the date of the transaction) and their acquisition cost was recognised in Additional Capital in the consolidated statement of financial position as at 31 December 2023 in the amount of 334,585.

During 2022, the Group acquired 783,912 shares of INARCTICA PJSC with a total cost of 453,425, the change in the balance of treasury shares was recognised under Treasury Shares item in the consolidated capital flow statement.

During 2022, the Group signed a number of agreements with its employees to sell 791,000 shares of INARCTICA PJSC at favourable terms, the difference between the fair value of the shares (market price of the share at the date of the transaction) and their sale price to the employees with a total value of 325,311 was recognised within Administrative Costs in the consolidated statement of profit or loss and other comprehensive income, the difference between the fair value of the shares and their acquisition cost at the time of sale was recognised in additional capital in the consolidated statement of financial position as at 31 December 2022 in the amount of 212,307.

During 2022, the Group sold 205,235 shares of INARCTICA PJSC to third parties, the difference between the fair value of the shares (market price of the share at the date of the transaction) and their acquisition cost was recognised in Additional Capital in the consolidated statement of financial position as at 31 December 2022 in the amount of 58,179.

Dividends

In accordance with Russian legislation, dividends may only be distributed from the profits of INARCTICA PJSC calculated in accordance with Russian Accounting Standards and denominated in local currency.

In July, September and December 2023, dividends totalling 3,904,234 were approved at Extraordinary General Shareholders' Meetings and paid in full until 31 December 2023.

The amount of dividends totalled RUB 10–19 per share in 2023.

In June, August and October 2022, dividends in the total amount of 3,295,336 were approved at Extraordinary General Meetings of Shareholders and paid in full until 31 December 2022.

The dividends amounted to RUB 8–15 per share in 2022.

26. Earnings per Share

Earnings per share is calculated by dividing net profit from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. The Group has no dilutive effect of potential ordinary shares, therefore, diluted earnings per share are equal to basic earnings per share.

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Weighted average number of outstanding ordinary shares	86,379,843	86,391,874
Gain from continuing operations for the year	15,471,196	12,215,492
Basic and diluted earnings per share from continuing operations, RUB	179.11	141.40

27. Key Performance Measurement Indicator

For management purposes, the Group's operations are not divided into operating segments as the Group's main companies are engaged only in fish farming.

Management assesses the Group's performance based on Adjusted EBITDA, which is a measure of the Group's profitability. This indicator is presented to the chief operating decision maker to assist in the allocation of resources and in assessing the performance of the Group. Adjusted EBITDA is determined by the Group's management as the sum of the following measures:

- (Profit) / loss before income tax from continuing operations
- Foreign exchange (gain) / loss, net
- Interest (income) / expense, net
- Depreciation of property, plant and equipment, intangible assets and right-of-use assets
- (Gain) / loss on revaluation of biological assets
- Loss / (gain) from revaluation of agricultural produce (within finished goods)
- Loss on sale of shares to employees on favourable terms
- One-off and extraordinary expenses

From 1 January 2023, the Group changed the calculation of Adjusted EBITDA to include one-off and extraordinary expenses.

A reconciliation of Adjusted EBITDA to profit before tax is given below:

	For the year ended on 31 December 2023	For the year ended on 31 December 2022
Profit before income tax from continuing operations	15,957,966	12,256,209
Foreign exchange (gain) / loss, net	(376,573)	205,494
Interest expense, net	1,161,491	871,583
Depreciation of property, plant and equipment, intangible assets and right-of-use assets	1,250,526	929,337
Gain on revaluation of biological assets	(6,245,864)	(1,611,575)
Loss / (gain) on revaluation of agricultural produce (within finished goods)	51,663	(44,006)
Loss on sale of shares to employees on favourable terms	650,813	325,311
Impairment	269,360	–
Provision for refloating costs	146,000	–
Adjusted EBITDA	12,865,382	12,932,353

Adjusted EBITDA is not a standard IFRS calculation measure and is not required to be disclosed under IFRS. Adjusted EBITDA should not be used as an alternative to net profit for the year, gross profit for the year or any other IFRS performance measure or as an alternative to net cash generated from operating activities.

28. Contingent Liabilities, Contractual Liabilities and Operational Risks

28.1. Taxation

Russian legislation governing taxation for business purposes continues to change rapidly. Management's interpretation of such legislation as applied to the Group's operations may be challenged by the tax authorities. Recently, the tax authorities have often taken a more assertive position in their interpretation of the legislation. As a result, previously unchallenged tax positions may be challenged in future tax inspections. Generally, three years preceding the reporting year are open for verification by the tax authorities. Under certain circumstances inspections may cover longer periods. Management believes that it has accrued all applicable taxes based on its interpretation of tax legislation. However, the tax authorities may have differing interpretations and the effect on the consolidated financial statements could be significant. As at 31 December 2023, the management estimated that the potential impact in respect of tax risks, if realised, would not exceed 2% of the Group's total comprehensive income in 2023.

28.2. Capital Commitments

As at 31 December 2023, the total future commitments under sale and purchase agreements in respect of the acquisition of property, plant and equipment amounted to 1,880,696 (31 December 2022: 466,731).

28.3. Insurance

The Group holds insurance policies in respect of all biological assets (except for fry and eggs at fry farms) against the risk of loss and significant items of property, plant and equipment.

28.4. Biological Risk

The Group's biological assets are exposed to biological risk, i.e., the risk of live fish kill as a result of disease outbreaks of various origins, as well as significant deterioration of weather conditions. To mitigate these risks, the Group continuously monitors compliance with established internal biosafety regulations and constantly monitors the water area; the Group also regularly takes water samples to detect adverse changes in a timely manner and regularly insures against the risk of live fish kill. As at 31 December 2023 and 31 December 2022, the Group's biological assets, other than fry and eggs in the fry farms, were insured.

28.5. Environmental Protection

Management believes that the Group's operations are in compliance with applicable environmental legislation and is not aware of any potential violations of such legislation. Therefore, the statements as at 31 December 2023 and 31 December 2022 do not contain information on related liabilities.

29. Financial Instruments, Objectives and Principles of Financial Risk Management

29.1. Fair value

Below is a comparative analysis of the carrying amounts and fair values of all the Group's financial instruments by category.

	31 December 2023		31 December 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets carried at depreciable cost				
Cash and cash equivalents (Note 13)	885,348	885,348	339,130	339,130
Trade and other receivables (Note 11)	2,680,046	2,680,046	2,423,669	2,423,669
Receivables on sale of subsidiaries (Note 30)	699,378	699,377	559,045	559,045
Long-term investments (Note 14)	75,564	75,564	14,476	14,476
Short-term investments (Note 14)	81,742	81,742	82,755	82,755
Total	4,422,077	4,422,077	3,419,075	3,419,075

	31 December 2023		31 December 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial liabilities carried at depreciable cost:				
Long-term borrowings (Note 16)	2,858,722	3,844,719	8,778,256	8,778,256
Non-current lease liabilities	216,490	216,490	256,226	256,226
Trade payables (Note 15)	435,715	435,715	353,306	353,306
Other payables	315,668	315,668	251,655	251,655
Short-term borrowings (Note 16)	10,637,931	10,637,931	4,945,378	4,945,378

	31 December 2023		31 December 2022	
Current lease liabilities	50,047	50,047	48,437	48,437
Total	14,514,573	15,500,570	14,633,258	14,633,258

29.2. Financial Risk Management Objectives and Policy

The Group's financial instruments are mainly represented by bank loans and cash and cash equivalents. The primary purpose of these financial instruments is to procure funding necessary for the Group's operations.

The Group has a number of other financial assets and liabilities (such as trade receivables and trade payables) that are directly related to the Group's business activities. The Group did not actively trade in financial instruments during the reporting year.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, credit risk, interest rate risk and concentration risk. Management reviews and approves the management of each of these risks, which are summarised below.

29.3. Currency Risk

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currency as at the reporting date are as follows:

	USD		EUR		NOK		Other currencies	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assets								
Cash and cash equivalents	8,283	1,998	831	100,700	–	13,823	7,200	57
Financial investments	–	–	–	–	70,805	57,209	–	–
Accounts receivable, including receivables from sale of subsidiaries	–	–	404	–	699,378	559,045	–	–
Total assets	8,283	1,998	1,235	100,700	770,183	630,077	7,200	57

	USD		EUR		NOK		Other currencies	
Liabilities								
Trade and other payables	(88,549)	(8,910)	(14,290)	(5,403)	(433)	(28,156)	–	(848)
Total liabilities	(88,549)	(8,910)	(14,290)	(5,403)	(433)	(28,156)	–	(848)
Total net assets / (liabilities)	(80,266)	(6,912)	(13,055)	95,297	769,750	601,921	7,200	(791)

The Group has significant receivables denominated in foreign currencies, therefore the Group is exposed to currency risk. The Group monitors its exposure to foreign currency risk by keeping track of changes in the exchange rates of the currencies in which its financial instruments are denominated.

The following table shows the sensitivity of the Group's profit before income tax to a reasonably possible change in the USD, EUR and NOK exchange rates, with all other variables held constant:

	Increase / decrease in USD exchange rate	Impact on profit before income tax
As at 31 December 2023		
USD/RUB exchange rate	+20%	(16,050)
USD/RUB exchange rate	–20%	16,050
As at 31 December 2022		
USD/RUB exchange rate	+20%	(1,277)
USD/RUB exchange rate	–20%	1,277
	Increase / decrease in EUR exchange rate	Impact on profit before income tax
As at 31 December 2023		
EUR/RUB exchange rate	+20%	(2,611)
EUR/RUB exchange rate	–20%	2,611
As at 31 December 2022		
EUR/RUB exchange rate	+20%	19,059
EUR/RUB exchange rate	–20%	(19,059)

	Increase / decrease in NOK exchange rate	Impact on profit before income tax
As at 31 December 2023		
NOK/RUB exchange rate	+20%	175,539
NOK/RUB exchange rate	-20%	(175,539)
As at 31 December 2022		
NOK/RUB exchange rate	+20%	138,583
NOK/RUB exchange rate	-20%	(138,583)

29.4. Interest Rate Risk

As at 31 December 2023 and 2022, the Group was exposed to interest rate risk as the Group had floating rate loan agreements as at those dates (Note 16).

The following table shows the sensitivity of the Group's profit before income tax to a reasonably possible change in the weighted average interest rate:

	Interest rate increase/decrease	Impact on profit before income tax
As at 31 December 2023		
Interest rate	+5 p.p.	(749,760)
Interest rate	-5 p.p.	749,760
As at 31 December 2022		
Interest rate	+5 p.p.	(459,031)
Interest rate	-5 p.p.	459,031

29.5. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, to the maximum extent possible, that it has sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or damaging the Group's reputation.

To meet its operating and financial obligations, the Group maintains sufficient cash and cash equivalents or ensures that sufficient credit facilities are available. The Group continuously monitors the risk of cash flow shortages and the timely fulfilment of its financial obligations. The Group maintains cash planning and control procedures on an annual, monthly and daily basis.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments (including interest).

31 December 2023

	Total	Less than 3 months	3 to 6 months	6 to 12 months
Trade payables	435,715	435,715	–	–
Other payables	315,668	315,668	–	–
Current lease liabilities	67,103	17,432	17,432	32,239
Short-term borrowings	11,665,023	3,658,376	1,384,481	6,622,166
Total	12,483,509	4,427,191	1,401,913	6,654,405

	Total	1 to 2 years	2 to 3 years	Over 3 years
Non-current lease liabilities	354,513	39,695	36,852	277,966
Long-term borrowings	4,125,269	2,298,776	391,530	1,434,963
Total	4, 479,782	2,338,471	428,382	1,712,929

31 December 2022

	Total	Less than 3 months	3 to 6 months	6 to 12 months
Trade payables	353,306	353,306	–	–
Other payables	251,655	251,655	–	–
Current lease liabilities	69,727	17,432	17,432	34,863
Short-term borrowings	5,779,295	1,127,429	292,296	4,359,570
Total	6,453,983	1,749,822	309,728	4,394,433

	Total	1 to 2 years	2 to 3 years	Over 3 years
Non-current lease liabilities	421,673	67,102	39,695	314,876
Long-term borrowings	9,122,203	8,867,838	254,365	–
Total	9,543,876	8,934,940	294,060	314,876

The amount of long-term and short-term borrowings and lease liabilities disclosed in the table above includes future interest expense on these borrowings and lease liabilities based on contractual maturities.

29.6. Credit Risk

Financial assets with carrying amounts that represent the maximum exposure to credit risk consist of trade receivables, short-term financial assets, receivables from the sale of subsidiaries and cash and cash equivalents.

Credit risk arising from cash and cash equivalents and long-term deposits is limited due to the fact that the counterparties are banks with high credit ratings assigned by international rating agencies. All balances with banks are neither past due nor impaired.

Credit risk associated with receivables from the sale of subsidiaries is limited due to the fact that the buyer has a stable ability to fulfil its assumed payment obligations in the near term.

In respect of trade receivables, the Group has procedures in place to ensure that sales are made only to customers with an appropriate credit history. Sales to customers are made in accordance with annually approved marketing and credit policies. The Group regularly monitors the terms of sales and the status of receivables using effective internal control procedures. Although the Group's receivables may be affected by economic factors, management believes that the risk of loss to the Group beyond the provision already accrued is immaterial.

The Group has applied the simplified approach prescribed by IFRS 9 to estimate the provision for losses in the amount of lifetime expected credit losses. The Group determines the expected credit losses for such items by using a valuation provision matrix based on past credit loss experience, with respect to the debtors' past due status, appropriately adjusted to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of such assets is presented based on past due status in the context of the valuation provision matrix.

	Expected credit loss ratio	31 December 2023	31 December 2022
Neither past due nor impaired	–	2,297,981	2,286,705
Overdue 1 to 90 days	–	98,654	136,255
Overdue 91 to 180 days	–	–	–
Overdue 180 to 365 days	79%	4,378	3,378
Overdue for more than 365 days	100%	353,495	349,323
Total		2,754,508	2,775,661

29.7. Concentration Risk

The Group is exposed to significant credit risk from its largest customer, Russian Fish Company JSC. For the year ended 31 December 2023, revenue from Russian Fish Company amounted to 7,269,064 (25.12%) and receivables as at 31 December 2023 amounted to 587,868 (21.94%). For the year ended on 31 December 2022, revenue from Russian Fish Company JSC was 6,980,560 (29.70%), and as at 31 December 2022, receivables were 395,842 (15.35%).

29.8. Capital Risk Management

Capital represents the Group's net assets after deducting all liabilities. The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or change the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

30. Acquisitions and Disposals of Subsidiaries

Acquisition of Arkhangelsk Algae Combine LLC, Russian Algae – Muksalma LLC, Russian Algae – Karelia LLC

In January 2023, the Group closed on Arkhangelsk Algae Combine LLC, Russian Algae – Muksalma LLC, Russian Algae – Karelia LLC for a total cash consideration of 448,050. The seller under the sale and purchase agreement was a company controlled by MC Svinyin and Partners LLC. The companies specialise in algae extraction and processing.

The Report on estimating the fair value of assets and liabilities of the acquired business, which had been prepared by an independent appraiser, was received in 2023. Accordingly, the Group finalised the purchase price allocation in the consolidated financial statements for the year ended on 31 December 2023.

The acquisition cost was allocated as follows:

	Fair value (as at acquisition date)
Property, plant and equipment	232,857
Intangible assets	29,905
Reserves	185,735
Trade and other receivables	82,407
Cash	6,256
Deferred tax liabilities	(25,052)
Long-term borrowings	(10,465)
Trade and other payables	(90,713)
Total assets acquired and liabilities assumed	410,930
Total consideration paid	448,050
Less: Total assets acquired and liabilities assumed	(410,930)
Goodwill	37,120

Goodwill was created during the acquisition process since the cash paid for the acquisition was allocated to the algae cash generating unit and effectively comprised amounts associated to the anticipated growth of the Group's business lines.

The net outflow of cash and cash equivalents on acquisition amounted to:

Cash paid for the acquisition of a company	(448,050)
Less: cash and cash equivalents of the acquired subsidiary	6,256
Net outflow of cash and cash equivalents on the acquisition of the company	(441,794)

The pro forma financial information presents consolidated profit and loss statement as if the acquisition had occurred at the beginning of the reporting period. In determining the notional amounts, all atypical expenses were deemed immaterial.

Pro forma financial information	For the year ended on 31 December 2023
Revenue	28,494,974
Operating profit	15,027,717
Profit for the period	15,471,170

The actual results of Arkhangelsk Algae Combine LLC, Russian Algae – Muksalma LLC, Russian Algae – Karelia LLC are included in the Group's consolidated financial statements from the date of acquisition and were as follows:

Actual results from the acquisition date (20 January 2023) to 31 December 2023	
Revenue	432,096
Operating loss	(22,063)
Loss for the period	(51,405)

Acquisition of Mulino Fish Farm LLC

In March 2023, the Group closed on Mulino Fish Farm LLC for total cash consideration of 147,529. The company specialises in breeding salmon fry to provide trout farms with fish stocking material.

The Report on estimating the fair value of assets and liabilities of the acquired business, which had been prepared by an independent appraiser, was received in 2023. Accordingly, the Group finalised the purchase price allocation in the consolidated financial statements for the year ended on 31 December 2023.

The acquisition cost was allocated as follows:

	Fair value (as at acquisition date)
Property, plant and equipment	170,410
Reserves	9,982
Trade and other receivables	33
Cash	788
Other current assets	4,135
Long-term borrowings	(6,755)
Deferred tax liabilities	(28,781)
Trade and other payables	(2,283)
Total assets acquired and liabilities assumed	147,529
Total consideration paid	147,529
Less: Total assets acquired and liabilities assumed	(147,529)
Effects of acquisition of subsidiaries	–

The net outflow of cash and cash equivalents on acquisition amounted to:

Cash paid for the acquisition of a company	(147,529)
Less: cash and cash equivalents of the acquired subsidiary	788
Net outflow of cash and cash equivalents on the acquisition of the company	(146,741)

The pro forma financial information of Mulino Fish Farm LLC in respect of the consolidated statement of comprehensive income is not disclosed due to the immateriality of the financial results of the acquiree.

The actual results of operations of Mulino Fish Farm LLC are included in the Group's consolidated financial statements from the acquisition date and were as follows:

Actual results from the acquisition date (7 March 2023) to 31 December 2023

Revenue	17,917
Operating loss	(12,935)
Loss for the period	(11,540)

Acquisition of TSBT-Energo LLC

In March 2023, the Group closed on the companies of TSBT-Energo LLC for a total cash consideration of 2,000. The companies specialise in the provision of energy services.

During 2023, management assessed the fair value of the assets and liabilities of the acquired business. Accordingly, the Group finalised the purchase price allocation in the consolidated financial statements for the year ended on 31 December 2023.

The acquisition cost was allocated as follows:

	Fair value (as at acquisition date)
Property, plant and equipment	1,297
Reserves	–
Trade and other receivables	467
Cash	425
Other current assets	1,121
Long-term borrowings	(1)
Trade and other payables	(1,309)
Total assets acquired and liabilities assumed	2,000
Total consideration paid	2,000
Less: Total assets acquired and liabilities assumed	(793)
Effects of acquisition of subsidiaries	–

The net outflow of cash and cash equivalents on acquisition amounted to:

Cash paid for the acquisition of a company	(2,000)
Less: cash and cash equivalents of the acquired subsidiary	425
Net outflow of cash and cash equivalents on the acquisition of the company	(1,575)

The financial results of TSBT-Energo LLC for the period from the acquisition date to 31 December 2023, as well as pro forma financial information in relation to the consolidated statement of comprehensive income, are not disclosed due to the immateriality of the financial results of the acquiree.

Acquisition of Aquaculture Breeding Centre LLC and Aquaculture Centre LLC

In October 2022, the Group closed on Aquaculture Breeding Centre LLC and Aquaculture Centre LLC for a total cash consideration of 438,616. The companies specialises in breeding salmon fry to provide trout farms with fish stocking material.

In the consolidated financial statements for the year ended 31 December 2022, the business acquisition was carried at the historical carrying value of the assets and liabilities acquired as a provisional value as no other information was available at that time. The difference between the consideration paid and the historical carrying value of the net assets acquired was provisionally allocated to property, plant and equipment based on an internal measurement of the fair value of the acquired business performed by the Group's management.

In 2023, a third-party fair value measurement report for certain assets and liabilities was obtained which confirmed the provisional allocation; accordingly, no adjustments were made to the provisional carrying values of assets and liabilities.

The acquisition cost was allocated as follows:

	At fair value (as of the acquisition date)
Property, plant and equipment	365,897
Reserves	20,123
Trade and other receivables	119,243
Cash	18,089
Other current assets	37,056
Long-term borrowings	(11,124)
Estimated liabilities and provisions	(257,460)

	At fair value (as of the acquisition date)
Trade and other payables	(110,668)
Total assets acquired and liabilities assumed	181,156
Total consideration paid	438,616
Less: Total assets acquired and liabilities assumed	(181,156)
Effects of acquisition of subsidiaries	257,460

Goodwill was created during the acquisition process since the cash paid for the acquisition was allocated to the salmon fry cash generating unit and effectively comprised amounts in respect of future benefits from expected synergies.

The net outflow of cash and cash equivalents on acquisition amounted to:

Cash paid for the acquisition of a company	(438,616)
Less: cash and cash equivalents of the acquired subsidiary	18,089
Net outflow of cash and cash equivalents on the acquisition of the company	(420,527)

Information on the financial results of Aquaculture Breeding Centre LLC and Aquaculture Centre LLC for the period from the acquisition date to 31 December 2022, as well as pro forma financial information in respect of the consolidated statement of comprehensive income prepared as if the acquisition had occurred at the beginning of the reporting period, is not disclosed due to the immateriality of the financial results of the acquiree.

Disposal of the Group's Norwegian subsidiaries

In December 2022, the Group sold Oyralaks AS, Villa Smolt AS, Oldenselskapene AS, Olden Oppdrettsanlegg AS, Setran Settefisk AS registered in Norway, for a total consideration of 584,954, which under the terms of the concluded sale and purchase agreement will be paid instalments until 1 December 2029. The purchaser was a company, the ultimate beneficiary of which was previously a member of the Board of Directors of the Group and at the date of the transaction ceased to be a Board member.

The sale of these companies was necessitated by the regulatory risks of the Norwegian business.

The results of discontinued operations, which were included in consolidated net income, are as follows:

	2022	2021
Discontinued operations		
Revenue	–	–
Cost of products sold	–	–
Operating profit	–	–
Selling, general and administrative expenses	(1,777)	(5,020)
Other operating (expenses) / income, net	(1,066)	399
Interest expense, net	(280)	(842)
Loss before tax	(3,123)	(5,463)
Income tax benefit	624	1,092
Loss from discontinued operations	(2,499)	(4,371)
Realisation of translation differences	(98,981)	–
Loss on disposal of discontinued operations before tax	(186,619)	–
Loss from discontinued operations for the year	(288,099)	(4,371)

Net assets of the disposal entities at the date of disposal were as follows:

Property, plant and equipment	1,142,651
Intangible assets	13,378
Right-of-use assets	5,842
Goodwill	78,207
Restricted cash	32,037
Other non-current assets	6,457
Biological assets	167,852
Cash	685,853
Other current assets	14,696
Accounts payable	(1,133,950)
Loans and borrowings	(179,615)
Lease liabilities	(6,055)
Other current liabilities	(142,827)
Net assets disposed of	684,526
Loss on disposal of discontinued operations before tax	(186,619)
Total consideration (net of discounting effect)	497,907

31. Events after the Reporting Date

On 1 March 2024, the Group placed 3,000,000 exchange-traded bonds with a maturity of 3 years. The quarterly coupon rate is set at 14.25% per annum. On 6 March 2024, the Group redeemed 2,999,500 exchange-traded bonds of the previous issue.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the management on 18 March 2024.

Appendix 2. Report on Compliance with the Principles and Recommendations of the Corporate Governance Code

This Report on compliance with the principles and recommendations of the Corporate Governance Code was reviewed by the Board of Directors of INARCTICA PJSC at its meeting held on 26 May 2024 (Minutes No. 431 dated 27 May 2024). Following the results of the review, the Board of Directors confirms that the data contained in this Report represent complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code in 2023.

Assessment methodology: compliance with the corporate governance principles recognised in the Corporate Governance Code was assessed in accordance with the template proposed in the recommendations on the preparation of a report on compliance with the principles and recommendations of the Corporate Governance Code (Letter of the Bank of Russia No. IN-06–28/102 dated 27 December 2021).

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
1.1	The company has to ensure equal and fair treatment of all shareholders in exercising their right to take part in the company management			
1.1.1	The company creates the most favourable conditions for shareholders to participate in the general meeting, develop a justified position on the agenda items of a general meeting, coordinate their actions, as well as an opportunity to express their views on the items considered	The company provides a freely available communication channel such as a Hotline, email or an Internet forum allowing the shareholders to express their opinions and send questions regarding the agenda during the preparation for the general shareholders meeting. These ways of communication were prepared by the company and made available to shareholders at each general meeting during the reporting period	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
1.1.2	The procedure for informing about holding of a general meeting and providing files to a general meeting gives shareholders an opportunity to prepare properly for the participation therein	<ol style="list-style-type: none"> 1. In the reporting period, a message on holding of a general meeting of shareholders is posted (published) on the company's website at least 30 days before the date of the general meeting, unless a longer period is stipulated by law. 2. The notice of the meeting lists the documents required for admission to the venue. 3. Shareholders were provided with access to the information about the person proposing the agenda items and nominating candidates to the board of directors and the auditing commission (in case the commission shall be formed as per the company's charter) 	Full compliance	
1.1.3	In preparation for the general meeting and during the general meeting, shareholders were enabled to receive information about, and all materials related to, the meeting, put questions to executive bodies and members of the board of directors, as well as communicate with each other, in an unobstructed and timely manner	<ol style="list-style-type: none"> 1. In the reporting period, shareholders were given an opportunity to ask questions to members of the executive bodies and the board of directors of the company when preparing and in the course of the general meeting. 2. The position of the board of directors (including dissenting opinions incorporated in the minutes, if any) on each agenda item of the general meetings held in the reporting period was included in the files of the general meeting of shareholders. 3. The company granted eligible shareholders access to the list of persons entitled to participate in the general meeting from the date of its receipt by the company, in all cases of holding of general meetings in the reporting period 	Full compliance	
1.1.4	Shareholders came across no unjustified difficulties in exercising of their right to demand convention of a general meeting, nominate candidates to the management bodies and propose agenda items of a general meeting	<ol style="list-style-type: none"> 1. The company's charter provides for a period for shareholders to propose agenda items of the annual general meeting within at least 60 days from the end of the relevant calendar year. 2. In the reporting period, the company did not refuse to accept proposals related to the agenda items or candidates to the company bodies due to misprints and other insignificant shortcomings in the shareholder's proposal 	Full compliance	
1.1.5	Each shareholder had an opportunity to exercise the right to vote in the easiest and most convenient way without any obstacles	The company's charter provides for an electronic ballot to be filled in on the website given in the notice on the general meeting of shareholders	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
1.1.6	The procedure established by the company for holding of a general meeting gives all persons present at a meeting an equal opportunity to express their opinion and ask questions	<ol style="list-style-type: none"> 1. Sufficient time was provided for reports on the agenda items and discussion of those items at general meetings of shareholders held in the format of face-to-face meetings (joint attendance of shareholders) in the reporting period. Shareholders were given the opportunity to express their opinion and ask questions on the agenda. 2. The company invited nominees to the management and control bodies and has taken all necessary steps to ensure their participation in the general meeting of shareholders, at which their nominations were put to a vote. The nominees to the management and control bodies of the company present at the general meeting were available to answer questions from shareholders. 3. The sole executive body, the accounting officer, the chairperson or other members of the board's audit committee were available to answer questions from shareholders at general meetings of shareholders held during the reporting period. 4. In the reporting period, the company used telecommunication means for remote access of shareholders to participate in general meetings or the board of directors took a reasoned decision that it was not necessary (possible) to use such means in the reporting period 	Partial compliance	<p>Criteria 2 and 4 are not complied with.</p> <p>The Company did not comply with Criterion 2 because the annual General Meeting of Shareholders, which elected the Board of Directors, was held in the form of absentee voting.</p> <p>The Company's notification of the General Meeting of Shareholders lists the phone number for shareholders to call and the email address where they can send questions to the Company's management and Board of Directors through the Corporate Secretary. The Corporate Secretary is responsible to forward any shareholder questions to the appropriate parties and to make sure that as much feedback is obtained as possible.</p> <p>In the materials for the General Meeting of Shareholders, the Company also provides shareholders with comprehensive information on the candidates for the Company's Board of Directors, including information on their professional experience, place of employment at the time of nomination, the people who nominated them, and whether or not they agree to be elected to the Board, and whether or not they meet the independence criteria.</p> <p>The Company is committed to adhering to all of the Code's recommendations and, in the event that a General Meeting of Shareholders is called at which the election of the Board of Directors is to be decided, will take all reasonable steps to ensure that candidates for the Board of Directors are present at the General Meeting of Shareholders in the form of joint attendance.</p> <p>Nevertheless, due to the companies' right to hold Annual General Meetings of Shareholders in the form of absentee voting in 2024, the Company currently has no plans to return to holding Annual General Meetings of Shareholders in the form of joint attendance.</p> <p>Criteria 4 is not complied with, since the Company did not use telecommunications to provide remote access for shareholders to participate in general meetings of shareholders during the reporting period. This is because the Company has not established technical requirements for setting up such access and has not approved the necessary paperwork. In the reporting period, the Company did not hold any General Meetings of Shareholders in the form of joint presence, where it was possible to organise them in a remote format of participation.</p> <p>Nevertheless, the Company provided shareholders with access to the materials of General Meetings of Shareholders 30 days prior to the meeting, and shareholders were able to ask questions by phone or email and vote using the electronic voting system.</p> <p>In 2024, the Company's Board of Directors will consider using telecommunications to enable shareholders to participate in general meetings remotely when making decisions regarding the planning and holding of shareholder general meetings and, together with the Company's management, will make a reasoned decision on the use or non-use of such means</p>

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
1.2	Shareholders are given an equal and fair opportunity to share profits of the company through the receipt of dividends			
1.2.1	The company developed and introduced a transparent and clear mechanism for determining the dividend amount and paying the same	<ol style="list-style-type: none"> The dividend policy of the company was approved by the board of directors and disclosed on the company's website. If the dividend policy of the company, making up the consolidated financial statements, uses the company's reporting indicators to determine the amount of dividends, the relevant provisions of the dividend policy take into account consolidated financial reporting indicators. Justification of the proposed distribution of net profit, including payment of dividends and the company's own needs, and assessment of its compliance with the dividend policy, explanations and economic justification of the need to direct a certain part of net profit to its own needs in the reporting period were included in the materials for the general meeting of shareholders, the agenda of which includes the item of profit distribution (including the payment (declaration) of dividends) 	Partial compliance	<p>Criterion 3 is not complied with.</p> <p>A justification for the proposed distribution of net profit, including for the payout of dividends and the Company's own needs, and an evaluation of its compliance with the Company's Dividend Policy were not included in the materials for the General Meeting of Shareholders during the reporting period.</p> <p>Such justification was regularly provided by the Company's management to the Board of Directors as part of the Company's quarterly performance results.</p> <p>Due to continued high geopolitical and economic uncertainty in 2023, the Company's management and Board of Directors did not disclose the Company's financial results in the first half of 2023 and therefore also did not provide information to shareholders on the calculation and economic feasibility of net profit distributions.</p> <p>In 2024, the Company plans to provide shareholders with justification for the proposed distribution of net profit as part of the information materials for the General Meeting of Shareholders</p>
1.2.2	The company does not resolve to pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's performance	The company's provisions on the dividend policy, in addition to the restrictions imposed by law, define the financial/economic circumstances where the company should not decide to pay dividends	Full compliance	
1.2.3	The company does not allow the dividend rights of its existing shareholders to be impaired	The Company did not take any actions causing deterioration in terms of dividend rights of existing shareholders in the reporting period	Full compliance	
1.2.4	The company is committed to excluding any other ways of obtaining profit (income) by shareholders at the expense of the company except for dividends and the liquidation value	In the reporting period, there were no other ways for the persons controlling the company to receive profit (income) at the company's expense other than dividends (e.g., through transfer pricing, unjustified provision of services by the controlling person at inflated prices, through internal loans substituting dividends to the controlling person and (or) its controlled persons)	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
1.3	The system and practice of corporate governance ensure equal conditions for all shareholders that own shares of the same category (type) including minority (small) shareholders and foreign shareholders, as well as equal treatment of such shareholders by the company			
1.3.1	The company created conditions for fair treatment of each shareholder by the management bodies and controlling persons of the company, including conditions that ensure inadmissibility of application of any abusive practices by large shareholders in respect of minority shareholders	In the reporting period, the company's controlling persons have not abused their rights in relation to the company's shareholders, there were no conflicts between the company's controlling persons and the company's shareholders and, if any, the board of directors gave them due consideration	Full compliance	
1.3.2	The company does not take actions that result or may result in the artificial redistribution of corporate control	Quasi-treasury shares were absent or did not participate in voting in the reporting period	Full compliance	
1.4	Shareholders are provided with reliable and effective means of keeping record of the rights to shares and an opportunity to dispose of held shares in a free and easy manner			
1.4	Shareholders are provided with reliable and effective means of keeping record of the rights to shares and an opportunity to dispose of held shares in a free and easy manner	The technology and terms of service used by the company's registrar meet the needs of the company and its shareholders and ensure that shareholder rights are recorded and exercised in the most efficient way	Full compliance	
2.1	The board of directors carries out strategic management of the company, defines the basic principles of and approaches to setting up the risk management and internal control system in the company, controls the activities of the executive bodies of the company and performs other key functions			
2.1.1	The board of directors is responsible for making decisions related to the appointment to and dismissal from executive bodies, including in connection with improper performance of duties. The board of directors also controls that the executive bodies of the company act in accordance with the approved development strategy and the main directions of the company's operations	<ol style="list-style-type: none"> As set out in the Charter, the Board of Directors has the authority to appoint, dismiss and determine the terms of contracts in respect of members of the executive bodies. In the reporting period, the nominations (appointments, personnel) committee considered the suitability of professional qualifications, skills and experience of the members of the executive bodies to the current and anticipated needs of the company as dictated by the approved strategy of the company. In the reporting period, the board of directors reviewed the report(s) of the sole executive body and the collegial executive body (if any) on the implementation of the company's strategy 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.1.2	The board of directors establishes the main benchmarks of the company's operations over a long-term horizon, evaluates and approves the key performance indicators and the key business objectives of the company, evaluates and approves the strategy and business plans related to the main operations of the company	In the reporting period, the issues related to the implementation and updating of the strategy, the approval of the financial and economic plan (budget design) of the company, as well as the criteria and indicators (including intermediate ones) of the implementation of the company's strategy and business plans were reviewed at meetings of the board of directors	Full compliance	
2.1.3	The board of directors determines the principles of and the approaches to setting up the risk management and internal control system in the company	<ol style="list-style-type: none"> The principles and approaches to the organisation of the risk management and internal control system in the company are defined by the board of directors and included in the company's internal documents defining the risk management and internal control policy. In the reporting period, the board of directors approved (revised) an acceptable amount of risks (risk appetite) of the company or the audit committee and (or) risk committee (if any) considered the viability of submitting the issue of revising the risk appetite of the company for the consideration of the board of directors 	Partial compliance	<p>Criterion 2 is not complied with.</p> <p>The Company's Board of Directors has not set an acceptable amount of risk (risk appetite) for the Company.</p> <p>It is currently challenging for the Company to develop and maintain an adequate risk appetite due to the numerous uncertainties, many new projects, and considerable investment project costs.</p> <p>Even yet, management continually keeps an eye on the budget and sporadically updates the Board of Directors and the Audit Committee of the Board of Directors on the progress of investment projects and budget execution.</p> <p>The Company is committed to implementing the recommendations of the Code and will discuss with members of the Audit Committee and the Board the need to determine the Company's risk appetite in 2024</p>
2.1.4	The board of directors determines the company's policy on remuneration and (or) reimbursement of expenses (compensation) to members of the board of directors, the executive bodies and other key employees of the company	<ol style="list-style-type: none"> The company developed, approved and implemented a policy(ies) on remuneration and (or) reimbursement of expenses (compensation) to members of the board of directors, the executive bodies and other key employees of the company, approved by the board of directors. In the reporting period, the issues related to the mentioned policy(ies) were reviewed by the board of directors 	Full compliance	
2.1.5	The board of directors plays the key role in preventing, identifying and resolving internal conflicts between bodies of the company, shareholders of the company and employees of the company	<ol style="list-style-type: none"> The board of directors plays the key role in preventing, identifying and resolving internal conflicts. The company developed a system of identification of transactions involving conflicts of interest and a system of measures aimed at solution of such conflicts 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.1.6	The board of directors plays the key role in ensuring transparency of the company, timeliness and completeness of disclosure of information by the company and easy access of shareholders to documents of the company	The company's internal documents define the persons responsible for implementing the information policy	Full compliance	
2.1.7	The board of directors exercises control over the corporate governance practice in the company and plays the key role in significant corporate events of the company	In the reporting period, the board of directors reviewed the results of a self-assessment and/or an external assessment of the company's corporate governance practices	Full compliance	
2.2	The board of directors is accountable to the company's shareholders			
2.2.1	The information about the work of the board of directors is disclosed and communicated to shareholders	<ol style="list-style-type: none"> 1. The annual report of the company for the reporting period includes information on the attendance of board and committee meetings by each board member. 2. The annual report contains the information on the main results of the performance assessment (self-assessment) of the board of directors carried out in the reporting period 	Full compliance	
2.2.2	The chairperson of the board of directors is available for communication with the company's shareholders	The company has a transparent procedure in place to ensure that shareholders are able to present inquiries to the chairperson and receive feedback (and, where applicable, to and from the senior independent director)	Partial compliance	<p>There is no formalised procedure for shareholders to approach the Chair of the Board of Directors.</p> <p>In practice, this procedure is performed by the Corporate Secretary or the person responsible for shareholder and investor relations. Shareholders should send their request to the Corporate Secretary by email to the Company's official website. The Corporate Secretary is then to be required to convey the message to the Chair of the Board of Directors' office and make sure the reply to the message is received.</p> <p>The Company will seek to formalise its shareholder relations process in the following reporting period to guarantee a clear process for submitting messages to the Chair of the Board of Directors and communicating this process to shareholders</p>

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.3	The board of directors is an effective and professional management body of the company capable of making objective independent judgements and taking decisions in the interests of the company and its shareholders			
2.3.1	Only persons having an impeccable business and personal reputation along with the knowledge, skills and experience necessary to make decisions falling within the jurisdiction of the board of directors and required for the effective performance of its functions, are elected to the board of directors	In the reporting period, the board of directors (or its nomination committee) assessed candidates for the board of directors from the standpoint of the necessary experience, knowledge, business reputation, absence of conflict of interest, etc.	Full compliance	
2.3.2	Members of the board of directors of the company are elected through a transparent procedure, allowing shareholders to obtain information about the candidates sufficient to form an idea about their personal and professional qualities	In all cases when a general meeting of shareholders was held in the reporting period and its agenda included items concerning the election of the board of directors, the company presented shareholders with biographical data of all candidates for members of the board of directors, the results of assessment of the candidates on their professional expertise, experience and skills regarding current and expected needs of the company by the board of directors (or its nomination committee), as well as the information on the compliance of the candidate with the independence criteria in accordance with recommendations 102–107 of the Code and the acquired written consent of candidates for election to the board of directors	Full compliance	
2.3.3	The composition of the board of directors is balanced, including in terms of the qualification of its members, their experience, knowledge and business qualities, and enjoys the trust of shareholders	In the reporting period, the board of directors analysed its own needs in terms of professional qualifications, experience and skills and identified the competencies required by the board of directors in the short and long term	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.3.4	The quantitative composition of the board of directors of the company makes it possible to organise the activities of the board of directors in the most effective way including the possibility of creating committees under the board of directors, and gives substantial minority shareholders of the company an opportunity to get the candidate they vote for to be elected to the board of directors	In the reporting period, the board of directors considered whether the number of members of the board of directors meets the needs of the company and the interests of the shareholders	Full compliance	
2.4	The board of directors includes a sufficient number of independent directors			
2.4.1	<p>An independent director is a person who has sufficient professionalism, experience and autonomy to form his or her own position and who is able to judge objectively and good faith judgement, independent of the influence of the company's executive bodies, individual shareholder groups or other stakeholders.</p> <p>It should be borne in mind that in normal conditions, a candidate (an elected member of the board of directors) related to the society, a substantial shareholder, substantial contractor or competitor of the company or related to the state cannot be considered independent</p>	In the reporting period, all independent members of the board of directors met all independence criteria specified in recommendations 102–107 of the Code or were acknowledged independent by resolution of the board of directors	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.4.2	The company assesses whether candidates to members of the board of directors comply with the independence criteria, and regularly analyses whether independent members of the board of directors comply with the independence criteria. In such an assessment, content should prevail over form	<ol style="list-style-type: none"> 1. In the reporting period, the board of directors (or the nomination committee of the board of directors) drew up an opinion on the independence of each candidate to the board of directors and presented a relevant conclusion to shareholders. 2. During the reporting period, the board of directors (or the nomination committee of the board of directors) reviewed the independence of the current board members at least once (following their election). 3. The company developed procedures to determine the necessary actions of a member of the board of directors in the event that he or she ceases to be independent, including the obligations to inform the board of directors thereof in a timely manner 	Full compliance	
2.4.3	Independent directors make up at least one third of the elected composition of the board of directors	Independent directors make up at least one third of the composition of the board of directors	Full compliance	
2.4.4	Independent directors play the key role in preventing of internal conflicts in the company and making of significant corporate actions by the company	In the reporting period, independent directors (who had no conflict of interest) performed a preliminary assessment of significant corporate actions related to a possible conflict of interest and presented the results of such assessment to the board of directors	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.5	The chairperson of the board of directors promotes the most effective performance of functions assigned to the board of directors			
2.5.1	An independent director is elected to chair the board of directors, or a senior independent director is appointed from the number of the elected independent directors to coordinate the work of independent directors and interact with the chairman of the board of directors	<ol style="list-style-type: none"> The chairperson of the board of directors is an independent director or a senior independent director is appointed from the number of independent directors. The role, rights and obligations of the chairperson of the board of directors (and a senior independent director where applicable) are duly defined in the company's internal documents 	Partial compliance	<p>Criterion 1 is not complied with.</p> <p>As at the reporting date, the Board of Directors of the Company had not found it possible to elect an independent non-executive director as Chair or to appoint a Senior independent non-executive director.</p> <p>The Chair of the Board of Directors may not always be an independent member of the Board of Directors.</p> <p>The members of the Company's Board of Directors elect the Chair of the Board from among them by a majority vote of all the votes cast by the Board, in compliance with the Company's internal documents and established practice. The Board of Directors may at any time re-elect the Chair of the Board of Directors by a majority of votes of the total number of the Company's Board members.</p> <p>The members of the Board of Directors unanimously elected E. Chernova as Chair of the Board of Directors in 2022, and on 30 June 2023, E. Chernova was re-elected to this position. Ms. Chernova has more than seven years of experience as a Company's Board member, contributes to the effective work of the Board of Directors and the application of best corporate governance practices. Ekaterina Chernova encourages open debate and the active participation of the Board members during meetings. E. Chernova's work as Chair of the Board of Directors is highly appreciated by members of the Board of Directors.</p> <p>Nevertheless, the Company is committed to complying with the recommendations of the Code, and the Corporate Secretary of the Company periodically informs the independent members of the Board of Directors at Board meetings about the possibility of electing a Senior Independent Director.</p> <p>Members of the Board of Directors agreed to revisit the need to elect a Senior Independent Member of the Board of Directors and the candidature of the Senior Independent Director after the election of the Board of Directors at the Annual General Meeting of Shareholders in 2024</p>
2.5.2	The chairperson of the board of directors creates a constructive atmosphere during meetings, ensures free discussion of the meeting agenda issues, control over the execution of decisions made by the board of directors	Performance of the chairperson of the board of directors was assessed within the framework of the assessment of performance of the board of directors in the reporting period	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.5.3	The chairperson of the board of directors takes the required measures for the timely provision of members of the board of directors with the information necessary to make decisions on the agenda issues	The responsibility of the chairperson of the board of directors to take measures for the timely provision of board members with files on the agenda issues of a board meeting is stipulated in the internal documents of the company	Full compliance	
2.6	Members of the board of directors act in good faith and reasonably in the interests of the company and its shareholders, being duly informed, with due care and diligence			
2.6.1	Members of the board of directors make decisions taking into account all available information, in the absence of a conflict of interest, based on the principles of equal treatment of shareholders of the company, within the limits of usual business risk	<ol style="list-style-type: none"> The internal documents of the company stipulate that a member of the board of directors is obliged to notify the board of directors if they have a conflict of interest in relation to any issue on the agenda of a meeting of the board of directors or a committee of the board of directors before the start of the discussion of the relevant agenda item. The internal documents of the company state that a member of the board of directors shall refrain from voting on any issue in respect of which they have a conflict of interest. The company has a procedure that enables the board of directors to receive professional advice on matters within its jurisdiction at the expense of the company 	Full compliance	
2.6.2	Rights and obligations of members of the board of directors are clearly formulated and enshrined in the internal documents of the company	The company adopted and published an internal document clearly defining rights and obligations of members of the board of directors	Full compliance	
2.6.3	Members of the board of directors have sufficient time to carry out their duties	<ol style="list-style-type: none"> Individual attendance of the board and committee meetings, as well as sufficient time for work on the board of directors, including its committees, is analysed as part of the board of directors' performance assessment (self-assessment) procedure in the reporting period. In accordance with the internal documents of the company, members of the board of directors are required to notify the board of directors of their intention to enter management bodies of other companies (apart from companies controlled by the company) as well as of the fact of such appointment 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.6.4	All members of the board of directors have equal access to the documents and information of the company. Newly elected members of the board of directors are provided with sufficient information about the company and operations of the board of directors as soon as possible	<ol style="list-style-type: none"> In accordance with the company's internal documents, members of the board of directors have the right to obtain information and documents necessary for the members of the company's board of directors to perform their duties in relation to the company and its controlled entities, and the company's executive bodies are obliged to ensure that the relevant information and documents are provided. The company has a formal familiarisation programme in place for newly elected members of the board of directors 	Full compliance	
2.7	Meetings of the board of directors, preparation for and participation of members of the board of directors in such meetings ensure effective performance of the board of directors			
2.7.1	Meetings of the board of directors are held as necessary, taking into account the scope of activities and objectives of the company at a particular point in time	The board of directors held at least six meetings in the reporting year	Full compliance	
2.7.2	The internal documents of the company enshrine a procedure for the preparation and holding of meetings of the board of directors providing members of the board of directors with an opportunity to prepare properly for such meetings	<ol style="list-style-type: none"> The company approved an internal document defining the procedure for the preparation and holding of meetings of the board of directors, which, among other things, established that a notification of a meeting should be normally made at least five days before the meeting. In the reporting period, members of the board of directors who were absent from the venue of the meeting were given the opportunity to participate in the discussion of agenda items and vote remotely: via conference and video conferencing 	Full compliance	
2.7.3	The form of a meeting of the board of directors is determined depending on the importance of the issues on the agenda. The most important issues are resolved at the meetings held in presentia	The company's charter or internal documents stipulate that the most important matters (including those listed in Recommendation 168 of the Code) should be considered at meetings of the board of directors held in person	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.7.4	Decisions on the most important issues of the company's activities are made at a meeting of the board of directors by a qualified majority or a majority of votes of all elected members of the board of directors	The charter of the company stipulates that decisions on the most important issues, including those set out in recommendation 170 of the Code, must be made at a meeting of the board of directors by a qualified majority of at least 3/4 of votes or by a majority of votes of all elected members of the board of directors	Full compliance	
2.8	The board of directors forms committees for preliminary consideration of the most important issues of the company's activities			
2.8.1	The audit committee consisting of independent directors was formed for preliminary consideration of the issues related to control over financial and economic operations of the company	<ol style="list-style-type: none"> The board of directors formed the audit committee, consisting solely of independent directors. The internal documents of the company define the objectives of the audit committee, including those contained in recommendation 172 of the Code. At least one member of the audit committee, who is an independent director, has experience and knowledge in the preparation, analysis, assessment and audit of accounting (financial) statements. Meetings of the audit committee were held at least once a quarter in the reporting period 	Full compliance	
2.8.2	A remuneration committee consisting of independent directors and headed by an independent director who is not the chairperson of the board of directors is formed for the preliminary consideration of the issues related to the development of the effective and transparent remuneration practice	<ol style="list-style-type: none"> The board of directors formed the remuneration committee that consists solely of independent directors. The chairperson of the remuneration committee is an independent director who is not the chairperson of the board of directors. The company's internal documents determine the tasks of the remuneration committee, including, but not limited to, the tasks covered by recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers revision of the company's remuneration policy for the members of the board of directors, executive bodies and other key executives 	Partial compliance	<p>Criterion 3 is not complied with.</p> <p>The Regulations on the Nomination and Remuneration Committee of the Board of Directors set out the tasks of this Committee, including those contained in recommendation 180 of the Code. However, these Regulations do not define the conditions (events), upon the occurrence of which the Nomination and Remuneration Committee of the Board of Directors considers the review of the Company's remuneration policy for members of the Board of Directors, executive bodies and other key management personnel.</p> <p>Nevertheless, the Nomination and Remuneration Committee occasionally addresses issues relating to the remuneration of the Company's executive bodies and employees at its meetings. In 2023, The Nomination and Remuneration Committee was actively involved in developing the goal map and setting KPI values for all of the Company's senior managers, as well as discussing the employee incentive scheme and the share option plan at meetings.</p> <p>The Company endeavours to comply with the recommendations of the Code and will consider in 2024 whether it is necessary to supplement the Regulations on the Nomination and Remuneration Committee with conditions for reviewing the Company's remuneration policy for members of the Board of Directors, executive bodies and other key management personnel</p>

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.8.3	The company formed the nomination (appointment, personnel) committee with the majority of members being independent directors for the preliminary consideration of issues related to human resources planning (succession planning), professional composition and efficiency of performance of the board of directors	<ol style="list-style-type: none"> 1. The board of directors formed the nomination committee, with the majority of members being independent directors (or its objectives specified in recommendation 186 of the Code are accomplished by another committee). 2. The internal documents of the company define the objectives of the nomination committee (or a corresponding committee with combined functions) including the ones contained in recommendation 186 of the Code. 3. In order to form the board of directors that best meets the company's goals and objectives. The nomination committee organised shareholder relations, not limited to the major shareholders, in the context of selecting candidates to the company's board of directors in the reporting period, either independently or jointly with other committees of the board of directors or the company's authorised shareholder relations unit 	Full compliance	
2.8.4	The board of directors of the company made sure that the composition of its committees fully met the purposes of the company, taking into account the scope of operations and the level of risk. Additional committees were either formed or not recognised as necessary (the strategy committee, the corporate governance committee, the ethics committee, the risk management committee, the budget committee, the health, safety and environment committee, etc.)	In the reporting period, the board of directors of the company considered whether the structure of the board of directors is appropriate to the scope and nature, business goals and needs, and risk profile of the company. Additional committees were either formed or not recognised as necessary	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
2.8.5	The composition of the committees is determined in such a way as to allow for a comprehensive discussion of the preliminary considered issues, taking into account different views	<ol style="list-style-type: none"> The audit committee, the remuneration committee, and the nomination committee (or the relevant committee of a combined nature) were chaired by independent directors in the reporting period. The internal documents (policies) of the company include provisions stipulating that persons not entering the audit committee, the nomination committee (or the relevant committee of a combined nature) and the remuneration committee may attend committee meetings only at the invitation of the chairperson of the relevant committee 	Full compliance	
2.8.6	Committee chairpersons regularly inform the board of directors and its chairperson of the operations of their committees	During the reporting period, committee chairpersons reported regularly to the board of directors on the work of the committees	Full compliance	
2.9	The board of directors ensures the assessment of the quality of performance of the board of directors, committees and members of the board of directors			
2.9.1	Assessment of the quality of performance of the board of directors is aimed at determination of the effectiveness of performance of the board of directors, committees and members of the board of directors, the degree of compliance of their operations with the company development needs, activation of operations of the board of directors and identification of areas where their operations can be improved	<ol style="list-style-type: none"> The company's internal documents set out the procedures for assessing (self-assessing) the board of directors' performance. The assessment (self-assessment) of the performance of the board of directors carried out in the reporting period included an assessment of the performance of the committees, an individual assessment of each member of the board of directors and the board of directors as a whole. The results of the assessment (self-assessment) of the board of directors' performance carried out in the reporting period were reviewed at an in-person meeting of the board of directors 	Full compliance	
2.9.2	The performance of the board of directors, committees and members of the board of directors is assessed on a regular basis at least once a year. an external organisation (consultant) is engaged at least once every three years to carry out an independent assessment of the board of directors' performance	The company engaged an external company (consultant) to conduct an independent assessment of the quality of the performance of the board of directors at least once for the three last reporting periods	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
3.1	The corporate secretary of the company is effectively interacting with shareholders, coordinates the actions of the company to protect the rights and interests of shareholders, supports the effective performance of the board of directors			
3.1.1	The corporate secretary has the knowledge, experience and qualification sufficient for performing his/her duties, an impeccable reputation and enjoys the trust of shareholders	The company's website and the annual report contain biographical information of the corporate secretary (including information on age, education, qualifications, experience) as well as information on the positions held by the corporate secretary in the management bodies of other legal entities for at least the last five years	Full compliance	
3.1.2	The corporate secretary has sufficient independence from the executive bodies of the company and has the necessary powers and resources for fulfilling the tasks assigned to him/her	<ol style="list-style-type: none"> 1. The company adopted and disclosed an internal document – the provision on the corporate secretary. 2. The board of directors approves the candidate for the position of the corporate secretary and terminates his/ her powers, as well as considers the payment of additional remuneration. 3. The company's internal documents stipulate the corporate secretary's right to request and receive company documents and information from management bodies, structural units and officials of the company 	Full compliance	
4.1	The level of remuneration paid by the company is sufficient to attract, motivate and retain persons who have the competence and qualification necessary for the company. Remuneration is paid to members of the board of directors, the executive bodies and other key executives of the company in accordance with the remuneration policy adopted in the company			
4.1.1	The level of remuneration provided by the company to members of the board of directors, the executive bodies and other key executives creates sufficient motivation for their effective work, enables the company to attract and retain competent and qualified professionals. At the same time, the company avoids greater than necessary levels of remuneration, as well as an unjustified big gap between the rates of remuneration of the mentioned persons and the company employees	The remuneration of members of the board of directors, executive bodies and other key executives of the company is determined taking into account the results of a comparative analysis of remuneration levels in peer companies	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
4.1.2	The company's remuneration policy is developed by the remuneration committee and approved by the board of directors of the company. The board of directors together with the remuneration committee ensures control over the introduction and implementation of the remuneration policy in the company, and revises and amends it if necessary	In the reporting period, the remuneration committee reviewed the remuneration policy(-ies) and (or) practices of its (their) implementation, assessed their efficiency and transparency, and, if necessary, submitted respective recommendations to the board of directors on the revision of the said policy(-ies)	Full compliance	
4.1.3	The company's remuneration policy contains transparent mechanisms for the determination of the amount of remuneration of members of the board of directors, the executive bodies and other key executives of the company and regulates all types of payments, benefits and privileges granted to the mentioned persons	The company's remuneration policy (policies) contains (contain) transparent mechanisms for determining the amount of remuneration to the members of the board of directors, the executive bodies and other key managers of the company, as well as regulates (regulate) all types of payments, benefits and privileges provided to these persons	Full compliance	
4.1.4	The company determines the policy of expense compensation (compensations) that specifies a list of expenses to be compensated for and the level of service that the members of the board of directors, of the executive bodies and other key managers of the company can count on. Such policy may be a component of the company's remuneration policy	The remuneration policy (policies) or in other internal documents of the company establish the rules for compensation of expenses to the members of the board of directors, the executive bodies and other key managers of the company	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
4.2	The system of remuneration to the members of the board of directors ensures convergence of financial interests of the directors with long-term financial interests of the shareholders			
4.2.1	<p>The company pays a fixed annual remuneration to the members of the board of directors. The company does not pay any remuneration for participation in individual meetings of the board of directors or its committees.</p> <p>The company does not apply any types of short-term motivation or additional financial incentives to members of the board of directors</p>	<ol style="list-style-type: none"> In the reporting period, the company paid remuneration to the members of the board of directors in accordance with the remuneration policy adopted by the company. In the reporting period, the company did not apply any forms of short-term motivation or additional financial incentives to the members of the board of directors, the payment of which depends on the results (indicators) of the company's operations. No remuneration was paid for participation in individual meetings of the board of directors or board committees 	Full compliance	
4.2.2	<p>Long-term ownership of shares in the company contributes most to aligning the financial interests of the board members with the long-term interests of the company's shareholders. In doing so, the company does not precondition the right of realisation of shares by achieving certain performance indicators and the members of the board of directors do not participate in stock option plans</p>	<p>If the internal document (documents) – the company's remuneration policy (policies) – stipulates (stipulate) the provision of the shares of the company to the members of the board of directors, clear rules of ownership of shares by the members of the board of directors aimed at encouraging long-term ownership of such shares shall be envisaged and disclosed</p>	Full compliance	
4.2.3	<p>The company does not provide for any additional payments or compensations in case of early termination of the powers of the members of the board of directors in connection resulting from the change of control over the company or otherwise</p>	<p>The company does not provide for any additional payments or compensations in case of early termination of the powers of the members of the board of directors in connection resulting from the change of control over the company or otherwise</p>	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
4.3	The system of remuneration to the members of the executive bodies and other key managers of the company stipulates the dependence of remuneration on the company's performance and their contribution to achieving this result			
4.3.1	The remuneration to the members of the executive bodies and other key managers of the company is determined in such a way as to ensure reasonable and justified correlation between the fixed and variable portions of the remuneration which depends on the company's performance and personal (individual) contribution of the employee to the outcome	<ol style="list-style-type: none"> 1. In the reporting period, the annual performance indicators approved by the board of directors were used to determine the variable remuneration of members of the executive bodies and other key executives of the company. 2. In the course of the last assessment of the remuneration system for the members of the executive bodies and other key managers of the company performed, the board of directors (the remuneration committee) made sure that the company uses an effective ratio between the fixed and variable portions of the remuneration. 3. In determining the remuneration payable to members of executive bodies and other key executives of the company, the company accounts for the risks borne by the company to avoid creating incentives for excessively risky management decisions 	Full compliance	
4.3.2	The company implemented the programme of long-term motivation for the members of the executive bodies and other key managers of the company using the shares of the company (stock option plans or other derivative financial instruments with company shares as the underlying asset)	If the company has introduced a long-term incentive scheme for members of executive bodies and other key executives of the company using company shares (financial instruments based on company shares), the scheme stipulates that the right to sell such shares and other financial instruments shall not arise earlier than three years after their provision. The right to sell them is conditional on the achievement of certain performance indicators of the company	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
4.3.3	The amount of compensation (golden parachute) that the company pays in case of early termination of their powers to the members of the executive bodies or key managers, as initiated by the company, and in the absence of unfair acts on their part, shall not exceed a two-fold amount of the fixed portion of the annual remuneration	The amount of compensation (golden parachute) that the company pays in case of early termination of their powers to the members of the executive bodies or key managers, as initiated by the company, and in the absence of unfair acts on their part, did not exceed a twofold amount of the fixed portion of the annual remuneration during the reporting period	Full compliance	
5.1	The company has a reliable risk management and internal control system in place to give reasonable certainty that its goals will be met			
5.1.1	The Board of Directors determined the principles of and the approaches to setting up the risk management and internal control system in the company	The functions of various corporate bodies and units of the company in the risk management and internal control system are clearly defined in internal documents/respective policy of the company approved by the board of directors	Full compliance	
5.1.2	The company's executive bodies are in charge of establishing and maintaining an efficient internal control and risk management system	The executive bodies of the company ensured that duties, powers, responsibilities in the area of risk management and internal control are distributed between the heads (managers) of departments and divisions reporting to them	Full compliance	
5.1.3	The risk management and internal control system of the company provides an objective, fair and clear view of the current state and prospects of the company, integrity and transparency of the company's reporting, reasonableness and acceptability of the risks taken by the company	<ol style="list-style-type: none"> The company has an approved anti-corruption policy in place. The company ensured a safe, confidential and easy-to-use way (hotline) of informing the board of directors or the audit committee under the board of directors on the facts of violation of the legislation, the internal procedures and the ethical code of the company 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
5.1.4	The board of directors of the company takes necessary measures to make sure that the risk management and internal control system of the company is consistent with the principles of and approaches to its organisation defined by the board of directors and is functioning effectively	<ol style="list-style-type: none"> In the reporting period, the board of directors (audit committee and/ or risk committee, if any) organised an assessment of the reliability and effectiveness of the risk management and internal control system. In the reporting period the board of directors reviewed the results of the assessment of the reliability and effectiveness of the company's risk management and internal control system, and the details of the review are included in the company's annual report 	Full compliance	
5.2	The company organises internal audits to methodically and impartially assess the accuracy and efficiency of the risk management, internal control system, and corporate governance procedures			
5.2.1	The company has a separate structural unit or engages an independent external company to conduct an internal audit. The functional and administrative accountability of the internal audit unit is differentiated. Functionally, the internal audit unit reports to the board of directors	To conduct an internal audit, the company established a separate structural internal audit unit functionally reporting to the board of directors or engaged an independent external company following the same accountability principle	Full compliance	
5.2.2	The internal audit unit assesses the reliability and effectiveness of the risk management and internal control system, as well as the corporate governance, and applies generally accepted standards of internal audit	<ol style="list-style-type: none"> In the reporting period, internal audit assessed the reliability and effectiveness of the risk management and internal control system. In the reporting period, internal audit assessed corporate governance practices (individual practices), including communication procedures (including those related to internal control and risk management) at all management levels of the company, as well as stakeholders relations 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
6.1	The company and its activities are transparent for shareholders, investors and other interested persons			
6.1.1	The company developed and implemented an information policy that ensures effective information exchange between the company, shareholders, investors and other interested persons	<ol style="list-style-type: none"> The board of directors of the company approved the company's information policy developed with regard to the recommendations of the Code. In the reporting period, the board of directors (or one of its committees) reviewed the efficiency of communication between the company, shareholders, investors and other stakeholders and the advisability (necessity) to revise the company's information policy 	Full compliance	
6.1.2	The company discloses the information on the corporate governance system and practice, including detailed information on the compliance with the principles and recommendations of the Code	<ol style="list-style-type: none"> The company discloses information on the company's corporate governance system and general principles of corporate governance applicable to the company, including on the company's website. The company discloses information on the composition of the executive bodies and the board of directors, independence of members of the board of directors and their membership in the committees of the board of directors (in accordance with the definition given in the Code). If there is a person controlling the company, the company publishes a controlling person memorandum concerning the plans of such person in respect of corporate governance in the company 	Full compliance	
6.2	The company timely discloses complete, up-to-date and reliable information about the company to ensure opportunities for making justified decisions by the company's shareholders and investors			
6.2.1	The company discloses information in accordance with the principles of regularity, consistency, efficiency, accessibility, reliability, completeness and comparability of the information disclosed	<ol style="list-style-type: none"> The company has established a procedure to ensure that all structural units and employees of the company who are involved in the disclosure of information or whose activities may lead to the need to disclose information coordinate their work. If the company's securities are traded in foreign securities markets, the disclosure of substantial information in the Russian Federation and in such markets shall be performed simultaneously and equivalently during the reporting year. If foreign shareholders hold a significant number of the company's shares, the disclosure of information during the reporting year was performed not only in Russian but also in one of the most widespread foreign languages 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
6.2.2	The company avoids a formal approach to disclosing information and discloses the substantial information on its business, even if the disclosure of such information is not stipulated by the law	<ol style="list-style-type: none"> The company's information policy defines approaches to the disclosure of information on other events (actions) that have a significant impact on the value or quotation of its securities, the disclosure of which is not required by law. The company discloses complete information on the structure of the company's capital in the annual report and on the company's website in accordance with recommendation 290 of the Code. The company discloses information on controlled entities that are material to it, including key areas of their activities, mechanisms for ensuring accountability of controlled entities, the authority of the company's board of directors to determine strategy and assess performance of controlled entities. The company discloses a non-financial report – a sustainability report, environmental report, corporate social responsibility report or any other report containing non-financial information, including factors related to the environment (including environmental and climate change-related factors), society (social factors) and corporate governance, except for the equity issuer's report and the annual report of a joint stock company 	Partial compliance	<p>Criterion 2 is complied with partially.</p> <p>In order to safeguard its shareholders and the Company itself in 2022–2023, the Company decided not disclose information regarding its shareholding structure on the Company's website owing to heightened sanctions risks.</p> <p>However, the Company has consistently made its shareholding structure public knowledge and disclosed it in the Company's annual reports, and did so again in the text of the present Annual Report.</p> <p>The withholding of information on capital structure is temporary and the Company plans to return this information to its website in 2024.</p>
6.2.3	As one of the most important tools for the exchange of information between shareholders and other stakeholders, the annual report contains information enabling assessment of the company's performance for the year	<ol style="list-style-type: none"> The company's annual report contains information on the audit committee's assessment of the effectiveness of the external and internal audit processes. The company's annual report contains information on the company's environmental and social policies 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
6.3	The company provides information and documents as requested by the shareholders in accordance with equal and unhindered access principles			
6.3.1	There are no unreasonable difficulties for shareholders in exercising their right of access to the company's documents and information	<ol style="list-style-type: none"> The company's information policy (internal documents defining the information policy) defines a non-onerous procedure for providing access to the company's information and documents upon shareholders' request. The information policy (internal documents defining the information policy) contains provisions stipulating that if a shareholder requests information on organisations controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant organisations controlled by the company 	Full compliance	
6.3.2	When the company provides information to shareholders, it maintains a reasonable balance between the interests of individual shareholders and the interests of the company itself, seeking to protect the confidentiality of important commercial information, which can have a significant impact on the company's competitiveness	<ol style="list-style-type: none"> During the reporting period, the company did not refuse to satisfy the shareholders' requests for information, or such refusals were justified. In cases provided for by the information policy of the company, shareholders are warned of the confidential nature of information and undertake to keep it confidential 	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
7.1	The actions that significantly influence or may influence the structure of the share capital and financial standing of the company and, accordingly, the shareholders' state (material corporate actions), are performed on equitable conditions that ensure compliance with the rights and interests of the shareholders as well as of other stakeholders			
7.1.1	Material corporate actions include reorganisation of the company, acquisition of 30 percent and more of the voting shares of the company (take-over), the performance of material transactions by the company, increase or decrease of the share capital of the company, listing and delisting of shares of the company and other actions that may lead to a significant change in the shareholders' rights or infringe upon their interests. The charter of the company defines a list (criteria) of transactions or other actions that are recognised as material corporate actions, and such actions refer to the competence of the company's board of directors	The company's charter define the list (criteria) of transactions or other actions that constitute material corporate actions. Decision-making in respect of material corporate actions refers to the competence of the board of directors as stated in the charter. When these corporate actions are directly referred by the legislation to the competence of the general meeting of shareholders, the board of directors makes recommendations to shareholders accordingly	Full compliance	
7.1.2	The board of directors plays a key role in making decisions or developing recommendations concerning material corporate actions; the board of directors relies on the position of independent directors of the company	The company has a procedure for independent directors to state their position on material corporate actions prior to their approval	No compliance	<p>The Company does not have a procedure for independent members of the Board of Directors to state their position on material corporate actions.</p> <p>The concept and list of material corporate actions appeared in the Company's Charter in 2022, and the Company has not yet regulated the procedure for independent Board members to state their position on such matters.</p> <p>Nevertheless, all members of the Board of Directors are entitled to express their dissenting opinions on items on the agenda of the meeting, including those relating to material corporate actions. Such dissenting opinion shall be appended by the Company Secretary to the minutes of the relevant meeting.</p> <p>The Company strives to implement the recommendations of the Code and in 2024 will consider amending the Company's internal documents to regulate the procedure for independent members of the Board of Directors to declare their positions on material corporate actions</p>

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
7.1.3	<p>The company ensures equal conditions for all of its shareholders if material corporate actions affect the rights and legal interests of shareholders, and implements additional measures protecting the rights and legal interests of shareholders of the company if the legal mechanisms aimed at protecting the rights and legal interests of shareholders are insufficient.</p> <p>The company is guided not only by formal legal requirements but also by the corporate governance principles set forth in the Code</p>	<ol style="list-style-type: none"> Given the nature of the company's business, the board of directors is authorised by the company's charter to approve other transactions that are material to the company, in addition to those provided for by law. During the reporting period, all the material corporate actions went through the procedure of approval prior to their execution 	Full compliance	
7.2	The company provides a procedure for performing material corporate actions that allows the shareholders to obtain in due time complete information on such actions and gives them an opportunity to influence the performance of such actions and guarantees compliance with the appropriate level of protection of their rights as such actions are performed			
7.2.1	The information on performance of material corporate actions is disclosed with an explanation of the reasons, conditions and consequences of such actions	If material corporate actions have been taken by the company in the reporting period, the company disclosed such actions in a timely and detailed manner, including the reasoning behind them, the conditions under which the actions were taken and the consequences of such actions for shareholders	Full compliance	

Ser. No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of deviation from criteria for assessing compliance with the corporate governance principle
7.2.2	The rules and procedures associated with the company's performance of material corporate actions are enshrined in the internal documents of the company	<ol style="list-style-type: none"> 1. The internal documents of the company define the cases and the procedure for involving an appraiser to estimate the value of the property, alienated or purchased through a major transaction or an interested-party transaction. 2. The internal documents of the company stipulate the procedure for involving an appraiser to estimate the value of purchase and buyback of the company's shares. 3. If there is no formal interest of a member of the board of directors, the sole executive body, a member of the collegial executive body of the company, a person who is a controlling person of the company or a person entitled to give instructions binding to the company, in the company's transactions, but there is a conflict of interest or other actual interest, the internal documents of the company provide that such persons shall not participate in voting on the approval of such transaction 	Full compliance	

Appendix 3. Biographies of the Members of the Board of Directors, CEO and Corporate Secretary of INARCTICA PJSC

Board of Directors

Ekaterina Chernova

Chair of the Board of Directors

Ekaterina Chernova was born in 1980.

As of the reporting date, she held 10,940 ordinary shares of INARCTICA PJSC and no interest in authorised capitals of its controlled entities.

Chair of the Sustainable Development Committee of the Board of Directors

Citizenship: Russia.

Date of first election to the Company's Board of Directors: 13 January 2016.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Member of the Audit Committee of the Board of Directors

Ekaterina Chernova graduated from the Finance Academy under the Government of the Russian Federation, with major in World Economics (Economist). She also was a student of Harvard Business School (General Management Program) in 2012, has an ACCA Diploma, and is a member of the Independent Directors Association.

Ekaterina Chernova has been running an investment company for six years and serving as a financial expert in direct and venture investments in Russia for over 15 years.

Professional background: 2015 to 2018, she held the position of CFO of CFC Management LLC. Since 2018, she has been the Chief Executive Officer of CFC Management LLC. Since 2022, she has been the Chief Executive Officer of CFC Global FZCO. Since 2023, he has been the managing partner at OCTO MANAGEMENT CONSULTANICES LLC.

She is competent to handle strategic and business solutions in joint-stock holding companies, including M&A, restructuring, transformation, corporate governance, change management and HR strategies, and crisis management. She has excellent leadership and communication skills.

Ekaterina Chernova worked for Access Industries (an industrial holding company) and PricewaterhouseCoopers (an international audit firm).

Sayyora Ayupova

Independent member of the Board of Directors

Chair of the Strategy Committee of the Board of Directors

Member of the Nomination and Remuneration Committee of the Board of Directors

Sayyora Ayupova was born in 1978.

Citizenship: Uzbekistan.

Date of the first election to the Company's Board of Directors: 30 June 2021

Sayyora Ayupova graduated from Tashkent State University of Oriental Studies, with major in Economics and Regional Studies. She is a certified IoD Chartered Director (Institute of Directors, UK). In 2020–2021, she was a leadership student at INSEAD (Building Digital Partnerships and Ecosystems; Strategy in the Age of Digital Disruption; FinTech).

Professional background: 1997 to 2015 held various positions in Procter&Gamble Turkey, Central Asia, Caucasus (2012 to 2015 – CEO of Procter&Gamble Central Asia). 2015 to 2016, she served as CEO of Coca-Cola Hellenic BC Armenia. 2016 to 2018 – CEO of Sales for Russia at Coca-Cola Hellenic BC Russia. 2019 to 2022, she was a member of the Board of Directors

of SB Alfa-Bank Kazakhstan JSC as an independent director. Since 2022, she has been a Managing Partner at Compass Directors (Uzbekistan) and is an independent member of the Board of Directors of ASR KIMYO INVEST LLC (Uzbekistan). Since February 2023, – partner of SYNFIN ADVISORS LLC consulting company for the Middle East and Central Asia, Caucasus.

As at the reporting date, she did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and did not enter into any transactions with the securities (shares) of these companies.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Sayyora Ayupova possesses expertise in corporate governance, strategic business planning creation and management, digitalisation and business transformation, marketing brand building, organisational change and business models.

Vladimir Alexandrov

Independent member of the Board of Directors

Mr. Alexandrov was born in 1979.

business unit at Rusagro Group.

He currently holds the positions of CEO at Sigma Energy Management and DIALL ALLIANCE.

Member of the Strategy Committee of the Board of Directors

Citizenship: Russia.

Date of first election to the Company's Board of Directors:
30 June 2023

As at the reporting date, he did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and he did not enter into any transactions with the securities (shares) of these companies.

Member of the Audit Committee of the Board of Directors

In 2001, he graduated from Financial Academy under the Government of the Russian Federation with major in Finance and Credit (Bachelor). In 2006, received a Master of Business Administration (MBA) degree from Harvard Business School.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Professional background: 2001 to 2020, he worked at McKinsey & Company, an international consulting company. He has served as the leader of the major capital projects and the CIS mining and chemical customers practice. 2020 to 2022, he headed the oil and fats

Mr. Alexandrov possesses expertise in strategy and business management, sales development, M&A transactions, human resources, finance and risk management.

Anna Vasilenko

Independent member of the Board of Directors

Anna Vasilenko was born in 1973.

As at the reporting date, she did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and did not enter into any transactions with the securities (shares) of these companies.

Chair of the Nomination and Remuneration Committee of the Board of Directors

Citizenship: Russia.

Date of the first election to the Company's Board of Directors: 30 June 2021

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Member of the Sustainable Development Committee of the Board of Directors

Anna Vasilenko graduated from Lomonosov Moscow State University, with major in Economics; Skolkovo School of Management. She is a certified IoD Chartered Director (Institute of Directors, UK).

Ms. Vasilenko is competent in finance, corporate governance, strategy, PR and IR, and HR management.

Professional background: 2014 to 2020, she held management positions in key client and issuer relations at Moscow Exchange PJSC. Since 2021, she has been managing EM, an international financial, corporate and digital communications agency specialising in emerging markets. Since June 2021, she has been sitting on the Board of Directors of UC RUSAL as an independent director.

Dmitry Vasilkov

Independent member of the Board of Directors

Member of the Strategy Committee of the Board of Directors

Dmitry Vasilkov was born in 1981.

Citizenship: Russia.

Date of the first election to the Company's Board of Directors: 30 June 2021

Dmitry Vasilkov received his master's degree from Moscow State Institute of International Relations (University) of the Ministry of Foreign Affairs of the Russian Federation, with major in World Economy.

Professional background: since 2017, he has been a CEO of EcoCapital LLC and Engaging Audience LLC. Since 2022, Mr. Vasilkov has been a CEO of QuScape (Quantum Systems LLC). He is the developer of corporate communications software WhenSpeak, co-founder of UNIX LLC and founder of Pompeii Art Group LLC.

As at the reporting date, he did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and did not enter into any transactions with the securities (shares) of these companies.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Mr. Vasilkov is competent in founding and management of FMCG¹ companies, business management strategy, production digitalisation (simulation modelling, optimisation, and quantitative production, business and finance), IT products development and implementation.

¹ Fast-Moving Consumer Goods.

Roman Kascheyev

Independent member of the Board of Directors

Member of the Audit Committee of the Board of Directors

Roman Kascheyev was born in 1977.

Citizenship: Russia.

Date of the first election to the Company's Board of Directors: 30 June 2021

He holds a Master in Economics from Lomonosov Moscow State University (MSU) and ICA International Diploma in Governance, Risk and Compliance.

Professional background: 2000 to 2005, he was a project manager in management consulting, including IBM Consulting and IBS. He designed the Shareholder Value Management course and held it in MSU and RANEPa. 2005 to 2017, he held various positions in RUSAL Group companies, where he was responsible for the development of the corporate governance and compliance system. 2009 to 2017, he was a member of the Supervisory Board of RUSAL Global Management B.V. 2017 to 2019,

he held the positions of Director for International Corporate Governance and Chief Compliance Officer at En+ Group companies. 2018 to 2019, he was a member of the Board of Directors of En+ Holding Limited. Since 2019, Mr. Kashcheev has been a compliance director at Ingosstrakh IPJSC.

As at the reporting date, he did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and he did not enter into any transactions with the securities (shares) of these companies.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Roman Kashcheev has extensive experience in building corporate governance systems in large public companies and is competent in IT and risk management.

Andrey Marchenko

Independent member of the Board of Directors

Andrey Marchenko was born in 1982.

Citizenship: Russia.

Date of first election to the Company's Board of Directors:
29 December 2020

Andrey Marchenko graduated from Moscow State Open University named after Viktor S. Chernomyrdin and Lomonosov Moscow State University, with major in Public Administration. He holds a PhD in Economics and is a professional securities market participant (FFMS certificate, series 1.0).

Professional background: 2011 to 2020, he was Executive Director of Unite Capital Partners Advisor LLC. 2015 to 2020, he was Chief Executive Officer of Nordic Investments LLC. 2016 to 2022, he was a member of the Strategy Committee and Investment Committee of the Board of Directors of Inter RAO PJSC. 2019 to 2021, he was a member of the Boards of Directors of Geosplit Holding LLC, Cryogas M&T Poland S.A., Cryogas JSC,

Polyus-Kholoda LLC. Since 2020, he has been a partner of Sinai Capital Investment Group. 2022 to June 2023, he was an independent member of the Board of Directors of Rosseti Centre and Volga Region PJSC. Mr. Marchenko is an expert of the ASI3 working group for monitoring the action plan (roadmap) for Corporate Governance Improvement, as well as of the Moscow Exchange working group for improving dividend policies of Russian companies.

As at the reporting date, he did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and he did not enter into any transactions with the securities (shares) of these companies.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Mr. Marchenko has in-depth knowledge and significant experience in public markets, corporate finance and sustainable strategy.

Member of the Sustainable Development Committee of the Board of Directors

Vladislav Pogulyayev

Independent member of the Board of Directors

Vladislav Pogulyayev was born in 1978.

of professional management experience, he held executive positions in international audit companies and real economy business.

Chair of the Audit Committee of the Board of Directors

Citizenship: Russia.

Date of the first election to the Company's Board of Directors: 30 June 2021

As at the reporting date, he did not hold any shares in the Company or interest in the authorised capitals of its controlled entities, and he did not enter into any transactions with the securities (shares) of these companies.

Member of the Nomination and Remuneration Committee of the Board of Directors

Vladislav Pogulyayev graduated from Lomonosov Moscow State University (MSU), with major in Economics. He holds an Executive MBA from the Skolkovo School of Management in Moscow, a PhD in Economics, a unified auditor qualification certificate, and a Certified Public Accountant (CPA) degree in the USA.

No administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

Professional background: since 2014, he has been CEO of Unicon JSC. Since 2015, he has also been CEO of Unicon Financial Consultancy LLC. With over 20 years

Vladislav Pogulyayev has expertise in audit and finance, risk management, assessment, capital transaction support, and strategic management.

Chief Executive Officer

Ilya Sosnov

Ilya Gennadyevich was born in 1978.

Citizenship: Russia.

Ilya Sosnov graduated from the Faculty of Economics of Lomonosov Moscow State University (MSU) with major in Economics.

Professional background: Ilya Sosnov came to the INARCTICA Group from SIBUR – Russian Tyres OJSC.

2011 to 2015, he served as Deputy CEO for Operations and CFO of Russian Fish Company JSC. Since 2015, – CEO at INARCTICA PJSC. Since 2015, – CEO at INARCTICA NW LLC. Also, he headed individual companies of the INARCTICA Group in different periods.

As of 31 December 2023, Mr. Sosnov directly owned 1,974,324 shares of INARCTICA PJSC and indirectly through IGS Invest JSC – 15,150,558 shares, which is 19.49% of the Company's authorised capital.

No shareholdings in the Company's subsidiaries and associates.

Corporate Secretary

Valeria Vasyutkina

Valeria Vasyutkina was born in 1992.

Citizenship: Russia.

In 2018, she graduated from the International Law Faculty of the All-Russian Academy of Foreign Trade, with major in Law (Master's degree).

Professional background: 2019 to 2021, she worked as a leading legal adviser at the Shareholder Policy and Corporate Relations Department of Ingosstrakh JSC. In 2021, she worked as General Counsel at the Aircraft Group. 2021 to 2023, she worked as Head of Corporate Law at INARCTICA NW LLC.

As at 31 December 2023, she owned 1,568 shares, representing 0.0018% of the Company's authorised capital. No shareholdings in the Company's subsidiaries and associates.

No criminal record, and no administrative and/or criminal records for crimes involving money, taxes, levies, or the securities market.

There was no conflict of interest, even with regard to membership in the governing bodies of rival companies.

Appendix 4. Report on Transactions Made by INARCTICA PJSC in 2023 that are Recognised as Major Transactions and/or Interested-Party Transactions in Accordance with the Federal Law on Joint Stock Companies

In 2023, INARCTICA PJSC did not approve (make) any transactions recognised as major transactions in accordance with the Federal Law on Joint Stock Companies No. 208-FZ dated 26 December 1995, as well as other transactions subject to the major transaction approval procedure in accordance with the Company's Charter.

Information on related-party transactions:

Ser. No.	Transaction	Essential conditions	Interested party(ies) at the time of the transaction	Information on how the Company's governing body considered the transaction
1	Supplementary Agreement No. 3 dated 13 January 2023 to Surety Agreement No. 0001-031/00156/0101 dated 23 June 2021.	<p>Parties to the Supplementary Agreement</p> <p>Surety: INARCTICA Public Joint Stock Company.</p> <p>Lender: URALSIB BANK Public Joint Stock Company.</p> <p>Borrower (Beneficiary): INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816).</p>	Ilya Sosnov acted as the sole executive bodies of INARCTICA PJSC and INARCTICA NW LLC	Conclusion of the Supplementary Agreement was approved by the Extraordinary General Meeting of Shareholders of INARCTICA PJSC, Minutes No. 73 dated 2 March 2023

Ser. No.	Transaction	Essential conditions	Interested party(ies) at the time of the transaction	Information on how the Company's governing body considered the transaction
		<p>Subject of the Supplementary Agreement</p> <ol style="list-style-type: none"> <li data-bbox="561 304 1676 454">1. The Surety undertakes to be jointly and severally liable with INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816, hereinafter the Debtor) to the Lender for the Debtor's performance of all its obligations under Credit Line Agreement No. 0001-031/00156 on opening a credit line with a debt limit (subject to Supplemental Agreement No. 1 dated 10 November 2021), Supplementary Agreement No. 2 dated 28 March 2022, Supplementary Agreement No. 3 dated 22 November 2022, and Supplementary Agreement No. 4 thereto) concluded between the Debtor and the Lender on 23 June 2021 (hereinafter the "Principal Agreement") to the same extent as the Debtor. <li data-bbox="561 461 1470 501">2. This clause changes the credit limit from RUB 1,100,000,000 (One billion one hundred million) to RUB 2,000,000,000 (two billion). <li data-bbox="561 504 1676 746">3. This clause changes the term of the Tranche use depending on the growth of the debt amount. The term of the Tranche use shall be determined in the Tranche Application, but may not end later than the expiration date of the credit line availability period and may not exceed the following values: <ul style="list-style-type: none"> <li data-bbox="587 572 1676 658">• If as of the date of granting the Tranche the aggregate amount of the Debtor's outstanding loan under the Principal Agreement (including the amount of the requested Tranche) is up to RUB 1,600,000,000.00 (One billion six hundred million 00/100) (inclusive), the term of use of the Tranche may not exceed 370 (Three hundred seventy) calendar days from the date the Tranche has been granted to the Debtor; <li data-bbox="587 661 1676 746">• If as of the date of granting the Tranche the aggregate amount of the Debtor's outstanding loan under the Principal Agreement (including the amount of the requested Tranche) is more than RUB 1,600,000,000.00 (One billion six hundred million 00/100) (inclusive), the term of use of the Tranche may not exceed 181 (One hundred and eighty-one) calendar days from the date the Tranche has been granted to the Debtor. <p>The term of the Tranche provided to the Debtor under the Principal Agreement may be prolonged by the Bank for a period agreed upon by the Bank and the Debtor (but not more than 180 (One hundred and eighty) calendar days), provided that the Debtor, not later than 30 (thirty) calendar days prior to the date on which such Tranche is to be repaid, submits a written request to the Bank to increase the term of the Tranche (original document certified by an authorised representative of the Debtor and the company's seal, or a copy of the document transmitted via the Client-Bank system certified by an equivalent of the handwritten signature of the Debtor's sole executive body) and subject to the Bank's consent (acceptance).</p> 		

Ser. No.	Transaction	Essential conditions	Interested party(ies) at the time of the transaction	Information on how the Company's governing body considered the transaction
		<p>4. To reword subpara. 1.3.2.7 of para. 1.3.2 of the Agreement "Interest for the use of the Loan (a fee accrued by the Bank on a daily basis at the Interest rate in accordance with the Principal Agreement, with the Loan Interest accrued on the outstanding balance of the principal debt as of the beginning of each calendar day)" as follows:</p> <ul style="list-style-type: none"> • for Tranches granted under the Principal Agreement, starting from 13 January 2023, the loan interest rate shall be set as follows: <ul style="list-style-type: none"> – If as of the date of granting the Tranche the aggregate amount of the Debtor's outstanding loan under the Principal Agreement (including the amount of the requested Tranche) is up to RUB 1,100,000,000.00 (One billion one hundred million 00/100) (inclusive), the loan interest rate under the Tranche to be granted shall be set equal to the current key rate established by the Bank of Russia increased by 1.5 (one point five) of a percentage point; – If as of the date of granting the Tranche the aggregate amount of the Debtor's outstanding loan under the Principal Agreement (including the amount of the requested Tranche) is more than RUB 1,100,000,000.00 (One billion one hundred million 00/100) (inclusive), the loan interest rate under the Tranche to be granted shall be set equal to the current key rate established by the Bank of Russia increased by 1.7 (one point seven) of a percentage point. <p>Under the agreement reached between the Bank and the Debtor to calculate loan interest (from the specified date), in case of a change in the key rate set by the Bank of Russia compared to the key rate effective on the previous calendar day, the interest rate shall be deemed changed in accordance with the changed key rate of the Bank of Russia, plus the margin agreed upon by the Bank and the Debtor, which shall be 1.5 (one point five) percentage points or 1.7 (one point seven) percentage points.</p> <p>The effective key rate means the key rate set by the Bank of Russia for each respective day of interest accrual under the Loan.</p>		

Ser. No.	Transaction	Essential conditions	Interested party(ies) at the time of the transaction	Information on how the Company's governing body considered the transaction
2	Supplemental Agreement No. 4 dated 21 June 2023 to Surety Agreement No. 0001-031/00156/0101 dated 23 June 2021.	<p>Parties to the Supplementary Agreement</p> <p>Surety: INARCTICA Public Joint Stock Company.</p> <p>Lender: URALSIB BANK Public Joint Stock Company.</p> <p>Borrower (Beneficiary): INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816).</p> <p>Subject of the Supplementary Agreement</p> <ol style="list-style-type: none"> The Surety undertakes to be jointly and severally liable with INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816, hereinafter the Debtor) to the Lender for the Debtor's performance of all its obligations under Credit Line Agreement No. 0001-031/00156 on opening a credit line with a debt limit (subject to Supplemental Agreement No. 1 dated 10 November 2021), Supplementary Agreement No. 2 dated 28 March 2022, Supplementary Agreement No. 3 dated 22 November 2022, and Supplementary Agreement No. 4 thereto) concluded between the Debtor and the Lender on 23 June 2021 (hereinafter the "Principal Agreement") to the same extent as the Debtor. Amendments are made to the Surety's obligation to provide a certificate on the Surety's shareholders 	Ilya Sosnov acted as the sole executive bodies of INARCTICA PJSC and INARCTICA NW LLC	-
3	Supplementary Agreement No. 5 dated 27 November 2023 to Surety Agreement No. 0001-031/00156/0101 dated 23 June 2021	<p>Parties to the Supplementary Agreement</p> <p>Surety: INARCTICA Public Joint Stock Company.</p> <p>Lender: URALSIB BANK Public Joint Stock Company.</p> <p>Borrower (Beneficiary): INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816).</p> <p>Subject of the Supplementary Agreement</p> <ol style="list-style-type: none"> The Surety undertakes to be jointly and severally liable with INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816, hereinafter the Debtor) to the Lender for the Debtor's performance of all its obligations under Credit Line Agreement No. 0001-031/00156 on opening a credit line with a debt limit (subject to Supplemental Agreement No. 1 dated 10 November 2021), Supplementary Agreement No. 2 dated 28 March 2022, Supplementary Agreement No. 3 dated 22 November 2022, and Supplementary Agreement No. 4 thereto) concluded between the Debtor and the Lender on 23 June 2021 (hereinafter the "Principal Agreement") to the same extent as the Debtor. Changes are made to the terms of utilisation of previously issued tranches. The maturity period for each tranche issued was extended by 180 days 	Ilya Sosnov acted as the sole executive bodies of INARCTICA PJSC and INARCTICA NW LLC	-

Ser. No.	Transaction	Essential conditions	Interested party(ies) at the time of the transaction	Information on how the Company's governing body considered the transaction
4	Supplementary Agreement No. 6 dated 26 December 2023 to Surety Agreement No. 0001-031/00156/0101 dated 23 June 2021	<p>Parties to the Supplementary Agreement</p> <p>Surety: INARCTICA Public Joint Stock Company.</p> <p>Lender: URALSIB BANK Public Joint Stock Company.</p> <p>Borrower (Beneficiary): INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816).</p> <p>Subject of the Supplementary Agreement</p> <ol style="list-style-type: none"> The Surety undertakes to be jointly and severally liable with INARCTICA North-West Limited Liability Company (OGRN 5077746511893, INN 7722607816, hereinafter the Debtor) to the Lender for the Debtor's performance of all its obligations under Credit Line Agreement No. 0001-031/00156 on opening a credit line with a debt limit (subject to Supplementary Agreement No. 1 dated 10 November 2021, Supplementary Agreement No. 2 dated 28 March 2022, Supplementary Agreement No. 3 dated 22 November 2022, Supplemental Agreement No. 4 dated 13 January 2023, Supplementary Agreement No. 5 dated 21 June 2023, Supplementary Agreement No. 6 dated 27 November 2023 and Supplementary Agreement No. 7 thereto) concluded between the Debtor and the Lender on 23 June 2021 (hereinafter the "Principal Agreement") to the same extent as the Debtor. To reword subpara. 1.3.2.7 of para. 1.3.2 of the Agreement "Loan Interest (a fee accrued by the Bank on a daily basis at the Interest Rate, in accordance with the Principal Agreement, with the Loan Interest accrued on the outstanding balance of the principal debt as of the beginning of each calendar day)" as follows: "Starting from 1 December 2023, the loan interest rate under the Tranches effective as of the date of execution of Supplementary Agreement No. 7 to the Principal Agreement and the Tranches newly provided under the Principal Agreement shall be set at the current key rate established by the Bank of Russia increased by 1.7 (one point seven) percentage points". Under the agreement reached between the Bank and the Debtor to calculate loan interest (from the specified date), in case of a change in the key rate set by the Bank of Russia compared to the key rate effective on the previous calendar day, the interest rate shall be deemed changed in accordance with the changed key rate of the Bank of Russia, plus the margin agreed upon by the Bank and the Debtor, which shall be 1.7 (one point seven) percentage points. The effective key rate means the key rate set by the Bank of Russia for each respective day of interest accrual under the Loan. 	Ilya Sosnov acted as the sole executive bodies of INARCTICA PJSC and INARCTICA NW LLC	Conclusion of the Supplementary Agreement was approved by the Extraordinary General Meeting of Shareholders of INARCTICA PJSC, Minutes No. 77 dated 14 March 2024