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

## Contents

# 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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# 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 |
|---|---|
| **Valuation of biological assets** | |
| 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).<br><br>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.<br><br>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. | 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.<br><br>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.<br><br>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.<br><br>We tested the assessment models for arithmetic accuracy and performed audit procedures for the sensitivity calculations performed by management.<br><br>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. |

## 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:

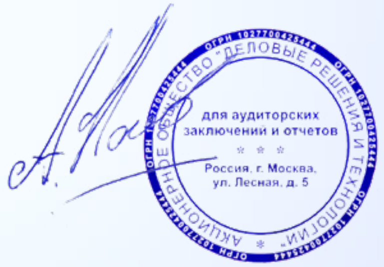
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 dis 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:

| | | Ownership ratio or percentage of voting rights, % | |
|---|---|---|---|
| **Name** | **Core activity** | **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:<br>• Proportional expected margin<br>• Expected loss rate<br>• 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:<br>• Proportional expected margin<br>• Expected loss rate<br>• 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:

| | | | Thousands RUB | | |
|---|---|---|---|---|---|
| **Status of biological assets as at 31 December 2023** | **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:

Thousands RUB

| Status of biological assets as at 31 December 2023 | Quantity of fish | Biological assets (tonnes) | Cost of farming | 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:

Thousands RUB

| Status of biological assets as at 31 December 2022 | Quantity of fish | Biological assets (tonnes) | Cost of farming | 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:

| | | | | Thousands RUB | |
|---|---|---|---|---|---|
| **Status of biological assets as at 31 December 2022** | **Quantity of fish** | **Biological assets (tonnes)** | **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.