Joint Stock Company
Investment Construction Company AVTOBAN

Consolidated Financial Statements for 2022
and Independent Auditors' Report

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In millions of RUB	Note	2022	2021
Revenue	4	132 657	111 951
Cost of sales	5	(112 188)	(81 908)
Gross profit		**20 469**	**30 043**
Other income	7	1 352	633
Administrative expenses	6	(10 631)	(8 693)
Other expenses	7	(1 434)	(1 016)
Results from operating activities		**9 756**	**20 967**
Finance income	8	12 604	8 539
Finance costs	8	(12 397)	(12 793)
Share of profit of equity-accounted investees (net of income tax)		30	25
Profit before income tax		**9 993**	**16 738**
Income tax expense	10	(2 531)	(4 366)
Profit attributable to:		**7 462**	**12 372**
Owners of the Company		7 788	10 502
Non-controlling interests		(326)	1 870
Profit for the year		**7 462**	**12 372**
Other comprehensive profit /(loss)			
Items that will never be reclassified to profit or loss:			
Actuarial (losses)/profit on defined benefit plans net of income tax attributable to:			
Owners of the Company		(247)	106
Non-controlling interests		(10)	7
Other comprehensive (loss)/profit		(257)	**113**
Total comprehensive income attributable to:		**7 205**	**12 485**
Owners of the Company		7 541	10 608
Non-controlling interests		(336)	1 877
Total comprehensive income for the year		**7 205**	**12 485**

These consolidated financial statements were approved by management on 07 April 2023 and were signed on its behalf by:

General Director

Andreev A.V.

(signed)

Director of Economics and Finance
JSC DSK AVTOBAN

Shtrek Y.M.

(signed)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-47.

In millions of RUB	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	11	6 661	5 137
Investment property		-	230
Intangible assets		358	321
Other investments and loans issued	12	323	1 451
Accounts receivable	13	66 326	67 248
Deferred tax assets	10	4 526	4 357
Total non-current assets		**78 194**	**78 744**
Current assets			
Inventories		16 860	8 830
Accounts receivable and contract assets	13	6 703	21 152
Prepayments		17 316	15 030
Other receivables	13	8 298	6 304
Other investments and loans receivable	12	9 067	2 233
Cash in special bank accounts	14	70 049	37 176
Cash and cash equivalents	14	2 434	4 387
Total current assets		**130 727**	**95 112**
Total assets		**208 921**	**173 856**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	100	100
Retained earnings		41 367	38 202
Total equity attributable to owners of the Company		**41 467**	**38 302**
Non-controlling interests		1 557	2 053
Total equity		**43 024**	**40 355**
Non-current liabilities			
Loans and borrowings	16	73 898	55 116
Trade and other payables	17	2 249	715
Provisions	18	3 624	2 668
Deferred income	16	2 791	-
Deferred tax liabilities	10	9 770	9 142
Total non-current liabilities		**92 332**	**67 641**
Current liabilities			
Loans and borrowings	16	6 555	6 730
Contract liabilities		34 914	24 499
Trade and other payables	17	26 581	30 015
Provisions	18	4 554	4 616
Deferred income	16	961	-
Total current liabilities		**73 565**	**65 860**
Total liabilities		**165 897**	**133 501**
Total equity and liabilities		**208 921**	**173 856**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-47.

In Millions of RUB	Note	Attributable to equity holders of the Company			Non-controlling interests	Total equity
		Share capital	Retained earnings	Total		
Balance at 1 January 2021		**0,01**	**30 125**	**30 125**	**(25)**	**30 100**
Total comprehensive income for the year						
Profit for the year		-	10 502	10 502	1 870	12 372
Other comprehensive income						
Actuarial profit on defined benefit plans		-	106	106	7	113
Total other comprehensive income		**-**	**106**	**106**	**7**	**113**
Total comprehensive income for the year		**-**	**10 608**	**10 608**	**1 877**	**12 485**
Transactions with owners of the Company						
Dividends	15	-	(2 124)	(2 124)	(26)	(2 150)
Increase in share capital		100	(100)	-	-	-
Acquisition of non-controlling interests in subsidiaries	3	-	(307)	(307)	227	(80)
Total transactions with owners of the Company		**100**	**(2 531)**	**(2 431)**	**201**	**(2 230)**
Balance at 31 December 2021		**100**	**38 202**	**38 302**	**2 053**	**40 355**
Total comprehensive income for the year						
Profit for the year		-	7 788	7 788	(326)	7 462
Other comprehensive income						
Actuarial losses on defined benefit plans		-	(247)	(247)	(10)	(257)
Total other comprehensive loss		**-**	**(247)**	**(247)**	**(10)**	**(257)**
Total comprehensive income for the year		**-**	**7 541**	**7 541**	**(336)**	**7 205**
Transactions with owners of the Company						
Dividends	15	-	(4 003)	(4 003)	(3)	(4 006)
Acquisition of subsidiaries with non-controlling interests	3	-	(94)	(94)	(194)	(288)
Disposal of subsidiaries shares	3	-	-	-	6	6
Other transactions with owners		-	(279)	(279)	31	(248)
Total transactions with owners of the Company		**-**	**(4 376)**	**(4 376)**	**(160)**	**(4 536)**
Balance at 31 December 2022		**100**	**41 367**	**41 467**	**1 557**	**43 024**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-47.

In Millions of RUB	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		7 462	12 372
Adjustments for:			
Depreciation and amortisation		1 367	1 336
Gain on disposal of property, plant and equipment	7	(160)	(49)
Inpairment loss on property, plant and equipment		70	-
Share of profit of associates (net of income tax)		(30)	(25)
Finance income	8	(12 604)	(8 539)
Finance costs	8	12 397	12 793
Income tax expense	10	2 531	4 366
Cash flows from operating activities before changes in working capital and provisions		**11 033**	**22 254**
Changes in inventories		(7 960)	(6 132)
Changes in receivables under construction contracts	13	25 586	2 522
Changes in other receivables	13	(3 113)	155
Changes in payables under construction contracts	17	(2 446)	5 608
Changes in other payables and provisions	17	9 403	19 723
Changes in cash in special bank accounts	14	(32 999)	(15 378)
Cash flows (used in)/from operations before income taxes and interest paid		**(496)**	**28 752**
Income tax paid		(2 213)	(2 096)
Interest paid		(10 252)	(8 516)
Net cash (used in)/from operating activities		**(12 961)**	**18 140**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	11	(1 471)	(1 161)
Proceeds from sale of property, plant and equipment		216	228
Acquisition of intangible assets		(42)	(66)
Acquisition of subsidiaries		(331)	(80)
Disposal of subsidiaries		-	3
Proceeds from disposal of bonds		(149)	-
Interest received		1 774	1 049
Loans issued		(9 348)	(5 697)
Repayment of loans issued		3 636	7 111
Net cash (used in)/from investing activities		**(5 715)**	**1 387**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		31 315	54 417
Repayment of borrowings		(10 586)	(69 261)
Dividends		(4 006)	(2 150)
Net cash (from)/used in financing activities		**16 723**	**(16 994)**
Net (decrease)/ increase in cash and cash equivalents		(1 953)	2 533
Cash and cash equivalents at 1 January excluding cash in special bank accounts		4 387	1 854
Cash and cash equivalents at 31 December excluding cash in special bank accounts		**2 434**	**4 387**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 7-47.

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1 Reporting entity

(a) Organisation and operations

Joint Stock Company Investment Construction Company AVTOBAN (the "Company" or JSC "ICC "AVTOBAN") and its subsidiaries (the "AVTOBAN Group" or the "Group") comprise Russian joint-stock companies and limited liability companies, formed in accordance with the legislation of the Russian Federation. Prior to 20 December 2018, the Company operated as a limited liability company. The legal form of the Company changed to a joint stock company following the resolution of its sole owner.

Until 4 February 2022, the Company was called Joint-Stock Company SOYUZDORSTROY.

The Company's registered office is 119571 Moscow, Vernadsky Prospekt 92, building 1, room 2.

The Group's principal activity is construction of roads and public infrastructure. The Group is involved in a number of concession agreements and long-term investment agreements to build and operate toll roads.

The Group operates in the Russian Federation and has been recognized as one of the leaders in road construction.

The ultimate beneficial owner of the Group is Mr. Andreev A.V.

(b) Business environment

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

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the start of a special military operation in Ukraine by the Russian Federation, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

In September 2022, a partial mobilization was announced in the Russian Federation. Referendums were held in the recognized republics of Donetsk and Lugansk, as well as in the Zaporozhye and Kherson regions of Ukraine, which resulted in incorporation of the territories into the Russian Federation. As a result of these events further sanctions were imposed against the Russian Federation and there is a risk of further sanctions and similar forms of pressure. In response to the above, the Government of the Russian Federation has introduced a set of measures, which are counter-sanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy.

The imposition and subsequent strengthening of sanctions and the partial mobilization resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support.

The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions as well as the partial mobilization, in the long term, however, these events can have a significant negative impact on the Russian economy.

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

2 Basis of accounting

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble (RUB), which is the Company's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in RUB has been rounded to the nearest million, except when otherwise indicated.

(c) Use of estimates and judgements

Preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Details of the most significant effects of the judgments made in the accounting policies applied by those involved that are most significant in terms of the amounts recognized in the financial statements, are presented in the following notes:

– **Provisions for capital repairs (Note 18)**

The cost and volume of work on the capital repairs of roads comissioned is determined based on an assessment of the frequency of such work and the cost of materials and services, as well as existing construction standards determined by industry standards.

The discount rate corresponds to the Russian's bonds rate with a term comparable to the concession term and is updated at each reporting date. At 31 December 2022, the rate was 11% (at 31 December 2021 – 8,4%).

– **Revenue estimate (Note 4)**

The Bypass of Tolyatti

	According to estimates 2022	According to estimates 2021
Average daily trips	From 12,9 to 16,3 thousand trips	From 12,9 to 16,3 thousand trips
Average tariff for all types of transport in period 1, including VAT	RUB 284	RUB 284
Tariff growth rate	4%	4%
Maximum guaranteed income receivable over the contract in case the target user fee exceeds the actual one	RUB 83 320 million	RUB 87 607 million
Capital grant	RUB 96 028 million	RUB 67 355 million
Annual discount rate used to determine the significant financing component	7,8%	7,8%

The discount rate has been determined at the contract inception date and is not updated for changes in interest rates or other circumstandes over the contract term.

– **Costs estimate (Note 4)**

The expected cost to complete increased following the growth of contract costs. Such growth has been partially offset with the increase in contract revenue.

In Millions of RUB	The expected costs to completeat 31 December 2022 (2022estimate)	The expected costs complete at 31 December 2022 (2021 estimate)
The Bypass of Tolyatti	37 944	26 434
M-12 4 stage	20 517	6 502
M-12 6 stage	38 992	-

The Group determines the future expected costs to to satisfy itsperformance obligations on the basis of the market prices on materials and services, the most recent design and/or working documentation and the expected inflation rates applicable to major construction materials and contractor services over the period of construction as derived from the forecasts of the Ministry of Economic Development.

The assumptions and estimates made on their basis are regularly reviewed to determine whether revisions are required. Changes in accounting estimates are recognized in the reporting period in which the estimates are revised and in all subsequent periods affected by those changes.

3 Acquisitions and disposals of subsidiaries

In April 2022 the Group acquired a 25% shares in ASK LLC from the third party for RUB 43 million. As a result, the Group's effective ownership interest in ASK LLC increased to 99,932% as at 31 December 2022.

In April 2022 the Group increased its share in OJSC Khanty-Mansiyskdorstroy to 11,4% and in OJSC SU 920 to 3,6% acquiring shares from the third party for RUB 102,6 million and RUB 0,9 million respectively. As a result the Group's effective ownership interest in the subsidiaries as at 31 December 2022 is presented below:

	Effective share of ownership, %
OJSC Khanty-Mansiyskdorstroy	87,2277
OJSC SU909	84,7671
OJSC SU926	87,2277
LLC Dorozhnaya kontsessiya	87,2277
LLC SU905	87,2277
LLC SU967	87,2277
OJSC SU920	86,8254

In July the Group acquired a 14,48% interest in OJSC The Bypass of Tolyatti from a third party for RUB 185 million. As a result, the Group's effective interest in OJSC The Bypass of Tolyatti has reached 74,43% as at 31 December 2022.

In September 2022 the Group disposed of its interest in LLC Alt-Service.

These transactions did not represent acquisitions of new businesses and/or disposals of significant operating segments or assets. The result of transactions on acquiring non-controlling interests is shown below:

In Millions of RUB	**2022**	**2021**
Effect of acquisition of non-controlling interests		
Consideration paid in cash	(331)	(80)
Derecognition of the option to repurchase non-controlling interests	43	-
Change in non-controlling interests	194	(227)
Recognized directly in requity (retained earnings)	**(94)**	**(307)**

The information on changes in the Group's interests in significant subsidiaries is presented in Note 22.

4 Revenue

The following table presents revenue from contracts with customers as disaggregated by major contracts to build motorways. The contract revenues are recognized over time:

In Millions of RUB	**2022**	**2021**
Revenue from road construction	128 627	108 672
Including the following contracts:		
M-12 Moscow - Kazan 224 - 347 km	*40 099*	*16 783*
M-12 Moscow - Kazan 454 - 586 km	*39 621*	*14 637*
The Bypass of Tolyatti	*38 322*	*40 638*
Central Ring Road-4	*-*	*18 744*
Other	*10 585*	*17 870*
Revenue from road operation services recognised over time	3 408	3 081
Other revenue	622	198
	132 657	**111 951**

The following table provides information about receivables, contract assets and contract liabilities under contracts with customers.

In Millions of RUB	31 December 2022	31 December 2021
Non-current assets		
Receivables under completed construction contracts, including:	65 733	67 151
Central Ring Road-3	*12 139*	*12 896*
Central Ring Road-4	*46 302*	*49 222*
Receivables for road operation services	*3 264*	*2 034*
Total	**65 733**	**67 151**
Current assets and liabilities		
Receivables under completed contracts and contracts in progress, including:	5 170	6 640
Central Ring Road-3	*737*	*1 091*
Central Ring Road-4	*2 851*	*1 999*
Current contract assets, including	1 533	14 512
The Bypass of Tolyatti	*1 149*	*11 868*
Contract liabilities, including:	(34 914)	(24 499)
M-12 Moscow - Kazan 454 - 586 km	*(6 840)*	*(14 213)*
M-12 Moscow - Kazan 224 - 347 km	*(16 260)*	*(8 759)*
Total	**(28 211)**	**(3 347)**

The effect of the revisions in the accounting estimates related to revenue recovnized in the prior periods, amounted to RUB 2 156 million (31 December 2021: RUB 217 million).

The following table provides information on the remaining performance obligations under contracts and entered prior to 31 December 2022 and their expected timing of recognition as revenue.

In Millions of RUB **Completion period**	**Performance obligation - build**	**Performance obligation - operate**
2023 year	72 394	-
2024 - 2025 years	197 107	-
2026 - 2047 years	1 919	190 311
	271 420	**190 311**

The comparative information on performance obligations as of 31 December 2021 is presented below:

In Millions of RUB **Completion period**	**Performance obligation - build**	**Performance obligation - operate**
2022 year	4 442	-
2023 - 2024 years	187 343	-
2025 - 2047 years	-	157 094
	191 785	**157 094**

5 Cost of sales

In Millions of RUB	2022	2021
Services of contractors	48 343	37 320
Materials	36 585	24 188
Transportation expenses	13 364	6 488
Salaries and related payroll taxes	7 509	5 596
Bank guarantees	1 325	755
Depreciation and amortization	1 211	1 192
Repair, maintenance and service	1 068	1 848
Soil acceptance services	445	-
Insurance expenses	301	377
Utility costs	263	179
Development of project documentation	252	2 105
Engineering and geodetic works, hydrometeorological surveys	229	141
Depreciation of assets under construction contracts	217	217
Provision for warranty	166	97
Tax provisions	-	470
Other	910	935
	112 188	**81 908**

6 Administrative expenses

In Millions of RUB	2022	2021
Salaries and payroll taxes	8 155	6 456
Audit and consulting services	542	863
Insurance expenses	302	140
Repair, maintenance and service	134	97
Taxes	190	127
Lease expenses	189	105
Materials	174	155
Utility costs	161	103
Transportation expenses	134	114
Depreciation and amortization	119	144
Bank services	115	104
Other administrative expenses	416	285
	10 631	**8 693**

7 Other income and expenses

Other income

In Millions of RUB	2022	2021
Gain on sale of materials	469	174
Gain on sale of property, plant and equipment	160	49
Write-off of payables	101	19
Operating lease income	68	16
Income from recognition of surpluses	37	31
Income from sale of other services	36	-
Finance income	34	-
Insurance compensation	21	2
Claims, fines and penalties	-	26
Income from reimbursement of interest expenses	-	16
Other income	426	300
	1 352	**633**

Other expenses

In Millions of RUB	2022	2021
Change in allowance for doubtful receivables	(457)	(68)
Losses from derecignition of interest in the subsidiary	(177)	-
Inventory impairment loss	(131)	(100)
Welfare assistance and charity	(124)	(136)
Derecignition of receivables	(89)	(44)
Impairment loss on property, plant and equipment	(70)	-
Expenses from writing off non-refundable VAT	(63)	(112)
Costs from the sale of catering services	(58)	(71)
Claims, fines and penalties	(48)	(114)
Insurance expenses	-	(89)
Repair, maintenance and service	-	(23)
Other expenses	(217)	(259)
	(1 434)	**(1 016)**

8 Finance income and costs

Finance income

In Millions of RUB	2022	2021
Significant financing component	9 935	6 917
Interest income	2 508	1 506
Reversal of impairment losses on financial assets	139	-
Unwinding of discounts	14	60
Gain on sale of securities	-	56
Other	8	-
	12 604	**8 539**

Finance costs

In Millions of RUB	2022	2021
Interest expense	(10 114)	(9 823)
Interest attributable to non-controlling participants in limited liability companies	(1 244)	-
Bank commission	(576)	(247)
Factoring services	(126)	(57)
Significant financing component	(115)	(1 043)
Impairment loss on financial assets	-	(293)
Debt restructuring loss	-	(1 220)
Other	(222)	(110)
	(12 397)	**(12 793)**

9 Employee benefit expenses

In Millions of RUB	2022	2021
Wages and salaries	12 439	9 647
Social security and State pension fund contributions	3 183	2 331
Losses related to defined benefit plans	42	74
	15 664	**12 052**

The Group's average number of employees for the years ended 31 December 2022 and 2021 was 9 097 and 7 587, respectively.

10 Income taxes

Income tax expense is recognized in the amount determined by multiplying the profit before tax for the reporting period by a rate equal to management's best estimate of the weighted average annual income tax rate for the financial year, adjusted for the tax effect of certain items recognized in full in that reporting period.

The Company applies a simplified taxation system and calculates income tax by multiplying income by 15%. Other significant subsidiaries pay income tax at general rate, which was 20% in 2021-2022 and applied it to the amount of taxable income.

(a) Amounts recognised in profit or loss

In Millions of RUB	2022	2021
Current tax expense		
Current year	2 104	763
Prior year adjustments and tax reserves	(4)	(102)
	2 100	**661**
Deferred tax expense		
Origination and reversal of temporary differences	431	3 705
Income tax expense	**2 531**	**4 366**

(b) Reconciliation of effective tax rate

	2022		2021	
	In Millions of RUB	%	*In Millions of RUB*	%
Profit before tax	**9 993**	**100%**	**16 738**	**100%**
Tax using 20% tax rate, applicable to the significant Group companies	(1 999)	(20%)	(3 348)	(20%)
Non-deductible expenses	(346)	(4%)	(353)	(2%)
Effect of income taxed at a lower rate	(147)	(1%)	(13)	0%
Other	(39)	(0%)	(652)	(4%)
Income tax expense	**(2 531)**	**(25%)**	**(4 366)**	**(26%)**

(c) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
In Millions of RUB	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property, plant and equipment	363	276	(206)	(223)	157	53
Intangible assets	3	12	-	-	3	12
Investments	65	19	(180)	(119)	(115)	(100)
Inventories	56	21	(926)	(311)	(870)	(290)
Trade and other receivables	61	215	(7 738)	(8 389)	(7 677)	(8 174)
Loans and borrowings	279	218	(266)	(227)	13	(9)
Provisions	723	294	-	-	723	294
Trade and other payables	6 351	3 340	(7 450)	(3 908)	(1 099)	(568)
Tax loss carry-forwards	3 630	3 968	-	-	3 630	3 968
Other financial statements articles	4	65	(13)	(36)	(9)	29
Tax assets/(liabilities)	**11 535**	**8 428**	**(16 779)**	**(13 213)**	**(5 244)**	**(4 785)**
Set-off of tax	(7 009)	(4 071)	7 009	4 071	-	-
Net tax assets/(liabilities)	**4 526**	**4 357**	**(9 770)**	**(9 142)**	**(5 244)**	**(4 785)**

(d) Movement in deferred tax balances

In Millions of RUB	1 January 2022	Recognised in profit or loss	Recognised in equity	31 December 2022
Property, plant and equipment	53	89	15	157
Intangible assets	12	(9)	-	3
Investments	(100)	(15)	-	(115)
Inventories	(290)	(572)	(8)	(870)
Trade and other receivables	(8 174)	497	-	(7 677)
Loans and borrowings	(9)	22	-	13
Provisions	294	464	(35)	723
Trade and other payables	(568)	(531)	-	(1 099)
Tax loss carry-forwards	3 968	(338)	-	3 630
Other financial statements articles	29	(39)	-	(9)
	(4 785)	**(431)**	**(28)**	**(5 244)**

In Millions of RUB	1 January 2021	Recognised in profit or loss	Recognised in equity	31 December 2021
Property, plant and equipment	(197)	250	-	53
Intangible assets	6	6	-	12
Investments	(9)	(91)	-	(100)
Inventories	17	(307)	-	(290)
Trade and other receivables	(3 709)	(4 465)	-	(8 174)
Loans and borrowings	(58)	49	-	(9)
Provisions	43	197	54	294
Trade and other payables	(423)	(145)	-	(568)
Tax loss carry-forwards	2 967	1 001	-	3 968
Other financial statements articles	229	(200)	-	29
	(1 134)	**(3 705)**	**54**	**(4 785)**

(e) Unrecognised deferred tax assets and liabilities

At 31 December the deferred tax liability for temporary differences related to the investments in subsidiaries amounted to RUB 39 496 million (2021: RUB 36 308 million). The liability has not been recognised since the Group can control the timing of reversal of these differences, and management is satisfied that they would not be realised in the foreseeable future.

At 31 December the deferred tax assets for temporary differences related to the tax losses amounted to RUB 1 456 million (2021: RUB 1 274 million). The respective tax assets have not been recognised since the Group can control the timing of reversal of this deferred tax asset, and management is satisfied that they would not be realised in the foreseeable future.

11 Property, plant and equipment

In Millions of RUB	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other PPE	Total
Initial cost						
Balance at 1 January 2021	**393**	**2 280**	**4 403**	**3 490**	**387**	**10 953**
Additions and asset commissioned	53	775	1 358	651	264	**3 101**
Disposals	(110)	(99)	(143)	(29)	(80)	**(461)**
Balance at 31 December 2021	**336**	**2 956**	**5 618**	**4 112**	**571**	**13 593**
Additions and asset commissioned	70	1 011	1 131	620	213	**3 045**
Reclassification from other assets	-	-	-	104	-	**104**
Acquisitions through business combinations	-	-	25	12	16	**53**
Disposal of subsidiaries	(29)	(323)	-	-	(4)	**(356)**
Disposals	(12)	(274)	(281)	(437)	(221)	**(1 225)**
Balance at 31 December 2022	**365**	**3 371**	**6 493**	**4 411**	**585**	**15 214**
Depreciation and impairment losses						
Balance at 1 January 2021	(53)	(950)	(3 565)	(2 564)	(270)	**(7 402)**
Depreciation for the reporing year	(22)	(262)	(508)	(492)	(52)	**(1 336)**
Disposals	-	97	143	26	16	**282**
Balance at 31 December 2021	**(75)**	**(1 115)**	**(3 930)**	**(3 030)**	**(306)**	**(8 456)**
Depreciation for the reporing year	(18)	(387)	(475)	(371)	(79)	**(1 330)**
Accumulated depreciation in business combinations	-	-	(17)	(4)	(11)	**(32)**
Disposal of subsidiaries	-	94	-	-	-	**94**
Disposals	4	193	172	759	43	**1 171**
Balance at 31 December 2022	**(89)**	**(1 215)**	**(4 250)**	**(2 646)**	**(353)**	**(8 553)**
Net book value						
Balance at 1 January 2021	**340**	**1 330**	**838**	**926**	**117**	**3 551**
Balance at 31 December 2021	**261**	**1 841**	**1 688**	**1 082**	**265**	**5 137**
Balance at 31 December 2022	**276**	**2 155**	**2 243**	**1 765**	**222**	**6 661**

As at 31 December 2022 property, plant and equipment contained rights-of-use assets under lease agreements with a carrying amount of RUB 2 779 million (31 December 2021: RUB 2 353 million).

12 Other investments and loans issued

In Millions of RUB	31 December 2022	31 December 2021
Non-current		
Loans issued	320	1 381
Investments in associates	-	67
Other non-current financial assets	3	3
	323	**1 451**
Current		
Loans issued	8 716	1 998
Deposits	348	173
Financial assets at amortization cost	3	-
Interest-bearing bank promissory notes – at amortised cost	-	62
	9 067	**2 233**

At the reporting date the fair value of assets measured at amortised cost does not materially differ from the carrying amount.

At 31 December 2022, short-term loans of RUB 1 864 million maturing in 2023 were provided to related parties . The loans bear fixed interest rate of 8,5-20% and are not secured.

At 31 December 2022, the Group provided a number of short-term loans maturing in 2023 to third parties with a fixed interest rate of 7,5-12,5% and a floating interest rate of 10,5% of RUB 4 233 million and RUB 1 657 million, respectively.

Deposits represent investment in deposit bank accounts with a maturity in the second half of 2023 and with an average interest rate of 6%.

13 Trade and other receivables

Non-current and current trade and other receivables include:

In Millions of RUB	31 December 2022	31 December 2021
Non-current trade and other receivables		
Receivables under concession agreements, including withholdings	65 733	67 151
Other receivables	593	97
	66 326	**67 248**
Current trade receivables		
Receivables under completed contracts and contracts in progress	5 170	6 640
Contract assets	1 533	14 512
	6 703	**21 152**
Current other receivables		
VAT receivable	3 347	3 223
Other receivables	4 951	3 081
	8 298	**6 304**

As at 31 December 2022, accounts receivable under concession agreements of RUB 65 227 million (31 December 2021: RUB 69 224 million) relate to the receivables from State Company Russian Highways (Expert RA credit rating : ruAA+) and are stated at amortized cost. The receivables are payable during 2023-2047 2047. Cash flows from these receivables comprise of repayments of principal and interest which is determined by reference to the consumer price index. Interest income in 2022 amounted to RUB 5 540 million (2021: RUB 6 155 million).

The Group's exposure to credit risk related to contract assets, trade and other receivables and loans issued is disclosed in Note 20(c).

14 Cash and cash equivalents

In Millions of RUB	31 December 2022	31 December 2021
Cash	2 358	616
Deposits with maturities of three months or less from the acquisition date	76	3 771
Cash and cash equivalents	**2 434**	**4 387**

As at 31 December 2022 cash in special accounts of RUB 70 049 million (31 December 2021: RUB 37 176 million) represents cash balances with restrictions imposed by state-owned customers and banks. Under the terms of the related government contracts, the cash balances can only be used to finance construction of certain projects under treasury or bank support, or to service or repay the related loan obligations.

Interest income is accrued on the cash balance in accordance with the terms of the agreements.

15 Capital and reserves

(a) Share capital

Number of shares unless otherwise stated	Ordinary Shares		Preferred shares	
	2022	2021	2022	2021
In issue at 1 January	750 000 000	7 500	250 000 000	2 500
Effect of share split 1/100,000*	-	749 992 500	-	249 997 500
Conversion of preferred shares to ordinary shares**	250 000 000	-	(250 000 000)	-
In issue at 31 December, fully paid	**1 000 000 000**	**750 000 000**	**-**	**250 000 000**
Authorised shares – par value	0,1 RUB	0,1 RUB	-	0,1 RUB

* In June 2021, the shareholder of the Company decided to split the shares. As a result, the ordinary and preferred shares of the Company were converted in the ratio of 1 to 100 000. The par value of each share was reduced from 1 RUB up to 0,00001 RUB.

** In February 2022, the Company's shareholder approved the decision to convert preferred shares to ordinary shares. As a result, preferred shares of the Company were converted in the ratio of 1 to 1. The par value of each share remained unchanged and amounted to RUB 0,1.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(b) Dividends

In accordance with the Russian legislation, the Company's distributable reserves are determined based on the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

During 2022 and 2021 dividends were accrued, approved and paid to the shareholders in the amount of RUB 4 003 million and RUB 2 124 million, respectively.

During 2022 and 2021 dividends were approved and accrued to holders of non-controlling interests in the amount of RUB 3 million and RUB 26 million, respectively.

16 Loans and borrowings

In Millions of RUB	31 December 2022	31 December 2021
Non-current liabilities		
Secured loans and borrowings received under Public-private partnership agreements	64 986	46 716
Loans secured by the owner's guarantee received under Public-private partnership agreements	4 359	3 577
Secured bond loans	2 580	2 651
Lease liabilities	867	1 027
Other financial liabilities	1 106	1 145
	73 898	**55 116**
Current liabilities		
Current portion of non-current secured loans and borrowings	3 667	3 880
Lease liabilities	1 196	1 033
Secured bond loans	205	535
Secured loans and borrowings	1 128	2
Loans secured by the owner's guarantee	-	1 114
Other financial liabilities	359	166
	6 555	**6 730**

As at 31 December 2022 AVTOBF BP3 bond loan of RUB 3 000 million maturing in September 2026 was classified as a current liability due to the expected redemption on 12 September 2023. As at 31 December 2021 AVTOBF BP1 bond loan of RUB 2 974 million maturing in April 2024 was classified as a current liability due to the expected redemption on 27 April 2022.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In Millions of RUB	Nominal interest rate	Year of maturity	31 December 2022 Carrying amount	31 December 2021 Carrying amount
Secured loans in RUB				
	20-21%*	2033-2036	44 219	47 697
	10-10,5%*	2025-2030	8 966	2 626
	9,5-12%	2023	3	174
Loans in RUB secured with the beneficial owner's guarantee				
	23,5-24,5%*	2039	4 359	3 577
	8,5%	2022	-	1 114

In Millions of RUB	Nominal interest rate	Year of maturity	31 December 2022 Carrying amount	31 December 2021 Carrying amount
Total secured loans in RUB			**57 546**	**55 188**
Secured corporate loans in RUB				
	24,5%*	2039	124	101
	7,5%*	2023	560	-
	4,5%	2029	15 296	-
	10,8-14,4%	2024	615	-
Total secured borrowings from third-party companies in RUB			**16 594**	**101**
Secured bond loans	7,25-8,9%	2024-2026	2 579	2 651
Secured bond loans	10,8%*	2022-2024	205	535
Total secured bond loans in RUB			**2 784**	**3 186**
Notes payable	7,75-11%	2023-2025	92	39
Lease liabilities	3,5-28%	2023-2026	2 062	2 060
Other financial liabilities	9,67%-9,97%	2023-2030	1 373	1 272
Total liabilities			**80 453**	**61 846**

* *The interest rates are variable and are base on the consumer price index (hereinafter the "CPI") or the Russia's Central Bank's rate, as increased by the bank's margin.*

The carrying amount of the CPI-linked long-term loans received in connection with the Group's concession agreements exceeds their fair value by RUB 1 558 million . The excess of carrying amount over the fair value in 2022 is caused by higher values of CPI as at 31 December 2022. It is not expected that high CPI values will continue in the foreseeable future and, therefore, and the difference between the carrying amount and the fair values will decrease.

At 31 December 2021, the secured RUB denominated loans with the nominal interest of 9% of RUB 37 946 million were modified in April 2022 to link the interest rate to CPI, and therefore, reclassified to variable rate secured loans .

(b) Reconciliation of changes in the financial liabilities and cash flows arising from financing activities

	Liabilities			
In Millions of RUB	Loans and borrowings	Bond loans	Lease	Total
Balance at 1 January 2022	**56 600**	**3 186**	**2 060**	**61 846**
Changes due to cash flows from operating activities				
Interest paid	(9 691)	(273)	(288)	(10 252)
	(9 691)	**(273)**	**(288)**	**(10 252)**
Changes due to cash flows from financing activities				
Proceeds from borrowings	24 944	6 371	-	31 315
Repayment of borrowings	(2 204)	(7 007)	(1 375)	(10 586)
Total changes due to cash flows from financing activities	**22 740**	**(636)**	**(1 375)**	**20 729**

	Liabilities			
In Millions of RUB	Loans and borrowings	Bond loans	Lease	Total
Other changes				
Interest expense	9 553	276	288	10 117
Recognition of loans with subsidized interest rate at fair value	(3 752)	-	-	(3 752)
New leases	-	-	1 382	1 382
Other	155	232	(4)	383
Total other changes	**5 956**	**508**	**1 666**	**8 130**
Balance at 31 December 2022	**75 605**	**2 785**	**2 063**	**80 453**

	Liabilities			
In Millions of RUB	Loans and borrowings	Bond loans	Lease	Total
Balance at 1 January 2021	**64 791**	**7 892**	**1 107**	**73 790**
Changes due to cash flows from operating activities				
Interest paid	(7 464)	(879)	(173)	(8 516)
	(7 464)	**(879)**	**(173)**	**(8 516)**
Changes due to cash flows from financing activities				
Proceeds from borrowings	51 564	2 853	-	54 417
Repayment of borrowings	(60 840)	(7 434)	(987)	(69 261)
Total changes due to cash flows from financing activities	**(9 276)**	**(4 581)**	**(987)**	**(14 844)**
Other changes				
Interest expense	8 911	739	173	9 823
New leases	-	-	1 940	1 940
Other	(362)	15	-	(347)
Total other changes	**8 549**	**754**	**2 113**	**11 416**
Balance at 31 December 2021	**56 600**	**3 186**	**2 060**	**61 846**

(c) Colleterals

The bank loans at 31 December 2022 are secured with cash at special accounts of RUB 27 281 million (31 December 2021: RUB 5 359 million), property rights of RUB 5 011 million (31 December 2021: RUB 9 165 million), 100% shares in LLC Dorozhnaya kontsessiya and 50,01% shares in LLC Yugo-Vostochnaya Magistral. The long-term deposit of RUB 173 million secures bank guarantees received by the Group (31 December 2020: RUB 173 million).

At 31 December 2022, the claim rights for proceeds receivable under concession agreement and contracts with customers were pledged as a collateral for guarantees issued by banks, and Group's bank loans. The value of the pledge exceeds the carrying amount of loans received by the Group's concession subsidiaries at 31 December 2022.

At 31 December 2022, there were no breaches of loan agreements. Management evaluates, on regular basis, the risk that loan agreements are breached, and does not expect such breaches in the foreseeable future.

As at 31 December 2022, the rights to collect proceeds from contracts with customers of RUB 13 683 million (31 December 2021: RUB 24 327 million) were pledged as collaterals for guarantees issued by banks on behalf of the Group, and bank loans.

At 31 December 2022, loans and borrowings of RUB 4 359 million were secured by the owner's guarantee (31 December 2021: RUB 4 191 million).

(d) Government grants

In September 2022 the Group received a bank loan of RUB 19 120 million with the interest rate of 4,5%, subsidized by the government. The loan matures on 30 June 2029 (Note 16(a)).

The Group determined that the interest rate on a similar loan received on an arm's length basis without government subsidies, would have been 12,1%. The Group concluded that the difference between the interest rate of 4,5% and 12,1% represents a government grant that is intended to compensate the Group for interest expenses that would otherwise be incurred if the loan were not subsidised under the financial support scheme. The difference between the cash flows of the loan discounted at the market interest rate and its nominal value at initial recognition of RUB 4 069 million was recognised as deferred income and will be amortized to reduce future interest costs.

17 Trade and other payables

Current trade and other payables include:

In Millions of RUB	31 December 2022	31 December 2021
Non-current trade and other payables		
Payables under construction activity	1 648	343
Obligation to buyout own share	397	370
Other payables	204	2
	2 249	**715**

In Millions of RUB	31 December 2022	31 December 2021
Current trade and other payables		
Payables under construction activity	11 052	14 688
Payables for other services	7 106	4 170
VAT payable	5 989	5 170
Payables to non-controlling interest holders	1 244	-
Other payables	1 190	5 987
	26 581	**30 015**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 20.

18 Provisions

In Millions of RUB	31 December 2022	31 December 2021
Non-current provisions		
Warranties	1 219	1 087
Capital repairs	1 121	660
Provisions for defined benefit plans	1 284	921
	3 624	**2 668**

In Millions of RUB	31 December 2022	31 December 2021
Current provisions		
Provisions for tax claims	4 449	4 565
Other provisions	105	51
	4 554	**4 616**

19 Employee benefits

In Millions of RUB	2022	2021
Present value of obligations	1 284	920

The Group contributes to the defined benefit plan, the purpose of which is to make pension and other payments to employees.

The following were the principal actuarial assumptions used to measure obligations at the reporting date:

	31 December 2022	31 December 2021
Discount rate	10,3%	8,5%
Inflation rate	5,5%	4,2%
Future salary growth	7,5%	6,2%

20 Fair values and risk management

(a) Measurement of fair values

The following methods were used in calculating of the fair value of financial assets:

Contract assets, trade and other receivables, long-term receivables and payables, long-term loans and borrowings, other non-current liabilities: the fair value was determined by the present value of expected cash flows.

Cash and cash equivalents, short-term loans and borrowings, short-term trade and other payables: the fair value does not materially differ from the carrying amount .

(b) Review of main approaches

The Group has exposure to the following risks from its use of financial instruments:

– Credit risk;

– Liquidity risk;

– Market risk.

This note provides information about the Group's exposure to each of the risks shown, the Group's objectives, policy and procedures for assessing and managing these risks and the Group's approaches to capital management. Additional quantitative information is disclosed throughout these consolidated financial statements.

Risk management framework

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans issued. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group provides collateral in respect of trade and other receivables and investments, which is an estimate of expected credit losses.

(i) Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum level of credit risk at the reporting date was:

In Millions of RUB	31 December 2022	31 December 2021
Contract assets and receivables under construction contracts	72 436	88 303
Restricted cash (in special bank accounts)	70 049	37 176
Cash and cash equivalents	2 434	4 387
Loans issued	9 036	3 379
Other financial assets	5 887	3 416
	159 842	**136 661**

A significant share of revenue was earned from services provided to the State Company Russian Highways (62% of revenue in 2022 and 51% in 2021). When monitoring the customers' credit risk, the Group's customers are analyzed by the following categories:

- Federal customers. This category includes institutions of the Ministry of Transport of the Russian Federation, mainly the Federal Road Agency (Rosavtodor).
- State-owned corporations and companies with government shares. This category includes state-owned companies, mainly the State Company Russian Highways.
- Regional governments. This category includes local governments such as local government offices or agencies.
- Municipal governments and other customers.

As at 31 December 2022 the share of receivables and contract assets from the State Company Russian Highways accounts for 94% (as at 31 December 2021: 74%) in the total balance.

The Group's contracts normally provide for annual downpayments from customers of up to 30% of the work planned to be completed during the year. The Group uses these funds to purchase materials, consumables and fuel and pay workers. However, the Group is usually required to provide its customers with a bank guarantee to secure the downpayment for failure to meet its contractual obligations. Most contracts provide for monthly payments for work performed. The Group invoices customers in accordance with the contract terms, which normally must be paid within 30 days of invoicing. In order to timely collect receivables and minimize the occurrence of bad debts, the Group has implemented the management control system and established procedures for monitoring and investigating the collection of receivables and contract assets management. The executives regularly monitor the status of receivables and work in progress and seek to manage the risk of non-payment or delay in payment. The Group creates an allowance for impairment, which reflects its estimate of losses in relation to contract assets, trade and other receivables. The Group first estimates the allowance based on the losses already incurred and then an extra allowance for expected additional credit losses in the future.

(ii) Contract assets and other receivables

Impairment losses

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and contract assets. The Group independently evaluates the status of debtors based on their financial statements and uses market default statistics to calculate the allowance.

Trade and other receivables		**31 December 2022**	
In Millions of RUB	**Moody's credit rating**	**Gross carrying amount**	**Impairment loss allowance**
Fair risk	Ba1 to B3	75 669	(301)
Substandard	Caa1 to D	1 427	(19)
		77 096	**(320)**

Trade and other receivables		**31 December 2021**	
In Millions of RUB	**Moody's credit rating**	**Gross carrying amount**	**Impairment loss allowance**
Low risk	A1 to Baa3	53	-
Fair risk	Ba1 to B3	92 363	(578)
Substandard	Caa1 to D	101	(56)
		92 517	**(634)**

The total allowance, based on losses already incurred on an individual basis against the balances of trade and other receivables, and contract assets, additionally recognised as at 31 December 2022, amounted to RUB 1 670 million (31 December 2021: RUB 1 434 million). This amount has been determined based on the professional judgment of the Group's executives in accordance with the Group's accounting policies. Based on all available information regarding these projects and negotiations with customers, the executives believe that recording the receivables from these projects as fully recoverable as at 31 December 2022 does not convey significant project execution uncertainty and credit risk, and therefore the corresponding allowance has been accrued. In order to accrue the allowance, there was made a calculation of the potential amount of cash shortfall due to default events that are possible over the expected life of the relevant financial instrument.

The changes in the allowance for impairment in respect of trade and other receivables and receivables under construction contracts during the year were as follows:

Movements in the allowance for impairment

In Millions of RUB	**2022**	**2021**
Balance at 1 January	(2 069)	(2 402)
Increase in allowance, recognized in the consolidated statement of profit or loss and other comprehensive income	(149)	(282)
Outstanding amount written off against the allowance	220	615
Balance at 31 December	**(1 992)**	**(2 069)**

The allocation of receivables on construction contracts and trade receivables by the aging at the reporting date was as follows:

	31 December 2022			31 December 2021		
In Millions of RUB	**Gross carrying amount**	**Impair-ment loss allowance**	**Carrying amount**	**Gross carrying amount**	**Impair-ment loss allowance**	**Carrying amount**
Current (not past due)	73 018	(827)	72 191	88 807	(539)	88 268
1-30 past due	4	-	4	-	-	-
31-90 days past due	-	-	-	12	-	12
91-120 days past due	-	-	-	9	(6)	3
More than 120 days past due	616	(375)	241	757	(737)	20
	73 638	**(1 202)**	**72 436**	**89 585**	**(1 282)**	**88 303**

(iii) Cash and cash equivalents

The share of cash in current, special and deposit accounts of three largest banks, which provide financial services to the Group, amounted to 92% of the total balance on 31 December 2022 (95% of the total balance on 31 December 2021).

In Millions of RUB	31 December 2022		31 December 2021	
ACRA rating equivalent	**Gross carrying amount**	**Impairment loss allowance**	**Gross carrying amount**	**Impairment loss allowance**
High risk	72 660	182	41 313	55
Fair risk	5	-	307	2
Total	**72 665**	**182**	**41 620**	**57**

All bank balances and term bank deposits are not past due or impaired.

(iv) Investments and guarantees

The following table provides information about the exposure to credit risk and expected credit losses for investments. The provisions were estimated on the basis of the historical data of credit risks according to credit rating agencies:

		31 December 2022		31 December 2021	
In Millions of RUB	**Credit rating**	**Gross carrying amount**	**Impairment loss allowance**	**Gross carrying amount**	**Impairment loss allowance**
Low risk	A3 to Baa1	-	-	284	-
Fair risk	Ba1 to B3	6 582	(218)	3 473	(73)
Substandard	Caa1 to D	3 103	(77)	146	(146)
		9 685	**(295)**	**3 903**	**(219)**

At 31 December 2022 the balance of guarantees provided to secure liabilities of third parties amounted to RUB 61 million (As at 31 December 2021: RUB 61 million).

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing

liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts include estimated interest payments and exclude the impact of netting arrangements. The cash flows included in the maturity analysis are not expected to arise significantly earlier in time or in the amounts significantly different from the ones presented below.

31 December 2022 ***In Millions of RUB***	**Carrying amount**	**Contractual cash flows**	**0-1 year**	**1-2 years**	**2-5 years and over**
Secured bank loans and borrowings	69 781	108 379	11 613	15 193	81 573
Unsecured bank loans and borrowings	11	11	11	-	-
Bond loans	2 785	3 603	771	2 831	-
Loans secured by the owner's guarantee	4 358	6 635	484	3 164	2 987
Notes payable	92	92	29	5	59
Lease liabilities	2 062	2 957	1 585	1 013	360
Other financial liabilities	1 362	1 939	507	434	999
Trade and other payables	28 830	28 830	26 581	853	1 396
Guarantees provided to third-parties	-	61	61	-	-
	109 283	**152 508**	**41 642**	**23 493**	**87 373**

31 December 2021 ***In Millions of RUB***	**Carrying amount**	**Contractual cash flows**	**0-1 year**	**1-2 years**	**2-5 years and over**
Secured bank loans and borrowings	50 598	75 820	8 504	6 698	60 618
Unsecured bank loans and borrowings	11	11	11	-	-
Bond loans	3 186	5 494	865	865	3 764
Loans secured by the owner's guarantee	4 691	6 635	-	3 401	3 234
Notes payable	39	39	39	-	-
Lease liabilities	2 060	2 510	1 097	234	1 180
Other financial liabilities	1 261	1 884	235	217	1 432
Trade and other payables	30 730	30 845	30 130	230	485
Guarantees provided to third-parties	-	61	61	-	-
	92 576	**123 299**	**40 942**	**11 644**	**70 713**

The unused credit limit under credit facility agreements as at 31 December 2022 amounted to RUB 52 692 million (As at 31 December 2021: RUB 18 677 million).

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(f) Currency risk

The Group is not exposed to currency risk due to the absence of transactions in currencies other than functional.

(g) Interest rate risk

Exposure to interest rate risk
In Millions of RUB

	Carrying amount	
	31 December 2022	**31 December 2021**
Fixed rate instruments		
Financial liabilities	19 412	45 257
Variable rate instruments		
Financial assets	62 029	65 208
Financial liabilities	60 715	16 032

The Group's financial assets are represented by accounts receivable under concession agreements under the projects *Central Ring Road-3* and *Central Ring Road-4* (Note 4).

Changes in interest rates impact primarily receivables under concession agreement, loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgement to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

In case of interest rate on variable rate liabilities increases by 10%, interest payments will change by RUB 6 072 million (2021: RUB 1 603 million), and the customer will compensate additional expenses under state partnership agreements.

21 Contingencies

(a) Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for the tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts could differ and, if the tax authorities are successful in enforcing their interpretations, the amount of additional charges would not exceed RUB 3 750 million. At the same time, such additional charges are partially compensated by the Group's suppliers.

22 Significant subsidiriaries

(a) Effective share of ownership in Group companies

Name	Effective share of ownership at 31 December 2022	Effective share of ownership at 31 December 2021
JSC DSK AVTOBAN	100%	100%
OJSC Khanty-Mansiyskdorstroy	87%	76%
OJSC SU-920	87%	83%
OJSC SU-909	85%	72%
LLC SU-926	87%	76%
LLC A-Most	100%	100%
JSC Avtoban-Finance	95%	95%
LLC SU 910	100%	100%
LLC SU 911	100%	100%
LLC SU 925	100%	100%
LLC ASK	100%	75%
LLC Dorozhnaya kontsessiya	87%	76%
LLC SU №905	87%	76%
LLC SU №967	87%	76%
LLC Avtoban-Dorstroj	100%	100%
LLC Yugo-vostochnaya magistral	50%	50%
OJSC The Bypass of Tolyatti	74%	60%

Effective ownership interests are rounded.

(b) Non-controlling interests (NCI)

In Millions of RUB	OJSC Khanty-Mansiyskdorstroy 31 December 2022	OJSC Khanty-Mansiyskdorstroy 31 December 2021
Shares owned by non-controlling shareholders	13%	24%
Non-current assets	7 702	6 304
Current assets	37 209	22 928
Non-current liabilities	(5 962)	(2 616)
Current liabilities	(33 601)	(21 863)
Net assets	5 348	4 753
Carrying amount of NCI	**683**	**1 148**

In Millions of RUB	2022	2021
Revenue	4 751	18 654
Other comprehensive income for the reporting period	595	509
Other comprehensive income for the reporting period allocated to NCI	**72**	**135**
Acquisition of NCI	(536)	(163)
Dividends to NCI	-	(1)
Net cash flows from operating activities	(1 673)	(1 369)
Net cash flows used in investment activities	358	2 884
Net cash flows used in financing activities	1 503	(3 553)
Net change in cash and cash equivalents	**188**	**(2 038)**

In Millions of RUB	OJSC The Bypass of Tolyatti	
	31 December 2022	31 December 2021
Shares owned by non-controlling shareholders	25,56%	40,04%
Non-current assets	20 578	6 983
Current assets	35 218	20 585
Non-current liabilities	(43 590)	(9 932)
Current liabilities	(6 899)	(13 120)
Net assets	5 307	4 516
Carrying amount of NCI	**1 357**	**1 808**

In Millions of RUB	31 December 2022	31 December 2021
Revenue	38 322	43 278
Other comprehensive income for the reporting period	641	4 275
Other comprehensive income for the reporting period allocated to NCI	**164**	**1 712**
Net cash flows from operating activities	763	(1 391)
Net cash flows used in investment activities	(53 393)	(21 240)
Net cash flows used in financing activities	73 784	18 139
Net change in cash and cash equivalents	**21 154**	**(4 492)**

Reconciliation with the consolidated statement of financial position:

In Millions of RUB	31 December 2022	31 December 2021
OJSC KhantyMansiyskdorstroy	683	1 148
Indirect minority interest of OJSC KhantyMansiyskdorstroy in its subsidiaries	(526)	(601)
OJSC The Bypass of Tolyatti	1 357	1 808
Other subsidiaries	43	(302)
NCI in the consolidated statement of financial position	**1 557**	**2 053**

Reconciliation with the consolidated statement of changes in equity:

In Millions of RUB	31 December 2022	31 December 2021
OJSC KhantyMansiyskdorstroy	72	135
Indirect minority interest of OJSC KhantyMansiyskdorstroy in its subsidiaries	326	(15)
OJSC The Bypass of Tolyatti	(471)	1 712
Other subsidiaries	(263)	45
NCI holders' share of total comprehensive income in the consolidated statement of changes in equity	**(336)**	**1 877**

As at 31 December 2022 the share of non-controlling interest holders in the net assets of subsidiaries operating as limited liability companies of RUB 41 million (2021: RUB 228 million) and was included in current liabilities.

The changes in the non-controlling interest in subsidiaries operating as limited liability companies charged to other comprehensive income amounted to RUB 36 million (2021: RUB 20 million).

23 Transactions with related parties

(a) Ultimate controlling party

The Group's ultimate beneficial owner and the Company's sole shareholder is Mr. Andreev A.V.

Related parties comprise of senior management personel of the Group, associated entities and other related entities. Transactions with related parties are disclosed below.

(i) Key management remuneration

Key management personnel includes Chief executives of the Group and directors of the Group's subsidiaries. Key management received the following remuneration during the year, which is included in employee benefit expenses (Note 9):

In Millions of RUB	Transaction value 2022	Transaction value 2021
Salaries and bonuses	1 218	1 137
Contributions to State pension fund	173	155
Contributions to defined benefit plan (non-state pension insurance)	10	5
	1 401	**1 297**

(b) Other related party transactions

(i) Other revenue

In Millions of RUB	Transaction value 2022	Transaction value 2021
Services	1	-
Other revenue	26	14
	27	**14**

(ii) Finance income and costs

In Millions of RUB	Transaction value 2022	Transaction value 2021
Interest income on loan issued	282	7
Interest income on notes	-	4
Discount of long-term payables and loans received from related parties	(280)	49
Interest on non-bank loans received	(2)	(3)
	-	**57**

(iii) Purchases

In Millions of RUB	Transaction value 2022	Transaction value 2021
Services	741	1 823
	741	**1 823**

(iv) Outstanding balances

In Millions of RUB	Outstanding balances 2022	Outstanding balances 2021
Non-current assets		
Loans issued	5	11
Current assets		
Trade and other receivable	41	179
Advances issued	191	209
Loans issued	1 678	-
	1 915	**399**

In Millions of RUB	Outstanding balances 2022	Outstanding balances 2021
Non-current liabilities		
Trade accounts payable	(75)	(23)
Current liabilities		
Trade accounts payable	(164)	(1 276)
Advances payable	-	(3 334)
Other accounts payable	-	(236)
Short-term bank loans and borrowings	(64)	(68)
	(303)	**(4 937)**

24 Subsequent events

Dividends

Subsequent to the reporting date the Group paid dividends of RUB 400 million.

25 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, measured on an alternative basis:

Items	Measurement bases
Non-derivatives financial instruments at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of the defined benefit obligation.

26 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairments.

(b) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Construction contracts

The Group has determined that under construction contracts, customers control all assets generated during the construction process that takes place on the customer's site. Moreover, construction under these contracts is carried out on the basis of the customer's project documentation, therefore the assets have no alternative use. If customers terminate the contract early, the Group is entitled to reimbursement of costs incurred prior to the termination date, including the reasonable margin. Therefore, revenue from these contracts and related costs are recognized over time using the cost-ratio method. To determine the percentage of completion, the costs actually incurred at the balance sheet date are compared against the total planned contract costs. Contract costs are recognised in profit or loss when incurred. The amount of advances received is included in the contract obligations.

Costs are expensed as incurred.

If it is highly probable that the total cost of the contract will exceed the revenue of the contract, the amount of the expected loss under the contract is recognized as an expense in the period. The expected losses are determined based on the most recent estimates of the amounts of revenue, costs and the result of the contract. For more detailed accounting policies for onerous contracts refer to Note 26(k).

Under the terms of some construction contracts, the Group is liable for construction defects discovered by the customer after the construction site was put into operation. The average period of such warranty obligations validity is 13-15 years from the date of commissioning of the facility. In order to ensure that the Group fulfills its warranty obligations, the customer will normally withhold 5% of the contract amount until the warranty period expires.

(ii) Concession agreements

The Group enters into long-term investment and concession agreements to build and operate toll roads. Under such agreements, the Group shall build or upgrade and further operate motorways over the long-term periods of up to 30 years. The operation of the motorways normally includes maintenance and repairs, and heavy maintenance. The Group shall also transfer the motorways to the Governmenet at the end of the contracts in due quality.

The Group identifies two performance obligations under such agreements:

- Construction services;
- Providing accessibility of the motorways to the roadusers, including maintenance, repairs and heavy maintenance, collection of tolls throughout the period of operation, and others.

Revenue from the sale of services under the concession agreements is recognized in accordance with the provisions of IFRS 15 Contracts with Customers and IFRIC 12 Concession Agreements. Based on the analysis of the provisions of IFRIC 12, the Group has concluded that the terms of its concession agreements fall within the definition of the financial asset model.

The customer payments under the agreements normally separate the cash flows for operation of tollroads and construction services. The services to operate the tollroads are normally payable when the services are delivered, i.e. over the operational period of the contracts. In determining the transaction price, the Group uses the following assumptions:

- operational services are paid over the periods when the services are delivered. A significant financing component is not part of the contract price for such services;
- construction services are partially paid during the construction phase (in the form of capital grants), and over the period of operation (investment payments) and include, inter alia, compensation for time value of money. Therefore, the contract price for this performance obligation includes both the transaction price and the significant financing component.

(iii) Classification of contract assets into short-term and long-term

The Group's normal operating cycle is the period of time from the commencement of services under the contracts with a customer till they are exchanged for cash or cash equivalents after the completion of the facility. Normally, the construction of motorways takes 2 to 4 years. Customers are required to make progress payments over the

construction period where some of the consideration may be made in 2 to 6 months after the services are completed. Therefore, assets and liabilities, as well as receivables under such contracts, are classified as current.

For long-term investment and concession agreements where part of the consideration is payable over the period of up to 30 years and also includes compensation of time value of money, contract assets will be classified as current in the amount of consideration receivable over the construction period plus 6 months. The remainder is classified as non-current. When calculating the current part, the Group reduces the expected-to-maturity payments by the amount of interest income, which will be accrued before the end of the operating cycle (for accounts receivable – within 12 months). The operating cycle for the classification of contract assets into short-term and long-term is analyzed each reporting period on an individual basis.

(c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Group purchases construction materials and supplies and partially resells them to it's subcontractors who use those materials and supplies in the construction of the motorways under the contracts with the Group. . Management believes that in these transactions the Group acts as a principle, and, therefore, does not derecognize the inventories until they are used by the subcontractors..

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

In 2022, the useful lives and residual values of certain items of property, plant and equipment have been revised; these changes did not materially affect the balances of property, plant and equipment.

The expected useful lives of significant items of property, plant and equipment in 2022 are as follows:

- buildings and constructions 10-50 years;
- machinery and equipment 5-10 years;
- vehicles 5-10 years;
- other fixed assets 5-8 years.

The estimated useful lives of significant items of property, plant and equipment in 2021 are as follows:

- buildings and constructions 10-66 years;
- machinery and equipment 5-10 years;
- vehicles 5-7 years;
- other fixed assets 3-10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction prices.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss of termination of recognition is also recognised in profit or loss.

The Group has fixed rate bank loans for which the banks have the option to revise the interest rate following the change of key rate set by the CBR. The Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group considers these loans as in essence floating rate loans.

Non-controlling members of certain limited liability companies has the right to withdraw from the company and to receive the actual value of his shares, if such a possibility has been provided for by the company's charter. These rights are recognized as a puttable debt instrument and therefore any gain or loss attributable to minorities is recognized in finance costs. Liabilities under such instruments are valued at the amount expected to be paid, which is determined on the basis of the expected profit of such companies, the maturity period (withdrawal from the participants) and the discount rate as of the date the obligation arises.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial asset;

– change in collateral or other credit enhancement;

– change of terms of financial asset that lead to non-compliance with SPPI criterion.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on the existing financial liabilities are not considered as a modification, if they result from the existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial liability;

– change in collateral or other credit enhancement;

– inclusion of conversion option;

– change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Presenting in the cash flow statement

Settlement of receivables and contractual assets and liabilities, including a significant financing component, is presented in operating activities netted as a change in current assets and liabilities.

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preferred shares are classified as equity unless such shares contain the obligation to accrue and pay dividends or other forms of cash requirement from the Company that differ from the rights of holders of ordinary shares.

(j) Impairment

(i) Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

– financial assets measured at amortised cost;

– contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for trade receivables and contract assets without a significant financing component at an amount equal to lifetime ECLs.

The Group measure loss allowances for trade receivables and contract assets with a significant financing component at an amount equal to 12-month ECLs after the reporting date unless there is a significant increase in credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is more than 180 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB- or higher per Fitch.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

If customers have credit ratings assigned by the rating agency ECLs of financial assets are calculated based on the actual data of credit risks. International rating agencies have the advantages when choosing a credit rating.

The level of losses is calculated using the "refinancing rate" method based on the probability of the amount of receivables moving from one level of credit risk to another through stages of delinquency to write-off.

When determing ECLs of financial assets which are not in default but there are justified facts indicating that these assets are non-recoverable, the Group estimate ECLs based on all the facts and circumstances known for each specific project taking into account the legal issues of project execution in a particular legal framework.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– a breach of contract such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss for the period. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The un-winding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(iii) Major repairs of the highway

In accordance with the terms of the Concession Agreement, the Company is obliged at its own expense to carry out current and major repairs of the highway, address the identified shortcomings and maintain the highway in order within the time limits established in the operational requirements. At the time of the return of the road to the Concessor, it must be in a condition that meet the requirements of the Agreement, as well as the requirements of the law.

The Company creates a reserve for major repairs of the highway, which includes the periodic replacement of the roadbed, bridges, engineering structures and other elements of the highway. The amount of the provision at the date is estimated as the cash flows for the repair and restoration of the highway, discounted at the risk-free rate.

(l) Government grant

Government grants represent compensation by the state authorities of interest expense incurred on the Group's loans.

Government grants are presented in the consolidated statement of financial position in gross amount as deferred income. The deferred income is amortized over the loan period, and is presented as a deduction of the finance costs.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated statement of financial position.

In accordance with IFRS 16, variable payments which do not depend on index or rate, e.g. which do not reflect changes in market rental rates, should not be included in the measurement of lease liability. In respect of municipal or federal land leases where lease payments are based on cadastral value of the land plot and do not change until the next revision of that value or the applicable rates (or both) by the authorities, the Group has determined that, under the current revision mechanism, the land lease payments cannot be considered as either variable that depend on index or rate or in-substance fixed, and therefore these payments are not included in the measurement of the lease liability.

27 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to (IAS) 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8).

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Independent Auditors' Report

To the Shareholders of Joint Stock Company Investment Construction Company AVTOBAN

Opinion

We have audited the consolidated financial statements of Joint Stock Company Investment Construction Company AVTOBAN (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRS, 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.

Auditors' 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 auditors' 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely 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.

The engagement partner on the audit resulting in this independent auditors' report is:

M.V. Samarin

Principal registration number of the entry in the Register of Auditors and Audit organizations No. 21906100170, acts on behalf of the audit organization based on the power of attorney No. 403/22 as of 1 July 2022

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

7 April 2023