

Annual Report



sfr

2023

About Report

In this Annual Report, the terms PJSC “SFI”, “Holding”, “Company”, “SFI”, “Enterprise”, “Issuer” and “we” in various forms refer to all companies whose results are consolidated in 2023 IFRS financial statements of PJSC “SFI”, being an integral part hereof.

This Report has been prepared taking into account the best practices in corporate reporting and disclosure, and in accordance with Bank of Russia Regulation No. 714-P dated 27 March 2020, on information disclosure by issuers of equity securities and recommendations of the Bank of Russia’s Corporate Governance Code.

This Annual Report was approved by the Board of Directors on 26 April 2024.



Disclaimer

This Report has been prepared by PJSC «SFI» (hereinafter referred to as the «Company») in accordance with the applicable laws, for information purposes, among others, and does not constitute an offer or a solicitation of an offer to make any transactions in relation to goods, work, services, as well as securities and other investment instruments.

This Report contains certain estimates and forward-looking statements as to financial performance of the Company»s specific businesses and other matters concerning their operations. All statements that do not contain historical facts are forward-looking and involve risks and uncertainties. There is no guarantee that these results will prove accurate: actual future results can differ significantly from those anticipated in the forward-looking statements. These statements are based on an objective assessment by the Company»s management.

The Company assumes no obligation to update any forward-looking statements; nor does it account for the objectives, financial situation, or needs of any person. The recipients of the Report should not construe its contents as legal, tax, regulatory, financial, or accounting advice.

The Company shall not be held liable for any direct, indirect, consequential, special, punitive or other damages regardless of the type of claim, including, without limitation, claims in contract, negligence or tort which may arise in connection with this Report or its contents, or result therefrom otherwise. The Company»s liability to users of the Report is limited to the maximum extent permitted by the applicable laws.

This Report is not addressed to or intended for distribution or use by any person or entity that is a citizen or a resident of, or located in any state, country, or other jurisdiction where such distribution/publication/use is prohibited by the applicable laws.

This Report has been prepared by PJSC «SFI». By reading it, you confirm that you agree with the above provisions and undertake to comply with them.

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SFI’s informational resources:

Web-site:
www.sfiholding.ru

Telegram:
t.me/sfiholding

We are always keen to hear what you think about the 2022 Annual Report of SFI. Please send your comments and feedback to: **ir@sfiholding.ru**



Blog SFI

Smart-Lab



Pulse



Profit



1

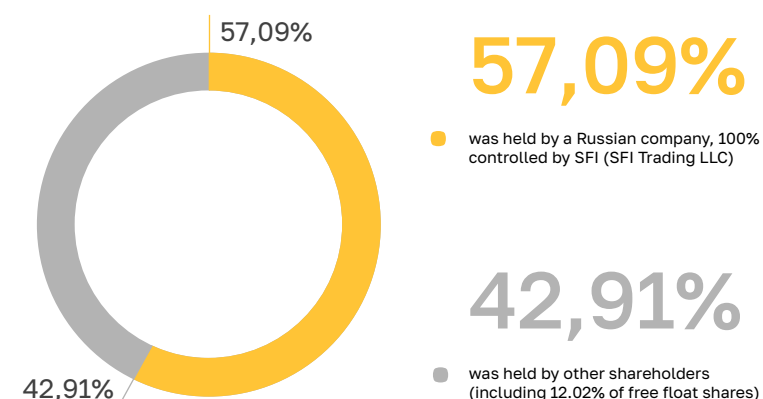
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About the Holding

PJSC «SFI» (SFI) is a diversified investment holding company that owns and manages assets from various sectors of the Russian economy.

SFI combines assets in the leasing and insurance industries, invests in large minority stakes in industrial and retail companies. SFI shares are traded on Moscow Exchange (ticker SFIN). They are included in the Level I Quotation List.

SFI shareholding structure:



Entities, offices and stores of the Holding's companies operate almost throughout Russia

National rating:

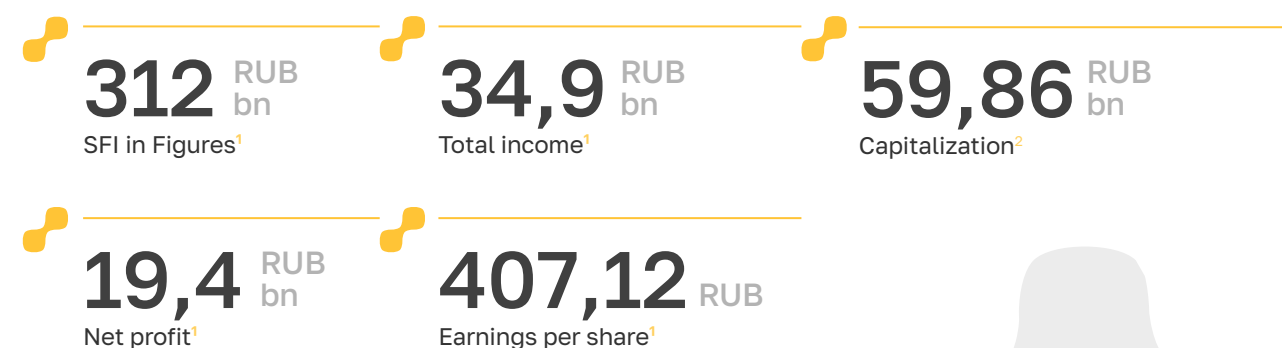
Expert ruA+

Credit rating by Expert RA – ruA, stable outlook, confirmed on July 21, 2023.

ACRA A(RU)

National rating by ACRA A(Ru), stable outlook, confirmed on August 16, 2023.

SFI in Figures



1 Key financials of PJSC «SFI» in 2023, IFRS

2 As of the last day of trade on MOEX (29.12.2023)

Business model:

SFI assets

1

Formation of a pool of assets
consisting of the industry's leading companies or companies with good growth potential.

2

Differentiation of assets
(public and non-public assets from different fields of economy).

3

Increasing the value of assets
assets through participation in management and investment in development.

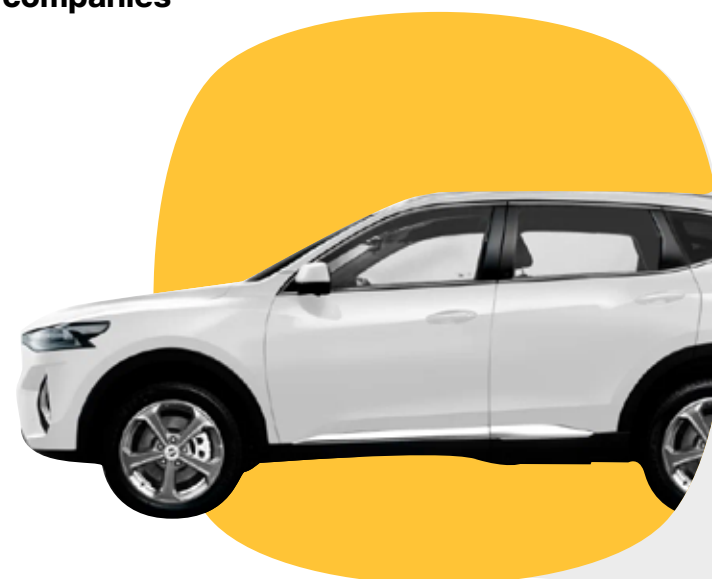
4

Receiving income
from dividends and from the sale of companies (incl. though offering a stake within IPO).

5

Investing income
in acquisition of new assets, payment of dividends to SFI shareholders, maintenance of current debt, support of subsidiaries.

Consolidated companies



europlan®

Leader

of the Russian vehicle leasing market¹

owned by SFI

100%

VSK INSURANCE HOUSE

owned by SFI

49%

Financial investments into public companies

company
RussNeft

Among Top-10

Russian oil companies

owned by SFI

11,2%



sfi

M.VideoEldorado

One of the leading

consumer goods and electronics retailers

owned by SFI

10,4%



¹ Among private leasing companies.

² In terms of insurance collections in Russia excluding life insurance companies.

Key Events of 2023

June

- **The Holding, together with one of the largest private investor communities in Russia, Smart-Lab, conducted a perception study** – an analysis of the company’s perception by the investment community. See p.19 for results.

July

- Expert RA rating agency assigned a **ruA+ credit rating to SFI, the rating outlook is stable.**
- **SFI became part of the TOP 10 IR rating** according to Smart-Lab, the largest independent community of private investors in Russia. **The IR rating reflects the level of information disclosure by the issuer to private investors** – individuals and is an important metric of the quality of the company’s corporate governance.

September

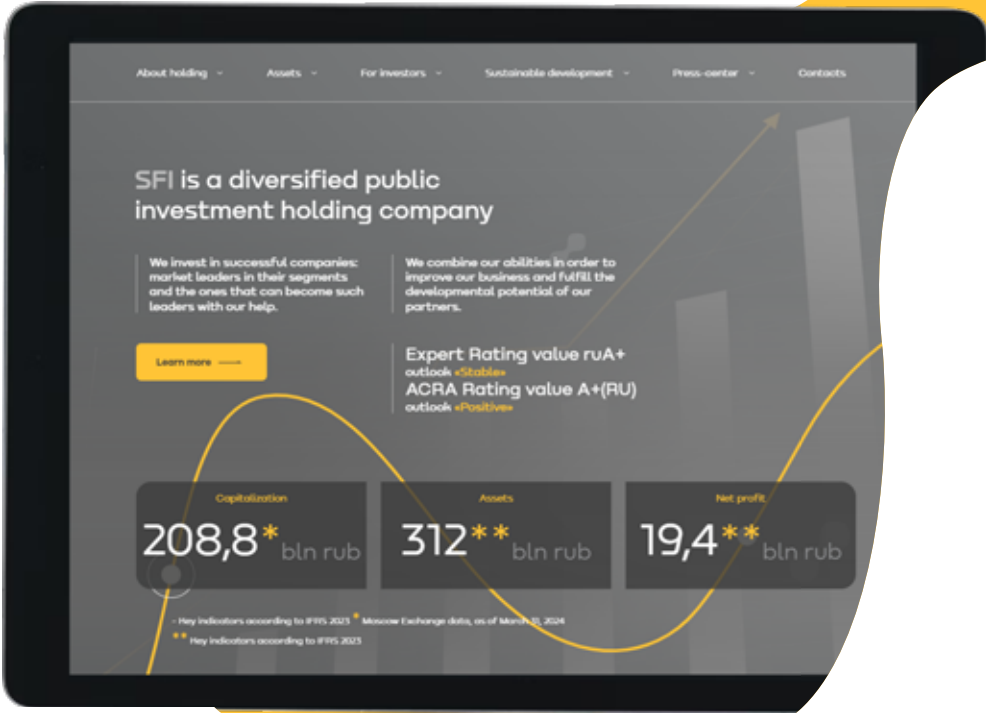
- **SFI repaid a part of the principal amount to Sovcombank** as part of its debt burden reduction program, **thus decreasing the debt to RUB 10,7 bn.**

October

- GFN.RU gaming service stopped operating in Russia. **The service operator, Region Estate LLC, continued to manage the server infrastructure used for the operation of GFN.RU.**
- On October 26 **the Board of Directors considered convening the General Meeting of Shareholders** and recommending to the General Meeting distribution of profits for 9 months of 2023, including payment of dividends.

December

- From December 27 **SFI began to directly own SFI Trading LLC**, which was the holder of 57.09% of the Holding shares. Earlier, participation in the capital of SFI Trading LLC was distributed in equal shares between Weridge Investments Limited and Barigton Holdings Limited, subsidiaries of SFI registered in Cyprus.
- **SFI paid dividends for 9 months of 2023** in the amount of RUB 39.42 per share.



Stock Exchange

PJSC «SFI» authorized capital

74 797 319,97 RUB

as of December 31, 2023

111 637 791

ordinary registered shares

0,67 RUB

per share



Starting from March 23, 2017, all issues of ordinary registered shares were combined into a single issue with state number 1-02-56453-P.

Keeping the shareholder register

Since October 5, 2015, the register of holders of the Company’s registered securities has been maintained by a specialized registrar, Joint-Stock Company Servis-Reestr (JSC Servis-Reestr), Primary State Registration Number (OGRN) 1028601354055 / Taxpayer Identification Number (INN) 8605006147, location: 12 Sretenka St., Moscow, 107045, Russia. JSC Servis-Reestr was issued License No. 045-13983-000001 for carrying out register keeping activities on March 2, 2004. The list of holders of the Issuer’s registered securities was transferred in accordance with Resolution No. 11-2015 of the Company’s sole shareholder, dated September 18, 2015.

17 927 accounts of legal entities and individuals **are registered in the shareholder register** as of December 29, 2023, namely **53 legal entities** and **17 874 individuals**.

SFI has no preferred shares.

The State does not participate in the holding’s authorized capital.

17 927

the number of individuals in the register is

17 874

individuals

53

entities

SFI ordinary shares are included in the «Level I» section of the List of Securities admitted for trading on the Moscow Exchange

Characteristics	Value
Security code	SFIN
Type of security	Ordinary share
Listing level	1
Nominal value, rubles.	0.67
State registration number	1-02-56453-P
Trading start date	December 4, 2015
Inclusion in indexes	Broad Market Index, Financial Index

Main parameters of trading of SFI ordinary shares on the Moscow Exchange in 2023

Parameter	Value
Maximum closing price, RUB	670.2
Minimum closing price, RUB	465.4
Price at the end of the reporting period, RUB	536.2
Capitalization at the end of the reporting period, mln RUB	59,860

Source: Moscow Exchange

Market Makers

During 2023, market making services were provided by investment and brokerage companies Freedom Finance Investment Company LLC and FINAM Investment Company JSC.



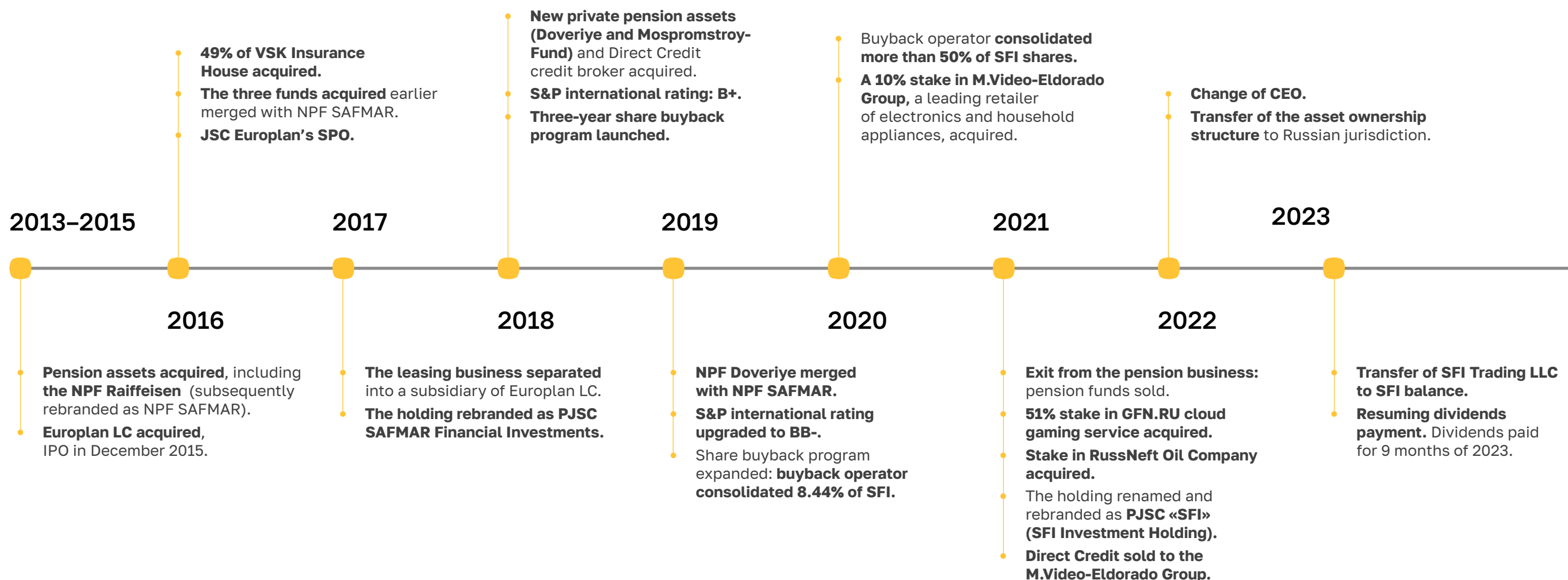
Holding's History

PJSC «SFI» is a major player in the financial market and includes various assets from several sectors of economy.

Below are the main formation and development stages of the holding and its portfolio companies.



Further information on
sfiholding.ru



Dividend Policy and Dividend Income

Dividend policy

PJSC «SFI» is a financial holding company whose main source of income is dividends from subsidiaries and affiliates. According to RAS, dividends are reflected as income once they are received, which forms the Holding's profit and allows dividends to be paid to its shareholders.

In the event of a positive revaluation of the Holding's investments, profit may also be generated, but there is no cash flow corresponding to this profit, from which payments to shareholders can be made. To eliminate this possible discrepancy, **the Board of Directors decided, when calculating the target level of dividend payments, to choose the lowest indicator from RAS net profit and free cash flow.**

In accordance with Russian law, dividends are paid out of the company's net profit for the reporting period or undistributed profit for the previous years, as determined under RAS.

SFI's Regulations on Dividend Policy (Revision No. 3) were approved by the Board of Directors in April 2019. The recommended amount of dividend payments is determined by the Board of Directors, depending on the financial results for the year.

In determining the amount of the dividend recommended to the General Meeting of Shareholders, the Board of Directors takes into account the current financial and competitive position of the holding and its development prospects, including projections of operating cash flow and capital expenditures, borrowing requirements, and other factors affecting the holding's financial stability and flexible capital structure.

The target level of dividend payments is at least 75% of the min. indicator of:

the amount of net profit according to the accounting (financial) statements prepared in accordance with the requirements of RAS for the reporting year;

the amount of free cash flow for the reporting year, subject to the availability of dividend payments from subsidiaries and affiliates.

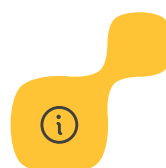


The regulations on SFI's dividend policy and information on the decision of the General Meeting of Shareholders regarding the payment of dividends are published on the holding's website and on the information disclosure website on the Internet.

Regulations on Dividend Policy



Regulations on Information Policy of the Company



In addition, information about dividends is communicated to shareholders by publishing it in accordance with the requirements under the applicable laws of the Russian Federation.

Dividends from subsidiaries and affiliates

Stable dividend flows to SFI from subsidiaries and affiliates are the main source of income for the holding.

Dividends paid by PJSC «SFI» (by September 2021, known as PJSC SAFMAR Financial Investments; before 2017, known as PJSC Europlan) for the last five years

Reporting year	Type of security	State registration number	Total amount of dividends per share, rubles
2019	Ordinary share	1-02-56453-P	0.00
2020	Ordinary share	1-02-56453-P	0.00
2021	Ordinary share	1-02-56453-P	0.00
2022	Ordinary share	1-02-56453-P	0.00

Payment of interim dividends for 9 months of 2023 made up RUB 39.42 per share.

Dividends received by PJSC «SFI»

6,7 RUB

as of December 31 and through 2023

Information policy

SFI discloses information under the principles of regularity, consistency, and promptness, as well as data accessibility, reliability, completeness and comparability.

The company discloses information on its securities and financial and economic activities in the form of:

- reports on material facts;
- Issuer reports (for the year and for six months);
- Annual Report;
- Charter and internal regulations;
- information that may seriously affect the value of securities;
- information on affiliates.

The Company's Regulations on Information Policy are available on the official website



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Strategic report

SFI in 2023

In 2023, SFI investment holding continued to implement the key milestones of the strategy adopted in 2021. The main objective, approved by the strategy, is was increase the investment attractiveness of the Holding through implementation of a number of strategic initiatives.

Debt repayment

In September 2023, SFI repaid part of the principal debt to its partner bank, borrowed in 2021, the holding paid RUB 1.5 bn to the creditor, reducing its debt to RUB 10.7 bn.

To service its loan obligations, SFI uses proceedings from its investment activities, including dividends, income from financial investments and funds from the sale of assets.

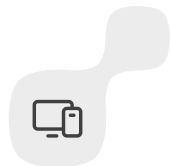
SFI Holding continues to service the loan to its partner bank in accordance with the schedule, which assumes full repayment of the debt in 2024.

Reducing treasury and quasi-treasury stakes

In 2023, the Holding worked through the legal and operational aspects of the process of repaying the treasury stake and began appropriate actions. The process of repaying most of the treasury shares is estimated to be completed in 2024.

Strategic Goals:

- To restructure and gradually repay the debt** accumulated to support the share buyback program
- To reduce the treasury and quasi-treasury stakes**
- To improve the company’s information transparency**, bolster investor relation competencies
- To maximize the synergy effect** between portfolio assets
- To continue the active search for the new assets to purchase**



PJSC “SFI” representative speaks at the Smart Lab Conf 2023 conference in October 2023



PJSC “SFI” management comments on the payment of interim dividends for 9 months of 2023



Increasing Company’s information transparency and bolstering investor relation competencies

The holding has continued its activity in the field of investor relations, talking about its activities to the widest possible audience. During the reporting period, the number of individual shareholders of PJSC “SFI” increased from 2 thousand to approximately 17.87 thousand people at the end of 2023. The Holding’s capitalization for January–December 2023 increased by 6.06%.

Since 2021, the Holding has been working with banks and brokerage companies that provide the market with analytical coverage of public issuers of shares. The Company presents the main conclusions of analytical reports to a wide audience by publishing them on its own website, social networks, and also uses reports for its communications with investors. Currently, analytical coverage of the Holding is provided by analysts from “Tsifra Broker” and “Gazprombank”.

Since 2022, the Company regularly takes part in events for retail investors (Smart Lab Conf, Profit Conf), during which the Holding presents its investment case and current financial results to a target audience.

In 2023, SFI Holding became part the top 10 of the Smart Lab IR rating, which characterizes the efficiency and consistency of communications between public companies and investors.

SFI also actively uses external popular online platforms to inform investment community about the Holding’s activities.

17,87 thous.
of individual shareholders
at the end of 2023

6,06%
Holding’s capitalization growth
for January–December 2023

In 2023, SFI, in addition to the official Telegram channel and a blog on Pulse social network from Tinkoff Investments broker, opened an account with Profit, a service from BKS broker, where it informs its followers about the news about the Holding and its subsidiaries. **So far, the total number of followers from all the above-mentioned social networks has exceeded 19 thousand.**

Results of private investors study

In June 2023, SFI for the second time conducted a perception study – a study of the perception by private investors of the Holding. It was conducted on the basis of subscribers of Smart Lab, the largest independent community of private investors in Russia (1.5 million unique users monthly).

The number of respondents owning shares of the Holding in their portfolio tripled in 2023 against last year, indicating investors’ increasing interest in the Holding. More people start to know about the Holding, in 2022, 9 out of 10 respondents knew nothing about SFI, the brand was completely unknown to the general investor. This year the situation has improved; 28% of respondents know about the existence of the Holding.

Among those who know about SFI brand, the number of investors who have an idea of what we do has increased by 3.5 times. Last year, the company was more associated with the individual industries in which its assets operate, in 2023 - almost 50% of people who are aware of SFI also knew that it is an investment holding company.

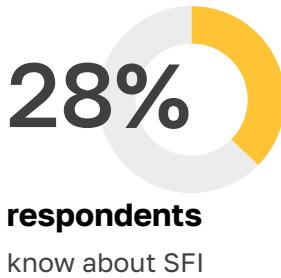
Through dialogue with investors and shareholders, including through their participation in such surveys, the company receives valuable information about how it is perceived by the market and what the Holding needs to change in its relations with investors.

Maximizing synergies between portfolio assets

This strategic goal is successfully implemented on the basis of the Holding’s operating companies – the companies successfully cooperate with each other, using the capabilities of one asset to expand sales of another.

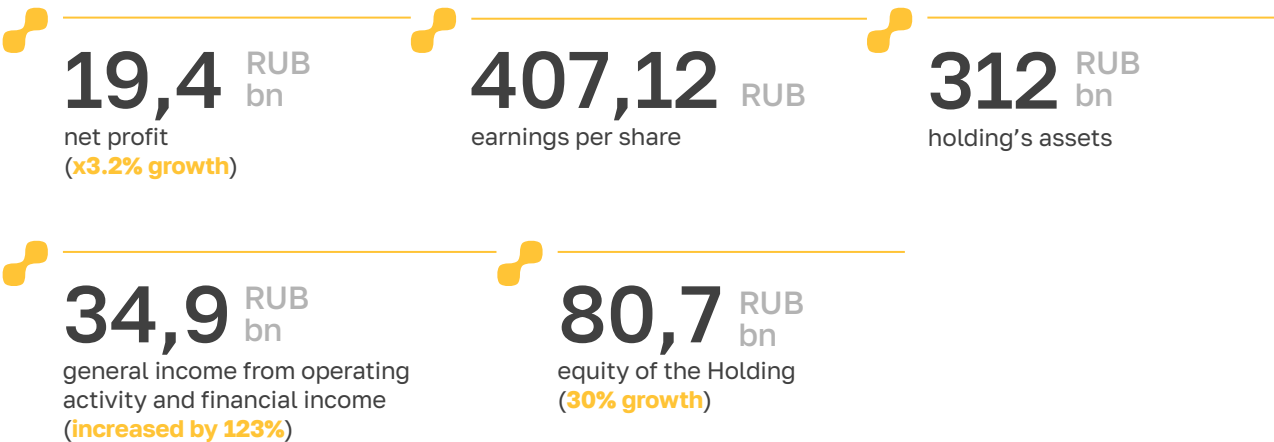
New assets for acquisition

The holding considers purchasing assets from different sectors of the economy for investment, paying special attention to the potential profitability of potential acquisitions. In 2023, SFI did not make any major acquisitions.



Key financial results for 2023 according to IFRS and RAS financial statements

Results according to IFRS financial statements



Based on 2023 results SFI received a RUB 19.4 bn net profit, increasing the 2022 results in 3.2 times (RUB 6.1 bn in 2022).

Earnings per share made up RUB 407.12 against RUB 126.53 last year.

In 2023 total operating income and financial income increased by 123% to RUB 34.9 bn from RUB 15.6 bn. in 2022. This indicator was influenced by the financials' growth of the Holding companies, as well as a positive revaluation of SFI investments into shares of public issuers in the amount of RUB 1.8 bn in 2023. The Holding's income in the leasing segment amounted to RUB 28.7 bn, income from insurance activities (the statement includes the results of JSC VSK in proportion to a 49% share in the capital owned by the Holding), reached RUB 5.8 bn.

The Holding's assets in 2023 increased to RUB 312 bn from RUB 229.9 bn, thus increasing by 36%. Of these, the net investment in leasing (NIL) of the Europlan company is RUB 229.6 bn. The Holding's capital at the end of 2023 reached RUB 80.7 bn, which is by 30% higher than last year.

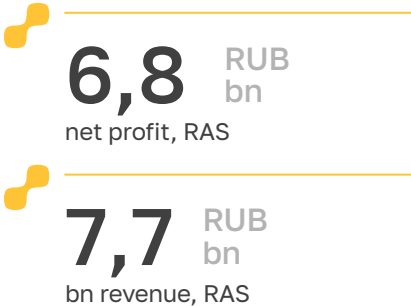
The consolidated IFRS statements of SFI Holding contains indicators of the subsidiary leasing company PJSC LC Europlan, as well as, in accordance with its stake, indicators of Insurance House VSK. SFI also owns a 11.2% stake in PJSC RussNeft and a 10.4% stake of PJSC M.Video retailer, which are accounted for in the Holding's financial statements as financial instruments measured at fair value.

Results according to RAS financial statements

According to the financial statements prepared under the Russian Accounting Standards (RAS), the revenue of SFI for 2023 amounted to RUB 7.7 bn, as against RUB 5.7 billion in 2022. In 2023, the revenue included dividends received and interest income.

Gross profit in 2023 was RUB 7.7 bn, against 2022 (RUB 5 bn), growing by 54%. Net profit under RAS made up RUB 6.8 bn.

The RAS financial statements contain non-consolidated data of SFI corporate center, which differ from the figures in the IFRS consolidated financial statements.



Europlan Leasing Company

Expert AA

AA rating from Expert RA to Europlan with stable outlook.

2 719
employees

86%
of customers refer Europlan to others

85
offices in different regions

PJSC Leasing Company Europlan (hereinafter, the Company, or Europlan) is a long-term leader on private vehicle leasing market in Russia (Expert RA). The Company has been operating since 1999 and provides leasing of all types of motor cars and special machinery, and also offers above 30 types of efficient services for vehicles.

The main activity of Europlan is provision of financial leasing services for vehicles and machinery. The Company leases transport to Russian companies and entrepreneurs through **85 offices across Russia**.

In 2023, Europlan purchased and leased vehicles and equipment to Russian entrepreneurs for a total of, incl. VAT:

239 RUB bn
+49% against 2022

>55 thous. agreements

The number of agreements grew by:

31%
for trucks

82%
for motor vehicles

25%
for special purpose machines

29%
for LCV



100%
SFI share
Leasing Company Europlan

Europlan in figures

230 RUB bn
leasing portfolio growth **+40%**

14,8 RUB bn
net profit

112 thous.
active leasing agreements

146 thous.
customers

141 thous.
legal entities

5 000
individuals



99

Europlan on vehicles leasing market

According to the results of 2023, the total volume of new business of the company amounted to more than RUB 200,376 mln, which allowed it to maintain its leading position in the vehicle leasing industry (data from Expert RA).

For five years in a row, the share of retail segments has shown growth and in 2018–2023 increased from 56 to 78% within the new business volume. At the same time, vehicle leasing has about 66% of the retail segments, among which freight transport showed a twofold increase by 2022, and vehicles’ and buses’ share grew by less than 80%. The active development of the eastern direction of cargo transportation determines the need to update the road infrastructure, which, together with large housing projects, has led to an increase in the need for construction equipment and machinery, its volume in the new business of the company increased by 64% compared to 2022.

According to Expert RA.

europlan®

200 376 RUB mln

total volume of new business acc. to 2023 results



Market Overview

Motor vehicles leasing market

Compared with other segments of the leasing market, the motor vehicle leasing is more fragmented in terms of both lessees and lessors, and featured by lesser participation of large financial and industrial groups in transactions.

Besides, motor vehicle leasing features a large number of concluded contracts, high level of financial services standardization, high liquidity of leased assets and a lower average value of the transaction.

This allows motor vehicle leasing to quickly adapt to changes and recover from various shocks.

Expert According to the basic forecast of Expert RA agency, in 2024 the new business volume in the leasing market will grow by around 18%, mainly due to motor vehicle leasing.

The largest non-state lessors in the motor vehicle leasing segment, acc. to Expert RA

The data in the table below present the key performance indicators of Europlan and its main competitors for the most relevant reporting period.

Rank	Company Name	Volume of new business (assets value) in 2023, RUB mln
1	LC Europlan	69 364
2	Reso Leasing	51 549
3	Alfa-Leasing (GK) Major Leasing	31 467
4	LC Evolution	27 496
5	Major Leasing Baltic Leasing (GK)	27 322

A high-quality customer base is a platform for further growth.

Customers who come back are the main channel for placing new business, but the number of new applications has also been growing throughout 2023.

The portfolio of customers represents all types of private businesses and their industries with one feature in common: they pay on time, in accordance with the lease payment schedule, during both stable and difficult times, which has been proven over several economic cycles.

diversification of funding

upgrade of record-keeping system and reporting

development of channels for offering and sales services in motor vehicles leasing

development of business partnerships

improvement of services quality

Leasing business is strategically developed within the following directions:

development of operational motor vehicle leasing

development of risk management system

Europlan strategy and development plan

Europlan activity is targeted at comprehensive development of its core business – vehicles leasing, as well as development of a unique ecosystem of services for vehicles, of which the company has more than any other player in the leasing market. The target segment of the Europlan remains the leasing of motor vehicles for large and SME business customers.

development of related services attributed to vehicles of the customers

personnel development (qualified selection, training, motivation, assessment) and labor improvement through automation of business processes

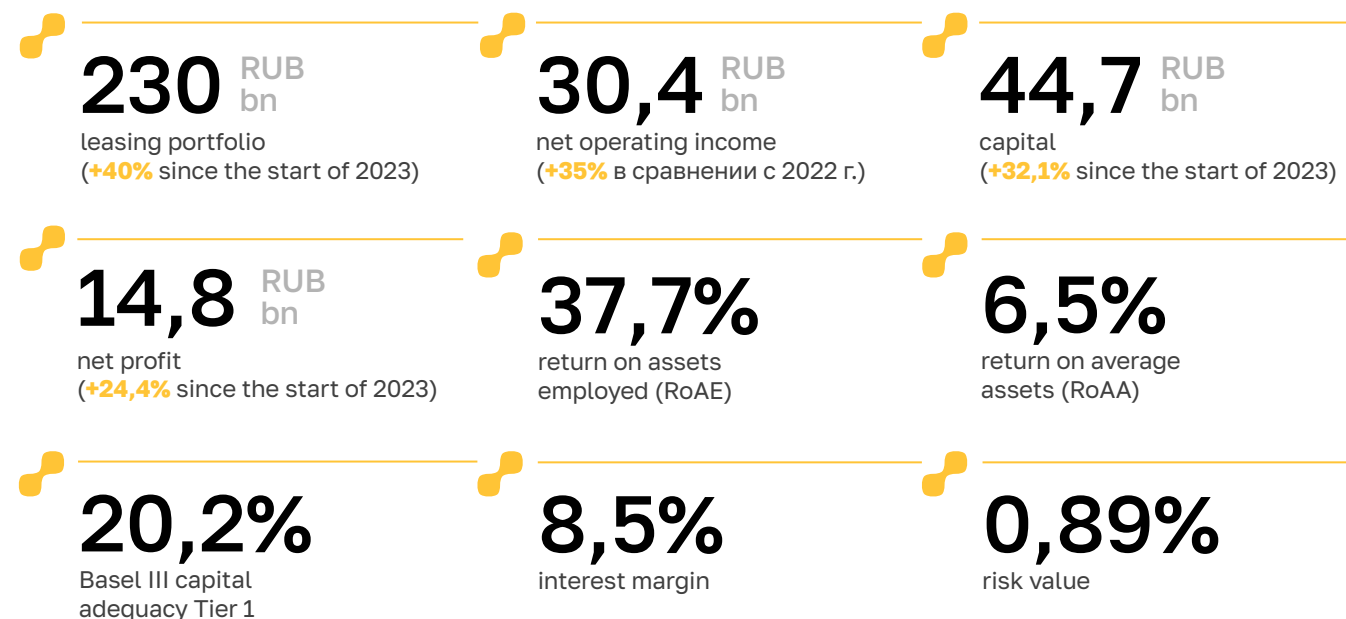
development of financial lease (leasing) of motor vehicles as the basis of the product line

86% of customers refer Europlan to others

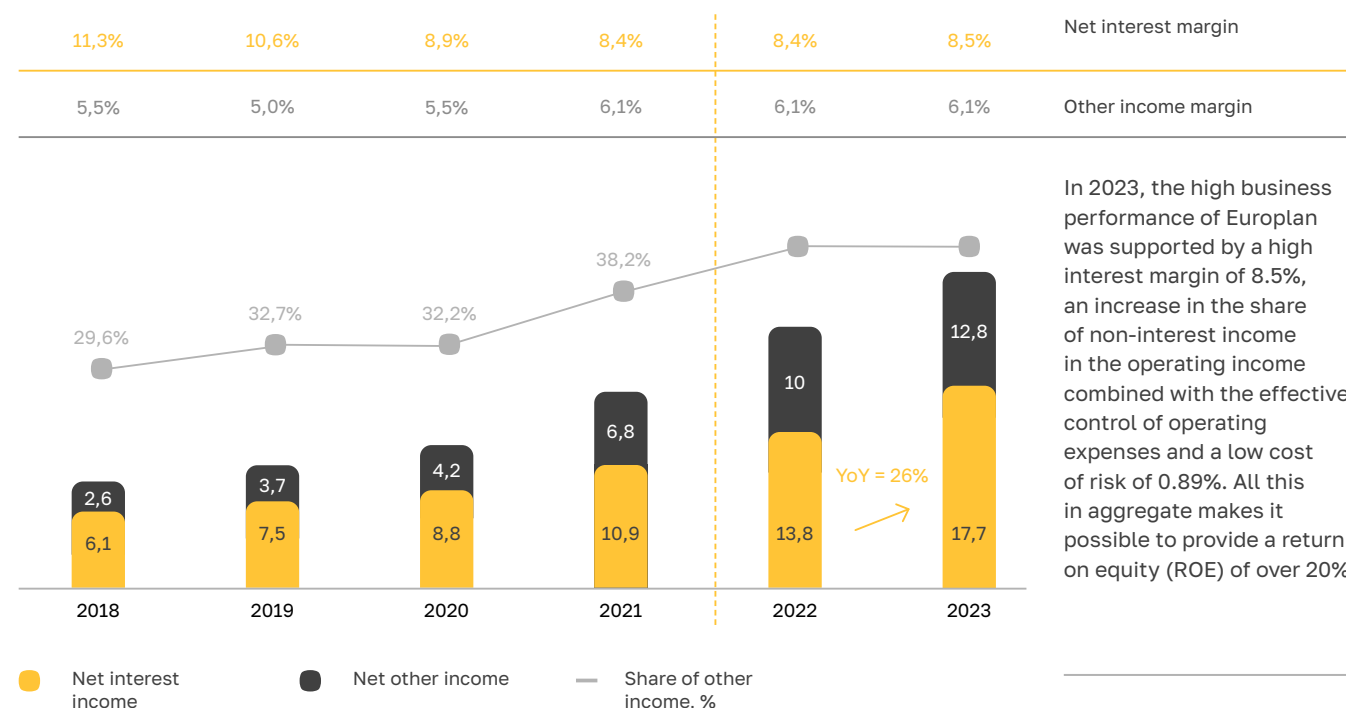
146 thous. of actual customers 2,6 mln of potential customers

Due to a special approach to customers, creating an added value for them, Europlan has achieved a high level of customers' satisfaction, NPS and a high percentage of loyal customers.

Financial Highlights of the Leasing Segment for 2023*



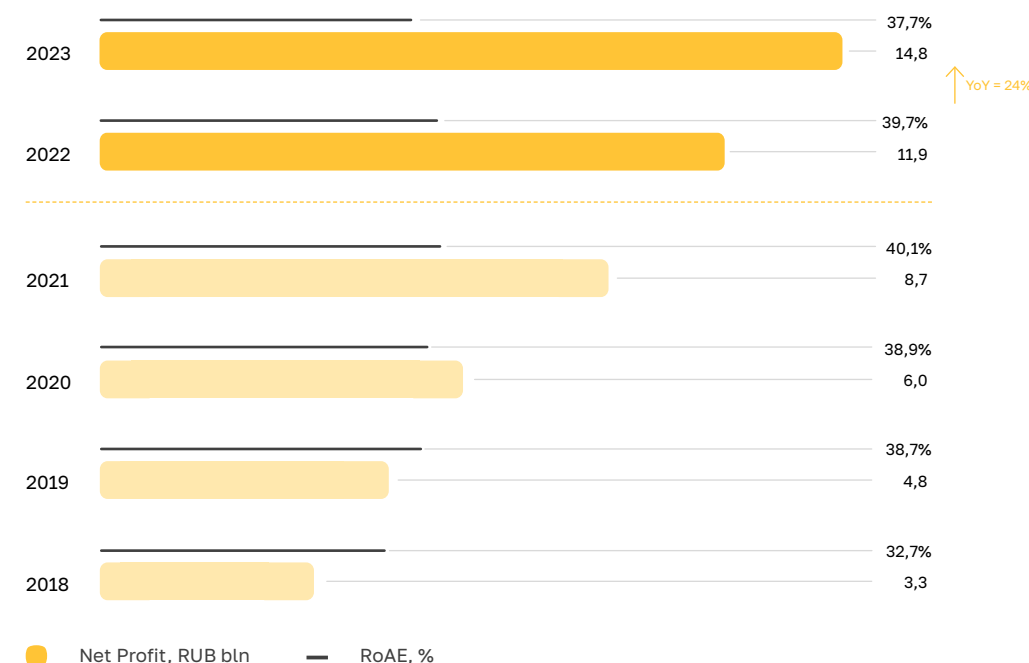
Operating Income Dynamics, RUB bn



* Data from the consolidated IFRS Financial Statement for 2023

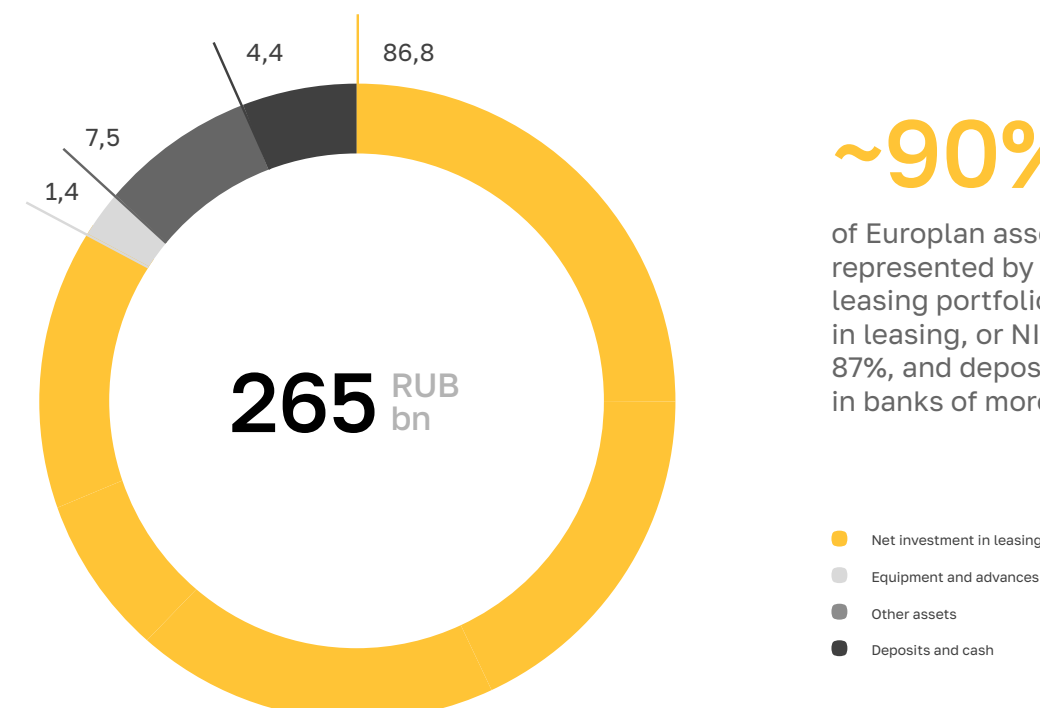
Return on average capital^{1,2}, %

Big profit and return on equity

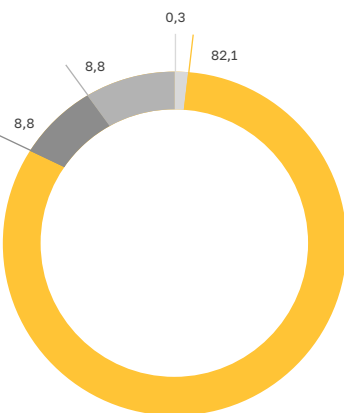


1 RoAE is calculated as the ratio of net profit for the period to the average capital for the same period.
2 The portfolio is represented by the net investment in leasing before deducting the provision for expected credit losses of leasing assets as of December 31, 2023, based on Europlan consolidated financial statement, audited by an independent auditor.

Europlan assets structure, RUB bn

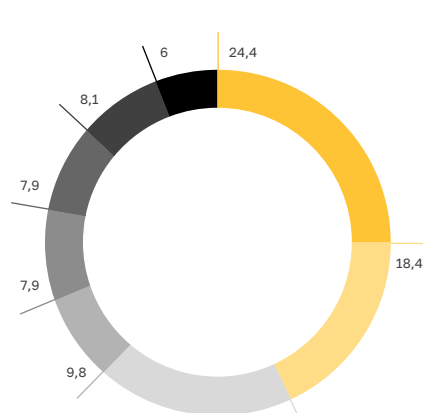


Leasing portfolio¹ (NIL) by lessees, annual revenue, %



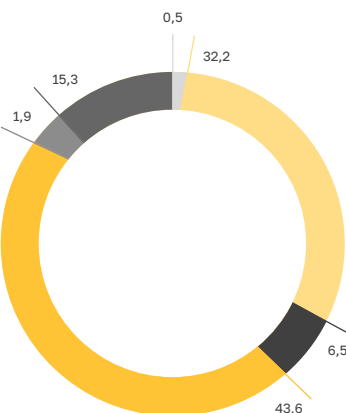
- Small business – up to RUB 800 mln
- Mid-sized business – RUB 2 bn
- Large business – > RUB 2 bn
- Others

Leasing portfolio¹ by federal districts, %



- Moscow
- Central Russia
- Volga Region
- South
- Siberia
- North-West
- Urals
- North Caucasus region, etc

Leasing portfolio¹ (NIL) by types of leased assets, %



- Commercial transport
- Vehicles
- LCV
- Self-propelled equipment
- Buses
- Other

European leasing portfolio structure as of December 31, 2023

European leasing portfolio is diversified by lessees, regions, industries, types of leasing items, suppliers, sales channels, brands, insurers. As of December 31, 2023, the aggregate largest 50 lessees accounted to 8% of net investment in leasing (NIL) before allowance for impairment.

In 2023, in the structure of the leasing portfolio, commercial vehicles (trucks of the MCV, HCV and trailers) take the largest share of 43.6% and motor vehicles – 32.2%.

¹ The portfolio is represented by the net investment into leasing before deducting the provision for expected credit losses of leasing assets as of December 31, 2023, based on Europlan consolidated financial statement, audited by an independent auditor.

Key events after the reporting date

On March 29, 2024, trading in shares of Europlan began on the Moscow Exchange, trading code – LEAS. The shares are included in the First Level quotation list of the Moscow Exchange. As part of the initial public offering (IPO), RUB 13.1 bn were raised.

Europlan ordinary shares started to be traded on March 29, 2024 under LEAS ticker.

The aggregate demand from investors many times exceeded supply at the upper limit of the price range.



The transaction became one of the largest on the Russian equity market in recent years.

875

RUB

IPO price per share

105

RUB bn

market cap

150

thous.

of applications

In March 2024, Europlan, the largest independent lessor, announced successful initial public offering (IPO) of shares on MOEX.

VSK Insurance House

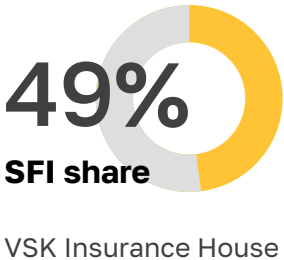
Since 1992, VSK Insurance House has been operating in the market as a multi-purpose insurance company providing services to individuals and legal entities throughout Russia. The company has consistently ranked among the top 10 insurers in the country in terms of premiums in the major segments of the insurance market: car insurance, accident and illness insurance, as well as voluntary health insurance (VHI).

Nº 5
on insurance
market

VSK takes the 5th place on the Russian insurance market in terms of the volume of insurance fees, excl. life insurance market



To date, more than 33 million people and 500 thousand organizations have taken advantage of VSK’s products and services. The company’s regional network includes over 500 offices in all constituent entities of the Russian Federation, which makes it possible to efficiently fulfill its contractual obligations throughout the country.



VSK in Figures



VSK has a well-diversified investment portfolio of high credit quality. Its assets allow the company to form a comfortable source of liquidity to fulfill the insurer’s obligations.

Market Overview

At the end of 2023 Russian insurance market, according to the Central Bank of the Russian Federation, showed significant growth of up to RUB 2.3 tn. The volume of insurance premiums increased by 25% compared to 2022. This was influenced by the growth of economic and credit activity, inflationary factors, as well as by the effect from the low base in 2022. At the same time, excluding life insurance segment, the growth of the insurance market (non-life market) amounted to 15.7%.

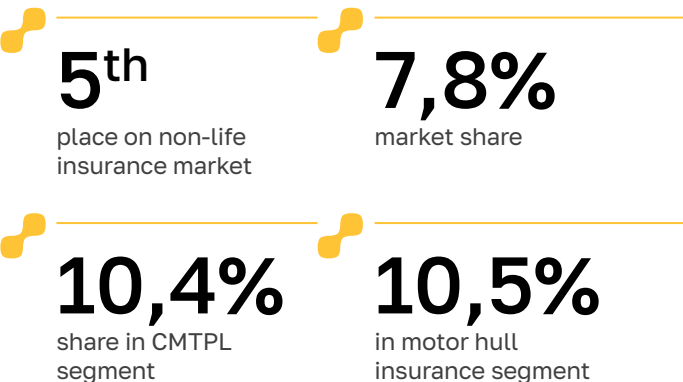
From the perspective of quarterly dynamics, the growth rate of insurance premiums in the fourth quarter of 2023 accelerated to 30.6% y/y, mainly due to an increase in premiums for non-credit life insurance, voluntary medical insurance and motor hull insurance. The volume of credit life insurance premiums decreased for the first time in 2023, which is associated with a slowdown in the population’s credit activity, which began at the end of 2023 against increased lending rates.

The drivers of market growth in life insurance were all main types, including investment, cash-value life insurance and credit insurance, and in non-life – it is vehicles insurance.

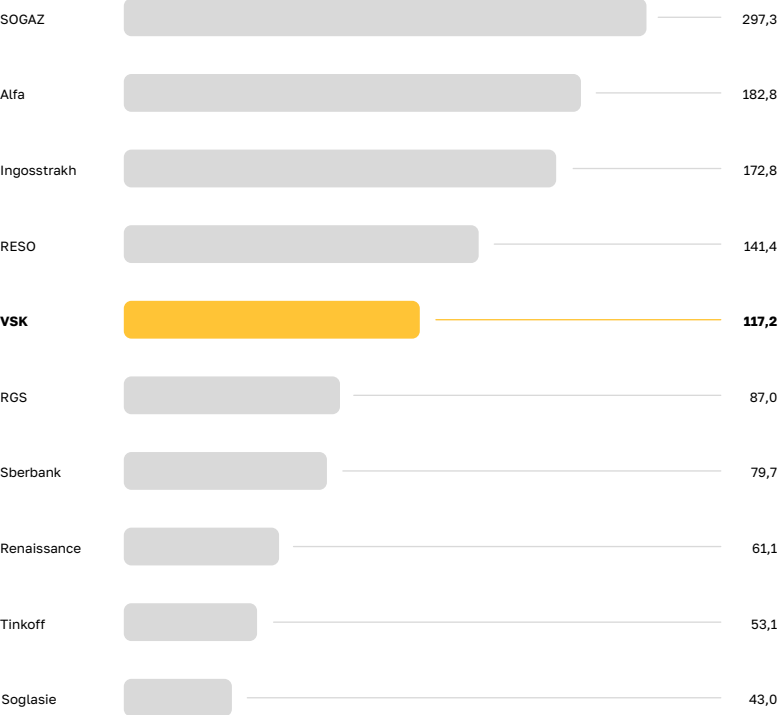


VSK Positions on Insurance Market

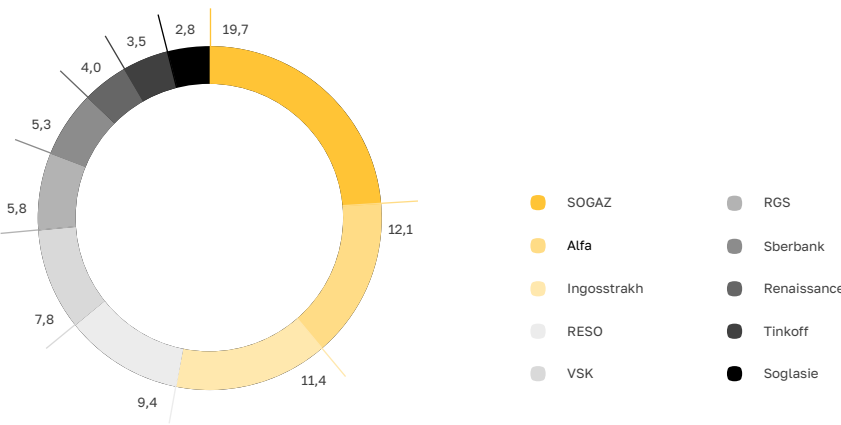
VSK Insurance House has consistently been among the ten largest insurers in the Russian Federation in all key types of insurance. In the non-life market, the company ranks 5th with a market share of 7.8%. **VSK Insurance House is also among the top 5 vehicles insurers, with a share of 10.4% in the segment of the compulsory motor third party liability (CMTPL) and 10.5% in the segment of motor hull insurance.**



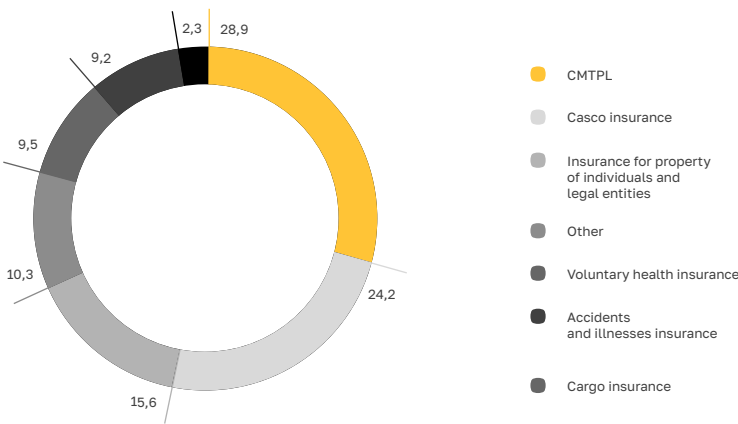
Leaders of non-life insurance market in 2023, RUB million¹



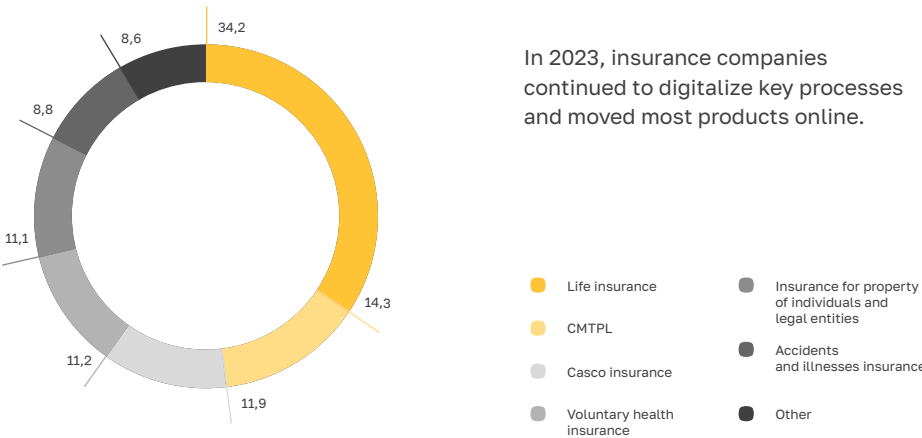
Non-life market share of key insurance companies in 2023, %¹



Structure of VSK insurance portfolio in terms of all types of insurance, %



Structure of insurance market in 2023, %



GFN.RU

GFN.RU Gaming Service

GFN.RU gaming service operated in Russia and the CIS countries from 2019 to 2023. The service, an NVIDIA exclusive partner in development of GeForce NOW service in the regions where it is present, made it possible to run resource-intensive games on almost any non-gaming computer, TV or smartphone operating on Windows, macOS, Android or iOS. GFN.RU was compatible with the largest game sales platforms.

Due to a number of technical limitations related to restrictions in the supply and maintenance of imported equipment, the service ceased operation from October 1, 2023, refusing new registrations and returning funds to users for the paid but unused subscription period.

The investment into GFN.RU service was carried out by SFI holding through financing provided from Region Estate LLC. Region Estate company continued its operations, managing the expensive server and video graphics equipment remaining after the closure of the service. The equipment can also be sold at a market price, which will ensure the return on SFI investment into the project.

¹ According to the reporting data of the Bank of Russia.

Financial Investment into Public Companies

SFI investment holding invests into companies with shares traded on the stock exchange. In 2020, the Holding acquired a stake in M.Video-Eldorado group, a leading retailer in the field of electronics and household appliances, thus increasing it to 10.4%. In 2021, SFI bought a stake in RussNeft oil company, reaching 11.2% (of voting shares) as of December 31, 2023.

M.Video-Eldorado Retailer

M.Video-Eldorado Group (PJSC M.Video) is a leading Russian company in the field of e-commerce and retail trade in electronics and household appliances, uniting M.Video and Eldorado brands. It is the only Russian company in electronics retail sector which shares are traded on the stock market (MOEX: MVID).

M.VideoEldorado

M.Video-Eldorado offers more than hundreds of thousands of products from it partners. **Over the course of the year, the number of partners on the site almost doubled y/y to more than 800, and selection of products grew in 1.5 times** compared to 2022.

About a third of the partners are small businesses operating under a simplified taxation regime.

>800

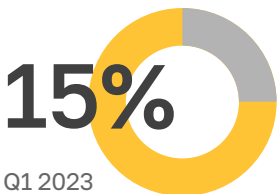
of partners
on M.Video-Eldorado platform

71,4%

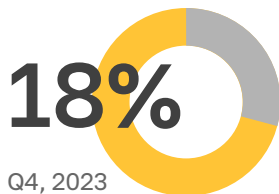
of the total sales are performed
through the own marketplace

Personal network sales (PNS)

In 2023, Company’s own brands, as well as partner brands, lines and products presented only in M.Video and Eldorado, accounted for 15% of the Company’s total sales, and in Q4 this figure reached 18%, also due to the fact that the Group became a supplier of Carrera brand on the Russian market and started sales of the household appliances produced by this brand.



Q1 2023



Q4, 2023

Also in 2023, M.Video-Eldorado scaled its own electronics marketplace.

At the end of the year, the platform’s turnover doubled, which was facilitated by an increase in the number of partners, development of the platform’s capabilities and expansion of the range with new categories of complementary goods: power tools, goods for the garden, sports and health, electronic toys, fireplaces, goods for cars. In the second half of 2023, modular kitchens, computer components and plumbing fixtures appeared in among the range of products, which includes about 23 thousand items of bathroom furniture, faucets, sinks, shower systems and other products.



In 2023, M.Video-Eldorado Group achieved the main financial targets set for the year:

434,4 RUB bn
revenue of the Group
(increase +7,9% y/y)

71,4%
of online sales

4,95%
EBITDA margin

M.VideoEldorado

The Group’s business is based on two leading retail brands – M.Video and Eldorado, each of which has almost one hundred percent recognition among the Russian audience.

The strategy of the two brands ensures access to general customers, as well as flexibility to changes in market trends and efficiency in development of the retail network.

Adjusted EBITDA margin reached 4.95%, returning to the target range.

Net debt/EBITDA fell to 3.2x from 4.5x in 2022.

Credit rating:

Expert ruA

Credit rating from Expert RA to M.Video-Eldorado with positive outlook.

ACRA A(RU)

Credit rating from National rating by ACRA to M.Video-Eldorado with stable outlook.

62

M.Video newly-styled compact retail stores

1 242

retail locations

370

cities with shops of the Company

+2 000

of brand zones

In 2023, the Group expanded its regional presence by opening 62 M.Video stores in a new compact format. At the end of last year, the retailer’s network reached 1,242 retail locations. Stores in 370 cities remain to be a key place for Russians to choose, consult and purchase, as well as personally get to know technologies or new brands. In the context of structural changes in the Russian market of household appliances and electronics, M.Video-Eldorado continues to actively develop its stores.

In 2023, the Group increased the number of brand zones by 2,000 through expanding presence and introducing new to the market producers of household appliances and electronics from China, Turkey and Russia.

In 2023, the Group provided customers with a wide selection of household appliances and electronics in all major categories to suit various needs and budgets, including premium products and new items. To develop its product range, the Group expanded direct cooperation with producers and distributors, introduced products from the new brands, and also scaled its own marketplace due to the start of import operations, the share of which reached an optimal 30% in 2023.

RussNeft Oil Company

RussNeft (MOEX: RNFT) is among the top 10 companies in terms of oil production in the country. This is the only large oil company in Russia created not as a result of privatization, but as a result of the consolidation of market assets. The company was founded in 2002, and in November 2016, a public offering of its ordinary shares took place on the Moscow Exchange.

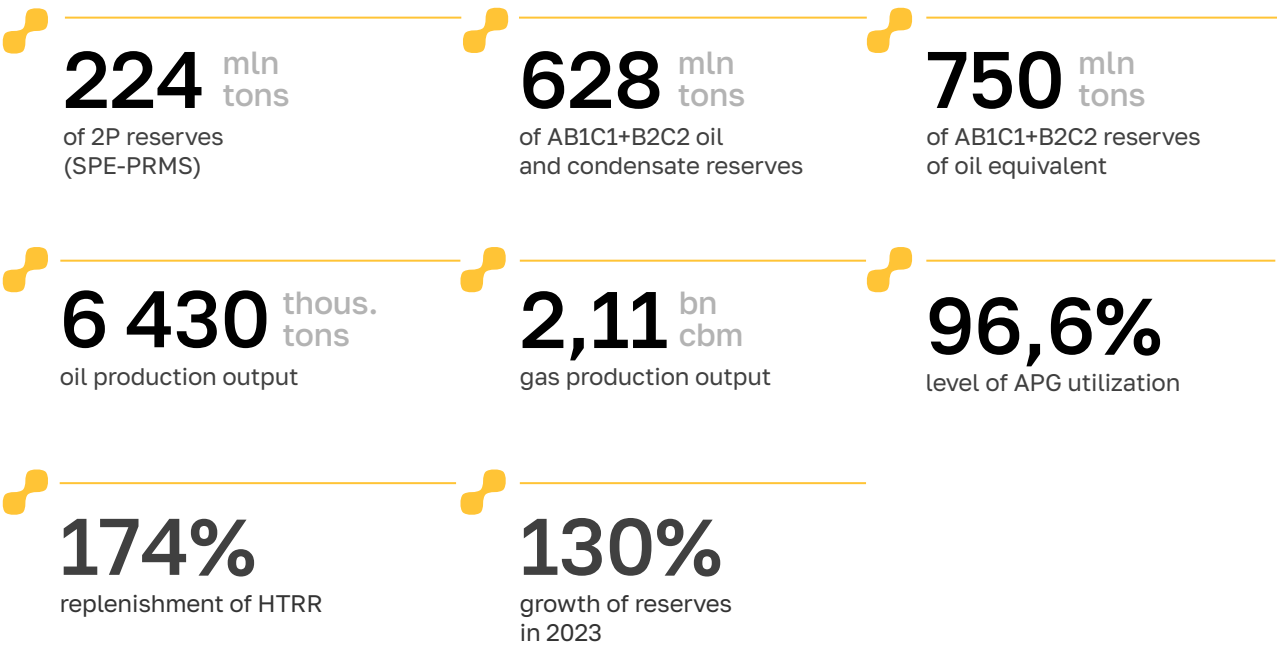
The volume of 2P reserves according to the international classification (SPE-PRMS) is 224 mln tons. Oil and condensate reserves of AB1C1+B2C2 categories, according to the Russian classification, amount to 628 mln tons. Oil equivalent reserves in categories AB1C1+B2C2 amount to 750 million tons. At the end of 2023, oil production amounted to 6,430 thousand tons of oil and 2.11 bn cubic meters of gas, and the level of APG utilization was 96.6%.

RussNeft has a balanced portfolio of assets in key oil and gas regions: Western Siberia, Volga and Urals region, Central Siberia, as well as in Azerbaijan.



21

The company celebrated 21 years in 2023



RussNeft reserves increased by 130% in 2023.

The increase in reserves was mainly achieved through the drilling program at Tagrinskoye field.

Replenishment of hard-to-recover reserves amounted to 174%.



20,4 RUB
bn

Net profit 2023, acc. to IFRS statement, which corresponds to indicator of 2022.

The main objectives of RussNeft production complex within the framework of the approved development strategy are: ensuring stable growth in hydrocarbon production and increasing the resource base.



Implementation of engineering and technological solutions for the effective development of low-margin fields and hard-to-recover reserves (HTRR)

Implementation of measures to improve the level of technological support of oil production process

Major Programs and Arrangements:

Monitoring field development using permanent geological and hydrodynamic models



Increasing exploitation efficiency of mature fields



Implementing program of further appraisal of fields and hydrofracing



1 966

wells of operating oil stock

675

injection wells

69

new wells in 2023

535 thous. tons

level of APG utilization

Introduction of innovative methods for intensifying oil production from HTRR and increasing oil recovery

The operating oil stock amounted to 1,966 wells, the injection wells stock – 675 wells. In 2023, RussNeft commissioned 69 new wells with additional production of more than 535 thousand tons.

The Company’s strategy includes investment activities aimed at organic growth in production drilling volumes, commissioning of new reserves in promising areas, establishing new infrastructure and upgrading of the existing infrastructure, as well as achieving stable growth in the medium term.

3



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Corporate governance report

Corporate governance framework

Basic principles of corporate governance

SFI has built an effective corporate governance framework, which increases the holding's stability and investment attractiveness, allows for applying the best practices in the resolution of corporate problems, reduces risks, and helps arrange and monitor management operations. The main purpose of applying corporate governance standards is to protect the interests of all shareholders, regardless of the size of their shareholding.

Improving corporate governance is one of the main objectives of SFI's sustainable development concept.

In the course of its operations, SFI relies on the principles of corporate conduct set out in the Corporate Governance Code approved on March 21, 2014, by the Board of Directors of the Bank of Russia.

SFI regularly assesses compliance with the principles of corporate governance using methods recommended by the regulator and set forth in Letter of the Bank of Russia No. IN-06-28/102 dated December 27, 2021 «On Disclosing the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint-Stock Company.» As part of the assessment, the contents of the Charter and internal documents, as well as corporate governance practices, are analyzed for their compliance with the principles and recommendations set out in the Corporate Governance Code of the Bank of Russia.



The assessment results are described in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (See Appendix 01 to this report).



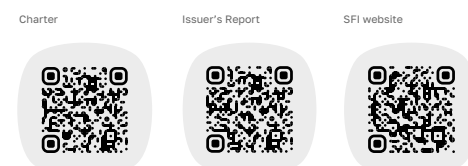
SFI's ordinary registered shares are included in the Level 1 Quotation List of the Moscow Exchange. SFI abides by the corporate governance principles and independence criteria for the members of the Board of Directors, which are required to be observed by the Listing Rules of the Moscow Exchange. SFI submits quarterly reports to the Moscow Exchange on compliance with all requirements set forth in the Listing Rules.

Corporate governance structure

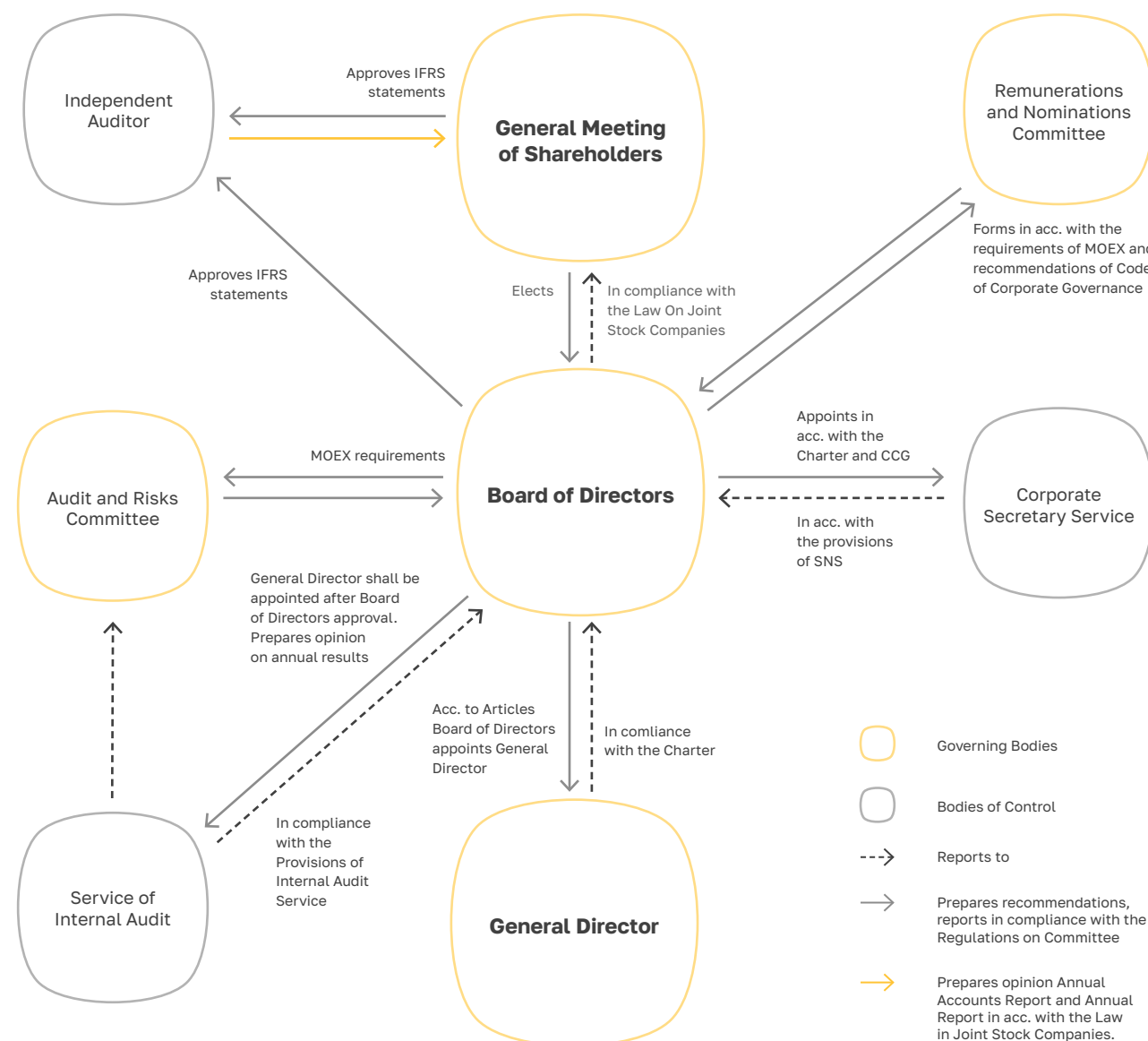
In accordance with the PJSC «SFI» Charter, the governance bodies are:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board (the collegial executive body)¹;
- General Director of the Company (the Sole Executive Body).

The powers of the governance bodies are specified in the Charter and Issuer reports. The latest version of the Charter and the Issuer's Report or 2023 are available on disclosure websites:



PJSC «SFI» corporate governance layout



General meeting of shareholders

Operation principles

Pursuant to Federal Law «On Joint-Stock Companies» and the SFI Charter, the General Meeting of Shareholders is the SFI's supreme governance body. The activities and competence of the General Meeting of Shareholders are governed by the joint-stock company laws of the Russian Federation, the provisions of the Charter, and the Regulations on the Procedure for Convening and Holding General Meetings of Shareholders of PJSC «SFI» (version 4). Materials for the General Meeting of Shareholders are sent to all shareholders in accordance with the procedure established by the laws.

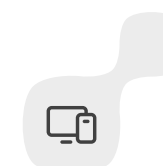
Shareholder rights protection

SFI strives to ensure the highest level of protection of shareholders' rights to participate in managing the holding, including the rights to participate in the General Meeting of Shareholders and to vote on issues on its agenda, as well as the rights to receive profits in the form of dividends.

Participation in the General Meeting of Shareholders and voting on agenda items

To ensure the shareholders' right to participate in the General Meeting of Shareholders in accordance with the Company's Charter, all materials relevant to the agenda of the Meeting are sent to the shareholders through the Company's Registrar and non-banking credit organization National Settlement Depository («NSD»), within the time frame stipulated by the laws and the SFI Charter. Shareholders can fill out the voting ballots remotely and mail them to PJSC «SFI» at the address specified in the ballot prior to the meeting. The ballots of such shareholders are counted during the tally of the votes. Shareholders can also vote online if their depository provides such a service.

Each shareholder also has the right to, personally or by proxy, participate in the General Meetings of Shareholders and to vote on the agenda directly at the General Meeting of Shareholders if the Meeting is held in the form of joint attendance. The outcome of the vote on the agenda items at the General Meeting of Shareholders held in the form of joint attendance is announced at the Meeting before its closure.



Shareholders can also view the results of the vote on SFI's website and the disclosure website:

SFI website Disclosure website



¹ In the reporting year, the Management Board was not formed.

Making proposals for the agenda of the General Meeting of Shareholders and nominating candidates to the governance bodies

Shareholders with substantial shareholdings shares (at least 2% of the authorized capital) have the right to propose items for the agenda of the General Meeting of Shareholders, as well as to nominate candidates to the management and control bodies. Shareholders holding 10% of the voting shares of SFI or more also have the right to request the convocation of an Extraordinary General Meeting of Shareholders.




Providing access to documents

An important guarantee of the shareholders’ right to participate in managing PJSC «SFI» is the right to access the documents that SFI is obliged to provide under the Law «On Joint-Stock Companies.» To exercise this right, shareholders need to request access to the relevant documents in writing. After the time of granting is agreed upon, the required documents will be provided to the shareholders.

Dividends

In order to observe the shareholders’ right to receive profits in the form of dividends, SFI declares the amount of dividends recommended for payment by the Board of Directors in advance, as well as the date the list of shareholders is compiled for the purpose of such payment. Thus, shareholders have the opportunity to decide what to do with their shares, taking into account the expected dividend payments.

General meetings of shareholders held in 2023

Type	Date	Agenda	Adopted decisions (link to material disclosures)
Extraordinary	March 9, 2023	<ul style="list-style-type: none">Approval of the 26th edition of Company’s Charter.	
Annual	June 6, 2023	<ul style="list-style-type: none">Distribution of profits, including payment (declaration) of dividends, and losses for 2022.On the use of additional capital to cover losses of previous years.Election of members of the Board of Directors.Appointment of an audit organization to audit the Company’s the accounts (financial) statements for 2023 compiled in accordance with Russian accounting standards (RAS).	
Extraordinary	November 29, 2023	<ul style="list-style-type: none">On the distribution of profits for 9 months of 2023, including payment of dividends.	



A complete list of the Board of Directors’ competencies can be found in the SFI Charter

SFI Charter



Board of Directors

The Board of Directors is the main body in the Company’s corporate governance framework. The key goals of its activities are long-term growth in the Company’s assets value, protection of shareholders’ rights and interests, and providing complete, accurate, and timely public information about the holding. The competence of the Board of Directors includes making decisions on priority issues that may affect the development of SFI: defining the key areas of its activities and development strategy, approving its overall organizational structure and budget, appointing the CEO, approving transactions, considering vital issues of the activities of controlled organizations, making recommendations on dividend amount and payouts, etc.

Members of the Board of Directors

The board of directors is a balanced and professional body ensuring consistently growing results over the long term. The current composition of the Board of Directors was formed pursuant to the resolution of the annual General Meeting of SFI shareholders dated June 5, 2023 and includes seven members, three of whom are independent directors.

Changes in the Board of Directors

During the reporting period, the Council was re-elected once. Before the annual General Meeting held based on results of 2022, the Company had a Board of Directors, elected by a resolution of the Extraordinary General Meeting of Shareholders dd. November 17, 2022, also consisting of 7 people.

Board of Directors’ report

The Board of Directors and its committees are fully compliant with the Moscow Exchange requirements for corporate governance of issuers (Level 1 Quotation List) and the recommendations of the Corporate Governance Code of the Bank of Russia. As members of the Audit and Risk Committee and the Remuneration and Nominations Committee, only independent members of the Board of Directors were designated. Both committees were chaired by independent members of the Board of Directors.

In 2023, the Board of Directors held 15 meetings (including 6 meetings held in-person). The total number of meetings in 2023 was down from 2022, while the number of in-person meetings allowed to consider the most important matters related to operations of the Company. Throughout 2023, there was a quorum for most items on the meeting agendas, including the decisions made by a qualified majority of the Board of Directors.

The most important decisions made by the Board of Directors in 2023 include:

- **approving the annual budget and reports on its implementation**, as well as Policy of Sustainable Development of the Company (approved in 2024) and Regulations on appraisal of Board of Directors efficiency;
- **establishing the value of risk appetite** and changing the declaration of risk appetite when managing liquidity in the Company;
- **confirming organizational structure of the Company**;
- **forming SFI position** on matters in agendas of the General Shareholders Meetings (members) and subsidiaries and affiliates and other entities where SFI is a shareholder or member;
- **recommendations on issues related to the Extraordinary General Meetings of Shareholders** and the Annual General Meeting of Shareholders (including issues on dividend payments, Charter and By-Laws approval, candidacy of the auditor auditing accounts and financial statement of the Company).

Committees of the Board of Directors

As of December 31, 2023, SFI has formed and operates two committees consisting of independent directors.

Audit and Risk Committee

During the 12 months of 2023, 7 meetings of the Audit and Risk Committee were held.

During the meetings, preliminary material reviews were carried out and recommendations made on a number of issues, important to SFI, in particular, the system of external and internal audit in the Company was assessed; the Company’s risk map, the terms of the contract with the external auditor (recommendations were made to the Board of Directors in terms of IFRS statements audit and to the General Meeting of Shareholders in terms of RAS statements audit), the dynamics of the Company’s accounts payable, and compliance with covenants were reviewed; reports and inspection plans of the Internal

Audit Service were preliminarily approved; and the Regulations on the Committee and the Regulations on the Internal Audit Service adopted by the Board of Directors were recommended. After being reviewed by the Committee, decisions on a number of issues were adopted at the Annual General Meeting of Shareholders and at meetings of the Company’s Board of Directors.

All scheduled committee work issues in the period under review were discussed at committee meetings within the target time frame and all necessary recommendations were made to the Board of Directors and the General Meeting of Shareholders.

Remunerations and Nominations Committee

The Remunerations and Nominations Committee held 4 meetings in 2023 to discuss agenda issues and make resolutions. The meetings were held in person, with the use of telecommunications. The meetings reviewed the issues within the purview of the committee, including candidate nominations to the Board of Directors and the Revision Commission of the Company in terms of compliance with the requirements of the Moscow Exchange and the provisions of the Corporate Governance Code of the Bank of Russia and the Company’s goals and objectives; parameters of self-assessment of the Board of Directors; parameters of motivation of the employees of PJSC «SFI»; organizational structure of the Company and other issues within the competence of the Committee.

Based on the results of the meetings, the Committee adopted recommendations, including those regarding candidates proposed

for election to the Board of Directors and the Revision Commission of the Company, the incentive system and organizational structure, the building of corporate culture, and the organization of personnel interaction.

All scheduled committee work issues during the period under review were discussed at committee meetings within the targeted time frame and all necessary recommendations were made to the Board of Directors and the General Meeting.

Based on the number of meetings of committees and working groups attended by members of the Board of Directors who are not members of the committees, as well as the discussion of issues, it is possible to conclude that the committees are sufficiently active with a high level of organization on the part of committee chairmen throughout the entire period of work.

Corporate secretary service

The Corporate Secretary of SFI ensures compliance of the Company’s governance bodies and officers with the procedures stipulated by laws of the Russian Federation and the SFI’s Charter and internal documents to protect the rights and interests of the Company’s shareholders. The Corporate Secretary also organizes interaction between shareholders, the Board of Directors, and other stakeholders in corporate relations.



Mikhail Gorbachev

Head of Corporate Secretary Service, SFI

Does not hold any SFI shares.

Education: a university degree.

Career: All positions held by the person in the Issuer and other organizations over the past five years up to now, including part-time positions, in chronological order: January 2016 – present: Head of Corporate Secretary Service at SFI.

Remunerations statement

Remunerations and compensation for expenses of members of governance bodies

Board of Directors

The amount of remuneration and compensation to members of the Board of Directors of the holding in 2022 was determined in accordance with the Regulation on Remuneration to and Compensation for Expenses of Members of the Board of Directors approved by the General Meeting of Shareholders. It depends on the performance of duties related to participation in the work of the Board of Directors, as well as work on committees.

The amount of the annual remuneration of a member of the Board of Directors consists of a fixed base remuneration. In 2023, the fixed annual remuneration of a member of the Board of Directors:

- **according to the Regulations valid until December 5, 2023:** 3 RUB 3 mln. The annual remuneration of the Chairman of the Board of Directors was RUB 5 mln;
- **according to the Regulations valid from December 5, 2023:** the fixed base part of the annual remuneration of each member of the Board of Directors also amounted to RUB 3 mln, the Chairman of the Board of Directors - RUB 5 mln. Additionally, a fixed base part of the annual remuneration of the senior independent member of the Board of Directors was established, amounting to RUB 4 mln.

Each member of the Board of Directors can be reimbursed for travel expenses incurred in connection with participation in the work of the Board of Directors in accordance with the travel expense regulations stipulated for employees of PJSC «SFI».

In 2023 the cumulative fee to the Board of Directors made up RUB 23 mln before taxes, In 2023 the cumulative fee to the Board of Directors made up RUB 23 mln before taxes.

Management Board

Due to the fact that the Management Board was not formed in 2023, no remuneration was paid.

Sole Executive Body

There is no information about the remuneration of the Sole Executive Body for their work in the governance bodies or in executive positions in the organizations included in the Group. Information on the availability of such remuneration can be obtained from the reports of the Issuer of the companies required to disclose information publicly.

Remunerations and compensation to members of SFI supervisory bodies

Internal Audit Service

In 2023, the remuneration (salary) of the Internal Audit Service’s employees amounted to RUB 3.68 mln. In 2023 there were no expenses related to executing functions of Internal Audit Service, to be compensated by SFI.



Information on the organizations in which Igor Sidorov, CEO at PJSC «SFI,» holds positions in the management bodies is given in the Issuer’s reports available at:



You can learn more about the current Regulations on remuneration of members of the Board of Directors and compensation of expenses of members of the Board of Directors at the link:



Audit and control system

Internal control system

The internal control system (ICS) of SFI is a set of organizational measures, procedures, and actions taken by the holding company for business efficiency and compliance with the laws of the Russian Federation and SFI’s own internal documents.

The ICS verifies the actions of the holding’s management with respect to the measures taken to achieve SFI’s strategic and operational goals, ensure the accuracy and timeliness of reporting, guarantee the safety of the holding, and ensure SFI’s compliance with applicable laws and the requirements of local regulatory documents.

The effectiveness of the corporate ICS is assessed annually by the Internal Audit Service and the Revision Commission to provide the Board of Directors and executive bodies with objective and unbiased information on the current state of the internal control system.

In accordance with and in addition to the Internal Audit System work plan, the following audits were carried out in 2023:

- audit of the accounting and fiscal statements for 2022;
- assessment of the effectiveness of interaction between the Company’s management and the Board of Directors of SFI (including specialized committees and the Corporate Secretary);
- audit of the income and expenditure statement progress for 2022;
- IT audit: launching BIT Finance subsystem, 1C Enterprise software in PJSC “SFI”;
- audit of the processing and safety of personal data in PJSC “SFI”;
- audit of the investment management business process;
- verification that obligations under the credit agreement are being fulfilled (quarterly);
- organization of project management regarding implementation of information systems in SFI;
- control of established risk appetite values in PJSC “SFI” for 2023.

In SFI’s 2023 performance audit, the Internal Audit Service did not identify any high-risk deficiencies. Based on the results of the audit, recommendations were made to the responsible owners of processes, the implementation of which made it possible to improve the efficiency of the internal control system, risk management, and corporate governance.

ICS structure:

Strategic level

Approving the principles and approaches to organizing the ICS:

- General Meeting of Shareholders
- Board of Directors
- Committees of the Board of Directors



Control Level

Independent evaluation of ICS efficiency:

- Internal Audit Service

Operational level

Ensuring that the ICS functions properly:

- CEO

Execution of control procedures and activities:

- SFI management
- SFI employees

Composition of the Internal Audit Service in 2023

Full name	Date of birth	Position at the main place of work	Participation interest in the authorized capital and share of ordinary shares held, %
Elena Evdokimova	1970	Head of the Internal Audit Service	0%

External audit

The Company’s procedure for selecting auditors includes tendering and subsequently collecting and comparing proposals from auditors. The following criteria are used when comparing auditors’ proposals:

- association with the largest auditing companies;
- business reputation;
- experience in auditing leasing and insurance companies;
- presence of employees with diplomas issued by recognized accounting and auditing associations and organizations;
- professionalism of the working group, employee qualification and experience;
- cost of services;
- willingness to work to a set deadline.

Offers are assessed by authorized SFI employees and includes an evaluation stage and negotiations if required. As part of the evaluation stage, the Company evaluates and compares proposals and ranks them in terms of preference based on the criteria listed above.

The fee for the services of TSATR – Audit Services LLC, the auditor, for 2023 amounted to RUB 11.55 million (excl. VAT) for checking IFRS and RAS statements.

Risk management

A prerequisite for achieving SFI’s strategic goals in line with its development plans is effective risk management, which aims to adequately assess existing risks, prevent the occurrence of risk events, and implement a system to reduce the negative impact of risk events.

In this Annual Report, PJSC «SFI» defines the risks and uncertainties that it considers significant; due to the specific nature of the holding’s activities, the list of these risks cannot be exhaustive. Other risks not listed in the Annual Report may also be significant and have an adverse effect on the holding’s performance.

Risk management policy

SFI’s risk management policy seeks to limit its risk appetite and make sure it manages capital efficiently. This involves minimizing unexpected risk-related losses, while taking into account the risk/return ratio acceptable for both the shareholders and the holding’s management.

The Group manages risks through a continuous process of identification, assessment, and monitoring, as well as through the setting of risk limits and other internal control measures. The risk management process is critical to the Group’s continued profitability, and each individual within the Group is responsible for the risks associated with their obligations.

The independent risk control process does not address business risks such as changes in the environment, technology, or industry. Such risks are controlled by the Group during the strategic planning process.

Risk management is carried out at all levels of corporate governance.

Overall responsibility for identifying and controlling risks lies with the Board of Directors, which is responsible for the overall risk management approach and for approving the risk management strategy and principles. Moreover, there are separate independent bodies that are responsible for managing and controlling risks, including:

- implementation and execution of procedures related to risk management in order to ensure an independent control process;
- consideration and establishment of new limits;
- preparation of internal documents on risk management measures, including risk identification and assessment, as well as risk control;
- independent analysis and evaluation of all types of risks to which the Group is exposed;
- assigning the appropriate category to credit risks.

Key elements of the risk management system

- Risk identification and analysis.
- Risk assessment and prioritization.
- Risk management planning and coordination.
- Identifying the risk appetite (risk appetite management is reserved to the Investment Committee).
- Monitoring and controlling all types of risks inherent in the holding’s business across all business units.

Key goals of the holding’s risk management policy

- Integrating risk accounting into all aspects of the holding’s business to build a crisis-resistant model ensuring healthy growth across all business lines.
- Providing a stable return on capital for shareholders and investors.
- Ensuring the security and availability of shareholders’ funds, including when stress scenarios materialize.
- Consolidating competitive advantages through more efficient capital management and higher SFI market value, based on an appropriate risk assessment and management.



PJSC «SFI» is continuously working to improve the efficiency of its risk management system to ensure steady business development in the interests of its shareholders and investors.

SFI’s risk management procedures are detailed in the Risk Management Policy:



Review of key risks

Industry risks

The core activity of PJSC «SFI» is the management of assets representing various segments of the financial industry. In this regard, industry risks actually reflect relevant risks of portfolio companies.

Risks of the leasing industry:

- risks associated with increased competition in the market among leasing companies with state participation;
- risks associated with the general deterioration of the economic situation in the country and, as a consequence, a decline in investment activity;
- risks associated with a possible decrease in the interest margin of the leasing market as a whole;
- risks associated with the functioning of the banking system/sector of the Russian Federation;
- risks associated with the entry of new competitors into the market;
- risks associated with the consolidation of competitors in the industry;
- risks of unfavorable events in the automotive industry, including multiple manufacturer withdrawals from the market of the Russian Federation, a decline in production, a shortage of cars, rising car prices, rising fuel prices.

Risks of the insurance industry:

- risks of adequacy of premiums and reserves (underwriting risk);
- risks of insurance portfolio concentration;
- risks of disaster;
- increasing competition in the industry, dumping in certain types of insurance, strengthening of business captivity;
- the emergence of instability in the insurance market, caused by the bankruptcy of small insurance companies or their withdrawal from the market due to stricter capital requirements;
- expansion of sanctions and intensification of negative attitude towards the Russian Federation – limitation of access to international reinsurers.

Country and regional risks

As SFI's country of registration and main activity zone is Russia, the main country risks are the risks specific to the Russian Federation.

In 2023, escalating geopolitical tensions and the conflict with Ukraine has had a negative impact on Russia's economy. The European Union, the United States and a number of other countries have introduced new sanctions against a number of Russian government and commercial organizations and individuals. Processes related to the search for alternative supply channels have led to an increase in the share of supplies from Chinese manufacturers. Foreign exchange rates grew, which led to an increase in the cost of leased items.

Although the future business environment may differ from management's estimates, management believes it is taking all necessary measures to ensure SFI's stable operations and development.



Sanction risks

June 29, 2022. The UK has imposed sanctions against Said Gutseriev, a shareholder of the SFI Investment Holding. SFI Holding is mentioned in the justification of sanctions against Said Gutseriev, but is not included in any sanctions lists as a separate legal entity. **SFI continues to operate at full capacity.**

Financial risks

The activities of the holding are associated with financial risks, which depend on changes in the economic situation and financial market conditions. Risks that may affect SFI’s operations include market, credit, and liquidity risks.

Market risk

Market risk is the risk that the fair value of future cash flows from financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The main goal of the Group’s market risk management is to optimize the level of market risk within the Group, to comply with the established risk limits, and to minimize losses in adverse events.

The Group distinguishes the following categories of market risk:

- **currency risk** is the risk of losses or reduced profits associated with changes in foreign currency exchange rates;
- **interest rate risk** is the risk of losses or reduced profits associated with changes in the level of interest rates;
- **stock market risk** is the risk of losses or reduced profits associated with changes in the fair value of securities.

Liquidity risk

Liquidity risk is the risk that the holding will be unable to meet its payment obligations when they fall due under normal or unforeseen conditions. A significant portion of SFI’s financial assets are placed on terms that imply the possibility of their immediate sale, which is the main tool of protection against liquidity risk in the event of any unforeseen circumstances. To limit this risk, management has made various funding sources available in addition to the existing minimum amount in the accounts.

Management also manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis.

Legal risks

Legal risks associated with the holding’s operations are the risks of changes in the Russian currency regulation and fiscal laws.

The holding’s exposure to the risk associated with changes in the currency regulation is minimal, but its relevance will be greater in case of a significant outflow of capital and depreciation of the national currency. When raising financing in foreign markets, SFI will be exposed to the risks of changes in the currency legislation of foreign countries.

Recent trends in the application and interpretation of certain provisions of Russian tax laws (including transfer pricing laws) suggest that the tax authorities may be taking a more assertive position when interpreting and applying certain provisions of these laws, carrying out tax audits, and imposing additional tax requirements. As a consequence, the tax authorities may make claims, including those on transactions and accounting methods that have not been challenged before. As a result, significant taxes, penalties, and fines can be imposed. It is not possible to determine the amounts of possible, but not lodged claims, as well as to estimate the probability of an unfavorable outcome. Field audits of the accuracy of tax calculation and payment by taxpayers conducted by the tax authorities may cover three operating calendar years immediately preceding the year in which the tax authorities made their decision to conduct the tax audit. Under certain conditions, earlier tax periods may also be audited.

Risk of loss of business reputation (reputational risk)

The reputational risk for SFI means the risk of losses incurred due to a reduction in the number of customers, caused by a negative public perception of the financial stability of the holding or its portfolio companies, or a negative perception of the Company’s activities as a whole. During the reporting period, just as throughout the Company’s entire history, there were no situations that threatened its business reputation. SFI and the companies included in the holding take all measures to form a fair view of their financial stability, carry out both timely disclosure of complete and reliable information in accordance with the applicable laws of the Russian Federation, and additional disclosure, such as press releases on key events, comments to the media and the investment community, as well as other materials, information, and explanations.

On an ongoing basis, we maintain a dialogue with the media, investors, analysts, clients and contractors, government and local authorities, industry associations, and other stakeholders.

Strategy risk

This risk implies that the holding may face losses due to mistakes or deficiencies in making decisions on its business and development strategy. These include a failure to identify or substantiate its key business opportunities, provide (or adequately provide) financial, physical, technological, or human resources, and take appropriate organizational and management decisions that are required to deliver on SFI's strategic objectives and plans.

In order to ensure an efficient assessment and implementation of strategic decisions, SFI employs a short- and medium-term planning program. It is prepared by the relevant functions, which seek to analyze the current performance, set out priority areas, develop strategic plans, and monitor their implementation. In the process of implementing the objectives and plans defined by the holding's strategy, it may be possible to make adjustments to SFI's strategic plans and/or activities of SFI if external and/or internal market conditions change, or deviations of the calculated criteria from the estimates are identified in any segment.

Risks related to ongoing litigations

PJSC «SFI» is not currently involved in any litigations that may have a considerable adverse impact on the results of its operations. However, it is possible that in the ordinary course of business, the Company may become subject to various legal and tax proceedings and claims, some of which relate to market developments and changes in the tax and regulatory environment, in which the Company operates. Therefore, the Company's obligations arising from any potential litigations, other legal proceedings, or in connection with other matters may affect its financial condition, performance, or liquidity.

Risks associated with the inability to extend a license to conduct a certain type of activity or to use items that are limited in circulation (including natural resources)

From June 30, 2017 to the date of the Annual Report, SFI's core business has been investment activity as a holding company by way of investing in securities of/stakes in business entities for the purpose of owning significant stakes or interests. Such activity is not subject to licensing. The Company is not exposed to risks associated with changes in the requirements for licensing the rights to use the facilities (including natural resources) that are limited in circulation, because it does not possess any of such rights.

Risks related to SFI's possible liability for the debts of third parties, including subsidiaries

The holding is not liable for the debts of third parties (including subsidiaries) as of the date of publication of the Annual Report. According to SFI, the possibility of liability for such debts is low, because the default of such companies is possible only in case of a significant deterioration of their financial situation and the situation in their industry.

Operational risks

Operational risk is the risk arising from system failure, human error, fraud, or external events. When the control system stops functioning, operational risks may damage reputation, have legal implications, or cause financial losses. The holding cannot make the assumption that all operational risks have been eliminated, but through the control system and by monitoring and responding appropriately to potential risks, SFI can manage such risks. The control system includes effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal auditing.

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SFI sustainability principles

In its operations, SFI Investment Holding adheres to the principles of responsible business conduct. They are integrated into SFI’s investment strategy, corporate governance and decision-making processes, day-to-day operations, also into reporting and disclosure system. In addition, the Holding invests in companies (stakes from 10 to 100%) which are aimed at growth, taking into account the principles based on environment protection, creation of favorable social conditions, good relations with employees, customers as well as of good corporate governance.

In SFI, corporate social responsibility and charity are supervised by Department of Communications and Investor Relations; corporate governance issues are managed by Corporate Secretary Service; Personnel Department is responsible for personnel development matters. Compliance is supervised by Internal Audit Service.

In 2023, SFI Board of Directors reviewed and in 2024 approved the Company’s Sustainable Development Policy. It has become a fundamental document that defines the Company’s general approach to sustainable development issues. According to this Policy, the Company strives to be a responsible investment holding company and understands the need to integrate environmental and social impact management into its business processes.

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SFI sustainability principles

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Sustainable development of SFI assets

Sustainability report

Major objectives of the Company in sustainable development:

assistance in reclamation of disturbed lands and vegetation, as well as implementation of measures to preserve biodiversity;

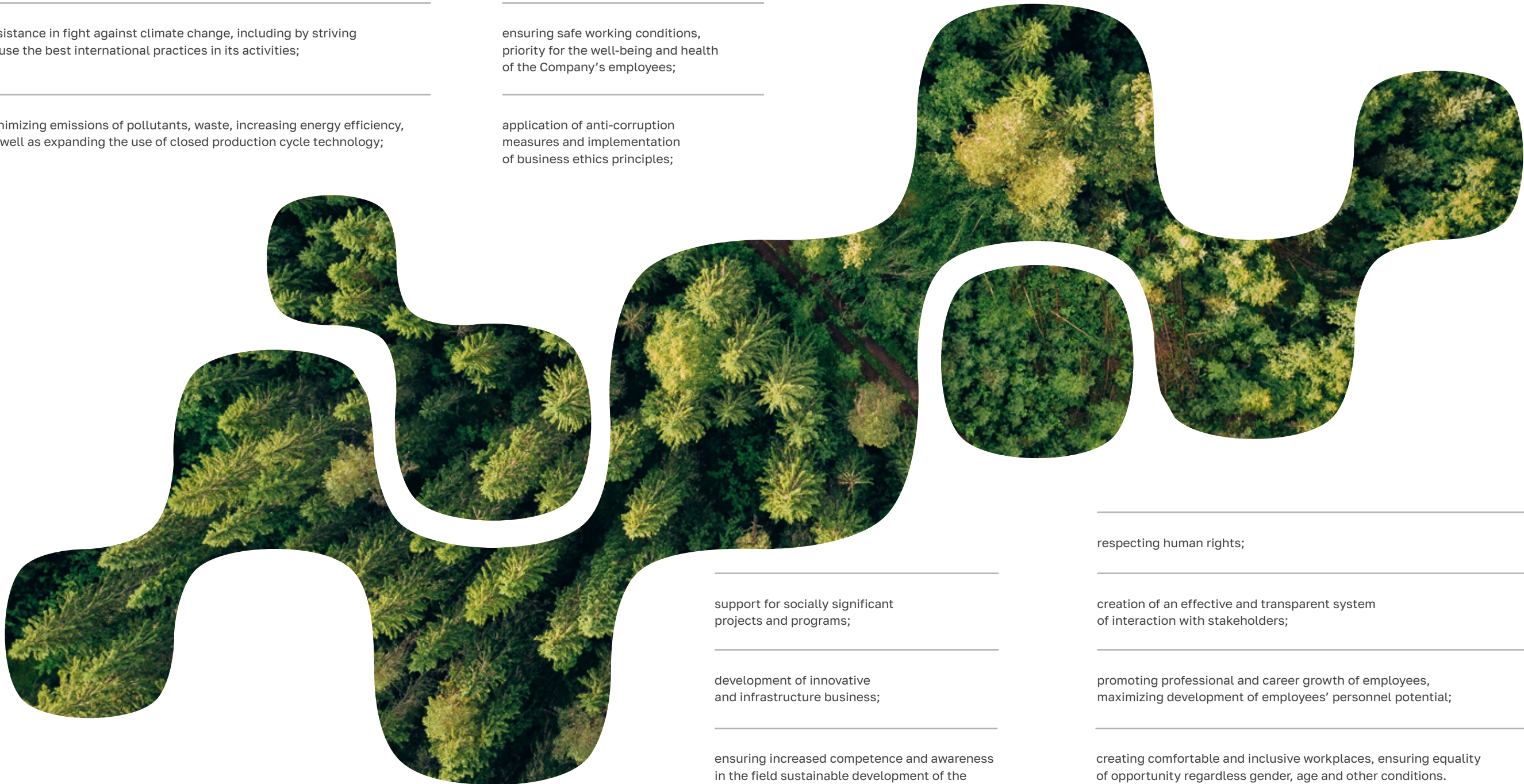
development of human capital and vocational education systems;

assistance in fight against climate change, including by striving to use the best international practices in its activities;

ensuring safe working conditions, priority for the well-being and health of the Company's employees;

minimizing emissions of pollutants, waste, increasing energy efficiency, as well as expanding the use of closed production cycle technology;

application of anti-corruption measures and implementation of business ethics principles;



support for socially significant projects and programs;

respecting human rights;

development of innovative and infrastructure business;

creation of an effective and transparent system of interaction with stakeholders;

ensuring increased competence and awareness in the field sustainable development of the Company's employees and stakeholders;

promoting professional and career growth of employees, maximizing development of employees' personnel potential;

creating comfortable and inclusive workplaces, ensuring equality of opportunity regardless gender, age and other conditions.

Governing principles of the Company’s conscious business:

Integrity and compliance with the laws

The Company develops management approaches, policies and procedures that ensure compliance with the regulations and requirements of the current legislation, as well as compliance with the best practices

Personnel support and development

The Company strives to provide safe and decent working conditions, as well as competitive and fair salaries. The Company implements initiatives aimed at education and development of employees’ competencies

Zero-tolerance to corruption

The Company acts in good faith, honestly and transparently and takes all the necessary measures to prevent corruption and financial crimes

Investing part of the profit into socially significant projects and programs

The Company supports charitable and volunteer initiatives aimed at protecting social environment and developing social climate

Respecting human rights

The Company respects all internationally recognized human rights and strives to develop an environment of inclusion and diversity in the workplace, ensure equal career opportunities for representatives of various social groups, and combat the use of child labor and modern slavery

Openness and information transparency

The Company aims to provide its stakeholders with accurate, balanced, understandable, comparable, complete, timely and verifiable information regarding its decisions, actions and their consequences affecting society, economy and environment



The society recognizes importance of the UN SDGs and seeks to contribute to achievement of these goals. The Company has identified three priority goals, within the framework of which it can provide the greatest contribution, as well as seven secondary goals, where the Company provides assistance through assets included in the perimeter of the Company.

The UN’s key SDGs for the Society include:

- Goal 3. “Good health and well-being”
- Goal 8. “Decent work and economic growth”
- Goal 9. “Industrialization, innovation and infrastructure”

The UN SDGs of secondary importance for the Society include:

- Goal 4. “Quality Education”
- Goal 5. “Gender Equality”
- Goal 10. “Reduced Inequalities”
- Goal 12. “Responsible Consumption and Production”
- Goal 13. “Combating Climate Change”
- Goal 15. “Conserve terrestrial ecosystems”
- Goal 17. “Partnerships for sustainable development”

Corporate governance

SFI activities are based on the principles of corporate behavior contained in the Corporate Governance Code, which was approved on March 21, 2014, by the Board of Directors of the Bank of Russia. The Holding regularly assesses its compliance with the corporate governance principles set forth in the Code. The assessment’s results are contained in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code and are published annually together with the Holding’s Annual Report.

The Holding fully abides by the corporate governance principles and independence criteria for the members of the Board of Directors in accordance with the Listing Rules of PJSC Moscow Exchange. It also submits quarterly compliance reports to Moscow Exchange.

In 2022, the Holding established the Code of Business Ethics and Corporate Conduct. This code includes a set of principles and regulations that help employees determine their behavior in daily activities, during which they can encounter potential conflicts between personal moral principles and business goals. The code defines the principles of corporate culture, shared values, and norms of business ethics that aim to increase professionalism while maintaining personal freedom of action.

Shareholders rights

Each shareholder may participate in General Shareholder Meetings and vote on issues on the agenda, as well as access the documents that the Holding is obliged to provide in accordance with the Law on Joint Stock Companies.

Shareholders owning at least 2% of the authorized capital are entitled to propose items for the agenda of the General Meeting of Shareholders and to nominate candidates to the managing and controlling bodies.

Shareholders owning 10% or more of the voting shares also have the right to request an Extraordinary General Meeting of Shareholders.

SFI has Regulations on Information Policy in place in order to protect the rights and legitimate interests of shareholders and investors, provide access to complete and reliable information about the holding’s operations, improve corporate governance, make informed investment decisions, and increase the value of its financial assets. The Regulations define the goals and principles of information disclosure, the list of information (in addition to the information required by the laws), regarding which SFI undertakes the disclosure obligation, the procedure and timing of information disclosure, as well as measures to ensure control over compliance with the information policy.

Personnel support and development

SFI employees are the most important asset of the Holding. SFI takes all necessary measures to protect their occupational safety and health, and operates a program of financial incentives for employees, including bonuses, financial aid, and allocated funds for employee training. Relations between the Holding, as an employer, and employees are regulated by the Russian Laws and local regulations, which include the Internal Labor Rules, Regulations on Labor Protection Management System, and Regulations on Remuneration and Incentives. To improve the quality of life of its employees, the Holding has launched its Prime Zone corporate benefits program. It became part of the benefits package for SFI employees. This is a platform that allows the best brands and suppliers of goods and services to become more accessible to employees of participating companies.

SFI Code of Business Ethics and Corporate Conduct

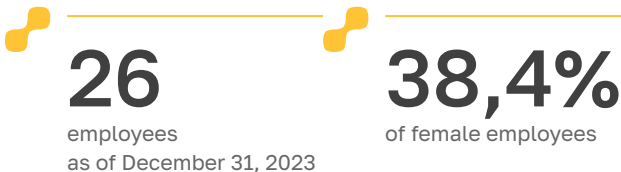
Regulations on Information Policy



Environmental impact

SFI uses a limited amount of energy resources in its work, taking a responsible approach to energy consumption. The Holding, its subsidiaries and affiliates continuously implement measures aimed at reducing fuel, power, and heat consumption.

SFI Investment Holding itself has 26 employees. The holding has minimal impact on the environment. At the same time, the employees are aware of the importance of responsible consumption.



In the Holding:

- electronic document management was introduced to reduce paper consumption;
- separate waste collection is practiced, including separate waste paper collection;
- used batteries and accumulators are sent for recycling.

Report on the use of energy resources in 2023

Consumption in 2023	in physical terms	in monetary terms
Electrical power	94 630,86 kWh	RUB 491 123
Thermal energy	-	RUB 646 327
Motor gasoline	n/a	n/a

Responsible investing and paying taxes

The investment process in SFI is regulated by the by-laws and procedures.

Investment ideas and fund-raising projects are submitted to the Board of Directors, who make a decision on entering or exiting a particular asset.

In 2023, SFI paid RUB 119.5 mln to the budget, including windfall tax in the amount of RUB 43.2 mln.

Sustainable development of SFI assets

When choosing investment objects, the Holding gives preference to companies that apply the principles of sustainable development and conscientiously manage their impact on the environment and society, minimizing the risks of negative consequences, creating and expanding opportunities for positive changes.



Europlan Leasing Company

Europlan pays a lot of attention to the sustainability agenda. The company is responsible for providing quality leasing services, ensuring careful use of resources, adherence to the principles of social justice, and best corporate governance practices. The company actively participates in the institutional development of the leasing market in Russia through various industry associations and events, shares its expertise, and promotes the growth of financial literacy among the population.

Europlan contributes to improvement of the country’s environmental situation by playing a key role in the process of renewal of the vehicle fleet of Russian businesses. The company oversees the payment of recycling fees by exporters and manufacturers for the leased items in accordance with the applicable legislation.

Europlan has a successful Ecoplan project, that was initiated by the employees and is actively supported by the company’s management.

Contributions to green vehicles industry

- Europlan actively finances the purchase of electric vehicles on lease: according to the results of 2023, more than 2% of the total number of passenger vehicles leased by Europlan are electric cars.
- The company controls the payment of recycling fees by exporters and manufacturers for leased items within the framework of the law.



Charity work

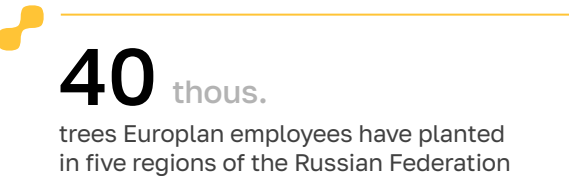
Paying a lot of attention to charitable activities, Europlan has been actively supporting children’s charities since 2011, helping with funds and organizing the activities of volunteer employees.

The company provided assistance to 15 orphanages and organized more than 100 charity trips and children’s events. More than 2 thousand employees from 15 offices in 15 cities took part in 16 charity fairs.

Conscious consumption

Since 2019, the company has reduced its use of plastic in its offices by 50%.

Reforestation



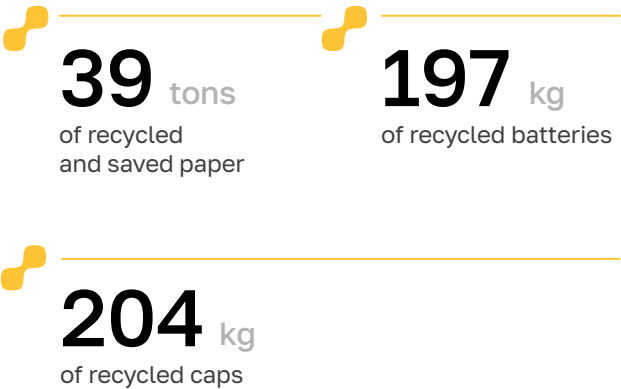
Green document management

The company managed to transfer 80% of clients and 95% of suppliers to electronic document management.

Reduced fuel consumption

The company has implemented mobility programs such as cabs, car sharing, subway, and trolleybuses, which have resulted in a reduced corporate fleet and a corresponding decrease in fuel consumption.

Separate collection and recycling



Report on Europlan’s energy resource usage

Consumption volume in 2023	in physical terms	in monetary terms
Electrical power	756 161 kWh	RUB 3 847 208,17
Motor gasoline	447 538 l	RUB 3 430 041
Diesel fuel	4 846 l	RUB 304 742

VSK Insurance House

VSK is actively incorporating sustainability standards into its operations, with a focus on developing corporate social responsibility and improving management systems and client/partner interactions.



Employee development

Not only entertainment, sports, developmental, but also charitable events are held annually for employees and their families.

In order to popularize a healthy lifestyle, the company holds team-building events for the entire branch network in 78 regions. Employees of the VSK Insurance House regularly take part in sports competitions.

Last year, sports competitions were held in Novosibirsk and Moscow, in which more than 500 people took part. Team training and friendly matches are held on a regular basis. The volleyball and mini-football teams took prizes in the regular championship of the LCHB.

VSK Insurance House pays special attention to the professional development of its employees, implementation of social support programs for personnel and charitable activities. Training programs are available to all employees and include development of not only professional, but also personal qualitie.

In order to increase the level of involvement and increase the “Balance” metric, the “Caring at Work” project was created, the main directions of which are helping parents, the tourism project “Hospitality Club”, Well-Being, “Office Doctor”. The company opened its tourist center in Peredelki. Comfortable houses were built and equipped especially for relaxation and communication of employees of VSK Insurance House. In 2023, they were visited by more than 1,200 employees and their families.

The Board of Directors and the Management Board of VSK are formed taking into account the experience and professional qualities of applicants, and there is no discrimination based on gender, age or other forms of human identity.

The gender composition of the Board of Directors and the Management Board is generally balanced: the female quota is 23%. The company has a pension plan for employees.

Charitable activities

VSK Insurance House takes an active part in the life and support of society, carrying out charitable activities. The “30 Good Actions” Project has been running since 2021. In 2023 this VSK project showed good results, among which are 10 kilometers of cleaned Volga coastline in Volgograd, more than 300 kilograms of collected clothes in Moscow, Novosibirsk Lyceum graduates who have completed a course in financial literacy, assistance to veterans, animal shelters, charitable organizations, etc. The company also organized a New Year celebration for the beneficiaries of the Arithmetic of Good Foundation and took part in other charitable events.

Reduced energy consumption

VSK pays special attention to protecting the life and health of its employees, provides social guarantees, and implements environmental protection procedures.

Over the past few years, measures have been taken to reduce electricity consumption, for example, improving power supply schemes, reconstructing and modernizing power plants, introducing new technologies and equipment.



Report on VSK’s energy consumption

Consumption in 2022	in physical terms	in monetary terms
Electrical power	3 711 020 kWh	RUB 28 839 636,04
Gas	422 357 m²	RUB 3 231 507,73
Fuel and lubricants	52 689 l	RUB 2 950 584

RussNeft oil company

At RussNeft, a special emphasis is placed on development and prosperity of the regions where it operates, well-being of our country’s citizens, and preservation of natural resources. The safety and health of employees, as well as environment protection in the areas where it operates, are top priorities and essential conditions for the successful development of business. The company makes significant tax payments to local budgets, creates job opportunities, and executes large-scale social programs in collaboration with the administrations of the regions of the Russian Federation.



Ecology and environmental protection

RussNeft, as part of its activities, strives to reduce its impact on the environment, increase the efficiency of utilizing resources, and also contribute to solving climate problems.

Between 2002 and 2023, as part of reforestation activities, the Company planted approximately 1,800,000 seedlings on 450 ha, which is equivalent to the area of 630 football fields. In 2023, the company took part in the “Memory Garden” and “Save and Preserve” campaigns, planting seedlings in Ulyanovsk and Tomsk regions, as well as in Khanty-Mansi Autonomous Okrug-Yugra.

Since 2017, as part of measures for the artificial reproduction of aquatic biological resources in water bodies of fishery importance in Khanty-Mansi Autonomous Okrug (KhMAO - Yugra), above 10 mln baby fish have been released, which will become more than 31 mln kilos of an adult fish.

Support for indigenous peoples of the Far North

RussNeft branch in Nizhnevartovsk produces hydrocarbons in Nizhnevartovsk and Surgut districts of KhMAO-Yugra on lands belonging to ten territories of traditional nature use for 59 families of small indigenous minorities of the North. In 2023, the oil company allocated over RUB 4.8 mln for promotion of authentic culture and traditional household activities of indigenous people of KhMAO-Yugra. Additionally, RussNeft was a partner and founder of special prizes for a professional skill contest among reindeer breeders of the district for Yugra Governor’s Prize.

With the financial support of the Company, celebrations dedicated to the anniversary of Nizhnevartovsk region were held as part of the social and economic agreement concluded with the administration of the

city of Raduzhny, RussNeft supported the implementation of municipal programs aimed at expanding the material and technical base of educational institutions, culture and art, sports, youth policy, holding public events of urban importance, and developing public space in the urban environment. In addition, RussNeft provided financial support to the public organization of pensioners and veterans of the city of Raduzhny, the Novoagansk children’s art school, the Orthodox communities of the city of Raduzhny and Novoagansk, Kyokushin Karate Federation, the All-Russian Society of the Blind, urban and rural preschool and general educational institutions, cultural and sports institutions.

Sports

RussNeft helped to establish Neftyanik Football Club in 2003 in the working village of Novospasskoye, Ulyanovsk Region. From the day it was established to the present day, the company has provided patronage to the club. More than 200 teenagers aged 7 to 17 years train at Neftyanik FC.Today it is the only club in the region where training, sports equipment, equipment and participation in all competitions are provided free of charge to the players of the club.

Educational programs

The company implements higher education projects in collaboration with the best universities in Russia: Lomonosov Moscow State University and Gubkin Russian State University of Oil and Gas.

M.Video-Eldorado retailer

One of M.Video-Eldorado's core values is its responsibility before the industry and society, which guides the group's ESG standards and initiatives. The group has identified key priorities and development areas for sustainable development, including:

Social sphere – creating safe and comfortable working conditions for our employees and actively participating in the development of local communities and territories in the regions where we operate.

Environment – improving the environmental performance of our operations and supply chain, particularly by reducing greenhouse gas emissions and supporting the principles of the circular economy.

Corporate governance – adhering to the principles of the Corporate Governance Code approved by the Bank of Russia.



Promoting circular economy principles

At the end of 2023, M.Video and Eldorado customers brought 60 thousand units of unnecessary equipment and more than 4 million batteries, a total of more than 1,500 tons, to chain stores and for environmentally friendly recycling. In 2023, using the Ecotaxi service, customers ordered the removal of obsolete or unnecessary large household appliances 40% more often and handed over 10 times more large appliances than the year before. In 2023, thanks to the delivered equipment, it was possible to avoid the emission of up to 650 tons of CO₂ equivalent into the atmosphere. After recycling, up to 97% of the materials recovered from the equipment being handed over are returned to production, from metals to scarce ABS plastics. The resulting raw materials are used both in the production of various household products and for industrial needs. As part of the sustainable development strategy, M.Video-Eldorado transferred for recycling in 2023 about 6,000 tons of its own waste – product packaging (cardboard, film, tape and pallets). Thus, since 2019, the Group has ensured environmentally friendly recycling of about 10,500 tons of packaging waste from equipment.

Responsible pricing

In order to implement the basic principles of social responsibility when doing business and to protect the interests of the population, in August 2023, M.Video-Eldorado fixed prices for household appliances and electronics from the entry-level and mid-price segments in the categories of everyday use.

Educational programs

M.Video-Eldorado has entered into a cooperation agreement with one of the leading Russian universities – the Moscow State Institute of International Relations of the Ministry of Foreign Affairs of the Russian Federation (MGIMO). The university and the retailer plan to improve educational programs taking into account advanced technologies and practical cases, as well as establish expert and personnel exchange.

Charity

The M.Video-Eldorado group and Beautiful Children in a Beautiful World Foundation summed up the results of the charity organization's activities in 2023. The Foundation supported 28 environmental projects in nature reserves and national parks in Russia, and also financed 102 stages of treatment for 76 children with maxillofacial pathologies. Almost half of the funds for the fund's activities were donated by M.Video-Eldorado clients.

The second area of the foundation's activities is assistance to nature reserves and national parks in Russia in the implementation of projects aimed at preserving natural and cultural heritage. In particular, the fund finances the fight against forest fires, restoration of the population of rare animals and the preservation of plant and biological diversity. Since its founding, the foundation has implemented almost 100 environmental projects. In 2023 alone, the fund helped save about 3,350 square meters from fires. km of protected steppes and forests (this is a quarter larger than the area of Moscow) and several tens of thousands of plants and animals living in them.

Financial support for the organization is provided by Company employees as part of corporate charity events. In 2023, the Company's employees donated over RUB 1 mln for the treatment of 8 children with CLP.

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- Consolidated statement of financial state

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IFRS Financial statements

Consolidated statement of financial state as of December 31, 2023

(in thousands of Russian rubles, unless otherwise stated)

	Примечания	31 декабря 2023 г.	31 декабря 2022 г.
Assets			
Cash and cash equivalents	8	13 485 327	10 296 535
Financial instruments at fair value through profit or loss	9	7 536 233	5 728 313
Derivative financial instruments	10	2 453 376	143 299
Loans issued	6	2 402 321	2 040 061
Net investment in leases and financial assets at amortised cost	11	229 660 814	164 207 115
Reverse repurchase agreements and accounts receivable	12	–	698 387
Assets purchased and advances to suppliers for lease operations	13	3 662 387	4 301 014
Assets for sale	7	320 531	–
Current income tax prepayment		55 536	37 896
Deferred tax assets	27	1 332 751	2 129 552
VAT recoverable		5 007 240	1 216 651
Property and equipment and right-of-use assets	14	3 891 880	3 730 295
Investments in associates	15	33 247 708	29 374 435
Other assets	17	8 918 292	5 974 144
Total assets		311 974 396	229 877 697
Liabilities			
Derivative financial instruments	10	1 591	429 071
Borrowings	18	165 876 956	106 499 824
Advances received from lessees		4 694 255	4 361 530
Bonds issued	19	47 086 889	47 442 422
Liabilities directly attributable to assets held for sale	7	108 332	–
Current income tax payable		493	143 352
Deferred tax liabilities	27	6 418 272	3 336 242
VAT payable		317 943	259 101
Lease liabilities		1 180 804	1 351 971
Other liabilities	20	5 575 054	4 256 439
Total liabilities		231 260 589	168 079 952
Equity			
Share capital	21	74 797	74 797
Additional paid-in capital	21	46 986 703	59 054 510
Treasury shares	21	(33 783 943)	(33 926 200)
Cashflow hedge reserve		1 944 237	(216 434)
Retained earnings		66 035 133	37 271 214
Total equity attributable to shareholders		81 256 927	62 257 887
Non-controlling interests		(543 120)	(460 142)
Total equity		80 713 807	61 797 745
TOTAL LIABILITIES AND EQUITY		311 974 396	229 877 697

Approved for issue and signed on behalf of PJSC “SFI” on March 27, 2024.

Igor Sidorov
CEO, PJSC “SFI”

Oleg Andriyankin
Deputy General Director,
PJSC “SFI”



Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023

(in thousands of Russian rubles, unless otherwise stated)

	Note	2023	2022 ¹
Continuing operations			
Interest income calculated using the effective interest rate	20	2 616 214	1 783 985
Other interest income	20	33 838 773	26 467 541
Interest expense	20	(19 108 093)	(15 333 683)
Net interest income		17 346 894	12 917 843
Expected credit loss expense	21	(2 750 991)	(2 457 420)
Net interest income after expected credit loss expense		14 595 903	10 460 423
Share in net profit of associates	14	5 757 460	2 569 433
Gains/(expenditures) from financial instruments at fair value through profit or loss	9	1 782 930	(7 427 738)
Net other income	22	13 877 228	10 760 416
Net other expenses	22	(1 111 120)	(731 034)
Net foreign exchange gains		20 196	3 721
Total income from operations and finance income		34 922 597	15 635 221
Staff expenses	23	(7 739 822)	(6 859 716)
Other operating expenses	24	(2 154 537)	(2 012 424)
Other losses from impairment and provisions	21	(540 970)	(290 136)
Other income		43 573	295 504
Other expenses		(1 476)	(179 929)
Profit before income tax from continuing operations		24 529 365	6 588 520
Income tax expense	25	(4 986 888)	12 997

	Note	2023	2022 ¹
Net profit from continuing operations		19 542 477	6 601 517
Discontinued operations			
Loss before tax		(169 115)	(540 471)
Net loss from discontinued operations	7	(169 115)	(540 471)
Net profit for the period		19 373 362	6 061 046
Net (loss)/profit attributable to:			
Shareholders		19 456 340	175 742
Non-controlling interests		(82 978)	143 299
Other comprehensive income to be subsequently recognized in profit or loss	13		
Share of other comprehensive income of associates	7	(893 413)	155 398
Result from financial instruments in cash flow hedges		3 076 578	(228 624)
Reclassified to profit or loss		(448 364)	(650 082)
Effect of deferred income tax	25	(467 543)	175 742
Other comprehensive income/(loss) for the period		1 267 258	(547 566)
Total comprehensive income for the period		20 640 620	5 513 480
Total comprehensive income/(loss) attributable to:			
Shareholders		20 723 598	5 629 100
Non-controlling interests		(82 978)	(115 620)
Earnings per share (expressed in Russian rubles per share)	19	407,12	126,53
Earnings per share from continuing operations (expressed in Russian rubles per share)	19	410,66	137,60

¹ Comparative data are presented subject to adjustments for discontinued operations (Note 7).



Consolidated statement of changes in equity for the year ended December 31, 2023

(in thousands of Russian rubles, unless otherwise stated)

	Note	Share capital	Treasury shares	Additional paid-in capital	Cashflow hedge reserve	Retained earnings	Total equity attributable to shareholders	Non-controlling interests	Total equity
Balance at January 1, 2022		74 797	(33 232 995)	59 054 510	486 531	30 939 149	57 321 992	(344 522)	56 977 470
Net profit/(loss) from continuing operations		–	–	–	–	6 176 666	6 176 666	(115 620)	6 061 046
Net profit from discontinued operations		–	–	–	–	–	–	–	–
Other comprehensive income		–	–	–	(702 965)	155 399	(547 566)		(547 566)
Total comprehensive income for the period		–	–	–	(702 965)	6 332 065	5 629 100	(115 620)	5 513 480
Acquisition and sale of treasury shares	19	–	(693 205)	–	–	–	(693 205)	–	(693 205)
Payment of dividends		–	–	–	–	–	–	–	–
Balance at December 31, 2022		74 797	(33 926 200)	59 054 510	(216 434)	37 271 214	62 257 887	(460 142)	61 797 745
Net profit/(loss) from continuing operations		–	–	–	–	19 625 455	19 625 455	(82 978)	19 542 477
Net profit from discontinues operations	7	–	–	–	–	(169 115)	(169 115)	–	(169 115)
Other comprehensive income		–	–	–	2 160 671	(893 413)	1 267 258	–	1 267 258
Total comprehensive income for the period		–	–	–	2 160 671	18 562 927	20 723 598	(82 978)	20 640 620
Acquisition and sale of treasury shares	19	–	142 257	–	–	21 622	163 879	–	163 879
Redistribution of additional capital to retained earnings		–	–	(12 067 807)	–	12 067 807	–	–	–
Payment of dividends		142 257	–	–	–	(1 888 437)	(1 888 437)	–	(1 888 437)
Balance at 31 December 2022		–	(33 783 943)	46 986 703	1 944 237	66 035 133	81 256 927	(543 120)	80 713 807



Consolidated statement of cash flows for the year ended December 31, 2023

(in thousands of Russian rubles, unless otherwise stated)

	2023	2022
Cash flows from operating activities		
Interest received	35 345 979	28 485 775
Proceeds from insurance business	3 609 683	2 670 674
Proceeds from sale of property on terminated lease agreements	1 912 911	1 280 956
Interest paid	(18 855 117)	(15 201 696)
Cash paid to employees and payroll related taxes paid	(6 687 193)	(6 638 777)
Other proceeds	7 721 099	6 566 811
Other payments	(2 048 772)	(1 828 290)
Cash flows from operating activities before changes in working capital	20 998 590	15 335 453
Changes in operating assets/liabilities		
Financial instruments at fair value through profit or loss	71 942	772 803
Loans issued	(585 000)	(300 000)
Reverse repurchase agreements and accounts receivable	688 500	(34 528)
Lease payments received to repay net investment in leases and financial assets at amortised cost, and advances received from lessees	123 086 853	102 493 789
Purchase of assets for finance lease	(191 324 124)	(127 439 901)
Purchase of assets for operating lease	(1 176 685)	(646 689)
Other assets	(3 741 279)	6 804 067
Other liabilities	(749 310)	(187 044)
Net cash used in operating activities before income tax	(52 730 513)	(3 202 050)
Income tax paid	(1 521 738)	(1 510 127)
Net cash used in operating activities	(54 252 251)	(4 712 177)

	2023	2022
Cash flows from investing activities		
Proceeds from sale of property and equipment	17 956	176 317
Purchase of property and equipment (Note 13)	(172 049)	(168 512)
Proceeds on disposal of subsidiaries, net of cash disposed of	–	203 646
Dividends received	861 973	–
Net cash from / (used in) investing activities	707 880	211 451
Cash flows from financing activities		
Borrowings received	106 200 000	51 400 000
Borrowings repaid	(47 143 905)	(37 245 613)
Bonds issued	12 000 000	5 500 000
Bonds repaid	(12 300 076)	(12 710 021)
Lease liabilities	(216 758)	(241 244)
Purchase of treasury shares	142 257	(692 294)
Dividends paid	(1 888 437)	–
Acquisition of non-controlling interests	–	–
Net cash from financing activities	56 793 081	6 010 828
Effect of exchange rate changes on cash and cash equivalents	6 890	(9 078)
Effect of expected credit losses on cash and cash equivalents	(1 849)	3 729
Net increase/(decrease) in cash and cash equivalents	3 253 751	1 504 753
Cash and cash equivalents at the beginning of the period	10 296 535	8 791 782
Cash and cash equivalents at the end of the period	13 550 286	10 296 535

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Appendices

Appendices to the Annual Report

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Corporate Governance Code compliance report
- Appendix 2.**
Annual consolidated IFRS financial statements for 2023 with the Auditor’s Opinion
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ГAnnual consolidated RAS accounting (financial) statements for 2023 with the Auditor’s Opinion
- Appendix 4.**
Major transactions in 2023, approved by the Managing Bodies of the Company
- Appendix 5.**
Report on Interested-party transactions, concluded by the Company in 2023



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Glossary

ACRA	ACRA Analytical Credit Rating Agency
CF	charitable foundation
AA	Annual Accounts
VHI	voluntary health insurance
LC	leasing company
Mln	million
RUB mln	million roubles
Bn	billion
RUB bn	billion roubles
IFRS	International Financial Reporting Standards
NPF	non-governmental pension fund
CMTPL	compulsory motor third-party liability insurance
thous.	thousand
RAS	Russian Accounting Standards
IA	internal audit
CS	Corporate Secretary
NIL	net investments in lease
IPO	initial public offering
SPO	secondary public offering

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